

GENERAL TERMS AND CONDITIONS**INDEX**

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I DEFINITIONS

Except where the context expressly states another meaning, the following terms, when used in these General Terms and Conditions, in any Contract and in any Toll Schedule into which these General Terms and Conditions are incorporated, shall be construed to have the following meanings:

- "Alternate Receipt" shall mean the receipt of quantities of gas at a receipt point not specified in Shipper's FT, FT-SN or FT-NR Contract.
- "Banking Day" shall mean any day that the Royal Bank of Canada, Main Branch, Calgary, Canada or other financial institutions agreed to by TransCanada for payment pursuant to Section XI herein, conducts business.
- "Contract" shall mean a transportation service contract or a contract pursuant to the SNB Toll Schedule and shall also mean an Order of the NEB pursuant to Section 71(2) of the National Energy Board Act, as amended from time to time requiring TransCanada to provide transportation service.
- "Contract Demand" shall mean:
 - (i) with respect to transportation service contracts entered into prior to November 1, 1998, the contract demand, maximum daily quantity, annual contract quantity or maximum quantity as stated in a transportation service contract, converted to GJ by multiplying such contract demand, maximum daily quantity, annual contract quantity or maximum quantity by GHV-97 for the relevant delivery point as more particularly set out in the HV-97 Schedule attached to these General Terms and Conditions subject to variance pursuant to a Shipper election to restate its contract demand within the range from 99% of GHV-97 to 101% of GHV-97, which was received by TransCanada on or before February 13, 1998; and,
 - (ii) with respect to transportation service contracts entered into on or after November 1, 1998, that quantity of gas expressed in GJ specified in Shipper's transportation service contract as Shipper's daily or seasonal entitlement, as the case may be, to transportation capacity.

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- "Contract Year" shall mean a period of 12 consecutive months beginning on a first day of November.
- "Cubic Metre" or "m³" shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of fifteen degrees (15°) Celsius, and at a pressure of 101.325 kilopascals absolute.
- "Cumulative Storage Balance" for a Shipper's STS or STS-L Contract on any Day shall be equal to: **A + B + C + D – E**

Where:

"A" = the cumulative Daily Injection Quantity on such Day;

"B" = the cumulative Daily STFT Quantity on such Day;

"C" = the cumulative Daily IT Quantity on such Day;

"D" = the cumulative Daily Diversion Quantity on such Day; and

"E" = the cumulative Daily Withdrawal Quantity on such Day;

- all as defined in sub-section 3.1(e) of the STS Toll Schedule for STS Contracts or 3.1(c) of the STS-L Toll Schedule for STS-L Contracts. "Daily Contract Injection Quantity" shall, for the purposes of the STS-L Contracts, mean the quantity of gas specified in the STS-L Contract for delivery from the Market Point to the Storage Injection Point(s).
- "Daily Contract Withdrawal Quantity" shall, for the purposes of the STS-L Contracts, mean 75% of the Daily Contract Injection Quantity, for delivery from the Storage Withdrawal Point to the Market Point.
- "Daily Diversion Quantity" shall have the meaning ascribed in sub-Section 3.1(e)(i) of the STS Toll Schedule.
- "Daily Excess Withdrawal Quantity" shall be as defined in sub-Section 3.1(e) of the STS Toll Schedule for STS Contracts and sub-Section 3.1(c) of the STS-L Toll Schedule for STS-L Contracts.

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- “Daily Injection Quantity” shall be as defined in sub-Section 2.2(a) of the STS Toll Schedule for STS Contracts or STS-L Toll Schedule for STS-L Contracts.
- “Daily IT Quantity” shall be as defined in sub-Section 3.1(e) of the STS Toll Schedule for STS Contracts and in sub-Section 3.1(e) of the STS-L Toll Schedule for STS-L Contracts.
- “Daily Operational Injection Quantity” shall, for the purposes of STS-L Contracts, mean the least of the aggregate of the Contract Demand(s) of the Linked FT Contract(s) and the Daily Contract Injection Quantity from the Market Point to the Storage Injection Point(s).
- “Daily STFT Quantity” shall be as defined in sub-Section 3.1 (e) of the STS Toll Schedule for STS Contracts and in sub-Section 3.1(e) of the STS-L Toll Schedule for STS-L Contracts.
- “Daily Withdrawal Quantity” shall be as defined in sub-Section 2.2(b) of the STS Toll Schedule for STS Contracts and sub-Section 2.2(b) STS-L Toll Schedule for STS-L Contracts.
- "Daily Demand Toll" shall mean the toll determined by multiplying the Monthly Demand Toll for transportation service, as approved by the NEB (as set forth in the List of Tolls referred to in Section III hereof), by twelve (12) and dividing the result by the number of days in the Year.
- "Day" shall mean a period of 24 consecutive hours, beginning and ending at 09:00 hours Central Clock Time, or at such other time as may be mutually agreed upon by Shipper and TransCanada. The reference date for any day shall be the calendar date upon which the 24 hour period shall commence.
- "Delivery Pressure Daily Demand Toll" shall mean the toll determined by multiplying the Delivery Pressure Monthly Demand Toll, as approved by the NEB (as set forth in the List of Tolls referred to in Section III hereof), by twelve (12) and dividing the result by the number of days in the Year.
- "Diversion" shall mean the delivery of quantities of gas at a delivery point and/or delivery area not specified in Shipper's FT, FT-SN, FT-NR, FST or LT-WFS Contract.
- “EDI” means Electronic Data Interchange being the direct computer-to-computer transfer of information using ANSI ASC X12 protocol and a specific definition assigned by TransCanada under standards agreed to by a consensus of the natural gas industry (through standard-setting committees).

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- "EDI format" shall mean a file format compliant with the ANSI ASC X12 protocol used for EDI and according to the specific definition assigned by TransCanada under standards agreed to by a consensus of the natural gas industry (through standard-setting committees).
- "Financial Assurance" shall have the meaning attributed to it in sub-Section XXIII(1) hereof.
- "Fuel Quantity" shall mean the quantity of gas expressed in gigajoules which is to be used by TransCanada as fuel for transporting Shipper's Authorized Quantity.
- "GJ" shall mean gigajoule being 1,000,000,000 joules and include the plural as the context requires.
- "GHV-97" shall mean the gross heating value for each delivery point as set out in the HV-97 Schedule attached to these general terms and conditions as adjusted in accordance with any Shipper election given to TransCanada prior to February 13, 1998.
- "GHV" shall mean gross heating value.
- "Gas" shall mean: (i) any hydrocarbons or mixture of hydrocarbons that, at a temperature of 15° C and a pressure of 101.325 kPa, is in a gaseous state, or (ii) any substance designated as a gas product by regulations made under section 130 of the National Energy Board Act.
- "Gross Heating Value" shall mean the total joules expressed in megajoules per cubic metre (MJ/m³) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion to be at standard temperature and all water formed by combustion reaction to be condensed to the liquid state.
- "Joule" (J) shall mean the work done when the point of application of a force of one (1) newton is displaced a distance of one (1) metre in the direction of the force.
- "Linked FT Contract" shall mean the FT Contract(s) identified in Exhibit "B" of Shipper's STS-L Contract and such FT Contract shall satisfy the following:
 - i. the delivery point shall be the same as the Market Point specified in Exhibit "A" of Shippers STS-L Contract;

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- ii. is not identified in any other STS Contract or any Exhibit "B" of any other STS-L Contract;
 - iii. has a minimum Linked Term of 1 month, and shall commence on the first day of a month and shall end on the last day of a month;
 - iv. has a receipt point that is Empress or in the province of Saskatchewan.
- "Linked Term" shall have the meaning ascribed in Exhibit "B" of the STS-L Toll Schedule
- "Market Point" shall have the meaning ascribed in Exhibit "A" of the STS Contract or STS-L Contract as the case may be.
- "Month" shall mean the period beginning on the first day of the calendar month and ending at the beginning of the first day of the next succeeding calendar month.
- Natural Gas Interchangeability Indices shall have the meaning ascribed in section 5(iv).
- "CCT" shall mean Central Clock Time, representing the time in effect in the Central Time Zone of Canada at the time a transaction occurs, regardless of whether that time may be Standard Time or Daylight Savings Time as those terms are commonly known and understood.
- "NEB" shall mean the National Energy Board or any regulatory or government authority hereafter having a similar jurisdiction in substitution therefor.
- "Shipper" shall mean a customer of transportation service.
- "Shipper's Authorized Quantity" shall be as defined in subsection 1 of Section XXII.
- "Shipper's Maximum Hourly Flow Rate" shall mean, on any Day, the maximum hourly rate of flow of Gas Shipper may receive at a delivery point or area and which shall be equal to the sum of:
 - a) 5% of the aggregate daily Contract Demand for all of Shipper's service pursuant to FT, FT-NR, FST, LT-WFS, STFT, FBT, STS and STS-L Contracts which specify delivery of gas to such delivery point or area (excluding deliveries pursuant to STS and STS-L Contracts that are on a best efforts basis) minus all Diversions under such Contracts on such Day; and

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- b) 5% of the aggregate Shipper's Authorized Quantity for deliveries to such delivery point or area under all of Shipper's IT, IBT, and ECR Contracts, STS Overrun, FST Makeup, Diversions on such Day and deliveries which are on a best effort basis pursuant to STS and STS-L Contracts.
- "Short Notice Service" shall mean service pursuant to a FT-SN Toll Schedule, SNB Toll Schedule or ST-SN Toll Schedule.
 - "Storage Injection Point" shall have the meaning ascribed in Exhibit "A" of the STS Contract or the STS-L Contract as the case may be.
 - "Storage Withdrawal Point" shall have the meaning ascribed in Exhibit "A" of the STS Contract or the STS-L Contract as the case may be.
 - "Subsidiary" shall mean a company in which 50% or more of the issued share capital (having full voting rights under all circumstances) is owned or controlled directly or indirectly by another company, by one or more subsidiaries of such other company, or by such other company and one or more of its subsidiaries.
 - "Title Transfer" shall mean the transfer of title to gas between two (2) Shippers at a Title Transfer Point.
 - "Title Transfer Point" shall be those points and areas where the quantity of gas allocated to each Shipper is established each day and is not subject to reallocation.
 - "TransCanada" shall mean "TransCanada PipeLines Limited" and its successors.
 - "Transportation Service Contract" shall mean "Firm Transportation Service Contract", "FT Contract", "Firm Transportation Short Notice Contract", "FT-SN Contract", "Non Renewable Firm Transportation Contract", "FT-NR Contract", "Interruptible Service Transportation Contract", "IT Contract", "Interruptible Backhaul Service Contract", "IT Backhaul Contract", "Storage Transportation Service Contract", "STS Contract", "STS-L Contract", "Short Term Firm Transportation Service Contract", "STFT Contract", "Short Term Short Notice Service Contract", "ST-SN Contract", "Firm Service Tendered Contract, "FST Contract", "Enhanced Capacity Release Service Contract", "ECR Contract", "Long-Term Firm Service Contract", "LT-WFS Contract", "Firm Backhaul Transportation Service Contract" and "FBT Contract"."

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- "Wobbe Index" shall mean a measure of the thermal input through a fixed orifice, calculated by dividing the natural gas Gross Heating Value in mega joules per cubic meter by the square root of the natural gas specific gravity with respect to air, based on a gross or higher heating value (HHV) at standard conditions 14.73 psi/60° F, 101.325Kpa/15° C real, dry basis.
- "Year" shall mean a period of 365 consecutive days commencing January 1st of any year; PROVIDED HOWEVER, that any such year which contains a date of February 29 shall consist of 366 consecutive days.

II APPLICABILITY AND CHARACTER OF SERVICE

1. (a) Subject to the provisions of the applicable Toll Schedule and these General Terms and Conditions, on each day for which service is requested by Shipper, and authorized by TransCanada pursuant to Section XXII hereof, Shipper shall deliver and TransCanada shall receive, at the receipt point set out in Shipper's Contract (the "receipt point"), the Shipper's Authorized Quantity and TransCanada shall transport for Shipper and Shipper shall receive, at the delivery point set out in Shipper's Contract (the "delivery point"), a quantity of gas equal thereto; PROVIDED HOWEVER, that under no circumstances shall TransCanada be obligated to deliver to Shipper in any one day, at the delivery point, a quantity of gas in excess of the Contract Demand.
 - (b) If on any day Shipper fails to accept all or any portion of the gas delivered at the delivery point by TransCanada pursuant to the applicable Toll Schedule, TransCanada shall have the right to curtail further receipts of gas from Shipper at the receipt point in a quantity equal to that which Shipper failed to accept from TransCanada. If on any day Shipper requests service hereunder but fails, for whatever reason, to deliver gas to TransCanada at the receipt point, then TransCanada shall have the right to curtail further deliveries of gas to Shipper at the delivery point in a quantity equal to that which Shipper failed to deliver to TransCanada.
2. Shipper's Authorized Quantity shall, where applicable, be delivered on such day by Shipper to TransCanada at the receipt point or taken on such day by Shipper from TransCanada at the delivery point or area, as the case may be, at hourly rates of flow as nearly constant as possible; PROVIDED HOWEVER, that Shipper may not, without TransCanada's consent, take delivery of

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- such gas at the delivery point or area at an hourly rate of flow in excess of the Shipper's Maximum Hourly Flow Rate.
3. Departures from scheduled daily deliveries due to the inability of TransCanada or Shipper to maintain precise control shall be kept to the minimum permitted by operating conditions.
 4. From the time gas is delivered into the possession of TransCanada at the receipt point TransCanada shall have the unqualified right to commingle such gas with other gas in TransCanada's pipeline system.

III TOLLS

1. The tolls applicable to service provided under any Contract into which these General Terms and Conditions are incorporated shall be determined:
 - (i) in the case of all transportation services, except Storage Transportation Service ("STS") and "Storage Transportation Service-Linked" (STS-L), where the receipt point is located at the Alberta/Saskatchewan border or where the receipt and delivery points are located in different provinces, on the basis of the Canadian Toll Zone in which the delivery point is located for gas which is delivered for consumption in Canada under a Contract in which the principal delivery point(s) specified therein do not include any export delivery points for gas destined for export to the United States; or
 - (ii) as fixed and approved by the NEB, on the basis of the receipt and delivery points for delivery of gas destined for export to the United States; or
 - (iii) in the case of STS and STS-L contracts and contracts providing receipt and delivery points within one province of Canada, as fixed and approved by the NEB, on the basis of the receipt point and delivery points set out therein.

If gas intended for consumption in Canada is delivered hereunder at more than one delivery point within a Canadian Toll Zone, the appropriate toll shall be applied as though such delivery points were one point and as if the gas delivered was measured by one meter; or
 - (iv) in the case of service pursuant to the SNB Toll Schedule using a methodology approved by the NEB.

2. The tolls applicable to services provided pursuant to the Toll Schedules of TransCanada's Transportation Tariff are set out in the List of Tolls of TransCanada's Transportation Tariff as same may be amended from time to time upon approval of the NEB.

IV SHIPPER PROVISION OF FUEL REQUIREMENTS

1. Daily Operations

- (a) For each and every day in respect of which Shipper's Authorized Quantity is accepted by TransCanada for transportation, Shipper shall, in addition to Shipper's Authorized Quantity, nominate, pursuant to the provisions of Section 2 hereof, and make available to TransCanada at any receipt point specified in the contract and/or Alternate Receipt point for FT or FT-NR Contracts the Fuel Quantity ("Qf"), which quantity shall be determined as follows:

$$Q_f = Q_d \times FR\% / 100 + \sum (Q_{d_i} \times fr_i\% / 100)$$

where FR% is the applicable monthly fuel ratio respecting transportation service from the nominated receipt point to the nominated delivery point and $fr_i\%$ is the applicable monthly fuel ratio for delivery pressure in excess of a gauge pressure of 4000 kilopascals at delivery point "i", both as set out in TransCanada's notice to Shipper delivered pursuant to Section 2 hereof, Q_d is the Shipper's Authorized Quantity, and Q_{d_i} is the quantity to be delivered at delivery point "i", for which point a toll for delivery pressure services has been approved by the NEB (as set forth in the List of Tolls referred to in Section III hereof); and where $\sum (Q_{d_i} \times fr_i\% / 100)$ represents the sum of the fuel quantities required for delivery pressure in excess of a gauge pressure of 4000 kilopascals at all points applicable to Shipper's Authorized Quantity.

- (b) TransCanada shall not be required to accept or deliver gas on any day if the appropriate Fuel Quantity has not been nominated by Shipper, or if TransCanada is unable to confirm that a quantity of gas equal to Shipper's Authorized Quantity plus the appropriate Fuel Quantity will, in fact, be made available on such day.

2. Nominations and Authorizations

Concurrent with nominating for transportation service for a given day, pursuant to Section XXII hereof, Shipper shall also nominate the Fuel Quantity to be made available to TransCanada on such day (the "fuel tender"). In the event TransCanada is not prepared to authorize Shipper's nomination or if TransCanada determines that Shipper's fuel tender is incorrect, TransCanada shall, by 14:00 hours CCT of the day immediately preceding the day for which service has been requested, advise Shipper to revise its fuel tender, and Shipper shall nominate such revised fuel tender by 15:00 hours CCT on such day. All fuel tenders shall be stated to the nearest one (1) GJ.

Shipper's fuel tender shall be determined by Shipper pursuant to the formula set out in subsection 1(a) hereof. On or before the twenty-fifth day of each month, TransCanada shall provide Shipper with written notice of the monthly fuel ratio to be applied during the next succeeding month. In the absence of any notice as aforesaid Shipper shall determine the fuel tender on the basis of the fuel ratio used in the immediately preceding month.

V QUALITY

1. The gas to be delivered hereunder shall be natural gas; provided however, that helium, natural gasoline, butane, propane and any other hydrocarbons except methane may be removed prior to delivery. TransCanada may subject, or permit the subjection of the natural gas to compression, cooling, cleaning and other processes.
2. **Heating Value:** The minimum gross heating value of the gas to be received and delivered by TransCanada shall be 36.00 MJ/m³. The maximum Gross Heating Value of the gas to be received and delivered by TransCanada shall be 41.34 MJ/m³. TransCanada shall have the right to refuse to accept Shipper's gas if the Gross Heating Value of such gas remains below 36.00 MJ/m³ or above 41.34 MJ/m³.

In the event that the Gross Heating Value of the gas to be delivered by TransCanada is below 36.00 MJ/m³ or above 41.34 MJ/m³ the Shipper shall have the option to refuse to accept such gas so long as the Gross Heating Value remains below 36.00 MJ/m³ or above 41.34 MJ/m³.

3. **Freedom from Objectionable Matter:** The gas to be received by TransCanada from Shipper and to be delivered by TransCanada hereunder:
 - (a) Shall be commercially free (at prevailing pressure and temperature in TransCanada's pipeline) from sand, dust, gums, oils, hydrocarbons liquefiable at temperatures in excess

of minus ten degrees (-10°) Celsius at five thousand five hundred (5500) kPa absolute, impurities, other objectionable substances which may become separated from the gas, and other solids or liquids which will render it unmerchantable or cause injury to or interference with proper operations of the lines, regulators, meters or other appliances through which it flows; and shall not contain any substance not contained in the gas at the time the same was produced other than traces of those materials and chemicals necessary for the transportation and delivery of the gas and which do not cause it to fail to meet any of the quality specifications herein set forth.

- (b) Shall contain no more than twenty-three (23) milligrams of hydrogen sulphide per cubic metre nor more than one hundred and fifteen (115) milligrams of total sulphur per cubic metre of gas as determined by standard methods of testing.
 - (c) Shall not contain more than two per cent (2%) by volume of carbon dioxide.
 - (d) Shall have been dehydrated, if necessary, for removal of water present therein in a vapour state, and in no event contain more than sixty-five (65) milligrams of water vapour per cubic metre of gas.
 - (e) Shall not exceed a temperature of fifty degrees (50°) Celsius.
 - (f) Shall be as free of oxygen as practicable and shall not in any event contain more than four tenths of one percent (0.4%) by volume of oxygen.
 - (g) Shall not have a total inert gas content in excess of 4% when used as a diluent to meet Natural Gas Interchangeability Indices.
 - (h) Shall be free of any microbiological organisms active bacteria or bacterial agents, including but not limited to sulphate reducing bacteria, iron oxidizing bacteria, and/or acid producing bacteria.
4. **Failure to Conform to Specifications Re Objectionable Matter:** If the gas being received by TransCanada from Shipper or transported by TransCanada to Shipper fails at any time to conform to any of the specifications set forth in sub-Section 3 of this Section, then the party receiving such gas (the "First Party") shall notify the party delivering such gas (the "Second Party") of such deficiency and thereupon the First Party may at the First Party's option refuse to accept delivery pending correction by the Second Party. Upon the Second Party's failure promptly to remedy any deficiency in quality as specified in sub-Section 3 of this Section, the First Party may accept delivery of such gas and may make changes necessary to bring such gas into

conformity with such specifications, and the Second Party shall reimburse the First Party for any reasonable expense incurred by the First Party in effecting such changes.

5. **Natural Gas Interchangeability Indices:** The natural gas received by TransCanada shall conform to the following specifications (the "Natural Gas Interchangeability Indices");

- i) Weaver Incomplete Combustion Index less than or equal to 0.05;
- ii) AGA Yellow Tipping Index greater than or equal to 0.86;
- iii) The minimum Wobbe Index of the gas shall be 47.23 MJ/m^3 ;
- iv) The maximum Wobbe Index of the gas shall be 51.16 MJ/m^3 ; and
- v) Shall not contain greater than 1.5 mole percent (%) Butanes Plus.

The Natural Gas Interchangeability Indices are based on the following historical supply gas composition:

<u>Compound</u>	<u>Mole %</u>
Methane	95.6734
Ethane	1.6241
Propane	0.1410
I-Butane	0.0180
N-Butane	0.0173
I-Pentane	0.0034
N-Pentane	0.0034
N-Hexane	0.0014
N-Heptane	0.0007
N-Octane	0.0002
Nitrogen	1.8419
Carbon Dioxide	0.6411
Helium	0.0339

VI MEASUREMENTS

1. **Unit of Volume and Unit of Quantity:** The unit of volume for the purpose of reporting shall be one thousand (1000) cubic metres (10^3 m^3) of gas and the unit of quantity shall be GJ.

2. **Determination of Volume and Gross Heating Value:** The volume and the gross heating value of the gas received by TransCanada from Shipper and delivered to Shipper shall be determined as follows:
- (a) The gas volumes shall be computed in accordance with the methodology prescribed in the Electricity and Gas Inspection Act (Canada) (R.S.C. 1985, c.E-4) as amended from time to time including all regulations and specifications promulgated pursuant to such Act (collectively, the "Electricity and Gas Inspection Act").
 - (b) For the purpose of measurement of gas received into and delivered from the TransCanada system, the parties agree that the average absolute atmospheric (barometric) pressure at such points shall be assumed to be constant during the term thereof, regardless of variations in actual barometric pressure from time to time, and shall be calculated based on the elevation of the measurement point. The formula used to calculate the atmospheric pressure shall be in accordance with the methodology prescribed in the Electricity and Gas Inspection Act (Canada) (R.S.C. 1985, c.E-4) amended from time to time including all regulations and specifications promulgated pursuant to such Act.
 - (c) The determination of the gross heating value of the gas received or delivered shall be performed in a manner approved under the Electricity and Gas Inspection Act or, if such specification is not set out in such Act, in accordance with industry accepted standards, and, in any event, in such manner as to ensure that the gross heating values so determined are representative of the gas received or delivered at the receipt or delivery point.
 - (d) The determination of the relative density of the gas received or delivered shall be performed in a manner approved under the Electricity and Gas Inspection Act or, if such specification is not set out in such Act, in accordance with industry accepted standards, and, in any event, in such manner as to ensure that the relative densities so determined are representative of the gas received or delivered at the receipt or delivery point.

VII DELIVERY POINT

1. For the purpose of Section VIII hereunder, unless otherwise specified in the Contract, the delivery point or points for all gas to be delivered by TransCanada to Shipper pursuant to any Contract

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into which these General Terms and Conditions are incorporated shall be on the outlet side of TransCanada's measuring stations located at or near the point or points of connection with the facilities of Shipper or Shipper's agent in receiving the gas, as specified in the Contract.

2. If the total quantity of gas delivered at any delivery point is less than 3750 GJ during any contract year, then Shipper shall pay TransCanada at the end of such contract year, in addition to any amounts otherwise payable, an amount equal to:

$$\frac{(3750 \text{ GJ minus "X"}) \text{ times "Y"}}{3750 \text{ GJ}}$$

Where "X" is the total quantity (expressed in GJ) actually delivered by TransCanada to all Shippers at such delivery point during such contract year; and

Where "Y" is 18% of TransCanada's actual original costs of installation of the delivery facilities at such delivery point.

VIII POSSESSION OF GAS

TransCanada shall be deemed to be in control and possession of, and responsible for, all gas transported under the Contract from the time that such gas is received by it at the receipt point until such gas is delivered at the delivery point.

IX MEASURING EQUIPMENT

1. All meters and measuring equipment for the determination of gross heating value and/or relative density shall be approved pursuant to, and installed and maintained in accordance with, the Electricity and Gas Inspection Act.

Notwithstanding the foregoing, all installation of equipment applying to or affecting deliveries of gas shall be made in such manner as to permit an accurate determination of the quantity of gas delivered and ready verification of the accuracy of measurement. Care shall be exercised by both parties in the installation, maintenance and operation of pressure regulating equipment so as to prevent any inaccuracy in the determination of the volume or quantity of gas delivered under the Contract.

- (a) **Measuring Station:** In accordance with the above, TransCanada will install, maintain and operate, or will cause to be installed, maintained and operated, at or near each delivery

point, a measuring station equipped with a meter or meters and other necessary equipment for accurate measurement of the gas delivered under the Contract.

2. **Calibration and Test of Measuring Equipment:** The accuracy of measuring equipment shall be verified by TransCanada at reasonable intervals, and if requested, in the presence of representatives of Shipper, but TransCanada shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party shall notify the other that it desires a special test of any measuring equipment the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment is found to be in error by not more than the limits set out as follows:

- (a) 2% for measuring equipment utilized to determine volume,
- (b) 1% for any instrument utilized to determine relative density,
- (c) 0.5% for any instrument utilized to determine gross heating value.

If upon test, any measuring equipment is found to be in error by not more than the limits specified above, the previous readings of such equipment shall be considered accurate in computing deliveries or receipts of gas but such equipment shall be adjusted at once to register accurately.

If, for the period since the last preceding test, it is determined that:

- (a) any measuring equipment, except for those instruments specified in (b) and (c) below, shall be found to be inaccurate by an amount exceeding 2% at a recording corresponding to the average hourly rate of flow for such period, and/or
- (b) any instrument utilized to determine the relative density shall be found to be inaccurate by an amount exceeding 1%, and/or
- (c) any instrument utilized to determine the gross heating value shall be found to be inaccurate by an amount exceeding 0.5%, then the previous readings of measurement equipment and/or instruments utilized to determine the relative density or gross heating value, as the case may be, shall be corrected to zero error for any period which is known definitely but in any case where the period is not known or agreed upon such correction shall be for a period extending over 50% of the time elapsed since the date of the last test.

Notwithstanding the foregoing, when TransCanada and Shipper mutually agree that a measurement instrument inaccuracy occurred at a definite point in time, a quantity correction shall be made even though said inaccuracy is less than the limits specified in (a), (b) and (c) above.

3. **Correction of Metering Errors: Failure of Meters:** In the event a meter is out of service, or registering inaccurately, the volume or quantity of gas delivered shall be determined by the most equitable method. Such methods shall include but not be limited to:
 - (a) mathematical calculations and comparisons including prevailing ratio with a parallel meter,
 - (b) the use of Shipper's check measuring equipment, and
 - (c) comparison to deliveries under similar conditions when the meter was registering accurately.
4. **Preservation of Metering Records:** TransCanada and Shipper shall each preserve for a period of at least six (6) years all test data, charts and other similar records. Microfilms of the original documents shall be considered true records.
5. **Check Measuring Equipment:** Shipper may install, maintain and operate at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of TransCanada's measuring equipment. Any pressure or volume control regulators installed by Shipper shall be operated so as not to interfere with TransCanada's measuring facilities.
6. **Rights of Parties:** The measuring equipment so installed by either party together with any building erected by it for such equipment, shall be and remain its property. However, TransCanada and Shipper shall have the right to have representatives present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating or adjusting done in connection with the other's measuring equipment used in measuring or checking the measurement of the delivery of gas under the Contract. The records from such measuring equipment shall remain the property of their owner, but upon request each will submit to the other its records and charts, together with calculations therefrom, for inspection and verification, subject to return within ten days after receipt thereof.

X BILLING

1. **Monthly Billing Date:** For all contracts in effect prior to the effective date of the NEB's Decision in the RH-2-95 proceeding, TransCanada shall render bills on or before the tenth (10th) day of each month for all transportation services provided by TransCanada to the Canadian Toll Zones ("Domestic Service") and on or before the fifteenth (15th) day of each month for all transportation services provided by TransCanada to any Export Delivery Point ("Export Service"). For gas taken by Shipper in excess of the total daily quantity authorized by TransCanada, TransCanada shall also render bills for charges made pursuant to Section XXII on or before the tenth (10th) day of each month, in respect of Domestic Service, and on or before the fifteenth (15th) day of each month, in respect of Export Service.

For all Export Service Contracts coming into effect after the effective date of the NEB's Decision in the RH-2-95 proceeding, including the renewal of any Export Service Contracts which existed prior to such date, the billing date shall be the tenth (10th) day of each month.

2. **Information:** Shipper hereby undertakes to provide TransCanada with all the information and material required by TransCanada to calculate and verify the quantity of gas actually received by TransCanada from Shipper, and the quality specifications and components thereof.

If such information is not received by TransCanada in sufficient time prior to TransCanada rendering bills to Shipper pursuant to this Section X, such bills shall be calculated based on TransCanada's best estimate of the quantity and quality of gas actually received by TransCanada from Shipper. Any overcharges or undercharges resulting from any differences between the above estimates and the actual amounts shall be adjusted in the subsequent bill without any interest thereon.

XI PAYMENTS

1. **Monthly Payment Date:** For all contracts in effect prior to the effective date of the NEB's Decision in the RH-2-95 proceeding, Shipper shall pay to TransCanada, at its address designated in the Contract, or shall pay to the Royal Bank of Canada, Main Branch, Calgary, Alberta, or at other institutions if agreed to by TransCanada for deposit to the account of TransCanada so that TransCanada shall receive payment from Shipper on or before the twentieth (20th) day of each month for Domestic Service, and by the twenty-fifth (25th) day of each month for Export Service (the "Payment Date") provided by TransCanada to Shipper

pursuant to the applicable toll schedules and for any charges made pursuant to Section XXII herein during the preceding month and billed by TransCanada in a statement for such month according to the nominated and/or measured deliveries, computations, prices and tolls provided in the Contract. If the Payment Date is not a Banking Day, then payment must be received by TransCanada on Shipper's account or before the first (1st) Banking Day immediately prior to the Payment Date.

For all Export Service Contracts coming into effect after the effective date of the NEB's Decision in the RH-2-95 proceeding, including the renewal of any Export Service Contracts which existed prior to such date, the payment date shall be the twentieth (20th) day of each month; provided however, if the Payment Date is not a Banking Day, then payment must be received by TransCanada on Shipper's account on or before the first (1st) Banking Day immediately prior to the Payment Date.

2. **Remedies for Non-Payment: Notwithstanding Section XVII**, if Shipper fails to pay the full amount of any bill when payment is due, TransCanada may upon four (4) Banking Days written notice immediately suspend any or all service being or to be provided to Shipper provided however that such suspension shall not relieve Shipper from any obligation to pay any rate, toll, charge or other amount payable to TransCanada. If at any time during such suspension Shipper pays the full amount payable to TransCanada, TransCanada shall within two (2) Banking Days recommence such suspended service.

Notwithstanding Section XVII following suspension, TransCanada may, in addition to any other remedy that may be available to it, upon four (4) Banking Days written notice to Shipper immediately:

- (a) terminate any or all service being or to be provided to Shipper; and
- (b) declare any and all amounts payable now or in the future by Shipper to TransCanada for any and all service to be immediately due and payable as liquidated damages and not as a penalty.

In the event Shipper disputes any part of a bill, Shipper shall nevertheless pay to TransCanada the full amount of the bill when payment is due.

- If Shipper fails to pay all of the amount of any bill as herein provided when such amount is due, interest on the unpaid portion of the bill accrues daily at a rate of interest equal to the prime rate of interest of the Royal Bank of Canada as it may vary from time to time, plus one percent (1%) and the principle and accrued interest to date shall be payable and due immediately upon demand.
3. **Adjustment of Underpayment, Overpayment or Error in Billing:** If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such overcharge or undercharge, then within thirty (30) days after the final determination thereof, TransCanada shall refund the amount of any such overcharge with interest which is equal to the prime rate of interest of the Royal Bank of Canada as it may vary from time to time from the time such overcharge was paid to the date of refund, plus one percent (1%) in addition thereto. If such refund is made by a credit on an invoice from TransCanada to Shipper, then the date of the refund shall be the date upon which the invoice reflecting such credit was rendered to Shipper by TransCanada. Shipper shall pay the amount of any such undercharge, but without interest. Adjustments to the amount billed in any statement rendered by TransCanada shall be made within the following time frames:
- (a) Measurement data corrections shall be processed within six (6) months of the production month with a three (3) month rebuttal period.
 - (b) The time limitation for disputes of allocations shall be six (6) months from the date of the initial month-end allocation with a three (3) month rebuttal period.
 - (c) Prior period adjustment time limits shall be six (6) months from the date of the initial transportation invoice with a three (3) month rebuttal period, excluding government-required rate changes.
- These time limits shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contract rights shall not be otherwise diminished by these time limits.
4. **Time of Payment Extended if Bill Delayed:** If presentation of a bill to Shipper is delayed after the tenth (10th) or the fifteenth (15th) day of the month, as applicable for domestic or export

service respectively, then the time of payment shall be extended accordingly unless Shipper is responsible for such delay.

XII DELIVERY PRESSURE

Subject to the provisos set out in sub-Sections a) and b) below, TransCanada shall deliver gas to Shipper at TransCanada's line pressure at the delivery point or points designated in the Contract, but the minimum pressure at each delivery point shall be not less than a gauge pressure of 4000 kilopascals or such lesser pressure that is agreed to by the parties; provided, however, that:

- (a) the parties shall not be required in any Contract into which these General Terms and Conditions are incorporated, to agree to delivery pressures less than the minimum contractual pressure theretofore applicable at existing delivery point; and
- (b) if the deliveries to Shipper at a delivery point or an agreed upon grouping of delivery points, exceeds the Shipper's Maximum Hourly Flow Rate without the prior consent of TransCanada, and the delivery pressure to Shipper falls below the delivery pressure agreed to in the Contract, despite reasonable preventative measures undertaken by TransCanada, then TransCanada shall, for the period of such excess deliveries, be relieved of its contractual obligation to such Shipper to deliver gas at such delivery point or area affected by the excess deliveries at the delivery pressure stipulated in the Contract.

If the receipt point or points under Shipper's Contract include that point on TransCanada's system which is immediately east of the Alberta/Saskatchewan border ("Empress"), then Shipper agrees to cause NOVA Corporation of Alberta (hereinafter called "NOVA") to design and construct sufficient facilities to allow Shipper's Authorized Quantity to be delivered to TransCanada at Empress at a gauge pressure of 4137 kPa or any greater pressure which may from time to time be specified by TransCanada for all gas to be delivered into TransCanada's system at Empress and to cause NOVA to deliver Shipper's Authorized Quantity to TransCanada at NOVA's line pressure provided that said pressure shall not be less than a gauge pressure of 3792 kPa.

For any receipt point downstream of Empress, Shipper shall do or cause others to do all that is required to allow Shipper's Authorized Quantity to be delivered to TransCanada at a pressure no less than that

prevailing in TransCanada's pipeline at such receipt point at the time of delivery and no greater than the maximum allowable operating pressure of TransCanada's pipeline at such point.

XIII WARRANTY OF TITLE TO GAS

Shipper warrants that it owns or controls, has the right to:

1. deliver or have delivered, the gas that is delivered to TransCanada under the Contract;
2. transfer the gas pursuant to Section XXIV of these General Terms and Conditions.

Shipper shall indemnify and hold harmless TransCanada against all claims, actions or damages arising from any adverse claims by third parties claiming an ownership or an interest in the gas delivered for transport to TransCanada under the Contract or transferred pursuant to Section XXIV of these General Terms and Conditions.

XIV FORCE MAJEURE

In the event of either Shipper or TransCanada being rendered unable, wholly or in part, by force majeure to perform or comply with any obligation or condition hereof or any obligation or condition in any Contract into which these General Terms and Conditions are incorporated, such party shall give notice and full particulars of such force majeure in writing or by telegraph to the other party as soon as possible thereafter, and the obligations of the party giving such notice, other than obligations to make payments of money then due, so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused but for no longer period, and such cause shall as far as possible be remedied with all reasonable dispatch. The term "force majeure" as used herein shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, the necessity for making repairs to or alterations of machinery or lines of pipe, freezing of wells or lines of pipe, temporary failure of TransCanada's gas supply, inability to obtain materials, supplies, permits or labour, any laws, orders, rules, regulations, acts or restraints of any governmental body or authority, civil or military, any act or omission (including failure to deliver gas) of a supplier of gas to, or a transporter of gas to or for, TransCanada which is excused by any event or occurrence of the character herein defined as constituting force majeure, any act or omission by parties

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not controlled by the party having the difficulty and any other similar causes not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome.

The settlement of strikes, lockouts or other labour disputes shall be entirely within the discretion of the party having the difficulty. Under no circumstances will lack of finances be construed to constitute force majeure.

In the event of an occurrence of a force majeure, TransCanada shall curtail delivery of gas to Shipper in accordance with Section XV hereof, and with respect to FST Service Contracts:

- (a) TransCanada's obligation to deliver gas to Shipper during the particular season shall be reduced by the amount of the curtailment under such Contract pursuant to sub-Section 2(c) of Section XV and,
- (b) For purposes of subsection 2.5 of TransCanada's FST Toll Schedule no quantities curtailed under sub-Section 2 of Section XV shall be included in determining the accumulative deficiency in delivery.

XV IMPAIRED DELIVERIES

For the purposes of this Section XV, TransCanada's minimum obligation to deliver gas under a FST Contract in any season shall be deemed to be an obligation to deliver the Winter Capacity or the Summer Capacity as the case may be.

On each day TransCanada shall determine in respect of all Contracts:

- (i) the total quantities which all Shippers have requested to be delivered on that day, and
- (ii) its available system capacity, including the maximum transportation on TransCanada's behalf under agreements that it has with Great Lakes Gas Transmission Limited Partnership, Union Gas Limited and Trans Québec and Maritimes Pipeline Inc.

If due to any cause whatsoever TransCanada is unable on any day to deliver the quantities of gas Shippers would have received if such disability did not exist, then TransCanada shall order curtailment by all Shippers affected thereby in the following manner to the extent necessary to remove the effect of the disability:

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1. If TransCanada estimates that, notwithstanding its then inability to deliver, it nevertheless will be able to meet its total minimum obligations to deliver under all Contracts during the then current season, TransCanada shall order daily curtailment in the following order of priority:

- (a) First under any Shipper's Make-up provided pursuant to the FST Toll Schedule
- (b) Second under interruptible service provided pursuant to the IT and IT Backhaul Toll Schedules.

The toll for STS Overrun is the 100% Load Factor Toll. Therefore when STS Overrun is tolled at an equal or higher price than IT, then the priority of STS Overrun is higher; when the STS Overrun Toll is at a lower price than IT, then the priority of STS Overrun is lower.

- (c) Third under any gas storage program of TransCanada.

- (d) Fourth under:

Diversions made

- A. under FST contracts which:

- (i) cause the flow of gas on a lateral or extension to exceed the capability of the lateral or extension, and/or:
- (ii) cause the actual flow of gas through a metering facility to exceed the capability of the metering facility, and/or
- (iii) cause the actual flow of gas on any segment of TransCanada's integrated pipeline system (including those notional segments comprised of TransCanada's maximum transportation entitlements under transportation agreements that it has with Great Lakes Gas Transmission, L.P., Union Gas Limited and Trans Québec and Maritimes Pipeline Inc.) to exceed the capability of the affected segment by an amount greater than that which would have occurred had the gas which is the subject of the Diversion been delivered at the delivery point(s) or delivery area specified in the FST Contract; and

- B. to TransCanada's St. Clair export delivery point under FST Contracts.

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(e) Fifth under:

Alternate Receipts made pursuant to FT, FT-SN or FT-NR Contracts or Diversions made pursuant to FT, FT-SN, FT-NR or LT-WFS Contracts which:

- A. cause the actual flow of gas on a lateral or extension to exceed the capability of the lateral or extension, and/or
- B. cause the actual flow of gas through a metering facility to exceed the capability of the metering facility, and/or
- C. cause the actual flow of gas on any segment of TransCanada's integrated pipeline system (including those notional segments comprised of TransCanada's maximum transportation entitlements under transportation agreements that it has with Great Lakes Gas Transmission, L.P., Union Gas Limited and Trans Québec and Maritimes Pipeline Inc.) to exceed the capability of the affected segment by an amount greater than that which would have occurred had the gas which is the subject of an Alternate Receipt and/or a Diversion, been received at the receipt point and delivered at the delivery point(s) or delivery area specified in the FT, FT-SN, FT-NR or LT-WFS Contract. Solely for the purpose of making the aforesaid determination, TransCanada may, for certain quantities, treat the point of interconnection between TransCanada's system and the system of Union Gas Limited at Parkway as a delivery point specified in those FT, FT-SN, FT-NR or LT-WFS Contracts which have delivery points on the segment of TransCanada's integrated system from Kirkwall to Niagara Falls.

(f) Sixth quantities to be delivered on a best efforts basis under STS and STS-L Contracts.

(g) Seventh except for Shipper's Make-up quantities curtailed pursuant to 1 (a) above, under any FST Contracts up to the total amount that TransCanada is entitled to curtail under such contracts during such day under the provisions thereof other than under this Section XV; PROVIDED HOWEVER, that subject to TransCanada's seasonal obligations if TransCanada's inability to deliver is due to an occurrence of a force majeure during the period May 1 to September 30, then TransCanada shall be entitled to completely interrupt deliveries under such contracts on such day during such period.

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- (h) Eighth proportionately under:
- (i) FT, FT-SN, FT-NR, FST, STFT, ST-SN, SNB, STS, STS-L and LT-WFS Contracts (other than quantities to be delivered on a best efforts basis under STS and STS-L Contracts) in amounts proportional to the Operating Demand Quantities minus the quantities to be delivered pursuant to an Alternate Receipt or a Diversion of such Contracts.
 - (ii) Alternate Receipts made pursuant to FT, FT-SN or FT-NR Contracts and/or Diversions made pursuant to FT, FT-SN, FT-NR, FST, and LT-WFS Contracts not already curtailed pursuant to sub-Sections, (d) and (e) above, in amounts to be delivered pursuant to such Alternate Receipt and/or Diversion.

(For the purpose of this sub-Section, the Operating Demand Quantity shall be:

- (A) under FT Contracts, the Contract Demand;
- (B) under FT-SN Contracts, the Contract Demand;
- (C) under FT-NR Contracts, the Contract Demand;
- (D) under LT - WFS Contracts, the LT - WFS Maximum Daily Quantity;
- (E) under STS Contracts, the Daily Injection Quantity or the Daily Withdrawal Quantity, as the case may be;
- (F) under STS-L Contracts, the Daily Contract Injection Quantity and the Daily Contract Withdrawal Quantity;
- (G) under FST Contracts, fifty (50%) percent of the winter period average daily winter capacity, or TransCanada's estimate of Shipper's requirement, as the case may be;
- (H) under STFT Contracts, the Maximum Daily Quantity;
- (I) under ST-SN Contracts, the Maximum Daily Quantity;
- (J) under FBT Contracts, the Maximum Daily Quantity; and
- (K) under SNB Contracts, the Contract Quantity.

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- (iii) Any forward haul component of a FBT Contract, that are affected by the disability in proportion Operating Demand Quantities of such Contract.
- (iv) Back haul components of an FBT Contract as required due to any lack of forward haul quantities to support the back haul quantities.

2. If TransCanada estimates that it will be unable to meet its total minimum obligations to deliver under all of its contracts during the then current season, TransCanada shall order seasonal curtailment in the following order of priority:

- (a) First under any Shipper's Make-up pursuant to the FST Toll Schedule
- (b) Second under interruptible service provided pursuant to the IT and IT Backhaul Toll Schedules.

The toll for STS Overrun is the 100% Load Factor Toll. Therefore when STS Overrun is tolled at an equal or higher price than IT, then the priority of STS Overrun is higher; when the STS Overrun Toll is at a lower price than IT, then the priority of STS Overrun is lower.

- (c) Third under any gas storage program of TransCanada.
- (d) Fourth under:

Diversions made:

- (A) under FST Contracts which:
 - (I) cause the actual flow of gas on a lateral or extension to exceed the capability of the lateral or extension, and/or
 - (II) cause the actual flow of gas through a metering facility to exceed the capability of the metering facility, and/or
 - (III) cause the actual flow of gas on any segment of TransCanada's integrated pipeline system (including those notional segments comprised of TransCanada's maximum transportation entitlements under transportation agreements that it has with Great Lakes Gas Transmission, L.P., Union Gas Limited and

Trans Québec and Maritimes Pipeline Inc.) to exceed the capability of the affected segment by an amount greater than that which would have occurred had the gas which is the subject of the Diversion been delivered at the delivery point(s) or delivery area specified in the FST Contract; and

(B) to TransCanada's St. Clair export delivery point under FST Contracts.

(e) Fifth under:

Alternate Receipts made pursuant to FT, FT-SN or FT-NR Contracts or Diversions made pursuant to FT, FT-SN, FT-NR or LT-WFS Contracts which:

(A) cause the actual flow of gas on a lateral or extension to exceed the capability of the lateral or extension, and/or

(B) cause the actual flow of gas through a metering facility to exceed the capability of the metering facility, and/or

(C) cause the actual flow of gas on any segment of TransCanada's integrated pipeline system (including those notional segments comprised of TransCanada's maximum transportation entitlements under transportation agreements that it has with Great Lakes Gas Transmission, L.P., Union Gas Limited and Trans Québec and Maritimes Pipeline Inc.) to exceed the capability of the affected segment by an amount greater than that which would have occurred had the gas which is the subject of an Alternate Receipt and/or a Diversion, been received at the receipt point and delivered at the delivery point or delivery area specified in the FT, FT-SN, FT-NR or LT-WFS Contract.

Solely for the purpose of making the aforesaid determination, TransCanada may, for certain quantities, treat the point of interconnection between TransCanada's system and the system of Union Gas Limited at Parkway as a delivery point specified in those FT, FT-SN, FT-NR or LT-WFS Contracts which have delivery points on the

segment of TransCanada's integrated system from Kirkwall to Niagara Falls.

- (f) Sixth Quantities to be delivered on a best efforts basis under STS and STS-L Contracts.
- (g) Seventh under FST Contracts up to the total amount that TransCanada is entitled to curtail under such contracts during such season under the provisions thereof other than under this Section XV.
- (h) Eighth proportionately under:
 - (i) FT, FT-SN, FT-NR, FST, STFT, ST-SN, SNB, STS, STS-L and LT-WFS Contracts (other than quantities to be delivered on a best efforts basis under STS and STS-L Contracts) once the curtailments made in (e) above have taken place, in amounts proportional to the Operating Demand Quantities or Maximum Daily Quantities, as the case may be, minus the quantities to be delivered pursuant to an Alternate Receipt and/or a Diversion of such Contracts,
 - (ii) Alternate Receipts made pursuant to FT, FT-SN or FT-NR Contracts and /or Diversions made pursuant to FT, FT-SN, FT-NR, FST, or LT-WFS Contracts not already curtailed pursuant to sub-Sections (d) and (e) above, in amounts to be delivered pursuant to such Alternate Receipt and/or Diversion.
 - (iii) Any forward haul components of a FBT Contract, that are affected by the disability in proportion Operating Demand Quantities of such Contract.
 - (iv) Back haul components of an FBT Contract as required due to any lack of forward haul quantities to support the back haul quantities.

For this purpose the seasonal requirement shall be:

- (i) under FST Contracts, the seasonal quantity of the applicable season, less the quantity curtailed pursuant to sub-Sections 2 (a), (d) and (e) above.
- (ii) under FT Contract, FT-SN Contracts, SNB Contracts, FT-NR Contracts, STFT Contracts, ST-SN Contracts, STS Contracts, STS-L Contracts and FBT

Contracts, TransCanada's estimate of Shipper's total seasonal requirements under each such Contract.

- (iii) under LT-WFS, the LT-WFS Maximum Daily Quantity, as the case may be, multiplied by the number of days in Shipper's Service Entitlement.

In curtailing deliveries under this sub-Section 2, TransCanada will endeavor to minimize its daily curtailments under its FT Contracts, FT-SN Contracts, FT-NR Contracts, STFT Contracts, ST-SN Contracts, SNB Contracts, LT-WFS Contracts, STS Contracts, STS-L Contracts and FBT Contracts in an attempt to meet Shipper's daily requirements for deliveries.

XVI DETERMINATION OF DAILY DELIVERIES

1. A Shipper taking delivery of gas under contracts and/or toll schedules for more than one class of service in one delivery area or one Export Delivery Point shall be deemed on any day to have taken delivery of Shipper's Authorized Quantity under the applicable contract and/or toll schedule in accordance with such agreement as may exist between TransCanada and the downstream operator(s). Absent such agreement, shipper shall be deemed to have taken delivery of Shipper's Authorized Quantities sequentially as follows:
 - (a) IT Backhaul Contract Receipt Quantity
 - (b) FT Contract
 - (c) FT-SN Contract
 - (d) FT-NR Contract
 - (e) STFT and ST-SN Contracts
 - (f) STS and STS-L Contracts
 - (g) FBT Contract
 - (h) LT- WFS Contract
 - (i) firm portion of gas quantities under FST Contract
 - (j) interruptible portion of gas quantities under FST Contract, except for any Shippers Make-up

- (k) IT and IT Backhaul Contracts, Delivery Quantity
- (l) Shippers Make-up under FST Contract

XVII DEFAULT AND TERMINATION

Subject to the provisions of Section XI, Section XIV, Section XV and Section XXIII of these General Terms and Conditions, if either TransCanada or Shipper shall fail to perform any of the covenants or obligations imposed upon it under any Contract into which these General Terms and Conditions are incorporated, then in such event the other party may, at its option, terminate such Contract by proceeding as follows: the party not in default shall cause a written notice to be served on the party in default stating specifically the default under the Contract and declaring it to be the intention of the party giving the notice to terminate such Contract; thereupon the party in default shall have ten (10) days after the service of the aforesaid notice in which to remedy or remove the cause or causes stated in the default notice and if within the said ten (10) day period the party in default does so remove and remedy said cause or causes and fully indemnifies the party not in default for any and all consequences of such default, then such default notice shall be withdrawn and the Contract shall continue in full force and effect.

In the event that the party in default does not so remedy and remove the cause or causes or does not indemnify the party giving the default notice for any and all consequences of such default within the said period of ten (10) days, then, at the option of the party giving such default notice, the Contract shall terminate. Any termination of the Contract pursuant to the provisions of this Section shall be without prejudice to the right of TransCanada to collect any amounts then due to it for gas delivered or service provided prior to the date of termination, and shall be without prejudice to the right of Shipper to receive any gas which it has not received but the transportation of which has been paid prior to the date of termination, and without waiver of any other remedy to which the party not in default may be entitled for breaches of the Contract.

This Section shall not apply to any default and terminations pursuant to Section XI and Section XXIII.

XVIII NON-WAIVER AND FUTURE DEFAULT

No waiver by TransCanada or Shipper of any one or more defaults by the other in the performance of any provisions of the Contract shall operate or be construed as a waiver of any continuing or future default or defaults, whether of a like or different character.

XIX DELIVERY AREAS

Deliveries of gas within a delivery area shall be subject to sufficient capacity and facilities within such delivery area.

XX DELIVERY AREAS, TOLL ZONES AND EXPORT DELIVERY POINTS**1. Delivery Areas**

TransCanada's delivery areas for purposes of determining the Contract Demand applicable to the points of delivery of TransCanada's pipeline system are as follows:

Saskatchewan Southern Delivery Area or SSDA

extends from a point on TransCanada's main pipeline at the Alberta- Saskatchewan border near Empress, Alberta to a point on TransCanada's main pipeline at the Saskatchewan-Manitoba border.

Manitoba Delivery Area or MDA

extends from a point on TransCanada's main pipeline at the Saskatchewan- Manitoba border to a point on TransCanada's pipeline at the Manitoba-Ontario border to a point on TransCanada's pipeline at the International Border near Emerson, Manitoba.

Western Delivery Area or WDA

extends from a point on TransCanada's pipeline at the Manitoba- Ontario border to a point on TransCanada's pipeline 24.99 kilometres east of TransCanada's Station 80 near Geraldton, Ontario.

Northern Delivery Area or NDA

extends from a point on TransCanada's pipeline 24.99 kilometres east of TransCanada's Station 80 near Geraldton, Ontario to a point on TransCanada's pipeline 23.09 kilometres south and east respectively of TransCanada's Station 116 near North Bay, Ontario.

Sault Ste. Marie Delivery Area or SSMDA

any point on TransCanada's Sault Ste. Marie pipeline.

North Central Delivery Area or NCDA

extends from a point on TransCanada's pipeline 23.09 kilometres south of TransCanada's Station 116 near North Bay Ontario, to a point on TransCanada's

pipeline 0.50 kilometres south of TransCanada's Station 127 near Barrie Ontario, provided that points of delivery to the Enbridge Gas Distribution Inc. Gas within this area are deemed for the purposes of this Tariff to be in the Central Delivery Area.

Central Delivery Area or CDA

extends from a point on TransCanada's pipeline 0.50 kilometres south of TransCanada's Station 127 near Barrie Ontario to a point on TransCanada's pipeline at the International Border near Niagara Falls, Ontario and to a point on TransCanada's pipeline 24.99 kilometres east of TransCanada's Station 134 near Bowmanville, Ontario.

Southwestern Delivery Area or SWDA

any point on TransCanada's St. Clair to Dawn pipeline.

Eastern Delivery Area or EDA

extends from a point on TransCanada's pipeline 24.99 kilometres east of TransCanada's Station 134 near Bowmanville, Ontario and from a point on TransCanada's North Bay Shortcut 23.09 kilometres east of TransCanada's Station 116 near North Bay, Ontario to a point on TransCanada's pipeline at the International Border near Philipsburg, Québec and to a point on the pipeline system of Trans Québec & Maritimes Pipeline Inc. near Québec City, Québec.

2. Toll Zones

TransCanada's toll zones for purposes of determining the toll applicable to any point of delivery on TransCanada's pipeline system are as follows:

Saskatchewan Zone or Zone S

includes all points in the Saskatchewan Southern Delivery Area.

Manitoba Zone or Zone M

includes all points in the Manitoba Delivery Area.

Western Zone or Zone W

includes all points in the Western Delivery Area.

Northern Zone or Zone N

includes all points in the Northern Delivery Area and the Sault Ste. Marie Delivery Area.

Eastern Zone or Zone E

includes all points in the North Central Delivery Area, the Central Delivery Area and the Eastern Delivery Area.

Southwest Zone or Zone SW

includes all points in the Southwestern Delivery Area.

XXI INCORPORATION IN TOLL SCHEDULES AND CONTRACTS

1. These General Terms and Conditions are incorporated in and are a part of all of TransCanada's Toll Schedules, Contracts and transportation service contracts.
2. These 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.

XXII NOMINATIONS AND UNAUTHORIZED QUANTITIES

1. Nominations

For service required on any day under each of Shipper's transportation contracts (for the purposes of this Section XXII the "said Contract"), Shipper shall provide TransCanada with a nomination of the quantity of gas, expressed in GJ, it desires TransCanada to deliver at the delivery point ("Shipper's nomination") or Title Transfer pursuant to Section XXIV of these General Terms and Conditions. Unless otherwise provided under the applicable Toll Schedule or as outlined under this section in the Schedule of Nomination Times below, such nominations are to be provided in writing or EDI format, or by other electronic means, so as to be received by TransCanada's Gas Control Department in Calgary on or before 12:00 hours CCT on the day immediately preceding the day for which service is requested. Subject to the provisions of the applicable toll schedules and Sections XIV and XV of these General Terms and Conditions, TransCanada shall determine whether or not all or any portion of Shipper's nomination will be accepted.

In the event TransCanada determines that it will not accept such nomination, TransCanada shall advise Shipper, (on or before 14:00 hours CCT on the day immediately preceding the day for which service is requested), of the reduced quantity of gas, (if any) (the "quantity available") that TransCanada is prepared to deliver under the said Contract. Forthwith after receiving such advice from TransCanada but no later than 1 hour after receiving such notice on such day,

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Shipper shall provide a revised nomination to TransCanada which shall be no greater than the quantity available. If such revised nomination is not provided within the time allowed as required above or such revised nomination is greater than the quantity available, then the revised nomination shall be deemed to be the quantity available. If the revised nomination (delivered within the time allowed as required above) is less than the quantity available, then such lesser amount shall be the revised nomination. That portion of a Shipper's nomination or revised nomination, which TransCanada shall accept for delivery shall be known as "Shipper's Authorized Quantity" which authorized quantity shall be limited, for firm services, to Shipper's Contract Demand and, for other services, to such quantity permitted by the provisions of the Contract.

Schedule of Nomination Times (CCT)

Gas Day Time	Class of Service *	Effective 0900 Hours Next Gas Day
12:00	All Services	Faxed, EBB & EDI (EBB & EDI commencing on October 1, 1997)

Please refer to FST Toll Schedule for appropriate times.

** Effective October 1, 1997 nominations for service must be received by TransCanada through its electronic bulletin board or EDI 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, except in the case of FT-SN and SNB Service. Nominations for FT-SN and SNB Service shall be submitted to TransCanada via fax or by other electronic means as determined from time to time by TransCanada.

2. Definitions in Section XXII

In this Section XXII, the following terms shall be construed to have the following meanings:

- (a) "Total Allocated Quantity":

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- (i) for any receipt point, means the total quantity of gas which TransCanada determines has been received during any time period under all transportation service contracts with a Shipper; and
 - (ii) for any delivery point or delivery area, means the total quantity of gas which TransCanada determines has been delivered during any time period under all transportation service contracts with a Shipper.
- (b) "Total Authorized Quantity" or "TAQ" for any day:
- (i) for any receipt point, means the sum of the Shipper's Authorized Quantities under all transportation service contracts at that receipt point.
 - (ii) for any delivery point or delivery area, means the sum of the Shipper's Authorized Quantities under all transportation service contracts at a delivery point or for that delivery area.
- (c) "Daily Variance" for a Shipper at any receipt or delivery point or delivery area means the absolute difference between the Total Authorized Quantity and the Total Allocated Quantity.
- (d) "FT Daily Demand Charge" or "FTD" means the result when the Demand Toll for Canadian Firm Service to the Eastern Zone Toll, as set out in the List of Tolls, is multiplied by 12 and divided by the number of days in the Year.
- (e) "Average Authorized Quantity" or "AAQ" for a Shipper at any receipt or delivery point or delivery area means the average Total Authorized Quantity during the preceding 30 days.
- (f) "Cumulative Variance" is the absolute value accumulation of the daily differences between the Total Authorized Quantity and the Total Allocated Quantity for a Shipper at any delivery point, delivery area or receipt point.

3. **Emergency Operating Conditions**

(a) EOC Definition

"Emergency Operating Conditions" ("EOC") means that TransCanada determines, in the exercise of its reasonable judgement, that its ability to fulfill its obligations under firm contracts is at risk

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due, in whole or in part, to Shipper variances during periods of extreme weather changes, and/or supply, market, pipeline interruptions, and TransCanada issues an EOC notice pursuant to subsection 3(b).

(b) EOC Notices

If TransCanada determines an EOC exists, TransCanada shall issue notice to all Shippers via High Priority Bulletin on its electronic bulletin board setting out the following information related to the EOC:

- i) EOC effective time, and
- ii) anticipated duration of the EOC, and
- iii) delivery points and delivery areas where EOC is in effect

In addition to such notice, TransCanada will use reasonable efforts to contact by phone those Shippers directly impacted by the EOC.

(c) EOC Effective Times

If TransCanada issues notice of EOC prior to 13:00 Central Clock Time (CCT), then the EOC takes effect on that day. If TransCanada issues notice of EOC after 13:00 CCT, then the EOC takes effect on the next day. The EOC will remain in effect until the operational condition has been remedied.

4. **Daily Balancing Fee**

On each day Shipper shall pay a "Daily Balancing Fee" equal to:

(Tier 1 Quantity times Tier 1 Fee); plus

(Tier 2 Quantity times Tier 2 Fee); plus

(Tier 3 Quantity times Tier 3 Fee); plus

(Tier 4 Quantity times Tier 4 Fee).

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Where:

(a) Tier 1, 2, 3, 4 Fees and Quantities are set out in the following Table:

	Tier 1	Tier 2	Tier 3	Tier 4
Minimum Quantity	Greater of: 2% of TAQ, or 2% of AAQ or 75 GJ	Greater of: 4% if TAQ, or 4% of AAQ, or 150 GJ	Greater of: 8% of TAQ, or 8% of AAQ, or 302 GJ	Greater of: 10% of TAQ, or 10% of AAQ, or 377 GJ
Maximum Quantity	Greater of: 4% of TAQ, or 4% of AAQ, or 150 GJ	Greater of: 8% of TAQ, or 8% of AAQ, or 302 GJ	Greater of: 10% of TAQ, or 10% of AAQ, or 377 GJ	∞ (Infinity)
Standard Fee	0.2 times FTD	0.5 times FTD	0.75 times FTD	1.0 times FTD
EOC Draft Fee	1.0 times Index	1.25 times Index	1.50 times Index	2.0 times Index
EOC Pack Fee	0	0	0	0

- (a) Quantity for each Tier equals that portion of the Daily Variance which is greater than the Minimum Quantity and less than the Maximum Quantity.
- (b) The applicable Fee for each Tier equals:
 - (i) Standard Fee for days and locations where EOC are not in effect,
 - (ii) EOC Draft Fee for days and locations where EOC are in effect and where Shipper's Total Authorized Quantity is less than Shipper's Total Allocated Quantity, and
 - (iii) EOC Pack Fee for days and locations where EOC are in effect and where Shipper's Total Authorized Quantity is greater than Shipper's Total Allocated Quantity.
- (c) No Daily Balancing Fee is payable on the portion of a Daily Variance which is less than 75 GJ.
- (d) The Daily Balancing Fee is added to the bill for the month in which the day is included.

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- (e) "Index" means the highest price of gas on the day among all receipt and delivery points on the TransCanada pipeline system as published by Platts Gas Daily or such other recognized industry publication.

5. Cumulative Balancing Fee

On each day Shipper shall pay a "Cumulative Balancing Fee" equal to:

(Tier 1 Quantity times Tier 1 Fee); plus

(Tier 2 Quantity times Tier 2 Fee).

Where:

- (a) Tier 1, 2 Fees and Quantities are set out in the following Table:

	Tier 1	Tier 2
Minimum Quantity	Greater of: 4% of TAQ, or 4% of AAG, or 150 GJ	Greater of: 6% of TAQ, or 6% of AAQ, or 225 GJ
Maximum Quantity	Greater of: 6% of TAQ, or 6% of AAQ, or 225 GJ	∞ (Infinity)
Standard Fee	0.15 times FTD	0.25 times FTD
EOC Draft Fee	0.15 times FTD	0.25 times FTD
EOC Pack Fee	0	0

- (b) Quantity for each Tier equals that portion of the Cumulative Variance which is greater than the Minimum Quantity and less than the Maximum Quantity.
- (c) The applicable Fee for each Tier equals:
 - (i) Standard Fee for days and locations where EOC are not in effect,

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- (ii) EOC Draft Fee for days and locations where EOC are in effect and where Shipper's accumulated Total Authorized Quantity is less than Shipper's accumulated Total Allocated Quantity, and
 - (iii) EOC Pack Fee for days and locations where EOC are in effect and where Shipper's accumulated Total Authorized Quantity is greater than Shipper's accumulated Total Allocated Quantity.
- (d) No Cumulative Balancing Fee is payable on the portion of an Absolute Cumulative Variance which is less than 150 GJ.
- (e) The Cumulative Balancing Fee is added to the bill for the month in which the day is included.
- (f) A Cumulative Balancing Fee is in addition to Daily Balancing Fees payable under subsection 4 of Section XXII, and an additional Cumulative Balancing Fee is payable on each day where there is an Absolute Cumulative Variance.

6. Payback Provisions

- (a) Shippers may reduce Cumulative Variances through nomination of "Payback Quantities" which shall be nominated and authorized in accordance with these General Terms and Conditions.

TransCanada is not obligated to provide additional transportation capacity to deliver Payback Quantities.

- (b) If, on any day, a Shipper nominates a Payback Quantity under sub-Section (d), and TransCanada is unable to deliver or receive a quantity ("Minimum Payback Quantity") equal to the lesser of:
- (i) Shipper's nominated Payback Quantities, or
 - (ii) the greater of:
 - (a) two percent of the Total Authorized Quantity,
 - (b) two percent of the Average Authorized Quantity, and
 - (c) 75 GJ

then Shipper is relieved from the Cumulative Balancing Fee by a quantity ("Payback Relief Quantity") equal to the difference between:

- (iii) the Minimum Payback Quantity, and
- (iv) The level of Payback Quantities which TransCanada was able to deliver or receive.

The relief from Cumulative Balancing Fees shall apply for each day until TransCanada delivers or receives the Payback Relief Quantity. No Payback Relief will be granted as a result of TransCanada not authorizing a transportation service.

- (c) If TransCanada determines, in its sole discretion, that its ability to meet firm obligations is at risk due to Shipper variances, and after curtailment of all discretionary transportation services that are hindering TransCanada's ability to meet its firm obligations, TransCanada may, without further notice, adjust Shipper's nominations for any day in order to reduce Shipper's Cumulative Variance to zero.

7. **Obligation to Balance Accounts**

Payments of balancing fees under this Section XXII do not give Shipper the right to receive or deliver unauthorized quantities, or incur Cumulative or Daily Variances, nor shall payment of the balancing fees be a substitute for other remedies available to TransCanada.

8. **Energy Imbalance Recovery**

- (a) Cumulative energy imbalances that result from energy in transit, accumulated fuel imbalances and imbalances held under other applicable accounts, shall be recovered in the following manner:
 - (i) on the 20th Day of each month, TransCanada shall advise Shipper in writing of all cumulative energy imbalances attributed to Shipper arising up to the end of the 19th Day of such month and carried forward or arising from previous months, provided however that such cumulative energy imbalances for export delivery points referred to in sub-section 8(b) shall be the amount by which the cumulative energy imbalance at such points exceed 50 GJ;

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- (ii) the cumulative energy imbalance reported to Shipper shall be aggregated at each applicable location from all of Shipper's Contracts, nomination groups and other applicable accounts;
- (iii) on or before the 3rd last Day of each month, Shipper may reduce the cumulative energy imbalances reported by TransCanada.
- (iv) The cumulative energy imbalance after giving effect to applicable offsetting transactions (the "Net Imbalance"), shall be determined on:
 - (A) the end of the 3rd last Day of such month if the cumulative energy imbalance is less than the cumulative energy imbalance on the 19th Day of such month; or
 - (B) the 19th Day of such month if the cumulative energy imbalance on the 3rd last Day of such month is greater than the energy balance on the 19th Day of such month.

The Net Imbalance shall be scheduled and recovered in equal amounts on each Day over the first 15 Days, or a lesser number of Days as mutually agreed to by Shipper and TransCanada, of next month (the "Recovery Period"). The amount of the Net Imbalance to be recovered each Day of the Recovery Period (the "Daily Imbalance Recovery") will be determined by TransCanada and verbally communicated to Shipper on the 2nd last Day of each month. Shipper shall nominate the Daily Imbalance Recovery on each Day of the Recovery Period as an "Imbalance Payback" under the Shipper account (nomination group) with the largest energy imbalance as determined by TransCanada based on the most recent monthly statements available.

- (vi) in nominating the Daily Imbalance Recovery, Shipper will ensure that all nominations remain in balance. Any nomination received from Shipper which does not include the required Daily Imbalance Recovery will, at TransCanada's sole discretion, be either rejected or forced to balance by TransCanada. TransCanada is authorized to curtail Shipper's gas supply and market, as necessary, to balance the nomination after accounting for the Daily Imbalance Recovery;
- (vii) where applicable, deliveries of the Daily Imbalance Recovery shall be the first deliveries made under the nomination on each Day of the Recovery Period; and

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- (viii) any imbalance shall be deemed to have occurred and shall be held at the primary receipt point specified in the transportation service agreement.
- (b) Cumulative energy imbalances at export delivery points that result from rounding when converting between energy units used for daily scheduling purposes shall be subject to the following:
- (i) Each Day Shipper shall be entitled to an energy imbalance of up to 5 GJ provided however, Shipper's cumulative energy imbalance at any time shall not exceed 50 GJ;
 - (ii) Shipper may reduce its cumulative energy imbalance on any Day by up to 10 GJ provided however, such reduction shall not result in the cumulative energy imbalance moving from a positive imbalance to a negative imbalance, or from a negative imbalance to a positive imbalance.

XXIII FINANCIAL ASSURANCES

1. **Financial Assurance for Performance of Obligations:** TransCanada may request that Shipper (or any assignee) at any time from time to time prior to and during service, provide TransCanada with an irrevocable letter of credit or other assurance acceptable to TransCanada, in form and substance satisfactory to TransCanada and in an amount determined in accordance with **sub-Section XXIII(3) hereof** (the "Financial Assurance").
2. **Failure to Provide Financial Assurance:** TransCanada may withhold the provision of new service until TransCanada has received a requested Financial Assurance.

Notwithstanding Section XVII, if Shipper fails to provide a requested Financial Assurance to TransCanada within four (4) Banking Days of TransCanada's request, TransCanada may upon four (4) Banking Days written notice immediately suspend any or all service being or to be provided to Shipper provided however that any such suspension shall not relieve Shipper from any obligation to pay any rate, toll, charge or other amount payable to TransCanada. If at any time during such suspension Shipper provides such Financial Assurance to TransCanada, TransCanada shall within two (2) Banking Days recommence such suspended service.

Notwithstanding Section XVII, if Shipper fails to provide such Financial Assurance during such suspension, TransCanada may, in addition to any other remedy that may be available to it, upon four (4) Banking Days written notice to shipper immediately:

- a) Terminate any or all service being or to be provided to Shipper; and
- b) Declare any and all amounts payable now or in the future by Shipper to TransCanada for any and all service to be immediately due and payable as liquidated damages and not as a penalty.

Any notice provided by TransCanada to Shipper to withhold, suspend or terminate service pursuant to **sub-Section XXIII(2) hereof** shall be filed concurrently with the NEB.

3. **Amount of Financial Assurance:** The maximum amount of Financial Assurance TransCanada may request from a Shipper (or assignee) shall be as determined by TransCanada an amount equal to:

- a) for the provision of all gas transportation and related services, other than such services referred to in **sub-Section XXIII(3)(b)**, the aggregate of all rates, tolls, charges or other amounts payable to TransCanada for a period of seventy (70) days. Provided however, the amount of the Financial Assurance for all rates, tolls and charges other than demand charges shall be based on the daily average of the actual charges billed for service for the preceding twelve (12) month period with the initial forecast to be provided by Shipper; and
- b) for the provision of any gas transportation and related services where TransCanada determines it must construct facilities and Shipper has executed the Financial Assurances Agreement defined in Section 4.4(c)(ii) of the Transportation Access Procedure, the aggregate of all rates, tolls, charges or other amounts payable to TransCanada for a period of seventy (70) days plus one (1) month for each remaining year of the term of such service, up to a maximum of twelve (12) months total.

Nothing in this Section XXIII shall limit Shipper's right to request the NEB to issue an order, under sub-section 71(2) of the National Energy Board Act, requiring TransCanada to receive, transport and deliver gas offered by Shipper for transmission, or to grant such other relief as Shipper may request under the circumstances, notwithstanding Shipper's default under this Section XXIII.

XXIV TITLE TRANSFERS

Shippers may request and TransCanada shall authorize Title Transfers subject to the following:

- a. TransCanada receives a nomination satisfactory to TransCanada from each Shipper that is a party to a Title Transfer;
- b. If TransCanada determines at any time that any title transfer account of a Shipper is out of balance, TransCanada may, without notice to the title transfer account holder, curtail transfers up to such amounts as TransCanada deems necessary to bring all affected title transfer accounts into balance. In so doing, TransCanada shall have no liability whatsoever to Shipper or any third party claiming through Shipper for any claims, actions or damages of any nature arising out of or in any way related to such curtailment

XXV LIABILITY AND LIMITATION OF LIABILITY

TransCanada's and Shipper's liability to each other is limited to direct damages only. In no event, other than in the case of gross negligence or wilful default, shall either TransCanada or Shipper be liable for loss of profits, consequential, incidental, punitive, or indirect damages, in tort, contract or otherwise.

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Area	Heating Value MJ/m3
CHIPPAWA	37.77
CORNWALL	37.69
EMERSON 1	37.68
EMERSON 2	37.68
EMPRESS	37.73
IROQUOIS-EXP.	37.68
NAPIERVILLE	37.68
NIAGARA FALLS	37.75
PARKWAY ENBRIDGE	37.69
PARKWAY UNION	37.68
PHILIPSBURG	37.68
ST-LAZARE	37.69
SABREVOIS	37.69
SPRUCE	37.68
ST. CLAIR	37.72
NCCA, UNION GAS LIMITED	37.69
CDA, ENBRIDGE GAS DISTRIBUTION INC.	37.69
CDA, UNION GAS LIMITED	37.68
EDA, UNION GAS LIMITED	37.68
EDA, GAZ METROPOLITAIN & CO. L.P.	37.69
EDA, KINGSTON PUBLIC UTILITIES COMM	37.68
EDA, ENBRIDGE GAS DISTRIBUTION INC.	37.69
MDA, CENTRA GAS MANITOBA INC	37.68
MDA, CENTRA TRANSMISSION HOLDINGS	37.68
MDA, GLADSTONE AUSTIN	37.68
NDA, UNION GAS LIMITED	37.68
NDA, GAZ METROPOLITAIN & CO. L.P.	37.68
NDA, TRANSCANADA POWER, L.P.	37.68
SSDA, CENTRA GAS MANITOBA INC	37.67
SSDA, TRANSGAS LTD.	37.66
SSMDA UNION GAS LIMITED.	37.71
SWDA, ENBRIDGE GAS DISTRIBUTION INC	37.68
SWDA, UNION GAS LIMITED	37.71
WDA, UNION GAS LIMITED	37.68
WDA, TRANSCANADA POWER, L.P.	37.67