

**PARKING AND LOAN SERVICE
(PALS) TOLL SCHEDULE**

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1. AVAILABILITY

- 1.1 A PALS Account Holder shall be eligible to receive service pursuant to this PALS Toll Schedule provided that PALS Account Holder:
- (a) has a fully executed PALS Contract; and
 - (b) has provided financial assurances to TransCanada in an amount, form and on terms satisfactory to TransCanada per Section XIV of the PALS General Terms; and

2. APPLICABILITY AND CHARACTER OF SERVICE

- 2.1 Subject to the terms of this PALS Toll Schedule, the PALS Contract and the PALS General Terms, as each may be amended from time to time, PALS Account Holder shall be entitled to operate one PALS Account at each PALS point on TransCanada's system.
- 2.2 No transportation service shall be curtailed in order to provide PALS. PALS will have a priority lower than any transportation service (including all diversions), both in terms of authorization of nominations and curtailment pursuant to TransCanada's Transportation Tariff. PALS allocated pursuant to an executed Exhibit "A" to a PALS Contract shall not be curtailed or recalled on any day in order to make capacity available to a party requesting PALS on that day under a new, unexecuted Exhibit "A".
- 2.3 TransCanada will not enter into new loan agreements which will put TransCanada into a Net Loan Position if total linepack in the PALS Management section is below Linepack Goal or if the linepack in such PALS Management section is projected to be reduced below Linepack Goal as a result of the new loan agreements. TransCanada's system wide Net Loan Position shall not exceed 188,450 GJ.
- 2.4 The quantities of gas Transacted at PALS points hereunder impart no physical movement of gas. In the event that PALS Account Holder wishes to transport quantities of gas from one PALS point to another PALS point on TransCanada's system, PALS Account Holder shall be responsible for arranging such transportation in accordance with TransCanada's Transportation Tariff.
- 2.5 The Toll to be paid by PALS Account Holder will be agreed to by PALS Account Holder and TransCanada from time to time. The Toll in effect on the date that an Exhibit "A" is accepted shall apply for the Duration set out in that Exhibit "A".

- 2.6 On the fifth business day of each month, TransCanada will post, on TransCanada's electronic bulletin board, a summary of all PALS Transactions completed during the preceding month. This posting will include the Toll, Location, Injection Rate, Withdrawal Rate, Duration, and Total Quantity of each transaction.
- 2.7 In order to protect the integrity of the TransCanada system and to ensure that TransCanada can meet its authorized transportation obligations, TransCanada may, in its sole discretion after having considered other reasonable alternatives, upon twenty-four (24) hours notice, recall all or any portion of the capacity allocated for PALS at a PALS point. Such recall notice shall be provided by telecopier or in writing and may be posted on TransCanada's electronic bulletin board. PALS capacity will be recalled on the basis of the Toll charged, with PALS authorized at the lowest Tolls recalled first. Within the twenty-four (24) hour period specified in the recall notice:
- a) a PALS Account Holder involved in a Park Transaction shall withdraw that quantity of gas specified in the recall notice. If PALS Account Holder fails to withdraw the required quantity of gas, PALS Account Holder shall forfeit such gas to TransCanada, without compensation or damages and free of any adverse claims. PALS Account Holder hereby indemnifies and saves harmless TransCanada from all such damages and claims arising in connection with the exercise by TransCanada of the right set out herein; and
 - b) a PALS Account Holder involved in a Loan Transaction shall deliver the recalled quantity of gas to TransCanada at the affected PALS point. If PALS Account Holder fails to deliver the required quantity of gas, TransCanada may purchase replacement gas and, notwithstanding the actual cost of such replacement gas, PALS Account Holder shall pay to TransCanada a surcharge equivalent to the required quantity of gas multiplied by the sum of \$0.09366/GJ and the Gas Replacement Factor.
- 2.8 On the Start Date and each day thereafter until the End Date for which PALS Account Holder and TransCanada agree to a Parking or Loan Transaction, and subject to the interruption of service or recall of capacity by TransCanada, PALS Account Holder shall, over the Duration of the Transaction, cause the Total Quantity to be injected and withdrawn from PALS Account Holder's PALS Account at the PALS point, as specified in each Exhibit "A".

3. PARKING AND LOAN PERIOD

- 3.1 The End Date shall be specified in each Exhibit "A" and shall not extend beyond the date upon which either party has notified the other that the PALS Contract will terminate pursuant to Article IV, Section 4.2 of the PALS Contract.
- 3.2 At any time during the term of the PALS Contract there may be one or more Exhibit "A"s in effect. Each Exhibit "A" shall constitute a separate PALS Transaction. All references to Exhibit "A" in the PALS Contract, and the PALS General Terms shall mean and be interpreted and construed to apply to each such Exhibit "A" in effect from time to time. For greater certainty, all communications between the parties hereunder shall specify which Exhibit "A" is the subject of such communications.

4. SERVICE PRIORITY

- 4.1 If, due to any cause whatsoever, TransCanada is unable on any day to provide the level of PALS that PALS Account Holder has nominated at any PALS point, TransCanada may curtail or recall PALS at that point. PALS Transactions will be curtailed or recalled on the basis of the Toll set out in each applicable Exhibit "A" with those Transactions at the lowest Toll being curtailed or recalled first.
- 4.2 If TransCanada curtails or recalls PALS on the start date of injection under a Park or on the start date of withdrawal under any Loan, and prior to any quantities being injected or withdrawn, as the case may be, the Transaction contemplated by the applicable Exhibit "A" shall terminate and all obligations of TransCanada and PALS Account Holder thereunder, including the obligation to pay the Toll, shall cease.

5. TRANSFER NOMINATIONS

- 5.1 All transfer nominations from or to a PALS Account shall be received by TransCanada at the time specified pursuant to section XXII of the General Terms.
- 5.2 All transfer nominations from or to a PALS Account shall be in TransCanada's prescribed form, as it may be amended from time to time. Transfer nominations from or to a PALS Account which are not in TransCanada's prescribed form or which are incomplete shall not be accepted by TransCanada.
- 5.3 Unless PALS Account Holder executes the nomination waiver in the Exhibit "A", each PALS Account Holder with a fully executed Exhibit "A" shall make a corresponding transfer nomination

from or to the related PALS Account(s) for each gas day in the Duration(s). TransCanada shall determine the capacity available for PALS at the affected PALS point(s) on such gas day, after accepting nominations or revised nominations for transportation service in accordance with paragraph 1 of Section XXII of the General Terms and Conditions of TransCanada's Transportation Tariff. TransCanada shall then determine whether all or any portion of such transfer nomination will be accepted. If TransCanada determines that it will not accept such transfer nomination, TransCanada shall advise PALS Account Holder, on or before 16:00 hours CCT on the day immediately preceding the gas day for which the transfer is to be effective, of the reduced quantity, if any, that TransCanada is prepared to transfer to or from the PALS Account. Such reduced, quantity, if any, shall be deemed to be PALS Account Holder's revised transfer nomination, which TransCanada shall be deemed to have accepted.

6. PALS ACCOUNT IMBALANCE ADMINISTRATION

6.1 PALS Account Holder shall cause the PALS Account to operate in accordance with the provisions set out in each Exhibit "A". In the event that TransCanada curtails or recalls PALS at any time after the service has commenced under an Exhibit "A", then:

- a) if such curtailment or recall occurs prior to the completion of the injection of gas to be Parked or the completion of the withdrawal of gas to be Loaned:
 - i) the quantity to be Parked or Loaned, as the case may be, shall be reduced by the quantity of gas curtailed or recalled; and
 - ii) the injection and withdrawal rates under each affected Exhibit "A" will be reduced proportionately to the quantity of gas curtailed or recalled; and
- b) if such curtailment or recall occurs after the completion of the injection of gas to be Parked or the completion of the withdrawal of gas to be Loaned, the Duration shall be extended by the number of days that PALS was curtailed or recalled. In the event that the Duration is extended, the injection or withdrawal rate shall be the same rate set out in the applicable Exhibit "A" unless TransCanada, in its sole discretion, determines that the rate is to be adjusted.

6.2 In the event that PALS Account Holder's PALS Account carries an Outstanding Balance, either positive or negative, as a result of the failure of PALS Account Holder to discharge its obligations pursuant to 6.1 hereof, the following provisions shall apply:

- a) in the case of a Loan Transaction, TransCanada may, in its sole discretion, purchase replacement gas and, notwithstanding the actual cost of such replacement gas, PALS Account Holder shall pay to TransCanada a surcharge equivalent to the Outstanding Balance multiplied by the sum of \$0.09366/GJ and the Gas Replacement Factor; and
- b) in the case of a Park Transaction, PALS Account Holder shall pay to TransCanada on each day that an Outstanding Balance exists, the Toll set out in the applicable Exhibit "A" plus a surcharge equivalent to the Outstanding Balance multiplied by \$0.09366/GJ.

The foregoing rights of TransCanada shall be in addition to any other rights or remedies available to TransCanada at law or in equity.

7. MONTHLY BILL

7.1 The monthly bill payable by PALS Account Holder for service hereunder shall be equal to the sum of the charges payable under each Exhibit "A," the Duration of which has expired in such month.

7.2 The charges payable under each Exhibit "A" shall be the sum of the product of T multiplied by Q and the surcharges, if any, payable pursuant to Sections 2.7 and 6.2 hereof, where:

- a) T equals the Toll as set out on the Exhibit "A" and;
- b) Q equals:
 - i) In the case of Parking, the greater of:
 - The actual quantity Transacted pursuant to the Exhibit "A", and;
 - The cumulative sum of the daily Injection quantity made available by TransCanada to PALS Account Holder which, on a daily basis, shall not exceed the Injection Rate as set out in the Exhibit "A", unless otherwise agreed to by TransCanada and PALS Account Holder.
 - ii) In the case of a Loan, the greater of:
 - The actual quantity Transacted pursuant to the Exhibit "A", and;
 - The cumulative sum of the daily Withdrawal quantities made available by TransCanada to PALS Account Holder which, on a daily basis, shall not exceed the Withdrawal Rate as set out in the Exhibit "A", unless otherwise agreed to by TransCanada and PALS Account Holder.