



ATCO PIPELINES

TRANSPORTATION

BUSINESS POLICIES & PRACTICES

Effective October 1, 2007

INTRODUCTION AND INDEX

The following are ATCO Pipelines' Business Policies & Practices which pertain to transportation service on ATCO Pipelines' Gas Pipeline System in the northern and southern zones.

These Business Policies & Practices are not approved by the Alberta Energy and Utilities Board. Any changes to ATCO Pipelines' Business Policies & Practices will be communicated to Customers. Customers have the opportunity to comment on and recommend changes to ATCO Pipelines' Business Policies & Practices as herein contained through ATCO Pipelines' Industry Committee. The most recent version will be filed with the Alberta Energy and Utilities Board.

These Business Policies & Practices are intended to augment the Transportation Service Regulations and may be modified to reflect changes in the natural gas industry, changes to the transportation service on ATCO Pipelines' Gas Pipeline System, changes within the requirements of the Alberta Energy and Utilities Board as generally adopted in Alberta, or changes required to maintain a competitive service for ATCO Pipelines' Customers. In the event of a conflict between the Business Policies and Practices and the Transportation Service Regulations, the Transportation Service Regulations prevail.

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1.0 REQUESTS FOR SERVICE AND QUEUE PROCEDURE**1.1 REQUESTS FOR SERVICE**

A Customer requesting new, incremental, assignment or transfer of service from ATCO Pipelines must provide ATCO Pipelines with a written request for service. The information ATCO Pipelines requires to assess a request for service is contained in the Application for Service form. A copy of the Application for Service form is available on the ATCO Pipelines' website -

http://www.atcopipelines.com/Transportation_Services/new_Application2004.htm

1.2 RESPONSE TO REQUESTS FOR SERVICE

After receipt of the completed Application for Service form, ATCO Pipelines will endeavor to respond to Customer requests as shown in Table 1-1:

Table 1-1 Response to Service Requests	
Type of Request	Response Time
Firm Service (FSR, FSRS, FSD, FSU, SPD)	4 weeks
Other Pipeline Delivery Must-Flow Service (OPDM)	4 weeks
Interruptible Receipt Service (ITR)	1 week
Market Account Service (MAS)	1 week
Transfer of Contract Demand	2 weeks
Assignment of Transportation Service	1 week

ATCO Pipelines will provide Customer with a proposal for service which contains a description of general and Customer Specific Facilities required, the timing to construct these facilities and other conditions which must be satisfied before an Agreement can be completed and service commenced. The response times noted above may vary due to the complexity of the request, facility requirements and Gas Pipeline System hydraulics.

1.3 QUEUE PROCEDURE

Customers requesting Firm Service or Other Pipeline Delivery Must-Flow Service will be placed in a service queue based on the time and date that ATCO Pipelines receives a completed Application for Service form. Transportation service will be offered sequentially as it becomes available. ATCO Pipelines may have several queues on its Gas Pipeline System specific to pipeline regions.

2.0 INVESTMENT POLICY

2.1 GENERAL

Where expansion of existing or, addition of new Gas Pipeline System facilities, either upstream or downstream of ATCO Pipelines' Gas Pipeline System are required to satisfy a Customer's request for service, ATCO Pipelines will invest in these facilities in accordance with ATCO Pipelines' investment practices.

Expansion of existing or addition of new Gas Pipeline System facilities as required to maintain equitable access by Customers to services provided by ATCO Pipelines, or to meet existing Firm Service commitments, will not be subject to the application of ATCO Pipelines' investment policy. These expansions or additions will be considered as general system improvements, except in unique circumstances (e.g. uneconomic expansion of isolated systems, potential stranding of investment due to competitive pressures).

2.2 INVESTMENT POLICY FOR CUSTOMER SPECIFIC FACILITIES

The amount that ATCO Pipelines will invest in the expansion of existing or addition of new facilities upstream or downstream of a Customer's plant is contingent on the Customer's Contract Demand or Nominated Demand, the applicable Rate as specified in the Rate Schedules, and the minimum Agreement term the Customer signs for. ATCO Pipelines' investment will be equal up to the net present value of charges for the applicable Contract Demand or Nominated Demand during the minimum Agreement term that the Customer signs for, discounted at the Rate provided for in Table 2-1.

Table 2-1	
Benchmark Long Canada Bond Yield (%)	Discount Rate (%)
Less than 6	10
6.0 to 7.9	11
8.0 to 9.9	12
10.0 to 11.9	13
12.0 and over	14 and over

Where the amount of ATCO Pipelines' investment is insufficient to cover the cost of facilities required to satisfy the Customer Application for Service, the Customer may elect to extend the minimum Agreement term, or pay a contribution towards the cost of facilities.

2.3 DEMAND AND TERM STACKING

A Customer may elect to enter into an Agreement with a schedule of applicable Contract Demands or Nominated Demands to support ATCO Pipelines' investment in the facilities required to satisfy the Customer Application for Service. In these cases, ATCO Pipelines' investment will equal up to the net present value of the applicable Contract Demand or Nominated Demand charges for the Agreement terms entered into, discounted at the Rate specified in Table 2-1.

2.4 CUSTOMER SPECIFIC FACILITY CHARGES

Should the Customer elect to enter into an Agreement such that the minimum term of the Agreement is insufficient for ATCO Pipelines to invest in the total cost of the facilities required to satisfy the Customer Application for Service, the Customer will be required to pay a contribution to ATCO Pipelines which is equal to the difference between the cost of the facilities and the present value of the Contract Demand or Nominated Demand charges for the term of Agreement the Customer signed for.

Subject to credit approval by ATCO Pipelines, the Customer may elect to pay this contribution as a lump sum capital contribution or as a monthly Specific Facility cost of service. Should the Customer elect lump sum payment, half of the lump sum capital contribution is required when the Agreement is signed by the Customer and the remainder is due upon completion of facility construction. Should the Customer elect to pay the contribution as a Specific Facility cost of service charge, the Specific Facility charge will include return, income tax and depreciation costs.

Should the Customer's credit history/outlook not be acceptable to ATCO Pipelines, payment of the capital contribution in its entirety will be required when the Agreement is signed by the Customer in addition to any other security requirements outlined in 14.0.

If Customer requests ATCO Pipelines to install additional Specific Facilities which are outside the scope of ATCO Pipelines' standard policies, these additional costs will be the responsibility of the Customer. These additional Specific Facilities charges may include:

- union labor
- special architectural design
- exceed code standards
- signals from the meter station and/or related equipment

These additional costs will be recovered either as a capital contribution or as a Specific Facility cost of service charge.

2.5 ILLUSTRATIVE EXAMPLE

The following is an example of the application of ATCO Pipelines' investment policy for Receipt Point and Delivery Point service for the north Gas Pipeline System.

Firm Service Demand Charges in effect January 1, 2005

North:

Point of Receipt (FSR) = \$2.593 per Month per GJ of Contract Demand

Point of Delivery (FSD) = \$2.114 per Month per GJ of Nominated Demand

Contract/Nominated Demand = 10,000 GJ/day

Discount Rate % = 10%

Year	NORTH			
	Receipt Point Service		Delivery Point Service	
	Annual Demand Charge	Accumulated PV of Annual Demand Charge	Annual Demand Charge	Accumulated PV of Annual Demand Charge
1	\$311,160	\$282,873	\$253,680	\$230,618
2	\$311,160	\$540,030	\$253,680	\$440,271
3	\$311,160	\$773,809	\$253,680	\$630,865
4	\$311,160	\$986,335	\$253,680	\$804,131
5	\$311,160	\$1,179,541	\$253,680	\$961,647
6	\$311,160	\$1,355,183	\$253,680	\$1,104,843
7	\$311,160	\$1,514,857	\$253,680	\$1,235,020
8	\$311,160	\$1,660,016	\$253,680	\$1,353,364
9	\$311,160	\$1,791,978	\$253,680	\$1,460,949
10	\$311,160	\$1,911,944	\$253,680	\$1,558,754
11	\$311,160	\$2,021,003	\$253,680	\$1,647,667
12	\$311,160	\$2,210,148	\$253,680	\$1,728,497
13	\$311,160	\$2,210,280	\$253,680	\$1,801,979
14	\$311,160	\$2,292,218	\$253,680	\$1,868,781
15	\$311,160	\$2,366,708	\$253,680	\$1,929,510

3.0 CURTAILMENT PRACTICE

3.1 GENERAL

The objective for ATCO Pipelines' Gas Pipeline System operation is to maximize the utilization of existing facilities for the benefit of all Customers. However, pipeline operating conditions may restrict or curtail the availability of some services for varying periods of time. These conditions may include but are not limited to:

- pipeline system or segment hydraulic capacity;
- receipt or delivery point meter station capacity;
- maximum or minimum pipeline operating pressures;
- physical exchange ability between local receipt and delivery points;
- quantity of Gas available for Exchange;
- construction, repair and maintenance of pipeline facilities;
- salt cavern operation and/or inventory level;
- necessity to maintain Firm Service;
- necessity to maintain service to temperature sensitive Customers;
- safety of Gas Pipeline System and/or facilities;
- Force Majeure.

When Curtailment is necessary, ATCO Pipelines will determine the region of Curtailment and the quantity to be curtailed. The region of Curtailment will be minimized. Curtailment will be applied on a pro-rata basis to Customers who are active within the region. The order of Curtailment is outlined below:

1. Interruptible Service and Overrun
2. Firm Service Receipt committed to an Other Pipeline Delivery Must-Flow Delivery contract, where Other Pipeline Must-Flow obligation has not been met.
3. Firm Service Receipt committed to an Other Pipeline Delivery Must-Flow Delivery contract, where the Other Pipeline Delivery Must-Flow Delivery Point is not available.
4. Firm Service Receipt or Delivery

Restoration of curtailed service is in the reverse order of the order of Curtailment.

Assignment of Service and transfer of Contract Demand within a curtailed region of the Gas Pipeline System are suspended when a Curtailment is in effect.

3.2 RECEIPT AND DELIVERY POINT CURTAILMENT

ATCO Pipelines will restrict or curtail service in excess of the Customer's Contract Demand or Nominated Demand if, in ATCO Pipelines' sole opinion, such excess service cannot be accommodated due to pipeline operating conditions as noted in Section 3.1. Curtailment or restriction of the excess service will be carried out for all Customers who are active at locations within the affected region according to the order of Curtailment listed in Section 3.1.

The total quantity of Curtailment will be applied on a pro-rata basis to each active Customer at each location, based on the best estimate of Gas flow available at the time. ATCO Pipelines will adjust Nominations at Points of Receipt and/or Delivery to reflect the Curtailment for each Customer and location. No further re-Nomination for service in excess of the Customer Contract Demand or Nominated Demand will be allowed during the period of restriction or Curtailment.

3.3 OTHER PIPELINE DELIVERY CURTAILMENT

ATCO Pipelines will restrict or curtail service to an Other Pipeline if there are insufficient quantities of Gas to accommodate the receipt and delivery Nominations requested. The restriction or Curtailment will be applied on a pro-rata basis among those Customers who are active at the time of Curtailment according to the order of Curtailment listed in Section 3.1.

The availability of Other Pipeline Delivery Must-Flow Service is conditional upon the underlying physical ability of the Gas Pipelines System to flow the Gas to the Other Pipeline Delivery point and the acceptance of the Customer's Nomination by the Other Pipeline.

ATCO Pipelines will restrict or curtail Firm Service Receipts intended for Other Pipeline Delivery Must-Flow where a Customer has not met a contractual commitment to Other Pipeline Delivery Must-Flow.

3.4 FORCE MAJEURE

ATCO Pipelines will restrict or curtail any or all service(s) if, in ATCO Pipelines' sole opinion, such service(s) cannot be accommodated by reason of Force Majeure. ATCO Pipelines will provide as much notice as practical under the circumstances, outlining the reason(s) for Force Majeure, effective date/time and expected duration of the Force Majeure.

ATCO Pipelines will carry out such remedial action it deems necessary to respond to the Force Majeure condition. Objectives during a period of Force Majeure are:

- to protect the safety of people and property;
- to protect the environment;
- to minimize damage to the Gas Pipeline System and ancillary facilities;
- to provide service to temperature sensitive Customers (i.e. residential and commercial);
- to provide service to all other Customers; and
- to minimize the period of Force Majeure.

3.5 CURTAILMENT OF FIRM SERVICE

ATCO Pipelines will provide reliable Firm Service and will not curtail Firm Service except in accordance with the terms of the Firm Service Agreement and /or those instances where it is necessary to:

- ensure natural Gas service is maintained to temperature sensitive Customers (i.e. residential and commercial);
- ensure the safety of the Gas Pipeline System;
- facilitate the construction, repair, or maintenance of the Gas Pipeline System. ATCO Pipelines will endeavor to minimize the impact of the Curtailment to any one or group of Customers. When the Curtailment results from planned pipeline work, ATCO Pipelines will coordinate the Curtailment with affected Customers. When possible, ATCO Pipelines will adjust the schedule to coincide with work planned by the Customer.

3.6 CURTAILMENT NOTICE

ATCO Pipelines will provide as much notice as practical, outlining the reasons for Curtailment, adjusted Nomination(s), effective date/time and expected duration. Notwithstanding, ATCO Pipelines reserves the right to implement Curtailments at any time prior to effective date/time. Customer will comply with the allowed Nomination(s) on the effective date/time as specified on the notice.

ATCO Pipelines will provide notice of Curtailment by the most reasonable method of communication available (i.e. telephone electronic media, email, ATCO Pipelines' website - www.atcopipelines.com) . A sample notice form is attached.

3.7 FAILURE TO COMPLY WITH CURTAILMENT

A Customer is considered to be in Non-Compliance when, during the period of Curtailment specified on the Curtailment Notice, the Customer exceeds the allowed Nomination at the Point of Delivery and/or Point of Receipt.

Should a Customer fail to comply with any Curtailment notice given by ATCO Pipelines, the charges for the Non-Compliance Quantity will be in accordance with “Non Compliance/Unauthorized Services” as provided for in the General Conditions of the Rate Schedules. A sample notice form is attached.

3.8 RESTORATION OF SERVICE

Restoration of curtailed service will be implemented when in ATCO Pipelines’ sole opinion the service can be accommodated for a reasonable length of time. ATCO Pipelines will provide as much notice as practical prior to effective date of restoration of service.

ATCO Pipelines will not adjust the Nomination(s) from the allowed Nomination(s) calculated upon commencement of the restriction or Curtailment. ATCO Pipelines will resume accepting Nominations from Customers once restoration of service has been implemented. ATCO Pipelines may make partial restorations of service available, pro-rata by pipeline region and on a fill-firm-first basis, if applicable under the circumstance.



NOTICE OF TRANSPORTATION SERVICE CURTAILMENT

To: _____

Effective Date: _____

Attention: _____

Fax: _____

Please be advised that Interruptible Service and Overrun has been curtailed for the following reasons:

This Curtailment is expected to last until at least _____
(Date/Time)

As described below, any daily receipts and /or daily deliveries in excess of the allowed Nomination are considered Unauthorized Services and will be administered as provided for in the Rate Schedules. You will be notified of the effective time of service restoration.

NOMINATIONS

Station or Description	Previous Nomination (GJ/d)	Allowed Nomination during Service Interruption (GJ/d)

Gas Coordinator

Fax: (403) 245-7698

NOTICE OF TRANSPORTATION SERVICE RESTORATION

To: _____ Effective Date: _____

Attention: _____ Fax: _____

Please be advised that effective _____ M.S.T.
(yy-mm-dd)

Your Interruptible Service, Overrun and/or Firm Service has been restored.

Please contact your Gas Coordinator to restore your Nomination(s). If you do not notify us of any change, the current Nomination(s) will remain in effect until changed by you.

Current Nominations are:

<u>Station or Description:</u>	<u>Allowed Nomination GJ/Day:</u>

Gas Coordinator

Fax: (403) 245-7698



NOTICE OF NON-COMPLIANCE TRANSPORTATION SERVICE CURTAILMENT

To: _____

Effective Date: _____

Attention: _____

Fax: _____

_____ are considered to be in Non-Compliance with the Notice of Transportation

Service Curtailment issued _____ and effective _____.

ATCO Pipelines shall, at its discretion, take any reasonable action whatsoever to ensure that the charges for the Non-Compliance Quantity will be in accordance with "Non-Compliance/Unauthorized Services" as provided for in the General Conditions of the Rate Schedules.

Should you have any questions regarding this notice, please call your Gas Coordinator.

Gas Coordinator

Fax: (403) 245-7698

4.0 MEASUREMENT PRACTICES

4.1 GENERAL

The following are ATCO Pipelines' practices for the measurement of Gas and the testing and inspection of measuring facilities.

These Business Policies & Practices, intended to augment Article 4 - Measurement in the Transportation Service Regulations, may be modified by ATCO Pipelines to reflect changes in industry practice for the measurement of Gas.

4.2 UNIT OF MEASUREMENT

The unit of volume for purposes of measurement shall be one (1) cubic metre of Gas at 101.325 kPa and 15⁰C.

4.3 UNIT OF BILLING/PAYMENT

The unit of energy for purposes of billing and payment shall be one (1) gigajoule.

4.4 ATMOSPHERIC PRESSURE

For the purposes of measurement the atmospheric pressure shall be determined in accordance with Clause 4.1 of the Transportation Service Regulations and shall be rounded to the nearest one-hundredth (1/100) of a kPa and deemed to be constant.

4.5 MEASURING EQUIPMENT

All measuring equipment, devices and materials required to measure the Gas at the Point of Receipt or at the Point of Delivery shall be owned, installed, maintained and operated by ATCO Pipelines or its Agents or its Customer deemed authorized by ATCO Pipelines, and shall be of standard manufacture and have approval of a type by Measurement Canada. ATCO Pipelines and a Customer may enter into an Agreement where Customer measuring equipment, devices and materials are used to measure the Gas subject to the conditions above.

Under the Agreement, ATCO Pipelines will have the right to approve the Customer metering design and define the maintenance and operation terms and conditions with provision for audit and witness rights.

4.6 METHOD OF MEASUREMENT

In determining the quantities of Gas received the following practices shall prevail:

4.6.1 Metering

The Gas to be metered shall be metered by one or more orifice meters, turbine meters, rotary meters or other metering device having approval of type by Measurement Canada and verified by Measurement Canada or an accredited verifier.

Measurement by orifice meters shall be in accordance with the methods prescribed in "American National Standard - Orifice Metering of Natural Gas", ANSI/API 2530, most recent edition, including the Appendix thereto, as published June, 1979 and adopted by ATCO Pipelines.

Measurement by turbine meter shall be in accordance with the methods prescribed in "Measurement of Fuel Gas by Turbine Meters", American Gas Association Committee Report No. 7, or any subsequent revisions thereof, and adopted by ATCO Pipelines.

Correction shall be made for the deviation of the Gas from the Ideal Gas Law at the pressure and temperature at which the Gas is metered in accordance with the methods prescribed in the "Manual for the Determination of Super-compressibility Factors for Natural Gas" based on PAR Research Project NX19 completed December 1962, as published by the American Gas Association and any subsequent revision or amendment or as prescribed in "Compressibility and Super-compressibility for Natural Gas and Other Hydrocarbon Gases", American Gas Association Measurement Committee Report No. 8 or any subsequent revision thereof or any other method approved by Measurement Canada and adopted by ATCO Pipelines. To determine the factors for such corrections a quantitative analysis of the Gas shall be made at reasonable intervals.

4.6.2 Gas Sampling

Gas samples shall be representative of the Gas being metered and may be either spot samples, samples taken over a period of time or samples taken continuously. Samples shall be taken at reasonable intervals by ATCO Pipelines or its Agents; provided that ATCO Pipelines will take additional samples when reasonably requested by Customer. The Gas characteristics measured will be representative of the flowing Gas.

4.6.3 Temperature

The flowing temperature of the Gas being metered shall be determined by means of a continuous temperature adjusting instrument or recording thermometer installed and maintained in accordance with the specifications set forth in Gas Measurement Committee Report No. 3 or No. 7 as published by the American Gas Association or any subsequent revisions thereof adopted by ATCO Pipelines, whichever is appropriate. If a recording thermometer is used, the arithmetic average of readings each Day shall be deemed the Gas temperature and used in computing the quantities of Gas metered during such Day.

4.6.4 Gross Heating Value

Tests to determine the Gross Heating Value of Gas delivered shall be established by the use of a Gas chromatograph, or any other device that is approved by Measurement Canada and adopted by ATCO Pipelines and shall be used in the calculation of the number of gigajoules received or delivered under the Agreement.

4.6.5 Composition

The composition of the Gas delivered shall be determined by tests of representative samples of Gas so delivered and conducted by ATCO Pipelines or its Agents utilizing a chromatograph of standard manufacture. Such tests shall be done once per Month or at such other intervals as may be justified by the consistency of previous tests.

4.6.6 Gas Characteristics

The Gas characteristics including, without limiting the generality of the foregoing, Gross Heating Value, relative density, sulfur, nitrogen and carbon dioxide content of the Gas shall be determined by continuous recording equipment or by laboratory equipment. The Gas samples to be tested shall be in accordance with Section 4.6.2. If continuous recording equipment is used the arithmetic average of the recordings for each Day shall be used to determine Gas characteristics. If spot samples are taken or a spot sampler is used, Gas characteristics shall be determined from the analysis of the samples using laboratory equipment.

4.7 TESTING OF MEASUREMENT EQUIPMENT

The accuracy of the measuring equipment shall be verified by standard tests and methods at such intervals as may be appropriate for such equipment or upon the reasonable request of Customer. Notice of the time and nature of each test will be given by ATCO Pipelines to Customer, sufficiently in advance to permit a representative of Customer to be present. If, after notice, Customer fails to have a representative present the results of the test and adjustment, if any, made by ATCO Pipelines or its Agents shall nevertheless be accepted until the next test. All tests of such measuring equipment shall be made at ATCO Pipelines' expense, except that Customer shall bear the expense of tests made at its request if the inaccuracy is found to be two percent (2%) or less.

4.8 INSPECTION OF RECORDS AND EQUIPMENT

ATCO Pipelines and Customer will have the right to inspect the charts, measurement or test data and measuring equipment installed or furnished by the other, at all times during business hours; provided however that the readings, calibration and adjustment of such measuring equipment shall be done only by the party furnishing same. Unless the parties otherwise agree, each party shall preserve all original test data, charts and other similar records in such party's possession for a period of at least six (6) Years.

5.0 UNACCOUNTED FOR GAS AND FUEL GAS

5.1 GENERAL

Unaccounted For Gas and Fuel Gas will be assessed at the Point of Receipt and on receipts nominated from Other Pipelines.

The Unaccounted For Gas and Fuel Gas assessment will be made up “in-kind” from each Customer Account. The assessment will be applied as a combined Unaccounted For Gas and Fuel percentage for each Zone.

5.2 DETERMINATION OF UNACCOUNTED FOR GAS and FUEL GAS

The calculation of the Unaccounted For Gas and Fuel Gas charge will be filed for approval with the Alberta Energy and Utilities Board as part of ATCO Pipelines’ annual Unaccounted For Gas and Fuel Gas application. ATCO Pipelines will apply to the Alberta Energy and Utilities Board for the Unaccounted For Gas and Fuel Gas charge to be effective November 1st for a one Year period. The approved Unaccounted For Gas and Fuel Gas charge is contained in ATCO Pipelines’ Rate Schedules (Rider “D”).

6.0 ASSIGNMENT OF TRANSPORTATION SERVICE

6.1 GENERAL

The assignment conditions described in this section apply to all Rates. An assignment of service will be facilitated through the execution of an Assignment and Novation Agreement, the execution of a new Agreement or a Letter Agreement amending the appropriate schedules of the Agreement. The assignee will accept and maintain the assignor's obligation for the service being assigned.

6.2 ASSIGNMENT OF SERVICE

A Customer may permanently assign a portion of, or their total transportation service, at a Point of Receipt, at a Point of Delivery or at an Other Pipeline delivery point to a third party provided:

- (i) the third party has, or enters into, an Agreement with ATCO Pipelines which maintains the Customer's obligations; and
- (ii) the third party establishes its creditworthiness as per ATCO Pipelines' Credit Policy.

Assignment requests will become effective upon approval of ATCO Pipelines. Assignment requests must be made in advance of the date requested for assignment.

6.3 ACCESS TO INFORMATION

Customers who have service available for assignment to a third party may, at their discretion, disclose this information on ATCO Pipelines' Website - www.atcopipelines.com.

7.0 TRANSFER OF CONTRACT DEMAND

7.1 GENERAL

The following describes ATCO Pipelines' practices as they relate to the transfer of Contract Demand.

7.2 REQUESTS TO TRANSFER POINT OF RECEIPT CONTRACT DEMAND

Customers requesting a transfer of Contract Demand from one Point of Receipt to another Point of Receipt must provide a written request. The information ATCO Pipelines requires to assess a request to transfer Point of Receipt Contract Demand is contained in ATCO Pipelines' Application for Service form.

Transfer requests will become effective upon approval of ATCO Pipelines. Transfer requests must be made in advance of the date requested for transfer.

A copy of ATCO Pipelines' Application for Service form is available on the ATCO Pipelines' website - http://www.atcopipelines.com/Transportation_Services.

7.3 EVALUATION OF CONTRACT DEMAND TRANSFER REQUEST

ATCO Pipelines' evaluation of the transfer of Contract Demand will be based on pipeline hydraulic capability and the Customer's contractual obligations. A request to transfer Contract Demand has the same priority as a new request for Firm Service. Capacity will be offered sequentially as it becomes available.

Customers requesting a transfer of Contract Demand will be placed in a service queue based on the time and date that ATCO Pipelines receives the completed Application For Service form.

ATCO Pipelines will endeavor to respond to Customer requests within the time frame specified in Requests For Service and Queue Procedure (Section 1) of these Business Policies & Practices.

7.4 CONTRACTUAL OBLIGATIONS FOR CONTRACT DEMAND TRANSFERS

Customers who have contracted for Firm Service transportation from one Point of Receipt will be allowed to transfer all, or a portion, of their Contract Demand to another Point of Receipt provided:

- (i) the Customer has satisfied the minimum term as specified in the Agreement which supported ATCO Pipelines' investment in incremental receipt related facilities to provide service from the original Point of Receipt; or
- (ii) the Customer pays out the un-depreciated capital costs of any Specific Facilities assigned to the Customer at the original Point of Receipt or pays out the present value of demand charges, discounted at the Rate specified in Table 2-1 in Investment Policy and Contract Term of these Business Policies & Practices; and
- (iii) the Customer pays for any incremental Specific Facilities required as a result of the transfer of service including, if applicable, any costs to ensure that ATCO Pipelines continues to meet its contractual commitments to other Customers.

The transfer of a minimum term from a Point of Receipt with no un-depreciated Specific Facilities will be permitted at ATCO Pipelines sole discretion.

7.5 REQUESTS TO TRANSFER POINT OF DELIVERY OR OTHER PIPELINE MUST-FLOW NOMINATED DEMAND

ATCO Pipelines does not allow the transfer of Nominated Demand from one Point of Delivery to another Point of Delivery. ATCO Pipelines does not allow transfers of Other Pipeline Must-Flow Nominated Demand.

8.0 ALLOCATION PRACTICES

8.1 GENERAL

Allocation is defined as the apportionment of a Customer's net Gas flow to the total measured Gas flow. Flows at a Point of Receipt must be allocated to active Customer Accounts so the quantity of Gas for each account is known. The receipt point quantity must further be allocated between Firm Service and Overrun, or Interruptible Service. Similarly, allocation between Firm Service and Overrun must be done for each Point of Delivery. ATCO Pipelines' practices will result in quantities of Gas allocated as Firm Service up to Contract Demand and Nominated Demand on a daily basis with the remaining flow being Overrun.

Daily Allocations instructions are provided by Common Stream Operators via one of four methods as described in Section 8.2 on an estimate basis throughout the current Month. Final Month end Allocations are provided by Common Stream Operators on an accounting basis after the close of the current Month. Customer Accounts will be updated with the best estimate of quantities of Gas available at the time of reporting during the current Month on a go forward basis. See Customer Accounts and Imbalance Management (Section 11.0) of these Business Policies & Practices for further information.

Future modification to this practice may be made to conform to the Alberta Energy and Utilities Board specifications, as generally adopted in Alberta, and/or electronic communication standards.

8.2 APPLICATION OF ALLOCATION PRACTICE

This practice applies to Points of Receipt and Points of Delivery locations where:

- commingled streams must be allocated to individual Customer Accounts; and
- service must be allocated between Firm Service, Overrun and Interruptible Service.

The four Daily Allocation methods are:

- i) Prorate based on percentage
- ii) Prorate based on GJ's
- iii) Fill first by rank and prorate by percentage
- iv) Fill first by rank and prorate by GJ's

8.3 RECEIPT POINT ALLOCATION

Common stream Points of Receipt are allocated based on a hierarchy of measurement, ownership and service type estimates. ATCO Pipelines will provide the Common Stream Operator with the applicable station measurement estimates during the current Month for allocation at locations where ATCO Pipelines has remote data gathering devices (i.e. telemetry, Automatic Meter Reading). ATCO Pipelines will provide authorized measurement to the Common Stream Operator for accounting allocations by the close of the fifth (5th) business Day following the end of a Month. The Common Stream Operator will return the accounted allocation by the eighteenth (18th) calendar Day at 21:00 MST following the end of a month. A further allocation is then applied to the Customer Account to determine the service level, using the fill-firm-first method.

Refer to Common Stream Operator Obligations (Section 9.0) of these Business Policies & Practices for additional information on allocations at common stream Points of Receipt.

During the current Month, daily estimates of receipt quantity of Gas are determined using the best measurement and allocation information available at the time of reporting. The hierarchy of measurement and allocation data, from most to least accurate, is shown in Table 8-1. Allocation to Customer Account, based on this measurement, is applied to each Point of Receipt using the default method shown in Table 8-1 with provision for other methods as required. A further allocation is then applied to the Customer Account to determine the service level, using the fill-firm-first method.

Table 8-1 Hierarchy Applied to Estimated Daily Receipt Allocation		
Measurement Types	Allocation	Service Level
Automatic Meter Reading	Allocated by Common Stream Operator Allocation Method	Firm Service to 100% Contract Demand Balance to Overrun
Telemetry (SCADA)		
Measurement Projection		
Field Estimate		

ATCO Pipelines will report best available measurement and Allocation information. Daily Allocations will be processed according to the hierarchy of Allocations (Table 8-1) on a go forward basis. Current Day and future Day Allocations will be accepted at 09:00, 13:00, 17:00, and 21:00. Please refer to the Allocation deadlines in Table 10-1 of these Business Policies & Practices for more information.

ATCO Pipelines will report allocations applied to Customer Account based on current measurement data and either the Common Stream Operator estimate or the Allocation resulting from the Common Stream Operator Allocation Method. Customer Accounts will reflect Common Stream Operator daily allocation changes on a go forward basis. At the close of the current Month, authorized measurement is used as the basis for actual accounting allocations as shown in Table 8-2. At Points of Receipt, the Common Stream Operator will provide the monthly allocation to ATCO Pipelines by the eighteenth (18th) calendar Day at 21:00 MST. If no monthly split is received, ATCO Pipelines will use the daily allocations. ATCO Pipelines further allocates these quantities of Gas to the service level, using the fill-firm-first method for billing purposes.

Table 8-2 Accounting Month Actual Receipt Allocations		
Measurement	Allocation Applied To Customer Account	Customer Account Applied To Service Level
Authorized Custody Transfer	Common Stream Operator Final Allocation	Firm Service to 100% Contract Demand Balance to Overrun

8.4 POINT OF DELIVERY ALLOCATION

Delivery points are allocated to Firm Service and Overrun based on a hierarchy of measurement estimates. During the current Day, estimates of delivery quantity of Gas are determined using the best measurement and allocation information available at the time of reporting.

At locations where ATCO Pipelines does not have remote measurement, Customer will estimate the daily station quantity and provide the estimated Allocation of this quantity. Customers will provide this estimate to ATCO Pipelines at a mutually agreed frequency.

The hierarchy of measurement data, from most to least accurate, is shown in Table 8-3. The measurement is allocated to service level on a monthly basis using the fill-firm-first method.

Table 8-3 Hierarchy Applied to Estimated Daily Delivery Allocation	
Measurement Types	Measurement Applied To Service Level
Automatic Meter Reading	Firm Service to 110% of Nominated Demand, Balance to Overrun
Telemetry (SCADA)	
Field Estimate	

After the close of the current Month, ATCO Pipelines allocates the authorized measurement to service level on a monthly basis, using the fill 100% Nominated Demand first method. ATCO Pipelines will complete authorized actual delivery allocation by the fourteenth (14th) business Day of the Month following.

Table 8-4 Accounting Month Actual Delivery Allocations	
Measurement Hierarchy	Measurement Applied To Service Level
Authorized Custody Transfer	Firm Service to 110% of Nominated Demand Balance to Overrun

8.5 ACCOUNT TRANSFER SERVICE

Account Transfer allocation will be equal to the confirmed Nomination.

8.6 OTHER PIPELINE RECEIPT AND DELIVERY

Other Pipeline Receipt and Other Pipeline Delivery Allocation will be equal to the confirmed Nomination when ATCO Pipelines holds a transportation account or Operational Balancing Account with the Other Pipeline.

8.7 REVISIONS TO DAILY ALLOCATION ESTIMATE

The Common Stream Operator will provide Gas Day allocations for the current Month on a go forward basis. Revision to daily Allocations will not be accepted retroactively from the Common Stream Operator without the unanimous agreement, in writing, from the affected shippers. Please refer to Common Stream Operator Obligations (Section 9.0) of these Business Policies & Practices for further information.

8.8 REVISIONS TO MONTH_END ALLOCATION

In the event there is a change to the metered flow at the Point of Receipt, ATCO Pipelines will provide the Common Stream Operator with the revised flow measurement and the Common Stream Operator will provide revised accounting allocations to ATCO Pipelines.

Where there is no measurement revision, ATCO Pipelines will accept one (1) revision to accounted allocations, provided it does not extend further back than the previous two production Months. For example, during the Month of November, revisions will be accepted for the production Months of August and September. Requests for revisions prior to the stated period, that include the unanimous written agreement of the affected shippers, will be accepted at ATCO Pipelines' discretion.

9.0 COMMON STREAM OPERATOR OBLIGATIONS

9.1 GENERAL

Each Point of Receipt has a Common Stream Operator. Each Common Stream Operator is responsible to:

- accept or refuse Nominations issued by ATCO Pipelines;
- implement the intended flow change specified in accepted Nominations;
- provide estimates of Gas flows on a Nomination basis;
- provide actual accounting allocations of Gas flows;
- act on behalf of other upstream parties who deliver Gas to the pipeline
- provide ATCO Pipelines with a default Allocation Method; and
- provide ATCO Pipelines, with each submission of prior period Allocation revisions, a written authorization from affected parties.

Common Stream Operators manage the physical and administrative transfer of quantities of Gas between upstream production/gathering facilities and downstream ATCO Pipelines' Gas Pipeline System facilities. Custody transfer measurement of the commingled stream is usually carried out by ATCO Pipelines, while the allocation to each ATCO Pipelines' Customer Account is carried out by the Common Stream Operator.

Common stream allocations are estimated throughout the current Month and on an accounting basis after the close of the current Month.

Future modification to this practice may be made to conform to the Alberta Energy and Utilities Board specifications, as generally adopted in Alberta, and/or electronic communication standards.

9.2 COMMON STREAM OPERATOR ALLOCATION METHOD

The Common Stream Operator will provide to ATCO Pipelines a daily Allocation Method for each Point of Receipt. The Allocation Method will be used by the ATCO Pipelines as a default method to allocate new measurement to Customer Accounts until such time as the Common Stream Operator provides ATCO Pipelines with a new daily allocation estimate.

9.3 ALLOCATION ESTIMATES

ATCO Pipelines will provide the Common Stream Operator with the Station Nomination Summary in accordance with ATCO Pipelines' Nomination Practices (Section 10.0) of these Business Policies & Practices. ATCO Pipelines will provide the Common Stream Operator with the estimated station measurement where ATCO Pipelines has remote measurement devices.

Remote measurement devices will be read and the measurement readings will be reflected in Customer Accounts four times daily; at 07:00 (end of Day projection); 11:00 (end of Gas Day); 12:00 (current Day morning projection); and 16:00 (current Day afternoon projection). The measurement will be allocated to Customers based on the Common Stream Operator's current Day estimate or default to the Common Stream Operator's Allocation Method. Each Customer Account reflects the best flow (measurement and Allocation). The best flow measurement and Allocation information will be used to meet the ATCO Pipelines' Customer Accounts and Imbalance Management practices (Section 11.0). The previous Gas Day daily estimates will be put into each Customer's account after 10:30. The difference between previous Gas Day estimated Allocations and end of Gas Day projected volume will be accounted for in the current Gas Day.

The Common Stream Operator is responsible to provide ATCO Pipelines with Station Allocations for each Customer nominating Gas. Common Stream Operator Allocations must conform to the Customer Accounts specified in the original ATCO Pipelines Nomination summary. ATCO Pipelines will not accept Allocations where there is no Nomination.

In the event the Common Stream Operator fails to provide Allocations, daily Allocations will default to previous Gas Day allocations entered by the Common Stream Operator or the Allocation Method provided by the Common Stream Operator to the ATCO Pipelines. Common Stream Operator revisions are normally administered on a go forward basis. Revision to daily Allocations will not be accepted retroactively from the Common Stream Operator without the unanimous agreement, in writing, from all affected parties. The Common Stream Operator will provide written authorization from affected parties with each submission to ATCO Pipelines for retroactive Allocation revision.

At locations where ATCO Pipelines does not have remote measurement, Common Stream Operators will estimate the daily station quantity and provide the estimated allocation of this quantity. Common Stream Operators will provide this estimate to ATCO Pipelines at a mutually agreed frequency.

9.4 ACCOUNT ALLOCATION - PREVIOUS MONTH

ATCO Pipelines will provide authorized daily and/or monthly station measurement to the Common Stream Operator, for accounting allocations, by the close of the fifth (5th) business day following the end of a Month. Common Stream Operator will provide the monthly allocation to ATCO Pipelines by the eighteenth (18th) calendar Day @ 21:00 MST. If no monthly split is received, ATCO Pipelines will use the daily allocations. Common Stream Operator allocations must conform to the Customer Accounts specified in the original ATCO Pipelines Nomination. ATCO Pipelines will not accept allocations where Customer has not provided a Nomination.

9.5 MEASUREMENT REVISIONS

In the event there is a change to the measured quantity in a previous Month, ATCO Pipelines will provide the Common Stream Operator with the revised daily and/or monthly station measurement as soon as practicable after the revision is made. The Common Stream Operator will re-allocate Customer Accounts to the new measurement and return to ATCO Pipelines as soon as practicable.

9.6 ALLOCATION REVISIONS

Where there is no measurement revision, ATCO Pipelines will accept one (1) revision to accounted allocations, provided such revision does not extend further back than the previous two production Months. For example, during the Month of November, revisions will be accepted for the production Months of August and September. Requests for revisions prior to this will be accepted at ATCO Pipelines' discretion.

10.0 NOMINATION PRACTICES

10.1 GENERAL

Nominations must be issued to ATCO Pipelines to initiate, end or change transactions affecting the movement of Gas. Each Customer will enter Nominations into the ATCO Pipelines' Online system. ATCO Pipelines' Gas Coordinator may process Nominations if the Online system is not available during regular office hours.

Customer will provide ATCO Pipelines with the name, telephone number and facsimile (FAX) number of each person authorized to issue or receive Nominations on their behalf. If an Agent has been named to act on behalf of the Customer, then the Agent will provide this information.

Nominations for transportation service, contracted with ATCO Pipelines, are confirmed when entered into the ATCO Pipelines' Online system. ATCO Pipelines reserves the right to refuse a Nomination if:

- the quantity of Gas specified in the Nomination is not available at the time of Nomination;
- a Common Stream Operator or Other Pipeline operator refuses the Nomination;
- the Nomination exceeds the allowable flow provided for in ATCO Pipelines' direction for Curtailment of Gas flow or restriction to Cumulative Imbalance Quantity. Refer to Curtailment Practice (Section 3.0) of these Business Policies & Practices for more information; or
- the Customer's trading partner refuses an Account Transfer or Other Pipeline service Nomination.

ATCO Pipelines will notify Customer of any refusal of a Nomination.

Nominations are issued in the energy unit gigajoules per Day (GJ/Day). The annual heat value at the location will be made available so a conversion to the volume unit thousand cubic metres per Day ($10^3\text{m}^3/\text{Day}$) can be made. The annual heat value is resultant of the total energy divided by the total volume for the preceding calendar Gas Year (November 1 to October 31) and is expressed in megajoules per cubic metre (MJ/m^3), rounded to two decimal places.

Nominations will remain in effect until changed. ATCO Pipelines will provide confirmation of accepted Nominations. Future modification to this practice may be made to conform to the Alberta Energy and Utilities Board specifications, as generally adopted in Alberta, and/or electronic communication standards.

10.2 PURPOSE OF NOMINATIONS

Nominations are issued to serve different purposes, depending on the perspective of a buyer, seller, marketer, or pipeline company. Nominations generally fall under two categories:

- **Contractual Nominations.** Nominations which are issued to fulfill obligations outlined in a Gas purchase Agreement. Typically, these Nominations are used by a buyer to indicate a willingness to purchase a specific quantity from a seller, and to enforce any performance provisions outlined in the Agreement.
- **Operational Nominations.** These Nominations are intended to reflect the underlying allocated quantity of Gas. That is, they represent either the best estimate of actual quantities of Gas flowing, or they become the actual allocated quantity of Gas which was either received or delivered by a Customer (as at “operational balanced” or “title transfer” locations).

10.3 NOMINATION DEADLINES FOR CURRENT DAY AND PREVIOUS DAY

Customer Nominations must be issued in advance of effective date/time to allow ATCO Pipelines to assess the impact of the Nomination, and to meet the Nomination deadlines of Other Pipeline operators and/or Common Stream Operators.

Table 10-1 Nomination Cycles (M.S.T.)			
	Effective Time	Nomination Deadline	Allocation Deadline
Cycle 1	08:00	08:00	09:00
Cycle 2	08:00	12:00	13:00
Cycle 3	08:00	16:00	17:00
Cycle 4	08:00	20:00	21:00

All Nominations placed with ATCO Pipelines must meet the Nomination cycles in Table 10-1 with the exception of Other Pipeline physical flow Nominations and previous Gas Day Nominations.

- Other Pipeline Nominations for physical flow are required 2 hours in advance of Other Pipeline Nomination deadlines.

- Other Pipeline Nominations for Other Pipeline Receipt or Other Pipeline Delivery Commodity where ATCO Pipelines holds an account on the Other Pipeline is required before 08:30 for the previous Gas Day. (08:45 each weekend or statutory holiday Gas Day).
- Account Transfer Nominations to other Customer Accounts are required before 10:30 for the previous Gas Day.

ATCO Pipelines will adjust the Nomination cycles and deadlines to accommodate seasonal time change and time changes for previous Gas Day markets.

ATCO Pipelines will accept a Nomination with less notice, if ATCO Pipelines is aware of circumstances which allow the Nomination to be processed in less time. ATCO Pipelines will endeavor to reduce these Nomination deadlines, when warranted, through:

- improvements to electronic communication;
- improved performance of Common Stream Operators or Other System operators.

10.4 POINT OF RECEIPT

Point of Receipt locations are directly connected to ATCO Pipelines Gas Pipeline System in each zone. Point of Receipt excludes locations directly connected to an Other Pipeline. These locations may produce Gas either as a single stream (one Customer) or common stream (more than one Customer). Nominations at these Points of Receipt may serve either contractual or operational purposes (see Section 10.2).

For added clarity at common stream Point of Receipt, ATCO Pipelines will accept a “supplier” name from the Customer and issue this to the Common Stream Operator to assist in the translation between the “downstream” and “upstream” Customer base. However, accounted allocations will only be accepted where reported in the context of ATCO Pipelines’ Customer base. Refer to ATCO Pipelines’ Common Stream Operator Obligations (Section 9.0) and Allocation Practices (Section 8.0) of these Business Policies & Practices for more information.

10.5 POINT OF DELIVERY

Point of Delivery locations are directly connected to ATCO Pipelines’ Gas Pipeline System.

Point of Delivery excludes locations directly connected to an Other Pipeline. Delivery Nominations are made to allow ATCO Pipelines to efficiently operate its pipeline system and assist Customers in evaluating their account status.

10.6 OTHER PIPELINE POINTS

Other Pipeline points are those locations that connect the ATCO Pipelines' Gas Pipeline System to an Other Pipeline. Generally, Gas flows are bi-directionally nominated at these locations (both to and from each connecting pipeline). In some cases, the underlying physical facilities may also be capable of bi-directional flow.

For purposes of Nomination clarity, ATCO Pipelines is deemed the "downstream" pipeline at Other Pipeline interconnections. Therefore, fore haul or receipt Nominations are those that move Gas from the Other Pipeline to ATCO Pipelines, and backhaul or delivery Nominations are those that move Gas from ATCO Pipelines to the Other Pipeline.

Other Pipeline Nominations are originated by the Customer and pipeline that has the market. At Other Pipeline points, fore haul or receipt Nominations are originated by ATCO Pipelines' Customers and operational backhaul or delivery Nominations are originated by Other Pipeline Customers. Each pipeline authorizes or refuses interconnection Nominations on the basis of the ability of their respective Customer Account to absorb the Nomination and maintain the Customer Account within acceptable tolerance. Refusals of Nominations will be communicated to the originating Customer for further action.

In order to ensure proper title transfer, Nominations must specify each Customer Account for each pipeline. In Nominations, ATCO Pipelines refers to a Customer of ATCO Pipelines' Gas Pipeline System as a "shipper" and a Customer of the Other Pipeline as an "intershipper". ATCO Pipelines will provide confirmation of Intershipper Nominations, provided the Intershipper is also a Customer of ATCO Pipelines. Some locations have operational balancing accounts (OBA) to provide a mechanism for connecting Other Pipelines to absorb operational swings without introducing pro-rationing of Nomination into Customer Accounts. The Nomination becomes the allocation at OBA locations.

Other Pipeline points are nominated by the operators of Other Pipelines using only operational Nominations. There is no provision for contractual Nominations to be placed with Other Pipelines systems. When a Gas purchase Agreement names an

interconnection as the title transfer location and it is desired to enforce performance clauses between a buyer and seller, such Nomination must be exchanged between them outside the Other Pipelines system's Nomination processes.

10.7 OTHER PIPELINE SERVICE

Customer will designate, on the Nomination, one of its own Other Pipeline accounts on NGTL that will be utilized to receive from, or deliver to, quantities from the Customer's account on the ATCO Pipelines' Gas Pipeline System. The transfer which will occur on the Other Pipeline system between ATCO Pipelines' Other Pipeline account and the designated account held by the Customer on the Other Pipeline.

Customer must arrange for its Other Pipeline account to put ATCO Pipelines mnemonic (ATPN and/or ATPS) on their NGTL Inventory Transfer waiver list prior to placing a Nomination for Other Pipeline service to Customer's NGTL account. Customers should confirm with ATCO Pipelines that the proper waivers have been put in place. If the waiver has not been completed and the transaction is rejected by the Other Pipeline, the transaction will be canceled on the ATCO Pipelines' Gas Pipeline System.

11.0 CUSTOMER ACCOUNTS AND IMBALANCE MANAGEMENT

11.1 GENERAL

A Customer Account is the aggregate total recorded by ATCO Pipelines of estimated and/or actual quantities of receipts, and deliveries and adjustments. ATCO Pipelines requires a Customer to have a Customer Account for each type of service contracted for each of ATCO Pipelines' north and south Gas Pipelines Systems. The types of Customer Accounts includes:

- Receipt Account
- Delivery Account
- Market Account

The Daily Imbalance Quantity, as defined in the Transportation Service Regulations, is the difference each Day between the estimated and/or actual quantities of receipt, and estimated and/or actual quantities of deliveries inclusive of adjustments.

The Cumulative Imbalance Quantity, as defined in the Transportation Service Regulations, is the accumulated sum of the Daily Imbalance Quantities and prior period adjustments. The most accurate information available will be used at the time of reporting.

Customers will endeavor to keep their Customer Account(s) within the Daily Account Tolerance Zone specified by ATCO Pipelines. Customers with a Cumulative Imbalance Quantity in excess of the Daily Account Tolerance Zone will be notified of the Cumulative Imbalance Quantity that is out of tolerance. Upon notification, Customer will take action to correct any Cumulative Imbalance Quantity that is out of tolerance prior to the end of the next Gas Day.

11.2 DAILY ACCOUNT TOLERANCE ZONE

On the first Day of each Month, Customer Accounts will have a Daily Account Tolerance Zone established for the current Month that is the product of +/-7% of the previous Month average Day receipts or deliveries that were credited to the respective receipt or delivery Customer Account. The Daily Account Tolerance Zone will be calculated and applied to each Customer Account on a monthly basis. The effective period for the calculated Daily Account Tolerance Zone commences on the second Day of each Month and ends at the end of the first Day of the following Month.

A minimum Daily Account Tolerance Zone of +/- 1,000 GJ per Day is applicable to Customer Accounts with previous Month average Day receipts or deliveries greater than 5,000 GJ per Day.

A minimum Daily Account Tolerance Zone +/- 500 GJ per Day is applicable to Customer Accounts with previous Month average Day receipts or deliveries less than or equal to 5,000 GJ per Day.

Customer may request an exception to the minimum Daily Account Tolerance Zone when the average Day receipts or deliveries recorded in a Customer Account for the previous Month will not provide a reasonable proxy of Gas receipts or deliveries for the current Month. Examples may include Industrial shutdown, large seasonal variances in Gas flow or large daily variances in Gas flow. The calculation of minimum Daily Account Tolerance Zone exceptions will be based on using the average Day receipt or delivery recorded in the Customer Account in a previous period or an increase in the minimum tolerance zone. i.e.,

- average Day for same Month as current Month in the previous Year;
- average Day from two Months previous to the current Month.
- increase in the minimum Daily Account Tolerance Zone from +/-500 GJ to +/-1,000 GJ.

Customer requests for new exceptions to minimum Daily Account Tolerance Zone must be received by ATCO Pipelines prior to the end of the last business Day of the Month. A summary of exceptions to Minimum Daily Account Tolerance Zone calculation will be reviewed with Customers at ATCO Pipelines industry committee meetings.

11.3 CUSTOMER ACCOUNT REPORTING

ATCO Pipelines will make available to Customer the current estimated status of their Customer Account each business day.

- ATCO Pipelines will calculate a projection of the end of Gas Day measurement for each measurement point where it has remote measurement. The measurement projection will be reflected in Customer Accounts by 07:00.
- Point of Receipt measurement for the end of Gas Day projection will be allocated according to the method provided by the Common Stream Operator.
- Point of Delivery end of Gas Day measurement projection will equal the Point of Delivery allocation.
- Customer Accounts will be frozen at 07:00 each Day for the purpose of Customer Imbalance Management.
- Nominations for Other Pipeline previous Day market transactions will be accepted before 08:30 each Gas Day. (08:45 each weekend or statutory holiday Gas Day).
- The final Gas Day measurement will be reflected in Customer Accounts after Customer Accounts are finalized at 10:30 each Day.
- ATCO Pipelines previous Day market will close at 10:30 each Day.
- The final Customer Account Cumulative Imbalance Quantity is determined for the previous Day after 10:30 each Day.

Future modification to this practice may be made to conform to the Alberta Energy and Utilities Board specifications, as generally adopted in Alberta, and/or electronic communication standards.

11.4 RECEIPT ACCOUNTS

A Customer is required to manage a Customer Account where the Customer has entered into an Agreement with ATCO Pipelines which contains specific Points of Receipt or has entered into a Transportation Interruptible Service Agreement.

The Daily Imbalance Quantity for a Customer Account will be determined based on the difference between the Gas received into the Customer Account and the Gas delivered out of the Customer Account less Unaccounted For Gas and Fuel Gas.

Receipts into the Customer Account will generally be from either a Gas plant or another Customer Account. The estimated receipts into a Customer Account will be based on the best information available at the time of reporting. The hierarchy for determining receipt quantities of Gas is given in the Allocation Practices (Section 8.0) of these Business Policies & Practices.

Deliveries out of the Customer Account will generally be to another Customer Account or to an Other Pipeline.

Customers with receipt service will supply in kind their proportionate share of Unaccounted For Gas and Fuel Gas based on receipts allocated to their account.

All Customer Account transactions will be conducted in energy in accordance with the ATCO Pipelines Nomination Practices (Section 10.0) of these Business Policies & Practices.

11.5 DELIVERY ACCOUNTS

A Customer is required to manage a Customer Account where the Customer has entered into an Agreement with ATCO Pipelines which contains a specific Point of Delivery (i.e., Customer's Industrial Plant Site) or Point(s) of Delivery (i.e., Distributing Companies).

The Daily Imbalance Quantity for a Customer Account will be determined based on the difference between the Gas received into the Customer Account and the Gas delivered out of the Customer Account at Month end less Unaccounted For Gas and Fuel Gas.

Receipts into the Customer Account will generally be from another Customer Account or an Other Pipeline (allocated physical flow or nominated transactions).

Deliveries out of the Customer Account will generally be to the Industrial's plant site, Distributing Company, another Customer Account or an Other Pipeline. The estimated deliveries out of a Customer Account to the Industrial's plant site will be based on the best information available at the time of reporting. The hierarchy for determining delivered quantities of Gas will be as given in the Allocation Practices (Section 8.0) of these Business Policies & Practices. Receipts from an Other Pipeline will require the Customer to supply their proportionate share of Unaccounted For Gas and Fuel Gas in kind. These quantities will be reflected in the Customer Account.

All Customer Account transactions will be conducted in energy in accordance with ATCO Pipelines' Nomination Practices (Section 10.0) of these Business Policies & Practices.

11.6 MARKET ACCOUNT

A Customer is required to manage a Market Account where the Customer has entered into an Agreement with ATCO Pipelines which does not contain any specific Points of Receipt or Points of Delivery.

Receipts into and deliveries out of the Customer's Market Account will be transfers from/to Other Pipelines. These receipts and deliveries will be based exclusively on Nominations.

All Market Account transactions will be conducted in energy in accordance with ATCO Pipelines' Nomination Practices (Section 10) of these Business Policies & Practices. Market Accounts are not provided with a Daily Account Tolerance Zone and therefore Market Accounts must balance to zero at all times.

11.7 IMBALANCE SETTLEMENT

Customers are expected to actively manage their accounts within a Daily Account Tolerance Zone as described in Section 11.2 and accept the consequences of the decisions they make to manage their accounts. Upon notice of a Cumulative Imbalance Quantity that is outside of tolerance, Customers will take action to correct their Customer Accounts before the end of the next Gas Day.

Customers failing to take corrective action as described in an out of tolerance notice may impact other Customer(s). At ATCO Pipelines' discretion, Customers whose actions impact other Customers will receive a second out of tolerance notice and an Account Tolerance Restriction notice. Non-Compliance with an Account Tolerance Restriction notice may result in ATCO Pipelines taking action as described in the General Conditions Applying to Rate Schedules.

11.8 ACCOUNT TRANSFERS

Account Transfers between Customer Accounts are a mechanism to facilitate Customer transactions with other Customers. Account Transfers will be conducted in accordance with the Nomination Practices (Section 10.0) and Allocation Practices (Section 8.0) of these Business Policies & Practices.

11.9 CUSTOMER ACCOUNT ADJUSTMENTS

Actual Variance, as defined in the Transportation Service Regulations, means the difference between the previous Month actual and the previous Month estimated Cumulative Imbalance Quantity.

The Actual Variance, measurement revisions and Common Stream Operator revisions will be entered into the Customer Account between the twenty-second (22nd) and the twenty-fifth (25th) Day of each Month and will be worked off over a twenty-five (25) day period. The adjustment will be worked off at a Rate equal to the total variance divided by twenty-five (25) days. A correction for rounding will be calculated into the adjustment quantity on the twenty-fifth (25th) day. (e.g. Total Variance is equal to 1005 GJ and is worked off between August 23 - September 16. The daily variance will be 40 GJ/day from August 23 - September 15 and 45 GJ on September 16.)

Measurement adjustments will be made in accordance with the Transportation Service Regulations and the correction applied to each Day so affected. When applicable the effect of measurement adjustment and approved accounting Allocation adjustments will be reflected in the Customer Account in the same manner as Actual Variance.

11.10 ACCESS TO CUMULATIVE IMBALANCE QUANTITY

In practice, the Cumulative Imbalance Quantity is maintained each Day by the Customer within the Daily Account Tolerance Zone established for each account. The Daily Account Tolerance Zone may be exceeded for short periods of time where ATCO Pipelines has identified and provided notice to Customer of an exception to Customer Imbalance Management due to a failure of measurement equipment, measurement reporting or information reporting systems.

Notwithstanding, ATCO Pipelines may require the Daily Imbalance Quantity be zero, or that the Cumulative Imbalance Quantity be maintained at the current level for each Customer Account during a period of abnormal pipeline operations.

ATCO Pipelines will provide as much notice as practical, outlining the reasons for zero balancing, effective date/time and expected duration. ATCO Pipelines will provide notice when imbalance management has returned to normal. Refer to ATCO Pipelines' Curtailment Practices (Section 3.0) of these Business Policies & Practices.

11.11 OVERRUN

Overrun is offered by ATCO Pipelines to Customer as pipeline capacity permits. Customer may use Overrun to manage the Daily Imbalance Quantity that arises because of variances between Customer's daily receipt and delivery quantities. ATCO Pipelines must authorize on a daily basis a Customer's Nomination at Point of Receipt in excess of Customer's Contract Demand and at Point of Delivery in excess of 110% of Customer's Nominated Demand. Without such authorization the Overrun quantity becomes an unauthorized service that is subject to higher charges. .

Overrun Quantity and Charge at Point of Receipt

For each billing Month ATCO Pipelines will determine the Overrun quantity at each receipt point by the following calculation:

- Sum of estimated receipt quantities, excluding unauthorized quantities, for the Month.
- Less
- Customer's Contract Demand multiplied by the number of days in the Month.

The Overrun quantity is then multiplied by the variable charge in the applicable Rate Schedule for the Overrun at Point of Receipt to determine the Overrun charge. The variable charge for Firm Service is derived from 110% of the demand charge at Point of Receipt.

Rider D of the Rate Schedules will also be applied to this Overrun quantity at a receipt point to recognize Unaccounted For Gas and Fuel Gas which will be made up in kind from each Customer Account.

Overrun Quantity and Charge at Point of Delivery

At Point of Delivery, Billing Demand, as defined in the Transportation Service Regulations, is used instead of Contract Demand to determine allowable quantity for Customer's Nomination and billing.

For each billing Month ATCO Pipelines will determine the Overrun quantity at each delivery point by the following calculation:

- Sum of estimated delivery quantities, excluding unauthorized quantities, for the Month;
- Less
- Customer's Billing Demand multiplied by 110% and multiplied by number of days in billing Month.

The Overrun quantity is then multiplied by the variable charge specified in the applicable Rate Schedule for the Overrun at Point of Delivery to determine the Overrun charge. The variable charge is derived from 110% of the Demand Charge at Point of Delivery for Firm Service

Overrun Quantity and Charge for Other Pipeline Must-Flow

For each billing Month ATCO Pipelines will determine the Overrun quantity at each Other Pipeline delivery point by the following calculation:

- Sum of estimated delivery quantities, excluding unauthorized quantities, for the Month.
- Less
- Customer's Nominated Demand multiplied by number of days in the Month.

The Overrun quantity is then multiplied by the variable charge in the applicable Rate Schedule for the Overrun at the Other Pipeline Must-Flow delivery point to determine the Overrun charge.

12.0 PRESSURE GUARANTEE

12.1 GENERAL

ATCO Pipelines will provide Customers served from ATCO Pipelines' Gas Pipeline System with delivery pressure as it exists in the Gas Pipeline System from time to time. Generally, the normal operating pressure of ATCO Pipelines' Gas Pipeline System is not less than 1035 kPa (150 psig). Many regions of ATCO Pipelines' Gas Pipeline System operate at pressures greater than 1035 kPa.

In accordance with the Transportation Service Regulations, any provisions for a Pressure Guarantee will be provided for in the Customer's Agreement.

All Pressure Guarantees as contained in Agreements prior to January 1, 1998 will be "grandfathered" at the current Nominated Demand level.

12.2 REQUESTS FOR A PRESSURE GUARANTEE

A Customer requesting a change in the delivery pressure from ATCO Pipelines' Gas Pipeline System, or an increase in a Customer's Nominated Demand to which a Pressure Guarantee applies, must provide a written request specifying the change in delivery pressure. The types of delivery pressure requests include:

- 1) to receive the delivery pressure as it may exist from time to time (i.e. no Pressure Guarantee)
- 2) to have a delivery pressure guaranteed at the Point of Delivery
- 3) to increase the Nominated Demand to which a guaranteed delivery pressure applies

The information ATCO Pipelines requires to assess the request is contained in ATCO Pipelines' Application for Service form. A copy of this form is available on ATCO Pipelines' website -

http://www.atcopipelines.com/Transportation_Services/new_Application2004.htm.

12.3 REQUEST EVALUATION PROCESS

The request for a Pressure Guarantee will be evaluated based on the Gas Pipeline System capability and the future growth expectations of the Gas Pipeline System.

If the Gas Pipeline System is capable of providing the requested delivery pressure, then the guarantee will be provided.

If the Gas Pipeline System is not capable of providing the requested delivery pressure, then the Customer will be advised of the cost of facilities required to provide the guaranteed pressure.

In some cases, ATCO Pipelines will not be able to provide a delivery Pressure Guarantee as ATCO Pipelines may be relying on the pressure available from an interconnection with an Other Pipeline.

12.4 CONTRACTUAL COMMITMENT

Any Pressure Guarantee(s) will be identified in the Customer's Agreement.

Where there are costs to provide the Pressure Guarantee, the Customer will be responsible for these costs with a capital contribution or a Specific Facility cost of service charge. These costs and charges will be reflected in the Customer Agreement.

For further information, refer to ATCO Pipelines' Investment Policy (Section 2) of these Business Policies & Practices.

13.0 EXCHANGE PRACTICES

13.1 GENERAL

Exchange is a mechanism used by ATCO Pipelines to deliver/receive quantities of Gas for Customers to/from an Other Pipeline where ATCO Pipelines is a Customer of the Other Pipeline. Exchange is provided by exchanging Gas which is sourced from the Other Pipeline with Gas which is sourced from ATCO Pipelines' system. The Exchange mechanism is used by ATCO Pipelines to facilitate Nominations for Other Pipeline Delivery Commodity Service and Other Pipeline Receipt Service.

Customer Gas which is nominated from the Other Pipeline through Exchange will be received into ATCO Pipelines' account on the Other Pipeline from the Customer's Other Pipeline account, or from the Other Pipeline account designated by Customer, using the Other Pipelines Account Transfer practices. These Other Pipeline receipts will be recorded in the Customer Account on the ATCO Pipelines system. Customer Gas which is nominated for delivery to the Other Pipeline through Exchange will be administered in the reverse order.

ATCO Pipelines does not take any title or interest in the Gas being exchanged into, or out of, its Other Pipeline account on behalf of Customer. Customer will designate the Other Pipeline account(s) that ATCO Pipelines will deliver to, or receive from, quantities of Gas according to the Nomination Practices Section of these Business Policies & Practices.

ATCO Pipelines uses NGTL Inventory Transfers (NIT) to implement Exchange with NGTL. Holders of NGTL account(s) designated by Customers for Other Pipeline Delivery Commodity or Other Pipeline Receipt transactions must place ATCO Pipelines on their NGTL waiver list.

13.2 COMMITMENT TO PROVIDE EXCHANGE CAPACITY

Customers who receive or deliver their Gas into or out of their account on the NGTL system will provide their Gas for Exchange. The receipt or delivery of Gas is administered through ATCO Pipelines' account on NGTL's system from/to the Customer's NGTL account, or from/to the NGTL account designated by Customer, utilizing NGTL's NIT nominating practices. Customers must permit ATCO Pipelines to utilize these receipts and deliveries for the purpose of Exchange.

Customer access to Exchange capacity on restricted and isolated pipeline systems will be limited to the volume of Gas available for Exchange with the Other Pipeline. The availability of Exchange will vary dependent upon Customer activity, season and/or pipeline operations.

13.3 COMMITMENT TO USE EXCHANGE CAPACITY

Customers who nominate Other Pipeline Delivery Commodity Service to NGTL will receive Gas from ATCO Pipelines' account on NGTL's system to the Customer's NGTL account, or the NGTL account designated by Customer, utilizing NGTL's NIT practices.

Customers who nominate Other Pipeline Receipt Service from NGTL will receive Gas from ATCO Pipelines' account on NGTL's system to their Customer Account on ATCO Pipelines.

13.4 EXCHANGE RESTRICTIONS

The availability of Exchange capacity is dependent on the quantity of Gas ATCO Pipelines must receive or deliver from the NGTL system to meet its Gas transportation obligations, including the quantity of Gas the Industrial Customers may source from the NGTL system and the capability (supply/demand balance) of the pipeline system.

ATCO Pipelines will identify any pipeline systems which have localized restrictions and endeavor to work with the affected parties to mitigate these localized restrictions to the extent possible.

In the event there are more quantities of Gas to be delivered to the NGTL system via Exchange than Gas which is available in ATCO Pipelines' NGTL account to exchange against, the available Exchange capacity will be prorated among all Customers requesting Exchange Service in accordance with ATCO Pipelines' Curtailment

Practice. The reasonableness of the quantity of Gas which a Customer requests for Exchange will be validated against the Customer's Account on ATCO Pipelines.

13.5 OTHER PIPELINE DELIVERY MUST-FLOW

The Exchange mechanism is not available for Other Pipeline Delivery Must-Flow Nominations. Customers must hold an account on the Other Pipeline and nominate Other Pipeline Delivery Must-Flow Service with ATCO Pipelines. Customers are also responsible to nominate a corresponding receipt volume on the Other Pipeline.

13.6 INTERZONAL TRANSFER CHARGE TO TRANSFER CUSTOMER'S VOLUMES FROM SOUTHERN ZONE TO NORTHERN ZONE

Account Transfer from a Customer Account in one ATCO Pipelines' zone to a Customer Account in the other ATCO Pipelines' zone is not available.

14.0 CREDIT POLICY

14.1 GENERAL

The following outlines ATCO Pipelines' policy as it relates to a Customer establishing and maintaining their credit worthiness.

14.2 SECURITY

ATCO Pipelines may require Customer to provide, and at all times maintain, an irrevocable letter of credit in favor of ATCO Pipelines issued by a financial institution acceptable to ATCO Pipelines in an amount equal to:

- (i) the sum of the maximum amount payable by Customer under the Agreement for one hundred and twenty (120) days of service.
- (ii) the un-recovered portion of ATCO Pipelines' investment in expansion of existing or addition of new metering facilities, either upstream or downstream of ATCO Pipelines' Gas Pipeline System, that were required to satisfy Customer's request for service.

Where ATCO Pipelines requires the Customer to provide a letter of credit and the Customer is able to provide alternative security acceptable to ATCO Pipelines, this security will be accepted by ATCO Pipelines in lieu of a letter of credit.

ATCO Pipelines may in any Month draw on the security it has received:

- (i) an amount necessary to satisfy the charges due for the previous Month or Months where Customer has not paid such charges within the time and manner provided for the Agreement and in the Transportation Service Regulations, and/or
- (ii) an amount necessary to recover its remaining investment in expansion of existing or addition of new metering or Gas Pipeline System facilities that were required to satisfy Customer's request for service when Customer cannot meet its obligations under the Agreement and service must be terminated.

ATCO Pipelines will return the remaining security within thirty (30) days after termination of the Agreement.

14.3 MATERIAL AND ADVERSE CHANGE IN FINANCIAL CONDITION

In the event of a material and adverse change in the financial condition of Customer, ATCO Pipelines may require security under the terms and conditions outlined in paragraph 14.2 above. ATCO Pipelines may also require additional security equal to the facility investment amount that remains to be recovered.

The determination of whether a material and adverse change in the financial condition has occurred shall be at the sole discretion of ATCO Pipelines. In assessing the financial condition of Customer, ATCO Pipelines shall consider payment history, the existence of lawsuits or pending lawsuits, credit agency reports, debt rating agency reports and/or notices, and any other information available to ATCO Pipelines.

15.0 CUSTOMER CONFIDENTIALITY

15.1 General

In the performance of providing transportation service functions to its Customers, ATCO Pipelines may be party to certain confidential information relating to a Customer's business activities on ATCO Pipelines Gas Pipeline System.

15.2 Confidential Information

ATCO Pipelines will treat any and all information relating to the Customers' business, affairs, property, undertaking or other matters concerning Customers' business as strictly confidential excluding any non-proprietary information.

15.3 Non-Proprietary Information

This refers to information that is already publicly available to ATCO Pipelines.

15.4 Disclosure of Customer Information

Other than as required by law or the order of a court or regulatory agency having jurisdiction, the Customers' confidential information shall not be disclosed by ATCO Pipelines, unless prior written approval is obtained from Customer.