



**TRANSPORTATION
SERVICE REGULATIONS**

Effective April 1, 2006

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ARTICLE 1 - INTRODUCTION

These Transportation Service Regulations have been approved by the Alberta Energy and Utilities Board (hereinafter referred to as "the Board") and may not be changed without the approval of the Board. Notice of any application to change these Regulations will be given in such manner as the Board from time to time directs.

These Transportation Service Regulations are common to ATCO Pipelines North and South Zones and form part of the Rate Schedules and apply to ATCO Pipelines and to every Customer supplied with Gas transportation service under Agreements, except as may be varied by Agreement and approved by the Board. ATCO Pipelines' Business Policies and Practices provide a more detailed description of the application of the Transportation Service Regulations and Rate Schedules.

In the event that either the Customer or ATCO Pipelines are concerned that the strict application of any of these terms and conditions will cause particular hardship or inconvenience to such party, either may apply to the Board for modification of such terms and conditions provided that such modification will not result in the Customer receiving service under terms which are unjustly discriminatory or unduly preferential.

1.1 Definitions

The following words or terms when used in these Transportation Service Regulations, the Rate Schedules, ATCO Pipelines' Business Policies & Practices, or in an application, contract or Agreement for Gas service shall, unless the context otherwise requires, have the meanings given below:

- (a) "Account Transfer" means the deemed delivery of quantities of Gas to, and deemed receipt of quantities of Gas from, one Customer Account and another Customer Account.
- (b) "Act" means the Gas Utilities Act of the Province of Alberta, as amended from time to time and any legislative enactment in substitution or replacement thereof and, without limitation, any other applicable governmental regulation or order or direction of the Board.
- (c) "Actual Variance" means the difference between the previous Month Actual and the previous month estimated Cumulative Imbalance Quantity.
- (d) "Agent" mean a person, firm, partnership, corporation or organization who acts on behalf of the Customer as specified in Article 2 hereof.
- (e) "Agreement" means the Gas transportation Agreement between ATCO Pipelines and Customer and includes all Schedules attached thereto and the Regulations.
- (f) "Alliance" means the Alliance Pipeline system, or its successor.
- (g) "Allocation Method" means the procedure used to assign portions of the Gas flows at a Point of Receipt or Point of Delivery to the various Customer Agreements and Rate Schedules.
- (h) "Application for Service" means the Customer application described in Section 2.2, Request for Service.
- (i) "Billing Commencement Date" means the commencement date for invoicing the tariffs and charges as set forth in Article 10; provided

however that the Billing Commencement Date shall be adjusted by ATCO Pipelines if ATCO Pipelines is unable to commence the receipt or delivery of Gas under the Agreement on such date.

- (j) "Billing Demand" means the maximum Industrial Gas flow in any twenty-four (24) hour period during the month subject to a minimum amount of 90% of the Nominated Demand and a maximum amount of 110% of the Nominated Demand.
- (k) "Board" means the Alberta Energy and Utilities Board.
- (l) "Business Policies & Practices" or "BP&P" means those general business policies and practices of ATCO Pipelines, which are filed for acknowledgement with the Board from time to time, and which apply to transportation service provided by ATCO Pipelines.
- (m) "Common Stream Operator" means the operator of a facility at a Point of Receipt who, or which:
 - (i) provides ATCO Pipelines with estimated quantities of Gas;
 - (ii) provides ATCO Pipelines with the allocation of estimated, or actual, quantities of Gas to each Customer Account receiving Gas;
 - (iii) accepts or rejects Nominations issued by ATCO Pipelines;
 - (iv) implements, or coordinates the implementation, of the intended flow change specified in the Nomination;
 - (v) acts on behalf of other upstream parties who deliver Gas to the Gas Pipeline System.
- (n) "Commodity Charge" shall mean a charge which is based on throughput.
- (o) "Contract Demand" means the maximum quantity of Gas in a Day that ATCO Pipelines shall be obligated to receive at the Point of Receipt, as specified in the Agreement.
- (p) "cubic metre of Gas" or "m³" means the quantity of Gas which at a temperature of fifteen degrees Celsius (15°C) and at a pressure of one hundred one and three hundred twenty-five one-thousandths (101.325) kPa absolute occupies one (1) cubic metre.

- (q) "Cumulative Imbalance Quantity" means the accumulated sum of the Daily Imbalance Quantity and prior period adjustments when applicable for each Day in the current Month.
- (r) "Curtailement" shall have the meaning described in Article 7, Curtailement.
- (s) "Customer" means a person, firm, partnership, corporation or organization who or which uses ATCO Pipelines' Gas transportation services.
- (t) "Customer Account" means the record(s), as maintained by ATCO Pipelines, of the aggregate of Customer's receipt and delivery quantities of Gas, inclusive of adjustments for Unaccounted For Gas, Fuel Gas, and Actual Variance.
- (u) "Daily Account Tolerance Zone" means the allowable deviation from a zero balanced position that the Cumulative Imbalance Quantity of each Customer Account must reside within.
- (v) "Daily Imbalance Quantity" means the difference, each Day, between the total energy (GJ) contained in the Gas which was received by a Customer Account in such Day, and the total energy (GJ) contained in the Gas which was delivered from that Customer Account in such Day, inclusive of adjustments for Unaccounted For Gas, Fuel Gas, previous Day closing imbalance, and Actual Variance. The Daily Imbalance Quantity may be qualified as "Estimated" when some, or all, estimated data are used in the calculation, or "Actual" when only actual data are used in the calculation.
- (w) "Day" means a period of twenty-four (24) consecutive hours, beginning at eight hours (08:00), Mountain Standard Time.
- (x) "Distributing Companies" means those parties whose function is to receive gas from ATCO Pipelines and redistribute such gas to their residential and commercial customers.
- (y) "Exchange" means the mechanism by which ATCO Pipelines delivers to Customer, quantities of Gas destined to an Other Pipeline by exchange

- with Gas sourced from the Other Pipeline, subject to conditions set out in the Rate Schedules.
- (z) "Firm Service" means service under an Agreement to which Customer anticipates no curtailment except for Force Majeure, subject to conditions set out in the Rate Schedules.
 - (aa) "Fuel Gas" means Customer's share of ATCO Pipelines' transmission compressor fuel, as specified in Article 9 hereof.
 - (bb) "Gas" means all natural gas both before and after it has been subjected to any treatment or process by absorption, purification, scrubbing or otherwise, and includes all fluid hydrocarbons.
 - (cc) "Gas Pipeline System" means all those facilities, including the Specific Facilities, owned or used by ATCO Pipelines in the receipt, delivery, transportation, measurement and testing of Gas.
 - (dd) "GJ" means gigajoules or one billion (1 000 000 000) joules.
 - (ee) "Gross Heating Value" means the number of megajoules obtained from the combustion of a cubic metre of Gas at a temperature of fifteen degrees Celsius (15°C), with the Gas free of water vapor, and at a pressure of one hundred one and three hundred twenty-five one-thousandths (101.325) kPa absolute and with the products of combustion cooled to the initial temperature of the Gas and the water formed by the combustion condensed to the liquid state.
 - (ff) "Industrial" means a party whose predominant requirement for Gas is for process or manufacturing use, or whose primary requirement is for space and water heating, but where the operation is one of manufacturing or processing.
 - (gg) "Interruptible Service" means service under an Agreement to which Customer anticipates and permits interruption on short notice at the discretion of ATCO Pipelines, subject to conditions set out in the Rate Schedules.

- (hh) "J" means joule.
- (ii) "kPa" means kilopascals of gauge pressure unless otherwise specified.
- (jj) "Maximum Contract Pressure" shall have the meaning ascribed thereto in Article 8.
- (kk) "Maximum Design Quantity" shall mean the maximum one hour energy requirements of a Distributing Company expressed in GJ.
- (ll) "Minimum Term Date" means the date, if any, specified as such in Schedule "A" of the Agreement.
- (mm) "MIPL/TransGas" means Many Islands Pipeline Limited/TransGas Limited, or its successor.
- (nn) "Must-flow" shall have the meaning described in Rate Schedule OPDM.
- (oo) "MJ" means megajoules or one million (1 000 000) joules.
- (pp) "Month" means a period beginning at eight hours (08:00), Mountain Standard Time, on the first Day of a calendar month and ending immediately before eight hours (08:00), Mountain Standard Time, on the first Day of the next succeeding calendar month.
- (qq) "NGTL" means NOVA Gas Transmission Ltd. or its successor.
- (rr) "Nominated Demand" means the maximum instantaneous Gas flow expressed on a twenty-four (24) hour basis as set forth in the Agreement.
- (ss) "Nomination" means a request in electronic, other written form or verbal for Gas to flow at a Point of Receipt, a Point of Delivery to or from Other Pipelines or for receipt into or delivery out of a Customer's Account at a specified rate of flow and commencing at a specified time, or quantity on a specified date.
- (tt) "Non-Compliance" means a Customer action or inaction that contravenes an instruction given, upon notice, by ATCO Pipelines.

- (uu) "Non-Compliance Period" means the duration of Non-Compliance.
- (vv) "Non-Compliance Quantity" means the quantity of Gas, in each Day, by which a Customer exceeds the quantity of Gas contained in an instruction given, upon notice, by ATCO Pipelines.
- (ww) "Other Pipeline" means a rate regulated pipeline facility not owned or operated by ATCO Pipelines and which is used to deliver or receive merchantable quantities of Gas to or from a facility owned or operated by ATCO Pipelines. The isolated NGTL systems interconnecting with ATCO Pipelines Chip Lake and Coaldale areas are not considered Other Pipelines.
- (xx) "Overrun" means Gas at a Point of Receipt or Point of Delivery, which on a monthly basis exceeds the Contract Demand or Nominated Demand of the Firm Service Agreement, and which is Interruptible.
- (yy) "Oversupply Delivery Costs" means the costs incurred to deliver supplies which exceed markets. It includes costs incurred due to pipeline capacity restrictions on segments of the Gas Pipeline System.
- (zz) "Point of Delivery" means the point on ATCO Pipelines' system at which ATCO Pipelines delivers Gas from the Gas Pipeline System to Customer under the Agreement. It excludes deliveries from an Other Pipeline.
- (aaa) "Peak Billing Demand" shall mean the maximum consecutive four hour energy requirements of a Distributing Company multiplied by six, in order to express the amount on a twenty-four hour basis.
- (bbb) "Point of Receipt" means the point on ATCO Pipelines' system at which Customer delivers Gas to the Gas Pipeline System under the Agreement. It excludes receipts from an Other Pipeline.
- (ccc) "Pressure Guarantee" means that ATCO Pipelines will make all reasonable efforts to provide a specified customer with a specified pressure as defined in Section 8.3, Receipt and Delivery Pressure.

- (ddd) "Prime Rate" means the rate of interest, expressed as an annual rate of interest, announced from time to time by the main branch of the Bank of Montreal in Calgary, Alberta as the reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada
- (eee) "Producer" means a party receipting gas from a gas well, battery, or gas plant into the Gas Pipeline System. It excludes receipts first receipted to an Other Pipeline.
- (fff) "Rate" means the charges specified on the Rate Schedule, Transportation Service Regulations, or Business Policies and Practices.
- (ggg) "Rate Schedule" means the rate schedule for the Rate specified in and applicable to the transportation service provided under the Agreement, or such other rate schedule in replacement thereof, as approved by the Board and determined by ATCO Pipelines to be in effect from time to time.
- (hhh) "Regulations" means these Transportation Service Regulations.
- (iii) "Specific Facilities" means those facilities, other than general system facilities, installed by ATCO Pipelines for the benefit of Customer and required to receive or deliver Gas under the Agreement.
- (jjj) " 10^3m^3 " means one thousand (1 000) cubic metres of gas.
- (kkk) "Termination Date" means the date, if any, specified as such in Schedule "A" of the Agreement.
- (lll) "Unaccounted For Gas" or "UFG" means Customer's share of ATCO Pipelines' line loss and unaccounted for Gas, as specified in Article 9.
- (mmm) "Unauthorized Services" shall have the meaning described in the Rate Schedules and Section 7.3, Curtailment.
- (nnn) "Year" means a period of twelve (12) consecutive months commencing on the Billing Commencement Date.

ARTICLE 2 - GENERAL**2.1 Regulations Prevail**

No employee, agent or representative of ATCO Pipelines has authority to make any representation or agreement on behalf of ATCO Pipelines, which is inconsistent with these Regulations, unless such agreement is approved by the Board.

2.2 Requests for Service

Each application for Gas transportation service shall provide such information as ATCO Pipelines reasonably requires to assess the request for Gas transportation service. ATCO Pipelines' Business Policies & Practices (Requests For Service And Queue Procedure) sets out ATCO Pipelines' service application procedures. Upon receipt of a request for Gas transportation service, ATCO Pipelines shall notify the applicant of any conditions which must be satisfied before an Agreement can be accepted and service commenced. ATCO Pipelines may reject requests for service if other than standard conditions are sought by the applicant, or if facilities are not available to provide safe and adequate service.

2.3 Applicable Rate and Service Agreement

Upon acceptance of an Application for Service, ATCO Pipelines shall designate the Rate Schedule options which will apply to the Customer's service requirements. Specific Rates may not be available if that Rate has been closed, if physical capacity does not exist, or in the case of Producer receipts, if the incremental benefit is less than the resultant incremental costs.

Each Customer shall be required to sign an Agreement. The Transportation Service Regulations and Rate Schedules, as they may be from time to time amended by ATCO Pipelines and approved by the Board, shall form part of each Agreement.

In the case where the Gas received by ATCO Pipelines under an Agreement is commingled with other Gas prior to receipt of the Gas at the Point of Receipt, Customer shall be responsible for all common stream arrangements.

2.4 **Agency**

The Agent, on behalf of each Customer for which it acts in connection with such Customer's obligations under the Agreement, shall be responsible for Customer's performance of its obligations under the Agreement, including, unless otherwise specified in writing and without limiting the generality of the foregoing, giving and receiving Nominations; purchasing or selling the amounts under Article 6, Balancing; making any payments due ATCO Pipelines under Article 6, Balancing; paying administration fees as per the applicable Rate Schedule, Transportation Service Regulations or Business Policies and Practices and giving to and receiving from ATCO Pipelines, notices under the Agreement.

Any Nomination or notice given or made by ATCO Pipelines to Agent under the Agreement shall be deemed for all purposes under the Agreement as having been given or made by ATCO Pipelines to Customer and any notice given by Agent to ATCO Pipelines or any act or omission by Agent in connection with Customer's performance of its obligations under the Agreement shall be deemed for all purposes of the Agreement as having been given or done for and on behalf of, and with the approval and authority of, Customer.

Customer may change its Agent by giving ATCO Pipelines seven days advance written notice to that effect indicating the time and date when the change of Agent shall be effective.

2.5 Title or Interest in the Gas

The Agreement is solely for the receipt, transportation, and delivery of Gas and Customer shall not acquire any title or interest in the Gas Pipeline System of ATCO Pipelines and ATCO Pipelines shall not acquire any title or interest in the Gas being transported under the Agreement.

Gas received by ATCO Pipelines from Customer shall be under the exclusive control of ATCO Pipelines from the time such Gas is received until it is delivered.

ATCO Pipelines does not dedicate the Gas Pipeline System or any segment thereof to Customer, and accordingly the routing and facilities used in the movement of Gas for Customer shall be at ATCO Pipelines' discretion and may change from time to time.

ATCO Pipelines may in the course of receiving and delivering Gas in the Gas Pipeline System commingle such Gas with or exchange for Gas owned by or transported for others, or remove certain hydrocarbon components present in the Gas. As commingling, exchanging, or the removal of certain hydrocarbon components may alter the Gross Heating Value or constituent parts of the Gas received by ATCO Pipelines at the Point of Receipt, ATCO Pipelines shall not be required to deliver Gas with the same Gross Heating Value or containing the same constituent parts as Gas received and ATCO Pipelines shall make whatever compensating adjustments to volume and Gross Heating Value as may be warranted. In the event, and to the extent, that any hydrocarbon components in the Gas received at the Point of Receipt are absent from the Gas delivered as the result of commingling, exchanging or removal of such hydrocarbon components in the course of transporting the Gas, title to such hydrocarbon components shall, notwithstanding anything to the contrary otherwise contained in the Agreement, be deemed conclusively to have passed to ATCO Pipelines.

2.6 **Facilities, Rights-of-Way and Access to Facilities**

2.6.1 **Facilities**

Customer and ATCO Pipelines mutually undertake to operate and maintain their respective pipeline systems and equipment safely and in such a manner as not to interfere with the system or equipment owned by each of them. Each of them undertakes and agrees to consult with the other before commencing construction or operation of any new equipment or facilities which it reasonably expects might interfere with or affect the operation of the other's pipeline system or equipment and to make modifications to the design or construction of any such equipment or facilities as practically may be requested of it to minimize any interference with the other's pipeline system or equipment.

A Customer may be required to pay a Customer contribution for Specific Facilities required to provide service. ATCO Pipelines' Business Policies & Practices (Investment Policy and Contract Term) set out ATCO Pipelines' investment practice for any Specific Facilities.

2.6.2 **Easements**

An applicant for service, as a Customer, shall grant or cause to be granted to ATCO Pipelines without cost to ATCO Pipelines, such easement or right-of-way in and upon the property owned or controlled by the applicant, upon which is situated the applicant's installation or complex requiring service, as ATCO Pipelines reasonably requires for its Gas line required to serve the applicant including extensions thereof, and other facilities necessary or incidental to the supply of service from such Gas line and extensions thereof.

2.6.3 Right of Entry

ATCO Pipelines shall have the right through its employees or agents to enter upon the installation or complex of the Customer at all reasonable times for the purpose of installing, maintaining and removing its facilities, reading, inspecting, repairing or removing metering devices of ATCO Pipelines, and for all other purposes incident to the supplying or discontinuance of service.

In the event that any of ATCO Pipelines' equipment is situated within a Customer's installation or complex, ATCO Pipelines may require the Customer to ensure that ATCO Pipelines can obtain access to such equipment when required by ATCO Pipelines.

ARTICLE 3 - QUALITY OF GAS

- 3.1 All Gas received under an Agreement shall be of merchantable quality and, without restricting the generality of the foregoing;
- (a) shall not contain sand, dust, gums, crude oil, impurities and other substances which may be injurious to pipelines or which may interfere with its transmission through pipelines or its commercial utilization; and
 - (b) shall not have a hydrocarbon dewpoint in excess of minus ten degrees Celsius (-10°C) at an absolute pressure of five thousand five hundred (5 500) kPa; and
 - (c) shall not contain more than six milligrams per cubic metre (6 mg/m³) of hydrogen sulphide; and
 - (d) shall not contain more than five milligrams per cubic metre (5 mg/m³) of mercaptan sulphur; and
 - (e) shall not contain more than twenty-three milligrams per cubic metre (23 mg/m³) of total sulphur; and
 - (f) shall not contain more than two percent (2%) by volume of carbon dioxide; and
 - (g) shall not contain more than sixty-four milligrams per cubic metre (64 mg/m³) of water vapor; and
 - (h) shall not exceed fifty degrees Celsius (50°C) in temperature; and
 - (i) shall be as free of oxygen as can be achieved through the exercise of all reasonable precautions, and shall not in any event contain more than four-tenths percent (0.4%) by volume of oxygen; and
 - (j) shall have a Gross Heating Value of not less than thirty-six megajoules per cubic metre (36.0 MJ/m³); provided however that with the prior written consent of ATCO Pipelines, Gas of a lower Gross Heating Value may be delivered.

If in ATCO Pipelines' sole opinion Gas received by ATCO Pipelines at the Point of Receipt fails to be of merchantable quality or fails to meet any one or more of the quality specifications set forth in this Article, ATCO Pipelines may at any time and from time to time immediately and without prior notice cease to receive Gas at the Point of Receipt pending the Customer remedy such failure to the satisfaction of ATCO Pipelines. ATCO Pipelines may install, at Customer's expense, such Specific Facilities including any Gas quality control, monitoring and/or shutdown equipment deemed necessary, in ATCO Pipelines' sole opinion, to ensure that Gas received by ATCO Pipelines at the Point of Receipt meets the quality specifications set forth in this Article.

- 3.2 Should ATCO Pipelines receive Gas from an Other Pipeline and the quality of Gas received fails to meet the quality specifications set forth in this Article, ATCO Pipelines may from time to time, and at its sole discretion, grant temporary relief from such quality of Gas specifications set forth in this Article.
- 3.3 All Gas delivered by ATCO Pipelines to Customer at the Point of Delivery shall have the Gross Heating Value and quality that results from the Gas having been commingled in ATCO Pipelines' Gas Pipeline System.
- 3.4 Customer shall notify ATCO Pipelines as soon as practicable in the event of any adverse change in Gas quality that is determinable by Customer and which may be delivered into the Gas Pipeline System at the Point of Receipt.
- 3.5 ATCO Pipelines shall notify Customer or their Agent as soon as practicable in the event of any adverse changes in Gas quality that is determined by ATCO Pipelines and which may be delivered from the Gas Pipeline System at the Point of Delivery.

ARTICLE 4 - MEASUREMENT

- 4.1 All measurements, calculations and procedures used in determining the quantities of Gas received at the Point of Receipt or delivered at the Point of Delivery, shall be in accordance with the Electricity and Gas Inspection Act being Chapter 87 of the Statutes of Canada, 1982, as amended and all applicable regulations issued pursuant thereto. ATCO Pipelines Business Policies & Practices (Measurement Practices) set out ATCO Pipelines measurement practices.
- 4.2 If at any time any of the measuring equipment is found to be registering inaccurately by an amount exceeding two percent (2%), or such other amount as mutually agreeable between Customer and ATCO Pipelines, the measured quantity shall be adjusted. The measuring equipment shall be adjusted at once to read as accurately as possible.

The quantity adjustment shall be calculated using a reading corresponding to the average hourly rate of flow for any period definitely known or agreed upon, or for a period of one-half (1/2) of the elapsed time since the last test.

If the measuring equipment is found to be out of service, the quantity of Gas received or delivered during such period shall be determined:

- (i) by using the data recorded by any check measuring equipment registering accurately; or
- (ii) if such check measuring equipment is not registering accurately but the percentage of error is ascertainable by a calibration test, by using the data recorded and adjusted to zero error; or
- (iii) if neither of the methods provided in (i) or (ii) above can be used, by estimating the quantity, by reference to quantities under similar conditions during a period when ATCO Pipelines' equipment was registering accurately.

- 4.3 If there are any compression facilities upstream of the Point of Receipt or downstream of the Point of Delivery, Customer shall provide sufficient pulsation dampening equipment to ensure that the compression facilities do not interfere with the operation of ATCO Pipelines' facilities.
- 4.4 In the event Customer's facilities interfere with ATCO Pipelines' ability to provide accurate measurement at the Point of Receipt or the Point of Delivery, ATCO Pipelines may immediately and without prior notice cease to receive or deliver Gas pending the remedy by Customer of the cause of such interference to the satisfaction of ATCO Pipelines.
- 4.5 ATCO Pipelines and Customer hereby agree that notwithstanding anything contained elsewhere in the Agreement, that where Other Pipelines, not ATCO Pipelines', measuring equipment is used or relied on by ATCO Pipelines for measuring Gas received or delivered under the Agreement, Other Pipeline's measurement and testing of Gas procedures shall apply.

ARTICLE 5 - QUANTITY OF GAS

- 5.1 Subject to the other provisions of this Article, ATCO Pipelines will receive from Customer, at the Point of Receipt or interconnection point with an Other Pipeline, the quantity of Gas, which Customer tenders for transportation.
- 5.2 Subject to the other provisions of this Article, ATCO Pipelines agrees to deliver to Customer, at the Point of Delivery or interconnection point with an Other Pipeline specified in the Agreement, the quantity of Gas which Customer tenders for transportation.
- 5.3 Customer who has selected firm service for a minimum contractual term, shall, upon expiration of the minimum term of the Agreement, have the option to reduce the Contract Demand, Nominated Demand, or Peak Billing Demand of the said Agreement, provided one (1) year's prior written notice has been provided to ATCO Pipelines.
- 5.4 If by reason of the causes set forth in this Article, ATCO Pipelines is unable, in whole or in part, to receive or deliver the quantities of Gas provided for in the Agreement, then ATCO Pipelines shall be relieved of liability for not receiving or delivering such quantities, and ATCO Pipelines may curtail or discontinue receipts or deliveries of Gas under the Agreement during the continuance and to the extent of the inability; provided however that ATCO Pipelines shall endeavor to give reasonable notice of any curtailment or discontinuance of receipts or deliveries arising by virtue of such causes and shall promptly endeavor to remedy the cause of any curtailment or discontinuance of receipts or deliveries as soon as reasonably possible. Such notice shall specify ATCO Pipelines' estimate of the duration of any such curtailment or discontinuance of receipts or deliveries under the Agreement. The causes above referred to shall include but not be limited to:
- (a) the necessity, in ATCO Pipelines' sole opinion, of making modifications or improvements to the Gas Pipeline System; provided however that ATCO Pipelines shall, when practicable,

endeavor to effect such modifications or improvements, which are not emergency in nature, at a time and in a manner which shall not unduly interfere with or interrupt receipts or deliveries of Gas; or

- (b) the necessity of making repairs to the Gas Pipeline System used to transport Gas; or
- (c) the operating conditions of the Gas Pipeline System.

ARTICLE 6 - BALANCING OF CUSTOMER ACCOUNT

- 6.1 Customer Account(s) shall be accumulated and recorded by ATCO Pipelines, inclusive of the Daily Imbalance Quantity and Cumulative Imbalance Quantity, and made available to Customer in accordance with ATCO Pipelines' Business Policies & Practices (Customer Accounts And Imbalance Management).
- 6.2 Customer shall at all times endeavor to maintain each Customer Account within the Daily Account Tolerance Zone.
- 6.3 ATCO Pipelines has the right to require Customer to take corrective action to balance the Customer Account to within the Daily Account Tolerance Zone, and Customer shall, upon receiving out of tolerance notice from ATCO Pipelines, promptly comply with such request.
- 6.4 In the event the Customer does not take corrective action provided for in this Article, ATCO Pipelines may take any reasonable action whatsoever to restrict or curtail the quantity of Gas received at the Point of Receipt or delivered at the Point of Delivery or the quantity of Gas received or delivered from Other Pipelines, to maintain each Customer Account within the Daily Account Tolerance Zone.
- 6.5 In the event the Customer Account Cumulative Imbalance Quantity for the Day exceeds the Daily Account Tolerance Zone, as specified in the General Conditions Applying to Rate Schedules, the Customer shall upon receiving a Customer Account out of tolerance notice from ATCO Pipelines, take corrective action to return each Account to within the Daily Account Tolerance Zone as specified in the General Conditions Applying to Rate Schedules. At the time of termination of the Agreement, the outstanding Customer Account Cumulative Imbalance Quantity shall be settled by the Customer transferring the outstanding Customer Account Cumulative Imbalance Quantity to another Customer Account.

ARTICLE 7 - CURTAILMENT

- 7.1 In the event ATCO Pipelines has provided notice to Customer to restrict or curtail, as provided for in Article 5 - Quantity of Gas, the quantity of Gas received at the Point of Receipt or delivered at the Point of Delivery, or has provided notice to Customer to take corrective action, as provided for in Article 6, to zero the Daily Imbalance Quantity, and Customer does not comply with such notice(s), ATCO Pipelines may serve Customer with notice of Non-Compliance in accordance with ATCO Pipelines' Business Policies & Practices (Curtailed Practice and/or Customer Accounts And Imbalance Management).
- 7.2 In the event Customer is in Non-Compliance, ATCO Pipelines shall, at its sole discretion, take any reasonable action whatsoever to restrict or curtail the quantity of Gas received at the Point of Receipt or delivered at the Point of Delivery, or to zero the Daily Imbalance Quantity by restricting receipts into, or deliveries out of, the Customer Account(s).
- 7.3 Customer shall pay to ATCO Pipelines charges as specified in with the General Conditions Applying to Rate Schedules, applicable to the Non-Compliance Quantity as incurred during the Non-Compliance Period.

ARTICLE 8 - RECEIPT AND DELIVERY PRESSURE

- 8.1 Customer will deliver Gas, or cause Gas to be delivered, to ATCO Pipelines at the Point of Receipt or point of interconnection with an Other Pipeline at such pressures as ATCO Pipelines may require from time to time at the Point of Receipt or point of interconnection with an Other Pipeline up to the Maximum Contract Pressure.
- 8.2 The Maximum Contract Pressure of the Gas at the Point of Receipt or point of interconnection with an Other Pipeline shall be nine thousand nine hundred and thirty-six (9 936) kPa. ATCO Pipelines at its sole discretion may grant relief from the Maximum Contract Pressure at the Point of Receipt or point of interconnection with an Other Pipeline to permit receipt of Gas at a reduced pressure and such relief shall continue from the Day relief is granted until such time as ATCO Pipelines, upon twelve (12) Months prior written notice, revises the reduced pressure then in effect to a pressure not in excess of the Maximum Contract Pressure.
- 8.3 ATCO Pipelines agrees to deliver the Gas, or cause the Gas to be delivered, to Customer at the Point of Delivery or point of interconnection with an Other Pipeline at such pressures as are available in the Gas Pipeline System from time to time provided however, any Pressure Guarantee of a delivered pressure will be provided for in the Customer's Agreement.

ARTICLE 9 GAS LOST, UNACCOUNTED-FOR-GAS, AND FUEL GAS

- 9.1 Subject to Article 14, ATCO Pipelines shall not be responsible for Gas lost by pipeline rupture, explosion, fire or other similar calamity, but shall maintain and provide to Customer a record of Customer's proportionate share of any such loss and co-operate with all reasonable requests of Customer's insurers or their agents during the course of the investigation of any claim arising from any such loss.
- 9.2 Customer shall be responsible to ATCO Pipelines for Customer's share of ATCO Pipelines' Unaccounted For Gas and Fuel Gas (excluding Gas lost referred to in Clause 9.1 of this Article) as indicated on the applicable Rate Schedule.

ARTICLE 10 - RATES AND OTHER CHARGES

- 10.1 Customer shall pay to ATCO Pipelines, for transportation service provided under the Agreement, commencing on the Billing Commencement Date, the Rates and charges set forth in the Agreement.
- 10.2 Customer shall not be relieved by Force Majeure as described in Article 12 from the obligation to pay the Rates and charges set forth pursuant to this Article unless Force Majeure has been invoked by ATCO Pipelines, for a period of thirty (30) consecutive Days or longer and for more than fifty percent (50%) of the Contract Demand, Nominated Demand, or Peak Billing Demand whereupon the Customer's monthly demand charges shall be reduced on a pro-rata basis for the number of Days Force Majeure, as invoked by ATCO Pipelines, is in effect.
- 10.3 Customer shall provide ATCO Pipelines with any financial information ATCO Pipelines reasonably requests in order that ATCO Pipelines may establish Customer's credit worthiness in accordance with ATCO Pipelines' Business Policies and Practices (Credit Policy).

ARTICLE 11 - BILLINGS AND PAYMENTS

- 11.1 **Billing:** On or before the twentieth (20th) Day of each Month, ATCO Pipelines shall provide a bill to Customer for service provided during the preceding Month.
- 11.2 **Payment:** Customer agrees to pay ATCO Pipelines on or before the tenth (10th) Day following the rendering of the bill by ATCO Pipelines to Customer, the total amount payable by Customer as set forth in the bill. Each such payment shall be made in Canadian funds by cheque drawn in ATCO Pipelines' favour and delivered to ATCO Pipelines at the address stated in the Agreement or by such other method as may be acceptable to ATCO Pipelines.
- 11.3 **Late Billing:** If ATCO Pipelines provides a bill after the twentieth (20th) Day of a Month, then the date for payment shall be that Day which is ten (10) Days after the Day that such bill was rendered.
- 11.4 **Interest on Unpaid Bills:** ATCO Pipelines shall have the right to charge interest on the unpaid portion of any bill from the date payment is due until the date payment is actually made, at a rate of interest which is two percent (2%) per annum above the Prime Rate, which is in effect as of the period that such payment is unpaid, from the date when such payment is due until the same is paid.
- 11.5 **Disputes:** In the event Customer disputes any part of any bill, Customer shall nevertheless pay to ATCO Pipelines the full amount of the bill when payment is due.
- 11.6 **Overpayment:** In the event Customer disputes any part of a bill and it is finally determined that any final bill prepared pursuant to this Article was incorrect and an overpayment has been made, Customer shall be entitled to interest on the amount of any such overpayment at a rate of interest which is two percent (2%) per annum above the Prime Rate, which is in effect as of the period that such overpayment exists, from the date of any

such overpayment until the date ATCO Pipelines makes reimbursement of such overpayment to Customer.

- 11.7 Billing Adjustments: Neither Customer nor ATCO Pipelines shall be entitled to interest for any adjustment to the bill which is the result of a reallocation by the Common Stream Operator or a change in the quantity of Gas measured.
- 11.8 Failure to Pay: In the event Customer fails to pay the full amount of any bill within sixty (60) Days after payment is due, ATCO Pipelines, in addition to any other remedy it may have, may suspend the receipt of or delivery of Gas until full payment is made. Such suspension shall not terminate or otherwise affect Customer's obligations to ATCO Pipelines.

ARTICLE 12 - FORCE MAJEURE

- 12.1 Subject to the other provisions of this Article, if either party to the Agreement fails to observe or perform any of the covenants or obligations herein imposed upon it and such failure shall have been occasioned by, or in connection with, or in consequence of Force Majeure, as hereinafter defined, such failure shall be deemed not to be in breach of such covenants or obligations.
- 12.2 For the purposes of the Agreement, "Force Majeure" shall mean any acts of God, including therein, but without restricting the generality thereof, lightning, earthquakes and storms, and, in addition, shall mean any strikes, lockouts or other industrial disturbances, acts of the Queen's enemy, sabotage, wars, blockades, insurrections, riots, epidemics, landslides, floods, fires, washouts, arrests and restraints, civil disturbances, explosions, breakages of or accidents to machinery or lines of pipe, hydrate obstructions of lines of pipe, temporary failures of Gas supply, freezings of wells or delivery facilities, well blowouts, craterings, the orders of any court or governmental authority, any acts or omissions (including failure to take Gas) of a purchaser of Gas from, or a transporter of Gas to or for ATCO Pipelines, which are excused by any event or occurrence whether or not of the character or kind herein defined as constituting Force Majeure, lack of exchange capacity or pressure at interconnections with Other Pipelines, or any other causes, excepting financial, whether of the character or kind herein enumerated or otherwise, and not within the control of the party claiming suspension and whether or not arising out of or resulting from an event, cause or occurrence under the Agreement or otherwise, which, by the exercise of due diligence, such party could not have prevented or is unable to overcome.

- 12.3 Neither party shall be entitled to the benefit of the provisions of Clause 12.1 of this Article under any or all of the following circumstances:
- (a) to the extent that the failure was caused by the sole negligence of the party claiming suspension; or
 - (b) to the extent that the failure was caused by the party claiming suspension having failed to remedy the condition where it is within that party's ability alone to do so and to resume the performance of such covenants or obligations, with reasonable dispatch; or
 - (c) if the failure was caused by lack of funds or with respect to the payment of any amount or amounts then due under the Agreement; or
 - (d) unless as soon as possible after the happening of the occurrence relied upon or as soon as possible after determining that the occurrence was in the nature of Force Majeure and would affect the claiming party's ability to observe or perform any of its covenants or obligations under the Agreement, the party claiming suspension shall have given to the other party notice, either in writing or by facsimile, to the effect that such party is unable by reason of Force Majeure (the nature whereof shall be therein specified) to perform the particular covenants or obligations.
- 12.4 The party claiming suspension shall likewise give notice, as soon as possible after the Force Majeure condition is remedied, to the effect that the same is remedied and that such party has resumed, or is then in a position to resume, the performance of such covenants or obligations.
- 12.5 Notwithstanding anything to the contrary in this Article expressed or implied, the parties agree that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the particular party involved therein and such party may make settlement thereof at such time and on such terms and conditions as it may deem to be advisable and no delay in making such settlement shall deprive such party of the benefit of Clause 12.1 of this Article.

ARTICLE 13 - TERMINATION ON DEFAULT

13.1 If either party shall fail to perform any of the covenants or obligations imposed upon it under and by virtue of the Agreement (the "Defaulting Party"), then in any such event, the other party (the "Non-Defaulting Party") may at its option terminate the Agreement by proceeding as follows:

- (a) The Non-Defaulting Party shall cause a notice in writing to be given to the Defaulting Party advising as to the nature of any default and declaring it to be the intention of the Non-Defaulting Party to terminate the Agreement.
- (b) The Defaulting Party shall have ninety (90) Days after receiving any such notice to remedy the default specified and if, within the said period of ninety (90) Days, the Defaulting Party does remedy any such default to the satisfaction of the Non-Defaulting Party then the notice given pursuant to Clause 13.1(a) of this Article shall be deemed to be withdrawn and the Agreement shall continue in full force and effect.
- (c) In the event that Customer does not remedy any default of which it has been given notice by ATCO Pipelines to the reasonable satisfaction of ATCO Pipelines within the said ninety (90) Day period, then the Agreement shall thereafter terminate after the said ninety (90) Day period and the appropriate charges for all Specific Facilities, as well as the present value of all system tariffs that would be in effect until the termination of the Agreement, discounted at the rate as specified in ATCO Pipelines' Business Policies and Practices (Investment Policy), shall become due and payable. All other rights and obligations of the parties under the Agreement shall cease upon termination of the Agreement; provided however that any such termination shall not affect any other remedy ATCO Pipelines may have at law or in equity.

- (d) In the event that ATCO Pipelines does not remedy any default of which it has been given notice by Customer to the reasonable satisfaction of Customer within the said ninety (90) Day period, then Customer shall have the right to terminate the Agreement. All other rights and obligations of the parties hereunder shall cease upon the termination of the Agreement; provided however that any such termination shall not affect any other remedy Customer may have at law or in equity.

ARTICLE 14 - INDEMNITY

- 14.1 Customer agrees to indemnify and save ATCO Pipelines harmless from and against any and all claims, demands, suits, actions, debts, accounts, damages, costs, losses, liabilities and expenses of whatsoever nature or kind and howsoever and by whosoever made or incurred arising out of or in any way connected, either directly or indirectly, with any act, omission or default on the part of Customer under the Agreement; provided however that in no event, whether as a result of alleged negligence on the part of Customer or otherwise, shall Customer be liable to ATCO Pipelines for loss of profits or revenues, cost of capital, loss for failure to deliver Gas, cost of purchased or replacement Gas, claims of ATCO Pipelines' customers for failure to deliver Gas, cancellation of permits, termination of contracts or other similar special or consequential damages or claims whatsoever.
- 14.2 ATCO Pipelines agrees to indemnify and save Customer harmless from and against all claims, demands, suits, actions, debts, accounts, damages, costs, losses, liabilities and expenses of whatsoever nature or kind and howsoever and by whosoever made or incurred arising out of the gross negligence or willful misconduct of ATCO Pipelines under the Agreement; provided however that in no event, whether as a result of alleged gross negligence on the part of ATCO Pipelines or otherwise, shall ATCO Pipelines be liable to Customer for loss of profits or revenues, cost of capital, loss for failure to deliver Gas, cost of purchased or replacement Gas, claims of Customer's customers for failure to deliver Gas, cancellation of permits, termination of contracts or other similar special or consequential damages or claims whatsoever.

ARTICLE 15 - NOTICES

- 15.1 Every notice, request, statement or bill provided for by the Agreement or any notice which either ATCO Pipelines or Customer may desire to give to the other shall be in writing to the address stated in the Agreement, or as mutually agreed between Customer and ATCO Pipelines.
- 15.2 Any notice may be given by mailing the same, postage prepaid, in an envelope properly addressed to the person to whom the notice is being given and shall be deemed to be given four (4) business Days after the mailing thereof, Saturdays, Sundays and statutory holidays excepted. Any notice may also be given by facsimile or other electronic communication addressed to the person to whom such notice is to be given at such person's address for notice, and any such notice so served shall be deemed to have been given twenty-four (24) hours after transmission of the same, Saturdays, Sundays and statutory holidays excepted. Any notice may also be delivered by hand to the person, or his representative, to whom such notice is to be given at such person's address for notice, and such notice shall be deemed to have been given when received by such person or his representative. Any notice may also be given by telephone followed immediately by letter, facsimile or other electronic communication and any notice so given shall be deemed to have been given of the date and time of the telephone notice.
- 15.3 In the event of disruption of regular mail every payment shall be personally delivered and every notice, demand, statement or bill shall be given by one of the alternative means set out in Clause 15.2 of this Article.

ARTICLE 16 - ALLOCATIONS

- 16.1 For the purpose of administering transportation Agreements, Gas flows at the Point of Receipt or Point of Delivery shall be allocated to determine the daily flow to be billed under the appropriate Rate Schedule. ATCO Pipelines' Business Policies & Practices (Allocation Practice) sets out ATCO Pipelines' allocation practice.
- 16.2 At locations where a portion of the Gas flowing belongs to parties other than Customer and ATCO Pipelines, all parties must agree in writing on the Allocation Method used between those parties at that location, and provide a copy to ATCO Pipelines prior to the effective date, if different than which is provided for in ATCO Pipelines' Business Policies & Practices (Allocation Practices).
- 16.3 If a Customer requests a change in the Allocation Method at a Point of Receipt or Point of Delivery other than which is provided for in ATCO Pipelines' Business Policies & Practices (Allocation Practices), such revised Allocation Method must be agreed to by all parties and be confirmed in a letter agreement. In the event Customer and ATCO Pipelines are unable to agree on an acceptable revised Allocation Method, ATCO Pipelines reserves the right to decide on the revised Allocation Method which will be used.
- 16.4 At locations where the Gas flowing is at an interconnection with an Other Pipeline, then the allocation procedures as agreed to between ATCO Pipelines and the Other Pipeline shall apply.

ARTICLE 17 - MISCELLANEOUS

- 17.1 In the interpretation of the Agreement, words in the singular shall be read and construed in the plural or words in the plural shall be read and construed in the singular where the context so requires.
- 17.2 The Agreement and the rights and obligations of the parties to the Agreement are subject to all applicable present and future laws, rules, regulations and orders of any legislative body or duly instituted authority now or hereafter having jurisdiction.
- 17.3 The Agreement contains the complete agreement between the parties and supersedes any prior agreement between the parties, whether written or verbal, with respect only to the transportation service rendered by ATCO Pipelines.
- 17.4 The parties hereto shall from time to time and at all times do all such further acts and execute and deliver all such further deeds and documents as shall be reasonably required in order to fully perform and carry out the terms of the Agreement.
- 17.5 The definitions of all units of measurement and their prefixes used throughout the Agreement shall be in accordance with the International System of Units.
- 17.6 No waiver by ATCO Pipelines or Customer of any default by the other under the Agreement shall operate as a waiver of a future default whether of a like or different character.
- 17.7 The Agreement shall apply mutatis mutandis to each Point of Receipt, Point of Delivery, deliveries to Other Pipelines, receipts from Other Pipelines, or Account Transfers.
- 17.8 The Agreement shall bind and inure to the respective successors and assigns of the parties thereto; provided however that no assignment shall release either party from such party's obligations under the Agreement

- without the written consent of the other party to such release, which consent shall not be unreasonably withheld.
- 17.9 Nothing herein contained shall prevent any party to the Agreement from pledging or mortgaging its rights under the Agreement as security for its indebtedness.
- 17.10 The headings used throughout the Agreement are inserted for reference purposes only, and are not be considered or taken into account in construing the terms or provisions of any Article, Clause or Schedule nor to be deemed in any way to qualify, modify or explain the effect of any such provisions or terms.
- 17.11 The Agreement shall be construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.
- 17.12 Customer shall provide to ATCO Pipelines, for planning purposes, such forecasts of future Monthly volumes to be received or delivered under the Agreement as ATCO Pipelines may request from time to time.