



**EB-2011-0210**

**IN THE MATTER OF** the *Ontario Energy Board Act 1998*,  
S.O.1998, c.15, (Schedule B);

**AND IN THE MATTER OF** an Application by Union Gas  
Limited for an Order or Orders approving or fixing just and  
reasonable rates and other charges for the sale, distribution,  
transmission and storage of gas commencing January 1,  
2013.

**BEFORE:** Marika Hare  
Presiding Member

Karen Taylor  
Board Member

## **DECISION AND RATE ORDER**

**January 17, 2013**

Union Gas Limited (“Union”) filed an application on November 10, 2011 with the Ontario Energy Board (the “Board”) under section 36 of the *Ontario Energy Board Act, 1998* for an order of the Board approving or fixing rates for the distribution, transmission and storage of natural gas, effective January 1, 2013 (the “Application”). The Board assigned file number EB-2011-0210 to the Application and issued a Notice of Application on December 1, 2011. This is the first cost-of-service application for setting rates since 2007. From 2008 to 2012 rates were set under an Incentive Regulation Mechanism (“IRM”) which adjusted rates through a mechanistic formula.

The Board issued its Procedural Order No. 1 on January 11, 2012, which established the approved list of intervenors for this proceeding. The list included:

- Association of Power Producers of Ontario (“APPPrO”)
- Building Owners and Managers Association Toronto (“BOMA”)
- Canadian Manufacturers and Exporters (“CME”)
- City of Kitchener (“Kitchener”)
- Consumers Council of Canada (“CCC”)
- Enbridge Gas Distribution Inc. (“Enbridge”)
- Energy Probe Research Foundation (“Energy Probe”)
- Federation of Rental-housing Providers of Ontario (“FRPO”)
- Industrial Gas Users Association (“IGUA”)
- Jason F. Stacey
- Just Energy Ontario LP (“Just Energy”)
- London Property Management Association (“LPMA”)
- Ontario Association of Physical Plant Administrators (“OAPPA”)
- Ontario Power Generation (“OPG”)
- School Energy Coalition (“SEC”)
- Six Nations Natural Gas Company Limited (“SNNG”)
- Shell Energy North America (Canada) Inc. (“Shell Energy”)
- TransAlta Generation Partnership (“TransAlta Generation”)
- TransAlta Cogeneration LP (“TransAlta Cogeneration”)
- TransCanada Pipelines Limited (“TCPL”)
- TransCanada Energy Limited (“TCE”)
- Vulnerable Energy Consumers Coalition (“VECC”).

The Board also determined that APPPrO, BOMA, CME, CCC, Energy Probe, FRPO, IGUA, LPMA, OAPPA, SEC, and VECC are eligible to apply for an award of costs under the Board’s *Practice Direction on Cost Awards*.

Union filed its Application on the basis of US Generally Accepted Accounting Principles (“USGAAP”). At the same time, Union sought approval to move to USGAAP from Canadian GAAP as part of this Application. The Board decided to first deal with Union’s request for the adoption of USGAAP for regulatory purposes (the “Preliminary Issue”) prior to processing the Application in accordance with the Addendum to Report of the Board: Implementing International Financial Reporting Standards in an Incentive Rate Mechanism Environment (the “Addendum Report”).

In Procedural Order No. 1 the Board established a timeline for interrogatories, interrogatory responses, submissions, and reply submissions related to the Preliminary

Issue in advance of further procedural steps. In addition, the Board adopted the evidence related to the USGAAP issue from Union's 2012 IRM Proceeding EB-2011-0025 (the "Adopted Evidence").

Submissions were received from the LPMA, CCC, SEC, CME, APPrO and Board staff. LPMA, CCC, SEC and Board staff supported the request by Union for the adoption of USGAAP for regulatory purposes. CME and APPrO were also supportive of Union's request but provided some proposed conditions of approval.

The Board issued its Decision on the Preliminary Issue and Procedural Order No. 2 on March 1, 2012. The Board granted Union approval to use USGAAP for regulatory purposes. The Board also set out the timelines for the Issues Conference, Issues Day Hearing, filing of interrogatories and responses to interrogatories by Union in this Procedural Order.

Procedural Orders No. 3 and No. 4 set timelines for the next procedural steps, including setting dates for the Technical Conference and the Settlement Conference.

The Board revised some of the timelines for interrogatories and filing intervenor evidence in Procedural Order No. 5 after considering a letter filed by TCPL that requested revised dates to accommodate timelines related to the hearing of its application before the National Energy Board.

TCPL filed a Notice of Motion on May 17, 2012. The Motion requested the following:

- 1) An Order requiring Union to provide proper answers to the Interrogatories identified in Appendix "A" to the Notice of Motion, or such other information as the Board considers appropriate.
- 2) An Order requiring Union to file with the Board unredacted copies of pages in Interrogatory Responses that were filed in redacted form as part of Union's Interrogatory Responses to TCPL, so that the Board could assess the reasonableness of the claims for confidentiality and make such order as it considers appropriate in that regard.

The Board in Procedural Order No. 6, issued on May 18, 2012, decided that it would not hear the second request as part of the TCPL Motion as there were other exhibits, not mentioned in TCPL's Motion, which were filed under confidential cover. The Board in Procedural Order No. 6 established a separate process for reviewing Union's claims for confidentiality.

The Board heard the Motion filed by TCPL by way of written hearing. Procedural Order No. 6 made provision for all parties to the proceeding to file submissions on the merits of TCPL's Motion and for TCPL to file reply submissions. This process was completed on June 8, 2012.

TCPL, BOMA and Union filed submissions on TCPL's Motion. The interrogatory information sought by TCPL related primarily to Union's Parkway West project which purports to provide for loss of critical unit protection at Parkway.

With respect to the Parkway West project questions, TCPL's position was that the information that it was seeking was necessary for the Board to evaluate the reasonableness of Union's proposed capital expenditures. Union submitted that the information requested by TCPL was not relevant to Union's Application as the Parkway West project would not come into rate base until 2014 and did not impact 2013 rates. Union's position was that providing such further information could have no bearing on deciding the issues before the Board in this Application.

BOMA's submissions largely supported TCPL's request for Union to provide answers to the TCPL Parkway West interrogatories.

The Board in its Decision dated June 15, 2012, granted the Motion and required Union to provide responses to the interrogatories.

With respect to the relevance of the Parkway West interrogatories, the Board indicated that a review of the forecast capital spending plan was a conventional aspect of a cost of service rebasing process. The Board recognized that the specific projects that were the focus of the interrogatories at issue were not expected to close to rate base within the test year, and that the Board was not conducting a review of the projects for approval. However, the Board has commonly reviewed capital spending forecasts as part of a cost of service review, and determined that it would do so in this case.

The Board noted that the proposed projects may have important implications for Union's operations during the following year, in particular if Union is again entering into an incentive regulation regime for rate-setting. The Board indicated that it would be remiss in considering this cost-of-service application if it did not ensure that it had as clear a picture as possible of the significant developments likely to arise within the next regulatory rate-setting period.

On the issue of confidentiality, the Board determined that, except for the benchmarking studies, the information that Union proposed to redact was not confidential, and that the full and unredacted versions should form part of the public record. With respect to the benchmarking studies, the Board agreed with Union that the specific rankings of the studies' participants (other than Union) should not be on the public record, and therefore allowed the redactions. However, the Board required that the list of the participants to the studies be made public where it was included in the study. The Board noted that in assessing the relevance of a benchmarking study, it was important that the "comparators" be known.

As per Procedural Order No. 4, a Settlement Conference was held from June 6 to June 18, 2012 between Union and intervenors to settle some or all issues. In broad terms, the parties reached an agreement with respect to rate base and cost of service for the test year, being the issues under headings Exhibit B – Rate Base and Exhibit D – Cost of Service, respectively, with the exception of matters pertaining to Gas Supply Planning (Issue 3.14) and capital expenditures relating to Parkway West (Issue 1.1). The parties also reached agreement on several other issues, each of which were separately identified as settled in the Settlement Agreement. As a result of the Settlement Agreement, the updated revenue deficiency proposed by Union was reduced to \$54.524 million from \$71.4 million. The Board considered and accepted the Settlement Agreement as reasonable.

The Board issued a Decision and Order on the remaining issues in Union's 2013 rates proceeding on October 25, 2012. In the Decision, the Board ordered Union to file a Draft Rate Order within 42 days of the date of the Decision.

In Procedural Order No. 8 and Interim Rate Order ("Procedural Order No. 8") issued on November 26, 2012, the Board noted that Union filed a letter on November 21, 2012 requesting a one week extension to file the Draft Rate Order in order to incorporate

changes related to the January 1, 2013 Quarterly Rate Adjustment Mechanism (“QRAM”) application into its Draft Rate Order. The Board accepted Union’s request and granted the requested extension. The Board also set out the revised timeline for the filing of comments on the Draft Rate Order by intervenors and Board staff.

In Procedural Order No. 8, the Board also ordered that Union’s current rates be made interim until the Board issues a Rate Order determining 2013 rates.

Union filed the Draft Rate Order on December 13, 2012. The Board received comments on Union’s Draft Rate Order from Board staff and intervenors in accordance with the timeline set in Procedural Order No. 8. The Board also received reply comments from Union.

Union filed an updated Draft Rate Order on January 10, 2013 reflecting some revisions proposed by Board staff and LPMA in their comments on the Draft Rate Order.

The Board is of the view that the Updated Draft Rate Order filed on January 10, 2013 accurately reflects the Board’s findings in its October 25, 2012 Decision and Order and the revised Settlement Agreement filed on July 24, 2012 (and approved by the Board on July 25, 2012). As such, the Board approves Union’s Updated Draft Rate Order.

### **Storage and Transportation (“S&T”) Allocation Methodologies**

In the EB-2011-0210 Decision and Order, the Board found that Union’s use of S&T margin as a rate design tool to manage rate impacts, rate continuity and revenue-to-cost ratios is not appropriate, and that S&T margin should be allocated to rate classes on the basis of sound regulatory principles. The Board noted that there are three sub-categories for S&T margin: Long-Term Transportation-related S&T margin, Short-Term Transportation-related S&T margin and Storage and Other Balancing Services-related S&T margin, and directed Union to file allocation methodologies for the above noted sub-categories, which reflect regulatory principles.<sup>1</sup>

#### Long-Term and Short-Term Transportation-related S&T Margin

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<sup>1</sup> Union Updated Draft Rate Order, January 10, 2013 at p. 2.

The long-term and short-term transportation-related S&T margin to be allocated to in-franchise ratepayers is \$3.314 million and \$6.291 million respectively, for a total of \$9.605 million.

Union proposed to allocate long-term and short-term transportation-related S&T margin between Union North and Union South operating areas in proportion to forecasted 2013 distance weighted available capacity on the Dawn-Parkway and Ojibway/St. Clair transmission systems.

Union proposed to allocate the long-term and short-term transportation-related S&T margin to Union North rate classes in proportion to the 2013 Board-approved excess of peak day demand over average day demand (XSPK&AVG allocator). This approach is consistent with the allocation of 2013 Dawn-Trafalgar Easterly demand costs to Union North rate classes.

Union proposed to allocate the long-term and short-term transportation-related S&T margin to Union South rate classes in proportion to EB-2011-0210 design (peak) day demand.

Union noted that its proposal is consistent with the methodology approved by the Board in EB-2008-0034 (Union's 2007 Deferral Account disposition proceeding) to allocate the Transportation and Exchange Services deferral account (No. 179-69) to rate classes.<sup>2</sup>

Board staff submitted that it supports Union's proposed allocation methodologies for allocating the long-term and short-term transportation-related S&T margins as they reflect established regulatory principles.<sup>3</sup> No other parties commented on this issue.

#### Storage and Other Balancing Services-related S&T Margin

The storage and other balancing services-related S&T margin to be allocated to in-franchise ratepayers is \$4.551 million.

Union proposed to allocate storage and other balancing services-related S&T margin between the Union North and Union South operating areas in proportion to the

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<sup>2</sup> Ibid at p. 3.

<sup>3</sup> Board Staff Comments on Draft Rate Order, December 31, 2012 at p. 2.

allocation of storage space related costs per the 2013 Board-approved STORAGEXCESS allocator.

Union proposed to allocate the storage and other balancing services-related S&T margin to Union North rate classes in proportion to the 2013 Board-approved excess of peak day demand over average day demand (XSPK&AVG allocator). This approach is consistent with the allocation of 2013 storage demand costs to Union North rate classes.

Union proposed to allocate the storage and other balancing services-related S&T margin to Union South rate classes in proportion to EB-2011-0210 design (peak) day demand.

Union noted that its proposal is consistent with the methodology approved by the Board in EB-2011-0038 (Union's 2010 Deferral Account disposition proceeding) and proposed by Union in EB-2012-0087 (Union's 2011 Deferral Account disposition proceeding) to allocate the balance in the Short-Term Storage and Other Balancing Services deferral account (No. 179-70) to rate classes.<sup>4</sup>

Board staff submitted that it supports Union's proposed allocation methodologies for allocating the storage and other balancing services-related S&T margin as they reflect established regulatory principles.<sup>5</sup> No other parties commented on this issue.

## Board Findings

The Board approves Union's proposed allocation methodologies for allocating the S&T margins (Long-Term & Short-Term Transportation-related S&T margins and Storage & Other Balancing Services-related S&T margins) as they reflect established regulatory principles.

## Optimization Margin

In its EB-2011-0210 Decision, the Board ordered the establishment of a new gas supply variance account in which 90% of all optimization margin not otherwise reflected in the revenue requirement are to be captured for the benefit of the ratepayers and directed

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<sup>4</sup> Union Updated Draft Rate Order, January 10, 2013 at pp. 3-4.

<sup>5</sup> Board Staff Comments on Draft Rate Order, December 31, 2012 at p. 3.



Union to file a proposal to allocate the balance of the new gas supply variance account to in-franchise customers, including direct purchase customers in the North.

Union proposed to allocate FT-RAM net revenues between Union North and Union South based on the upstream transportation contracts used to serve each delivery area. FT-RAM net revenues generated using upstream transportation long-haul contracts and STS contracts designed to serve Union North (with delivery points of SSMDA, WDA, NDA, NCDA and EDA) will be allocated to Union North. FT-RAM net revenues generated using upstream transportation long-haul contracts designed to serve Union South (the CDA delivery point) will be allocated to Union South. Specifically, with respect to capacity assignments, the revenue from each capacity assignment was attributed to either the Union North or Union South based on the delivery point. With respect to FT-RAM optimization, the total revenue earned from all optimization will be allocated based on the quantity of transportation capacity optimized, either North or South.

Union proposed that the portion of optimization margin related to Union North be allocated to rate classes in proportion to the allocation of 2013 Board-approved TCPL FT transportation demand costs. This approach ensures that optimization margin is allocated to North rate classes consistent with the manner in which FT transportation demand costs are recovered in approved gas supply transportation rates (i.e. North sales service and bundled direct purchase customers).

Union noted that the portion of optimization margin related to Union South is applicable to sales service customers only. Accordingly, Union proposed to allocate the portion of the balance related to Union South to sales service customers based on sales service volumes. This approach is consistent with the manner in which Union allocates the Unabsorbed Demand Cost ("UDC") Variance Account balance applicable to Union South to sales service customers.

Union noted that this approach is consistent with the methodology proposed by Union in EB-2012-0087 (Union's 2011 Deferral Account disposition hearing).<sup>6</sup>

CME submitted that, in the DRO, Union has interpreted the findings in the Decision and Order (at pages 39 and 40) to require that revenues realized from optimizing assets, other than Union's upstream supply portfolio held to serve its in-franchise bundled

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<sup>6</sup> Union Updated Draft Rate Order, January 10, 2013 at pp. 4-5.

customers, be classified as gas supply with 90% thereof to be held for the benefit of ratepayers as gas supply cost reductions. CME questioned whether Union's interpretation is the appropriate interpretation of the Board's findings.

CME stated that the evidence at the hearing indicated that Union engaged in optimization activities using assets outside of the ambit of its upstream supply portfolio held to serve in-franchise customers. Assets used to support such optimization activities included Union's integrated transmission, storage and distribution assets, with or without incremental upstream transportation that Union acquired outside of the ambit of its Gas Supply Plan to support such transactions. These optimization activities that take place outside of the ambit of the gas supply portfolio held by Union to serve its in-franchise customers include base exchanges.

CME noted that in the Board's findings at page 39 of its Decision and Order, the Board accepted Union's definition of gas supply portfolio optimization which is confined in scope to the optimization of the gas supply portfolio that Union holds to serve its in-franchise bundled customers. CME stated that the incremental upstream transportation that Union acquires to support base exchanges that in turn depend upon the existence of Union's other integrated assets is not part of the gas supply portfolio that Union holds to serve its in-franchise customers. The amounts that Union spends on incremental upstream transportation to support base exchanges are not charged to ratepayers through any Gas Supply Deferral Accounts. They are third party costs incurred to support optimization activities unrelated to the gas supply portfolio that Union holds to serve in-franchise customers. As such, CME submitted that base exchanges do not fall within the ambit of the definition of gas supply portfolio optimization that the Decision adopts.

Having regard to the foregoing, CME submitted that the Gas Supply Variance Account described in the Decision and Order at the bottom of page 39 is limited in scope to optimization activities in which Union engages using the upstream transportation it holds to serve its in-franchise customers.

CME submitted that other optimization activities, including the revenues from base exchanges net of all third-party costs, including incremental transportation acquired outside of the ambit of Union's Gas Supply Plan, are to be brought into revenue requirement and allocated to rate classes in the North and South on the basis of sound regulatory principles.

CME submitted that net revenues from the optimization of assets other than the upstream gas supply portfolio that Union holds to serve its in-franchise customers should be classified and allocated on the basis of sound regulatory principles. CME stated that it understands that these assets are paid for by all ratepayers through their delivery rates and, accordingly, the benefits of these optimization activities should flow to all ratepayers. CME submitted that Union's classification of the \$9.1M of forecast base exchange revenues for 2013 as a gas supply-related amount to be allocated only to those rate classes who pay for the gas supply portfolio that Union holds for in-franchise customers is incompatible with the definition of gas supply portfolio optimization adopted in the Board's Decision and Order.

CME submitted that the \$9.1M of forecast base exchange revenues should be treated differently than the gas supply portfolio optimization margins.<sup>7</sup>

Board staff supported Union's proposed allocation methodologies for allocating the optimization margin as they reflect established regulatory principles. Board staff submitted that Union's proposed allocation methodologies, discussed above, should be used to allocate the forecast optimization margin to rate classes for 2013 and should also be used to allocate the optimization margin that accrues in the new gas supply variance account to rate classes going forward. Board staff noted that if the Board agrees with Board staff's proposition that the same methodology should be used for allocating both the forecast 2013 margin and the margin that accrues in the variance account, then Directive #12<sup>8</sup> in Appendix F of the Draft Rate Order can be deleted.

Board staff also noted that it had an opportunity to briefly review CME's comments on the Draft Rate Order.

Board staff noted that on page 117 of its October 25, 2012 Decision, the Board stated:

As ordered previously, the amount built into rates related to gas supply optimization is 90% of Union's 2013 forecast of base exchanges and 90% of half of Union's FT-RAM 2013 forecast.

Board staff submitted that the Board's intent, in its October 25, 2012 Decision, was that margins related to base exchanges and other upstream transportation optimization

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<sup>7</sup> CME Comments on Draft Rate Order, December 31, 2012 at pp. 4-5.

<sup>8</sup> Directive #12 states: File a proposal to allocate the balance of the new gas supply variance account to in-franchise customers, at the time an application is filed with the Board to clear this account.

activities (i.e. FT-RAM activities) be treated in the same manner (i.e. as gas supply cost reductions). As such, Board staff submitted that Union has appropriately interpreted the Board's findings on this issue.<sup>9</sup>

In its reply comments on the Draft Rate Order, Union stated that the premise of CME's view is contrary to the Board's Decision and the evidence at the hearing that there is no distinction between base exchanges and FT-RAM related exchanges other than the use of the FT-RAM program in the latter case. Union noted that, at page 25 of the Board's Decision and Order, the Board indicated that "exchange revenue is comprised of activity using Union's upstream transportation capacity to provide exchange services to third parties. It also includes net revenue generated from pipe releases or revenue from [FT-RAM] program."

Union also noted that page 39 of the Decision provides:

Consistent with the long-standing principle that a gas utility should not profit from the procurement of gas supply for its in-franchise customers, and to eliminate the creation of inappropriate incentives during the test year, the Board finds that the optimization activities, as defined below, are to be considered part of gas supply, not part of transactional services. The Board reiterates that gas supply costs refer to both the upstream gas cost, including fuel gas, and the cost (rate multiplied by contract volume) of upstream transportation that is required to deliver gas supply to Union's in-franchise customers in the North and South Delivery Areas.

Consistent with the description provided by Union, the Board will define optimization as any market-based opportunity to extract value from the upstream supply portfolio held by Union to serve in-franchise bundled customers, including, but not limited to, all FT-RAM activities and exchanges.

Union submitted that exchange revenues are created by Union optimizing its upstream transportation contracts and its integrated assets. The upstream transportation contracts held by Union are to provide services to in-franchise customers, including all sales service customers and bundled direct purchase customers in Union North. As noted above in the Board's Decision, optimization revenue is defined as any opportunity or transaction that uses Union's in-franchise upstream portfolio. Union submitted that considering all upstream transportation contracts are held for in-franchise customers,

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<sup>9</sup> Board Staff Comments on Draft Rate Order, December 31, 2012 at pp. 4-5.

the optimization revenues generated from those assets are to be included as part of the gas supply plan.

Union submitted that it is clear that the Board required Union to include all exchange revenues, both base exchange revenues and FT-RAM revenues as gas cost reductions.<sup>10</sup>

## Board Findings

The Board approves Union's proposed allocation methodologies for allocating the optimization related margins as they reflect established regulatory principles. The Board directs Union to use the above noted allocation methodologies to allocate the forecast optimization margin to rate classes for 2013 and to allocate the optimization margin that accrues in the new gas supply variance account to rate classes going forward. The Board notes that Directive #12 included as part of the Draft Rate Order has been deleted as Union will use the same methodology to allocate the forecast optimization margin to rate classes for 2013 as it will use to allocate the optimization margin that accrues in the new gas supply variance account to rate classes going forward.

### **Transportation Tolls and Fuel – Northern and Eastern Operations Area Deferral Account (No. 179-100) and Unabsorbed Demand Cost (“UDC”) Variance Account (No. 179-108)**

In its Draft Rate Order, Union noted that it proposed, during the oral hearing, that some updates be made to certain accounting orders to be consistent with Union's actual accounting treatment for these accounts. Union noted that its Draft Rate Order includes revisions to the Transportation Tolls and Fuel – Northern and Eastern Operations Area Deferral Account (No. 179-100) and Unabsorbed Demand Cost (“UDC”) Variance Account (No. 179-108).<sup>11</sup>

Board staff supported Union's updates to the above noted accounts as Union has stated that the revised accounting orders better reflects Union's actual accounting treatment. Board staff noted that the Board did not make findings on this issue in its October 25, 2012 Decision and Order. Board staff stated that the Board should make an explicit

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<sup>10</sup> Union Reply Comments on Draft Rate Order, January 8, 2013 at pp. 8-9.

<sup>11</sup> Union Updated Draft Rate Order, January 10, 2013 at p. 2.

finding on this issue in its Decision on the Draft Rate Order.<sup>12</sup> No other parties commented on this issue.

## Board Findings

The Board approves the updates proposed by Union to the accounting orders for the Transportation Tolls and Fuel – Northern and Eastern Operations Area Deferral Account (No. 179-100) and Unabsorbed Demand Cost (“UDC”) Variance Account (No. 179-108). The Board finds that the updates better reflect Union’s actual accounting treatment for these accounts.

### Short-Term Storage and Other Balancing Services Deferral Account (No. 179-70)

In the Draft Rate Order, Union proposed the following description for the Short-Term Storage and Other Balancing Services Deferral Account (No. 179-70) (“Short-Term Storage Account”):

*To record, as a debit (credit) in Deferral Account No. 179-70 the utility portion of actual net revenues for Short-term Storage and Other Balancing Services, less the 10% shareholder incentive to provide these services and less the net revenue forecast for these services as approved by the Board for ratemaking purposes. The utility portion of actual revenues for Short-term Storage and Other Balancing Services is determined by allocating total margins received from the sale of these services based on the utility share of the total quantity of the services sold each calendar year.*

*To record, as a credit in Deferral Account No. 179-70 the payment by Union Gas for the market value of utility space that was subject to encroachment.*

Board staff submitted that the accounting order description adequately reflects the Board’s findings as it relates to storage encroachment. However, Board staff submitted that the language regarding the “utility share” could be better defined.

Board staff noted that, in its October 25, 2012 Decision and Order, the Board stated:

*...all revenues generated through the use of the regulated utility storage space up to the 100 PJ cap, both planned and the excess over planned, should be recorded in the account for sharing with ratepayers.*

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<sup>12</sup> Board Staff Comments on Draft Rate Order, December 31, 2012 at pp. 5-6.

Board staff submitted that the following update should be made to Union's proposed description for the Short-Term Storage Account (updates are underlined):

To record, as a debit (credit) in Deferral Account No. 179-70 the utility portion of actual net revenues for Short-term Storage and Other Balancing Services, less the 10% shareholder incentive to provide these services and less the net revenue forecast for these services as approved by the Board for ratemaking purposes. The utility portion of actual net revenues for Short-term Storage and Other Balancing Services is determined by allocating total margins received from the sale of these services based on the utility share of the total quantity of the services sold each calendar year. The utility share reflects the transactions supported by utility storage space (up to the 100 PJ cap – both planned and excess over planned).<sup>13</sup>

In its reply comments on the Draft Rate Order, Union accepted Board staff's proposed update to the description for the Short-Term Storage Account.<sup>14</sup> No other parties commented on this issue.

### **Board Findings**

The Board approves the proposed language for the Short-Term Storage and Other Balancing Services Deferral Account (No. 179-70) as updated by Board staff and reflected in the revised accounting order filed as part of the Updated Draft Rate Order on January 10, 2013.

### **Upstream Transportation Optimization Deferral Account (No. 179-131)**

In its Draft Rate Order, Union proposed the following descriptions (and entries) for the Upstream Transportation Optimization Deferral Account (No. 179-131) ("Optimization Account"):

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<sup>13</sup> Board Staff Comments on Draft Rate Order, December 31, 2012 at pp. 6-7.

<sup>14</sup> Union Reply Comments on Draft Rate Order, January 8, 2013 at p. 2.

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|        |   |  |
|--------|---|--|
| Debit  | - | Account No. 179-131<br>Other Deferred Charges – Upstream Transportation Optimization |
| Credit | - | Account No. 626<br>Exchange Gas  |

To record as a debit in Deferral Account No. 179-131 a receivable from customers and a reduction in cost of gas for the unit rate of optimization revenues refunded to in-franchise customers multiplied by the actual distribution transportation volumes.

|        |   |  |
|--------|---|--|
| Debit  | - | Account No. 579<br>Miscellaneous Operating Revenue                                   |
| Credit | - | Account No. 179-131<br>Other Deferred Charges – Upstream Transportation Optimization |

To record as a credit in Deferral Account No. 179-131 a payable to customers and a reduction in transportation revenue equal to the ratepayer portion (90%) of the actual net revenue from gas supply optimization activities.

Board staff requested that Union explain the entries in the Upstream Transportation Optimization Deferral Account as part of its reply comments on the Draft Rate Order.<sup>15</sup>

In its reply comments on the Draft Rate Order, Union stated that the first entry captures the amount of optimization revenue refunded to customers in approved rates. The second entry captures the actual optimization to be refunded to ratepayers. The resulting balance in the account will be the variance between the actual optimization revenue to be refunded and the actual amount refunded in approved rates.

Union stated that the two separate entries are required to ensure the effect of any volume-related variance is captured in the deferral account. If Union's sales service volumes are greater than forecast the amount refunded to customers will be higher than forecast, similarly, if sales service volumes are less than forecast the amount refunded to customers will be lower than forecast. Union noted that accounting for the actual volumes in the deferral account ensures there is no gain or loss resulting from the credit for upstream optimization included in rates.<sup>16</sup> No other parties commented on this issue.

## Board Findings

The Board approves the accounting order for the Upstream Transportation Optimization Deferral Account (No. 179-131). The Board is of the view that the accounting order entries and descriptions adequately reflect the purpose and operation of the account.

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<sup>15</sup> Board Staff Comments on Draft Rate Order, December 31, 2012 at pp. 7-8.

<sup>16</sup> Union Reply Comments on Draft Rate Order, January 8, 2013 at p. 2.



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## Closure of Rate Class and Service Offerings

In its Draft Rate Order, Union noted that its rate design evidence included proposals to eliminate the wholesale transportation service Rate 77, the contract unbundled service offerings (U5, U7, and U9) and the unbundled storage service offerings on the Rate 20 and Rate 100 rate schedules in Union North effective January 1, 2013. Union proposed to eliminate the above noted rate class and service offerings as there are no customers forecast to utilize these services in 2013. Union noted that no concerns were raised during the interrogatory and hearing processes. As such, Union noted that its Draft Rate Order includes the elimination of the above noted rate class and service offerings.<sup>17</sup>

Board staff supported Union's proposal to eliminate the above noted rate class and services offerings as there are no customers forecast to make use of these services in 2013. Board staff noted that the Board did not make findings on this issue in its October 25, 2012 Decision and Order. Board staff stated that the Board should make an explicit finding on this issue in its Decision on the Draft Rate Order.<sup>18</sup> No other parties commented on this issue.

## Board Findings

The Board approves the closure of above noted rate class and service offerings as there are no customers forecast to utilize these services in 2013.

## Rate Mitigation

CME submitted that the Draft Rate Order filed by Union is based on a premise that no rate mitigation is necessary. CME questioned whether this premise is appropriate when there are many customers in several rate classes that will be facing increases in their delivery charges that are well in excess of 10%.

CME stated it accepts that for non-contract customers, total bill impact should be the primary guide for determining whether mitigation measures should be adopted. However, for contract customers, the situation is different because many of them only pay Union for delivery services. CME noted that for many customers, their costs of gas supply are the subject matter of a separate bill. CME stated that, in prior cases, the Board has considered the magnitude of delivery-related charge increases only in

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<sup>17</sup> Union Updated Draft Rate Order, January 10, 2013 at p. 2.

<sup>18</sup> Board Staff Comments on Draft Rate Order, December 31, 2012 at pp. 8-9.

determining whether large percentage rate increases and off-setting decreases should be phased-in as a mitigation measure. Phase-in periods of up to five (5) years have been adopted in prior cases. CME urged the Board to consider whether a phase-in of the increases and decreases in contract rates over a period of two or more years is needed for non-contract customers, having regard to the range of delivery charge impacts disclosed in the Draft Rate Order Working Papers.<sup>19</sup>

The Atlantic Power Corporation submitted that the Board should direct Union to consider appropriate rate mitigation measures or potentially reconsider rates for customers in light of the large rate increases.<sup>20</sup>

Board staff noted that there are no rate classes where the bill impact is greater than 10% on the total bill. As such, Board staff submitted that no rate mitigation is required.<sup>21</sup> No other parties commented on this issue.

In its reply comments on the Draft Rate Order, Union noted that in the October 18, 2012 Report of the Board titled Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach Board's at Section 2.4:

Rate mitigation has been a policy of the Board since 2000. At that time, the Board established a requirement that distributors *consider* mitigation where total bill increases for any customer class exceed 10%. Since only consideration and not implementation of mitigation is required, this percentage is referred to as a "soft" threshold. The most recent articulation of the Board's mitigation policy confirmed the continuation of the "soft" 10% threshold for the filing of mitigation plans and provides guidance to distributors on preparing those plans. In its mitigation plan a distributor may propose any, or no, mitigation mechanism as may be suitable in a particular circumstance.

Union noted that, as filed at Working Papers Schedule 17, no rate class has a delivery bill impact that is greater than 10% of total bill. As such, Union stated that no rate mitigation is necessary.<sup>22</sup>

## Board Findings

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<sup>19</sup> CME Comments on Draft Rate Order, December 31, 2012 at p. 6.

<sup>20</sup> Atlantic Power Corporation Comments on Draft Rate Order, January 3, 2013 at p. 1.

<sup>21</sup> Board Staff Comments on Draft Rate Order, December 31, 2012 at pp. 9.

<sup>22</sup> Union Reply Comments on Draft Rate Order, January 8, 2013 at pp. 9-10.

The Board is of the view that the 10% threshold on the total bill is an appropriate threshold to apply for the consideration of rate mitigation measures. As the bill impact is less than 10% on the total bill for Union's rate classes, the Board finds that no rate mitigation is required.

### Customer Notices

CME noted that the Board has stated that one of its priorities is to assure that utility customers are better informed about their energy bills. In this context, CME urged the Board to carefully review the customer notices that Union asks it to approve. CME noted that as the rate impacts in this case vary widely from customer to customer and are the outcome of this rebasing proceeding that follows five (5) years of rate setting under the auspices of an IRM, the customer notices need to contain sufficient information to enable each customer to understand why the rates are changing to the degree that they are, particularly in those cases where the rates for customers are increasing significantly.

CME submitted that the text of the draft Notices that Union has prepared for its contract customers does little, if anything, to help them understand the causes for the rate changes that the Board has approved. CME submitted that the text of the customer notices should be strengthened in order to convey that information to all contract customers and particularly those whose rates are increasing significantly.<sup>23</sup> No other parties commented on this issue.

In its reply comments on the Draft Rate Order, Union noted that its current rate notices, both for general service and contract customers, were developed with Board staff's communications group in 2008. Union stated that the customer notices were developed to create a standardized notice that customers would recognize as a communication tool informing them that rates are changing.

Union submitted that it will address the need for more detailed explanations with customers as follows:

- For general service customers, Union will provide a bill insert that will explain the changes in distribution rates for 2013. This insert will be included with the first customer invoice for 2013 rates.

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<sup>23</sup> CME Comments on Draft Rate Order, December 31, 2013 at p. 7.

- For contract rate customers, Union is not aware of customer concerns related to its past communication of rate changes. Union has communicated the 2013 rate case proposals at customer meetings throughout 2012. In addition, consistent with past practices, Union will explain Board-approved changes in rates via email to each contract rate customer. The e-mail communications will be more detailed than the customer notices, and will provide an explanation of the major drivers of change and rate impacts. Also, consistent with past practices, in response to customer requests, Union Account Managers will meet with large contract customers on a one-to-one basis to discuss Union's 2013 rates Decision and specific rate impacts.

Union submitted that the customer notices are intended to inform customers that rates are changing and the text should not be altered. The customer notices are clear and do not confuse the customer. Union stated that its other initiatives including the bill insert, emails and face-to-face meetings address CME's concern about a customer's lack of understanding.<sup>24</sup>

### **Board Findings**

The Board notes that the customer notices were developed in association with the Board's communications group. The Board believes that the customer notices, as proposed by Union, adequately inform customers that rates are changing. The Board is of the view that Union's other initiatives for informing customers, as discussed above, will address the concerns raised by CME. As such, the Board approves Union's proposed customer notices.

### **Rate Implementation**

In its Draft Rate Order, Union proposed to implement new rates on February 1, 2013, and to dispose of any rate adjustments for the period January 1 to January 31, 2013 to rate classes 01, 10, M1 and M2 through a temporary charge or credit in rates between February 1, 2013 and December 31, 2013. Union noted that all other rate classes will be billed effective January 1, 2013 and therefore no rate adjustment is required.<sup>25</sup>

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<sup>24</sup> Union Reply Comments on Draft Rate Order, January 8, 2013 at pp. 10-11.

<sup>25</sup> Union Updated Draft Rate Order, January 10, 2013 at pp. 1-2.

Board staff supported Union's rate implementation proposal. Board staff submitted that the temporary rate riders and disposition period are appropriate.<sup>26</sup> No other parties commented on this issue.

## Board Findings

The Board finds that Union's rate implementation proposal is appropriate. As such, the Board approves Union's proposal for rate implementation.

### THE BOARD ORDERS THAT:

1. The rate changes set out in Appendix "A" and the rate schedules set out in Appendix "B" are approved effective January 1, 2013. Union shall implement these rates on the first billing cycle on or after February 1, 2013. With the exception of customer-supplied fuel under Rate T1, T2, T3, M12, M13, M16, and C1, variances between the rates charged to customers during the period January 1, 2013 to January 31, 2013 and the rates approved herein shall form part of the adjustment to be recovered from each rate class at the time that new rates are implemented.

For General Service customers served under Rates 01, 10, M1 and M2, Union shall dispose of the adjustment amount in each of these rate classes through a temporary volumetric rate rider charge/(credit) in rates from February 1, 2013 to December 31, 2013 as set out in the temporary price adjustments identified at Appendix "H".

2. In accordance with the EB-2011-0210 Settlement Agreement (item 1.4 at p.5), as approved by the Board, 2013 distribution-related rate base shall be reduced by \$12.0 million.
3. The cost of gas in delivery rates shall be updated to reflect the Board-approved January 1, 2013 Ontario Landed Reference Price of \$5.566/GJ (\$21.0506 cents/m<sup>3</sup>).
4. In accordance with the EB-2011-0210 Decision and Order a 50:50 blended approach of the 20-year declining trend and the 30-year average methodology shall be used to derive total Heating Degree Days estimates for 2013.

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<sup>26</sup> Board Staff Comments on Draft Rate Order, December 31, 2012 at pp. 9-10.

5. In accordance with the Board's EB-2011-0210 Decision and Order 2013 customer attachments shall be increased by 800 customers to reflect the customers forecasted to attach in Red Lake.
6. In accordance with the Board's EB-2011-0210 Decision and Order the 2013 contract customer demand forecast shall be increased by \$2.74 million as follows:
  - Commodity revenue - \$1.0 million;
  - Fuel commodity revenue - \$0.14 million;
  - Power overrun revenue - \$0.5 million;
  - Non-power market overrun revenue - \$1.1 million.
7. In accordance with the Board's EB-2011-0210 Decision and Order, 90% of the net revenue forecast related to short-term storage and balancing shall be reflected in 2013 rates. Union receives 10% of the margin earned from short-term storage and balancing services.
8. In accordance with the Board's EB-2011-0210 Decision and Order, the 2013 revenue forecast shall be increased to reflect FT-RAM activity. The 2013 forecast will be increased to reflect 90% of \$5.8 million related to FT-RAM forecast, or \$5.22 million.
9. In accordance with the EB-2011-0210 Settlement Agreement (item 1.6 at p.7), as approved by the Board, \$0.300 million related to system integrity costs for Union's non-utility storage space shall be excluded from the calculation of short-term storage margin available for sharing with ratepayers.
10. In accordance with the EB-2011-0210 Settlement Agreement (item 2.4 at p.9), as approved by the Board, the 2013 S&T forecast shall be increased by \$2.0 million for St. Clair revenue.
11. In accordance with the EB-2011-0210 Settlement Agreement (item 3.1 at p.9), as approved by the Board, the 2013 O&M budget shall be reduced by \$9.550 million to \$381.417 million.
12. In accordance with the EB-2011-0210 Settlement Agreement (item 3.10 at p.13), as approved by the Board, the forecast of 2013 property tax shall be reduced by \$0.750 million to \$63.272 million.

13. In accordance with the “Report of the Board on the Cost of Capital for Ontario Regulated Utilities,” dated December 11, 2009 (EB-2009-0084), the return on equity for 2013 shall be calculated using September 2012 actual and forecast bond yields. The updated ROE for 2013 is 8.93%.
14. In accordance with the Board’s EB-2011-0210 Decision and Order, the costs for system integrity space related to filled space shall be allocated on the basis of storage space requirements. Empty system integrity space reserved for hysteresis shall be allocated based on revised storage space excluding non-utility third party storage space and system integrity space reserved for the Hagar LNG facility and storage hysteresis.
15. In accordance with the Board’s EB-2011-0210 Decision and Order, Tecumseh Metering Assets shall be classified to the demand classification and allocated to rate classes based on the design day demand of Dawn compression.
16. In accordance with the Board’s EB-2011-0210 Decision and Order, Oil Spring East Assets shall be functionalized to both storage and transmission.
17. In accordance with the Board’s EB-2011-0210 Decision and Order the transmission classification of Dawn Trafalgar Easterly Transmission for Oil Spring East metering shall be eliminated.
18. In accordance with the Board’s EB-2011-0210 Decision and Order, Union shall include the costs associated with C1 Dawn to Dawn-TCPL, C1 Dawn to Dawn-Vector firm transportation service and the M12 firm all day (F24-T) transportation service in the 2013 revenue requirement. The supplemental service charge for F24-T customers shall be calculated based on the costs associated with the five incremental nomination windows and updated demands as set out in Exhibit J.G-9-13-1.
19. In accordance with the Board’s EB-2011-0210 Decision and Order, North Distribution Customer Station Plant costs shall be allocated on the basis of the average number of customers, excluding Rate 01 and the Rate 10 customers that do not meet the hourly consumption threshold of 320 m<sup>3</sup>/hour.
20. In accordance with the Board’s EB-2011-0210 Decision and Order, Union North and

Union South distribution maintenance costs for meter and regulator repair shall be allocated in proportion to the distribution meter and regulator gross plant cost allocation, excluding the M1 and Rate 01 rate classes.

21. In accordance with the Board's EB-2011-0210 Decision and Order, Equipment on customer premises distribution maintenance costs shall continue to be allocated to Union South based on service call time and Union North based on a historical allocator.
22. In accordance with the Board's EB-2011-0210 Decision and Order, purchase production general plant costs shall be classified to both the Purchase Production System and Purchase Production Other classifications in proportion to the components of Purchase Production System and Other O&M. These costs shall be allocated to rate classes in proportion to the components of Purchase Production System and Other O&M.
23. In accordance with the Board's EB-2011-0210 Decision and Order, Dawn-Trafalgar Easterly Costs shall be allocated based on distance-based commodity-kilometres.
24. In accordance with the Board's EB-2011-0210 Decision and Order, storage assets shall be allocated to the regulated storage business using the updated storage allocation factors provided in Exhibits J8.3, J8.4 and J8.5.
25. In accordance with the Board's EB-2011-0210 Decision and Order, revenue from optimization activities shall not be included in the S&T margin forecast and shall be allocated to sales service and North bundled customers that pay the costs of facilitating Union's gas supply plan.
26. In accordance with the EB-2011-0210 Decision and Order, effective January 1, 2013 the current Rate T1 rate class shall be split into new Rate T1 and Rate T2 rate classes. The new T1 rate class will be the mid-market service for commercial/industrial customers consuming a minimum annual volume of 2,500,000 m<sup>3</sup> with a daily firm contracted demand that does not exceed 140,870 m<sup>3</sup>. The new T2 rate class will be the large market service for commercial/industrial customers with a minimum daily firm contracted demand of 140,870 m<sup>3</sup>.
27. In accordance with the EB-2011-0210 Decision and Order, effective January 1,



2013, Union shall eliminate the supplemental service charge for Commercial and Industrial customers under group meters in Union South to harmonize treatment with Union North.

28. In accordance with the EB-2011-0210 Decision and Order, effective January 1, 2014, Union shall implement an interruptible service offering for Rate M4 customers with an interruptible daily contracted demand of a least 2,400 m<sup>3</sup> and minimum annual interruptible volume of 350,000 m<sup>3</sup>.
29. In accordance with the EB-2011-0210 Decision and Rate Order, Rate 77 will be eliminated effective January 1, 2013.
30. In accordance with the EB-2011-0210 Decision and Rate Order, the contract unbundled service Rates U5, U7 and U9 shall be eliminated effective January 1, 2013.
31. In accordance with the EB-2011-0210 Decision and Rate Order, the contract unbundled service offerings on the Rate 20 and Rate 100 rate schedules shall be eliminated effective January 1, 2013.
32. In accordance with the EB-2011-0210 Decision and Order, effective January 1, 2014, the eligibility criteria for M4 and M5A shall be lowered to a minimum daily contract demand of 2,400 m<sup>3</sup>, maximum daily contracted demand of 60,000 m<sup>3</sup>, and minimum annual volume requirement of 350,000 m<sup>3</sup>.
33. In accordance with the EB-2011-0210 Decision and Order, effective January 1, 2014, the eligibility criteria for Rate M7 in Union South shall be lowered to a maximum daily contracted demand of 60,000 m<sup>3</sup> and the minimum annual volume requirement shall be eliminated as a condition of qualifying for Rate M7.
34. In accordance with the EB-2011-0210 Decision and Order, effective January 1, 2013, the Distribution Consolidated Billing fee shall be lowered to \$0.57 per month per customer.
35. Union shall close the following deferral accounts effective January 1, 2013:

|         |                                 |
|---------|---------------------------------|
| 179-113 | Late Payment Penalty Litigation |
| 179-124 | Harmonized Sale Tax             |

36. Union shall maintain the following deferral accounts in accordance with Appendix “G”.

|         |  |
|---------|--|
| 179-70  | Short-term Storage and Other Balancing Services                      |
| 179-75  | Lost Revenue Adjustment Mechanism                                    |
| 179-100 | Transportation Tolls and Fuel – Northern and Eastern Operations Area |
| 179-103 | Unbundled Services Unauthorized Storage Overrun                      |
| 179-105 | North Purchase Gas Variance Account                                  |
| 179-106 | South Purchase Gas Variance Account                                  |
| 179-107 | Spot Gas Variance Account  |
| 179-108 | Unabsorbed Demand Cost (UDC) Variance Account                        |
| 179-109 | Inventory Revaluation Account  |
| 179-111 | Demand Side Management Variance Account                              |
| 179-112 | Gas Distribution Access Rule (“GDAR”) Costs                          |
| 179-115 | Shared Savings Mechanism   |
| 179-117 | Carbon Dioxide Offset Credits  |
| 179-118 | Average Use Per Customer   |
| 179-120 | CGAAP to IFRS Conversion Cost  |
| 179-123 | Conservation Demand Management                                       |
| 179-126 | Demand Side Management Incentive                                     |
| 179-127 | Pension Charge on Transition to USGAAP                               |

37. In accordance with the EB-2011-0210 Decision and Order, Union shall establish the Gas Supply Optimization deferral account (No. 179-131) to record 90% of optimization margins not reflected in the revenue requirement.

In accordance with the EB-2011-0210 Decision and Rate Order, Union shall allocate the optimization-related margin in the manner set out by Union in its Draft Rate Order.

38. In accordance with the EB-2011-0210 Decision and Rate Order, Union shall allocate the Long-term and Short-term transportation-related S&T margin in the manner set out by Union in its Draft Rate Order.

39. In accordance with the EB-2011-0210 Decision and Rate Order, Union shall allocate the Storage and other balancing services-related S&T margin in in the manner set out by Union in its Draft Rate Order.

40. In accordance with the EB-2011-0210 Decision and Order, Union shall establish the Gas Supply Plan Review deferral account (No. 179-128) to record the cost of hiring a consultant to undertake a review of the gas supply plan, gas supply planning process and gas supply planning methodology.
41. In accordance with the EB-2011-0210 Decision and Order, Union shall establish the Preparation of Audited Utility Financial Statements deferral account (No. 179-129) to record the costs of the annual preparation of audited utility financial statements.
42. In accordance with the EB-2011-0210 Decision and Order, the accounting order for Short-Term Storage and Other Balancing Services (No. 179-70) shall be amended to reflect the Board's finding that the account will capture all short-term storage transactions and revenues generated by utility storage assets. This accounting order shall be further amended to capture storage encroachment.
43. In accordance with the EB-2011-0210 Decision and Order, the accounting order for the Inventory Revaluation deferral account (No. 179-109) shall be amended to remove the transmission line pack gas from the deferral account.
44. In accordance with the EB-2011-0210 Decision and Order, the accounting order for the Average Use Per Customer deferral account (No. 179-118) shall be amended to reflect its continuation and use for 2013.
45. The rates pursuant to all contracts for interruptible service under Rates M5A, M7, T1, T2 and 25 shall be adjusted effective January 1, 2013 by the amounts set out in Appendix "C". Union shall implement 2013 changes in rates on the first billing cycle after February 1, 2013.
46. The customer notices in Appendix "D" shall be given to all customers with the first bill or invoice reflecting the new rate.
47. Union shall charge the fees as set out in Appendix "E" for non-energy charges.
48. Union shall comply with the Board directives set out in Appendix "F".
49. Union shall pay the balance of the intervenors' costs as authorized in the Board's EB-2011-0210 Decision and Order, forthwith upon receipt of the Board's Cost

Orders.

50. Union shall pay the Board's costs of, and incidental to, this proceeding immediately upon receipt of the Board's invoice.

**DATED** at Toronto, January 17, 2013

**ONTARIO ENERGY BOARD**

*Original Signed By*

Kirsten Walli  
Board Secretary

**Appendix A**

**Decision and Rate Order**

**Summary of Changes to Sales Rates**

**Board File No. EB-2011-0210**

**Dated: January 17, 2013**

UNION GAS LIMITED  
 Northern & Eastern Operations Area  
 Summary of Changes to Sales Rates  
 Rate 01A - Small Volume General Firm Service

| Line No. | Particulars (cents/m <sup>3</sup> )               | EB-2012-0437             | Rate Change | EB-2011-0210             |
|----------|---|--------------------------|-------------|--------------------------|
|          |   | Approved January 1, 2013 |             | Approved January 1, 2013 |
|          |   | Rate (a)                 | (b)         | Rate (c)                 |
| 1        | Monthly Charge - All Zones                        | \$21.00                  |             | \$21.00                  |
|          | Monthly Delivery Charge - All Zones               |                          |             |                          |
| 2        | First 100 m <sup>3</sup>                          | 7.5664                   | 2.1682      | 9.7347 (8)               |
| 3        | Next 200 m <sup>3</sup>                           | 7.0559                   | 2.1542      | 9.2102 (8)               |
| 4        | Next 200 m <sup>3</sup>                           | 6.6932                   | 2.1442      | 8.8375 (8)               |
| 5        | Next 500 m <sup>3</sup>                           | 6.3604                   | 2.1350      | 8.4955 (8)               |
| 6        | Over 1,000 m <sup>3</sup>                         | 6.0855                   | 2.1274      | 8.2130 (8)               |
| 7        | Delivery - Price Adjustment (All Volumes)         | (0.0578) (1)             | 0.5088      | 0.4510 (2)               |
|          | Gas Transportation Service                        |                          |             |                          |
| 8        | Fort Frances                                      | 5.8897                   | (0.9510)    | 4.9387                   |
| 9        | Western Zone                                      | 6.2981                   | (0.7580)    | 5.5401                   |
| 10       | Northern Zone                                     | 7.6495                   | (0.0220)    | 7.6275                   |
| 11       | Eastern Zone                                      | 8.7597                   | (0.2444)    | 8.5153                   |
| 12       | Transportation - Price Adjustment (All Zones)     | 1.1131 (3)               | (0.0608)    | 1.0523 (4)               |
|          | Storage Service                                   |                          |             |                          |
| 13       | Fort Frances                                      | 1.8724                   | 0.2783      | 2.1507                   |
| 14       | Western Zone                                      | 1.8700                   | 0.5210      | 2.3910                   |
| 15       | Northern Zone                                     | 2.2540                   | 0.9712      | 3.2252                   |
| 16       | Eastern Zone                                      | 2.5640                   | 1.0159      | 3.5799                   |
| 17       | Storage - Price Adjustment (All Zones)            | -                        | 0.2109      | 0.2109 (5)               |
|          | Commodity Cost of Gas and Fuel                    |                          |             |                          |
| 18       | Fort Frances                                      | 12.7016                  | (0.1205)    | 12.5811                  |
| 19       | Western Zone                                      | 12.7558                  | (0.1205)    | 12.6353                  |
| 20       | Northern Zone                                     | 12.8230                  | (0.1205)    | 12.7025                  |
| 21       | Eastern Zone                                      | 12.8825                  | (0.1205)    | 12.7620                  |
| 22       | Commodity and Fuel - Price Adjustment (All Zones) | (2.1736) (6)             | (0.0286)    | (2.2022) (7)             |

Notes:

- (1) Includes a temporary credit of (0.0578) cents/m<sup>3</sup> for the period October 1, 2012 to March 31, 2013.
- (2) Includes a temporary credit of (0.0578) cents/m<sup>3</sup> for the period October 1, 2012 to March 31, 2013 and a temporary charge of 0.5088 cents/m<sup>3</sup> for the period February 1, 2013 to December 31, 2013.
- (3) Includes Prospective Recovery of 0.1719, 0.2735, 0.4323 and 0.2354 cents/m<sup>3</sup>.
- (4) Includes Prospective Recovery of 0.1719, 0.2735, 0.4323 and 0.2354 cents/m<sup>3</sup>, and a temporary credit of (0.0608) cents/m<sup>3</sup> for the period February 1, 2013 to December 31, 2013.
- (5) Includes a temporary charge of 0.2109 cents/m<sup>3</sup> for the period February 1, 2013 to December 31, 2013.
- (6) Includes Prospective Recovery of (0.7743), (0.6697), (0.8603) and 0.1307 cents/m<sup>3</sup>.
- (7) Includes Prospective Recovery of (0.7743), (0.6697), (0.8603) and 0.1307 cents/m<sup>3</sup>, and a temporary credit of (0.0286) cents/m<sup>3</sup> for the period February 1, 2013 to December 31, 2013.
- (8) EB-2011-0210, Rate Order, Working Papers, Schedule 24, Page 2, column (c).

UNION GAS LIMITED  
 Northern & Eastern Operations Area  
 Summary of Changes to Sales Rates  
Rate 10 - Large Volume General Firm Service

| Line No. | Particulars (cents/m <sup>3</sup> )               | EB-2012-0437<br>Approved<br>January 1, 2013<br>Rate<br>(a) | Rate<br>Change<br>(b) | EB-2011-0210<br>Approved<br>January 1, 2013<br>Rate<br>(c) |
|----------|---|--|-----------------------|--|
| 1        | Monthly Charge - All Zones                        | \$70.00  |                       | \$70.00  |
|          | Monthly Delivery Charge - All Zones               |  |                       |  |
| 2        | First 1,000 m <sup>3</sup>                        | 6.0731   | 1.6339                | 7.7070 (8)   |
| 3        | Next 9,000 m <sup>3</sup>                         | 4.8064   | 1.4870                | 6.2934 (8)   |
| 4        | Next 20,000 m <sup>3</sup>                        | 4.0839   | 1.4033                | 5.4872 (8)   |
| 5        | Next 70,000 m <sup>3</sup>                        | 3.6215   | 1.3496                | 4.9711 (8)   |
| 6        | Over 100,000 m <sup>3</sup>                       | 1.8694   | 1.1465                | 3.0159 (8)   |
| 7        | Delivery - Price Adjustment (All Volumes)         | (0.0540) (1)   | 0.2623                | 0.2083 (2)   |
|          | Gas Transportation Service                        |  |                       |  |
| 8        | Fort Frances                                      | 5.4555   | (1.1385)              | 4.3170   |
| 9        | Western Zone                                      | 5.8639   | (0.9455)              | 4.9184   |
| 10       | Northern Zone                                     | 7.2153   | (0.2095)              | 7.0058   |
| 11       | Eastern Zone                                      | 8.3255   | (0.4320)              | 7.8935   |
| 12       | Transportation - Price Adjustment (All Zones)     | 1.1127 (3)   | (0.0786)              | 1.0341 (4)   |
|          | Storage Service                                   |  |                       |  |
| 13       | Fort Frances                                      | 1.1964   | 0.0051                | 1.2015   |
| 14       | Western Zone                                      | 1.1941   | 0.2477                | 1.4418   |
| 15       | Northern Zone                                     | 1.5796   | 0.6964                | 2.2760   |
| 16       | Eastern Zone                                      | 1.8907   | 0.7400                | 2.6307   |
| 17       | Storage - Price Adjustment (All Zones)            | -  | 0.1201                | 0.1201 (5)   |
|          | Commodity Cost of Gas and Fuel                    |  |                       |  |
| 18       | Fort Frances                                      | 12.7016  | (0.1205)              | 12.5811  |
| 19       | Western Zone                                      | 12.7558  | (0.1205)              | 12.6353  |
| 20       | Northern Zone                                     | 12.8230  | (0.1205)              | 12.7025  |
| 21       | Eastern Zone                                      | 12.8825  | (0.1205)              | 12.7620  |
| 22       | Commodity and Fuel - Price Adjustment (All Zones) | (2.1736) (6)   | (0.0225)              | (2.1961) (7)   |

Notes:

- (1) Includes a temporary credit of (0.0540) cents/m<sup>3</sup> for the period October 1, 2012 to March 31, 2013.
- (2) Includes a temporary credit of (0.0540) cents/m<sup>3</sup> for the period October 1, 2012 to March 31, 2013 and a temporary charge of 0.2623 cents/m<sup>3</sup> for the period February 1, 2013 to December 31, 2013.
- (3) Includes Prospective Recovery of 0.1718, 0.2734, 0.4322 and 0.2353 cents/m<sup>3</sup>.
- (4) Includes Prospective Recovery of 0.1718, 0.2734, 0.4322 and 0.2353 cents/m<sup>3</sup>, and a temporary credit of (0.0786) cents/m<sup>3</sup> for the period February 1, 2013 to December 31, 2013.
- (5) Includes a temporary charge of 0.1201 cents/m<sup>3</sup> for the period February 1, 2013 to December 31, 2013.
- (6) Includes Prospective Recovery of (0.7743), (0.6697), (0.8603) and 0.1307 cents/m<sup>3</sup>.
- (7) Includes Prospective Recovery of (0.7743), (0.6697), (0.8603) and 0.1307 cents/m<sup>3</sup>, and a temporary credit of (0.0225) cents/m<sup>3</sup> for the period February 1, 2013 to December 31, 2013.
- (8) EB-2011-0210, Rate Order, Working Papers, Schedule 24, Page 2, column (c).

UNION GAS LIMITED  
 Northern & Eastern Operations Area  
 Summary of Changes to Sales Rates  
Rate 20 - Medium Volume Firm Service

| Line No. | Particulars (cents/m <sup>3</sup> )               | EB-2012-0437                               |                       | EB-2011-0210                               |
|----------|---|--|-----------------------|--|
|          |   | Approved<br>January 1, 2013<br>Rate<br>(a) | Rate<br>Change<br>(b) | Approved<br>January 1, 2013<br>Rate<br>(c) |
| 1        | Monthly Charge                                    | \$777.19                                   | \$222.81              | \$1,000.00                                 |
|          | Delivery Demand Charge                            |  |                       |  |
| 2        | First 70,000 m <sup>3</sup>                       | 20.0760                                    | 7.7419                | 27.8179                                    |
| 3        | All over 70,000 m <sup>3</sup>                    | 11.8057                                    | 4.5526                | 16.3583                                    |
|          | Delivery Commodity Charge                         |  |                       |  |
| 4        | First 852,000 m <sup>3</sup>                      | 0.2643                                     | 0.2732                | 0.5375 (3)                                 |
| 5        | All over 852,000 m <sup>3</sup>                   | 0.1917                                     | 0.2014                | 0.3932 (3)                                 |
|          | Monthly Gas Supply Demand Charge                  |  |                       |  |
| 6        | Fort Frances                                      | 49.3344                                    | (27.5832)             | 21.7512                                    |
| 7        | Western Zone                                      | 57.0166                                    | (21.9699)             | 35.0467                                    |
| 8        | Northern Zone                                     | 86.6848                                    | (0.9913)              | 85.6936                                    |
| 9        | Eastern Zone                                      | 110.8603                                   | (4.7904)              | 106.0700                                   |
| 10       | Gas Supply Demand - Price Adjustment (All Zones)  | -  |                       | -  |
|          | Commodity Transportation 1                        |  |                       |  |
| 11       | Fort Frances                                      | 4.2612                                     | (0.8688)              | 3.3924                                     |
| 12       | Western Zone                                      | 4.4236                                     | (0.6945)              | 3.7291                                     |
| 13       | Northern Zone                                     | 5.1192                                     | (0.2215)              | 4.8977                                     |
| 14       | Eastern Zone                                      | 5.6884                                     | (0.2937)              | 5.3947                                     |
| 15       | Transportation 1 - Price Adjustment (All Zones)   | 1.1138 (1)                                 |                       | 1.1138 (1)                                 |
|          | Commodity Transportation 2                        |  |                       |  |
| 16       | Fort Frances                                      | 0.2893                                     | (0.1358)              | 0.1535                                     |
| 17       | Western Zone                                      | 0.2668                                     | 0.0005                | 0.2673                                     |
| 18       | Northern Zone                                     | 0.4111                                     | 0.0027                | 0.4138                                     |
| 19       | Eastern Zone                                      | 0.5383                                     | 0.0010                | 0.5393                                     |
|          | Commodity Cost of Gas and Fuel                    |  |                       |  |
| 20       | Fort Frances                                      | 12.7245                                    | (0.1205)              | 12.6040                                    |
| 21       | Western Zone                                      | 12.7788                                    | (0.1205)              | 12.6583                                    |
| 22       | Northern Zone                                     | 12.8461                                    | (0.1205)              | 12.7256                                    |
| 23       | Eastern Zone                                      | 12.9058                                    | (0.1205)              | 12.7853                                    |
| 24       | Commodity and Fuel - Price Adjustment (All Zones) | (2.1736) (2)                               |                       | (2.1736) (2)                               |
|          | Bundled Storage Service (\$/GJ)                   |  |                       |  |
| 25       | Monthly Demand Charge                             | 11.097                                     | (1.454)               | 9.643                                      |
| 26       | Commodity Charge                                  | 0.239                                      | (0.083)               | 0.156                                      |
| 27       | Storage Demand - Price Adjustment                 | -  |                       | -  |

Notes:

- (1) Includes Prospective Recovery of 0.1721, 0.2736, 0.4325 and 0.2356 cents/m<sup>3</sup>.
- (2) Includes Prospective Recovery of (0.7743), (0.6697), (0.8603) and 0.1307 cents/m<sup>3</sup>.
- (3) EB-2011-0210, Rate Order, Working Papers, Schedule 24, Page 2, column (c).



UNION GAS LIMITED  
 Northern & Eastern Operations Area  
 Summary of Changes to Sales Rates  
Rate 100 - Large Volume High Load Factor Firm Service

| Line No. | Particulars (cents/m <sup>3</sup> )                      | EB-2012-0437             | Rate Change | EB-2011-0210             |
|----------|--|--------------------------|-------------|--------------------------|
|          |  | Approved January 1, 2013 |             | Approved January 1, 2013 |
|          |  | Rate (a)                 | (b)         | Rate (c)                 |
| 1        | Monthly Charge   | \$777.19                 | \$722.81    | \$1,500.00               |
| 2        | Delivery Demand Charge<br>All Zones                      | 11.9158                  | 3.4257      | 15.3415                  |
| 3        | Delivery Commodity Charge<br>All Zones                   | 0.1657                   | 0.0480      | 0.2137 (2)               |
| 4        | Monthly Gas Supply Demand Charge<br>Fort Frances         | 88.0846                  | (26.9946)   | 61.0900                  |
| 5        | Western Zone   | 97.0663                  | (20.4649)   | 76.6014                  |
| 6        | Northern Zone  | 131.6881                 | 4.0014      | 135.6895                 |
| 7        | Eastern Zone   | 159.8951                 | (0.4332)    | 159.4619                 |
| 8        | Commodity Transportation 1<br>Fort Frances               | 7.8681                   | (0.8527)    | 7.0154                   |
| 9        | Western Zone   | 7.9899                   | (0.7220)    | 7.2679                   |
| 10       | Northern Zone  | 8.5116                   | (0.3672)    | 8.1444                   |
| 11       | Eastern Zone   | 8.9385                   | (0.4214)    | 8.5171                   |
| 12       | Commodity Transportation 2<br>Fort Frances               | 0.2893                   | (0.1358)    | 0.1535                   |
| 13       | Western Zone   | 0.2668                   | 0.0005      | 0.2673                   |
| 14       | Northern Zone  | 0.4111                   | 0.0026      | 0.4138                   |
| 15       | Eastern Zone   | 0.5383                   | 0.0010      | 0.5393                   |
| 16       | Commodity Cost of Gas and Fuel<br>Fort Frances           | 12.7245                  | (0.1205)    | 12.6040                  |
| 17       | Western Zone   | 12.7788                  | (0.1205)    | 12.6583                  |
| 18       | Northern Zone  | 12.8461                  | (0.1205)    | 12.7256                  |
| 19       | Eastern Zone   | 12.9058                  | (0.1205)    | 12.7853                  |
| 20       | Commodity and Fuel - Price Adjustment (All Zones)        | (2.1736) (1)             |             | (2.1736) (1)             |
| 21       | Bundled Storage Service (\$/GJ)<br>Monthly Demand Charge | 11.097                   | (1.454)     | 9.643                    |
| 22       | Commodity Charge   | 0.239                    | (0.083)     | 0.156                    |
| 23       | Storage Demand - Price Adjustment                        | -                        |             | -                        |

Notes:

- (1) Includes Prospective Recovery of (0.7743), (0.6697), (0.8603) and 0.1307 cents/m<sup>3</sup>.  
 (2) EB-2011-0210, Rate Order, Working Papers, Schedule 24, Page 2, column (c).

UNION GAS LIMITED  
 Northern & Eastern Operations Area  
Summary of Changes to Sales Rates

| Line No. | Particulars (cents/m <sup>3</sup> )                                   | EB-2012-0437<br>Approved<br>January 1, 2013<br>Rate<br>(a) | Rate<br>Change<br>(b) | EB-2011-0210<br>Approved<br>January 1, 2013<br>Rate<br>(c) |
|----------|---|--|-----------------------|--|
| 1        | <u>Rate 25 - Large Volume Interruptible Service</u><br>Monthly Charge | \$189.32   | \$185.68              | \$375.00   |
| 2        | Delivery Charge - All Zones *<br>Maximum                              | 3.7419   | 1.3463                | 5.0882   |
| 3        | Gas Supply Charges - All Zones<br>Minimum                             | 14.3135  |                       | 14.3135  |
| 4        | Maximum   | 140.5622   |                       | 140.5622   |

\* see Appendix C.

UNION GAS LIMITED  
 Southern Operations Area  
Summary of Changes to Sales Rates

| Line No. | Particulars (cents/m <sup>3</sup> )  | EB-2012-0437                | Rate            | EB-2011-0210                |
|----------|--|-----------------------------|-----------------|-----------------------------|
|          |  | Approved<br>January 1, 2013 | Change          | Approved<br>January 1, 2013 |
|          |  | Rate                        |                 | Rate                        |
|          |  | (a)                         | (b)             | (c)                         |
|          | <u>Utility Sales</u>   |                             |                 |                             |
| 1        | Commodity and Fuel   | 12.8825                     | (0.1205)        | 12.7620                     |
| 2        | Commodity and Fuel - Price Adjustment  | (2.0978) (1)                | (0.0853)        | (2.1831) (2)                |
| 3        | Transportation   | 4.6821                      | (0.2824)        | 4.3997                      |
| 4        | Total Gas Supply Commodity Charge  | <u>15.4668</u>              | <u>(0.4882)</u> | <u>14.9786</u>              |
|          | <u>M4 Firm Commercial/Industrial</u>   |                             |                 |                             |
| 5        | Minimum annual gas supply commodity charge   | 5.2504                      | (0.4029)        | 4.8475                      |
|          | <u>M5A Interruptible Commercial/Industrial</u>   |                             |                 |                             |
| 6        | Minimum annual gas supply commodity charge   | 5.2504                      | (0.4029)        | 4.8475                      |
|          | <u>Storage and Transportation Supplemental Services - Rate T1, Rate T2 &amp; Rate T3</u> | <u>\$/GJ</u>                |                 | <u>\$/GJ</u>                |
|          | Monthly demand charges: (\$/GJ)  |                             |                 |                             |
| 7        | Firm gas supply service  | 63.207                      | 0.118           | 63.325                      |
| 8        | Firm backstop gas  | 1.939                       | (0.093)         | 1.846                       |
|          | Commodity charges:   |                             |                 |                             |
| 9        | Gas supply   | 3.466                       |                 | 3.466                       |
| 10       | Backstop gas   | 5.015                       | (0.058)         | 4.957                       |
| 11       | Reasonable Efforts Backstop Gas  | 5.842                       | (0.110)         | 5.732                       |
| 12       | Supplemental Inventory   | Note (3)                    |                 | Note (3)                    |
| 13       | Supplemental Gas Sales Service (cents/m <sup>3</sup> )                                   | 20.4642                     | (0.2669)        | 20.1973                     |
| 14       | Failure to Deliver   | 2.565                       | (0.0040)        | 2.561                       |
| 15       | Discretionary Gas Supply Service (DGSS)  | Note (4)                    |                 | Note (4)                    |

Notes:

- (1) Includes Prospective Recovery of (0.6712), (0.4624), (0.1104) and (0.8538) cents/m<sup>3</sup>.
- (2) Includes Prospective Recovery of (0.6712), (0.4624), (0.1104) and (0.8538) cents/m<sup>3</sup>, and a temporary credit of (0.0853) cents/m<sup>3</sup> for the period February 1, 2013 to December 31, 2013.
- (3) The charge for banked gas purchases shall be the higher of the daily spot gas cost at Dawn in the month of or the month following the month in which gas is sold under this rate and shall not be less than Union's approved weighted average cost of gas.
- (4) Reflects the "back to back" price plus gas supply administration charge.

UNION GAS LIMITED  
 Southern Operations Area  
Summary of Changes to Sales Rates

| Line No.   | Particulars (cents/m <sup>3</sup> )       | EB-2012-0437                | Rate     | EB-2011-0210                |
|--|---|-----------------------------|----------|-----------------------------|
|  |   | Approved<br>January 1, 2013 | Change   | Approved<br>January 1, 2013 |
|  |   | Rate                        |          | Rate                        |
|  |   | (a)                         | (b)      | (c)                         |
| <u>Rate M1 - Small Volume General Service Rate</u> |   |                             |          |                             |
| 1  | Monthly Charge                            | \$21.00                     |          | \$21.00                     |
| 2  | First 100 m <sup>3</sup>                  | 3.5562                      | 0.2234   | 3.7795 (8)                  |
| 3  | Next 150 m <sup>3</sup>                   | 3.3617                      | 0.2114   | 3.5730 (8)                  |
| 4  | All over 250 m <sup>3</sup>               | 2.9017                      | 0.1829   | 3.0845 (8)                  |
| 5  | Delivery - Price Adjustment (All Volumes) | (0.0483) (1)                | 0.0429   | (0.0054) (2)                |
| 6  | Storage Service                           | 0.9735                      | (0.2367) | 0.7368                      |
| 7  | Storage - Price Adjustment                | -                           | (0.0513) | (0.0513) (3)                |
| <u>Rate M2 - Large Volume General Service Rate</u> |   |                             |          |                             |
| 8  | Monthly Charge                            | \$70.00                     |          | \$70.00                     |
| 9  | First 1,000 m <sup>3</sup>                | 3.7639                      | 0.3778   | 4.1416 (8)                  |
| 10   | Next 6,000 m <sup>3</sup>                 | 3.6850                      | 0.3804   | 4.0653 (8)                  |
| 11   | Next 13,000 m <sup>3</sup>                | 3.4499                      | 0.3881   | 3.8379 (8)                  |
| 12   | All over 20,000 m <sup>3</sup>            | 3.1678                      | 0.3973   | 3.5650 (8)                  |
| 13   | Delivery - Price Adjustment (All Volumes) | (0.0471) (4)                | 0.0826   | 0.0355 (5)                  |
| 14   | Storage Service                           | 0.7172                      | 0.0378   | 0.7550                      |
| 15   | Storage - Price Adjustment                | -                           | 0.0080   | 0.0080 (6)                  |
| <u>Rate M4 - Firm comm/ind contract rate</u>       |   |                             |          |                             |
| Monthly demand charge:                             |   |                             |          |                             |
| 16   | First 8,450 m <sup>3</sup>                | 45.2527                     | 1.3712   | 46.6239                     |
| 17   | Next 19,700 m <sup>3</sup>                | 19.6336                     | 1.2714   | 20.9050                     |
| 18   | All over 28,150 m <sup>3</sup>            | 16.3047                     | 1.2584   | 17.5631                     |
| Monthly delivery commodity charge:                 |   |                             |          |                             |
| 19   | First block                               | 0.5868                      | 0.3753   | 0.9621 (8)                  |
| 20   | All remaining use                         | 0.2477                      | 0.1766   | 0.4243 (8)                  |
| 21   | Delivery - Price Adjustment (All Volumes) | 0.0002 (7)                  |          | 0.0002 (7)                  |
| 22   | Minimum annual delivery commodity charge  | 0.9006                      | 0.2548   | 1.1554                      |

Notes:

- (1) Includes Prospective Recovery of 0.0000, 0.0000, 0.0001, 0.0001 and a temporary credit of (0.0485) cents/m<sup>3</sup> for the period October 1, 2012 to March 31, 2013.
- (2) Includes Prospective Recovery of 0.0000, 0.0000, 0.0001, 0.0001, a temporary credit of (0.0485) cents/m<sup>3</sup> for the period October 1, 2012 to March 31, 2013 and a temporary charge of 0.0429 cents/m<sup>3</sup> for the period February 1, 2013 to December 31, 2013.
- (3) Includes a temporary credit of (0.0513) cents/m<sup>3</sup> for the period February 1, 2013 to December 31, 2013.
- (4) Includes Prospective Recovery of 0.0000, 0.0000, 0.0001, 0.0001 and a temporary credit of (0.0473) cents/m<sup>3</sup> for the period October 1, 2012 to March 31, 2013.
- (5) Includes Prospective Recovery of 0.0000, 0.0000, 0.0001, 0.0001 and a temporary credit of (0.0473) cents/m<sup>3</sup> for the period October 1, 2012 to March 31, 2013 and a temporary charge of 0.0826 cents/m<sup>3</sup> for the period February 1, 2013 to December 31, 2013.
- (6) Includes a temporary charge of 0.0080 cents/m<sup>3</sup> for the period February 1, 2013 to December 31, 2013.
- (7) Includes Prospective Recovery of 0.0000, 0.0000, 0.0001 and 0.0001 cents/m<sup>3</sup>.
- (8) EB-2011-0210, Rate Order, Working Papers, Schedule 24, Page 2, column (c).

UNION GAS LIMITED  
 Southern Operations Area  
Summary of Changes to Sales Rates

| Line No.  | Particulars (cents/m <sup>3</sup> )              | EB-2012-0437<br>Approved<br>January 1, 2013<br>Rate<br>(a) | Rate<br>Change<br>(b) | EB-2011-0210<br>Approved<br>January 1, 2013<br>Rate<br>(c) |
|---|--|--|-----------------------|--|
| <u>Rate M5A - interruptible comm/ind contract</u> |  |  |                       |  |
| <u>Firm contracts</u> *                           |  |  |                       |  |
| 1   | Monthly demand charge                            | 27.4318  | 1.1934                | 28.6252  |
| 2   | Monthly delivery commodity charge                | 2.1615   | (0.2238)              | 1.9377 (2)   |
| 3   | Delivery - Price Adjustment (All Volumes)        | 0.0002 (1)   |                       | 0.0002 (1)   |
| <u>Interruptible contracts</u> *                  |  |  |                       |  |
| 4   | Monthly Charge                                   | \$498.20   | \$191.80              | \$690.00   |
| Daily delivery commodity charge:                  |  |  |                       |  |
| 5   | 4,800 m <sup>3</sup> to 17,000 m <sup>3</sup>    | 2.1964   | 0.7748                | 2.9712 (2)   |
| 6   | 17,000 m <sup>3</sup> to 30,000 m <sup>3</sup>   | 2.0665   | 0.7748                | 2.8413 (2)   |
| 7   | 30,000 m <sup>3</sup> to 50,000 m <sup>3</sup>   | 1.9982   | 0.7748                | 2.7730 (2)   |
| 8   | 50,000 m <sup>3</sup> to 70,000 m <sup>3</sup>   | 1.9503   | 0.7748                | 2.7251 (2)   |
| 9   | 70,000 m <sup>3</sup> to 100,000 m <sup>3</sup>  | 1.9160   | 0.7748                | 2.6908 (2)   |
| 10  | 100,000 m <sup>3</sup> to 140,870 m <sup>3</sup> | 1.8823   | 0.7748                | 2.6571 (2)   |
| 11  | Delivery - Price Adjustment (All Volumes)        | 0.0002 (1)   |                       | 0.0002 (1)   |
| 12  | Annual minimum delivery commodity charge         | 2.5102   | 0.6543                | 3.1645   |
| <u>Rate M7 - Special large volume contract</u>    |  |  |                       |  |
| <u>Firm</u>                                       |  |  |                       |  |
| 13  | Monthly demand charge                            | 25.1902  | 0.2022                | 25.3924  |
| 14  | Monthly delivery commodity charge                | 0.1005   | 0.2201                | 0.3206 (2)   |
| 15  | Delivery - Price Adjustment                      | 0.0002 (1)   |                       | 0.0002 (1)   |
| <u>Interruptible</u> *                            |  |  |                       |  |
| Monthly delivery commodity charge:                |  |  |                       |  |
| 16  | Maximum  | 2.4667   | 1.4788                | 3.9455   |
| 17  | Delivery - Price Adjustment                      | 0.0002 (1)   |                       | 0.0002 (1)   |
| <u>Seasonal</u> *                                 |  |  |                       |  |
| Monthly delivery commodity charge:                |  |  |                       |  |
| 18  | Maximum  | 2.2226   | 1.4788                | 3.7014   |
| 19  | Delivery - Price Adjustment                      | 0.0002 (1)   |                       | 0.0002 (1)   |
| <u>Rate M9 - Large wholesale service</u>          |  |  |                       |  |
| 20  | Monthly demand charge                            | 16.8055  | (1.6367)              | 15.1688  |
| 21  | Monthly delivery commodity charge                | 0.2539   | (0.0549)              | 0.1990 (2)   |
| 22  | Delivery - Price Adjustment                      | 0.0002 (1)   |                       | 0.0002 (1)   |
| <u>Rate M10 - Small wholesale service</u>         |  |  |                       |  |
| 23  | Monthly delivery commodity charge                | 2.5190   | 2.6544                | 5.1734 (2)   |

Notes:

- (1) Includes Prospective Recovery of 0.0000, 0.0000, 0.0001 and 0.0001 cents/m<sup>3</sup>.  
 (2) EB-2011-0210, Rate Order, Working Papers, Schedule 24, Page 2, column (c).

\* Price changes to individual interruptible and seasonal contract rates are provided in Appendix C.

UNION GAS LIMITED  
 Southern Operations Area  
Summary of Changes to Contract Carriage Rates

| Line No. | Particulars   | EB-2012-0437<br>Approved<br>January 1, 2013<br>Rate<br>(a) | Rate<br>Change<br>(b) | EB-2011-0210<br>Approved<br>January 1, 2013<br>Rate<br>(c) |
|----------|---|--|-----------------------|--|
|          | <u>Contract Carriage Service</u>                                    |  |                       |  |
|          | <u>T1 Storage and Transportation</u>                                |  |                       |  |
|          | <u>Storage (\$ / GJ)</u>  |  |                       |  |
|          | Monthly demand charges:   |  |                       |  |
| 1        | Firm space  | 0.010  |                       | -  |
|          | Firm Injection/Withdrawal Right                                     |  |                       |  |
| 2        | Union provides deliverability inventory                             | 1.544  |                       | -  |
| 3        | Customer provides deliverability inventory                          | 1.012  |                       | -  |
| 4        | Firm incremental injection  | 1.012  |                       | -  |
| 5        | Interruptible withdrawal  | 1.012  |                       | -  |
|          | Commodity charges:  |  |                       |  |
| 6        | Withdrawal  | 0.040  |                       | -  |
| 7        | Customer provides compressor fuel                                   | 0.007  |                       | -  |
| 8        | Injection   | 0.040  |                       | -  |
| 9        | Customer provides compressor fuel                                   | 0.007  |                       | -  |
| 10       | Storage fuel ratio - customer provides fuel                         | 0.597%   |                       | -  |
|          | <u>Transportation (cents / m<sup>3</sup>)</u>                       |  |                       |  |
| 11       | Monthly demand charge first 140,870 m <sup>3</sup>                  | 19.0307  |                       | -  |
| 12       | Monthly demand charge all over 140,870 m <sup>3</sup>               | 13.0041  |                       | -  |
|          | Firm commodity charges:   |  |                       |  |
| 13       | Union provides compressor fuel first 2,360,653 m <sup>3</sup>       | 0.3430   |                       | -  |
| 14       | Union provides compressor fuel all over 2,360,653 m <sup>3</sup>    | 0.2293   |                       | -  |
| 15       | Customer provides compressor fuel first 2,360,653 m <sup>3</sup>    | 0.2264   |                       | -  |
| 16       | Customer provides compressor fuel all over 2,360,653 m <sup>3</sup> | 0.1127   |                       | -  |
|          | Interruptible commodity charges: *                                  |  |                       |  |
| 17       | Maximum - Union provides compressor fuel                            | 2.4667   |                       | -  |
| 18       | Maximum - customer provides compressor fuel                         | 2.3501   |                       | -  |
| 19       | Transportation fuel ratio - customer provides fuel                  | 0.554%   |                       | -  |
|          | <u>Authorized overrun services</u>                                  |  |                       |  |
|          | Storage (\$ / GJ)   |  |                       |  |
|          | Commodity charges   |  |                       |  |
| 20       | Injection / Withdrawals   | 0.115  |                       | -  |
| 21       | Customer provides compressor fuel                                   | 0.058  |                       | -  |
| 22       | Transportation commodity charge (cents/m <sup>3</sup> )             | 0.9687   |                       | -  |
| 23       | Customer provides compressor fuel                                   | 0.8521   |                       | -  |
| 24       | <u>Monthly Charge</u>   | \$1,793.52   |                       | -  |

\* Price changes to individual interruptible contract rates are provided in Appendix C.

UNION GAS LIMITED  
 Southern Operations Area  
Summary of Changes to Contract Carriage Rates

| Line No. | Particulars   | EB-2012-0437<br>Approved<br>January 1, 2013<br>Rate<br>(a) | Rate<br>Change<br>(b) | EB-2011-0210<br>Approved<br>January 1, 2013<br>Rate<br>(c) |
|----------|---|--|-----------------------|--|
|          | <u>Contract Carriage Service</u>                        |  |                       |  |
|          | <u>Rate T1 - Storage and Transportation</u>             |  |                       |  |
|          | <u>Storage (\$ / GJ)</u>                                |  |                       |  |
|          | Monthly demand charges:                                 |  |                       |  |
| 1        | Firm space  | 0.010  | 0.001                 | 0.011  |
| 2        | Firm Injection/Withdrawal Right                         |  |                       |  |
|          | Union provides deliverability inventory                 | 1.544  | 0.081                 | 1.624  |
| 3        | Customer provides deliverability inventory              | 1.012  | 0.185                 | 1.197  |
| 4        | Firm incremental injection                              | 1.012  | 0.185                 | 1.197  |
| 5        | Interruptible withdrawal                                | 1.012  | 0.185                 | 1.197  |
|          | Commodity charges:                                      |  |                       |  |
| 6        | Withdrawal  | 0.040  | (0.011)               | 0.030  |
| 7        | Customer provides compressor fuel                       | 0.007  | 0.001                 | 0.008  |
| 8        | Injection   | 0.040  | (0.011)               | 0.030  |
| 9        | Customer provides compressor fuel                       | 0.007  | 0.001                 | 0.008  |
| 10       | Storage fuel ratio - customer provides fuel             | 0.597%   | -0.202%               | 0.395%   |
|          | <u>Transportation (cents / m<sup>3</sup>)</u>           |  |                       |  |
| 11       | Monthly demand charge first 28,150 m <sup>3</sup>       | -  |                       | 31.9554  |
| 12       | Monthly demand charge next 112,720 m <sup>3</sup>       | -  |                       | 22.0775  |
|          | Firm commodity charges:                                 |  |                       |  |
| 13       | Union provides compressor fuel - All volumes            | -  |                       | 0.1238   |
| 15       | Customer provides compressor fuel - All volumes         | -  |                       | 0.0712   |
| 16       |   |  |                       |  |
|          | Interruptible commodity charges: *                      |  |                       |  |
| 17       | Maximum - Union provides compressor fuel                | -  |                       | 3.9455   |
| 18       | Maximum - customer provides compressor fuel             | -  |                       | 3.8929   |
| 19       | Transportation fuel ratio - customer provides fuel      | -  |                       | 0.250%   |
|          | <u>Authorized overrun services</u>                      |  |                       |  |
|          | <u>Storage (\$ / GJ)</u>                                |  |                       |  |
|          | Commodity charges                                       |  |                       |  |
| 20       | Injection / Withdrawals                                 | -  |                       | 0.108  |
| 21       | Customer provides compressor fuel                       | -  |                       | 0.061  |
| 22       | Transportation commodity charge (cents/m <sup>3</sup> ) | -  |                       | 1.1743   |
| 23       | Customer provides compressor fuel                       | -  |                       | 1.1218   |
| 24       | <u>Monthly Charge</u>                                   | -  |                       | \$ 1,936.13  |

\* Price changes to individual interruptible contract rates are provided in Appendix C.

UNION GAS LIMITED  
 Southern Operations Area  
Summary of Changes to Contract Carriage Rates

| Line No. | Particulars   | EB-2012-0437<br>Approved<br>January 1, 2013<br>Rate<br>(a) | Rate<br>Change<br>(b) | EB-2011-0210<br>Approved<br>January 1, 2013<br>Rate<br>(c) |
|----------|---|--|-----------------------|--|
|          | <u>Contract Carriage Service</u>                        |  |                       |  |
|          | <u>Rate T2 - Storage and Transportation</u>             |  |                       |  |
|          | <u>Storage (\$ / GJ)</u>                                |  |                       |  |
|          | Monthly demand charges:                                 |  |                       |  |
| 1        | Firm space  | 0.010  | 0.001                 | 0.011  |
| 2        | Firm Injection/Withdrawal Right                         |  |                       |  |
|          | Union provides deliverability inventory                 | 1.544  | 0.081                 | 1.624  |
| 3        | Customer provides deliverability inventory              | 1.012  | 0.185                 | 1.197  |
| 4        | Firm incremental injection                              | 1.012  | 0.185                 | 1.197  |
| 5        | Interruptible withdrawal                                | 1.012  | 0.185                 | 1.197  |
|          | Commodity charges:                                      |  |                       |  |
| 6        | Withdrawal  | 0.040  | (0.011)               | 0.030  |
| 7        | Customer provides compressor fuel                       | 0.007  | 0.001                 | 0.008  |
| 8        | Injection   | 0.040  | (0.011)               | 0.030  |
| 9        | Customer provides compressor fuel                       | 0.007  | 0.001                 | 0.008  |
| 10       | Storage fuel ratio - customer provides fuel             | 0.597%   | -0.202%               | 0.395%   |
|          | <u>Transportation (cents / m<sup>3</sup>)</u>           |  |                       |  |
| 11       | Monthly demand charge first 140,870 m <sup>3</sup>      | -  |                       | 20.1911  |
| 12       | Monthly demand charge all over 140,870 m <sup>3</sup>   | -  |                       | 10.6802  |
|          | Firm commodity charges:                                 |  |                       |  |
| 13       | Union provides compressor fuel - All volumes            | -  |                       | 0.0597   |
| 15       | Customer provides compressor fuel - All volumes         | -  |                       | 0.0078   |
| 16       |   |  |                       |  |
|          | Interruptible commodity charges: *                      |  |                       |  |
| 17       | Maximum - Union provides compressor fuel                | -  |                       | 3.9455   |
| 18       | Maximum - customer provides compressor fuel             | -  |                       | 3.8936   |
| 19       | Transportation fuel ratio - customer provides fuel      | -  |                       | 0.247%   |
|          | <u>Authorized overrun services</u>                      |  |                       |  |
|          | Storage (\$ / GJ)                                       |  |                       |  |
|          | Commodity charges                                       |  |                       |  |
| 20       | Injection / Withdrawals                                 | -  |                       | 0.108  |
| 21       | Customer provides compressor fuel                       | -  |                       | 0.061  |
| 22       | Transportation commodity charge (cents/m <sup>3</sup> ) | -  |                       | 0.7235   |
| 23       | Customer provides compressor fuel                       | -  |                       | 0.6716   |
| 24       | <u>Monthly Charge</u>                                   | -  |                       | \$ 6,000.00  |

\* Price changes to individual interruptible contract rates are provided in Appendix C.



UNION GAS LIMITED  
 Southern Operations Area  
Summary of Changes to Contract Carriage Rates

| Line No.                                      | Particulars   | EB-2012-0437<br>Approved<br>January 1, 2013<br>Rate<br>(a) | Rate<br>Change<br>(b) | EB-2011-0210<br>Approved<br>January 1, 2013<br>Rate<br>(c) |
|---|---|--|-----------------------|--|
| <u>Rate T3 - Storage and Transportation</u>   |   |  |                       |  |
| <u>Storage (\$ / GJ)</u>                      |   |  |                       |  |
| Monthly demand charges:                       |   |  |                       |  |
| 1   | Firm space  | 0.010  | 0.001                 | 0.011  |
|   | Firm Injection/Withdrawal Right                           |  |                       |  |
| 2   | Union provides deliverability inventory                   | 1.544  | 0.081                 | 1.624  |
| 3   | Customer provides deliverability inventory                | 1.012  | 0.185                 | 1.197  |
| 4   | Firm incremental injection                                | 1.012  | 0.185                 | 1.197  |
| 5   | Interruptible withdrawal                                  | 1.012  | 0.185                 | 1.197  |
| Commodity charges:                            |   |  |                       |  |
| 6   | Withdrawal  | 0.040  | (0.011)               | 0.030  |
| 7   | Customer provides compressor fuel                         | 0.007  | 0.001                 | 0.008  |
| 8   | Injection   | 0.040  | (0.011)               | 0.030  |
| 9   | Customer provides compressor fuel                         | 0.007  | 0.001                 | 0.008  |
| 10  | Storage fuel ratio- Cust. provides fuel                   | 0.597%   | -0.202%               | 0.395%   |
| <br>  |   |  |                       |  |
| <u>Transportation (cents / m<sup>3</sup>)</u> |   |  |                       |  |
| 11  | Monthly demand charge                                     | 8.9901   | 0.3681                | 9.3582   |
|   | Firm commodity charges                                    |  |                       |  |
| 12  | Union supplies compressor fuel                            | 0.2201   | (0.1494)              | 0.0707   |
| 13  | Customer provides compressor fuel                         | 0.0681   | (0.0574)              | 0.0107   |
| 14  | Transportation fuel ratio- Cust. provides fuel            | 0.722%   | -0.437%               | 0.285%   |
| <br>  |   |  |                       |  |
| <u>Authorized overrun services</u>            |   |  |                       |  |
| <u>Storage (\$ / GJ)</u>                      |   |  |                       |  |
| Commodity charges:                            |   |  |                       |  |
| 15  | Injection / Withdrawals                                   | 0.115  | (0.007)               | 0.108  |
| 16  | Customer provides compressor fuel                         | 0.058  | 0.003                 | 0.061  |
| <br>  |   |  |                       |  |
| 17  | Transportation commodity charge (cents/m <sup>3</sup> )   | 0.5156   | (0.1373)              | 0.3783   |
| 18  | Customer provides compressor fuel (cents/m <sup>3</sup> ) | 0.3637   | (0.0453)              | 0.3184   |
| <br>  |   |  |                       |  |
| <u>Monthly Charge</u>                         |   |  |                       |  |
| 19  | City of Kitchener   | \$17,549.76  | \$2,821.59            | \$20,371.35  |
| 20  | Natural Resource Gas                                      | \$2,694.07   | \$433.14              | \$3,127.21   |
| 21  | Six Nations   | \$898.02   | \$144.38              | \$1,042.40   |

UNION GAS LIMITED  
 Southern Operations Area  
Summary of Changes to Unbundled Rates

| Line<br>No. | Particulars                                  | EB-2012-0437<br>Approved<br>January 1, 2013<br>Rate<br>(a) | Rate<br>Change<br>(b) | EB-2011-0210<br>Approved<br>January 1, 2013<br>Rate<br>(c) |
|-------------|--|--|-----------------------|--|
|             | <u>U2 Unbundled Service</u>                  |  |                       |  |
|             | <u>Storage (\$ / GJ)</u>                     |  |                       |  |
|             | Monthly demand charges:                      |  |                       |  |
|             | Standard Storage Service (SSS)               |  |                       |  |
| 1           | Combined Firm Space & Deliverability         | 0.021  | 0.003                 | 0.024  |
|             | Standard Peaking Service (SPS)               |  |                       |  |
| 2           | Combined Firm Space & Deliverability         | 0.102  | 0.015                 | 0.116  |
| 3           | Incremental firm injection right             | 0.917  | 0.124                 | 1.041  |
| 4           | Incremental firm withdrawal right            | 0.917  | 0.124                 | 1.041  |
|             | Commodity charges:                           |  |                       |  |
| 5           | Injection customer provides compressor fuel  | 0.015  | 0.011                 | 0.026  |
| 6           | Withdrawal customer provides compressor fuel | 0.015  | 0.011                 | 0.026  |
| 7           | Storage fuel ratio - Customer provides fuel  | 0.597%   | -0.202%               | 0.395%   |
|             | <u>Authorized overrun services</u>           |  |                       |  |
|             | <u>Storage (\$ / GJ)</u>                     |  |                       |  |
|             | Commodity charges:                           |  |                       |  |
| 8           | Injection customer provides compressor fuel  | 0.045  | 0.015                 | 0.060  |
| 9           | Withdrawal customer provides compressor fuel | 0.045  | 0.015                 | 0.060  |

UNION GAS LIMITED  
Summary of Changes to Transportation Rates

| Line No.  | Particulars (\$/GJ)  | EB-2012-0437<br>Approved<br>January 1, 2013<br>Rate<br>(a) | Rate<br>Change<br>(b) | EB-2011-0210<br>Approved<br>January 1, 2013<br>Rate<br>(c) |
|---|--|--|-----------------------|--|
| <u>M12 Transportation Service</u>                 |  |  |                       |  |
| <u>Firm Transportation</u>                        |  |  |                       |  |
| Monthly demand charges:                           |  |  |                       |  |
| 1   | Dawn to Kirkwall   | 1.978  | 0.033                 | 2.011  |
| 2   | Dawn to Parkway  | 2.323  | 0.059                 | 2.382  |
| 3   | Kirkwall to Parkway  | 0.345  | 0.027                 | 0.372  |
| 4   | F24-T  | 0.689  | (0.622)               | 0.068  |
| <u>M12-X Firm Transportation</u>                  |  |  |                       |  |
| 5   | Between Dawn, Kirkwall and Parkway                         | 2.868  | 0.093                 | 2.961  |
| Commodity charges:                                |  |  |                       |  |
| 6   | Easterly   | Note (1)   |                       | Note (1)   |
| 7   | Westerly   | Note (1)   |                       | Note (1)   |
| 8   | Parkway (TCPL) to Parkway (Cons)                           | Note (1)   |                       | Note (1)   |
| <u>Limited Firm/Interruptible</u>                 |  |  |                       |  |
| Monthly demand charges:                           |  |  |                       |  |
| 9   | Maximum  | 5.576  | 0.142                 | 5.718  |
| Commodity charges :                               |  |  |                       |  |
| 10  | Others   | Note (1)   |                       | Note (1)   |
| <u>Authorized Overrun</u>                         |  |  |                       |  |
| Transportation commodity charges:                 |  |  |                       |  |
| Easterly:   |  |  |                       |  |
| 11  | Dawn to Kirkwall - Union supplied fuel                     | Note (1)   |                       | Note (1)   |
| 12  | Dawn to Parkway - Union supplied fuel                      | Note (1)   |                       | Note (1)   |
| 13  | Dawn to Kirkwall - Shipper supplied fuel                   | 0.065 (1)  | 0.001                 | 0.066 (1)  |
| 14  | Dawn to Parkway - Shipper supplied fuel                    | 0.076 (1)  | 0.002                 | 0.078 (1)  |
| 15  | Kirkwall to Parkway - Union supplied fuel                  | Note (1)   |                       | Note (1)   |
| 16  | Kirkwall to Parkway - Shipper supplied fuel                | 0.011 (1)  | 0.001                 | 0.012  |
| 17  | Westerly - Union supplied fuel                             | Note (1)   |                       | Note (1)   |
| 18  | Westerly - Shipper supplied fuel                           | 0.076 (1)  | 0.002                 | 0.078 (1)  |
| M12-X Firm Transportation                         |  |  |                       |  |
| 19  | Between Dawn, Kirkwall and Parkway - Union supplied fuel   | Note (1)   |                       | Note (1)   |
| 20  | Between Dawn, Kirkwall and Parkway - Shipper supplied fuel | 0.094 (1)  | 0.003                 | 0.097  |
| <u>M13 Transportation of Locally Produced Gas</u> |  |  |                       |  |
| 21  | Monthly fixed charge per customer station                  | \$655.83   | 270.769               | \$926.60   |
| 22  | Transmission commodity charge to Dawn                      | 0.025  | 0.009                 | 0.034  |
| 23  | Commodity charge - Union supplies fuel                     | 0.021  | (0.012)               | 0.009 (2)  |
| 24  | Commodity charge - Shipper supplies fuel                   | Note (3)   |                       | Note (2)   |
| 25  | Authorized Overrun - Union supplies fuel                   | 0.078  | (0.001)               | 0.077 (2)  |
| 26  | Authorized Overrun - Shipper supplies fuel                 | 0.057 (3)  | 0.012                 | 0.069 (3)  |

Notes:

- (1) Monthly fuel rates and ratios per Schedule "C".
- (2) EB-2011-0210, Rate Order, Working Papers, Schedule 24, page 3, column (c).
- (2) Plus customer supplied fuel per rate schedule.

UNION GAS LIMITED  
Summary of Changes to Transportation Rates

| Line No.   | Particulars (\$/GJ)   | EB-2012-0437<br>Approved<br>January 1, 2013<br>Rate<br>(a) | Rate<br>Change<br>(b) | EB-2011-0210<br>Approved<br>January 1, 2013<br>Rate<br>(c) |
|--|---|--|-----------------------|--|
| <u>M16 Storage Transportation Service</u>                      |   |  |                       |  |
| 1  | Monthly fixed charge per customer station                             | \$664.27   | \$809.85              | \$1,474.12   |
|  | Monthly demand charges:   |  |                       |  |
| 2  | East of Dawn  | 0.725  | 0.016                 | 0.741  |
| 3  | West of Dawn  | 0.967  | 0.092                 | 1.059  |
| 4  | Transmission commodity charge to Dawn                                 | 0.025  | 0.009                 | 0.034  |
|  | Transportation Fuel Charges to Dawn:                                  |  |                       |  |
| 5  | East of Dawn - Union supplied fuel                                    | 0.021  | (0.012)               | 0.009 (1)  |
| 6  | West of Dawn - Union supplied fuel                                    | 0.021  | (0.012)               | 0.009 (1)  |
| 7  | East of Dawn - Shipper supplied fuel                                  | Note (2)   |                       | Note (2)   |
| 8  | West of Dawn - Shipper supplied fuel                                  | Note (2)   |                       | Note (2)   |
|  | Transportation Fuel Charges to Pools:                                 |  |                       |  |
| 9  | East of Dawn - Union supplied fuel                                    | 0.024  | (0.015)               | 0.009 (1)  |
| 10   | West of Dawn - Union supplied fuel                                    | 0.027  | (0.003)               | 0.024 (1)  |
| 11   | East of Dawn - Shipper supplied fuel                                  | Note (2)   |                       | Note (2)   |
| 12   | West of Dawn - Shipper supplied fuel                                  | Note (2)   |                       | Note (2)   |
| <u>Authorized Overrun</u>                                      |   |  |                       |  |
|  | Transportation Fuel Charges to Dawn:                                  |  |                       |  |
| 13   | East of Dawn - Union supplied fuel                                    | 0.070  | (0.003)               | 0.067 (1)  |
| 14   | West of Dawn - Union supplied fuel                                    | 0.078  | (0.001)               | 0.077 (1)  |
| 15   | East of Dawn - Shipper supplied fuel                                  | 0.049 (2)  | 0.009                 | 0.058 (2)  |
| 16   | West of Dawn - Shipper supplied fuel                                  | 0.057 (2)  | 0.012                 | 0.069 (2)  |
|  | Transportation Fuel Charges to Pools:                                 |  |                       |  |
| 17   | East of Dawn - Union supplied fuel                                    | 0.048  | (0.015)               | 0.033 (1)  |
| 18   | West of Dawn - Union supplied fuel                                    | 0.059  | (0.000)               | 0.059 (1)  |
| 19   | East of Dawn - Shipper supplied fuel                                  | 0.024 (2)  | (0.000)               | 0.024 (2)  |
| 20   | West of Dawn - Shipper supplied fuel                                  | 0.032 (2)  | 0.003                 | 0.035 (2)  |
| <u>C1 Storage &amp; Cross Franchise Transportation Service</u> |   |  |                       |  |
| <u>Transportation service</u>                                  |   |  |                       |  |
|  | Monthly demand charges:   |  |                       |  |
| 21   | St. Clair / Bluewater & Dawn  | 0.967  | 0.092                 | 1.059  |
| 22   | Ojibway & Dawn  | 0.967  | 0.092                 | 1.059  |
| 23   | Parkway to Dawn   | 0.545  | 0.034                 | 0.579  |
| 24   | Parkway to Kirkwall   | 0.545  | 0.034                 | 0.579  |
| 25   | Kirkwall to Dawn  | 1.175  | (0.154)               | 1.021  |
| 26   | Dawn to Kirkwall  | 1.978  | 0.033                 | 2.011  |
| 27   | Dawn to Parkway   | 2.323  | 0.059                 | 2.382  |
| 28   | Kirkwall to Parkway   | 0.345  | 0.027                 | 0.372  |
| 29   | Dawn to Dawn-Vector   | 0.042  | (0.013)               | 0.029  |
| 30   | Dawn to Dawn-TCPL   | 0.220  | (0.086)               | 0.134  |
|  | Short-term:   |  |                       |  |
| 31   | Maximum   | 75.00  |                       | 75.00  |
|  | Commodity charges:  |  |                       |  |
| 32   | St. Clair / Bluewater & Dawn - Union supplied fuel (Nov. 1 - Mar. 31) | 0.025  | (0.011)               | 0.014 (1)  |
| 33   | St. Clair / Bluewater & Dawn - Union supplied fuel (Apr. 1 - Oct. 31) | 0.022  | (0.011)               | 0.011 (1)  |
| 34   | Ojibway & Dawn - Union supplied fuel (Nov. 1 - Mar. 31)               | 0.030  | (0.014)               | 0.016 (1)  |
| 35   | Ojibway & Dawn - Union supplied fuel (Apr. 1 - Oct. 31)               | 0.027  | (0.003)               | 0.024 (1)  |
| 36   | Parkway to Kirkwall / Dawn - Union supplied fuel (Nov. 1 - Mar. 31)   | 0.020  | (0.011)               | 0.009 (1)  |
| 37   | Parkway to Kirkwall / Dawn - Union supplied fuel (Apr. 1 - Oct. 31)   | 0.021  | (0.006)               | 0.015 (1)  |
| 38   | Kirkwall to Dawn - Union supplied fuel (Nov. 1 - Mar. 31)             | 0.020  | (0.011)               | 0.009 (1)  |
| 39   | Kirkwall to Dawn - Union supplied fuel (Apr. 1 - Oct. 31)             | 0.021  | (0.012)               | 0.009 (1)  |
| 40   | Dawn to Kirkwall - Union supplied fuel (Nov. 1 - Mar. 31)             | 0.063  | (0.022)               | 0.041 (1)  |
| 41   | Dawn to Kirkwall - Union supplied fuel (Apr. 1 - Oct. 31)             | 0.029  | (0.012)               | 0.017 (1)  |
| 42   | Dawn to Parkway - Union supplied fuel (Nov. 1 - Mar. 31)              | 0.063  | (0.009)               | 0.054 (1)  |
| 43   | Dawn to Parkway - Union supplied fuel (Apr. 1 - Oct. 31)              | 0.029  | (0.000)               | 0.029 (1)  |
| 44   | Kirkwall to Parkway - Union supplied fuel (Nov. 1 - Mar. 31)          | 0.030  | (0.008)               | 0.022 (1)  |
| 45   | Kirkwall to Parkway - Union supplied fuel (Apr. 1 - Oct. 31)          | 0.020  | 0.001                 | 0.021 (1)  |

Notes:

- (1) EB-2011-0210, Rate Order, Working Papers, Schedule 24, page 3, column (c).
- (2) Plus customer supplied fuel per rate schedule.

UNION GAS LIMITED  
Summary of Changes to Transportation Rates

| Line No.  | Particulars (\$/GJ)   | EB-2012-0437                               | Rate Change | EB-2011-0210                               |
|---|---|--|-------------|--|
|   |   | Approved<br>January 1, 2013<br>Rate<br>(a) |             | Approved<br>January 1, 2013<br>Rate<br>(c) |
| <u>C1 Storage &amp; Cross Franchise Transportation Service</u>          |   |  |             |  |
| <u>Transportation service cont'd</u>                                    |   |  |             |  |
| 1   | St. Clair / Bluewater & Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31  | Note (1)                                   |             | Note (1)                                   |
| 2   | St. Clair / Bluewater & Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31) | Note (1)                                   |             | Note (1)                                   |
| 3   | Ojibway & Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)               | Note (1)                                   |             | Note (1)                                   |
| 4   | Ojibway & Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)               | Note (1)                                   |             | Note (1)                                   |
| 5   | Parkway to Kirkwall / Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)   | Note (1)                                   |             | Note (1)                                   |
| 6   | Parkway to Kirkwall / Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)   | Note (1)                                   |             | Note (1)                                   |
| 7   | Kirkwall to Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)             | Note (1)                                   |             | Note (1)                                   |
| 8   | Kirkwall to Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)             | Note (1)                                   |             | Note (1)                                   |
| 9   | Dawn to Kirkwall - Shipper supplied fuel (Nov. 1 - Mar. 31)             | Note (1)                                   |             | Note (1)                                   |
| 10  | Dawn to Kirkwall - Shipper supplied fuel (Apr. 1 - Oct. 31)             | Note (1)                                   |             | Note (1)                                   |
| 11  | Dawn to Parkway - Shipper supplied fuel (Nov. 1 - Mar. 31)              | Note (1)                                   |             | Note (1)                                   |
| 12  | Dawn to Parkway - Shipper supplied fuel (Apr. 1 - Oct.31)               | Note (1)                                   |             | Note (1)                                   |
| 13  | Kirkwall to Parkway - Shipper supplied fuel (Nov. 1 - Mar. 31)          | Note (1)                                   |             | Note (1)                                   |
| 14  | Kirkwall to Parkway - Shipper supplied fuel (Apr. 1 - Oct.31)           | Note (1)                                   |             | Note (1)                                   |
| 15  | Dawn to Dawn-Vector - Shipper supplied fuel (Nov. 1 - Mar. 31)          | n/a  |             | Note (1)                                   |
| 16  | Dawn to Dawn-Vector - Shipper supplied fuel (Apr. 1 - Oct . 31)         | Note (1)                                   |             | Note (1)                                   |
| 17  | Dawn to Dawn-TCPL - Shipper supplied fuel (Nov. 1 - Mar. 31)            | Note (1)                                   |             | Note (1)                                   |
| 18  | Dawn to Dawn-TCPL - Shipper supplied fuel (Apr. 1 - Oct . 31)           | Note (1)                                   |             | Note (1)                                   |
| Interruptible commodity charges:  |   |  |             |  |
| 19  | Maximum   | 75.00                                      |             | 75.00                                      |
| Dawn(Tecumseh), Dawn(Facilities or TCPL), Dawn (Vector) and Dawn (TSLE) |   |  |             |  |
| 20  |   | Note (1)                                   |             | Note (1)                                   |
| <u>Authorized Overrun</u>   |   |  |             |  |
| Firm transportation commodity charges:                                  |   |  |             |  |
| 21  | St. Clair / Bluewater & Dawn - Union supplied fuel (Nov. 1 - Mar. 31)   | 0.058                                      | (0.009)     | 0.049 (2)                                  |
| 22  | St. Clair / Bluewater & Dawn - Union supplied fuel (Apr. 1 - Oct. 31)   | 0.053                                      | (0.007)     | 0.046 (2)                                  |
| 23  | Ojibway & Dawn - Union supplied fuel (Nov. 1 - Mar. 31)                 | 0.064                                      | (0.013)     | 0.051 (2)                                  |
| 24  | Ojibway & Dawn - Union supplied fuel (Apr. 1 - Oct. 31)                 | 0.060                                      | (0.001)     | 0.059 (2)                                  |
| 25  | Parkway to Kirkwall / Dawn - Union supplied fuel (Nov. 1 - Mar. 31)     | 0.081                                      | 0.039       | 0.120 (2)                                  |
| 26  | Parkway to Kirkwall / Dawn - Union supplied fuel (Apr. 1 - Oct. 31)     | 0.046                                      | 0.081       | 0.127 (2)                                  |
| 27  | Kirkwall to Dawn - Union supplied fuel (Nov. 1 - Mar. 31)               | 0.034                                      | 0.013       | 0.047 (2)                                  |
| 28  | Kirkwall to Dawn - Union supplied fuel (Apr. 1 - Oct. 31)               | 0.036                                      | 0.011       | 0.047 (2)                                  |
| 29  | Dawn to Kirkwall - Union supplied fuel (Nov. 1 - Mar. 31)               | 0.127                                      | 0.013       | 0.140 (2)                                  |
| 30  | Dawn to Kirkwall - Union supplied fuel (Apr. 1 - Oct. 31)               | 0.092                                      | 0.025       | 0.117 (2)                                  |
| 31  | Dawn to Parkway - Union supplied fuel (Nov. 1 - Mar. 31)                | 0.139                                      | 0.027       | 0.166 (2)                                  |
| 32  | Dawn to Parkway - Union supplied fuel (Apr. 1 - Oct.31)                 | 0.104                                      | 0.037       | 0.141 (2)                                  |
| 33  | Kirkwall to Parkway - Union supplied fuel (Nov. 1 - Mar. 31)            | 0.042                                      | 0.026       | 0.068 (2)                                  |
| 34  | Kirkwall to Parkway - Union supplied fuel (Apr. 1 - Oct.31)             | 0.031                                      | 0.035       | 0.066 (2)                                  |
| 35  | St. Clair / Bluewater & Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31  | 0.032 (1)                                  | 0.003       | 0.035 (1)                                  |
| 36  | St. Clair / Bluewater & Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31) | 0.032 (1)                                  | 0.003       | 0.035 (1)                                  |
| 37  | Ojibway & Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)               | 0.032 (1)                                  | 0.003       | 0.035 (1)                                  |
| 38  | Ojibway & Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)               | 0.032 (1)                                  | 0.003       | 0.035 (1)                                  |
| 39  | Parkway to Kirkwall / Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)   | 0.018 (1)                                  | 0.001       | 0.019 (1)                                  |
| 40  | Parkway to Kirkwall / Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)   | 0.018 (1)                                  | 0.001       | 0.019 (1)                                  |
| 41  | Kirkwall to Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)             | 0.039 (1)                                  | (0.005)     | 0.034 (1)                                  |
| 42  | Kirkwall to Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)             | 0.039 (1)                                  | (0.005)     | 0.034 (1)                                  |
| 43  | Dawn to Kirkwall - Shipper supplied fuel (Nov. 1 - Mar. 31)             | 0.065 (1)                                  | 0.001       | 0.066 (1)                                  |
| 44  | Dawn to Kirkwall - Shipper supplied fuel (Apr. 1 - Oct. 31)             | 0.065 (1)                                  | 0.001       | 0.066 (1)                                  |
| 45  | Dawn to Parkway - Shipper supplied fuel (Nov. 1 - Mar. 31)              | 0.076 (1)                                  | 0.002       | 0.078 (1)                                  |
| 46  | Dawn to Parkway - Shipper supplied fuel (Apr. 1 - Oct.31)               | 0.076 (1)                                  | 0.002       | 0.078 (1)                                  |
| 47  | Kirkwall to Parkway - Shipper supplied fuel (Nov. 1 - Mar. 31)          | 0.011 (1)                                  | 0.001       | 0.012 (1)                                  |
| 48  | Kirkwall to Parkway - Shipper supplied fuel (Apr. 1 - Oct.31)           | 0.011 (1)                                  | 0.001       | 0.012 (1)                                  |
| 49  | Dawn to Dawn-Vector - Shipper supplied fuel (Nov. 1 - Mar. 31)          | n/a (1)                                    |             | 0.001 (1)                                  |
| 50  | Dawn to Dawn-Vector - Shipper supplied fuel (Apr. 1 - Oct . 31)         | 0.001 (1)                                  | (0.000)     | 0.001 (1)                                  |
| 51  | Dawn to Dawn-TCPL - Shipper supplied fuel (Nov. 1 - Mar. 31)            | 0.007 (1)                                  | (0.003)     | 0.004 (1)                                  |
| 52  | Dawn to Dawn-TCPL - Shipper supplied fuel (Apr. 1 - Oct . 31)           | 0.007 (1)                                  | (0.003)     | 0.004 (1)                                  |
| Short Term Firm transportation commodity charges:                       |   |  |             |  |
| 53  | Maximum   | 75.00                                      |             | 75.00                                      |

Notes:

- (1) Plus customer supplied fuel per rate schedule.
- (2) EB-2011-0210, Rate Order, Working Papers, Schedule 24, page 3, column (c).

**Appendix B**

**Decision and Rate Order**

**Rate Schedules**

**Board File No. EB-2011-0210**

**Dated: January 17, 2013**



RATE 01A - SMALL VOLUME GENERAL FIRM SERVICE

**ELIGIBILITY**

Any customer in Union's Fort Frances, Western, Northern or Eastern Zones who is an end user whose total gas requirements at that location are equal to or less than 50,000 m<sup>3</sup> per year.

**SERVICES AVAILABLE**

The following services are available under this rate schedule:

(a) **Sales Service**

For continuous supply of natural gas by Union and associated transportation and storage services necessary to ensure deliverability in accordance with the customer's needs. For this service, the Monthly, Delivery and Gas Supply Charges shall apply.

(b) **Transportation Service**

For continuous delivery on Union's distribution system from the Point of Receipt on TCPL's system to the Point of Consumption on the customer's premises of natural gas owned by the customer and transported by TCPL under a firm transportation service tariff or equivalent National Energy Board Order. For this service, the Monthly and Delivery Charges shall apply. Unless otherwise authorized by Union, customers who initiate a movement to Transportation Service from a Sales Service or Bundled Transportation Service must accept an assignment from Union of transportation capacity on upstream pipeline systems.

(c) **Bundled Transportation Service**

For continuous delivery by Union of gas owned by the customer and for the associated transportation and storage services necessary to ensure deliverability in accordance with the customer's needs. For this service the Monthly, and Delivery Charges, as well as the Storage and Transportation Charges of the Gas Supply Charge shall apply.

**MONTHLY RATES AND CHARGES**

| Zone                                    | <u>Fort Frances</u>        | <u>Western</u>             | <u>Northern</u>            | <u>Eastern</u>             |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| Rate Schedule No.                       | 201                        | 101                        | 301                        | 601                        |
| <u>APPLICABLE TO ALL SERVICES</u>       |                            |                            |                            |                            |
| <u>MONTHLY CHARGE</u>                   | \$21.00                    | \$21.00                    | \$21.00                    | \$21.00                    |
| <u>DELIVERY CHARGE</u>                  | <u>¢ per m<sup>3</sup></u> | <u>¢ per m<sup>3</sup></u> | <u>¢ per m<sup>3</sup></u> | <u>¢ per m<sup>3</sup></u> |
| First 100 m <sup>3</sup> per month @    | 9.7347                     | 9.7347                     | 9.7347                     | 9.7347                     |
| Next 200 m <sup>3</sup> per month @     | 9.2102                     | 9.2102                     | 9.2102                     | 9.2102                     |
| Next 200 m <sup>3</sup> per month @     | 8.8375                     | 8.8375                     | 8.8375                     | 8.8375                     |
| Next 500 m <sup>3</sup> per month @     | 8.4955                     | 8.4955                     | 8.4955                     | 8.4955                     |
| Over 1,000 m <sup>3</sup> per month @   | 8.2130                     | 8.2130                     | 8.2130                     | 8.2130                     |
| Delivery-Price Adjustment (All Volumes) | 0.4510 (1)                 | 0.4510 (1)                 | 0.4510 (1)                 | 0.4510 (1)                 |

Notes:

- (1) The Delivery - Price Adjustment is composed of a temporary credit of 0.0578 cents/m<sup>3</sup> for the period October 1, 2012 to March 31, 2013 and a temporary charge of 0.5088 cents/m<sup>3</sup> for the period February 1, 2013 to December 31, 2013.



ADDITIONAL CHARGES FOR SALES SERVICE

**GAS SUPPLY CHARGES**

Gas Supply Charge (if applicable)

The gas supply charge is comprised of charges for transportation and for commodity and fuel. The applicable rates are provided in Schedule "A".

**MONTHLY BILL**

The monthly bill will equal the sum of the monthly charges plus the rates multiplied by the applicable gas quantities delivered plus all applicable taxes. If the customer transports its own gas, the Gas Supply Charge under Sales Service will not apply.

**MINIMUM MONTHLY BILL**

The Minimum Monthly Bill shall be the Monthly Charge.

**DELAYED PAYMENT**

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.

**SERVICE AGREEMENT**

Customers providing their own gas supply in whole or in part, for transportation by Union, must enter into a Service Agreement with Union.

**TERMS AND CONDITIONS OF SERVICE**

1. If multiple end-users are receiving service from a customer under this rate, for billing purposes, the Monthly Charge, the Delivery Charge and any other charge that is specific to the location of each end-user shall be used to develop a monthly bill for each end-user at each location. Upon request, possibly for a fee, Union will combine the individual bills on a single invoice or statement for administrative convenience. However, Union will not combine the quantities or demands of several end-use locations so that eligibility to a different rate class will result. Further, Union will not combine the monthly billing data of individual end-users to generate a single bill which is less than the sum of the monthly bills of the individual end-users involved at each location.
2. Customers must enter into a Service Agreement with Union prior to the commencement of service.
3. The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

Effective

January 1, 2013  
O.E.B. Order # EB-2011-0210

Chatham, Ontario

Supersedes EB-2012-0437 Rate Schedule effective January 1, 2013.





RATE 10 - LARGE VOLUME GENERAL FIRM SERVICE

**ELIGIBILITY**

Any customer in Union's Fort Frances, Western, Northern or Eastern Zones who is an end-user whose total firm gas requirements at one or more Company-owned meters at one location exceed 50,000 m<sup>3</sup> per year.

**SERVICES AVAILABLE**

The following services are available under this rate schedule:

(a) **Sales Service**

For continuous supply of natural gas by Union and associated transportation and storage services necessary to ensure deliverability in accordance with the customer's needs. For this service, the Monthly, Delivery and Gas Supply Charges shall apply.

(b) **Transportation Service**

For continuous delivery on Union's distribution system from the Point of Receipt on TCPL's system to the Point of Consumption on the customer's premises of natural gas owned by the customer and transported by TCPL under a firm transportation service tariff or equivalent National Energy Board Order. For this service, the Monthly, and Delivery Charges shall apply. Unless otherwise authorized by Union, customers who initiate a movement to Transportation Service from a Sales Service or Bundled Transportation Service must accept an assignment from Union of transportation capacity on upstream pipeline systems. Customers may reduce their assignment of transportation capacity in compliance with Union's Turnback Policy.

(c) **Bundled Transportation Service**

For continuous delivery by Union of gas owned by the customer and for the associated transportation and storage services necessary to ensure deliverability in accordance with the customer's needs. For this service the Monthly, and Delivery Charges, as well as the Storage and Transportation Charges of the Gas Supply Charge shall apply.

**MONTHLY RATES AND CHARGES**

| Zone                                    | <u>Fort Frances</u>        | <u>Western</u>             | <u>Northern</u>            | <u>Eastern</u>             |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| Rate Schedule No.                       | 210                        | 110                        | 310                        | 610                        |
| <u>APPLICABLE TO ALL SERVICES</u>       |                            |                            |                            |                            |
| <u>MONTHLY CHARGE</u>                   | \$70.00                    | \$70.00                    | \$70.00                    | \$70.00                    |
| <u>DELIVERY CHARGE</u>                  | <u>¢ per m<sup>3</sup></u> | <u>¢ per m<sup>3</sup></u> | <u>¢ per m<sup>3</sup></u> | <u>¢ per m<sup>3</sup></u> |
| First 1,000 m <sup>3</sup> per month @  | 7.7070                     | 7.7070                     | 7.7070                     | 7.7070                     |
| Next 9,000 m <sup>3</sup> per month @   | 6.2934                     | 6.2934                     | 6.2934                     | 6.2934                     |
| Next 20,000 m <sup>3</sup> per month @  | 5.4872                     | 5.4872                     | 5.4872                     | 5.4872                     |
| Next 70,000 m <sup>3</sup> per month @  | 4.9711                     | 4.9711                     | 4.9711                     | 4.9711                     |
| Over 100,000 m <sup>3</sup> per month @ | 3.0159                     | 3.0159                     | 3.0159                     | 3.0159                     |
| Delivery-Price Adjustment (All Volumes) | 0.2083 (1)                 | 0.2083 (1)                 | 0.2083 (1)                 | 0.2083 (1)                 |

Notes:

(1) The Delivery - Price Adjustment is composed of a temporary credit of 0.0540 cents/m<sup>3</sup> for the period October 1, 2012 to March 31, 2013 and a temporary charge of 0.2623 cents/m<sup>3</sup> for the period February 1, 2013 to December 31, 2013.



ADDITIONAL CHARGES FOR SALES SERVICE

**GAS SUPPLY CHARGES**

Gas Supply Charge (if applicable)

The gas supply charge is comprised of charges for transportation and for commodity and fuel. The applicable rates are provided in Schedule "A".

**MONTHLY BILL**

The monthly bill will equal the sum of the monthly charges plus the rates multiplied by the applicable gas quantities delivered plus all applicable taxes. If the customer transports its own gas, the Gas Supply Charge under Sales Service will not apply.

**MINIMUM MONTHLY BILL**

The Minimum Monthly Bill shall be the Monthly Charge.

**DELAYED PAYMENT**

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.

**SERVICE AGREEMENT**

Customers providing their own gas supply in whole or in part, for transportation by Union and customers purchasing gas from Union with maximum daily requirements in excess of 3,000 m<sup>3</sup> per day must enter into a Service Agreement with Union.

**TERMS AND CONDITIONS OF SERVICE**

1. Service shall be for a minimum term of one year.
2. If multiple end-users are receiving service from a customer under this rate, for billing purposes, the Monthly Charge, the Delivery Charge and any other charge that is specific to the location of each end-user shall be used to develop a monthly bill for each end-user at each location. Upon request, possibly for a fee, Union will combine the individual bills on a single invoice or statement for administrative convenience. However, Union will not combine the quantities or demands of several end-use locations so that eligibility to a different rate class will result. Further, Union will not combine the monthly billing data of individual end-users to generate a single bill which is less than the sum of the monthly bills of the individual end-users involved at each location.
3. Customers must enter into a Service Agreement with Union prior to the commencement of service.
4. For the purposes of qualifying for a rate class, the total quantities of gas consumed or expected to be consumed on the customer's contiguous property will be used, irrespective of the number of meters installed.
5. The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

Effective

January 1, 2013  
O.E.B. Order # EB-2011-0210

Chatham, Ontario

Supersedes EB-2012-0437 Rate Schedule effective January 1, 2013.



RATE 20 - MEDIUM VOLUME FIRM SERVICE

**ELIGIBILITY**

Any customer in Union's Fort Frances, Western, Northern or Eastern Zones who is an end-user or who is authorized to serve an end-user of gas through one or more Company-owned meters at one location, and whose total maximum daily requirements for firm or combined firm and interruptible service is 14,000 m<sup>3</sup> or more.

**SERVICES AVAILABLE**

The following services are available under this rate schedule:

(a) **Sales Service**

For continuous supply of natural gas by Union and associated transportation and storage services necessary to ensure deliverability in accordance with the customer's needs. For this service, the Monthly, Delivery and Gas Supply Charges shall apply.

(b) **Transportation Service**

For continuous delivery on Union's distribution system from the Point of Receipt on TCPL's system to the Point of Consumption on the customer's premises of natural gas owned by the customer. The customer is responsible for obtaining the requisite regulatory approvals for the supply and transmission of such gas to Union's distribution system. For this service, the Monthly, Delivery, Transportation Account and Diversion Transaction Charges shall apply. Unless otherwise authorized by Union, customers who initiate a movement to Transportation Service from a Sales Service or Bundled Transportation Service must accept an assignment from Union of transportation capacity on upstream pipeline systems. Customers may reduce their assignment of transportation capacity in compliance with Union's Turnback Policy.

(c) **Bundled Transportation Service**

For continuous delivery by Union of gas owned by the customer and for the associated transportation and storage services necessary to ensure deliverability in accordance with the customer's needs. For this service the Monthly, Delivery, Gas Supply Demand and Commodity Transportation Charges shall apply.

(d) **Storage Service**

For load balancing purposes for customers using Transportation Service on this rate schedule. If at the sole discretion of Union, adequate supplies exist, bundled and unbundled storage and delivery/redelivery services will be provided.

The charge for Bundled Storage Service will consist of the charges for Transportation Service plus the charges for Bundled Storage Service.

NOTE: Union has a short-term intermittent gas supply service under Rate 30 of which customers may avail themselves, if they qualify for use of the service.



**MONTHLY RATES AND CHARGES**

APPLICABLE TO ALL SERVICES - ALL ZONES (1)

|   |            |
|---|------------|
| <u>MONTHLY CHARGE</u>   | \$1,000.00 |
| <u>DELIVERY CHARGES</u> (cents per month per m <sup>3</sup> )                             |            |
| Monthly Demand Charge for first 70,000 m <sup>3</sup> of Contracted Daily Demand          | 27.8179    |
| Monthly Demand Charge for all units over 70,000 m <sup>3</sup> of Contracted Daily Demand | 16.3583    |
| Commodity Charge for first 852,000 m <sup>3</sup> of gas volumes delivered                | 0.5375     |
| Commodity Charge for all units over 852,000 m <sup>3</sup> of gas volumes delivered       | 0.3932     |

NOTE

(1) Either the utility or a customer, or potential customer, may apply to the Ontario Energy Board to fix rates, charges and terms and conditions applicable thereto, different from the rates, charges and terms and conditions specified herein if changed rates, charges and terms and conditions are considered by either party to be necessary, desirable and in the public interest.

ADDITIONAL CHARGES FOR SALES SERVICE

Gas Supply Charge

The gas supply charge is comprised of charges for transportation and for commodity and fuel.  
The applicable rates are provided in Schedule "A".

Commodity Transportation

Charge 1 applies for all gas volumes delivered in the billing month up to the volume represented by the Contract Demand multiplied by the number of days in the billing month multiplied by 0.4.

Charge 2 applies for all additional gas volumes delivered in the billing month.

**HEAT CONTENT ADJUSTMENT**

The gas supply commodity charges hereunder will be adjusted upwards or downwards as described below if the average total heating value of the gas per cubic metre (m<sup>3</sup>) determined in accordance with Union's Terms and Conditions in any month falls above or below 37.89 MJ per m<sup>3</sup>, respectively.

The adjustment shall be determined by multiplying the amount otherwise payable by a fraction, where the numerator is the monthly weighted average total heating value per cubic meter and the denominator 37.89.



**COMMISSIONING AND DECOMMISSIONING RATE**

The contract may provide that the Monthly Demand Charges specified above shall not apply on all or part of the daily contracted demand used by the customer either during the testing, commissioning and phasing in of gas using equipment or, alternatively, in the decommissioning and phasing out of gas using equipment being displaced by other gas using equipment, for a period not to exceed one year ("the transition period"). To be eligible the new or displaced gas using equipment must be separately meterable. In such event, the contract will provide the following rates that such volume during the transitional period will be charged.

| Zone  | <u>Fort Frances</u>            | <u>Western</u>                 | <u>Northern</u>                | <u>Eastern</u>                 |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Rate Schedule No.                                       | 220                            | 120                            | 320                            | 620                            |
| <u>MONTHLY CHARGE</u>                                   | \$1,000.00                     | \$1,000.00                     | \$1,000.00                     | \$1,000.00                     |
| <u>DELIVERY CHARGES</u>                                 | <u>cents per m<sup>3</sup></u> | <u>cents per m<sup>3</sup></u> | <u>cents per m<sup>3</sup></u> | <u>cents per m<sup>3</sup></u> |
| Commodity Charge for each unit of gas volumes delivered | 2.3666                         | 2.3666                         | 2.3666                         | 2.3666                         |

GAS SUPPLY CHARGES

The gas supply charge is comprised of charges for transportation and for commodity and fuel. The applicable rates are provided in Schedule "A".

ADDITIONAL CHARGES FOR TRANSPORTATION AND STORAGE SERVICES – ALL ZONES

MONTHLY TRANSPORTATION ACCOUNT CHARGE

For customers that currently have installed or will require installing telemetering equipment \$219.43

BUNDLED (T-SERVICE) STORAGE SERVICE CHARGES

Monthly Demand Charge for each unit of Contracted Daily Storage Withdrawal Entitlement (\$/GJ/Month) \$9.643

Monthly Storage Demand- Price Adjustment for each unit of Contracted Daily Storage Withdrawal Entitlement: (\$/GJ/Month) -

Commodity Charge for each unit of gas withdrawn from storage (\$/GJ) \$0.156

Authorized Overrun Commodity Charge on each additional unit of gas Union authorizes for withdrawal from storage (\$/GJ) \$0.473

The Authorized Overrun Commodity Charge is payable on all quantities on any Day in excess of the customer's contractual rights, for which authorization has been received. Overrun will be authorized by Union at its sole discretion.

DIVERSION TRANSACTION CHARGE

Charge to a customer Receiving Delivery of diverted gas each time such customer requests a diversion and Union provides the service: \$10.00

**THE BILL**

The bill will equal the sum of the charges for all services selected plus the rates multiplied by the applicable gas quantities delivered or withdrawn for each service chosen plus all applicable taxes. If the customer transports its own gas, the Gas Supply Charge under Sales Service will not apply. If the customer selects Union's Sales Service which includes the Gas Supply Charge, no additional charges for Transportation and Storage Services will apply.

**MINIMUM BILL**

The minimum bill shall be the Monthly Charge, the Transportation Account Charge and the Demand Charges, as applicable.



**DELAYED PAYMENT**

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.

**SERVICE AGREEMENT**

All customers must enter into a Service Agreement with Union before receiving service under this rate schedule.

**TERMS AND CONDITIONS OF SERVICE**

1. Service shall be for a minimum term of one year.
2. If multiple end-users are receiving service from a customer under this rate, for billing purposes, the Monthly Charge, the Delivery Charge, the Transportation Account Charge and any other charge that is specific to the location of each end-user shall be used to develop a monthly bill for each end-user at each location. Upon request, possibly for a fee, Union will combine the individual bills on a single invoice or statement for administrative convenience. However, Union will not combine the quantities or demands of several end-use locations so that eligibility to a different rate class will result. Further, Union will not combine the billing data of individual end-users to generate a single bill which is less than the sum of the bills of the individual end-users involved at each location.
3. Customers must enter into a Service Agreement with Union prior to the commencement of service.
4. For the purposes of qualifying for a rate class, the total quantities of gas consumed or expected to be consumed on the customer's contiguous property will be used, irrespective of the number of meters installed.
5. The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

Effective

January 1, 2013  
O.E.B. Order # EB-2011-0210

Chatham, Ontario

Supersedes EB-2012-0437 Rate Schedule effective January 1, 2013.



RATE 25 - LARGE VOLUME INTERRUPTIBLE SERVICE

**ELIGIBILITY**

Any customer in Union's Fort Frances, Western, Northern or Eastern Zones who is an end-user or who is authorized to serve an end-user of gas through one or more Company-owned meters at one location, and whose total maximum daily interruptible requirement is 3,000 m<sup>3</sup> or more or the interruptible portion of a maximum daily requirement for combined firm and interruptible service is 14,000 m<sup>3</sup> or more and whose operations, in the judgement of Union, can readily accept interruption and restoration of gas service.

**SERVICES AVAILABLE**

The following services are available under this rate schedule:

(a) **Sales Service**

For interruptible supply of natural gas by Union and associated transportation services necessary to ensure its delivery in accordance with customer's needs. For this service, the Monthly, Delivery and Gas Supply Charges shall apply.

(b) **Transportation Service**

For delivery of natural gas owned by the customer on Union's distribution system from the Point of Receipt from TCPL's system to the Point of Consumption on the customer's or end-user's premises, providing that, in the judgement of Union, acting reasonably, the customer-owned gas does not displace service from Union under a Rate 20 or Rate 100 contract specific to that location. The customer is responsible for obtaining the requisite regulatory approvals for the supply and transmission of such gas to Union's distribution system. For this service, the Monthly, Delivery, Transportation Account and Diversion Transaction Charges shall apply.

NOTE: Union has a short-term intermittent gas supply service under Rate 30 which customers may avail themselves of, if they qualify for use of the service.

**MONTHLY RATES AND CHARGES**

APPLICABLE TO ALL SERVICES – ALL ZONES (1)

MONTHLY CHARGE \$375.00

DELIVERY CHARGES cents per m<sup>3</sup>

A Delivery Price for all volumes delivered to the customer to be negotiated between Union and the customer and the average price during the period in which these rates remain in effect shall not exceed: 5.0882

Notes:

(1) Either the utility or a customer, or potential customer, may apply to the Ontario Energy Board to fix rates, charges and terms and conditions applicable thereto, different from the rates, charges and terms and conditions specified herein if changed rates, charges and terms and conditions are considered by either party to be necessary, desirable and in the public interest.



ADDITIONAL CHARGES FOR SALES SERVICE

Gas Supply Charge

As per applicable rate provided in Schedule "A".

Interruptible Service

Applicable all year at a price agreed upon between Union and the customer and the average price during the period in which these rates remain in effect.

**HEAT CONTENT ADJUSTMENT**

The gas supply commodity charges hereunder will be adjusted upwards or downwards as described below if the average total heating value of the gas per cubic metre (m<sup>3</sup>) determined in accordance with Union's Terms and Conditions in any month falls above or below 37.89 MJ per m<sup>3</sup>, respectively.

The adjustment shall be determined by multiplying the amount otherwise payable by a fraction, where the numerator is the monthly weighted average total heating value per cubic meter and the denominator 37.89.

ADDITIONAL CHARGES FOR TRANSPORTATION – ALL ZONES

MONTHLY TRANSPORTATION ACCOUNT CHARGE:

For customers that currently have installed or will require installing telemetering equipment.

\$219.43

**THE BILL**

The bill will equal the sum of the monthly charges for all services selected plus the rates multiplied by the applicable gas volumes delivered or withdrawn for each service chosen plus all applicable taxes. If the customer transports its own gas, the Gas Supply Charge under Sales Service will not apply. If the customer selects Union's Sales Service which includes the Gas Supply Charge, no additional charges for Transportation will apply.

**MINIMUM BILL**

The minimum bill shall be the Monthly Charge and the Transportation Account Charge, if applicable.

**DELAYED PAYMENT**

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.

**SERVICE AGREEMENT**

All customers must enter into a Service Agreement with Union before receiving service under this rate schedule.





**TERMS AND CONDITIONS OF SERVICE**

1. Service shall be for a minimum term of one year.
2. If multiple end-users are receiving service from a customer under this rate, for billing purposes, the Monthly Charge, the Delivery Charge, the Transportation Account Charge and any other charge that is specific to the location of each end-user shall be used to develop a monthly bill for each end-user at each location. Upon request, Union will combine the individual bills on a single invoice or statement for administrative convenience. However, Union will not combine the volumes or demands of several end-use locations so that eligibility to a different rate class will result. Further, Union will not combine the monthly billing data of individual end-users to generate a single bill which is less than the sum of the monthly bills of the individual end-users involved at each location.
3. Customers must enter into a Service Agreement with Union prior to the commencement of service.
4. For the purposes of qualifying for a rate class, the total volumes of gas consumed or expected to be consumed on the customer's contiguous property will be used, irrespective of the number of meters installed.
5. The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.



**uniongas**

Effective  
2013-01-01  
**Rate 30**  
Page 1 of 2

RATE 30 - INTERMITTENT GAS SUPPLY SERVICE  
AND SHORT TERM STORAGE / BALANCING SERVICE

**ELIGIBILITY**

Any customer in Union's Fort Frances, Western, Northern or Eastern Zones already connected to Union's gas distribution system who is an end-user or is authorized to serve an end-user.

**SERVICE AVAILABLE**

For intermittent, short-term gas supply which will be a substitute for energy forms other than Company owned gas sold under other rate schedules. This may include situations where customer-owned gas supplies are inadequate and short-term backstopping service is requested or during a situation of curtailment on the basis of price when the purchase price of Spot gas is outside the interruptible service price range. The gas supply service available hereunder is offered only in conjunction with service to the customer under an applicable firm or interruptible service rate schedule of Union. The service is for intermittent gas supply and short term storage / balancing service and will be billed in combination with Monthly, Delivery, and other applicable charges for such services under the applicable rate schedule. Gas supply under this rate will be provided when, at the sole discretion of Union, adequate supplies are available.

**GAS SUPPLY CHARGE**

The gas supply charge shall be \$5.00 per  $10^3\text{m}^3$  plus the greater of the incremental cost of gas for Union and the customer's gas supply charge.

**SHORT TERM STORAGE / BALANCING SERVICE**

Short Term Storage / Balancing Service is:

- i) a combined space and interruptible deliverability service for short-term or off-peak storage in Union's storage facilities, OR
- ii) short-term firm deliverability, OR
- iii) a component of an operational balancing service offered.

In negotiating the rate to be charged for service, the matters that are to be considered include:

- i) the minimum amount of storage service to which a customer is willing to commit,
- ii) whether the customer is contracting for firm or interruptible service during Union's peak or non-peak periods,
- iii) utilization of facilities, and
- iv) competition.

A commodity charge to be negotiated between Union and the customer not to exceed \$6.000/GJ.

**THE BILL**

The bill for gas supply and/or short term supplemental services under this rate shall be rendered in conjunction with the billing for delivery and other services under the customer's applicable rate for such services.

**SERVICE AGREEMENT**

All customers must enter into a Service Agreement with Union for this service and must agree therein to curtail or interrupt use of gas under this rate schedule whenever requested to do so by Union.



**uniongas**

Effective  
2013-01-01  
**Rate 30**  
Page 2 of 2

**TERMS AND CONDITIONS OF SERVICE**

1. Failure of the customer to interrupt or curtail use of gas on this rate as requested by Union shall be subject to the Unauthorized Overrun Gas Penalty as provided in Union's Terms and Conditions. Anytime the customer has such failure, Union reserves the right to cancel service under this rate.
2. The Terms and Conditions of the applicable rate schedule for delivery of the gas sold hereunder shall also apply.
3. The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

Effective

January 1, 2013  
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Chatham, Ontario

Supersedes EB-2012-0437 Rate Schedule effective January 1, 2013.



RATE 100 – LARGE VOLUME HIGH LOAD FACTOR FIRM SERVICE

**ELIGIBILITY**

Any customer in Union's Fort Frances, Western, Northern or Eastern Zones who is an end-user or who is authorized to serve an end-user of gas through one or more Company-owned meters at one location, and whose maximum daily requirement for firm service is 100,000 m<sup>3</sup> or more, and whose annual requirement for firm service is equal to or greater than its maximum daily requirement multiplied by 256.

**SERVICES AVAILABLE**

The following services are available under this rate schedule:

(a) **Sales Service**

For continuous supply of natural gas by Union and associated transportation and storage services necessary to ensure deliverability in accordance with the customer's needs. For this service, the Monthly, Delivery and Gas Supply Charges shall apply.

(b) **Transportation Service**

For continuous delivery on Union's distribution system from the Point of Receipt on TCPL's system to the Point of Consumption on the customer's premises of natural gas owned by the customer. The customer is responsible for obtaining the requisite regulatory approvals for the supply and transmission of such gas to Union's distribution system. For this service, the Monthly, Delivery, Transportation Account and Diversion Transaction Charges shall apply. Unless otherwise authorized by Union, customers who initiate a movement to Transportation Service from a Sales Service or Bundled Transportation Service must accept an assignment from Union of transportation capacity on upstream pipeline systems. Customers may reduce their assignment of transportation capacity in compliance with Union's Turnback Policy.

(c) **Bundled Transportation Service**

For continuous delivery by Union of gas owned by the customer and for the associated transportation and storage services necessary to ensure deliverability in accordance with the customer's needs. For this service the Monthly, Delivery, Gas Supply Demand and Commodity Transportation Charges shall apply.

(d) **Storage Service**

For load balancing purposes for customers using Transportation Service on this rate schedule. If at the sole discretion of Union, adequate supplies exist, bundled and unbundled storage and delivery/redelivery services will be provided.

The charge for Bundled Storage Service will consist of the charges for Transportation Service plus the charges for Bundled Storage Service.

**NOTE:** Union has a short-term intermittent gas supply service under Rate 30 which customers may avail themselves of, if they qualify for use of the service.



**MONTHLY RATES AND CHARGES**

APPLICABLE TO ALL SERVICES - ALL ZONES (1)

|   |            |
|---|------------|
| <u>MONTHLY CHARGE</u>   | \$1,500.00 |
| <u>DELIVERY CHARGES</u> (cents per Month per m <sup>3</sup> of Daily Contract Demand) |            |
| Monthly Demand Charge for each unit of Contracted Daily Demand                        | 15.3415    |
| Commodity Charge for each unit of gas volumes delivered (cents/m <sup>3</sup> )       | 0.2137     |

NOTE:

(1) Either the utility or a customer, or potential customer, may apply to the Ontario Energy Board to fix rates, charges and terms and conditions applicable thereto, different from the rates, charges and terms and conditions specified herein if changed rates, charges and terms and conditions are considered by either party to be necessary, desirable and in the public interest.

ADDITIONAL CHARGES FOR SALES SERVICE

Gas Supply Charges

The gas supply charge is comprised of charges for transportation and for commodity and fuel. The applicable rates are provided in Schedule "A".

Commodity Transportation

Charge 1 applies for all gas volumes delivered in the billing month up to the volume represented by the Contract Demand multiplied by the number of days in the billing month multiplied by 0.3.

Charge 2 applies for all additional gas volumes delivered in the billing month.

**HEAT CONTENT ADJUSTMENT**

The gas supply commodity charges hereunder will be adjusted upwards or downwards as described below if the average total heating value of the gas per cubic metre (m<sup>3</sup>) determined in accordance with Union's Terms and Conditions in any month falls above or below 37.89 MJ per m<sup>3</sup>, respectively.

The adjustment shall be determined by multiplying the amount otherwise payable by a fraction, where the numerator is the monthly weighted average total heating value per cubic meter and the denominator 37.89.



**COMMISSIONING AND DECOMMISSIONING RATE**

The contract may provide that the Monthly Demand Charges specified above shall not apply on all or part of the daily contracted demand used by the customer either during the testing, commissioning and phasing in of gas using equipment or, alternatively, in the decommissioning and phasing out of gas using equipment being displaced by other gas using equipment, for a period not to exceed one year ("the transitional period"). To be eligible the new or displaced gas using equipment must be separately meterable. In such event, the contract will provide the following rates that such volume during the transitional period will be charged.

| Zone  | <u>Fort Frances</u>            | <u>Western</u>                 | <u>Northern</u>                | <u>Eastern</u>                 |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Rate Schedule No.                                       | 2100                           | 1100                           | 3100                           | 6100                           |
| <u>MONTHLY CHARGE</u>                                   | \$1,500.00                     | \$1,500.00                     | \$1,500.00                     | \$1,500.00                     |
| <u>DELIVERY CHARGES</u>                                 | <u>cents per m<sup>3</sup></u> | <u>cents per m<sup>3</sup></u> | <u>cents per m<sup>3</sup></u> | <u>cents per m<sup>3</sup></u> |
| Commodity Charge for each unit of gas volumes delivered | 0.9342                         | 0.9342                         | 0.9342                         | 0.9342                         |
| <u>GAS SUPPLY CHARGES</u>                               |                                |                                |                                |                                |

The gas supply charge is comprised of charges for transportation and for commodity and fuel. The applicable rates are provided in Schedule "A".

ADDITIONAL CHARGES FOR TRANSPORTATION AND STORAGE SERVICES – ALL ZONES

MONTHLY TRANSPORTATION ACCOUNT CHARGE

For customers that currently have installed or will require installing telemetering equipment \$219.43

BUNDLED (T-SERVICE) STORAGE SERVICE CHARGES

Monthly Demand Charge for each unit of Contracted Daily Storage Withdrawal Entitlement (\$/GJ/Month) \$9.643

Monthly Storage Demand- Price Adjustment for each unit of Contracted Daily Storage Withdrawal Entitlement: (\$/GJ/Month) -

Commodity Charge for each unit of gas withdrawn from storage (\$/GJ) \$0.156

Authorized Overrun Commodity Charge on each additional unit of gas Union authorizes for withdrawal from storage (\$/GJ) \$0.473

The Authorized Overrun Commodity Charge is payable on all quantities on any Day in excess of the customer's contractual rights, for which authorization has been received. Overrun will be authorized by Union at its sole discretion.

DIVERSION TRANSACTION CHARGE

Charge to a customer Receiving Delivery of diverted gas each time such customer requests a diversion and Union provides the service: \$10.00

**THE BILL**

The bill will equal the sum of the charges for all services selected plus the rates multiplied by the applicable gas quantities delivered or withdrawn for each service chosen plus all applicable taxes. If the customer transports its own gas, the Gas Supply Charge under Sales Service will not apply. If the customer selects Union's Sales Service which includes the Gas Supply Charge, no additional charges for Transportation and Storage Services will apply.

**MINIMUM BILL**

The minimum bill shall be the Monthly Charge, the Transportation Account Charge and the Demand Charges, as applicable.



**uniongas**

Effective  
2013-01-01  
**Rate 100**  
Page 4 of 4

#### **DELAYED PAYMENT**

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.

#### **SERVICE AGREEMENT**

All customers must enter into a Service Agreement with Union before receiving service under this rate schedule.

#### **TERMS AND CONDITIONS OF SERVICE**

1. Service shall be for a minimum term of one year.
2. If multiple end-users are receiving service from a customer under this rate, for billing purposes, the Monthly Charge, the Delivery Charge, the Transportation Account Charge and any other charge that is specific to the location of each end-user shall be used to develop a monthly bill for each end-user at each location. Upon request, possibly for a fee, Union will combine the individual bills on a single invoice or statement for administrative convenience. However, Union will not combine the quantities or demands of several end-use locations so that eligibility to a different rate class will result. Further, Union will not combine the billing data of individual end-users to generate a single bill which is less than the sum of the bills of the individual end-users involved at each location.
3. Customers must enter into a Service Agreement with Union prior to the commencement of service.
4. For the purposes of qualifying for a rate class, the total quantities of gas consumed or expected to be consumed on the customer's contiguous property will be used, irrespective of the number of meters installed.
5. The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

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Chatham, Ontario

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RATE S1 - GENERAL FIRM SERVICE STORAGE RATES

**ELIGIBILITY**

Any customer or agent in Union's Fort Frances, Western, Northern or Eastern Zones who is authorized to serve an end-user of gas, paying for delivery services under Rate 01A or Rate 10.

**SERVICES AVAILABLE**

The following services are available under this rate schedule:

(a) **Transportation Service**

The customer is responsible for obtaining all Gas Supply services to the end-user including the requisite regulatory approvals for the supply and transmission of such gas to Union's distribution system. For this service, the Diversion Transaction Charge shall apply. Unless otherwise authorized by Union, customers who initiate a movement to Transportation Service from a Sales Service or Bundled Transportation Service must accept an assignment from Union of transportation capacity on upstream pipeline systems.

(b) **Storage Service**

For load balancing purposes for customers using Transportation Service on this rate schedule. If at the sole discretion of Union, adequate supplies exist, unbundled storage and delivery/redelivery services will be provided.

The charge for Unbundled Storage Service will consist of the charges for Transportation Service plus the charges for Unbundled Storage Service which must include charges for delivery/redelivery service to/from storage.

**MONTHLY RATES AND CHARGES**

UNBUNDLED STORAGE SERVICE CHARGES

|  |         |
|--|---------|
| Storage Space Charge   |         |
| Applied to Contracted Maximum Storage Space (\$ per GJ per Month)  | \$0.085 |
| Fuel Ratio   |         |
| Applied to all gas injected and withdrawn from storage (%)         | 0.395%  |
| Commodity Charge   |         |
| Applied to all gas injected and withdrawn from storage (\$ per GJ) | \$0.026 |

UNBUNDLED STORAGE SERVICE AUTHORIZED OVERRUN CHARGES

|  |         |
|--|---------|
| Fuel Ratio   |         |
| Applied to all gas injected and withdrawn from storage (%)         | 0.853%  |
| Commodity Charge   |         |
| Applied to all gas injected and withdrawn from storage (\$ per GJ) | \$0.053 |

The Authorized Overrun Commodity Charge is payable on all quantities on any Day in excess of the customer's contractual rights, for which authorization has been received. Overrun will be authorized by Union at its sole discretion.





UNBUNDLED STORAGE SERVICE UNAUTHORIZED OVERRUN CHARGES

If in any month, the customer has gas in storage in excess of the contracted Maximum Storage Space or the gas storage balance for the account of the customer is less than zero or the customer has injected or withdrawn volumes from storage which exceeds their contractual rights, and which has not been authorized by Union or provided for under a short term storage/balancing service, such an event will constitute an occurrence of Unauthorized Overrun. The Unauthorized Overrun rate during the November 1 to April 15 period will be \$60.00 per GJ. The Unauthorized Overrun rate during the April 16 to October 31 period will be \$6.000 per GJ.

| Zone  | <u>Fort Frances</u> | <u>Western</u> | <u>Northern</u> | <u>Eastern</u> |
|---|---------------------|----------------|-----------------|----------------|
| <u>Delivery Service to Storage Facilities (1)</u> |                     |                |                 |                |
| Demand Charge (\$/GJ/month)                       | N/A                 | \$23.187       | \$9.083         | \$0.908        |
| Commodity (\$/GJ)                                 | N/A                 | \$0.049        | \$0.023         | \$0.008        |
| <u>Redelivery Service from Storage Facilities</u> |                     |                |                 |                |
| Demand Charge (\$/GJ/month)                       | \$1.798             | \$1.798        | \$1.798         | \$7.836        |
| Commodity (\$/GJ)                                 | N/A                 | \$0.035        | \$0.035         | \$0.049        |

Notes:

1. Delivery Service to Storage Facilities is not available to Northern Zone customers in the Sault Ste. Marie Delivery Area (SSMDA).
2. Daily Firm Injection and Withdrawal Rights shall be pursuant to the storage contract.
3. Storage Space, Withdrawal Rights, and Injection Rights are not assignable to any other party without the prior written consent of Union and where necessary, approval from the Ontario Energy Board.

Diversion Transaction Charge

Charge to a customer receiving delivery of diverted gas each time such customer requests a diversion and Union provides the service: \$10.00

**MONTHLY BILL**

The monthly bill will equal the sum of the monthly charges for all services selected plus the rates multiplied by the applicable gas quantities delivered or withdrawn for each service chosen plus all applicable taxes.

**DELAYED PAYMENT**

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.

**TERMS AND CONDITIONS OF SERVICE**

1. Customers must enter into a Service Agreement with Union prior to the commencement of service.
2. The identified rates represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

Effective

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Chatham, Ontario

Supersedes EB-2012-0437 Rate Schedule effective January 1, 2013.



Union Gas Limited  
Northern and Eastern Operations Area  
Gas Supply Charges

(A) Availability

Available to customers in Union's Fort Frances, Western, Northern and Eastern Delivery Zones.

(B) Applicability:

To all sales customers served under Rate 01A, Rate 10, Rate 20, Rate 100 and Rate 25.

(C) Rates

Utility Sales

|   | <u>Fort Frances</u> | <u>Western</u> | <u>Northern</u> | <u>Eastern</u> |
|---|---------------------|----------------|-----------------|----------------|
| <u>Rate 01A (cents / m<sup>3</sup>)</u>   |                     |                |                 |                |
| Storage                                   | 2.1507              | 2.3910         | 3.2252          | 3.5799         |
| Storage - Price Adjustment (2)            | 0.2109              | 0.2109         | 0.2109          | 0.2109         |
| Commodity and Fuel (1)                    | 12.5811             | 12.6353        | 12.7025         | 12.7620        |
| Commodity and Fuel - Price Adjustment (3) | (2.2022)            | (2.2022)       | (2.2022)        | (2.2022)       |
| Transportation                            | 4.9387              | 5.5401         | 7.6275          | 8.5153         |
| Transportation - Price Adjustment (4)     | 1.0523              | 1.0523         | 1.0523          | 1.0523         |
| <b>Total Gas Supply Charge</b>            | <b>18.7315</b>      | <b>19.6274</b> | <b>22.6162</b>  | <b>23.9181</b> |

Rate 10 (cents / m<sup>3</sup>)

|   |                |                |                |                |
|---|----------------|----------------|----------------|----------------|
| Storage                                   | 1.2015         | 1.4418         | 2.2760         | 2.6307         |
| Storage - Price Adjustment (5)            | 0.1201         | 0.1201         | 0.1201         | 0.1201         |
| Commodity and Fuel (1)                    | 12.5811        | 12.6353        | 12.7025        | 12.7620        |
| Commodity and Fuel - Price Adjustment (6) | (2.1961)       | (2.1961)       | (2.1961)       | (2.1961)       |
| Transportation                            | 4.3170         | 4.9184         | 7.0058         | 7.8935         |
| Transportation - Price Adjustment (7)     | 1.0341         | 1.0341         | 1.0341         | 1.0341         |
| <b>Total Gas Supply Charge</b>            | <b>17.0576</b> | <b>17.9536</b> | <b>20.9423</b> | <b>22.2443</b> |

Notes:

- (1) The Commodity and Fuel rate includes a gas supply administration charge of 0.1933 cents/m<sup>3</sup>.
- (2) Includes a temporary charge of 0.2109 cents/m<sup>3</sup> for the period February 1, 2013 to December 31, 2013.
- (3) Includes a temporary credit of 0.0286 cents/m<sup>3</sup> for the period February 1, 2013 to December 31, 2013.
- (4) Includes a temporary credit of 0.0608 cents/m<sup>3</sup> for the period February 1, 2013 to December 31, 2013.
- (5) Includes a temporary charge of 0.1201 cents/m<sup>3</sup> for the period February 1, 2013 to December 31, 2013.
- (6) Includes a temporary credit of 0.0225 cents/m<sup>3</sup> for the period February 1, 2013 to December 31, 2013.
- (7) Includes a temporary credit of 0.0786 cents/m<sup>3</sup> for the period February 1, 2013 to December 31, 2013.



Union Gas Limited  
Northern and Eastern Operations Area  
Gas Supply Charges

Utility Sales

|   | <u>Fort Frances</u> | <u>Western</u> | <u>Northern</u> | <u>Eastern</u> |
|---|---------------------|----------------|-----------------|----------------|
| <u>Rate 20 (cents / m<sup>3</sup>)</u>  |                     |                |                 |                |
| Commodity and Fuel (1)                  | 12.6040             | 12.6583        | 12.7256         | 12.7853        |
| Commodity and Fuel - Price Adjustment   | (2.1736)            | (2.1736)       | (2.1736)        | (2.1736)       |
| Commodity Transportation - Charge 1     | 3.3924              | 3.7291         | 4.8977          | 5.3947         |
| Transportation 1 - Price Adjustment     | 1.1138              | 1.1138         | 1.1138          | 1.1138         |
| Commodity Transportation - Charge 2     | 0.1535              | 0.2673         | 0.4138          | 0.5393         |
| Monthly Gas Supply Demand               | 21.7512             | 35.0467        | 85.6936         | 106.0700       |
| Gas Supply Demand - Price Adjustment    | -                   | -              | -               | -              |
| Commissioning and Decommissioning Rate  | 4.1748              | 5.3411         | 9.6355          | 11.3980        |
| <u>Rate 100 (cents / m<sup>3</sup>)</u> |                     |                |                 |                |
| Commodity and Fuel (1)                  | 12.6040             | 12.6583        | 12.7256         | 12.7853        |
| Commodity and Fuel - Price Adjustment   | (2.1736)            | (2.1736)       | (2.1736)        | (2.1736)       |
| Commodity Transportation - Charge 1     | 7.0154              | 7.2679         | 8.1444          | 8.5171         |
| Commodity Transportation - Charge 2     | 0.1535              | 0.2673         | 0.4138          | 0.5393         |
| Monthly Gas Supply Demand               | 61.0900             | 76.6014        | 135.6895        | 159.4619       |
| Commissioning and Decommissioning Rate  | 5.9635              | 6.8653         | 10.0998         | 11.4478        |
| <u>Rate 25 (cents / m<sup>3</sup>)</u>  |                     |                |                 |                |
| Gas Supply Charge:                      |                     |                |                 |                |
| Interruptible Service                   |                     |                |                 |                |
| Minimum                                 | 14.3135             | 14.3135        | 14.3135         | 14.3135        |
| Maximum                                 | 140.5622            | 140.5622       | 140.5622        | 140.5622       |

Notes:

(1) The Commodity and Fuel rate includes a gas supply administration charge of 0.1933 cents/m<sup>3</sup>.

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Chatham, Ontario

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SMALL VOLUME GENERAL SERVICE RATE

**(A) Availability**

Available to customers in Union's Southern Delivery Zone.

**(B) Applicability**

To general service customers whose total consumption is equal to or less than 50,000 m<sup>3</sup> per year.

**(C) Rates**

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated which may be higher than the identified rates.

|    |   |                    |                               |     |
|----|---|--------------------|-------------------------------|-----|
| a) | Monthly Charge                            |                    | \$21.00                       |     |
| b) | Delivery Charge                           |                    |                               |     |
|    | First                                     | 100 m <sup>3</sup> | 3.7795 ¢ per m <sup>3</sup>   |     |
|    | Next                                      | 150 m <sup>3</sup> | 3.5730 ¢ per m <sup>3</sup>   |     |
|    | All Over                                  | 250 m <sup>3</sup> | 3.0845 ¢ per m <sup>3</sup>   |     |
|    | Delivery – Price Adjustment (All Volumes) |                    | (0.0054) ¢ per m <sup>3</sup> | (1) |
| c) | Storage Charge (if applicable)            |                    | 0.7368 ¢ per m <sup>3</sup>   |     |
|    | Storage - Price Adjustment (All Volumes)  |                    | (0.0513) ¢ per m <sup>3</sup> | (2) |

Applicable to all bundled customers (sales and bundled transportation service).

d) Gas Supply Charge (if applicable)

The gas supply charge is comprised of charges for transportation and for commodity and fuel. The applicable rates are provided in Schedule "A".

During any month in which a customer terminates service or begins service, the fixed charge for the month will be prorated to such customer.

Notes:

- (1) The Delivery - Price Adjustment includes a temporary credit of 0.0485 cents/m<sup>3</sup> for the period October 1, 2012 to March 31, 2013 and a temporary charge of 0.0429 cents/m<sup>3</sup> for the period February 1, 2013 to December 31, 2013.
- (2) The Storage - Price Adjustment includes a temporary credit of 0.0513 cents/m<sup>3</sup> for the period February 1, 2013 to December 31, 2013.

**(D) Supplemental Service to Commercial and Industrial Customers Under Group Meters**

Combination of readings from several meters may be authorized by the Company and the Company will not reasonably withhold authorization in cases where meters are located on contiguous pieces of property of the same owner not divided by a public right-of-way

**(E) Delayed Payment**

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.



**(F) Direct Purchase**

Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union, and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

**(G) Overrun Charge**

In the event that a direct purchase customer fails to deliver its contracted volumes to Union, and Union has the capability to continue to supply the customer, Union will do so. The customer may pay 4.5164 ¢ per m<sup>3</sup> for the delivery and the total gas supply charge for utility sales provided in Schedule "A" per m<sup>3</sup>, plus 7¢ per m<sup>3</sup>.

**(H) Bundled Direct Purchase Delivery**

Where a customer elects transportation service under this rate schedule, the customer must enter into a Bundled T Gas Contract with Union for delivery of gas to Union. Bundled T Gas Contract Rates and Gas Purchase Contract Rates are described in rate schedule R1.

**(I) Company Policy Relating to Terms of Service**

- a. Customers who temporarily discontinue service during any twelve consecutive months without payment of the monthly fixed charge for the months in which the gas is temporarily disconnected shall pay for disconnection and reconnection.
- b. When gas is delivered at an absolute pressure in excess of 101.325 kilopascals, then for purposes of measurement, hereunder, such volume of gas shall be corrected to an absolute pressure of 101.325 kilopascals. Atmospheric pressure is assumed to be the levels shown below in kilopascals (absolute) regardless of the actual atmospheric pressure at which the gas is measured and delivered.

| <u>Zone</u> | <u>Assumed<br/>Atmospheric<br/>Pressure<br/>kPa</u> |
|-------------|---|
| 1           | 100.148   |
| 2           | 99.494  |
| 3           | 98.874  |
| 4           | 98.564  |
| 5           | 98.185  |
| 6           | 97.754  |
| 7           | 97.582  |
| 8           | 97.065  |
| 9           | 96.721  |
| 10          | 100.561   |
| 11          | 99.321  |
| 12          | 98.883  |

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LARGE VOLUME GENERAL SERVICE RATE

**(A) Availability**

Available to customers in Union's Southern Delivery Zone.

**(B) Applicability**

To general service customers whose total consumption is greater than 50,000 m<sup>3</sup> per year.

**(C) Rates**

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated which may be higher than the identified rates.

|    |   |                       |                             |     |
|----|---|-----------------------|-----------------------------|-----|
| a) | Monthly Charge                            |                       | \$70.00                     |     |
| b) | Delivery Charge                           |                       |                             |     |
|    | First                                     | 1 000 m <sup>3</sup>  | 4.1416 ¢ per m <sup>3</sup> |     |
|    | Next                                      | 6 000 m <sup>3</sup>  | 4.0653 ¢ per m <sup>3</sup> |     |
|    | Next                                      | 13 000 m <sup>3</sup> | 3.8379 ¢ per m <sup>3</sup> |     |
|    | All Over                                  | 20 000 m <sup>3</sup> | 3.5650 ¢ per m <sup>3</sup> |     |
|    | Delivery – Price Adjustment (All Volumes) |                       | 0.0355 ¢ per m <sup>3</sup> | (1) |
| c) | Storage Charge (if applicable)            |                       | 0.7550 ¢ per m <sup>3</sup> |     |
|    | Storage - Price Adjustment (All Volumes)  |                       | 0.0080 ¢ per m <sup>3</sup> | (2) |

Applicable to all bundled customers (sales and bundled transportation service).

d) Gas Supply Charge (if applicable)

The gas supply charge is comprised of charges for transportation and for commodity and fuel. The applicable rates are provided in Schedule "A".

During any month in which a customer terminates service or begins service, the fixed charge for the month will be prorated to such customer.

Notes:

- (1) The Delivery - Price Adjustment includes a temporary credit of 0.0473 cents/m<sup>3</sup> for the period October 1, 2012 to March 31, 2013 and a temporary charge of 0.0826 cents/m<sup>3</sup> for the period February 1, 2013 to December 31, 2013.
- (2) The Storage - Price Adjustment includes a temporary charge of 0.0080 cents/m<sup>3</sup> for the period February 1, 2013 to December 31, 2013.

**(D) Supplemental Service to Commercial and Industrial Customers Under Group Meters**

Combination of readings from several meters may be authorized by the Company and the Company will not reasonably withhold authorization in cases where meters are located on contiguous pieces of property of the same owner not divided by a public right-of-way.

**(E) Delayed Payment**

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.



**(F) Direct Purchase**

Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union, and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

**(G) Overrun Charge**

In the event that a direct purchase customer fails to deliver its contracted volumes to Union, and Union has the capability to continue to supply the customer, Union will do so. The customer may pay 4.8967 ¢ per m<sup>3</sup> for the delivery and the total gas supply charge for utility sales provided in Schedule "A" per m<sup>3</sup>, plus 7¢ per m<sup>3</sup>.

**(H) Bundled Direct Purchase Delivery**

Where a customer elects transportation service under this rate schedule, the customer must enter into a Bundled T Gas Contract with Union for delivery of gas to Union. Bundled T Gas Contract Rates and Gas Purchase Contract Rates are described in rate schedule R1.

**(I) Company Policy Relating to Terms of Service**

- a. Customers who temporarily discontinue service during any twelve consecutive months without payment of the monthly fixed charge for the months in which the gas is temporarily disconnected shall pay for disconnection and reconnection.
- b. When gas is delivered at an absolute pressure in excess of 101.325 kilopascals, then for purposes of measurement, hereunder, such volume of gas shall be corrected to an absolute pressure of 101.325 kilopascals. Atmospheric pressure is assumed to be the levels shown below in kilopascals (absolute) regardless of the actual atmospheric pressure at which the gas is measured and delivered.

| <u>Zone</u> | <u>Assumed<br/>Atmospheric<br/>Pressure<br/>kPa</u> |
|-------------|---|
| 1           | 100.148   |
| 2           | 99.494  |
| 3           | 98.874  |
| 4           | 98.564  |
| 5           | 98.185  |
| 6           | 97.754  |
| 7           | 97.582  |
| 8           | 97.065  |
| 9           | 96.721  |
| 10          | 100.561   |
| 11          | 99.321  |
| 12          | 98.883  |

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Chatham, Ontario

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FIRM INDUSTRIAL AND COMMERCIAL CONTRACT RATE

**(A) Availability**

Available to customers in Union's Southern Delivery Zone.

**(B) Applicability**

To a customer who enters into a contract for the purchase or transportation of gas for a minimum term of one year that specifies a daily contracted demand between 4 800 m<sup>3</sup> and 140 870 m<sup>3</sup>.

**(C) Rates**

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated which may be higher than the identified rates.

1. Bills will be rendered monthly and shall be the total of:

|       |   |  |                              |
|-------|---|--|------------------------------|
| (i)   | A Monthly Demand Charge                                     |  |                              |
|       | First   | 8 450 m <sup>3</sup> of daily contracted demand  | 46.6239 ¢ per m <sup>3</sup> |
|       | Next  | 19 700 m <sup>3</sup> of daily contracted demand | 20.9050 ¢ per m <sup>3</sup> |
|       | All Over  | 28 150 m <sup>3</sup> of daily contracted demand | 17.5631 ¢ per m <sup>3</sup> |
| (ii)  | A Monthly Delivery Commodity Charge                         |  |                              |
|       | First 422 250 m <sup>3</sup> delivered per month            |  | 0.9621 ¢ per m <sup>3</sup>  |
|       | Next volume equal to 15 days use of daily contracted demand |  | 0.9621 ¢ per m <sup>3</sup>  |
|       | For remainder of volumes delivered in the month             |  | 0.4243 ¢ per m <sup>3</sup>  |
|       | Delivery- Price Adjustment (All Volumes)                    |  | 0.0002 ¢ per m <sup>3</sup>  |
| (iii) | Gas Supply Charge (if applicable)                           |  |                              |

The gas supply charge is comprised of charges for transportation and for commodity and fuel. The applicable rates are provided in Schedule "A"

2. Overrun Charge

Authorized overrun gas is available provided that it is authorized by Union in advance. Union will not unreasonably withhold authorization. Overrun means gas taken on any day in excess of 103% of contracted daily demand. Authorized overrun will be available April 1 through October 31 and will be paid for at a Delivery Rate of 2.4949 ¢ per m<sup>3</sup> and, if applicable, the total gas supply charge for utility sales provided in Schedule "A" per m<sup>3</sup> for all volumes purchased.

Unauthorized overrun gas taken in any month shall be paid for at the rate of 4.5164 ¢ per m<sup>3</sup> for the delivery and the total gas supply charge for utility sales provided in Schedule "A" per m<sup>3</sup> for all gas supply volumes purchased.

3. Minimum Annual Charge

In each contract year, the customer shall purchase from Union or pay for a minimum volume of gas or transportation services equivalent to 146 days use of contracted demand. Overrun gas volumes will not contribute to the minimum volume. In the event that the customer shall not take such minimum volume the customer shall pay an amount equal to the deficiency from the minimum volume times a Delivery Charge of 1.1554 ¢ per m<sup>3</sup> and, if applicable a gas supply commodity charge provided in Schedule "A".

In the event that the contract period exceeds one year the annual minimum volume will be prorated for any part year.





**uniongas**

Effective  
2013-01-01  
**Rate M4**  
Page 2 of 2

**(D) Delayed Payment**

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.

**(E) Direct Purchase**

Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union, and must acquire and maintain firm transportation on all upstream pipeline systems for all volumes. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

**(F) Bundled Direct Purchase Delivery**

Where a customer elects transportation service under this rate schedule the customer must enter into a Bundled T Gas Contract with Union for delivery of gas to Union.

Bundled T Gas Contract Rates and Gas Purchase Contract Rates are described in rate schedule R1.

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INTERRUPTIBLE INDUSTRIAL AND COMMERCIAL CONTRACT RATE

**(A) Availability**

Available to customers in Union's Southern Delivery Zone.

**(B) Applicability**

To a customer who enters into a contract for the purchase or transportation of gas for a minimum term of one year that specifies a daily contracted demand between 4 800 m<sup>3</sup> and 140 870 m<sup>3</sup> inclusive.

**(C) Rates**

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated which may be higher than the identified rates.

1. Interruptible Service

The price of all gas delivered by Union pursuant to any contract, contract amendment, or contract renewal shall be determined on the basis of the following schedules:

a) (i) Monthly Delivery Commodity Charge

| <u>Daily Contracted Demand Level (CD)</u>            | <u>Price per m<sup>3</sup></u> |
|--|--------------------------------|
| 4 800 m <sup>3</sup> ≤ CD < 17 000 m <sup>3</sup>    | 2.9712 ¢ per m <sup>3</sup>    |
| 17 000 m <sup>3</sup> ≤ CD < 30 000 m <sup>3</sup>   | 2.8413 ¢ per m <sup>3</sup>    |
| 30 000 m <sup>3</sup> ≤ CD < 50 000 m <sup>3</sup>   | 2.7730 ¢ per m <sup>3</sup>    |
| 50 000 m <sup>3</sup> ≤ CD < 70 000 m <sup>3</sup>   | 2.7251 ¢ per m <sup>3</sup>    |
| 70 000 m <sup>3</sup> ≤ CD < 100 000 m <sup>3</sup>  | 2.6908 ¢ per m <sup>3</sup>    |
| 100 000 m <sup>3</sup> ≤ CD ≤ 140 870 m <sup>3</sup> | 2.6571 ¢ per m <sup>3</sup>    |
| Delivery- Price Adjustment (All Volumes)             | 0.0002 ¢ per m <sup>3</sup>    |

(ii) Days Use of Interruptible Contract Demand

The price determined under Paragraph 1(a) of "Rates" will be reduced by the amount based on the number of Days Use of Contracted Demand as scheduled below:

|  |                              |
|--|------------------------------|
| For 75 days use of contracted demand   | 0.0530 ¢ per m <sup>3</sup>  |
| For each additional days use of contracted demand up to a maximum of 275 days, an additional discount of | 0.00212 ¢ per m <sup>3</sup> |

(iii) Gas Supply Charge (if applicable)

The gas supply charge is comprised of charges for transportation and for commodity and fuel. The applicable rates are provided in Schedule "A"

|                     |                    |
|---------------------|--------------------|
| (iv) Monthly Charge | \$690.00 per month |
|---------------------|--------------------|



2. In each contract year, the customer shall take delivery from Union, or in any event pay for, if available and not accepted by the customer, a minimum volume of gas or transportation services as specified in the contract between the parties and which will not be less than 700 000 m<sup>3</sup> per annum. Overrun volumes will not contribute to the minimum volume. In the event that the customer shall not take such minimum volume, the customer shall pay an amount equal to the deficiency from the minimum volume times a Delivery Charge of 3.1645 ¢ per m<sup>3</sup>, and if applicable, a gas supply charge provided in Schedule "A".

In the event that the contract period exceeds one year, the annual minimum volume will be prorated for any part year.

3. Overrun gas is available without penalty provided that it is authorized by Union in advance. Union will not unreasonably withhold authorization. Overrun means gas taken on any day in excess of 105% of contracted daily demand.

Unauthorized overrun gas taken in any month shall be paid for at the rate of 4.5164 ¢ per m<sup>3</sup> for the delivery and the total gas supply charge for utility sales provided in Schedule "A" per m<sup>3</sup> for all gas supply volumes purchased.

4. Non-Interruptible Service

Union may agree, in its sole discretion, to combine an interruptible service with a firm service in which case the amount of firm daily demand to be delivered shall be agreed upon by Union and the customer.

- a) The monthly demand charge for firm daily deliveries will be 28.6252 ¢ per m<sup>3</sup>.
- b) The commodity charge for firm service shall be the rate for firm service at Union's firm rates net of a monthly demand charge of 28.6252 ¢ per m<sup>3</sup> of daily contracted demand and a delivery commodity price adjustment of 0.0002 ¢ per m<sup>3</sup>.
- c) The interruptible commodity charge will be established under Clause 1 of this schedule.

**(D) Delayed Payment**

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.

**(E) Direct Purchase**

Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union, and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

**(F) Bundled Direct Purchase Delivery**

Where a customer elects transportation service under this rate schedule the customer must enter into a Bundled T Gas Contract with Union for delivery of gas to Union.

Bundled T Gas Contract Rates and Gas Purchase Contract Rates are described in rate schedule R1.

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SPECIAL LARGE VOLUME  
INDUSTRIAL AND COMMERCIAL CONTRACT RATE

**(A) Availability**

Available to customers in Union's Southern Delivery Zone.

**(B) Applicability**

To a Customer

- a) who enters into a contract for the purchase or transportation of gas for a minimum term of one year that specifies a combined maximum daily requirement for firm, interruptible and seasonal service of at least 140 870 m<sup>3</sup>, and a qualifying annual volume of at least 28 327 840 m<sup>3</sup>; and
- b) who has site specific energy measuring equipment installed at each Point of Consumption that will be used in determining energy balances.

For the purposes of qualifying for a rate class, the total quantities of gas consumed or expected to be consumed on the customer's contiguous property will be used, irrespective of the number of meters installed.

**(C) Rates**

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated which may be higher than the identified rates.

1. Bills will be rendered monthly and shall be the total of:

- (i) A Monthly Demand Charge

A negotiated Monthly Demand Charge of up to 25.3924 ¢ per m<sup>3</sup> for each m<sup>3</sup> of daily contracted firm demand.

- (ii) A Monthly Delivery Commodity Charge

(1) A Monthly Firm Delivery Commodity Charge for all firm volumes of 0.3206 ¢ per m<sup>3</sup> for each m<sup>3</sup>, and a Delivery - Price Adjustment of 0.0002 ¢ per m<sup>3</sup>.

(2) A Monthly Interruptible Delivery Commodity Charge for all interruptible volumes to be negotiated between Union and the customer not to exceed an annual average of 3.9455 ¢ per m<sup>3</sup>.

(3) A Monthly Seasonal Delivery Commodity Charge for all seasonal volumes to be negotiated between Union and the customer not to exceed an annual average of 3.7014 ¢ per m<sup>3</sup>.

- (iii) Gas Supply Charge (if applicable)

The gas supply charge is comprised of charges for transportation and for commodity and fuel. The applicable rates are provided in Schedule "A".



(iv) Overrun Gas

Overrun gas is available without penalty provided that it is authorized by Union in advance. Union will not unreasonably withhold authorization.

Unauthorized overrun gas taken in any month shall be paid for at the M1 rate in effect at the time the overrun occurs, plus, if applicable, the total gas supply charge for utility sales provided in Schedule "A" per m<sup>3</sup> for all the gas supply volumes purchased.

2. In negotiating the Monthly Interruptible and Seasonal Commodity Charges, the matters to be considered include:
  - (a) The volume of gas for which the customer is willing to contract,
  - (b) The load factor of the customer's anticipated gas consumption, the pattern of annual use, and the minimum annual quantity of gas which the customer is willing to contract to take or in any event pay for,
  - (c) Interruptible or curtailment provisions, and
  - (d) Competition.
3. In each contract year, the customer shall take delivery from Union, or in any event, pay for if available and not accepted by the customer, a minimum volume of gas as specified in the contract between the parties. Overrun gas volumes will not contribute to the minimum volume.
4. The contract may provide that the Monthly Demand Charge specified in Rate Section 1 above shall not apply on all or part of the daily contracted firm demand used by the customer during the testing, commissioning, phasing in, decommissioning and phasing out of gas-using equipment for a period not to exceed one year (the "transition period"). In such event, the contract will provide for a Monthly Delivery Commodity Charge to be applied on such volume during the transition of 2.8549 ¢ per m<sup>3</sup> and the total gas supply charge for utility sales provided in Schedule "A" per m<sup>3</sup>, if applicable.
5. Either the utility or a customer, or potential customer, may apply to the Ontario Energy Board to fix rates and other charges different from the rates and other charges specified herein if the changed rates and other charges are considered by either party to be necessary, desirable and in the public interest.

**(D) Delayed Payment**

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.

**(E) Direct Purchase**

Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union, and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

**(F) Bundled Direct Purchase Delivery and Short Term Supplemental Services**

Where a customer elects transportation service and/or a short term supplemental service under this rate schedule, the customer must enter into a Contract under rate schedule R1.

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LARGE WHOLESALE SERVICE RATE

**(A) Availability**

Available to customers in Union's Southern Delivery Zone.

**(B) Applicability**

To a distributor who enters into a contract to purchase and/or receive delivery of a firm supply of gas for distribution to its customers and who agrees to take or pay for an annual quantity of at least two million cubic metres.

**(C) Rates**

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated which may be higher than the identified rates.

1. (i) A Monthly Demand Charge of 15.1688 ¢ per m<sup>3</sup> of established daily demand determined in accordance with the service contract, such demand charge to be computed on a calendar month basis and a pro-rata charge to be made for the fraction of a calendar month which will occur if the day of first regular delivery does not fall on the first day of a month,
- (ii) A Delivery Commodity Charge of 0.1990 ¢ per m<sup>3</sup>, a Delivery Price Adjustment of 0.0002 ¢ per m<sup>3</sup> for gas delivered and,
- (iii) Gas Supply Charge (if applicable)

The gas supply charge is comprised of charges for transportation and for commodity and fuel.  
The applicable rates are provided in Schedule "A".

**(D) Delayed Payment**

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.

**(E) Direct Purchase**

Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union, and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

**(F) Overrun Charge**

Authorized:

For all quantities on any day in excess of 103% of the customer's contractual rights, for which authorization has been received, the customer will be charged 0.6977 ¢ per m<sup>3</sup>. Overrun will be authorized by Union at its sole discretion.

Unauthorized:

For all quantities on any day in excess of 103% of the customer's contractual rights, for which authorization has not been received, the customer will be charged 36.0 ¢ per m<sup>3</sup>.



**uniongas**

Effective  
2013-01-01  
**Rate M9**  
Page 2 of 2

**(G) Bundled Direct Purchase Delivery**

Where a customer elects transportation service under this rate schedule the customer must enter into a Bundled T Gas Contract with Union for delivery of gas to Union.

Bundled T Gas Contract Rates and Gas Purchase Contract Rates are described in rate schedule R1.

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SMALL WHOLESALE SERVICE RATE

**(A) Availability**

Available to customers in Union's Southern Delivery Zone.

**(B) Applicability**

To a non-contract distributor who purchases and/or receives delivery of a firm supply of gas for distribution only to its own customers.

**(C) Rates**

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated which may be higher than the identified rates.

1. A Delivery Commodity Charge of 5.1734 ¢ per m<sup>3</sup> for gas delivered.
2. Gas Supply Charge (if applicable)

The gas supply charge is comprised of charges for transportation and for commodity and fuel.  
The applicable rates are provided in Schedule "A".

**(D) Delayed Payment**

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.

**(E) Direct Purchase**

Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union, and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

**(F) Overrun Charge**

In the event that a direct purchase customer fails to deliver its contracted volumes to Union, and Union has the capability to continue to supply the customer, Union will do so. This gas shall be paid for at the rate of 4.5164 ¢ per m<sup>3</sup> for the delivery and, if applicable, the total gas supply charge for utility sales provided in Schedule "A" per m<sup>3</sup>, plus 7 ¢ per m<sup>3</sup> for all gas supply volumes purchased.

**(G) Bundled Direct Purchase Delivery**

Where a customer elects transportation service under this rate schedule, the customer must enter into a Bundled T Gas Contract with Union for delivery of gas to Union.

Bundled T Gas Contract Rates and Gas Purchase Contract Rates are described in rate schedule R1.

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BUNDLED DIRECT PURCHASE CONTRACT RATE

**(A) Availability**

Available to customers in Union's Southern Delivery Zone.

**(B) Applicability**

To a customer who enters into a Receipt Contract or Gas Purchase Contract for delivery and/or sale of gas to Union.

**(C) Rates**

|  | <u>Demand<br/>Charge<br/>Rate/GJ/month</u> | <u>Commodity<br/>Charges/Credits<br/>Rate/GJ</u> |
|--|--|--|
| a) Transportation by Union<br>For gas delivered to Union at any point other than the Ontario Point(s) of Receipt, Union will charge a customer all approved tolls and charges, incurred by Union to transport the gas to the Ontario Point(s) of Receipt |  |  |
| b) Firm Backstop Gas<br>Applied to the contracted Firm Backstop Gas Supply Service   | \$1.846                                    |  |
| Backstop Gas Commodity Charge<br>On all quantities supplied by Union to the Ontario Point(s) of Receipt  |  | \$4.957  |
| c) Reasonable Efforts Backstop Gas<br>Paid on all quantities of gas supplied by Union to the customer's Point(s) of Consumption  |  | \$5.732  |
| d) Banked Gas Purchase<br><br>T-service  |  | Note (1)   |
| e) Failure to Deliver<br>Applied to all quantities not delivered to Union in the event the customer's supply fails   |  | \$2.561  |
| f) Short Term Storage / Balancing Service (2)<br><br>Maximum   |  | \$6.000  |
| g) Discretionary Gas Supply Service ("DGSS")   |  | Note (3)   |



**Notes:**

(1) The charge for banked gas purchases shall be the higher of the daily spot cost at Dawn in the month of or the month following the month in which gas is sold under this rate and shall not be less than Union's approved weighted average cost of gas.

(2) Short Term Storage / Balancing Service is:

- i) a combined space and interruptible deliverability service for short-term or off-peak storage in Union's storage facilities, OR
- ii) short-term firm deliverability, OR
- iii) a component of an operational balancing service offered.

In negotiating the rate to be charged for short term storage services, the matters that are to be considered include:

- i) The minimum amount of storage service to which a customer is willing to commit,
- ii) Whether the customer is contracting for firm or interruptible service during Union's peak or non-peak periods,
- iii) Utilization of facilities, and
- iv) Competition

(3) Discretionary Gas Supply Service price reflects the "back-to-back" price plus gas supply administration charge.



STORAGE AND TRANSPORTATION RATES  
FOR CONTRACT CARRIAGE CUSTOMERS

**(A) Availability**

Available to customers in Union's Southern Delivery Zone.

**(B) Applicability**

To a customer:

- a) whose qualifying annual transportation volume for combined firm and interruptible service is at least 2 500 000 m<sup>3</sup> or greater and has a daily firm contracted demand up to 140,870 m<sup>3</sup>; and
- b) who enters into a Carriage Service Contract with Union for the transportation or the storage and transportation of Gas for use at facilities located within Union's gas franchise area; and
- c) who has meters with electronic recording at each Point of Consumption; and
- d) who has site specific energy measuring equipment installed at each Point of Consumption that will be used in determining energy balances; and
- e) for whom Union has determined transportation and/or storage capacity is available.

For the purposes of qualifying for a rate class, the total quantities of gas consumed or expected to be consumed on the customer's contiguous property will be used, irrespective of the number of meters installed.

**(C) Rates**

The following rates shall be charged for all quantities contracted or handled as appropriate. The identified rates represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

**STORAGE SERVICE:**

|  | Demand<br>Charge<br><u>Rate/GJ/mo</u> | Commodity<br>Charge<br><u>Rate/GJ</u> | <u>For Customers Providing<br/>Their Own Compressor Fuel</u> |                                       |
|--|---------------------------------------|---------------------------------------|--|---------------------------------------|
|  |                                       |                                       | Fuel<br>Ratio  | Commodity<br>Charge<br><u>Rate/GJ</u> |
| a) Annual Firm Storage Space<br>Applied to contracted Maximum<br>Annual Storage Space  | \$0.011                               |                                       |  |                                       |
| b) Annual Firm Injection/Withdrawal Right:<br>Applied to the contracted Maximum<br>Annual Firm Injection/Withdrawal Right<br>Union provides deliverability Inventory | \$1.624                               |                                       |  |                                       |
| Customer provides deliverability Inventory (4)   | \$1.197                               |                                       |  |                                       |
| c) Incremental Firm Injection Right:<br>Applied to the contracted Maximum<br>Incremental Firm Injection Right  | \$1.197                               |                                       |  |                                       |
| d) Annual Interruptible Withdrawal Right:<br>Applied to the contracted Maximum<br>Annual Interruptible Withdrawal Right  | \$1.197                               |                                       |  |                                       |



|  | Demand<br>Charge<br>Rate/GJ/mo | Commodity<br>Charge<br>Rate/GJ | For Customers Providing<br>Their Own Compressor Fuel |                                |
|--|--------------------------------|--------------------------------|--|--------------------------------|
|  |                                |                                | Fuel<br>Ratio  | Commodity<br>Charge<br>Rate/GJ |
| e) Withdrawal Commodity<br>Paid on all quantities withdrawn<br>from storage up to the Maximum<br>Daily Storage Withdrawal Quantity |                                | \$0.030                        | 0.395%   | \$0.008                        |
| f) Injection Commodity<br>Paid on all quantities injected into<br>storage up to the Maximum Daily<br>Storage Injection Quantity    |                                | \$0.030                        | 0.395%   | \$0.008                        |
| g) Short Term Storage / Balancing Service<br>Maximum   |                                | \$6.000                        |  |                                |

Notes:

1. Demand charges for Annual Services are paid monthly during the term of the contract for not less than one year unless Union, in its sole discretion, accepts a term of less than one year. Demand charges apply whether Union or the customer provides the fuel.
2. Annual Firm Injection Rights are equal to 100% of their respective Annual Firm Withdrawal Rights. Injection Rights in excess of the Annual Firm Injection Rights will be charged at the Incremental Firm Injection Right.
3. Annual Firm Storage Space

The maximum storage space available to a customer at the rates specified herein is determined by one of the following storage allocation methodologies:

3.1 Aggregate Excess

Aggregate excess is the difference between a customer's gas consumption in the 151-day winter period and consumption during the balance of the year. This calculation will be done using two years of historical data (with 25% weighting for each year) and one year of forecast data (with 50% weighting). If a customer is new, or an existing customer is undergoing a significant change in operations, the allocation will be based on forecast consumption only, as negotiated between Union and the customer. Once sufficient historical information is available for the customer, the standard calculation will be done. At each contract renewal, the aggregate excess calculation will be performed to set the new space allocation.

3.2 Obligated daily contract quantity multiple of 15

Obligated daily contract quantity is the firm daily quantity of gas which the customer must deliver to Union. The 15 x obligated daily contract quantity calculation will be done using the daily contract quantity for the upcoming contract year. At each contract renewal, the 15 x obligated daily contract quantity calculation will be performed to set the new space allocation.

Customers may contract for less than their maximum entitlement of firm storage space.



4. Annual Injection/Withdrawal Right

The maximum level of deliverability available to a customer at the rates specified herein is determined by one of the following methodologies:

4.1 The greater of obligated daily contract quantity or firm daily contract demand less obligated daily contract quantity.

Customers may contract for less than their maximum entitlement of deliverability. A customer may contract up to this maximum entitlement with a combination of firm and interruptible deliverability as specified in Section (C) Storage Service.

5. Additional storage space or deliverability, in excess of the allocated entitlements per Notes 3 and 4, may be available at market prices.

6. Storage Space and Withdrawal Rights are not assignable to any other party without the prior written consent of Union.

7. Deliverability Inventory being defined as 20% of annual storage space.

8. Short Term Storage / Balancing Service is:

- i) a combined space and interruptible deliverability service for short-term or off-peak storage in Union's storage facilities, or
- ii) short-term firm deliverability, or
- iii) a component of an operational balancing service offered.

In negotiating the rate to be charged for service, the matters that are to be considered include:

- i) The minimum amount of storage service to which a customer is willing to commit,
- ii) Whether the customer is contracting for firm or interruptible service during Union's peak or non-peak periods,
- iii) Utilization of facilities, and
- iv) Competition



**TRANSPORTATION CHARGES:**

|   | Demand<br>Charge<br><u>Rate/m<sup>3</sup>/mo</u> | Commodity<br>Charge<br><u>Rate/m<sup>3</sup></u> | For Customers Providing<br>Their Own Compressor Fuel<br>Fuel<br>Ratio (5) (6) | Commodity<br>Charge<br><u>Rate/m<sup>3</sup></u> |
|---|--|--|---|--|
| a) Annual Firm Transportation Demand<br>Applied to the Firm Daily Contract Demand<br>First 28,150 m <sup>3</sup> per month<br>Next 112,720 m <sup>3</sup> per month | 31.9554 ¢<br>22.0775 ¢                           |  |   |  |
| b) Firm Transportation Commodity<br>Paid on all firm quantities redelivered to the<br>customer's Point(s) of Consumption<br>Commodity Charge (All volumes)          |  | 0.1238 ¢   | 0.250%  | 0.0712 ¢   |
| c) Interruptible Transportation Commodity<br>Paid on all interruptible quantities redelivered<br>to the customer's Point(s) of Consumption<br>Maximum               |  | 3.9455 ¢   | 0.250%  | 3.8929 ¢   |

Notes:

1. All demand charges are paid monthly during the term of the contract for not less than one year unless Union, at its sole discretion, accepts a term of less than one year. Demand charges apply whether Union or the customer provides the fuel.
2. In negotiating the rate to be charged for the transportation of gas under Interruptible Transportation, the matters that are to be considered include:
  - a) The amount of the interruptible transportation for which customer is willing to contract,
  - b) The anticipated load factor for the interruptible transportation quantities,
  - c) Interruptible or curtailment provisions, and
  - d) Competition.
3. In each contract year, the customer shall pay for a Minimum Interruptible Transportation Activity level as specified in the Contract. Overrun activity will not contribute to the minimum activity level.
4. Transportation fuel ratios do not apply to customers served from dedicated facilities directly connected to third party transmission systems with custody transfer metering at the interconnect.
5. Either Union or a customer, or potential customer, may apply to the Ontario Energy Board to fix rates and other charges different from the rates and other charges specified herein if the changed rates and other charges are considered by either party to be necessary, desirable and in the public interest.



**SUPPLEMENTAL CHARGES:**

Rates for supplemental services are provided in Schedule "A".

Notes:

1. All demand charges are paid monthly during the term of the contract for not less than one year unless Union, in its sole discretion, accepts a term of less than one year.

**OVERRUN SERVICE:**

**1. Annual Storage Space**

Authorized

Authorized Overrun is provided as Storage/Balancing Service. It is payable on all quantities on any Day in excess of the customer's contracted Maximum Storage Space. Overrun will be authorized by Union at its sole discretion. Storage Space Overrun equal to the customer's firm deliveries from TCPL: less the customer's Firm Daily Contract Demand, all multiplied by the Days of Interruption called during the period of November 1 to March 31, will be automatically authorized until the following July 1.

Unauthorized

If in any month, the customer has gas in storage in excess of the contracted Maximum Storage Space, and which has not been authorized by Union or provided for under a short term supplemental storage service, such an event will constitute an occurrence of Unauthorized Overrun. The Unauthorized Overrun rate will be \$6.000 per GJ applied to the greatest excess for each occurrence.

If on any Day the gas storage balance for the account of the customer is less than zero, the Unauthorized Overrun charge will apply for each GJ of gas below a zero inventory level and this amount of gas shall be deemed not to have been withdrawn from storage. The gas shall be deemed to have been sold to the customer at the highest spot price at Dawn in the month of occurrence and the month following occurrence as identified in the Canadian Gas Price Reporter and shall not be less than Union's approved weighted average cost of gas. If the customer has contracted to provide its own deliverability inventory, the zero inventory level shall be deemed to mean twenty percent (20%) of the Annual Firm Storage Space.



**2. Injection, Withdrawals and Transportation**

Authorized

The following Overrun rates are applied to any quantities transported, injected or withdrawn in excess of 103% of the Contract parameters. Overrun will be authorized by Union at its sole discretion.

Automatic authorization of Injection Overrun will be given during all Days a customer has been interrupted.

|                     | Union<br>Providing<br><u>Fuel</u>            | For Customers Providing<br>Their Own Compressor Fuel<br><u>Firm or Interruptible Service</u> |                             |
|---------------------|--|--|-----------------------------|
|                     | <u>Firm or<br/>Interruptible<br/>Service</u> | <u>Fuel<br/>Ratio</u>  | <u>Commodity<br/>Charge</u> |
| Storage Injections  | \$0.108/GJ                                   | 0.853%   | \$0.061/GJ                  |
| Storage Withdrawals | \$0.108/GJ                                   | 0.853%   | \$0.061/GJ                  |
| Transportation      | 1.1743 ¢/m <sup>3</sup>                      | 0.250%   | 1.1218 ¢/m <sup>3</sup>     |

Unauthorized

For all quantities on any Day in excess of 103% of the customer's contractual rights, for which authorization has not been received, the customer will be charged 4.5164 ¢ per m<sup>3</sup> or \$1.194 per GJ, as appropriate.

**3. Storage / Balancing Service**

Authorized

The following Overrun rates are applied to any quantities stored in excess of the Contract parameters. Overrun will be authorized by Union Gas at its sole discretion.

|                                   | <u>Firm<br/>Service<br/>Rate/GJ</u> |
|-----------------------------------|-------------------------------------|
| Space                             | \$6.000                             |
| Injection / Withdrawal<br>Maximum | \$6.000                             |





**OTHER SERVICES & CHARGES:**

**1. Monthly Charge**

In addition to the rates and charges described previously for each Point of Consumption, a Monthly Charge shall be applied as follows:

|                |            |
|----------------|------------|
| Monthly Charge | \$1,936.13 |
|----------------|------------|

**2. Diversion of Gas**

The availability of the right to divert gas will be based on Union's ability to accommodate the diversion. The price to be charged for the right to divert shall be determined through negotiation.

**3. Delivery Obligations**

Unless otherwise authorized by Union, all other customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

**4. Additional Service Information**

Additional information on Union's T1 service offering can be found at:

The additional information consists of, but is not limited to, the following:

<http://www.uniongas.com/business/accountservices/unionline/contractsRates/T1servicefeatures.asp>

- i. Storage space and deliverability entitlement;
- ii. The determination of gas supply receipt points and delivery obligations;
- iii. The nomination schedule;
- iv. The management of multiple redelivery points by a common fuel manager; and
- v. The availability of supplemental transactional services including title transfers.

**(D) Delayed Payment**

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.

Effective

January 1, 2013  
O.E.B. Order # EB-2011-0210

Chatham, Ontario

Supersedes EB-2012-0437 Rate Schedule effective January 1, 2013.



STORAGE AND TRANSPORTATION RATES  
FOR CONTRACT CARRIAGE CUSTOMERS

**(A) Availability**

Available to customers in Union's Southern Delivery Zone.

**(B) Applicability**

To a customer:

- a) who has a daily firm contracted demand of at least 140 870 m<sup>3</sup>. Firm and/or interruptible daily contracted demand of less than 140,870 m<sup>3</sup> cannot be combined for the purposes of qualifying for this rate class; and
- b) who enters into a Carriage Service Contract with Union for the transportation or the storage and transportation of Gas for use at facilities located within Union's gas franchise area; and
- c) who has meters with electronic recording at each Point of Consumption; and
- d) who has site specific energy measuring equipment installed at each Point of Consumption that will be used in determining energy balances; and
- e) for whom Union has determined transportation and/or storage capacity is available.

For the purposes of qualifying for a rate class, the total quantities of gas consumed or expected to be consumed on the customer's contiguous property will be used, irrespective of the number of meters installed.

**(C) Rates**

The following rates shall be charged for all quantities contracted or handled as appropriate. The identified rates represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

**STORAGE SERVICE:**

|  | Demand<br>Charge<br><u>Rate/GJ/mo</u> | Commodity<br>Charge<br><u>Rate/GJ</u> | <u>For Customers Providing<br/>Their Own Compressor Fuel</u> |                                       |
|--|---------------------------------------|---------------------------------------|--|---------------------------------------|
|  |                                       |                                       | Fuel<br><u>Ratio</u>   | Commodity<br>Charge<br><u>Rate/GJ</u> |
| a) Annual Firm Storage Space<br>Applied to contracted Maximum<br>Annual Storage Space  | \$0.011                               |                                       |  |                                       |
| b) Annual Firm Injection/Withdrawal Right:<br>Applied to the contracted Maximum<br>Annual Firm Injection/Withdrawal Right<br>Union provides deliverability Inventory | \$1.624                               |                                       |  |                                       |
| Customer provides deliverability Inventory (4)   | \$1.197                               |                                       |  |                                       |
| c) Incremental Firm Injection Right:<br>Applied to the contracted Maximum<br>Incremental Firm Injection Right  | \$1.197                               |                                       |  |                                       |
| d) Annual Interruptible Withdrawal Right:<br>Applied to the contracted Maximum<br>Annual Interruptible Withdrawal Right  | \$1.197                               |                                       |  |                                       |



|  | Demand<br>Charge<br>Rate/GJ/mo | Commodity<br>Charge<br>Rate/GJ | For Customers Providing<br>Their Own Compressor Fuel |                                |
|--|--------------------------------|--------------------------------|--|--------------------------------|
|  |                                |                                | Fuel<br>Ratio  | Commodity<br>Charge<br>Rate/GJ |
| e) Withdrawal Commodity<br>Paid on all quantities withdrawn<br>from storage up to the Maximum<br>Daily Storage Withdrawal Quantity |                                | \$0.030                        | 0.395%   | \$0.008                        |
| f) Injection Commodity<br>Paid on all quantities injected into<br>storage up to the Maximum Daily<br>Storage Injection Quantity    |                                | \$0.030                        | 0.395%   | \$0.008                        |
| g) Short Term Storage / Balancing Service<br>Maximum   |                                | \$6.000                        |  |                                |

Notes:

1. Demand charges for Annual Services are paid monthly during the term of the contract for not less than one year unless Union, in its sole discretion, accepts a term of less than one year. Demand charges apply whether Union or the customer provides the fuel.
2. Annual Firm Injection Rights are equal to 100% of their respective Annual Firm Withdrawal Rights. Injection Rights in excess of the Annual Firm Injection Rights will be charged at the Incremental Firm Injection Right.
3. Annual Firm Storage Space

The maximum storage space available to a customer at the rates specified herein is determined by one of the following storage allocation methodologies:

3.1 Aggregate Excess

Aggregate excess is the difference between a customer's gas consumption in the 151-day winter period and consumption during the balance of the year. This calculation will be done using two years of historical data (with 25% weighting for each year) and one year of forecast data (with 50% weighting). If a customer is new, or an existing customer is undergoing a significant change in operations, the allocation will be based on forecast consumption only, as negotiated between Union and the customer. Once sufficient historical information is available for the customer, the standard calculation will be done. At each contract renewal, the aggregate excess calculation will be performed to set the new space allocation.

3.2 Obligated daily contract quantity multiple of 15

Obligated daily contract quantity is the firm daily quantity of gas which the customer must deliver to Union. The 15 x obligated daily contract quantity calculation will be done using the daily contract quantity for the upcoming contract year. At each contract renewal, the 15 x obligated daily contract quantity calculation will be performed to set the new space allocation.

3.3 For new, large (daily firm transportation demand requirements in excess of 1,200,000 m<sup>3</sup>/day) gas fired power generation customers, storage space is determined by peak hourly consumption x 24 x 4 days. Should the customer elect firm deliverability less than their maximum entitlement (see Note 4.2), the maximum storage space available at the rates specified herein is 10 x firm storage deliverability contracted, not to exceed peak hourly consumption x 24 x 4 days.

Customers may contract for less than their maximum entitlement of firm storage space.



4. Annual Injection/Withdrawal Right

The maximum level of deliverability available to a customer at the rates specified herein is determined by one of the following methodologies:

4.1 The greater of obligated daily contract quantity or firm daily contract demand less obligated daily contract quantity.

4.2 For new, large (daily firm transportation demand requirements in excess of 1,200,000 m<sup>3</sup>/day) gas fired power generation customers, the maximum entitlement of firm storage deliverability is 24 times the customer's peak hourly consumption, with 1.2% firm deliverability available at the rates specified herein.

Customers may contract for less than their maximum entitlement of deliverability. A customer may contract up to this maximum entitlement with a combination of firm and interruptible deliverability as specified in Section (C) Storage Service.

5. Additional storage space or deliverability, in excess of the allocated entitlements per Notes 3 and 4, may be available at market prices.

6. Storage Space and Withdrawal Rights are not assignable to any other party without the prior written consent of Union.

7. Deliverability Inventory being defined as 20% of annual storage space.

8. Short Term Storage / Balancing Service is:

- i) a combined space and interruptible deliverability service for short-term or off-peak storage in Union's storage facilities, or
- ii) short-term firm deliverability, or
- iii) a component of an operational balancing service offered.

In negotiating the rate to be charged for service, the matters that are to be considered include:

- i) The minimum amount of storage service to which a customer is willing to commit,
- ii) Whether the customer is contracting for firm or interruptible service during Union's peak or non-peak periods,
- iii) Utilization of facilities, and
- iv) Competition



**TRANSPORTATION CHARGES:**

|  | Demand<br>Charge<br><u>Rate/m<sup>3</sup>/mo</u> | Commodity<br>Charge<br><u>Rate/m<sup>3</sup></u> | For Customers Providing<br>Their Own Compressor Fuel<br>Fuel<br>Ratio (5) (6) | Commodity<br>Charge<br><u>Rate/m<sup>3</sup></u> |
|--|--|--|---|--|
| a) Annual Firm Transportation Demand<br>Applied to the Firm Daily Contract Demand<br>First 140,870 m <sup>3</sup> per month<br>All over 140,870 m <sup>3</sup> per month | 20.1911 ¢<br>10.6802 ¢                           |  |   |  |
| b) Firm Transportation Commodity<br>Paid on all firm quantities redelivered to the<br>customer's Point(s) of Consumption<br>Commodity Charge (All volumes)               |  | 0.0597 ¢   | 0.247%  | 0.0078 ¢   |
| c) Interruptible Transportation Commodity<br>Paid on all interruptible quantities redelivered<br>to the customer's Point(s) of Consumption<br>Maximum                    |  | 3.9455 ¢   | 0.247%  | 3.8936 ¢   |

Notes:

1. All demand charges are paid monthly during the term of the contract for not less than one year unless Union, at its sole discretion, accepts a term of less than one year. Demand charges apply whether Union or the customer provides the fuel.
2. Effective January 1, 2007, new customers and existing customers with incremental daily firm demand requirements in excess of 1,200,000 m<sup>3</sup>/day and who are directly connected to i) the Dawn-Trafalgar transmission system in close proximity to Parkway or ii) a third party pipeline, have the option to pay for service using a Billing Contract Demand. The Billing Contract Demand shall be determined by Union such that the annual revenues over the term of the contract will recover the invested capital, return on capital and operating and maintenance costs associated with the dedicated service in accordance with Union's system expansion policy. The firm transportation demand charge will be applied to the Billing Contract Demand. For customers choosing the Billing Contract Demand option, the authorized transportation overrun rate will apply to all volumes in excess of the Billing Contract Demand but less than the daily firm demand requirement.
3. In negotiating the rate to be charged for the transportation of gas under Interruptible Transportation, the matters that are to be considered include:
  - a) The amount of the interruptible transportation for which customer is willing to contract,
  - b) The anticipated load factor for the interruptible transportation quantities,
  - c) Interruptible or curtailment provisions, and
  - d) Competition.
4. In each contract year, the customer shall pay for a Minimum Interruptible Transportation Activity level as specified in the Contract. Overrun activity will not contribute to the minimum activity level.
5. Transportation fuel ratios do not apply to customers served from dedicated facilities directly connected to third party transmission systems with custody transfer metering at the interconnect.



6. Firm transportation fuel ratio does not apply to new customers or existing customers with incremental daily firm demand requirements in excess of 1,200,000 m<sup>3</sup>/day that contract for M12 Dawn to Parkway transportation service equivalent to 100% of their daily firm demand requirement. If a customer with a daily firm demand requirement in excess of 1,200,000 m<sup>3</sup>/day contracts for M12 Dawn to Parkway transportation service at less than 100% of their firm daily demand requirement, the firm transportation fuel ratio will be applicable to daily volumes not transported under the M12 transportation contract.
7. Either Union or a customer, or potential customer, may apply to the Ontario Energy Board to fix rates and other charges different from the rates and other charges specified herein if the changed rates and other charges are considered by either party to be necessary, desirable and in the public interest.

**SUPPLEMENTAL CHARGES:**

Rates for supplemental services are provided in Schedule "A".

Notes:

1. All demand charges are paid monthly during the term of the contract for not less than one year unless Union, in its sole discretion, accepts a term of less than one year.

**OVERRUN SERVICE:**

**1. Annual Storage Space**

Authorized

Authorized Overrun is provided as Storage/Balancing Service. It is payable on all quantities on any Day in excess of the customer's contracted Maximum Storage Space. Overrun will be authorized by Union at its sole discretion. Storage Space Overrun equal to the customer's firm deliveries from TCPL: less the customer's Firm Daily Contract Demand, all multiplied by the Days of Interruption called during the period of November 1 to March 31, will be automatically authorized until the following July 1.

Unauthorized

If in any month, the customer has gas in storage in excess of the contracted Maximum Storage Space, and which has not been authorized by Union or provided for under a short term supplemental storage service, such an event will constitute an occurrence of Unauthorized Overrun. The Unauthorized Overrun rate will be \$6.000 per GJ applied to the greatest excess for each occurrence.

If on any Day the gas storage balance for the account of the customer is less than zero, the Unauthorized Overrun charge will apply for each GJ of gas below a zero inventory level and this amount of gas shall be deemed not to have been withdrawn from storage. The gas shall be deemed to have been sold to the customer at the highest spot price at Dawn in the month of occurrence and the month following occurrence as identified in the Canadian Gas Price Reporter and shall not be less than Union's approved weighted average cost of gas. If the customer has contracted to provide its own deliverability inventory, the zero inventory level shall be deemed to mean twenty percent (20%) of the Annual Firm Storage Space.



**2. Injection, Withdrawals and Transportation**

Authorized

The following Overrun rates are applied to any quantities transported, injected or withdrawn in excess of 103% of the Contract parameters. Overrun will be authorized by Union at its sole discretion.

Automatic authorization of Injection Overrun will be given during all Days a customer has been interrupted.

|                     | Union<br>Providing<br><u>Fuel</u>            | For Customers Providing<br>Their Own Compressor Fuel<br><u>Firm or Interruptible Service</u> |                             |
|---------------------|--|--|-----------------------------|
|                     | <u>Firm or<br/>Interruptible<br/>Service</u> | <u>Fuel<br/>Ratio</u>  | <u>Commodity<br/>Charge</u> |
| Storage Injections  | \$0.108/GJ                                   | 0.853%   | \$0.061/GJ                  |
| Storage Withdrawals | \$0.108/GJ                                   | 0.853%   | \$0.061/GJ                  |
| Transportation      | 0.7235 ¢/m <sup>3</sup>                      | 0.247%   | 0.6716 ¢/m <sup>3</sup>     |

Unauthorized

For all quantities on any Day in excess of 103% of the customer's contractual rights, for which authorization has not been received, the customer will be charged 4.5164 ¢ per m<sup>3</sup> or \$1.194 per GJ, as appropriate.

**3. Storage / Balancing Service**

Authorized

The following Overrun rates are applied to any quantities stored in excess of the Contract parameters. Overrun will be authorized by Union Gas at its sole discretion.

|                                   | <u>Firm<br/>Service<br/>Rate/GJ</u> |
|-----------------------------------|-------------------------------------|
| Space                             | \$6.000                             |
| Injection / Withdrawal<br>Maximum | \$6.000                             |



**OTHER SERVICES & CHARGES:**

**1. Monthly Charge**

In addition to the rates and charges described previously for each Point of Consumption, a Monthly Charge shall be applied as follows:

|                |            |
|----------------|------------|
| Monthly Charge | \$6,000.00 |
|----------------|------------|

**2. Diversion of Gas**

The availability of the right to divert gas will be based on Union's ability to accommodate the diversion. The price to be charged for the right to divert shall be determined through negotiation.

**3. Delivery Obligations**

Effective January 1, 2007, new customers and existing customers with incremental daily firm demand requirements in excess of 1,200,000 m<sup>3</sup>/day who are delivering gas to Union under direct purchase arrangements may be entitled to non-obligated deliveries. The delivery options available to customers are detailed at [www.uniongas.com/aboutus/regulatory/rates/deliveryobligations.asp](http://www.uniongas.com/aboutus/regulatory/rates/deliveryobligations.asp).

Unless otherwise authorized by Union, all other customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

**4. Nominations**

Effective January 1, 2007, new customers and existing customers with incremental daily firm demand requirements in excess of 1,200,000 m<sup>3</sup>/day who have non obligated deliveries may contract to use Union's 5 additional nomination windows (13 in total) for the purposes of delivering gas to Union. These windows are in addition to the standard NAESB and TCPL STS nomination windows. Customers taking the additional nomination window service will pay an additional monthly demand charge of \$0.068/GJ/day/month multiplied by the non-obligated daily contract quantity.

**5. Additional Service Information**

Additional information on Union's T2 service offering can be found at:

The additional information consists of, but is not limited to, the following:

<http://www.uniongas.com/business/accountservices/unionline/contractsRates/T1servicefeatures.asp>

- i. Storage space and deliverability entitlement;
- ii. The determination of gas supply receipt points and delivery obligations;
- iii. The nomination schedule;
- iv. The management of multiple redelivery points by a common fuel manager; and
- v. The availability of supplemental transactional services including title transfers.





**uniongas**

Effective  
2013-01-01  
**Rate T2**  
Page 8 of 8

**(D) Delayed Payment**

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.

Effective

January 1, 2013  
O.E.B. Order # EB-2011-0210

Chatham, Ontario

Supersedes EB-2012-0437 Rate Schedule effective January 1, 2013.



STORAGE AND TRANSPORTATION RATES  
FOR CONTRACT CARRIAGE CUSTOMERS

**(A) Availability**

Available to customers in Union's Southern Delivery Zone.

**(B) Applicability**

To a Distributor:

- a) whose minimum annual transportation of natural gas is 700 000 m<sup>3</sup> or greater; and
- b) who enters into a Carriage Service Contract with Union for the transportation or the storage and transportation of Gas for distribution to its customers; and
- c) who has meters with electronic recording at each Point of Redelivery; and
- d) for whom Union has determined transportation and/or storage capacity is available.

**(C) Rates**

The following rates shall be charged for all quantities contracted or handled as appropriate. The identified rates represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

**STORAGE SERVICE:**

|  | Demand<br>Charge<br><u>Rate/GJ/mo</u> | Commodity<br>Charge<br><u>Rate/GJ</u> | <u>For Customers Providing<br/>Their Own Compressor Fuel</u> |   |
|--|---------------------------------------|---------------------------------------|--|---|
|  |                                       |                                       | <u>Fuel<br/>Ratio</u>  | <u>Commodity<br/>Charge<br/>Rate/GJ</u> |
| a) Annual Firm Storage Space<br>Applied to contracted Maximum<br>Annual Storage Space  | \$0.011                               |                                       |  |   |
| b) Annual Firm Injection/Withdrawal Right:<br>Applied to the contracted Maximum<br>Annual Firm Injection/Withdrawal Right<br>Union provides deliverability Inventory | \$1.624                               |                                       |  |   |
| Customer provides deliverability Inventory (4)   | \$1.197                               |                                       |  |   |
| c) Incremental Firm Injection Right:<br>Applied to the contracted Maximum<br>Incremental Firm Injection Right  | \$1.197                               |                                       |  |   |
| d) Annual Interruptible Withdrawal Right:<br>Applied to the contracted Maximum<br>Annual Interruptible Withdrawal Right  | \$1.197                               |                                       |  |   |



|  | Demand<br>Charge<br>Rate/GJ/mo | Commodity<br>Charge<br>Rate/GJ | For Customers Providing<br>Their Own Compressor Fuel<br>Fuel<br>Ratio | Commodity<br>Charge<br>Rate/GJ |
|--|--------------------------------|--------------------------------|---|--------------------------------|
| e) Withdrawal Commodity<br>Paid on all quantities withdrawn<br>from storage up to the Maximum<br>Daily Storage Withdrawal Quantity |                                | \$0.030                        | 0.395%  | \$0.008                        |
| f) Injection Commodity<br>Paid on all quantities injected into<br>storage up to the Maximum Daily<br>Storage Injection Quantity    |                                | \$0.030                        | 0.395%  | \$0.008                        |
| g) Short Term Storage / Balancing Service<br>Maximum   |                                | \$6.000                        |   |                                |

Notes:

1. Demand charges for Annual Services are paid monthly during the term of the contract for not less than one year unless Union, in its sole discretion, accepts a term of less than one year. Demand charges apply whether Union or the customer provides the fuel.
2. Annual Firm Injection Rights are equal to 100% of their respective Annual Firm Withdrawal Rights. Injection Rights in excess of the Annual Firm Injection Rights will be charged at the Incremental Firm Injection Right.
3. Annual Firm Storage Space

The maximum storage space available to a customer at the rates specified herein is determined by one of the following storage allocation methodologies:

3.1 Aggregate Excess

Aggregate excess is the difference between a customer's gas consumption in the 151-day winter period and consumption during the balance of the year. This calculation will be done using two years of historical data (with 25% weighting for each year) and one year of forecast data (with 50% weighting). If a customer is new, or an existing customer is undergoing a significant change in operations, the allocation will be based on forecast consumption only, as negotiated between Union and the customer. Once sufficient historical information is available for the customer, the standard calculation will be done. At each contract renewal, the aggregate excess calculation will be performed to set the new space allocation.

3.2 Obligated daily contract quantity multiple of 15

Obligated daily contract quantity is the firm daily quantity of gas which the customer must deliver to Union. The 15 x obligated daily contract quantity calculation will be done using the daily contract quantity for the upcoming contract year. At each contract renewal, the 15 x obligated daily contract quantity calculation will be performed to set the new space allocation.

Customers may contract for less than their maximum entitlement of firm storage space.

4. Annual Injection/Withdrawal Right

The maximum level of deliverability available to a customer at the rates specified herein is determined to be the greater of obligated daily contract quantity or firm daily contract demand less obligated daily contract quantity.

Customers may contract for less than their maximum entitlement of deliverability. A customer may contract up to this maximum entitlement with a combination of firm and interruptible deliverability as specified in Section (C) Storage Service.



5. Additional storage space or deliverability, in excess of the allocated entitlements per Notes 3 and 4, may be available at market prices.
6. Storage Space and Withdrawal Rights are not assignable to any other party without the prior written consent of Union.
7. Deliverability Inventory being defined as 20% of annual storage space.
8. Short Term Storage / Balancing Service is:
  - i) a combined space and interruptible deliverability service for short-term or off-peak storage in Union's storage facilities, OR
  - ii) short-term firm deliverability, OR
  - iii) a component of an operational balancing service offered.

In negotiating the rate to be charged for this service, the matters that are to be considered include:

- i) The minimum amount of storage service to which a customer is willing to commit,
- ii) Whether the customer is contracting for firm or interruptible service during Union's peak or non-peak periods,
- iii) Utilization of facilities, and
- iv) Competition



**TRANSPORTATION CHARGES:**

|   | Demand                       | Commodity                 | For Customers Providing<br>Their Own Compressor Fuel |                           |
|---|------------------------------|---------------------------|--|---------------------------|
|   | Charge                       | Charge                    | Fuel   | Commodity                 |
|   | <u>Rate/m<sup>3</sup>/mo</u> | <u>Rate/m<sup>3</sup></u> | <u>Ratio (5) (6)</u>                                 | <u>Rate/m<sup>3</sup></u> |
| a) Annual Firm Transportation Demand (1)<br>Applied to the Firm Daily Contract Demand                                   | 9.3582 ¢                     |                           |  |                           |
| b) Firm Transportation Commodity<br>Paid on all firm quantities redelivered to the<br>Customer's Point(s) of Redelivery |                              | 0.0707 ¢                  | 0.285%   | 0.0107 ¢                  |

Notes:

1. All demand charges are paid monthly during the term of the contract for not less than one year unless Union, in its sole discretion, accepts a term of less than one year. Demand charges apply whether Union or the customer provides the fuel.

**SUPPLEMENTAL CHARGES**

Rates for supplemental services are provided in Schedule "A".

Notes:

1. All demand charges are paid monthly during the term of the contract for not less than one year unless Union, in its sole discretion, accepts a term of less than one year.

**OVERRUN SERVICE**

**1. Annual Storage Space**

Authorized

Authorized Overrun is provided as Storage/Balancing Service. It is payable on all quantities on any Day in excess of the customer's contracted Maximum Storage Space. Overrun will be authorized by Union at its sole discretion.

Unauthorized

If in any month, the customer has gas in storage in excess of the contracted Maximum Storage Space, and which has not been authorized by Union or provided for under a short term supplemental storage service, such an event will constitute an occurrence of Unauthorized Overrun. The Unauthorized Overrun rate will be \$6.000 per GJ applied to the greatest excess for each occurrence.

If on any Day, the gas storage balance for the account of the customer is less than zero, the Unauthorized Overrun charge will apply for each GJ of gas below a zero inventory level and this amount of gas shall be deemed not to have been withdrawn from storage. The gas shall be deemed to have been sold to the customer at the highest spot price at Dawn in the month of occurrence and the month following occurrence as identified in the Canadian Gas Price Reporter and shall not be less than Union's approved weighted average cost of gas. If the customer has contracted to provide its own deliverability inventory, the zero inventory level shall be deemed to mean twenty percent (20%) of the Annual Firm Storage Space.



**2. Injection, Withdrawals and Transportation**

Authorized

The following Overrun rates are applied to any quantities transported, injected or withdrawn in excess of 103% of the Contract parameters. Overrun will be authorized by Union at its sole discretion.

|                     | Union<br>Providing<br><u>Fuel</u>          | For Customers Providing<br>Their Own Compressor Fuel<br><u>Firm or Interruptible Service</u> |                            |
|---------------------|--|--|----------------------------|
|                     | Firm or<br>Interruptible<br><u>Service</u> | Fuel<br><u>Ratio</u>   | Commodity<br><u>Charge</u> |
| Storage Injections  | \$0.108/GJ                                 | 0.853%   | \$0.061/GJ                 |
| Storage Withdrawals | \$0.108/GJ                                 | 0.853%   | \$0.061/GJ                 |
| Transportation      | 0.3783 ¢/m <sup>3</sup>                    | 0.285%   | 0.3184 ¢/m <sup>3</sup>    |

Unauthorized

For all quantities on any Day in excess of 103% of the customer's contractual rights, for which authorization has not been received, the customer will be charged 36.0¢ per m<sup>3</sup> or \$9.519 per GJ, as appropriate.

**3. Short Term Storage Services**

Authorized

The following Overrun rates are applied to any quantities stored in excess of the Contract parameters. Overrun will be authorized by Union Gas at its sole discretion.

|                      | Firm<br>Service<br><u>Rate/GJ</u> |
|----------------------|-----------------------------------|
| Space                | \$6.000                           |
| Injection<br>Maximum | \$6.000                           |



**OTHER SERVICES & CHARGES**

**1. Monthly Charge**

In addition to the rates and charges described previously for each Point of redelivery a Monthly Charge shall be applied to each specific customer as follows:

|                   | <u>Monthly<br/>Charge</u> |
|-------------------|---------------------------|
| City of Kitchener | \$ 20,371.35              |
| NRG               | \$ 3,127.21               |
| Six Nations       | \$ 1,042.40               |

If a customer combines Sales Service with Contract Carriage Service, the monthly charge will be prorated such that the customer will under both services pay no more than the above monthly charge.

**2. Diversion of Gas**

The availability of the right to divert gas will be based on Union's ability to accommodate the diversion. The price to be charged for the right to divert shall be determined through negotiation.

- 3.** Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

**(D) Delayed Payment**

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.

Effective

January 1, 2013  
O.E.B. Order # EB-2011-0210

Chatham, Ontario

Supersedes EB-2012-0437 Rate Schedule effective January 1, 2013.



**Gas Supply Charges**

**(A) Availability:**

Available to customers in Union's Southern Delivery Zone.

**(B) Applicability:**

To all sales customers served under Rate M1, Rate M2, Rate M4, Rate M5A, Rate M7, Rate M9, Rate M10 and storage and transportation customers taking supplemental services under Rate T1, Rate T2 and Rate T3.

**(C) Rates:**

cents / m<sup>3</sup>

Utility Sales

|  |                |
|--|----------------|
| Commodity and Fuel                       | 12.7620 (1)    |
| Commodity and Fuel - Price Adjustment    | (2.1831) (2)   |
| Transportation                           | 4.3997         |
| <b>Total Gas Supply Commodity Charge</b> | <b>14.9786</b> |

Minimum Annual Gas Supply Commodity Charge

|  |        |
|--|--------|
| Rate M4 Firm and Rate M5A Interruptible Contract | 4.8475 |
|--|--------|

Storage and Transportation Supplemental Services - Rate T1, Rate T2 & Rate T3

\$/GJ

|   |          |
|---|----------|
| Monthly demand charges:   |          |
| Firm gas supply service   | 63.325   |
| Firm backstop gas   | 1.846    |
| Commodity charges:  |          |
| Gas supply  | 3.466    |
| Backstop gas  | 4.957    |
| Reasonable Efforts Backstop Gas   | 5.732    |
| Supplemental Inventory  | Note (3) |
| Supplemental Gas Sales Service (cents / m <sup>3</sup> )  | 20.1973  |
| Failure to Deliver: Applied to quantities not delivered to Union in the event the customer's supply fails | 2.561    |
| Discretionary Gas Supply Service (DGSS)   | Note (4) |

Notes:

- (1) The Commodity and Fuel rate includes a gas supply administration charge of 0.1933 cents/ m<sup>3</sup>.
- (2) Includes a temporary credit of 0.0853 cents/m<sup>3</sup> for the period February 1, 2013 to December 31, 2013.
- (3) The charge for banked gas purchases shall be the higher of the daily spot gas cost at Dawn in the month of or the month following the month in which gas is sold under this rate and shall not be less than Union's approved weighted average cost of gas.
- (4) Reflects the "back to back" price plus gas supply administration charge.

Effective: January 1, 2013  
O.E.B. Order # EB-2011-0210

Chatham, Ontario

Supersedes EB-2012-0437 Rate Schedule effective January 1, 2013.





**STORAGE RATES FOR  
UNBUNDLED CUSTOMERS**

**(A) Availability**

Available to customers in Union's Southern Delivery Zone.

**(B) Applicability**

To a customer, or an agent, who is authorized to service residential and non-contract commercial and industrial end-users paying for the Monthly Fixed Charge and Delivery charge under Rate M1 or Rate M2:

- a) who enters into an Unbundled Service Contract with Union for the storage of Gas for use at facilities located within Union's gas franchise area;
- b) who contracts for Standard Peaking Service (SPS) with Union unless the customer can demonstrate that it has a replacement to the deliverability available in the SPS physically tied into Union's system and an OEB approved rate to provide the SPS replacement service;
- c) who accepts daily estimates of consumption at Points of Consumption as prepared by Union so that they may nominate an equivalent amount from storage, upstream transportation, or Ontario Producers authorized to sell to third parties;
- d) who nominates injections and withdrawals from storage and deliveries on upstream pipeline systems daily or Ontario Producers authorized to sell to third parties;
- e) for whom Union has determined storage capacity is available; and
- f) who accepts a monthly bill as prepared by Union.

**(C) Rates**

The following rates shall be charged for all volumes contracted or handled as appropriate. The identified rates represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

| <b>STORAGE SERVICE</b>  | <b>Demand Charge<br/><u>Rate/GJ/mo</u></b> | <b>Fuel<br/><u>Ratio</u></b> | <b>Commodity Charge<br/><u>Rate/GJ</u></b> |
|---|--|------------------------------|--|
| i) Standard Storage Service (SSS)   |  |                              |  |
| a) Combined Storage Space & Deliverability<br>Applied to contracted Maximum Storage Space | \$0.024                                    |                              |  |
| b) Injection Commodity  |  | 0.395%                       | \$0.026                                    |
| c) Withdrawal Commodity   |  | 0.395%                       | \$0.026                                    |
| ii) Standard Peaking Service (SPS)  |  |                              |  |
| a) Combined Storage Space & Deliverability<br>Applied to contracted Maximum Storage Space | \$0.116                                    |                              |  |
| b) Injection Commodity  |  | 0.395%                       | \$0.026                                    |
| c) Withdrawal Commodity   |  | 0.853%                       | \$0.026                                    |



|   | <u>Demand Charge</u><br><u>Rate/GJ/mo</u> | <u>Fuel</u><br><u>Ratio</u> | <u>Commodity Charge</u><br><u>Rate/GJ</u> |
|---|---|-----------------------------|---|
| iii) Supplemental Service   |   |                             |   |
| a) Incremental Firm Injection Right: (5)<br>Applied to the contracted Maximum<br>Incremental Firm Injection Right   | \$1.041                                   |                             |   |
| b) Incremental Firm Withdrawal Right: (5)<br>Applied to the contracted Maximum<br>Incremental Firm Withdrawal Right | \$1.041                                   |                             |   |
| c) Short Term Storage / Balancing Service<br>- Maximum  |   |                             | \$6.000                                   |

Notes:

1. Demand charges for Annual Services are paid monthly during the term of the Contract, which shall not be less than one year, unless Union, in its sole discretion, accepts a term of less than one year.
2. Daily Firm Injection and Withdrawal Rights shall be pursuant to the Storage Contract.
3. Storage Space, Withdrawal Rights, and Injection Rights are not assignable to any other party without the prior written consent of Union and where necessary, approval from the Ontario Energy Board.
4. Short Term Storage / Balancing service (less than 2 years) is:
  - i) a combined space and interruptible deliverability service for short-term or off-peak storage in Union's storage facilities, OR
  - ii) short-term incremental firm deliverability, OR
  - iii) a component of an operational balancing service offered.

In negotiating the rate to be charged for service, the matters that are to be considered include:

  - i) The minimum amount of storage service to which a customer is willing to commit,
  - ii) Whether the customer is contracting for firm or interruptible service during Union's peak or non-peak periods,
  - iii) Utilization of facilities,
  - iv) Competition, and
  - v) Term.
5. Union's ability to offer incremental injection and withdrawal rights is subject to annual asset availability.



**OVERRUN SERVICE**

**1. Injection and Withdrawal**

Authorized

|            | <u>Fuel<br/>Ratio</u> | <u>Commodity<br/>Charge<br/>Rate/GJ</u> |
|------------|-----------------------|---|
| Injection  | 0.853%                | \$0.060                                 |
| Withdrawal | 0.853%                | \$0.060                                 |

The Authorized Overrun rate is payable on all quantities on any Day in excess of the customer's contractual rights, for which authorization has been received. Overrun will be authorized by Union at its sole discretion.

Unauthorized

If in any month, the customer has gas in storage in excess of the contracted Maximum Storage Space or the gas storage balance for the account of the customer is less than zero or the customer has injected or withdrawn volumes from storage which exceeds their contractual rights, and which has not been authorized by Union or provided for under a short term storage/balancing service, such an event will constitute an occurrence of Unauthorized Overrun. The Unauthorized Overrun rate during the November 1 to April 15 period will be \$60.00 per GJ. The Unauthorized Overrun rate during the April 16 to October 31 period will be \$6.000 per GJ.

**OTHER SERVICES & CHARGES**

1. Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must commit to provide a call at Parkway, throughout the winter period, for a specified number of days. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

**(D) Delayed Payment**

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.

Effective

January 1, 2013  
O.E.B. Order # EB-2011-0210

Chatham, Ontario

Supersedes EB-2012-0437 Rate Schedule effective January 1, 2013.



TRANSPORTATION RATES

**(A) Applicability**

The charges under this schedule shall be applicable to a Shipper who enters into a Transportation Service Contract with Union.

Applicable Points

Dawn as a receipt point: Dawn (TCPL), Dawn (Facilities), Dawn (Tecumseh), Dawn (Vector) and Dawn (TSLE).

Dawn as a delivery point: Dawn (Facilities).

**(B) Services**

Transportation Service under this rate schedule shall be for transportation on Union's Dawn - Trafalgar facilities.

**(C) Rates**

The identified rates represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

|   | <b>Monthly Demand<br/>Charge<br/>(applied to daily<br/>contract demand)<br/>Rate/GJ</b> | <b>Commodity and Fuel<br/>Charges<br/><br/>Fuel Ratio<br/>%</b>         | <b>AND<br/>Commodity Charge<br/>Rate/GJ</b> |
|---|---|---|---|
| <b><u>Firm Transportation (1)</u></b>                           |   |   |   |
| Dawn to Parkway   | \$2.382   | Monthly fuel rates and ratios shall be in accordance with schedule "C". |   |
| Dawn to Kirkwall  | \$2.011   |   |   |
| Kirkwall to Parkway   | \$0.372   |   |   |
| Parkway to Dawn   | n/a   |   |   |
| <b><u>M12-X Firm Transportation</u></b>                         |   |   |   |
| Between Dawn, Kirkwall and Parkway                              | \$2.961   | Monthly fuel rates and ratios shall be in accordance with schedule "C". |   |
| <b><u>Limited Firm/Interruptible<br/>Transportation (1)</u></b> |   |   |   |
| Dawn to Parkway – Maximum                                       | \$5.718   | Monthly fuel rates and ratios shall be in accordance with schedule "C". |   |
| Dawn to Kirkwall – Maximum                                      | \$5.718   |   |   |
| Parkway (TCPL) to Parkway (Cons) (2)                            |   | 0.153%  |   |

**Authorized Overrun (3)**

Authorized overrun rates will be payable on all quantities in excess of Union's obligation on any day. The overrun charges payable will be calculated at the following rates. Overrun will be authorized at Union's sole discretion.

|   | <b>If Union<br/>supplies<br/>fuel<br/>Commodity<br/>Charge<br/>Rate/GJ</b> | <b>Commodity and Fuel Charges<br/><br/>Fuel Ratio<br/>%</b>             | <b>AND<br/>Commodity<br/>Charge<br/>Rate/GJ</b> |
|---|--|---|---|
| Transportation Overrun  |  |   |   |
| Dawn to Parkway   |  | Monthly fuel rates and ratios shall be in accordance with schedule "C". | \$0.078   |
| Dawn to Kirkwall  |  |   | \$0.066   |
| Kirkwall to Parkway   |  |   | \$0.012   |
| Parkway to Dawn   |  |   | \$0.078   |
| Parkway (TCPL) Overrun (4)                                      | n/a  | 0.648%  | n/a   |
| M12-X Firm Transportation<br>Between Dawn, Kirkwall and Parkway |  | Monthly fuel rates and ratios shall be in accordance with schedule "C". | \$0.097   |



**(C) Rates (Cont'd)**

Unauthorized Overrun

Authorized Overrun rates will be payable on all quantities up to 2% in excess of Union's contractual obligation.

The Unauthorized Overrun shall be the higher of the reported daily spot price of gas at either Dawn, Parkway, Niagara or Iroquois in the month of or the month following the month in which the overrun occurred plus 25% for all usage on any day in excess of 102% of Union's contractual obligation.

Nomination Variances

Where Union and the shipper have entered into a Limited Balancing Agreement ("LBA"), the rate for unauthorized parking or drafting which results from nomination variances shall equal the "Balancing Fee" rate as described under Article XXII of TransCanada PipeLines Transportation Tariff.

Notes for Section (C) Rates:

- (1) The annual transportation commodity charge is calculated by application of the YCRR Formula, as per Section (D). The annual transportation fuel required is calculated by application of the YCR Formula, as per Section (D).
- (2) This rate is for westerly transportation within the Parkway yard, from Parkway (TCPL) to Parkway (Cons) or Lisgar.
- (3) For purposes of applying the YCRR Formula or YCR Formula (Section (D)) to transportation overrun quantities, the transportation commodity revenue will be deemed to be equal to the commodity charge of the applicable service as detailed in Section (B).
- (4) This ratio will be applied to all gas quantities for which Union is obligated to deliver to Parkway (Cons) or Lisgar and has agreed to deliver to Parkway (TCPL) on an interruptible basis. This will be in addition to any rate or ratio paid for transportation easterly to Parkway (Cons) or Lisgar.
- (5) A demand charge of \$0.068/GJ/day/month will be applicable for customers contracting for firm all day transportation service in addition to the demand charges appearing on this schedule for firm transportation service to either Kirkwall or Parkway

**(D) Transportation Commodity**

The annual fuel charge in kind or in dollars for transportation service in any contract year shall be equal to the sum of the application of the following equation applied monthly for the 12 months April through March (The "YCRR" or "YCR" Formula). An appropriate adjustment in the fuel charges will be made in May for the previous 12 months ending March 31<sup>st</sup> to obtain the annual fuel charges as calculated using the applicable "YCRR" or "YCR" Formula. At Union's sole discretion Union may make more frequent adjustments than once per year. The YCRR and YCR adjustments must be paid/remitted to/from Shippers at Dawn within one billing cycle after invoicing.



(D) Transportation Commodity (Cont'd)

$$YCR = \sum_1^4 [(0.001529 \times (QT1 + QT3)) + (DSF \times (QT1 + QT3)) + F_{ST}] \text{ For June 1 to Sept. 30}$$

plus

$$\sum_5^{12} [0.001529 \times (QT1 + Q3)) + (DWF \times QT1) + F_{WT}] \text{ For Oct. 1 to May 31}$$

$$YCRR = \sum_1^4 [(0.001529 \times (QT1 + QT3)) + (DSF \times (QT1 + QT3)) + F_{ST}] \times R \text{ For June 1 to Sept. 30}$$

plus

$$\sum_5^{12} [(0.001529 \times (QT1 + QT3)) + (DWF \times QT1) + F_{WT}] \times R \text{ For Oct. 1 to May 31}$$

where: DSF = 0.00000 for Dawn summer fuel requirements  
DWF = 0.0020 for Dawn winter fuel requirements

in which:

YCR Yearly Commodity Required

The sum of 12 separate monthly calculations of Commodity Quantities required for the period from April through March.

YCRR Yearly Commodity Revenue Required

The sum of 12 separate monthly calculations of Commodity Revenue required for the period April through March.

QT1 Monthly quantities in GJ transported easterly hereunder received at Dawn at not less than 4 850 kPa but less than 5 860 kPa (compression required at Dawn).

QT3 Monthly quantities in GJ transported westerly hereunder received at the Parkway Delivery Point.

F<sub>WT</sub> The individual Shipper's monthly share of compressor fuel used in GJ which was required at Union's Lobo, Bright, Trafalgar and Parkway Compressor Stations ("Lobo", "Bright", "Trafalgar" and "Parkway") to transport the same Shipper's QT1 monthly quantities easterly.

Lobo, Bright, Trafalgar and Parkway compressor fuel required by each Shipper will be calculated each month.

The monthly Lobo and Bright compressor fuel will be allocated to each Shipper in the same proportion as the Shipper's monthly quantities transported is to the monthly transported quantity for all users including Union.

The monthly Parkway and Trafalgar compressor fuel used will be allocated to each Shipper in the same proportion as the monthly quantity transported to Parkway (TCPL) for each user is to the total monthly quantity transported for all users including Union.



**(D) Transportation Commodity (Cont'd)**

F<sub>ST</sub> The individual Shipper's monthly share of compressor fuel used in GJ which was required at Union's Lobo, Bright, Trafalgar and Parkway compressor stations to transport the same Shipper's quantity on the Trafalgar system.

Lobo, Bright, Trafalgar and Parkway compressor fuel required by each Shipper will be calculated each month.

R Union's weighted average cost of gas in \$/GJ.

**Notes**

(i) In the case of Easterly flow, direct deliveries by TCPL at Parkway to Union or on behalf of Union to Union's Transportation Shippers will be allocated to supply Union's markets on the Dawn-Parkway facilities starting at Parkway and proceeding westerly to successive laterals until exhausted.

**(E) Provision for Compressor Fuel**

For a Shipper that has elected to provide its own compressor fuel.

**Transportation Fuel**

On a daily basis, the Shipper will provide Union at the delivery point and delivery pressure as specified in the contract, a quantity (the "Transportation Fuel Quantity") representing the Shipper's share of compressor fuel and unaccounted for gas for transportation service on Union's system.

The Transportation Fuel Quantity will be determined on a daily basis, as follows:

Transportation Fuel Quantity = Transportation Quantity x Transportation Fuel Ratio.

In the event that the actual quantity of fuel supplied by the Shipper was different from the actual fuel quantity as calculated using the YCR formula, an adjustment will be made in May for the previous 12 months ending March 31<sup>st</sup>.

**Nominations**

The Shipper will be required to nominate its Transportation Fuel Quantity in addition to its normal nominations for transportation services.

**(F) Terms of Service**

The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A" for contracts in effect before October 1, 2010. The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A 2010" for contracts in effect on or after October 1, 2010.

**(G) Nominations**

Nominations under this rate schedule shall be in accordance with the attached Schedule "B" for contracts in effect before October 1, 2010.  
Nominations under this rate schedule shall be in accordance with the attached Schedule "B 2010" for contracts in effect on or after October 1, 2010.



**uniongas**

Effective  
2013-01-01  
**Rate M12**  
Page 5 of 5

**(H) Monthly Fuel Rates and Ratios**

Monthly fuel rates and ratios under this rate schedule shall be in accordance with Schedule "C".

**(I) Receipt and Delivery Points and Pressures**

Receipt and Delivery Points and Pressures under this rate schedule shall be in accordance with Schedule "D 2010" for contracts in effect on or after October 1, 2010.

Effective

January 1, 2013  
O.E.B. Order # EB-2011-0210

Chatham, Ontario

Supersedes EB-2012-0437 Rate Schedule effective January 1, 2013.



**RATE M12  
GENERAL TERMS & CONDITIONS**

**I. DEFINITIONS**

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

1. "Contract" shall refer to the Contract to which these General Terms & Conditions shall apply, and into which they are incorporated;
2. "cubic metre" shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;
3. "day" shall mean a period of twenty-four (24) consecutive hours beginning at 9:00 a.m. Central Standard time. The reference date for any day shall be the calendar date upon which the twenty-four (24) hour period shall commence;
4. "delivery" shall mean any gas that is delivered by Union into Shipper's possession, or to the possession of Shipper's agent;
5. "firm" shall mean service not subject to curtailment or interruption except under Articles XI and XII of this Schedule "A";
6. "gas" shall mean gas as defined in the Ontario Energy Board Act, 1998, S.O. 1998, c.15, Sch. B, as amended, supplemented or re-enacted from time to time;
7. "gross heating value" shall mean the total heat expressed in megajoules per cubic metre (MJ/m<sup>3</sup>) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;
8. "interruptible service" shall mean service subject to curtailment or interruption, after notice, at any time;
9. "Interconnecting Pipeline" shall mean a pipeline that directly connects to the Union pipeline system;
10. "joule" (J) shall mean the work done when the point of application of a force of one (1) newton is displaced a distance of one (1) metre in the direction of the force. The term "megajoule" (MJ) shall mean 1,000,000 joules. The term "gigajoule" (GJ) shall mean 1,000,000,000 joules;
11. "limited interruptible service" shall mean gas service subject to interruption or curtailment on a limited number of days as specified in the Contract;
12. "m<sup>3</sup>" shall mean cubic metre of gas and "10<sup>3</sup>m<sup>3</sup>" shall mean 1,000 cubic metres of gas;
13. "month" shall mean the period beginning at 9:00 a.m. Central Standard time on the first day of a calendar month and ending at 9:00 a.m. Central Standard time on the first day of the following calendar month;
14. "OEB" means the Ontario Energy Board;
15. "pascal" (Pa) shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term "kilopascal" (kPa) shall mean 1,000 pascals;
16. "receipt" shall mean any gas that is delivered into Union's possession, or the possession of Union's agent;
17. "Shipper" shall have the meaning as defined in the Contract and shall also include Shipper's agent(s);
18. "TCPL" means TransCanada PipeLines Limited;

19. "cricondenthem hydrocarbon dewpoint" shall mean the highest hydrocarbon dewpoint temperature on the phase envelope;
20. "hydrocarbon dewpoint" shall mean temperature at a specific pressure where hydrocarbon vapour condensation begins;
21. "specific gravity" shall mean density of the gas divided by density of air, with both at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;
22. "Wobbe Number" shall mean gross heating value of the gas divided by the square root of its specific gravity.

## **II. GAS QUALITY**

1. **Natural Gas:** The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons, except methane, may be removed prior to delivery to Shipper. Further, Union may subject, or permit the subjection of, the gas to compression, dehydration, cooling, cleaning and other processes.
2. **Freedom from objectionable matter:** The gas to be delivered to/by Union hereunder,
  - a. shall be commercially free from bacteria, sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to or interference with the proper operation of the lines, regulators, meters or other appliances through which it flows,
  - b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas nor more than four hundred and sixty (460) milligrams of total sulphur per cubic metre of gas,
  - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas,
  - d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas,
  - e. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas,
  - f. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas,
  - g. shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas,
  - h. shall not contain more than sixty-five (65) milligrams of water vapour per cubic metre of gas,
  - i. shall not have a cricondenthem hydrocarbon dewpoint exceeding minus eight (-8) degrees Celsius,
  - j. shall have Wobbe Number from forty seven point fifty (47.50) megajoules per cubic metre of gas to fifty one point forty six (51.46) megajoules per cubic metre of gas, maximum of one point five (1.5) mole percent by volume of butane plus (C4+) in the gas, and maximum of four point zero (4.0) mole percent by volume of total inerts in the gas in order to be interchangeable with other Interconnecting Pipeline gas.
3. **Non-conforming Gas:** In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in this Article II.
4. **Quality of Gas Received:** The quality of the gas to be received by Union hereunder is to be of a merchantable quality and in accordance with the quality standards as set out by Union in this Article II, but, Union will also accept gas of a

quality as set out in any other Interconnecting Pipeline's general terms and conditions, provided that all Interconnecting Pipelines accept such quality of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in Union's M12 Rate Schedule.

### **III. MEASUREMENTS**

1. Storage, Transportation, and/or Sales Unit: The unit of the gas delivered to Union shall be a megajoule or a gigajoule. The unit of gas transported or stored by Union shall be a megajoule or a gigajoule. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m<sup>3</sup>) or one thousand cubic metres (10<sup>3</sup>m<sup>3</sup>) at Union's discretion.
2. Determination of Volume and Energy:
  - a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), RSC 1985, c E-4- (the "**Act**") and the Electricity and Gas Inspection Regulations, SOR 86/131 (the "**Regulations**"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
  - b. The supercompressibility factor shall be determined in accordance with either the "Manual for Determination of Supercompressibility Factors for Natural Gas" (PAR Project NX-19) published in 1962 or with American Gas Association Transmission Measurement Committee Report No. 8, Nov. 1992, at Union's discretion, all as amended from time to time.
  - c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII herein.
  - d. Upon request by Union, Shipper shall obtain measurement of the total quantity of gas received by Union hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Union and the Interconnecting Pipeline.

### **IV. RECEIPT POINT AND DELIVERY POINT**

1. Unless otherwise specified in the Contract, the point or points of receipt for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in the Contract, where Union takes possession of the gas.
2. Unless otherwise specified in the Contract, the point or points of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection as specified in the Contract where Shipper takes possession of the gas.

### **V. POSSESSION OF AND RESPONSIBILITY FOR GAS**

*Intentionally blank*

### **VI. FACILITIES ON SHIPPER'S PROPERTY**

Except under those conditions where Union is delivering to TCPL for TCPL or Shipper at Union's Parkway Point of Delivery, or to an Interconnecting Pipeline, or where otherwise specified in the Contract, the following will apply:

1. Construction and Maintenance: Union, at its own expense may construct, maintain and operate on Shipper's property at the delivery point a measuring station properly equipped with a meter or meters and any other necessary measuring equipment for properly measuring the gas redelivered under the Contract. Shipper will grant to Union a lease and/or rights-of-way over property of Shipper as required by Union to install such facilities and to connect same to Union's pipeline.

2. Entry: Union, its servants, agents and each of them may at any reasonable time on notice (except in cases of emergency) to Shipper or his duly authorized representative enter Shipper's property for the purpose of constructing, maintaining, removing, operating and/or repairing station equipment.
3. Property: The said station and equipment will be and remain the property of Union notwithstanding it is constructed on and attached to the realty of Shipper, and Union may at its own expense remove it upon termination of the Contract and will do so if so requested by Shipper.

## **VII. MEASURING EQUIPMENT**

1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations referenced in Article III herein.
2. Metering by Others: In the event that all or any gas delivered to/by Union hereunder is measured by a meter that is owned and operated by an Interconnecting Pipeline, then Union and Shipper agree to accept that metering for the purpose of determining the volume and energy of gas delivered to/by Union on behalf of the Shipper. The standard of measurement and tests for the gas delivered to/by Union hereunder shall be in accordance with the general terms and conditions as incorporated in that Interconnecting Pipeline company's gas tariff as approved by their regulatory body.
3. Check Measuring Equipment: Shipper may install, maintain and operate, at the redelivery point, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Union's measuring equipment at or near the delivery point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Union's metering facilities.
4. Rights of Parties: The measuring equipment installed by either party, together with any building erected by it for such equipment, shall be and remain its property. However, Union and Shipper shall have the right to have representatives present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the other's measuring equipment used in measuring or checking the measurement of deliveries of gas to/by Union under the Contract. Either party will give the other party reasonable notice of its intention to carry out the acts herein specified. The records from such measuring equipment shall remain the property of their owner, but upon request each will submit to the other its records and charts, together with calculations therefrom, for inspection and verification, subject to return within ten (10) days after receipt thereof.
5. Calibration and Test of Measuring Equipment: The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party notifies the other that it desires a special test of any measuring equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment tested is found to be in error by not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing redeliveries of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a percentage of inaccuracy greater than two per cent (2%), the financial adjustment, if any, shall be calculated in accordance with the Act and Regulations, as may be amended from time to time and in accordance with any successor statutes and regulations.
6. Preservation of Metering Records: Union and Shipper shall each preserve for a period of at least six (6) years all test data, and other relevant records.
7. Error in Metering or Meter Failure: In the event of an error in metering or a meter failure, (such error or failure being determined through check measurement by Union or any other available method), then Shipper shall enforce its rights as Shipper with the Interconnecting Pipeline(s) to remedy such error or failure including enforcing any inspection and/or verification rights and procedures.

## **VIII. BILLING**

1. Monthly Billing Date: Union shall render bills on or before the 10th day of each month for all services furnished during the preceding month. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. Union shall provide, in a succeeding month's billing, an adjustment based on any difference between actual quantities and estimated quantities, without any interest charge. If presentation of a bill to Shipper is delayed after the 10th day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.
2. Right of Examination: Both Union and Shipper shall have the right to examine at any reasonable time the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, chart or computation made under or pursuant to the provisions of the Contract.

## **IX. PAYMENTS**

1. Monthly Payments: Shipper shall pay the invoiced amount directly into Union's bank account as directed on the invoice on or before the twentieth (20<sup>th</sup>) day of each month. If the payment date is not a business day, then payment must be received in Union's account on the first business day preceding the twentieth (20<sup>th</sup>) day of the month.
2. Remedies for Non-payment: Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due,
  - a. Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Union's principal banker in effect from time to time from the due date until the date of payment.
  - b. If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract, may suspend service(s) until such amount is paid. Notwithstanding such suspension, all demand charges shall continue to accrue hereunder as if such suspension were not in place.

If Shipper in good faith disputes the amount of any such bill or part thereof Shipper shall pay to Union such amounts as it concedes to be correct. At any time thereafter, within twenty (20) days of a demand made by Union, Shipper shall furnish financial assurances satisfactory to Union, guaranteeing payment to Union of the amount ultimately found due upon such bill after a final determination. Such a final determination may be reached either by agreement, arbitration decision or judgement of the courts, as may be the case. Union shall not be entitled to suspend service(s) because of such non-payment unless and until default occurs in the conditions of such financial assurances or default occurs in payment of any other amount due to Union hereunder.

Notwithstanding the foregoing paragraph(s), Shipper is not relieved from the obligation to continue its deliveries of gas to Union under the terms of any agreement, where Shipper has contracted to deliver specified quantities of gas to Union.

3. Billing Adjustments: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such overcharge or undercharge, Union shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Union's principal banker, and the Shipper shall pay the amount of any such undercharge, but without interest. In the event Union renders a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Union, such error shall be adjusted by Union. Such overcharge, undercharge or error shall be adjusted by Union on the bill next following its determination (where the term "bill" next following shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within six (6) years from the date of the incorrect billing. In the event any refund is issued with Shipper's gas bill, the aforesaid date of refund shall be deemed to be the date of the issue of bill.

## **X. ARBITRATION**

If and when any dispute, difference or question shall arise between the parties hereto touching the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the Arbitration Act of the Province of Ontario, or any act passed in amendment thereof or substitution therefore, shall apply to each such submission. Operations under the Contract shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the parties hereto.

## **XI. FORCE MAJEURE**

1. The term "**force majeure**" as used herein shall mean acts of God, strikes, lockouts or any other industrial disturbance, acts of the public enemy, sabotage, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of wells or lines of pipe, inability to obtain materials, supplies, permits or labour, any laws, orders, rules, regulations, acts or restraints of any governmental body or authority (civil or military), any act or omission that is excused by any event or occurrence of the character herein defined as constituting force majeure, any act or omission by parties not controlled by the party having the difficulty and any other similar cases not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome.
2. In the event that either the Shipper or Union is rendered unable, in whole or in part, by force majeure, to perform or comply with any obligation or condition of the Contract, such party shall give notice and full particulars of such force majeure in writing delivered by hand, fax or other direct written electronic means to the other party as soon as possible after the occurrence of the cause relied on and subject to the provision of this Article.
3. Neither party shall be entitled to the benefit of the provisions of force majeure hereunder if any or all of the following circumstances prevail: the failure resulting in a condition of force majeure was caused by the negligence of the party claiming suspension; the failure was caused by the party claiming suspension where such party failed to remedy the condition by making all reasonable efforts (short of litigation, if such remedy would require litigation); the party claiming suspension failed to resume the performance of such condition obligations with reasonable dispatch; the failure was caused by lack of funds; the party claiming suspension did not, as soon as possible after determining, or within a period within which it should acting reasonably have determined, that the occurrence was in the nature of force majeure and would affect its ability to observe or perform any of its conditions or obligations under the Contract, give to the other party the notice required hereunder.
4. The party claiming suspension shall likewise give notice as soon as possible after the force majeure condition is remedied, to the extent that the same has been remedied, and that such party has resumed or is then in a position to resume the performance of the obligations and conditions of the Contract.
5. An event of force majeure on Union's system will excuse the failure to deliver gas by Union or the failure to accept gas by Union hereunder, and both parties shall be excused from performance of their obligations hereunder, except for payment obligations, to the extent of and for the duration of the force majeure.
6. Upstream or Downstream Force Majeure: An event of force majeure upstream or downstream of Union's system shall not relieve Shipper of any payment obligations.
7. Delay of Firm Transportation Services: Despite Article XI herein, if Union is prevented, by reason of an event of force majeure on Union's system from delivering gas on the Day or Days upon which Union has accepted gas from Shipper, Union shall thereafter make all reasonable efforts to deliver such quantities as soon as practicable and on such Day or Days as are agreed to by Shipper and Union. If Union accepts such gas on this basis, Shipper shall not receive any demand charge relief as contemplated under Article XI herein.
8. Demand Charge Relief for Firm Transportation Services: Despite Article XI herein, if on any Day Union fails to accept gas from Shipper by reason of an event of force majeure on Union's system and fails to deliver the quantity of gas

nominated hereunder by Shipper up to the firm Contract Demand for that Contract, then for that Day the Monthly demand charge shall be reduced by an amount equal to the applicable Daily Demand Rate, as defined in this paragraph, multiplied by the difference between the quantity of gas actually delivered by Union during such Day and the quantity of gas which Shipper in good faith nominated on such Day. The term “**Daily Demand Rate**” shall mean the Monthly demand charge or equivalent pursuant to the M12 Rate Schedule divided by the number of days in the month for which such rate is being calculated.

9. If, due to the occurrence of an event of force majeure as outlined above, the capacity for gas deliveries by Union is impaired, it will be necessary for Union to curtail Shipper's gas receipts to Union hereunder, via proration based on utilization of such facilities for the Day. This prorating shall be determined by multiplying the capability of such facilities as available downstream of the impairment on the Day, by a fraction where the numerator is Shipper's nominated firm quantity and the denominator is the total of all such nominated firm quantities for nominated services and planned consumption for in-franchise customers on the Day. For the purposes of this Article XI, firm services shall mean all firm services provided by Union to in-franchise customers and ex-franchise shippers.

## **XII. DEFAULT AND TERMINATION**

In case of the breach or non-observance or non-performance on the part of either party hereto of any covenant, proviso, condition, restriction or stipulation contained in the Contract (but not including herein failure to take or make delivery in whole or in part of the gas delivered to/by Union hereunder occasioned by any of the reasons provided for in Article XI hereof) which has not been waived by the other party, then and in every such case and as often as the same may happen, the Non-defaulting party may give written notice to the Defaulting party requiring it to remedy such default and in the event of the Defaulting party failing to remedy the same within a period of thirty (30) days from receipt of such notice, the Non-defaulting party may at its sole option declare the Contract to be terminated and thereupon the Contract shall be terminated and be null and void for all purposes other than and except as to any liability of the parties under the same incurred before and subsisting as of termination. The right hereby conferred upon each party shall be in addition to, and not in derogation of or in substitution for, any other right or remedy which the parties respectively at law or in equity shall or may possess.

## **XIII. MODIFICATION**

Subject to Union's M12 Rate Schedule, Schedule A, Article XV and the ability of Union to amend the M12 Rate Schedule with the approval of the OEB, no amendment or modification of the Contract shall be effective unless the same shall be in writing and signed by each of the Shipper and Union.

## **XIV. NON-WAIVER AND FUTURE DEFAULT**

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## **XV. LAWS, REGULATIONS AND ORDERS**

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction and the Contract shall be varied and amended to comply with or conform to any valid order or direction of any board, tribunal or administrative agency which affects any of the provisions of the Contract.

**RATE M12  
GENERAL TERMS & CONDITIONS**

**I. DEFINITIONS**

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

**"Authorized Overrun"** shall mean the amount by which Shipper's Authorized Quantity exceeds the Contract Demand;

**"Available Capacity"** shall mean at any time, Union's remaining available capacity to provide Transportation Services;

**"Business Day"** shall mean any day, other than Saturday, Sunday or any days on which national banks in the Province of Ontario are authorized to close;

**"Contract"** shall refer to the Contract to which these General Terms & Conditions shall apply, and into which they are incorporated;

**"Contract Year"** shall mean a period of three hundred and sixty-five (365) consecutive days; provided however, that any such period which contains a date of February 29 shall consist of three hundred and sixty-six (366) consecutive days, commencing on November 1 of each year; except for the first Contract Year which shall commence on the Commencement Date and end on the first October 31 that follows such date;

**"cricondenthem hydrocarbon dewpoint"** shall mean the highest hydrocarbon dewpoint temperature on the phase envelope;

**"cubic metre"** shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;

**"Day"** shall mean a period of twenty-four (24) consecutive hours beginning at 10:00 a.m. Eastern Clock Time. The reference date for any Day shall be the calendar date upon which the twenty-four (24) hour period shall commence;

**"delivery"** shall mean any gas that is delivered by Union into Shipper's possession, or to the possession of Shipper's agent;

**"Eastern Clock Time"** shall mean the local clock time in the Eastern Time Zone on any Day;

**"Expansion Facilities"** shall mean any new facilities to be constructed by Union in order to provide Transportation Services;

**"firm"** shall mean service not subject to curtailment or interruption except under Articles XI, XII and XVIII herein;

**"gas"** shall mean gas as defined in the Ontario Energy Board Act, 1998, S.O. 1998, c.15, Sch. B, as amended, supplemented or re-enacted from time to time;

**"gross heating value"** shall mean the total heat expressed in megajoules per cubic metre (MJ/m<sup>3</sup>) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;

**"hydrocarbon dewpoint"** shall mean temperature at a specific pressure where hydrocarbon vapour condensation begins;

**"Interruptible HUB Service Contract"** shall mean a contract between Shipper and Union under which Union provides interruptible HUB service;

**"interruptible service"** or **"Interruptible"** shall mean service subject to curtailment or interruption, after notice, at any time;



**"Interconnecting Pipeline"** shall mean a pipeline that directly connects to the Union pipeline system;

**"joule"** (J) shall mean the work done when the point of application of a force of one (1) newton is displaced a distance of one (1) metre in the direction of the force. The term **"megajoule"** (MJ) shall mean 1,000,000 joules. The term **"gigajoule"** (GJ) shall mean 1,000,000,000 joules;

**"Loaned Quantities"** shall mean those quantities of gas loaned to Shipper under the Facilitating Agreement;

**"m<sup>3</sup>"** shall mean cubic metre of gas and **"10<sup>3</sup>m<sup>3</sup>"** shall mean 1,000 cubic metres of gas;

**"Month"** shall mean the period beginning at 10:00 a.m. Eastern Clock Time on the first day of a calendar month and ending at 10:00 a.m. Eastern Clock Time on the first day of the following calendar month;

**"NAESB"** shall mean North American Energy Standards Board;

**"OEB"** means the Ontario Energy Board;

**"Open Season"** or **"open season"** shall mean an open access auction or bidding process held by Union as a method of allocating capacity;

**"pascal"** (Pa) shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term **"kilopascal"** (kPa) shall mean 1,000 pascals;

**"receipt"** shall mean any gas that is delivered into Union's possession, or the possession of Union's agent;

**"Shipper"** shall have the meaning as defined in the Contract, and shall also include Shipper's agent(s);

**"specific gravity"** shall mean density of the gas divided by density of air, with both at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;

**"Taxes"** shall mean any tax (other than tax on income or tax on property), duty, royalty, levy, license, fee or charge not included in the charges and rates as per the applicable rate schedule (including but not limited to charges under any form of cap and trade, carbon tax, or similar system) and that is levied, assessed or made by any governmental authority on the gas itself, or the act, right, or privilege of producing, severing, gathering, storing, transporting, handling, selling or delivering gas under the Contract;

**"TCPL"** means TransCanada PipeLines Limited;

**"Wobbe Number"** shall mean gross heating value of the gas divided by the square root of its specific gravity.

## II. GAS QUALITY

1. Natural Gas: The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons, except methane, may be removed prior to delivery to Shipper. Further, Union may subject, or permit the subjection of, the gas to compression, dehydration, cooling, cleaning and other processes.
2. Freedom from objectionable matter: The gas to be delivered to/by Union hereunder,
  - a. shall be commercially free from bacteria, sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to, or interference with, the proper operation of the lines, regulators, meters or other appliances through which it flows,

- b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas, nor more than four hundred and sixty (460) milligrams of total sulphur per cubic metre of gas,
  - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas,
  - d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas,
  - e. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas,
  - f. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas,
  - g. shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas,
  - h. shall not contain more than sixty-five (65) milligrams of water vapour per cubic metre of gas,
  - i. shall not have a cricondenthem hydrocarbon dewpoint exceeding minus eight (-8) degrees Celsius,
  - j. shall have Wobbe Number from forty seven point fifty (47.50) megajoules per cubic metre of gas to fifty one point forty six (51.46) megajoules per cubic metre of gas, maximum of one point five (1.5) mole percent by volume of butane plus (C4+) in the gas, and maximum of four point zero (4.0) mole percent by volume of total inerts in the gas in order to be interchangeable with other Interconnecting Pipeline gas.
3. Non-conforming Gas: In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in this Article II.
4. Quality of Gas Received: The quality of the gas to be received by Union hereunder is to be of a merchantable quality and in accordance with the quality standards as set out by Union in this Article II, but, Union will also accept gas of a quality as set out in any other Interconnecting Pipeline's general terms and conditions, provided that all Interconnecting Pipelines accept such quality of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in Union's M12 Rate Schedule.

### III. MEASUREMENTS

1. Storage, Transportation, and/or Sales Unit: The unit of the gas delivered to Union shall be a megajoule or a gigajoule. The unit of gas transported or stored by Union shall be a megajoule or a gigajoule. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m<sup>3</sup>) or one thousand cubic metres (10<sup>3</sup>m<sup>3</sup>) at Union's discretion.
2. Determination of Volume and Energy:
- a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), RSC 1985, c E-4- (the "**Act**") and the Electricity and Gas Inspection Regulations, SOR 86/131 (the "**Regulations**"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
  - b. The supercompressibility factor shall be determined in accordance with either the "Manual for Determination of Supercompressibility Factors for Natural Gas" (PAR Project NX-19) published in 1962 or with American Gas Association Transmission Measurement Committee Report No. 8, Nov. 1992, at Union's discretion, all as amended from time to time.
  - c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII herein.
  - d. Upon request by Union, Shipper shall obtain measurement of the total quantity of gas received by Union hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Union and the Interconnecting Pipeline.

#### **IV. RECEIPT POINT AND DELIVERY POINT**

1. Unless otherwise specified in the Contract, the point or points of receipt and point or points of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in the Contract, where possession of the gas changes from one party to the other, and as per Schedule "D 2010".

#### **V. POSSESSION OF AND RESPONSIBILITY FOR GAS**

1. Union accepts no responsibility for any gas prior to such gas being delivered to Union at the Receipt Point or after its delivery by Union at the Delivery Point. As between the parties hereto, Union shall be deemed to be in control and possession of and responsible for all such gas from the time that such gas enters Union's system until such gas is delivered to Shipper.
2. Shipper agrees that Union is not a common carrier and is not an insurer of Shipper's gas, and that Union shall not be liable to Shipper or any third party for loss of gas in Union's possession, except to the extent such loss is caused entirely by Union's negligence or wilful misconduct.

#### **VI. FACILITIES ON SHIPPER'S PROPERTY**

Except under those conditions where Union is delivering to TCPL for TCPL or Shipper at Parkway (TCPL), or to an Interconnecting Pipeline, or where otherwise specified in the Contract, the following will apply:

1. Construction and Maintenance: Union, at its own expense may construct, maintain and operate on Shipper's property at the delivery point a measuring station properly equipped with a meter or meters and any other necessary measuring equipment for properly measuring the gas redelivered under the Contract. Shipper will grant to Union a lease and/or rights-of-way over property of Shipper as required by Union to install such facilities and to connect same to Union's pipeline.
2. Entry: Union, its servants, agents and each of them may at any reasonable time on notice (except in cases of emergency) to Shipper or his duly authorized representative enter Shipper's property for the purpose of constructing, maintaining, removing, operating and/or repairing station equipment.
3. Property: The said station and equipment will be and remain the property of Union notwithstanding it is constructed on and attached to the realty of Shipper, and Union may at its own expense remove it upon termination of the Contract and will do so if so requested by Shipper.

#### **VII. MEASURING EQUIPMENT**

1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations referenced in Article III herein.
2. Metering by Others: In the event that all or any gas delivered to/by Union hereunder is measured by a meter that is owned and operated by an Interconnecting Pipeline, then Union and Shipper agree to accept that metering for the purpose of determining the volume and energy of gas delivered to/by Union on behalf of the Shipper. The standard of measurement and tests for the gas delivered to/by Union hereunder shall be in accordance with the general terms and conditions as incorporated in that Interconnecting Pipeline company's gas tariff as approved by its regulatory body.
3. Check Measuring Equipment: Shipper may install, maintain and operate, at the redelivery point, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Union's measuring equipment at or near the delivery point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Union's metering facilities.
4. Rights of Parties: The measuring equipment installed by either party, together with any building erected by it for such equipment, shall be and remain its property. However, Union and Shipper shall have the right to have representatives present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done

in connection with the other's measuring equipment used in measuring or checking the measurement of deliveries of gas to/by Union under the Contract. Either party will give the other party reasonable notice of its intention to carry out the acts herein specified. The records from such measuring equipment shall remain the property of their owner, but upon request each will submit to the other its records and charts, together with calculations therefrom, for inspection and verification, subject to return within ten (10) days after receipt thereof.

5. Calibration and Test of Measuring Equipment: The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party notifies the other that it desires a special test of any measuring equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment tested is found to be in error by not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing receipts and deliveries of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a percentage of inaccuracy greater than two percent (2%), the financial adjustment, if any, shall be calculated in accordance with the Act and Regulations, as may be amended from time to time and in accordance with any successor statutes and regulations.
6. Preservation of Metering Records: Union and Shipper shall each preserve for a period of at least six (6) years all test data, and other relevant records.
7. Error in Metering or Meter Failure: In the event of an error in metering or a meter failure, (such error or failure being determined through check measurement by Union or any other available method), then Shipper shall enforce its rights as Shipper with the Interconnecting Pipeline(s) to remedy such error or failure including enforcing any inspection and/or verification rights and procedures.

## **VIII. BILLING**

1. Monthly Billing Date: Union shall render bills on or before the tenth (10<sup>th</sup>) day of each month for all Transportation Services furnished during the preceding Month. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. Union shall provide, in a succeeding Month's billing, an adjustment based on any difference between actual quantities and estimated quantities, without any interest charge. If presentation of a bill to Shipper is delayed after the tenth (10<sup>th</sup>) day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.
2. Right of Examination: Both Union and Shipper shall have the right to examine at any reasonable time the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, chart or computation made under or pursuant to the provisions of the Contract.
3. Amendment of Statements: For the purpose of completing a final determination of the actual quantities of gas handled in any of the Transportation Services to Shipper, the parties shall have the right to amend their statement for a period equal to the time during which the Interconnecting Pipeline retains the right to amend their statements, which period shall not exceed three (3) years from the date of termination of the Contract.

## **IX. PAYMENTS**

1. Monthly Payments: Shipper shall pay the invoiced amount directly into Union's bank account as directed on the invoice on or before the twentieth (20<sup>th</sup>) day of each month. If the payment date is not a Business Day, then payment must be received in Union's account on the first Business Day preceding the twentieth (20<sup>th</sup>) day of the month.
2. Remedies for Non-payment: Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due,
  - a. Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Union's principal banker in effect from time to time from the due date until the date of payment; and,

- b. If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract, may suspend Services until such amount is paid. Notwithstanding such suspension, all demand charges shall continue to accrue hereunder as if such suspension were not in place.

If Shipper in good faith disputes the amount of any such bill or part thereof Shipper shall pay to Union such amounts as it concedes to be correct. At any time thereafter, within twenty (20) days of a demand made by Union, Shipper shall furnish financial assurances satisfactory to Union, guaranteeing payment to Union of the amount ultimately found due upon such bill after a final determination. Such a final determination may be reached either by agreement, arbitration decision or judgement of the courts, as may be the case. Union shall not be entitled to suspend Services because of such non-payment unless and until default occurs in the conditions of such financial assurances or default occurs in payment of any other amount due to Union hereunder.

Notwithstanding the foregoing, Shipper is not relieved from the obligation to continue its deliveries of gas to Union under the terms of any agreement, where Shipper has contracted to deliver specified quantities of gas to Union.

3. Billing Adjustments: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such overcharge or undercharge, Union shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Union's principal banker, and the Shipper shall pay the amount of any such undercharge, but without interest. In the event Union renders a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Union, such error shall be adjusted by Union. Such overcharge, undercharge or error shall be adjusted by Union on the bill next following its determination (where the term "**bill next following**" shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within three (3) years from the date of the incorrect billing. In the event any refund is issued with Shipper's bill, the aforesaid date of refund shall be deemed to be the date of the issue of bill.

- 4 Taxes:

In addition to the charges and rates as per the applicable rate schedules and price schedules, Shipper shall pay all Taxes which are imposed currently or subsequent to the execution of the Contract by any legal authority having jurisdiction and any amount in lieu of such Taxes paid or payable by Union.

5. Set Off:

If either party shall, at any time, be in arrears under any of its payment obligations to the other party under the Contract, then the party not in arrears shall be entitled to reduce the amount payable by it to the other party in arrears under the Contract, or any other contract, by an amount equal to the amount of such arrears or other indebtedness to the other party. In addition to the foregoing remedy, Union may, upon forty-eight (48) hours verbal notice, to be followed by written notice, take possession of any or all of Shipper's gas under the Contract or any enhancement to the Contract, which shall be deemed to have been assigned to Union, to reduce such arrears or other indebtedness to Union.

## X. ARBITRATION

If and when any dispute, difference or question shall arise between the parties hereto touching the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the Arbitration Act, 1991, or any act passed in amendment thereof or substitution therefore, shall apply to each such submission. Operations under the Contract shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the parties hereto.

## **XI. FORCE MAJEURE**

1. The term "**force majeure**" as used herein shall mean acts of God, strikes, lockouts or any other industrial disturbance, acts of the public enemy, sabotage, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of wells or lines of pipe, inability to obtain materials, supplies, permits or labour, any laws, orders, rules, regulations, acts or restraints of any governmental body or authority (civil or military), any act or omission that is excused by any event or occurrence of the character herein defined as constituting force majeure, any act or omission by parties not controlled by the party having the difficulty and any other similar cases not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome.
2. In the event that either the Shipper or Union is rendered unable, in whole or in part, by force majeure, to perform or comply with any obligation or condition of the Contract, such party shall give notice and full particulars of such force majeure in writing delivered by hand, fax or other direct written electronic means to the other party as soon as possible after the occurrence of the cause relied on and subject to the provision of this Article.
3. Neither party shall be entitled to the benefit of the provisions of force majeure hereunder if any or all of the following circumstances prevail: the failure resulting in a condition of force majeure was caused by the negligence of the party claiming suspension; the failure was caused by the party claiming suspension where such party failed to remedy the condition by making all reasonable efforts (short of litigation, if such remedy would require litigation); the party claiming suspension failed to resume the performance of such condition obligations with reasonable dispatch; the failure was caused by lack of funds; the party claiming suspension did not, as soon as possible after determining, or within a period within which it should acting reasonably have determined, that the occurrence was in the nature of force majeure and would affect its ability to observe or perform any of its conditions or obligations under the Contract, give to the other party the notice required hereunder.
4. The party claiming suspension shall likewise give notice as soon as possible after the force majeure condition is remedied, to the extent that the same has been remedied, and that such party has resumed or is then in a position to resume the performance of the obligations and conditions of the Contract.
5. An event of force majeure on Union's system will excuse the failure to deliver gas by Union or the failure to accept gas by Union hereunder, and both parties shall be excused from performance of their obligations hereunder, except for payment obligations, to the extent of and for the duration of the force majeure.
6. Upstream or Downstream Force Majeure: An event of force majeure upstream or downstream of Union's system shall not relieve Shipper of any payment obligations.
7. Delay of Firm Transportation Services: Despite Article XI herein, if Union is prevented, by reason of an event of force majeure on Union's system from delivering gas on the Day or Days upon which Union has accepted gas from Shipper, Union shall thereafter make all reasonable efforts to deliver such quantities as soon as practicable and on such Day or Days as are agreed to by Shipper and Union. If Union accepts such gas on this basis, Shipper shall not receive any demand charge relief as contemplated under Article XI herein.
8. Demand Charge Relief for Firm Transportation Services: Despite Article XI herein, if on any Day Union fails to accept gas from Shipper by reason of an event of force majeure on Union's system and fails to deliver the quantity of gas nominated hereunder by Shipper up to the firm Contract Demand for that Contract, then for that Day the Monthly demand charge shall be reduced by an amount equal to the applicable Daily Demand Rate, as defined in this paragraph, multiplied by the difference between the quantity of gas actually delivered by Union during such Day and the quantity of gas which Shipper in good faith nominated on such Day. The term "**Daily Demand Rate**" shall mean the Monthly demand charge or equivalent pursuant to the M12 Rate Schedule divided by the number of days in the month for which such rate is being calculated.
9. If, due to the occurrence of an event of force majeure as outlined above, the capacity for gas deliveries by Union is impaired, it will be necessary for Union to curtail Shipper's gas receipts to Union hereunder, via proration based on utilization of such facilities for the Day. This prorating shall be determined by multiplying the capability of such facilities as available downstream of the impairment on the Day, by a fraction where the numerator is Shipper's nominated firm quantity and the denominator is the total of all such nominated firm quantities for nominated services and planned consumption for

in-franchise customers on the Day. For the purposes of this Article XI, firm services shall mean all firm services provided by Union to in-franchise customers and ex-franchise shippers.

**XII. DEFAULT AND TERMINATION**

In case of the breach or non-observance or non-performance on the part of either party hereto of any covenant, proviso, condition, restriction or stipulation contained in the Contract (but not including herein failure to take or make delivery in whole or in part of the gas delivered to/by Union hereunder occasioned by any of the reasons provided for in Article XI herein) which has not been waived by the other party, then and in every such case and as often as the same may happen, the non-defaulting party may give written notice to the defaulting party requiring it to remedy such default and in the event of the defaulting party failing to remedy the same within a period of thirty (30) days from receipt of such notice, the non-defaulting party may at its sole option declare the Contract to be terminated and thereupon the Contract shall be terminated and be null and void for all purposes other than and except as to any liability of the parties under the same incurred before and subsisting as of termination. The right hereby conferred upon each party shall be in addition to, and not in derogation of or in substitution for, any other right or remedy which the parties respectively at law or in equity shall or may possess.

**XIII. AMENDMENT**

Subject to Article XV herein and the ability of Union to amend the applicable rate schedules and price schedules, with the approval of the OEB (if required), no amendment or modification of the Contract shall be effective unless the same shall be in writing and signed by each of the Shipper and Union.

**XIV. NON-WAIVER AND FUTURE DEFAULT**

No waiver of any provision of the Contract shall be effective unless the same shall be in writing and signed by the party entitled to the benefit of such provision and then such waiver shall be effective only in the specific instance and for the specified purpose for which it was given. No failure on the part of Shipper or Union to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy under the Contract shall operate as a waiver thereof.

**XV. LAWS, REGULATIONS AND ORDERS**

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction and the Contract shall be varied and amended to comply with or conform to any valid order or direction of any board, tribunal or administrative agency which affects any of the provisions of the Contract.

**XVI. ALLOCATION OF CAPACITY**

1. A potential shipper may request firm transportation service on Union's system at any time. Any request for firm M12 transportation service must include: potential shipper's legal name, Receipt Point(s), Delivery Point(s), Commencement Date, Initial Term, Contract Demand and proposed payment. This is applicable for M12 service requests for firm transportation service with minimum terms of ten (10) years where Expansion Facilities are required or a minimum term of five (5) years for use of existing capacity.
2. If requests for firm transportation services cannot be met through existing capacity such that the only way to satisfy the requests for transportation service would require the construction of Expansion Facilities which create new capacity, Union shall allocate any such new capacity by open season, subject to the terms of the open season, and these General Terms and Conditions.
3. If requests for long-term firm transportation service can be met through existing facilities upon which long-term capacity is becoming available, Union shall allocate such long-term capacity by open season, subject to the terms of the open season, and these General Terms and Conditions. "Long-term", for the purposes of this Article XVI, means, in the case of a transportation service, a service that has a term of one year or greater.

4. Capacity requests received during an open season shall be awarded starting with those bids with the highest economic value. If the economic values of two or more independent bids are equal, then service shall be allocated on a pro-rata basis. The economic value shall be based on the net present value which shall be calculated based on the proposed per-unit rate and the proposed term of the contract and without regard to the proposed Contract Demand (“NPV”).
5. Union may at any time allocate capacity to respond to any M12 transportation service request through an open season. If a potential shipper requests M12 transportation service that can be provided through Available Capacity that was previously offered by Union in an open season but was not awarded, then:
  - a. Any such request must conform to the requirements of Section 1 of this Article XVI;
  - b. Union shall allocate capacity to serve such request pursuant to this Section 5, and subject to these General Terms and Conditions and Union’s standard form M12 transportation contract;
  - c. Union may reject a request for M12 transportation service for any of the following reasons:
    - i) if there is insufficient Available Capacity to fully meet the request, but if that is the only reason for rejecting the request for service, Union must offer to supply the Available Capacity to the potential shipper;
    - ii) if the proposed monthly payment is less than Union’s Monthly demand charge plus fuel requirements for the applicable service;
    - iii) if prior to Union accepting the request for transportation service Union receives a request for transportation service from one or more other potential shippers and there is, as a result, insufficient Available Capacity to service all the requests for service, in which case Union shall follow the procedure in Section 5 d hereof; -
    - iv) if Union does not provide the type of transportation service requested; or
    - v) if all of the conditions precedent specified in Article XXI Sections 1 and 2 herein have not been satisfied or waived.
  - d. Union will advise the potential shipper in writing whether Union accepts or rejects the request for service, subject to Article XVI 5 c, within 5 calendar days of receiving a request for M12 transportation service. If Union rejects a request for service, Union shall inform the potential shipper of the reasons why its request is being rejected; and
  - e. If Union has insufficient Available Capacity to service all pending requests for transportation service Union may:
    - i) Reject all the pending requests for transportation service and conduct an open season; or
    - ii) Union shall inform all the potential shippers who have submitted a pending request for transportation service that it does not have sufficient capacity to service all pending requests for service, and Union shall provide all such potential shippers with an equal opportunity to submit a revised request for service. Union shall then allocate the Available Capacity to the request for transportation service with the highest economic value to Union. If the economic values of two or more requests are equal, then service shall be allocated on a pro-rata basis. The economic value of any request shall be based on the NPV.

**XVII. RENEWALS**

Contracts with an Initial Term of five (5) years or greater will continue in full force and effect beyond the Initial Term, automatically renewing for a period of one (1) year, and every one (1) year thereafter. Shipper may reduce the Contract Demand or terminate the Contract with notice in writing by Shipper at least two (2) years prior to the expiration thereof.

**XVIII. SERVICE CURTAILMENT**

1. Union shall have the right to curtail or not to schedule part or all of Transportation Services, in whole or in part, on all or a portion of its pipeline system at any time for reasons of Force Majeure or when, in Union sole discretion, acting reasonably, capacity or operating conditions so require or it is desirable or necessary to make modifications, repairs or operating



changes to its pipeline system. Union shall provide Shipper such notice of such curtailment as is reasonable under the circumstances. If due to any cause whatsoever Union is unable to receive or deliver the quantities of Gas which Shipper has requested, then Union shall order curtailment by all Shippers affected and to the extent necessary to remove the effect of the disability. Union has a priority of service policy to determine the order of service curtailment. In order to place services on the priority of service list, Union considers the following business principles: appropriate level of access to core services, customer commitment, encouraging appropriate contracting, materiality, price and term, and promoting and enabling in-franchise consumption.

The Priority ranking for all services utilizing Union Gas' storage, transmission and distribution system as applied to both in-franchise and ex-franchise services are as follows; with number 1 having the highest priority and the last interrupted.

1. Firm In-franchise Transportation and Distribution services and firm Ex-franchise services (Note 1)
2. In-franchise Interruptible Distribution services
3. C1/M12 IT Transport and IT Exchanges with Take or Pay rates
4. Balancing (Hub Activity)  $\leq$  100 GJ/d; Balancing (Direct Purchase)  $\leq$  500 GJ/d; In-franchise distribution authorized overrun (Note 3)
5. C1/M12 IT Transport and IT Exchanges at premium rates
6. C1/M12 Overrun  $\leq$  20% of CD (Note 4)
7. Balancing (Direct Purchase)  $>$  500 GJ/d
8. Balancing (Hub Activity)  $>$  100 GJ/d; C1/M12 IT Transport and IT Exchanges
9. C1/M12 Overrun  $>$  20% of CD
10. C1/M12 IT Transport and IT Exchanges at a discount
11. Late Nominations

Notes:

1. Nominated services must be nominated on the NAESB Timely Nomination Cycle otherwise they are considered to be late nomination and are therefore interruptible.
  2. Higher value or more reliable IT is contemplated in the service and contract, when purchase at market competitive prices.
  3. Captures the majority of customers that use Direct Purchase balancing transactions.
  4. Captures the majority of customers that use overrun.
2. Union reserves the right to change its procedures for sharing interruptible capacity and will provide Shipper with two (2) months prior notice of any such change.
  3. Maintenance: Union's facilities from time to time may require maintenance or construction. If such maintenance or construction is required, and in Union's sole opinion, acting reasonably, such maintenance or construction may impact Union's ability to meet Shipper's requirements, Union shall provide at least ten (10) days notice to Shipper, except in the case of an emergency. In the event the maintenance impacts on Union's ability to meet Shipper's requirements, Union shall not be liable for any damages and shall not be deemed in breach of the Contract. To the extent that Union's ability to accept and/or deliver Shipper's gas is impaired, the Monthly demand charge shall be reduced in accordance with Article XI Section 8 and available capacity allocated in accordance with Article XI Section 9 herein.

Union shall use reasonable efforts to determine a mutually acceptable period during which such maintenance or construction will occur and also to limit the extent and duration of any impairments. Union will endeavour to schedule and complete the maintenance and construction, which would normally be expected to impact on Union's ability to meet Shipper's requirements, during the period from April 1 through to November 1.

## **XIX. SHIPPER'S REPRESENTATIONS AND WARRANTIES**

1. Shipper's Warranty: Shipper warrants that it will, if required, maintain, or have maintained on its behalf, all external approvals including the governmental, regulatory, import/export permits and other approvals or authorizations that are required from any federal, state or provincial authorities for the gas quantities to be handled under the Contract. Shipper further warrants that it shall maintain in effect the Facilitating Agreements.
2. Financial Representations: Shipper represents and warrants that the financial assurances (including the Initial Financial Assurances and Security) (if any) shall remain in place throughout the term hereof, unless Shipper and Union agree otherwise. Shipper shall notify Union in the event of any change to the financial assurances throughout the term hereof.

Should Union have reasonable grounds to believe that Shipper will not be able to perform or continue to perform any of its obligations under the Contract as a result of one of the following events ("**Material Event**"):

- a. Shipper is in default, which default has not been remedied, of the Contract or is in default of any other material contract with Union or another party; or,
- b. Shipper's corporate or debt rating falls below investment grade according to at least one nationally recognized rating agency; or,
- c. Shipper ceases to be rated by a nationally recognized agency; or,
- d. Shipper has exceeded credit available as determined by Union from time to time,

then Shipper shall within fourteen (14) days of receipt of written notice by Union, obtain and provide to Union a letter of credit or other security in the form and amount reasonably required by Union (the "**Security**"). The Security plus the Initial Financial Assurances shall not exceed twelve (12) months of Monthly demand charges (in accordance with Article IX herein) multiplied by Contract Demand. In the event that Shipper does not provide to Union such Security within such fourteen (14) day period, Union may deem a default under the Default and Termination provisions of Article XII herein.

In the event that Shipper in good faith, reasonably believes that it should be entitled to reduce the amount of or value of the Security previously provided, it may request such a reduction from Union and to the extent that the Material Event has been mitigated or eliminated, Union shall return all or a portion of the Security to Shipper within fourteen (14) Business Days after receipt of the request.

*The following paragraphs 3 and/or 4 are only applicable if indicated in Schedule 1 of the Contract.*

3. Point of Consumption Warranty: Shipper represents and warrants that, throughout the term of this Contract, all quantities of gas received by Union hereunder at the Receipt Point and/or all Loaned Quantities will be consumed in the U.S.A. Should any quantities of gas hereunder be directed to an end user in Canada, Shipper shall immediately notify Union that such quantities of gas will be consumed in Canada, as failure to do so will make Shipper liable to Union for any Taxes and related interest and penalties thereon, made as a result of such change.
4. Tax Registration re GST: Shipper warrants and represents that it is unregistered and a Non-Resident for purposes of the Excise Tax Act. Shipper agrees to notify Union within ten (10) working days if it becomes registered. "GST/HST" shall mean the Government of Canada's Goods and Services Tax or Harmonized Sales Tax as legislated under The Excise Tax Act, as may be amended from time to time.

## **XX. MISCELLANEOUS PROVISIONS**

1. Permanent Assignment: Shipper may assign the Contract to a third party ("Assignee"), up to the Contract Demand, (the "Capacity Assigned"). Such assignment shall require the prior written consent of Union and release of obligations by Union for the Capacity Assigned from the date of assignment. Such consent and release shall not be unreasonably withheld and shall be conditional upon the Assignee providing, amongst other things, financial assurances as per Article XXI herein. Any such assignment will be for the full rights, obligations and remaining term of the Contract as relates to the Capacity Assigned.
2. Temporary Assignment: Shipper may, upon notice to Union, assign all or a part of its service entitlement under the Contract (the "Assigned Quantity") and the corresponding rights and obligations to an Assignee on a temporary basis for not less than one calendar month. Such assignment shall not be unreasonably withheld and shall be conditional upon the Assignee executing the Facilitating Agreement as per Article XXI herein. Notwithstanding such assignment, Shipper shall remain obligated to Union to perform and observe the covenants and obligations contained herein in regard to the Assigned Quantity to the extent that Assignee fails to do so.
3. Title to Gas: Shipper represents and warrants to Union that Shipper shall have good and marketable title to, or legal authority to deliver to Union, all gas delivered to Union hereunder. Furthermore, Shipper hereby agrees to indemnify and save Union harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of claims of any or all third parties to such gas or on account of Taxes, or other charges thereon.

**XXI. PRECONDITIONS TO TRANSPORTATION SERVICES**

1. The obligations of Union to provide Transportation Services hereunder are subject to the following conditions precedent, which are for the sole benefit of Union and which may be waived or extended in whole or in part in the manner provided in the Contract:
  - a. Union shall have obtained, in form and substance satisfactory to Union, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required to provide the Transportation Services; and,
  - b. Union shall have obtained all internal approvals that are necessary or appropriate to provide the transportation Services; and,
  - c. Union shall have received from Shipper the requisite financial assurances reasonably necessary to ensure Shipper's ability to honour the provisions of the Contract (the "**Initial Financial Assurances**"). The Initial Financial Assurances, if required, will be as determined solely by Union; and,
  - d. Shipper and Union shall have entered into the Interruptible HUB Service Contract or equivalent (the "**Facilitating Agreement**") with Union.
2. The obligations of Shipper hereunder are subject to the following conditions precedent, which are for the sole benefit of Shipper and which may be waived or extended in whole or in part in the manner provided in the Contract:
  - a. Shipper shall, as required, have entered into the necessary contracts with Union and/or others to facilitate the Transportation Services contemplated herein, including contracts for upstream and downstream transportation, and shall specifically have an executed and valid Facilitating Agreement; and shall, as required, have entered into the necessary contracts to purchase the gas quantities handled under the Contract; and,
  - b. Shipper shall have obtained, in form and substance satisfactory to Shipper, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required from federal, state, or provincial authorities for the gas quantities handled under the Contract; and,
  - c. Shipper shall have obtained all internal approvals that are necessary or appropriate for the Shipper to execute the Contract.
3. Union and Shipper shall each use due diligence and reasonable efforts to satisfy and fulfil the conditions precedent specified in this Article XXI Section 1 a, c, and d and Section 2 a and b. Each party shall notify the other forthwith in writing of the satisfaction or waiver of each condition precedent for such party's benefit. If a party concludes that it will not be able to satisfy a condition precedent that is for its benefit, such party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations thereunder.
4. If any of the conditions precedent in this Article XXI Section 1 c or Section 2 are not satisfied or waived by the party entitled to the benefit of that condition by the Conditions Date as such term is defined in the Contract, then either party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations hereunder, provided that any rights or remedies that a party may have for breaches of the Contract prior to such termination and any liability a party may have incurred before such termination shall not thereby be released.

**RATE M12  
NOMINATIONS**

- a) For Services provided either under this rate schedule or referenced to this rate schedule:
- i) For Services required on any day Shipper shall provide Union with a nomination (the "Shipper's Nomination") of the quantity it desires to be handled at the applicable Receipt Point and/or Delivery Point. Such Shipper's Nomination is to be provided in writing so as to be received by Union's Gas Management Services on or before 1230 hours in the Eastern time zone, unless agreed to otherwise in writing by the parties, on the business day immediately preceding the day for which service is requested.
  - ii) If, in Union's sole opinion, operating conditions permit, a change in Shipper's Nomination may be accepted after 1230 hours in the Eastern time zone.
  - iii) For customers electing firm all day transportation service, nominations shall be provided to Union's Gas Management Services as outlined in the F24 –T Agreement.
- b) Union shall determine whether or not all or any portion of Shipper's Nomination will be accepted. In the event Union determines that it will not accept such nomination, Union shall advise Shipper, on or before 1730 hours in the Eastern time zone on the business day immediately preceding the day for which service is requested, of the reduced quantity (the "Quantity Available") for Services at the applicable points. Forthwith after receiving such advice from Union but no later than 1800 hours in the Eastern time zone on the same day, Shipper shall provide a "Revised Nomination" to Union which shall be no greater than the Quantity Available. If such Revised Nomination is not provided within the time allowed as required above or such Revised Nomination is greater than the Quantity Available, then the Revised Nomination shall be deemed to be the Quantity Available. If the Revised Nomination (delivered within the time allowed as required above) is less than the Quantity Available, then such lesser amount shall be the Revised Nomination.
- c) That portion of a Shipper's Nomination or Revised Nomination, as set out in (a) and (b), above, which Union shall accept for Services hereunder, shall be known as Shipper's "Authorized Quantity".
- d) If on any day the actual quantities handled by Union, for each of the Services authorized, exceed Shipper's Authorized Quantity, and such excess was caused by either Shipper's incorrect nomination or by its delivering or receiving too much gas, then the amount by which the actual quantities handled for each of the Services exceed Shipper's Authorized Quantity, such excess shall be deemed "Unauthorized Overrun".
- e) The daily quantity of gas nominated by Shipper will be delivered by Shipper at rates of flow that are as nearly constant as possible, however, Union shall use reasonable efforts to take receipt of gas on any day at an hourly rate of flow up to one twentieth (1/20) of the quantity received for that day. Union shall have the right to limit Services when on any day the cumulative hourly imbalance between receipts and deliveries exceeds one twentieth (1/20) of the quantity handled for that day, for each applicable Service.
- f) A nomination for a daily quantity of gas on any day shall remain in effect and apply to subsequent days unless and until Union receives a new nomination from Shipper or unless Union gives Shipper written notice that it is not acceptable in accordance with either (a) or (b) of this schedule.
- g) Except for periods of gas or quantity balancing as provided in the Contract, nominations by Shipper for deliveries to Union and redeliveries by Union shall be the same delivery of gas by Union either to Shipper or a Shipper's Account with Union.

**RATE M12  
NOMINATIONS**

1. For Transportation Services required on any Day under the Contract, Shipper shall provide Union with a nomination(s) providing the Shipper's requested Receipt Point(s), contract numbers, the applicable service, the quantity of Gas to be transported, the requested Delivery Point(s), and such additional information as Union determines to be necessary (a "**Nomination**").
2. All Nominations shall be submitted by electronic means via *Unionline*. Union, in its sole discretion, may amend or modify the nominating procedures or *Unionline* at any time. Nominations shall be submitted so as to be received by Union in accordance with timelines established by Union, which reflect the NAESB standard nomination cycles. Union will accept all nominations on each of the nomination cycles. Nominations made after the applicable deadline shall not be accepted except at the sole discretion of Union. All times referred to herein are Eastern Clock Time. For greater certainty, NAESB nomination cycle timelines are as follows:
  - a. The Timely Nomination Cycle: 12:45 pm for Nominations leaving control of the nominating party; 3:30 pm for receipt of Quantities Available by Shipper; 4:30 pm for receipt of completed confirmations by Union from upstream and downstream connected parties; 5:30 pm for receipt of Scheduled Quantities by Shipper (Day prior to flow).
  - b. The Evening Nomination Cycle: 7:00 pm for Nominations leaving control of the nominating party; 9:00 pm for receipt of Quantities Available by Shipper; 10:00 pm for receipt of completed confirmations by Union from upstream and downstream connected parties; 11:00 pm for receipt of Scheduled Quantities by Shipper (Day prior to flow).
  - c. The Intra-day 1 Nomination Cycle: 11:00 am for Nominations leaving control of the nominating party; 1:00 pm for receipt of Quantities Available by Shipper; 2:00 pm for receipt of completed confirmations by Union from upstream and downstream connected parties; 3:00 pm for receipt of Scheduled Quantities Available by Shipper, on Day. Quantities Available resulting from Intra-day 1 Nominations should be effective at 6:00 pm on same Day.
  - d. The Intra-day 2 Nomination Cycle: 6:00 pm for Nominations leaving control of the nominating party; 8:00 pm for receipt of Quantities Available by Shipper; 9:00 pm for receipt of completed confirmations by Union from upstream and downstream connected parties; 10:00 pm for receipt of Scheduled Quantities by Shipper on Day. Quantities Available resulting from Intra-day 2 Nominations should be effective at 10:00 pm on same Day.
3. Union shall determine whether or not all or any portion of the Nomination will be scheduled at each nomination cycle. With respect to each nomination cycle, in the event Union determines that it will not schedule such Nomination, Union shall advise Shipper of the reduced quantity (the "**Quantities Available**") for Transportation Services at the applicable points as outlined in each nomination cycle. After receiving such advice from Union, but no later than one half hour after the Quantities Available deadline as outlined in each nomination cycle, Shipper shall provide a revised nomination ("**Revised Nomination**") to Union which shall be no greater than the Quantity Available. If such Revised Nomination is not provided within the time allowed as required above or such Revised Nomination is greater than the Quantities Available, then the Revised Nomination shall be deemed to be the Quantities Available. If the Revised Nomination (delivered with the time allowed as required above) is less than the Quantity Available, then such lesser amount shall be the Revised Nomination.
4. For Shippers electing firm all day transportation service, nominations shall be provided to Union's Gas Management Services as outlined in the F24 –T Agreement.
5. For Transportation Services requiring Shipper to provide compressor fuel in kind, the nominated fuel requirements will be calculated by rounding to the nearest whole GJ.

6. All Timely Nominations shall have rollover options. Specifically, Shippers shall have the ability to nominate for several days, months or years, provided the Nomination start date and end date are both within the term of the Transportation Agreement.
7. Nominations received after the nomination deadline shall, if accepted by Union, be scheduled after Nominations received before the nomination deadline.
8. All Services are required to be nominated in whole Gigajoules (GJ).
9. To the extent Union is unable to complete a Nomination confirmation due to inaccurate, untimely or incomplete data involving an Interconnecting Pipeline entity, Union shall undertake reasonable efforts to confirm the transaction on a non-discriminatory basis until such time that the transaction is adequately verified by the parties, or until such time that Union determines that the Nomination is invalid at which time the Union shall reject the Nomination.
10. That portion of a Shipper's Nomination or Revised Nomination, as set out in paragraphs 1 and 3 above, which Union shall schedule for Transportation Services hereunder, shall be known as Shipper's "**Authorized Quantity**".
11. If on any day the actual quantities handled by Union, for each of the Transportation Services authorized, exceed Shipper's Authorized Quantity, and such excess was caused by either Shipper's incorrect nomination or by its delivering or receiving too much gas, then the amount by which the actual quantities handled for each of the Transportation Services exceed Shipper's Authorized Quantity shall be deemed "**Unauthorized Overrun**".
12. The daily quantity of gas nominated by Shipper will be delivered by Shipper at rates of flow that are as nearly constant as possible, however, Union shall use reasonable efforts to take receipt of gas on any day at an hourly rate of flow up to one twentieth (1/20<sup>th</sup>) of the quantity received for that day. Union shall have the right to limit Transportation Services when on any day the cumulative hourly imbalance between receipts and deliveries exceeds one twentieth (1/20<sup>th</sup>) of the quantity handled for that day, for each applicable Transportation Service.
13. The parties hereto recognize that with respect to Transportation Services, on any day, receipts of gas by Union and deliveries of gas by Union may not always be exactly equal, but each party shall cooperate with the other in order to balance as nearly as possible the quantities transacted on a daily basis, and any imbalances arising shall be allocated to the Facilitating Agreement and shall be subject to the respective terms and charges contained therein, and shall be resolved in a timely manner.
14. Shipper may designate a third party as agent for purposes of providing a Nomination, and for giving and receiving notices related to Nominations, and Union shall only accept nominations from the agent. Shipper shall provide Union with written notice of such designation, such notice to be acceptable to Union. Any such designation, if acceptable to Union, shall be effective starting the Month following the receipt of the written notice and will remain in effect until revoked in writing by Shipper.

**UNION GAS LIMITED**  
**M12 Monthly Transportation Fuel Ratios and Rates**  
 Firm or Interruptible Transportation Commodity  
Effective January 1, 2013

| Month     | VT1 Easterly<br>Dawn to Parkway (TCPL)<br>With Dawn Compression |           | VT1 Easterly<br>Dawn to Kirkwall, Lisgar,<br>Parkway (Consumers)<br>With Dawn Compression |           | VT3 Westerly<br>Parkway to Kirkwall, Dawn |           |
|-----------|---|-----------|---|-----------|---|-----------|
|           | Fuel Ratio  | Fuel Rate | Fuel Ratio  | Fuel Rate | Fuel Ratio                                | Fuel Rate |
|           | (%)   | (\$/GJ)   | (%)   | (\$/GJ)   | (%)                                       | (\$/GJ)   |
| April     | 0.802   | 0.045     | 0.533   | 0.030     | 0.153                                     | 0.009     |
| May       | 0.567   | 0.032     | 0.359   | 0.020     | 0.153                                     | 0.009     |
| June      | 0.463   | 0.026     | 0.260   | 0.014     | 0.357                                     | 0.020     |
| July      | 0.451   | 0.025     | 0.248   | 0.014     | 0.356                                     | 0.020     |
| August    | 0.355   | 0.020     | 0.154   | 0.009     | 0.354                                     | 0.020     |
| September | 0.352   | 0.020     | 0.154   | 0.009     | 0.351                                     | 0.020     |
| October   | 0.697   | 0.039     | 0.463   | 0.026     | 0.153                                     | 0.009     |
| November  | 0.840   | 0.047     | 0.603   | 0.034     | 0.153                                     | 0.009     |
| December  | 0.945   | 0.053     | 0.702   | 0.039     | 0.153                                     | 0.009     |
| January   | 1.086   | 0.060     | 0.831   | 0.046     | 0.153                                     | 0.009     |
| February  | 1.033   | 0.057     | 0.786   | 0.044     | 0.153                                     | 0.009     |
| March     | 0.972   | 0.054     | 0.719   | 0.040     | 0.153                                     | 0.009     |

| Month     | M12-X Easterly<br>Kirkwall to Parkway (TCPL) |           | M12-X Easterly<br>Kirkwall to Lisgar<br>Parkway (Consumers) |           | M12-X Westerly<br>Parkway to Kirkwall, Dawn |           |
|-----------|--|-----------|---|-----------|---|-----------|
|           | Fuel Ratio                                   | Fuel Rate | Fuel Ratio  | Fuel Rate | Fuel Ratio                                  | Fuel Rate |
|           | (%)  | (\$/GJ)   | (%)   | (\$/GJ)   | (%)   | (\$/GJ)   |
| April     | 0.422  | 0.024     | 0.153   | 0.009     | 0.268                                       | 0.015     |
| May       | 0.361  | 0.020     | 0.153   | 0.009     | 0.268                                       | 0.015     |
| June      | 0.357  | 0.020     | 0.153   | 0.009     | 0.268                                       | 0.015     |
| July      | 0.356  | 0.020     | 0.153   | 0.009     | 0.268                                       | 0.015     |
| August    | 0.354  | 0.020     | 0.153   | 0.009     | 0.268                                       | 0.015     |
| September | 0.351  | 0.020     | 0.153   | 0.009     | 0.268                                       | 0.015     |
| October   | 0.387  | 0.022     | 0.153   | 0.009     | 0.268                                       | 0.015     |
| November  | 0.389  | 0.022     | 0.153   | 0.009     | 0.153                                       | 0.009     |
| December  | 0.396  | 0.022     | 0.153   | 0.009     | 0.153                                       | 0.009     |
| January   | 0.408  | 0.023     | 0.153   | 0.009     | 0.153                                       | 0.009     |
| February  | 0.400  | 0.022     | 0.153   | 0.009     | 0.153                                       | 0.009     |
| March     | 0.406  | 0.023     | 0.153   | 0.009     | 0.153                                       | 0.009     |

**UNION GAS LIMITED**

**M12 Monthly Transportation Authorized Overrun Fuel Ratios and Rates**  
Firm or Interruptible Transportation Commodity  
Effective January 1, 2013

| Month     | VT1 Easterly<br>Dawn to Parkway (TCPL)<br>With Dawn Compression |           | VT1 Easterly<br>Dawn to Kirkwall, Lisgar,<br>Parkway (Consumers)<br>With Dawn Compression |           | VT3 Westerly<br>Parkway to Kirkwall, Dawn |           |
|-----------|---|-----------|---|-----------|---|-----------|
|           | Fuel Ratio  | Fuel Rate | Fuel Ratio  | Fuel Rate | Fuel Ratio                                | Fuel Rate |
|           | (%)   | (\$/GJ)   | (%)   | (\$/GJ)   | (%)                                       | (\$/GJ)   |
| April     | 1.402   | 0.156     | 1.133   | 0.129     | 0.753                                     | 0.120     |
| May       | 1.167   | 0.143     | 0.959   | 0.119     | 0.753                                     | 0.120     |
| June      | 1.063   | 0.138     | 0.860   | 0.114     | 0.957                                     | 0.132     |
| July      | 1.051   | 0.137     | 0.848   | 0.113     | 0.956                                     | 0.132     |
| August    | 0.955   | 0.131     | 0.754   | 0.108     | 0.954                                     | 0.131     |
| September | 0.952   | 0.131     | 0.754   | 0.108     | 0.951                                     | 0.131     |
| October   | 1.297   | 0.151     | 1.063   | 0.125     | 0.753                                     | 0.120     |
| November  | 1.440   | 0.158     | 1.203   | 0.133     | 0.753                                     | 0.120     |
| December  | 1.545   | 0.164     | 1.302   | 0.139     | 0.753                                     | 0.120     |
| January   | 1.686   | 0.172     | 1.431   | 0.146     | 0.753                                     | 0.120     |
| February  | 1.633   | 0.169     | 1.386   | 0.143     | 0.753                                     | 0.120     |
| March     | 1.572   | 0.166     | 1.319   | 0.140     | 0.753                                     | 0.120     |

| Month     | M12-X Easterly<br>Kirkwall to Parkway (TCPL) |           | M12-X Easterly<br>Kirkwall to Lisgar<br>Parkway (Consumers) |           | M12-X Westerly<br>Parkway to Kirkwall, Dawn |           |
|-----------|--|-----------|---|-----------|---|-----------|
|           | Fuel Ratio                                   | Fuel Rate | Fuel Ratio  | Fuel Rate | Fuel Ratio                                  | Fuel Rate |
|           | (%)  | (\$/GJ)   | (%)   | (\$/GJ)   | (%)   | (\$/GJ)   |
| April     | 1.022  | 0.069     | 0.753   | 0.054     | 0.868                                       | 0.127     |
| May       | 0.961  | 0.066     | 0.753   | 0.054     | 0.868                                       | 0.127     |
| June      | 0.957  | 0.065     | 0.753   | 0.054     | 0.868                                       | 0.127     |
| July      | 0.956  | 0.065     | 0.753   | 0.054     | 0.868                                       | 0.127     |
| August    | 0.954  | 0.065     | 0.753   | 0.054     | 0.868                                       | 0.127     |
| September | 0.951  | 0.065     | 0.753   | 0.054     | 0.868                                       | 0.127     |
| October   | 0.987  | 0.067     | 0.753   | 0.054     | 0.868                                       | 0.127     |
| November  | 0.989  | 0.067     | 0.753   | 0.054     | 0.753                                       | 0.120     |
| December  | 0.996  | 0.068     | 0.753   | 0.054     | 0.753                                       | 0.120     |
| January   | 1.008  | 0.068     | 0.753   | 0.054     | 0.753                                       | 0.120     |
| February  | 1.000  | 0.068     | 0.753   | 0.054     | 0.753                                       | 0.120     |
| March     | 1.006  | 0.068     | 0.753   | 0.054     | 0.753                                       | 0.120     |



**RATE M12  
RECEIPT AND DELIVERY POINTS AND PRESSURES**

1. Receipt and Delivery Points:

The following defines each Receipt Point and/or Delivery Point, as indicated (R= Receipt Point; D= Delivery Point)

|            |                                    |  |
|------------|------------------------------------|--|
| <b>R,D</b> | <b><u>DAWN (FACILITIES):</u></b>   | Union's Compressor Station site situated in the northwest corner of Lot Twenty-Five (25), Concession II, in the Township of Dawn-Euphemia, in the County of Lambton. This point is applicable for quantities of gas that have been previously transported or stored under other contracts that Shipper may have in place with Union. |
| <b>R</b>   | <b><u>DAWN (TCPL):</u></b>         | At the junction of Union's and TCPL's facilities, at or adjacent to Dawn (Facilities).   |
| <b>R</b>   | <b><u>DAWN (TECUMSEH):</u></b>     | At the junction of Union's and Enbridge Gas Distribution Inc.'s (Enbridge) Tecumseh Gas Storage's facilities, at or adjacent to Dawn (Facilities).   |
| <b>R</b>   | <b><u>DAWN (TSLE):</u></b>         | At the junction of Union's and Enbridge Gas Distribution Inc.'s (" <b>Enbridge</b> ") NPS 16 Tecumseh Sombra Line Extension facilities; at or adjacent to Dawn (Facilities)  |
| <b>R</b>   | <b><u>DAWN (VECTOR):</u></b>       | At the junction of Union's and Vector Pipeline Limited Partnership (" <b>Vector</b> ") facilities, at or adjacent to Dawn (Facilities).  |
| <b>R,D</b> | <b><u>PARKWAY (TCPL):</u></b>      | At the junction of Union's and TCPL's facilities, at or adjacent to Union's facilities situated in the Part Lot 9 and Part Lot 10, Concession IX, New Survey, Town of Milton, Regional Municipality of Halton (now part of City of Mississauga)  |
| <b>R,D</b> | <b><u>KIRKWALL:</u></b>            | At the junction of Union's and TCPL's facilities at or adjacent to Union's facilities situated in Part Lot Twenty-Five (25), Concession 7, Town of Flamborough.  |
| <b>D</b>   | <b><u>PARKWAY (CONSUMERS):</u></b> | At the junction of Union's and Enbridge's facilities, at or adjacent to Union's facilities situated in Part Lot 9 and Part Lot 10, Concession IX, New Survey, Town of Milton, Regional Municipality of Halton (now part of City of Mississauga)  |
| <b>D</b>   | <b><u>LISGAR:</u></b>              | At the junction of the facilities of Union and Enbridge situated at 6620 Winston Churchill Boulevard, City of Mississauga.   |

2. Receipt and Delivery Pressures:

(a) All Gas tendered by or on behalf of Shipper to Union shall be tendered at the Receipt Point(s) at Union's prevailing pressure at that Receipt Point, or at such pressure as per operating agreements between Union and the applicable Interconnecting Pipeline as amended or restated from time to time.

(b) All Gas tendered by or on behalf of Union to Shipper shall be tendered at the Delivery Point(s) at Union's prevailing pressure at that Delivery Point or at such pressure as per agreements between Union and the applicable Interconnecting Pipeline as amended or restated from time to time.

(c) Under no circumstances shall Union be obligated to receive or deliver gas hereunder at pressures exceeding the maximum allowable operating pressures prescribed under any applicable governmental regulations; nor shall Union be required to make any physical deliveries or to accept any physical receipts which its existing facilities cannot accommodate.



TRANSPORTATION OF LOCALLY PRODUCED GAS

**(A) Applicability**

The charges under this rate schedule shall be applicable to a customer who enters into a contract with Union for gas received at a local production point to be transported to Dawn.

Applicable Points

Dawn as a delivery point: Dawn (Facilities).

**(B) Rates**

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

Demand Commodity

|  | <u>Demand<br/>Charge<br/>Rate/Month</u> | <b>Commodity<br/>Charge<br/>Union<br/>Provides Fuel<br/>Rate/GJ</b> | <b>Customer Provides<br/>Own Fuel<br/>Fuel<br/>Ratio</b> |
|--|---|---|--|
| 1. Monthly fixed charge per Customer Station | \$926.60                                |   |  |
| 2. Transmission Commodity Charge             |   | \$0.034   |  |
| 3. Delivery Commodity Charge                 |   | \$0.009   | 0.153%   |

These charges are in addition to the transportation, storage and/or balancing charges which shall be paid for under Rate M12 or Rate C1, or other services that may be negotiated.

4. Overrun Services

Authorized Overrun

Authorized overrun will be payable on all quantities transported in excess of Union's obligation on any day. The overrun charges payable will be calculated at \$0.077 /GJ. Overrun will be authorized at Union's sole discretion.

|                           | <b>Commodity<br/>Charge<br/>Union<br/>Provides Fuel<br/>Rate/GJ</b> | <b>Customers Provides<br/>Own Fuel<br/>Commodity<br/>Charge<br/>Rate/GJ</b> | <b>Fuel<br/>Ratio</b> |
|---------------------------|---|---|-----------------------|
| Authorized Overrun Charge | \$0.077   | \$0.069   | 0.153%                |

Unauthorized Overrun

Authorized Overrun rates payable on all volumes up to 2% in excess of Union's contractual obligation.

The Unauthorized Overrun rate during the November 1 to April 15 period will be \$50 per GJ for all usage on any day in excess of 102% of Union's contractual obligation. The Unauthorized Overrun rate during the April 16 to October 31 period will be \$9.373 per GJ for all usage on any day in excess of 102% of Union's contractual obligation.

**(C) Terms of Service**

General Terms & Conditions applicable to this rate shall be in accordance with the attached Schedule "A" in effect before January 1, 2013. The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A 2013" for contracts in effect on or after January 1, 2013.

Effective

January 1, 2013  
O.E.B. Order # EB-2011-0210

Chatham, Ontario

Supersedes EB-2012-0437 Rate Schedule effective January 1, 2013.

**GENERAL TERMS & CONDITIONS  
M13 TRANSPORTATION AGREEMENT**

**I. DEFINITIONS**

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

1. "Banking Day" shall mean a day on which the general offices of the Canadian Imperial Bank of Commerce, 99 King St. W., Chatham, Ontario are open for business;
2. "business day" shall mean a day on which the general offices of Union in Chatham, Ontario are open for business;
3. "Contract" shall refer to the Contract to which these General Terms & Conditions shall apply, and into which they are incorporated;
4. "contract year" shall mean a period of three hundred and sixty-five (365) consecutive days, beginning on the day agreed upon by Union and Shipper as set forth in the Contract, or on any anniversary of such date; provided, however, that any such period which contains a date of February 29 shall consist of three hundred and sixty-six (366) consecutive days;
5. "day" shall mean a period of twenty-four (24) consecutive hours beginning at 9:00 a.m. Central Standard time. The reference date for any day shall be the calendar date upon which the twenty-four (24) hour period shall commence;
6. "month" shall mean the period beginning at 9:00 a.m. Central Standard time on the first day of a calendar month and ending at 9:00 a.m. Central Standard time on the first day of the following calendar month;
7. "firm" shall mean service not subject to curtailment or interruption except under Articles XI and XII of this Schedule "B";
8. "interruptible service" shall mean service subject to curtailment or interruption, after notice, at any time;
9. "gas" shall mean gas as defined in the Ontario Energy Board Act, R.S.O. 1980, c. 332, as amended, supplemented or reenacted from time to time;
10. "cubic metre" shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;
11. "m<sup>3</sup>" shall mean cubic metre of gas and "10<sup>3</sup>m<sup>3</sup>" shall mean 1,000 cubic metres of gas;
12. "pascal" (Pa) shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term "kilopascal" (kPa) shall mean 1,000 pascals;
13. "joule" (J) shall mean the work done when the point of application of a force of one (1) newton is displaced a distance of one (1) metre in the direction of the force. The term "megajoule" (MJ) shall mean 1,000,000 joules. The term "gigajoule" (GJ) shall mean 1,000,000,000 joules;
14. "gross heating value" shall mean the total heat expressed in megajoules per cubic metre (MJ/m<sup>3</sup>) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;
15. "Shipper" shall have the meaning as defined in the Contract and shall also include Shipper's agent(s);
16. "subsidiary" shall mean a company in which more than fifty (50) per cent of the issued share capital (having full voting rights under all circumstances) is owned or controlled directly or indirectly by another company, by one or more subsidiaries of such other company, or by such other company and one or more of its subsidiaries;

17. "TCPL" means TransCanada Pipelines Limited;
18. "NOVA" means NOVA Gas Transmission Ltd;
19. "Panhandle" means CMS Panhandle Eastern Pipeline Company;
20. "MichCon" means Michigan Consolidated Gas Company;
21. "SCPL" means St. Clair Pipelines (1996) Ltd.;
22. "OEB" means the Ontario Energy Board;
23. "NEB" means the National Energy Board (Canada);
  - i. "GLGT" means Great Lakes Gas Transmission Company;
  - ii. "CMS" means CMS Gas Transmission and Storage Company; and,
  - iii. "Consumers" means The Consumers' Gas Company, Limited.
24. "cricondenthem hydrocarbon dewpoint" shall mean the highest hydrocarbon dewpoint temperature on the phase envelope;
25. "hydrocarbon dewpoint" shall mean temperature at a specific pressure where hydrocarbon vapour condensation begins;
26. "specific gravity" shall mean density of the gas divided by density of air, with both at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute; and,
27. "Wobbe Number" shall mean gross heating value of the gas divided by the square root of its specific gravity.

## **II. GAS QUALITY**

1. **Natural Gas:** The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons, except methane, may be removed prior to delivery to Shipper. Further, Union may subject, or permit the subjection of, the gas to compression, dehydration, cooling, cleaning and other processes.
2. **Freedom from objectionable matter:** The gas to be delivered to Union at the Receipt Point(s) hereunder,
  - a. shall be commercially free from bacteria, sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to, or interference with, the proper operation of the lines, regulators, meters or other appliances through which it flows,
  - b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas, nor more than one hundred (100) milligrams of total sulphur per cubic metre of gas,
  - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas,
  - d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas,
  - e. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas,

- f. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas,
- g. shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas,
- h. shall not contain more than sixty-five (65) milligrams of water vapour per cubic metre of gas,
- i. shall not have a cricondenthem hydrocarbon dewpoint exceeding minus eight (-8) degrees Celsius,
- j. shall have Wobbe Number from forty seven point fifty (47.50) megajoules per cubic metre of gas to fifty one point forty six (51.46) megajoules per cubic metre of gas, maximum of one point five (1.5) mole percent by volume of butane plus (C4+) in the gas, and maximum of four point zero (4.0) mole percent by volume of total inerts in the gas in order to be interchangeable with other Interconnecting Pipeline gas,
- k. shall not exceed forty-three degrees Celsius (43°C), and,
- l. shall not be odourized by Shipper.

3. Non-conforming Gas:

- a. In the event that the quality of the gas does not conform or if Union, acting reasonably, suspects the quality of the gas may not conform to the specifications herein, then Shipper shall, if so directed by Union acting reasonably, forthwith carry out, at Shipper's cost, whatever field testing of the gas quality as may be required to ensure that the quality requirements set out herein are met, and to provide Union with a certified copy of such tests. If Shipper does not carry out such tests forthwith, Union may conduct such test and Shipper shall reimburse Union for all costs incurred by Union for such testing.
- b. If Shipper's gas fails at any time to conform to the requirements of this Article II, Union, in addition to its other remedies, may refuse to accept delivery of gas at the Receipt Points hereunder until such deficiency has been remedied by Shipper. Each Party agrees to notify the other verbally, followed by written notification, of any such deficiency of quality.

4. Quality of Gas Received: The quality of the gas to be received by Union at the Receipt Point(s) hereunder is to be of a merchantable quality and in accordance with the quality standards as set out by Union in this Article II, but, Union will use reasonable efforts to accept gas of a quality that may deviate from the quality standards set out therein.

5. Quality of Gas at Dawn: The quality of the gas to be delivered to Union at Dawn (Facilities) or the gas to be delivered by Union to Shipper at Dawn (Facilities) hereunder is to be of a merchantable quality and in accordance with the quality standards and measurement standards as set out by Union in this Article II, except that total sulphur limit shall be not more than four hundred and sixty (460) milligrams per cubic metre of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in this Article II.

### III. MEASUREMENTS

1. Service Unit: The unit of the gas delivered to Union shall be a quantity of 10<sup>3</sup>m<sup>3</sup>. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m<sup>3</sup>) or one thousand cubic metres (10<sup>3</sup>m<sup>3</sup>) at Union's discretion.

2. Determination of Volume and Energy:

- a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), RSC 1985, c E-4- (the "**Act**") and the Electricity and Gas Inspection Regulations, SOR 86/131 (the "**Regulations**"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
- b. The supercompressibility factor shall be determined in accordance with either the "Manual for Determination of Supercompressibility Factors for Natural Gas" (PAR Project NX-19) published in 1962 or with American Gas Association Transmission Measurement Committee Report No. 8, Nov. 1992, at Union's discretion, all

as amended from time to time.

- c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VI herein.

#### **IV. POINT OF RECEIPT AND POINT OF DELIVERY**

1. Unless otherwise specified in the Contract, the point or points of receipt for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in the Contract, where Union takes possession of the gas. Whenever the phrase "receipt point" appears herein, it shall mean Point of Receipt as defined in this Article IV.
2. Unless otherwise specified in the Contract, the point or points of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection as specified in the Contract, where Shipper takes possession of the gas. Whenever the phrase "delivery point" shall appear herein, it shall mean Point of Delivery as defined in this Article IV.

#### **V. FACILITIES ON CUSTOMER'S PROPERTY**

N/A.

#### **VI. MEASURING EQUIPMENT**

1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations referenced in Article III herein.
2. Metering by Others: In the event that all or any gas received or delivered hereunder is measured by a meter that is owned and operated by an upstream or downstream transporter (the "Transporter") whose facilities may or may not interconnect with Union's, then Union and Shipper agree to accept that metering for the purpose of determining the volume and energy of gas received or delivered on behalf of the Shipper. The standard of measurement and tests for the gas delivered to/by Union pursuant to this Article VII, Section 2 shall be in accordance with the general terms and conditions as incorporated in that Transporter's gas tariff as approved by Transporter's regulatory body.
3. Check Measuring Equipment: Shipper may install, maintain and operate, at the Receipt Point, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Union's measuring equipment at or near the Receipt Point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Union's metering facilities.
4. Calibration and Test of Measuring Equipment: The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party notifies the other that it desires a special test of any measuring equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment tested is found to be in error by not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing receipts of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a percentage of inaccuracy greater than two percent (2%), the financial adjustment, if any, shall be calculated in accordance with the Act and Regulations, as may be amended from time to time and in accordance with any successor statutes and regulations.
5. Preservation of Metering Records: Union and Shipper shall each preserve for a period of at least six (6) years all test data, and other relevant records.

## **VII. BILLING**

1. **Monthly Billing Date:** Union shall render bills on or before the 10th day of each month for all services furnished during the preceding month. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. Union shall provide, in a succeeding month's billing, an adjustment based on any difference between actual quantities and estimated quantities. If presentation of a bill to Shipper is delayed after the 10th day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.
2. **Right of Examination:** Both Union and Shipper shall have the right to examine at any reasonable time the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, chart or computation made under or pursuant to the provisions of the Contract.

## **VIII. PAYMENTS**

1. **Monthly Payments:** Shipper shall pay the invoiced amount directly into Union's bank account as directed on the invoice on or before the twentieth (20<sup>th</sup>) day of each month. If the payment date is not a business day, then payment must be received in Union's account on the first business day preceding the twentieth (20<sup>th</sup>) day of the month.
2. **Remedies for Non-payment:** Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due, Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Union's principal banker in effect from time to time from the due date until the date of payment. If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract may suspend service(s) until such amount is paid, provided however, that if Shipper, in good faith shall dispute the amount of any such bill or part thereof and shall pay to Union such amounts as it concedes to be correct and at any time thereafter within twenty (20) days of a demand made by Union shall furnish good and sufficient surety bond satisfactory to Union, guaranteeing payment to Union of the amount ultimately found due upon such bill after a final determination which may be reached either by agreement, arbitration decision or judgement of the courts, as may be the case, then Union shall not be entitled to suspend service(s) because of such non-payment unless and until default be made in the conditions of such bond or in payment for any further service(s) to Shipper hereunder.
3. **Billing Adjustments:** If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such overcharge or undercharge, Union shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Union's principal banker, and the Shipper shall pay the amount of any such undercharge, but without interest. In the event Union renders a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Union, such error shall be adjusted by Union. Such overcharge, undercharge or error shall be adjusted by Union on the bill next following its determination (where the term "bill" next following shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within six (6) years from the date of the incorrect billing. In the event any refund is issued with Shipper's bill, the aforesaid date of refund shall be deemed to be the date of the issue of invoice.

## **IX. ARBITRATION**

If and when any dispute, difference or question shall arise between the parties hereto touching the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the Arbitration Act of the Province of Ontario, or any act passed in amendment thereof or substitution therefore, shall apply to each such submission. Operations under this Contract shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the parties hereto.



**X. FORCE MAJEURE**

N/A

**XI. DEFAULT AND TERMINATION**

N/A

**XII. MODIFICATION**

N/A

**XIII. NONWAIVER AND FUTURE DEFAULT**

N/A

**XIV. LAWS, REGULATIONS AND ORDERS**

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction and the Contract shall be varied and amended to comply with or conform to any valid order or direction of any board, tribunal or administrative agency which affects any of the provisions of the Contract.

**RATE M13  
GENERAL TERMS & CONDITIONS**

**I. DEFINITIONS**

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

**"Aid to Construction"** shall include any and all costs, expenses, amounts, damages, obligations, or other liabilities (whether of a capital or operating nature, and whether incurred before or after the date of the Contract) actually paid by Union (including amounts paid to affiliates for services rendered in accordance with the Affiliate Relationships Code as established by the OEB) in connection with or in respect of satisfying the conditions precedent set out in Article XXI herein (including without limitation the cost of construction, installation and connection of any required meter station as described in Article IX, Section 6, the obtaining of all governmental, regulatory and other third party approvals, and the obtaining of rights of way) whether resulting from Union's negligence or not, except for any costs that have arisen from the gross negligence, fraud, or wilful misconduct of Union;

**"Average Local Producer Heat" ("ALPH")** shall mean the heat content value as set by Union, and shall be determined by volumetrically averaging the gross heat content of all produced gas delivered to the Union system by Ontario Local Producers. The ALPH shall be expressed in GJ/10<sup>3</sup>m<sup>3</sup> and may be adjusted from time to time by Union;

**"Business Day"** shall mean any day, other than Saturday, Sunday or any days on which national banks in the Province of Ontario are authorized to close;

**"Contract"** shall refer to the Contract to which these General Terms & Conditions shall apply, and into which they are incorporated;

**"Contract Year"** shall mean a period of three hundred and sixty-five (365) consecutive days; provided however, that any such period which contains a date of February 29 shall consist of three hundred and sixty-six (366) consecutive days, commencing on November 1 of each year; except for the first Contract Year which shall commence on the Commencement Date and end on the first October 31 that follows such date;

**"cricondenthem hydrocarbon dewpoint"** shall mean the highest hydrocarbon dewpoint temperature on the phase envelope;

**"cubic metre"** shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;

**"Dawn Quantity"** shall mean the total daily quantity of gas in GJ delivered at Dawn (Facilities), which is equal to the total energy of all gas supplied daily to Union at the Receipt Point(s). The Dawn Quantity shall be calculated utilizing the following factor equation: Dawn Quantity = Produced Volume x ALPH;

**"Day"** shall mean a period of twenty-four (24) consecutive hours beginning at 10:00 a.m. Eastern Clock Time. The reference date for any Day shall be the calendar date upon which the twenty-four (24) hour period shall commence;

**"Delivery Point"** shall mean the point where Union shall deliver the Dawn Quantity and/or Market Quantity to Shipper and as further defined in Schedule 1 of the Contract;

**"Distribution Demand"** shall mean the varying demand for the supply of gas, as determined by Union, on Union's pipeline and distribution system for users of gas who are supplied or delivered gas by Union's pipeline and distribution system;

**"Eastern Clock Time"** shall mean the local clock time in the Eastern Time Zone on any Day;

**"firm"** shall mean service not subject to curtailment or interruption except under Articles XI, XII and XVIII herein;

**"Firm Daily Variability Demand"** shall mean the established quantity set forth in Schedule 2 of the Contract, which is the permitted difference between the Dawn Quantity and the Market Quantity;

"gas" shall mean gas as defined in the Ontario Energy Board Act, 1998, S.O. 1998, c.15, Sch. B, as amended, supplemented or re-enacted from time to time;

"**gross heating value**" shall mean the total heat expressed in megajoules per cubic metre (MJ/m<sup>3</sup>) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;

"**hydrocarbon dewpoint**" shall mean temperature at a specific pressure where hydrocarbon vapour condensation begins;

"**Interruptible HUB Service Contract**" shall mean a contract between Shipper and Union under which Union provides interruptible HUB service;

"**Interconnecting Pipeline**" shall mean a pipeline that directly connects to the Union pipeline and distribution system;

"**joule**" (J) shall mean the work done when the point of application of a force of one (1) newton is displaced a distance of one (1) metre in the direction of the force. The term "**megajoule**" (MJ) shall mean 1,000,000 joules. The term "**gigajoule**" (GJ) shall mean 1,000,000,000 joules;

"**m<sup>3</sup>**" shall mean cubic metre of gas and "**10<sup>3</sup>m<sup>3</sup>**" shall mean 1,000 cubic metres of gas;

"**MAOP**" shall mean the maximum allowable operating pressure of Union's pipeline and distribution system and as further defined in Schedule 1 of the Contract;

"**Market Quantity**" shall mean the daily quantity in GJ nominated for Name Change Service that Day by Shipper at Dawn (Facilities);

"**Maximum Daily Quantity**" shall mean the maximum quantity of gas Shipper may deliver to Union at a Receipt Point on any Day, as further defined in Schedule 1;

"**Month**" shall mean the period beginning at 10:00 a.m. Eastern Clock Time on the first day of a calendar month and ending at 10:00 a.m. Eastern Clock Time on the first day of the following calendar month;

"**Name Change Service**" shall mean an interruptible administrative service whereby Union acknowledges for Shipper a change in title of a gas quantity from Shipper to a third party at the Delivery Point;

"**OEB**" means the Ontario Energy Board;

"**pascal**" ("**Pa**") shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term "**kilopascal**" ("**kPa**") shall mean 1,000 pascals;

"**Produced Volume**" shall mean the aggregate of all actual volumes of gas in 10<sup>3</sup>m<sup>3</sup>, delivered by Shipper to Union at all Receipt Points on any Day;

"**Producer Balancing Account**" shall mean the gas balance held by Union for Shipper, or owed by Shipper to Union, at the Delivery Point. Where the Producer Balancing Account is zero or a positive number, the account is in a credit position, and where the Producer Balancing Account is less than zero, the account is in a debit position;

"**Producer Balancing Service**" shall mean a Service whereby Union either calculates a credit or debit to the Producer Balancing Account by subtracting the Market Quantity from the Dawn Quantity. Where such amount is greater than zero, Union will credit the Producer Balancing Account, or where such amount is less than zero, Union will debit the Producer Balancing Account. This Service shall be performed on a retroactive basis on the terms and conditions contained in Schedule 2 of the Contract, as may be revised from time to time by Union;

"**Receipt Point**" shall mean the point(s) where Union shall receive gas from Shipper;

"**Sales Agreement**" shall mean the Ontario Gas Purchase Agreement(s) entered into between Shipper and Union;

"Shipper" shall have the meaning as defined in the Contract, and shall also include Shipper's agent(s);

"specific gravity" shall mean density of the gas divided by density of air, with both at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;

"System Capacity" shall mean the volumetric capacity that exists from time to time within Union's pipeline and distribution system which determines Union's ability to accept volumes of gas into Union's pipeline and distribution system hereunder. System Capacity shall be determined by Union and such determination, in addition to the physical characteristics of Union's pipeline and distribution system Distribution Demand, shall also include consideration of Union's local Distribution Demand, Union's total system Distribution Demand, availability of Union's gas storage capacity, and other gas being purchased and/or delivered into Union's pipeline and distribution system;

"Taxes" shall mean any tax (other than tax on income or tax on property), duty, royalty, levy, license, fee or charge not included in the charges and rates as per the applicable rate schedule (including but not limited to charges under any form of cap and trade, carbon tax, or similar system) and that is levied, assessed or made by any governmental authority on the gas itself, or the act, right, or privilege of producing, severing, gathering, storing, transporting, handling, selling or delivering gas under the Contract;

"Wobbe Number" shall mean gross heating value of the gas divided by the square root of its specific gravity.

## II. GAS QUALITY

1. Natural Gas: The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons, except methane, may be removed prior to delivery to Shipper. Further, Union may subject, or permit the subjection of, the gas to compression, dehydration, cooling, cleaning and other processes.
2. Freedom from objectionable matter: The gas to be delivered to Union at the Receipt Point(s) hereunder,
  - a. shall be commercially free from bacteria, sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to, or interference with, the proper operation of the lines, regulators, meters or other appliances through which it flows,
  - b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas, nor more than one hundred (100) milligrams of total sulphur per cubic metre of gas,
  - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas,
  - d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas,
  - e. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas,
  - f. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas,
  - g. shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas,
  - h. shall not contain more than sixty-five (65) milligrams of water vapour per cubic metre of gas,
  - i. shall not have a cricondenthem hydrocarbon dewpoint exceeding minus eight (-8) degrees Celsius,
  - j. shall have Wobbe Number from forty seven point fifty (47.50) megajoules per cubic metre of gas to fifty one point forty six (51.46) megajoules per cubic metre of gas, maximum of one point five (1.5) mole percent by volume of butane plus (C4+) in the gas, and maximum of four point zero (4.0) mole percent by volume of total inerts in the gas in order to be interchangeable with other Interconnecting Pipeline gas,

- k. shall not exceed forty-three degrees Celsius (43°C), and,
  - l. shall not be odourized by Shipper.
3. Non-conforming Gas:
- a. In the event that the quality of the gas does not conform or if Union, acting reasonably, suspects the quality of the gas may not conform to the specifications herein, then Shipper shall, if so directed by Union acting reasonably, forthwith carry out, at Shipper's cost, whatever field testing of the gas quality as may be required to ensure that the quality requirements set out herein are met, and to provide Union with a certified copy of such tests. If Shipper does not carry out such tests forthwith, Union may conduct such test and Shipper shall reimburse Union for all costs incurred by Union for such testing.
  - b. If Shipper's gas fails at any time to conform to the requirements of this Article II, Union, in addition to its other remedies, may refuse to accept delivery of gas at the Receipt Points hereunder until such deficiency has been remedied by Shipper. Each Party agrees to notify the other verbally, followed by written notification, of any such deficiency of quality.
4. Quality of Gas Received: The quality of the gas to be received by Union at the Receipt Point(s) hereunder is to be of a merchantable quality and in accordance with the quality standards as set out by Union in this Article II, but, Union will use reasonable efforts to accept gas of a quality that may deviate from the quality standards set out therein.
5. Quality of Gas at Dawn: The quality of the gas to be delivered to Union at Dawn (Facilities) or the gas to be delivered by Union to Shipper at Dawn (Facilities) hereunder is to be of a merchantable quality and in accordance with the quality standards and measurement standards as set out by Union in this Article II, except that total sulphur limit shall be not more than four hundred and sixty (460) milligrams per cubic metre of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in this Article II.

### III. MEASUREMENTS

- 1. Service Unit: The unit of the gas delivered to Union shall be a quantity of 10<sup>3</sup>m<sup>3</sup>. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m<sup>3</sup>) or one thousand cubic metres (10<sup>3</sup>m<sup>3</sup>) at Union's discretion.
- 2. Determination of Volume and Energy:
  - a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), RSC 1985, c E-4- (the "**Act**") and the Electricity and Gas Inspection Regulations, SOR 86/131 (the "**Regulations**"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
  - b. The supercompressibility factor shall be determined in accordance with either the "**Manual for Determination of Supercompressibility Factors for Natural Gas**" (PAR Project NX-19) published in 1962 or with American Gas Association Transmission Measurement Committee Report No. 8, Nov. 1992, at Union's discretion, all as amended from time to time.
  - c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII herein.

### IV. RECEIPT POINT AND DELIVERY POINT

The point(s) of receipt and point of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in Schedule 1 of the Contract, where possession of the gas changes from one party to the other.

**V. POSSESSION OF AND RESPONSIBILITY FOR GAS**

1. Union accepts no responsibility for any gas prior to such gas being delivered to Union at the Receipt Point or after its delivery by Union at the Delivery Point. As between the parties hereto, Union shall be deemed to be in control and possession of and responsible for all such gas from the time that such gas enters Union's system until such gas is delivered to Shipper.
2. Shipper agrees that Union is not a common carrier and is not an insurer of Shipper's gas, and that Union shall not be liable to Shipper or any third party for loss of gas in Union's possession, except to the extent such loss is caused entirely by Union's negligence or wilful misconduct.

**VI. FACILITIES ON SHIPPER'S PROPERTY**

1. Union shall provide, at the Receipt Point(s), according to the terms hereunder, the meter station required to receive and measure the Produced Volume of gas received by Union from Shipper. Shipper agrees, if requested by Union, to provide Union with sufficient detailed information regarding Shipper's current and expected operations in order to aid Union in Union's design of the meter station.
2. Pursuant to Article VI. Section 1 herein, Union shall purchase, install and maintain, at the Receipt Point(s):
  - a. a meter and any associated recording gauges as are necessary; and,
  - b. a suitable gas odourizing injection facility where Union deems such facility to be necessary.
3. All equipment installed by Union at the Receipt Point(s) shall remain the property of Union at all times, notwithstanding the fact that it may be affixed to Shipper's property. Union shall be entitled to remove said equipment at any time within a period of sixty (60) days from any termination or expiry of the Contract. Shipper shall take all necessary steps to ensure Union may enter onto the Receipt Point(s) to remove such equipment for a period of sixty (60) days after termination or expiry of the Contract or the Sales Agreement.
4. Upon Union's request Shipper shall, at Shipper's own cost and expense:
  - a. obtain a registered lease or freehold ownership at the Receipt Point(s) sufficient to provide Union with free uninterrupted access to, from, under and above the Receipt Point(s), for a term (and extended terms) identical to the Contract, plus sixty (60) days, and shall provide Union with a bona fide copy of such lease agreement prior to Union commencing the construction of the meter station;
  - b. furnish, install, set, and maintain suitable pressure and volume control equipment and such additional equipment as required on Shipper's delivery system, to protect against the overpressuring of Union's facilities, and to limit the daily flow of gas to the corresponding Maximum Daily Quantity applicable to the Receipt Point(s);
  - c. supply, install and maintain a gravel or cut stone covering on each Receipt Point and shall maintain such Receipt Point(s) in a safe and workmanlike manner; and,
  - d. install and maintain a fence satisfactory to Union around the perimeter of each Receipt Point which will adequately secure and protect Union's equipment therein.
5. Shipper shall within thirty (30) days of the delivery of an invoice by Union, reimburse Union for any actual costs reasonably incurred by Union for any repair, replacement, relocation, or upgrading of any meter station requested by Shipper, or as required by law, or by duly constituted regulatory body, or through good engineering practice. Union shall be responsible for any costs incurred by Union to correct an error made by Union.

**VII. MEASURING EQUIPMENT**

1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations referenced in Article III herein.

2. Metering by Others: In the event that all or any gas received or delivered hereunder is measured by a meter that is owned and operated by an upstream or downstream transporter (the “**Transporter**”) whose facilities may or may not interconnect with Union’s, then Union and Shipper agree to accept that metering for the purpose of determining the volume and energy of gas received or delivered on behalf of the Shipper. The standard of measurement and tests for the gas delivered to/by Union pursuant to this Article VII, Section 2 shall be in accordance with the general terms and conditions as incorporated in that Transporter’s gas tariff as approved by Transporter’s regulatory body.
3. Check Measuring Equipment: Shipper may install, maintain and operate, at the Receipt Point, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Union’s measuring equipment at or near the Receipt Point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Union’s metering facilities.
4. Calibration and Test of Measuring Equipment: The accuracy of Union’s measuring equipment shall be verified by Union at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party notifies the other that it desires a special test of any measuring equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment tested is found to be in error by not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing receipts of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a percentage of inaccuracy greater than two percent (2%), the financial adjustment, if any, shall be calculated in accordance with the Act and Regulations, as may be amended from time to time and in accordance with any successor statutes and regulations.
5. Preservation of Metering Records: Union and Shipper shall each preserve for a period of at least six (6) years all test data, and other relevant records.

## VIII. BILLING

1. Monthly Billing Date: Union shall render bills on or before the tenth (10<sup>th</sup>) day of each month for all Services furnished during the preceding Month. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. Union shall provide, in a succeeding Month’s billing, an adjustment based on any difference between actual quantities and estimated quantities, without any interest charge. If presentation of a bill to Shipper is delayed after the tenth (10<sup>th</sup>) day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.
2. Right of Examination: Both Union and Shipper shall have the right to examine at any reasonable time the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, chart or computation made under or pursuant to the provisions of the Contract.
3. Amendment of Statements: For the purpose of completing a final determination of the actual quantities of gas handled in any of the Services to Shipper, the parties shall have the right to amend their statement for a period equal to the time during which the companies, that transport the gas contemplated herein for Union and Shipper, retain the right to amend their statements, which period shall not exceed three (3) years from the date of termination of the Contract.

## IX. PAYMENTS

1. Monthly Payments: Shipper shall pay the invoiced amount directly into Union’s bank account as directed on the invoice on or before the twentieth (20<sup>th</sup>) day of each month. If the payment date is not a Business Day, then payment must be received in Union’s account on the first Business Day preceding the twentieth (20<sup>th</sup>) day of the month.
2. Remedies for Non-payment: Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due,
  - a. Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Union’s principal banker in effect from time to time from the due date until the date of payment; and,

- b. If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract, may suspend Services until such amount is paid. Notwithstanding such suspension, all demand charges shall continue to accrue hereunder as if such suspension were not in place.

If Shipper in good faith disputes the amount of any such bill or part thereof Shipper shall pay to Union such amounts as it concedes to be correct. At any time thereafter, within twenty (20) days of a demand made by Union, Shipper shall furnish financial assurances satisfactory to Union, guaranteeing payment to Union of the amount ultimately found due upon such bill after a final determination. Such a final determination may be reached either by agreement, arbitration decision or judgement of the courts, as may be the case. Union shall not be entitled to suspend Services because of such non-payment unless and until default occurs in the conditions of such financial assurances or default occurs in payment of any other amount due to Union hereunder.

Notwithstanding the foregoing, Shipper is not relieved from the obligation to continue its deliveries of gas to Union under the terms of any agreement, where Shipper has contracted to deliver specified quantities of gas to Union.

3. Billing Adjustments: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such overcharge or undercharge, Union shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Union's principal banker, and the Shipper shall pay the amount of any such undercharge, but without interest. In the event Union renders a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Union, such error shall be adjusted by Union. Such overcharge, undercharge or error shall be adjusted by Union on the bill next following its determination (where the term "**bill next following**" shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within three (3) years from the date of the incorrect billing. In the event any refund is issued with Shipper's bill, the aforesaid date of refund shall be deemed to be the date of the issue of bill.
4. Taxes: In addition to the charges and rates as per the applicable rate schedules and price schedules, Shipper shall pay all Taxes which are imposed currently or subsequent to the execution of the Contract by any legal authority having jurisdiction and any amount in lieu of such Taxes paid or payable by Union.
5. Set Off: If either party shall, at any time, be in arrears under any of its payment obligations to the other party under the Contract, then the party not in arrears shall be entitled to reduce the amount payable by it to the other party in arrears under the Contract, or any other contract, by an amount equal to the amount of such arrears or other indebtedness to the other party. In addition to the foregoing remedy, Union may, upon forty-eight (48) hours verbal notice, to be followed by written notice, take possession of any or all of Shipper's gas under the Contract, which shall be deemed to have been assigned to Union, to reduce such arrears or other indebtedness to Union.
6. Station and Connection Costs: In the event that a meter station must be constructed and/or installed in order to give effect to this Contract, Shipper agrees to pay Union for a portion, as determined by Union, of Union's actual cost, as hereinafter defined, for constructing and installing such station. Shipper also agrees to pay the actual costs to connect such station to Union's pipeline and distribution system. Union shall advise Shipper as to the need for a meter station and shall provide Shipper with an estimate of the Aid to Construction. Such Aid to Construction shall include the costs of all pipe, fittings and materials, third party labour costs and Union's direct labour, labour saving devices, vehicles and mobile equipment, but shall exclude the purchase costs of gas pressure control equipment and gas meters installed by Union.

## **X. ARBITRATION**

If and when any dispute, difference or question shall arise between the parties hereto touching the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the



Arbitration Act, 1991, or any act passed in amendment thereof or substitution therefore, shall apply to each such submission. Operations under the Contract shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the parties hereto.

## **XI. FORCE MAJEURE**

1. The term "**force majeure**" as used herein shall mean acts of God, strikes, lockouts or any other industrial disturbance, acts of the public enemy, sabotage, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of wells or lines of pipe, inability to obtain materials, supplies, permits or labour, any laws, orders, rules, regulations, acts or restraints of any governmental body or authority (civil or military), any act or omission that is excused by any event or occurrence of the character herein defined as constituting force majeure, any act or omission by parties not controlled by the party having the difficulty and any other similar cases not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome.
2. In the event that either the Shipper or Union is rendered unable, in whole or in part, by force majeure, to perform or comply with any obligation or condition of the Contract, such party shall give notice and full particulars of such force majeure in writing delivered by hand, fax or other direct written electronic means to the other party as soon as possible after the occurrence of the cause relied on and subject to the provision of this Article.
3. Neither party shall be entitled to the benefit of the provisions of force majeure hereunder if any or all of the following circumstances prevail: the failure resulting in a condition of force majeure was caused by the negligence of the party claiming suspension; the failure was caused by the party claiming suspension where such party failed to remedy the condition by making all reasonable efforts (short of litigation, if such remedy would require litigation); the party claiming suspension failed to resume the performance of such condition obligations with reasonable dispatch; the failure was caused by lack of funds; the party claiming suspension did not, as soon as possible after determining, or within a period within which it should acting reasonably have determined, that the occurrence was in the nature of force majeure and would affect its ability to observe or perform any of its conditions or obligations under the Contract, give to the other party the notice required hereunder.
4. The party claiming suspension shall likewise give notice as soon as possible after the force majeure condition is remedied, to the extent that the same has been remedied, and that such party has resumed or is then in a position to resume the performance of the obligations and conditions of the Contract.
5. An event of force majeure on Union's system will excuse the failure to deliver gas by Union or the failure to accept gas by Union hereunder, and both parties shall be excused from performance of their obligations hereunder, except for payment obligations, to the extent of and for the duration of the force majeure.
6. Upstream or Downstream Force Majeure: An event of force majeure upstream or downstream of Union's system shall not relieve Shipper of any payment obligations.
7. Delay of Services: Despite Article XI herein, if Union is prevented, by reason of an event of force majeure on Union's system from delivering gas on the Day or Days upon which Union has accepted gas from Shipper, Union shall thereafter make all reasonable efforts to deliver such quantities as soon as practicable and on such Day or Days as are agreed to by Shipper and Union. If Union accepts such gas on this basis, Shipper shall not receive any demand charge relief as contemplated under Article XI herein.
8. Firm Daily Variability Demand Charge Relief: Despite Article XI herein, if on any Day Union fails to accept gas from Shipper by reason of an event of force majeure on Union's system and fails to deliver the quantity of gas nominated hereunder by Shipper up to the Firm Daily Variability Demand for that Contract, then for that Day the Monthly charge shall be reduced by an amount equal to the applicable Firm Daily Variability Demand Rate, as defined in this paragraph, multiplied by the difference between the quantity of gas actually delivered by Union during such Day and the quantity of gas which Shipper in good faith nominated on such Day. The term "**Firm Daily Variability Demand Rate**" shall mean the monthly Firm Daily Variability Demand charge as provided in Schedule 2 of the Contract, divided by the number of days in the month for which such rate is being calculated.

**XII. DEFAULT AND TERMINATION**

In case of the breach or non-observance or non-performance on the part of either party hereto of any covenant, proviso, condition, restriction or stipulation contained in the Contract (but not including herein failure to take or make delivery in whole or in part of the gas delivered to/by Union hereunder occasioned by any of the reasons provided for in Article XI herein) which has not been waived by the other party, then and in every such case and as often as the same may happen, the non-defaulting party may give written notice to the defaulting party requiring it to remedy such default and in the event of the defaulting party failing to remedy the same within a period of thirty (30) days from receipt of such notice, the non-defaulting party may at its sole option declare the Contract to be terminated and thereupon the Contract shall be terminated and be null and void for all purposes other than and except as to any liability of the parties under the same incurred before and subsisting as of termination. The right hereby conferred upon each party shall be in addition to, and not in derogation of or in substitution for, any other right or remedy which the parties respectively at law or in equity shall or may possess.

In the event that this Contract is terminated pursuant to this Article XII, the parties hereto agree that they shall continue to be bound only by the terms and conditions set forth in the Contract but only for the purpose of determining the actual quantities in Shipper's Producer Balancing Account with such determination being subject to Article X. Such extended period of time shall not exceed one (1) year from the date of termination of this Contract.

**XIII. AMENDMENT**

Subject to Article XV herein and the ability of Union to amend the applicable rate schedules and price schedules, with the approval of the OEB (if required), no amendment or modification of the Contract shall be effective unless the same shall be in writing and signed by each of the Shipper and Union.

**XIV. NON-WAIVER AND FUTURE DEFAULT**

No waiver of any provision of the Contract shall be effective unless the same shall be in writing and signed by the party entitled to the benefit of such provision and then such waiver shall be effective only in the specific instance and for the specified purpose for which it was given. No failure on the part of Shipper or Union to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy under the Contract shall operate as a waiver thereof.

**XV. LAWS, REGULATIONS AND ORDERS**

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction and the Contract shall be varied and amended to comply with or conform to any valid order or direction of any board, tribunal or administrative agency which affects any of the provisions of the Contract.

**XVI. RESERVED FOR FUTURE USE**

N/A

**XVII. RENEWALS**

The Contract will continue in full force and effect beyond the Initial Term, automatically renewing for a period of one (1) year, and every one (1) year thereafter, subject to notice in writing by either party of termination at least three (3) months prior to the expiration thereof.

**XVIII. SERVICE CURTAILMENT**

1. Excepting instances of emergency, Shipper and Union agree to give at least twenty-four (24) hours verbal notice before a

planned curtailment of receipt or delivery, shut-down or start-up.

2. Shipper shall complete and maintain a plan which depicts all of the Shipper's gas production facilities including all emergency shut off valves and emergency equipment and provide a copy to Union upon Union's request. Shipper shall provide to Union the names and telephone numbers of those persons whom Union may contact in the event of an emergency situation arising within the Shipper's facilities.
3. In the event that Union is notified by a third party or if Union becomes aware of an emergency situation in which Shipper's gas production site, pipeline or associated equipment is involved, Union shall immediately notify Shipper or Shipper's representative of such emergency condition.
4. Union shall have the right, at all times, to reconstruct or modify Union's pipeline and distribution system and the pressure carried therein, notwithstanding that such reconstruction or modification may reduce the System Capacity available to receive Shipper's gas, or Shipper's ability to deliver gas to Union. Should Union expect any such reconstruction or modification to reduce the delivery or receipt of gas by either party, Union will, where able, provide Shipper with six (6) months' notice or as much notice as is reasonably practical in the circumstances. Union shall use reasonable efforts to assist the Shipper in meeting its Market Quantity in these circumstances.

#### **XIX. SHIPPER'S REPRESENTATIONS AND WARRANTIES**

1. Shipper's Warranty: Shipper warrants that it will, if required, maintain, or have maintained on its behalf, all external approvals including the governmental, regulatory, import/export permits and other approvals or authorizations that are required from any federal, state or provincial authorities for the gas quantities to be handled under the Contract. Shipper further warrants that it shall maintain in effect the Facilitating Agreements.
2. Financial Representations: Shipper represents and warrants that the financial assurances (including the Initial Financial Assurances and Security), if any, shall remain in place throughout the term hereof unless Shipper and Union agree otherwise. Shipper shall notify Union in the event of any change to the financial assurances (including the Initial Financial Assurances and Security), if any, throughout the term hereof. Should Union have reasonable grounds to believe that Shipper will not be able to perform or continue to perform any of its obligations under the Contract for any reason (a "**Material Event**"), then Shipper shall within fourteen (14) days of receipt of written notice by Union, obtain and provide to Union a letter of credit or other security in the form and amount reasonably required by Union (the "**Security**"). In the event that Shipper does not provide to Union such Security, Union may deem a default in accordance with the provisions of Article XII herein.

In the event that Shipper in good faith, reasonably believes that it should be entitled to reduce the amount of or value of the Security previously provided, it may request such a reduction from Union and to the extent that the Material Event has been mitigated or eliminated, Union shall return all or a portion of the Security to Shipper within fourteen (14) Business Days after receipt of the request.

3. Licence: Shipper represents and warrants to Union that Shipper possesses a licence to produce gas in the Province of Ontario.

#### **XX. MISCELLANEOUS PROVISIONS**

1. Assignment: Shipper may assign the Contract to a third party ("**Assignee**"), up to the Maximum Daily Quantity, (the "**Capacity Assigned**"). Such assignment shall require the prior written consent of Union and release of obligations by Union for the Capacity Assigned from the date of assignment. Such consent and release shall not be unreasonably withheld and shall be conditional upon the Assignee providing, amongst other things, financial assurances as per Article XXI herein. Any such assignment will be for the full rights, obligations and remaining term of the Contract as relates to the Capacity Assigned.
2. Title to Gas: Shipper represents and warrants to Union that Shipper shall have good and marketable title to, or legal authority to deliver to Union, all gas delivered to Union hereunder. Furthermore, Shipper hereby agrees to indemnify and save Union harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of claims of any or all third parties to such gas or on account of Taxes, or other charges thereon.

## **XXI. PRECONDITIONS TO SERVICES**

1. The obligations of Union to provide Services hereunder are subject to the following conditions precedent, which are for the sole benefit of Union and which may be waived or extended in whole or in part in the manner provided in the Contract:
  - a. Union shall have obtained, in form and substance satisfactory to Union, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required to provide the Services; and,
  - b. Union shall have obtained all internal approvals that are necessary or appropriate to provide the Services; and,
  - c. Union shall have received from Shipper the requisite financial assurances reasonably necessary to ensure Shipper's ability to honour the provisions of the Contract (the "**Initial Financial Assurances**"). The Initial Financial Assurances, if required, will be as determined solely by Union; and,
  - d. Shipper and Union shall have entered into the Interruptible HUB Service Contract or equivalent (the "**Facilitating Agreement**") with Union; and,
  - e. Union shall, where applicable, have obtained all internal and external approvals including the governmental, regulatory and other approvals or authorizations required to construct any facilities necessary to provide the Services hereunder, which approvals and authorizations, if granted upon conditions, shall be conditions satisfactory to Union; and,
  - f. Union shall, where applicable, have completed and placed into service those facilities necessary to provide the Services hereunder; and,
  - g. Further to Article IX Section 6 herein, Shipper shall pay to Union a payment ("**First Prepayment**") towards the Aid to Construction at the time of the execution of this Agreement. Shipper shall pay a payment prior to installation of the meter station ("**Second Prepayment**"). The foregoing payments are specified in the attached Schedule 1 for the first meter station ("**Receipt Point #1**") to be installed under this contract. Payments for additional meter stations will be handled by written mutual agreement between the parties. Shipper shall pay Union the difference if the actual Aid to Construction is more than the Prepayments, within thirty (30) days of the delivery of an invoice from Union on which the actual costs for construction and installation of facilities are stated. Union shall pay Shipper the difference if the actual Aid to Construction is less than the Prepayments. In the event Shipper terminates this Agreement prior to Union incurring any costs related to the construction, installation or connection of the meter station, Shipper's Prepayments shall be returned to Seller, without interest, within fifteen (15) days notice to Union of such termination by Shipper. In the event Union has incurred costs, as set out herein, relative to the construction, installation or connection of the meter station prior to being notified by Shipper of Shipper's intention to terminate the Agreement, Union shall deduct such actual costs from Union's return of Shipper's Prepayments. "**Prepayments**" shall mean the sum of the First Prepayment and the Second Prepayment.
2. The obligations of Shipper hereunder are subject to the following conditions precedent, which are for the sole benefit of Shipper and which may be waived or extended in whole or in part in the manner provided in the Contract:
  - a. Shipper shall, as required, have entered into the necessary contracts with Union and/or others to facilitate the Services contemplated herein, including contracts for upstream and downstream transportation, and shall specifically have an executed and valid Facilitating Agreement; and,
  - b. Shipper shall have obtained, in form and substance satisfactory to Shipper, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required from federal, state, or provincial authorities for the gas quantities handled under the Contract; and,
  - c. Shipper shall have obtained all internal approvals that are necessary or appropriate for the Shipper to execute the Contract; and,

- d. Shipper shall have cancelled or renegotiated its Sales Agreement, on terms satisfactory to Union, as applicable.
- 3. Union and Shipper shall each use due diligence and reasonable efforts to satisfy and fulfil the conditions precedent specified in this Article XXI Section 1 a, c, d, e, f, g, and Section 2 a, b, and d. Each party shall notify the other forthwith in writing of the satisfaction or waiver of each condition precedent for such party's benefit. If a party concludes that it will not be able to satisfy a condition precedent that is for its benefit, such party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations thereunder.
- 4. If any of the conditions precedent in this Article XXI Section 1 c or Section 2 are not satisfied or waived by the party entitled to the benefit of that condition by the Conditions Date as such term is defined in the Contract, or if any of the Shipper payments required under the condition precedent in this Article XXI Section 1 g have not been paid as required in such section, then either party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations hereunder, provided that any rights or remedies that a party may have for breaches of the Contract prior to such termination and any liability a party may have incurred before such termination shall not thereby be released.



STORAGE AND TRANSPORTATION SERVICES TRANSPORTATION CHARGES

**(A) Availability**

The charges under this rate schedule shall be applicable for transportation service rendered by Union for all quantities transported to and from embedded storage pools located within Union's franchise area and served using Union's distribution and transmission assets.

Applicable Points

Dawn as a receipt point: Dawn (Facilities).

Dawn as a delivery point: Dawn (Facilities).

**(B) Rates**

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

a) Charges Applicable to both Firm and/or Interruptible Transportation Services:

Monthly Fixed Charge per customer station (\$ per month) (1) \$1,474.12

Transmission Commodity Charge to Dawn (\$ per GJ) \$0.034

|                     |   |   |
|---------------------|---|---|
| Transportation Fuel | <b>Customers<br/>located East<br/>of Dawn</b> | <b>Customers<br/>located West<br/>of Dawn</b> |
|---------------------|---|---|

**Fuel Charges to Dawn:**

|  |         |         |
|--|---------|---------|
| Commodity Rate - Union provides fuel (\$ per GJ) | \$0.009 | \$0.009 |
| Fuel Ratio - customer provides fuel (%)          | 0.153%  | 0.153%  |

**Fuel Charge to the Pool**

|  |         |         |
|--|---------|---------|
| Commodity Rate - Union provides fuel (\$ per GJ) | \$0.009 | \$0.024 |
| Fuel Ratio - customer provides fuel (%)          | 0.153%  | 0.435%  |

b) Firm Transportation Demand Charges: (2)

|  |   |   |
|--|---|---|
|  | <b>Customers<br/>located East<br/>of Dawn</b> | <b>Customers<br/>located West<br/>of Dawn</b> |
| Monthly Demand Charge applied to contract demand (\$ per GJ) | \$0.741                                       | \$1.059                                       |

Authorized Overrun:

The authorized overrun rate payable on all quantities transported in excess of Union's obligation any day shall be:

|   |   |   |
|---|---|---|
|   | <b>Customers<br/>located East<br/>of Dawn</b> | <b>Customers<br/>located West<br/>of Dawn</b> |
| Firm Transportation:                                |   |   |
| <b>Charges to Dawn</b>                              |   |   |
| Commodity Rate - Union provides fuel (\$ per GJ)    | \$0.067                                       | \$0.077                                       |
| Commodity Rate - customer provides fuel (\$ per GJ) | \$0.058                                       | \$0.069                                       |
| Fuel Ratio - customer provides fuel (%)             | 0.153%  | 0.153%  |
| <b>Charges to the Pool</b>                          |   |   |
| Commodity Rate - Union provides fuel (\$ per GJ)    | \$0.033                                       | \$0.059                                       |
| Commodity Rate - customer provides fuel (\$ per GJ) | \$0.024                                       | \$0.035                                       |
| Fuel Ratio - customer provides fuel (%)             | 0.153%  | 0.435%  |

Overrun will be authorized at Union's sole discretion.



**uniongas**

Effective  
2013-01-01  
**Rate M16**  
Page 2 of 2

Unauthorized Overrun

Authorized Overrun rates payable on all transported quantities up to 2% in excess of Union's contractual obligation.

The Unauthorized Overrun rate during the November 1 to April 15 period will be \$50 per GJ for all usage on any day in excess of 102% of Union's contractual obligation. The Unauthorized Overrun rate during the April 16 to October 31 period will be \$9.373 per GJ for all usage on any day in excess of 102% of Union's contractual obligation.

Charges aforesaid in respect of any given month in accordance with General Terms & Conditions shall be payable no later than the twenty-fifth day of the succeeding month.

Notes for Section (B) Rates:

- (1) The monthly fixed charge will be applied once per month per customer station regardless of service being firm, interruptible or a combination thereof.
- (2) Demand charges will be applicable to customers firm daily contracted demand or the firm portion of a combined firm and interruptible service.

**(C) Terms of Service**

The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A" for contracts in effect before October 1, 2010. The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A 2013" for contracts in effect on or after January 1, 2013.

Effective

January 1, 2013  
O.E.B. Order # EB-2011-0210

Chatham, Ontario

Supersedes EB-2012-0437 Rate Schedule effective January 1, 2013.

## SCHEDULE "A"

### **GENERAL TERMS & CONDITIONS M16 TRANSPORTATION AGREEMENT**

#### **I. DEFINITIONS**

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

1. "Banking Day" shall mean a day on which the general offices of the Canadian Imperial Bank of Commerce, 99 King St. W., Chatham, Ontario are open for business;
2. "business day" shall mean a day on which the general offices of Union in Chatham, Ontario are open for business;
3. "Contract" shall refer to the Contract to which these General Terms & Conditions shall apply, and into which they are incorporated;
4. "contract year" shall mean a period of three hundred and sixty-five (365) consecutive days, beginning on the day agreed upon by Union and Shipper as set forth in the Contract, or on any anniversary of such date; provided, however, that any such period which contains a date of February 29 shall consist of three hundred and sixty-six (366) consecutive days;
5. "day" shall mean a period of twenty-four (24) consecutive hours beginning at 9:00 a.m. Central Standard time. The reference date for any day shall be the calendar date upon which the twenty-four (24) hour period shall commence;
6. "month" shall mean the period beginning at 9:00 a.m. Central Standard time on the first day of a calendar month and ending at 9:00 a.m. Central Standard time on the first day of the following calendar month;
7. "firm" shall mean service not subject to curtailment or interruption except under Articles XI and XII of this Schedule "B";
8. "interruptible service" shall mean service subject to curtailment or interruption, after notice, at any time;
9. "gas" shall mean gas as defined in the Ontario Energy Board Act, R.S.O. 1980, c. 332, as amended, supplemented or reenacted from time to time;
10. "cubic metre" shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;
11. "m<sup>3</sup>" shall mean cubic metre of gas and "10<sup>3</sup>m<sup>3</sup>" shall mean 1,000 cubic metres of gas;
12. "pascal" (Pa) shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term "kilopascal" (kPa) shall mean 1,000 pascals;
13. "joule" (J) shall mean the work done when the point of application of a force of one (1) newton is displaced a distance of one (1) metre in the direction of the force. The term "megajoule" (MJ) shall mean 1,000,000 joules. The term "gigajoule" (GJ) shall mean 1,000,000,000 joules;
14. "gross heating value" shall mean the total heat expressed in megajoules per cubic metre (MJ/m<sup>3</sup>) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;
15. "Shipper" shall have the meaning as defined in the Contract, and shall also include Shipper's agent(s);
16. "subsidiary" means a company in which more than fifty (50) per cent of the issued share capital (having full voting rights under all circumstances) is owned or controlled directly or indirectly by another company, by one or more subsidiaries of such other company, or by such other company and one or more of its subsidiaries;



17. "TCPL" means TransCanada Pipelines Limited;
18. "NOVA" means Gas Transmission Ltd.;
19. "Panhandle" means CMS Panhandle Eastern Pipeline Company;
20. "MichCon" means Michigan Consolidated Gas Company;
21. "SCPL" means St. Clair Pipelines (1996) Ltd.;
22. "OEB" means the Ontario Energy Board;
23. "NEB" means the National Energy Board (Canada);
24. "GLGT" means Great Lakes Gas Transmission Company;
25. "CMS" means CMS Gas Transmission and Storage Company;
26. "Consumers" means The Consumers' Gas Company, Limited;
27. "cricondenthem hydrocarbon dewpoint" shall mean the highest hydrocarbon dewpoint temperature on the phase envelope;
28. "hydrocarbon dewpoint" shall mean temperature at a specific pressure where hydrocarbon vapour condensation begins;
29. "specific gravity" shall mean density of the gas divided by density of air, with both at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute; and,
30. "Wobbe Number" shall mean gross heating value of the gas divided by the square root of its specific gravity.

## **II. GAS QUALITY**

1. **Natural Gas:** The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons, except methane, may be removed prior to delivery to Shipper. Further, Union may subject, or permit the subjection of, the gas to compression, dehydration, cooling, cleaning and other processes.
2. **Freedom from objectionable matter:** The gas to be delivered to Union at the Receipt Point(s) hereunder,
  - a. shall be commercially free from bacteria, sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to, or interference with, the proper operation of the lines, regulators, meters or other appliances through which it flows,
  - b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas, nor more than one hundred (100) milligrams of total sulphur per cubic metre of gas,
  - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas,
  - d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas,
  - e. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas,

- f. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas,
  - g. shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas,
  - h. shall not contain more than sixty-five (65) milligrams of water vapour per cubic metre of gas,
  - i. shall not have a cricondenthem hydrocarbon dewpoint exceeding minus eight (-8) degrees Celsius,
  - j. shall have Wobbe Number from forty seven point fifty (47.50) megajoules per cubic metre of gas to fifty one point forty six (51.46) megajoules per cubic metre of gas, maximum of one point five (1.5) mole percent by volume of butane plus (C4+) in the gas, and maximum of four point zero (4.0) mole percent by volume of total inerts in the gas in order to be interchangeable with other Interconnecting Pipeline gas,
  - k. shall not exceed forty-three degrees Celsius (43°C), and,
  - l. shall not be odourized by Shipper.
3. Non-conforming Gas:
- a. In the event that the quality of the gas does not conform or if Union, acting reasonably, suspects the quality of the gas may not conform to the specifications herein, then Shipper shall, if so directed by Union acting reasonably, forthwith carry out, at Shipper's cost, whatever field testing of the gas quality as may be required to ensure that the quality requirements set out herein are met, and to provide Union with a certified copy of such tests. If Shipper does not carry out such tests forthwith, Union may conduct such test and Shipper shall reimburse Union for all costs incurred by Union for such testing.
  - b. If Shipper's gas fails at any time to conform to the requirements of this Article II, Union, in addition to its other remedies, may refuse to accept delivery of gas at the Receipt Points hereunder until such deficiency has been remedied by Shipper. Each Party agrees to notify the other verbally, followed by written notification, of any such deficiency of quality.
  - c. With respect to Article II 2. h. herein, Union may accept the gas subject to Shipper's obligations under the Dehydration Contract, if applicable.
4. Quality of Gas Received: The quality of the gas to be received by Union at the Receipt Point(s) hereunder is to be of a merchantable quality and in accordance with the quality standards as set out by Union in this Article II.
5. Quality of Gas at Dawn: The quality of the gas to be delivered to Union at Dawn (Facilities) or the gas to be delivered by Union to Shipper at Dawn (Facilities) hereunder is to be of a merchantable quality and in accordance with the quality standards and measurement standards as set out by Union in this Article II, except that total sulphur limit shall be not more than four hundred and sixty (460) milligrams per cubic metre of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in this Article II.
6. Odourization of Gas:
- a. Union may odourize or deliver odourized gas under the Contract,
  - b. Shipper shall if requested by Union monitor the mercaptan sulphur content of the gas delivered to Union under the Contract and shall provide at no cost to Union a continuous signal quantifying the mercaptan sulphur content in milligrams per cubic metre.

### **III. MEASUREMENTS**

- 1. Storage, Transportation, and/or Sales Unit: The unit of the gas delivered to Union shall be a megajoule or a gigajoule. The unit of gas transported or stored by Union shall be a megajoule or a gigajoule. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m<sup>3</sup>) or one thousand cubic metres (10<sup>3</sup>m<sup>3</sup>) at Union's discretion.
- 2. Determination of Volume and Energy:

- a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), RSC 1985, c E-4- (the “**Act**”) and the Electricity and Gas Inspection Regulations, SOR 86/131 (the “**Regulations**”), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
- b. The supercompressibility factor shall be determined in accordance with either the “Manual for Determination of Supercompressibility Factors for Natural Gas” (PAR Project NX-19) published in 1962 or with American Gas Association Transmission Measurement Committee Report No. 8, Nov. 1992, at Union’s discretion, all as amended from time to time.
- c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII herein.
- d. Upon request by Union, Shipper shall obtain measurement of the total quantity of gas received by Union hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Union and the Interconnecting Pipeline.

**IV. POINT OF RECEIPT AND POINT OF DELIVERY**

1. Unless otherwise specified in the Contract, the point or points of receipt for all gas to be covered thereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in the Contract, where Union takes possession of the gas. Whenever the phrase “receipt point” appears herein, it shall mean Point of Receipt as defined in this Article IV.
2. Unless otherwise specified in the Contract, the point or points of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection as specified in the Contract, where Shipper takes possession of the gas. Whenever the phrase “delivery point” shall appear hereon, it shall mean Point of Delivery as defined in this Article IV.

**V. POSSESSION OF AND RESPONSIBILITY FOR GAS**

N/A

**VI. FACILITIES ON SHIPPER'S PROPERTY**

N/A

**VII. MEASURING EQUIPMENT**

1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations referenced in Article III herein.
2. Metering by Others: In the event that all or any gas delivered to/by Union hereunder is measured by a meter that is owned and operated by an Interconnecting Pipeline, then Union and Shipper agree to accept that metering for the purpose of determining the volume and energy of gas delivered to/by Union on behalf of the Shipper. The standard of measurement and tests for the gas delivered to/by Union hereunder shall be in accordance with the general terms and conditions as incorporated in that Interconnecting Pipeline company’s gas tariff as approved by its regulatory body.
3. Check Measuring Equipment: Shipper may install, maintain and operate, at the Custody Transfer Point, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Union’s measuring equipment at or near the Custody Transfer Point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Union’s metering facilities.

4. Rights of Parties: The measuring equipment installed by either party, together with any building erected by it for such equipment, shall be and remain its property. However, Union and Shipper shall have the right to have representatives present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the other's measuring equipment used in measuring or checking the measurement of deliveries of gas to/by Union under the Contract. Either party will give the other party reasonable notice of its intention to carry out the acts herein specified. The records from such measuring equipment shall remain the property of their owner, but upon request each will submit to the other its records and charts, together with calculations therefrom, for inspection and verification, subject to return within ten (10) days after receipt thereof.
5. Calibration and Test of Measuring Equipment: The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party notifies the other that it desires a special test of any measuring equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment tested is found to be in error by not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing receipts and deliveries of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a percentage of inaccuracy greater than two percent (2%), the financial adjustment, if any, shall be calculated in accordance with the Act and Regulations, as may be amended from time to time and in accordance with any successor statutes and regulations.
6. Preservation of Metering Records: Union and Shipper shall each preserve for a period of at least six (6) years all test data, and other relevant records.
7. Error in Metering or Meter Failure: In the event of an error in metering or a meter failure (such error or failure being determined through check measurement by Union or any other available method), then Shipper shall enforce its rights as Shipper with the Interconnecting Pipeline(s) to remedy such error or failure including enforcing any inspection and/or verification rights and procedures.

## **VIII. BILLING**

1. Monthly Billing Date: Union shall render bills on or before the 10th day of each month for all services furnished during the preceding month. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. Union shall provide, in a succeeding month's billing, an adjustment based on any difference between actual quantities and estimated quantities. If presentation of a bill to Shipper is delayed after the 10th day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.
2. Right of Examination: Both Union and Shipper shall have the right to examine at any reasonable time the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, chart or computation made under or pursuant to the provisions of the Contract.

## **IX. PAYMENTS**

1. Monthly Payments: Shipper shall pay the invoiced amount directly into Union's bank account as directed on the invoice on or before the twentieth (20<sup>th</sup>) day of each month. If the payment date is not a business day, then payment must be received in Union's account on the first business day preceding the twentieth (20<sup>th</sup>) day of the month.
2. Remedies for Non-payment: Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due, Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Union's principal banker in effect from time to time from the due date until the date of payment. If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract may suspend service(s) until such amount is paid, provided however, that if Shipper, in good faith shall dispute the amount of any such bill or part thereof and shall pay to Union such amounts as it concedes to be correct and at any time thereafter within twenty (20) days of a demand made by Union shall furnish good and sufficient surety bond satisfactory to Union, guaranteeing payment to Union of the amount ultimately found due upon such bill after a final determination which may be reached either by agreement, arbitration decision or

judgement of the courts, as may be the case, then Union shall not be entitled to suspend service(s) because of such non-payment unless and until default be made in the conditions of such bond or in payment for any further service(s) to Shipper hereunder.

Notwithstanding the foregoing paragraph, this does not relieve Shipper from the obligation to continue its deliveries of gas under the terms of any agreement, where Shipper has contracted to deliver specified quantities of gas to Union.

3. Billing Adjustments: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such overcharge or undercharge, Union shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Union's principal banker, and the Shipper shall pay the amount of any such undercharge, but without interest. In the event Union renders a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Union, such error shall be adjusted by Union. Such overcharge, undercharge or error shall be adjusted by Union on the bill next following its determination (where the term "bill" next following shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within six (6) years from the date of the incorrect billing. In the event any refund is issued with Shipper's bill, the aforesaid date of refund shall be deemed to be the date of the issue of invoice.

#### **X. ARBITRATION**

If and when any dispute, difference or question shall arise between the parties hereto touching the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the Arbitration Act of the Province of Ontario, or any act passed in amendment thereof or substitution therefore, shall apply to each such submission. Operations under this Contract shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the parties hereto.

#### **XI. FORCE MAJEURE**

N/A

#### **XII. DEFAULT AND TERMINATION**

N/A

#### **XIII. MODIFICATION**

N/A

#### **XIV. NONWAIVER AND FUTURE DEFAULT**

N/A

#### **XV. LAWS, REGULATIONS AND ORDERS**

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction

and the Contract shall be varied and amended to comply with or conform to any valid order or direction of any board, tribunal or administrative agency which affects any of the provisions of the Contract.

**RATE M16  
GENERAL TERMS & CONDITIONS**

**I. DEFINITIONS**

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

**"Aid to Construction"** shall include any and all costs, expenses, amounts, damages, obligations, or other liabilities (whether of a capital or operating nature, and whether incurred before or after the date of the Contract) actually paid by Union (including amounts paid to affiliates for services rendered in accordance with the Affiliate Relationships Code as established by the OEB) in connection with or in respect of satisfying the conditions precedent set out in Article XXI herein (including without limitation the construction and placing into service of the Union Expansion Facilities, the obtaining of all governmental, regulatory and other third party approvals, and the obtaining of rights of way) whether resulting from Union's negligence or not, except for any costs that have arisen from the gross negligence, fraud, or wilful misconduct of Union;

**"Authorized Overrun"** shall mean the amount by which Shipper's Authorized Quantity exceeds the firm and interruptible contract demands;

**"Authorized Quantity"** shall have the meaning given thereto in Schedule "B 2010" of the C1 Rate Schedule;

**"Business Day"** shall mean any day, other than Saturday, Sunday or any days on which national banks in the Province of Ontario are authorized to close;

**"Contract"** shall refer to the Contract to which these General Terms & Conditions shall apply, and into which they are incorporated;

**"Contract Year"** shall mean a period of three hundred and sixty-five (365) consecutive days, beginning on the Commencement Date or on any anniversary of such date; provided, however, that any such period which contains a date of February 29 shall consist of three hundred and sixty-six (366) consecutive days;

**"cricondentherm hydrocarbon dewpoint"** shall mean the highest hydrocarbon dewpoint temperature on the phase envelope;

**"cubic metre"** shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;

**"Custody Transfer Point"** That point on the piping system at the Pool Station which is at the Shipper side of the insulating flange on the Union Expansion Facilities, and which point shall serve as the point of custody transfer;

**"Day"** shall mean a period of twenty-four (24) consecutive hours beginning at 10:00 a.m. Eastern Clock Time. The reference date for any Day shall be the calendar date upon which the twenty-four (24) hour period shall commence;

**"Dehydration Contract"** shall mean the contract for Dehydration Service between Union and the Shipper as detailed in Schedule 1 of the Contract;

**"Delivery Point"** shall mean the point(s) where Union shall deliver gas to Shipper as defined in Schedule 1 of the Contract;

**"Eastern Clock Time"** shall mean the local clock time in the Eastern Time Zone on any Day;

**"firm"** shall mean service not subject to curtailment or interruption except under Articles XI, XII and XVIII herein;

**"gas"** shall mean gas as defined in the Ontario Energy Board Act, 1998, S.O. 1998, c. 15, Sch. B, as amended, supplemented or re-enacted from time to time;

"**gross heating value**" shall mean the total heat expressed in megajoules per cubic metre (MJ/m<sup>3</sup>) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;

"**hydrocarbon dewpoint**" shall mean temperature at a specific pressure where hydrocarbon vapour condensation begins;

"**Interconnecting Pipeline**" shall mean a pipeline that directly connects to the Union pipeline system;

"**interruptible**" shall mean service subject to curtailment or interruption, after notice, at any time;

"**joule**" (J) shall mean the work done when the point of application of a force of one (1) newton is displaced a distance of one (1) metre in the direction of the force. The term "**megajoule**" (MJ) shall mean 1,000,000 joules. The term "**gigajoule**" (GJ) shall mean 1,000,000,000 joules;

"**m<sup>3</sup>**" shall mean cubic metre of gas and "**10<sup>3</sup>m<sup>3</sup>**" shall mean 1,000 cubic metres of gas;

"**Month**" shall mean the period beginning at 10:00 a.m. Eastern Clock Time on the first day of a calendar month and ending at 10:00 a.m. Eastern Clock Time on the first day of the following calendar month;

"**OEB**" means the Ontario Energy Board;

"**pascal**" ("**Pa**") shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term "**kilopascal**" ("**kPa**") shall mean 1,000 pascals;

"**Pool Quantity**" shall mean the actual daily quantity of gas delivered to or received from Shipper at the Custody Transfer Point;

"**Pool Station**" shall mean the physical location of Union's measurement and control facilities to the pool; the pool name as detailed in Schedule 1 of the Contract;

"**Receipt Point**" shall mean any one of the points where Union shall receive gas from Shipper as detailed in Schedule 1 of the Contract;

"**Shipper**" shall have the meaning as defined in the Contract, and shall also include Shipper's agent(s);

"**Shipper Quantity**" shall, on any Day, be equal to the greater of: (i) the Authorized Quantity for that Day; and (ii) the nomination duly made by Shipper in good faith prior to the nomination deadline for the first nomination window applicable for that Day; provided that in no event shall the Shipper Quantity exceed the firm contract demand;

"**specific gravity**" shall mean density of the gas divided by density of air, with both at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;

"**Taxes**" shall mean any tax (other than tax on income or tax on property), duty, royalty, levy, license, fee or charge not included in the charges and rates as per the applicable rate schedule (including but not limited to charges under any form of cap and trade, carbon tax, or similar system) and that is levied, assessed or made by any governmental authority on the gas itself, or the act, right, or privilege of producing, severing, gathering, storing, transporting, handling, selling or delivering gas under the Contract;

"**TCPL**" means TransCanada PipeLines Limited;

"**Union Expansion Facilities**" shall mean any facilities necessary for Union to provide the Services, including without limiting the generality of the foregoing:

- a. a meter and any associated recording gauges as are necessary;
- b. pressure and/or flow control devices, over pressure protection and telemetry equipment as are necessary;



- c. a suitable gas odourizing injection facility if Union deems such a facility to be necessary
- d. piping, fittings, material, filtration facilities, cathodic protection and insulating flanges;
- e. gas chromatograph, moisture analyzer, piping, fittings, material, filtration facilities, cathodic protection and insulating flanges;

"Wobbe Number" shall mean gross heating value of the gas divided by the square root of its specific gravity.

## II. GAS QUALITY

1. Natural Gas: The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons, except methane, may be removed prior to delivery to Shipper. Further, Union may subject, or permit the subjection of, the gas to compression, dehydration, cooling, cleaning and other processes.
2. Freedom from objectionable matter: The gas to be delivered to Union at the Receipt Point(s) hereunder,
  - a. shall be commercially free from bacteria, sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to, or interference with, the proper operation of the lines, regulators, meters or other appliances through which it flows,
  - b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas, nor more than one hundred (100) milligrams of total sulphur per cubic metre of gas,
  - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas,
  - d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas,
  - e. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas,
  - f. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas,
  - g. shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas,
  - h. shall not contain more than sixty-five (65) milligrams of water vapour per cubic metre of gas,
  - i. shall not have a cricondenthem hydrocarbon dewpoint exceeding minus eight (-8) degrees Celsius,
  - j. shall have Wobbe Number from forty seven point fifty (47.50) megajoules per cubic metre of gas to fifty one point forty six (51.46) megajoules per cubic metre of gas, maximum of one point five (1.5) mole percent by volume of butane plus (C4+) in the gas, and maximum of four point zero (4.0) mole percent by volume of total inerts in the gas in order to be interchangeable with other Interconnecting Pipeline gas,
  - k. shall not exceed forty-three degrees Celsius (43°C), and,
  - l. shall not be odourized by Shipper.
3. Non-conforming Gas:
  - a. In the event that the quality of the gas does not conform or if Union, acting reasonably, suspects the quality of the gas may not conform to the specifications herein, then Shipper shall, if so directed by Union acting reasonably, forthwith carry out, at Shipper's cost, whatever field testing of the gas quality as may be required

to ensure that the quality requirements set out herein are met, and to provide Union with a certified copy of such tests. If Shipper does not carry out such tests forthwith, Union may conduct such test and Shipper shall reimburse Union for all costs incurred by Union for such testing.

- b. If Shipper's gas fails at any time to conform to the requirements of this Article II, Union, in addition to its other remedies, may refuse to accept delivery of gas at the Receipt Points hereunder until such deficiency has been remedied by Shipper. Each Party agrees to notify the other verbally, followed by written notification, of any such deficiency of quality.
  - c. With respect to Article II 2. h. herein, Union may accept the gas subject to Shipper's obligations under the Dehydration Contract, if applicable.
4. Quality of Gas Received: The quality of the gas to be received by Union at the Receipt Point(s) hereunder is to be of a merchantable quality and in accordance with the quality standards as set out by Union in this Article II.
  5. Quality of Gas at Dawn: The quality of the gas to be delivered to Union at Dawn (Facilities) or the gas to be delivered by Union to Shipper at Dawn (Facilities) hereunder is to be of a merchantable quality and in accordance with the quality standards and measurement standards as set out by Union in this Article II, except that total sulphur limit shall be not more than four hundred and sixty (460) milligrams per cubic metre of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in this Article II.
  6. Odourization of Gas:
    - a. Union may odourize or deliver odourized gas under the Contract,
    - b. Shipper shall if requested by Union monitor the mercaptan sulphur content of the gas delivered to Union under the Contract and shall provide at no cost to Union a continuous signal quantifying the mercaptan sulphur content in milligrams per cubic metre.

### III. **MEASUREMENTS**

1. Storage, Transportation, and/or Sales Unit: The unit of the gas delivered to Union shall be a megajoule or a gigajoule. The unit of gas transported or stored by Union shall be a megajoule or a gigajoule. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m<sup>3</sup>) or one thousand cubic metres (10<sup>3</sup>m<sup>3</sup>) at Union's discretion.
2. Determination of Volume and Energy:
  - a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), RSC 1985, c E-4- (the "**Act**") and the Electricity and Gas Inspection Regulations, SOR 86/131 (the "**Regulations**"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
  - b. The supercompressibility factor shall be determined in accordance with either the "Manual for Determination of Supercompressibility Factors for Natural Gas" (PAR Project NX-19) published in 1962 or with American Gas Association Transmission Measurement Committee Report No. 8, Nov. 1992, at Union's discretion, all as amended from time to time.
  - c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII herein.
  - d. Upon request by Union, Shipper shall obtain measurement of the total quantity of gas received by Union hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Union and the Interconnecting Pipeline.

**IV. RECEIPT POINT AND DELIVERY POINT**

The point or points of receipt and point or points of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in Schedule 1 of the Contract, where possession of the gas changes from one party to the other.

**V. POSSESSION OF AND RESPONSIBILITY FOR GAS**

1. Union accepts no responsibility for any gas prior to such gas being delivered to Union at the Receipt Point or after its delivery by Union at the Delivery Point. As between the parties hereto, Union shall be deemed to be in control and possession of and responsible for all such gas from the time that such gas enters Union's system until such gas is delivered to Shipper.
2. Shipper agrees that Union is not a common carrier and is not an insurer of Shipper's gas, and that Union shall not be liable to Shipper or any third party for loss of gas in Union's possession, except to the extent such loss is caused entirely by Union's negligence or wilful misconduct.

**VI. FACILITIES ON SHIPPER'S PROPERTY**

1. All of the Union Expansion Facilities shall remain the property of Union. Union shall be entitled to remove said equipment at any time within a period of sixty (60) days from any termination or expiry of the Contract. Shipper shall take all necessary steps to ensure Union may enter the Pool Station to remove such equipment for a period of sixty (60) days after termination or expiry of the Contract.
2. Shipper shall, at Shipper's own cost and expense:
  - a. obtain the Pool Station Land Rights; and
  - b. furnish, install, set, and maintain suitable pressure and quantity control equipment and such additional equipment as required on Shipper's delivery system, to protect against the over pressuring of Union's facilities as set out in Article VI of the Contract and Schedule 1 of the Contract, protect Union from receiving gas not meeting the quality specification as set out in Article II herein, and to limit the daily flow of gas to the corresponding parameters as set out in the Article II of the Contract.
3. Shipper shall within thirty (30) days of the delivery of an invoice by Union, reimburse Union for any actual costs reasonably incurred by Union for any repair, replacement, relocation, or upgrading of any meter station or any Union Expansion Facilities requested by Shipper, or as required by law or by duly constituted regulatory body, or through good engineering practice. Union shall be responsible for any costs incurred by Union to correct an error made by Union.
4. Operation and Maintenance: Subject to this Article VI Section 3, each party shall be fully responsible for the continued operation, maintenance, repair and replacement of its respective facilities. Both parties agree to maintain cathodic protection on their respective facilities.
5. Inspection: Each party shall inspect its facilities as required by industry standards or by the appropriate regulatory body.
6. Each party shall decide, in its sole discretion, whether its facilities need to be repaired or replaced. In the event that repair or replacement is needed, the party undertaking such work will, to the extent possible, give the other party sixty (60) days' notice and will ensure that the work be done in a manner so as to minimize the amount of time the pipeline has restricted flows.

**VII. MEASURING EQUIPMENT**

1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations referenced in Article III herein.

2. Metering by Others: In the event that all or any gas delivered to/by Union hereunder is measured by a meter that is owned and operated by an Interconnecting Pipeline, then Union and Shipper agree to accept that metering for the purpose of determining the volume and energy of gas delivered to/by Union on behalf of the Shipper. The standard of measurement and tests for the gas delivered to/by Union hereunder shall be in accordance with the general terms and conditions as incorporated in that Interconnecting Pipeline company's gas tariff as approved by its regulatory body.
3. Check Measuring Equipment: Shipper may install, maintain and operate, at the Custody Transfer Point, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Union's measuring equipment at or near the Custody Transfer Point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Union's metering facilities.
4. Rights of Parties: The measuring equipment installed by either party, together with any building erected by it for such equipment, shall be and remain its property. However, Union and Shipper shall have the right to have representatives present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the other's measuring equipment used in measuring or checking the measurement of deliveries of gas to/by Union under the Contract. Either party will give the other party reasonable notice of its intention to carry out the acts herein specified. The records from such measuring equipment shall remain the property of their owner, but upon request each will submit to the other its records and charts, together with calculations therefrom, for inspection and verification, subject to return within ten (10) days after receipt thereof.
5. Calibration and Test of Measuring Equipment: The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party notifies the other that it desires a special test of any measuring equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment tested is found to be in error by not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing receipts and deliveries of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a percentage of inaccuracy greater than two percent (2%), the financial adjustment, if any, shall be calculated in accordance with the Act and Regulations, as may be amended from time to time and in accordance with any successor statutes and regulations.
6. Preservation of Metering Records: Union and Shipper shall each preserve for a period of at least six (6) years all test data, and other relevant records.
7. Error in Metering or Meter Failure: In the event of an error in metering or a meter failure, (such error or failure being determined through check measurement by Union or any other available method), then Shipper shall enforce its rights as Shipper with the Interconnecting Pipeline(s) to remedy such error or failure including enforcing any inspection and/or verification rights and procedures.

## **VIII. BILLING**

1. Monthly Billing Date: Union shall render bills on or before the tenth (10<sup>th</sup>) day of each month for all Services furnished during the preceding Month. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. Union shall provide, in a succeeding Month's billing, an adjustment based on any difference between actual quantities and estimated quantities, without any interest charge. If presentation of a bill to Shipper is delayed after the tenth (10<sup>th</sup>) day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.
2. Right of Examination: Both Union and Shipper shall have the right to examine at any reasonable time the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, chart or computation made under or pursuant to the provisions of the Contract.
3. Amendment of Statements: For the purpose of completing a final determination of the actual quantities of gas handled under the Contract, Union shall have the right to amend its statements for a period equal to the time during which the

Interconnecting Pipeline retains the right to amend their statements, which period shall not exceed three (3) years from the date of termination of the Contract.

**IX. PAYMENTS**

1. Monthly Payments: Shipper shall pay the invoiced amount directly into Union's bank account as directed on the invoice on or before the twentieth (20<sup>th</sup>) day of each month. If the payment date is not a Business Day, then payment must be received in Union's account on the first Business Day preceding the twentieth (20<sup>th</sup>) day of the month.
2. Remedies for Non-payment: Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due,
  - a. Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Union's principal banker in effect from time to time from the due date until the date of payment; and,
  - b. If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract, may suspend Services until such amount is paid. Notwithstanding such suspension, all demand charges shall continue to accrue hereunder as if such suspension were not in place.

If Shipper in good faith disputes the amount of any such bill or part thereof Shipper shall pay to Union such amounts as it concedes to be correct. At any time thereafter, within twenty (20) days of a demand made by Union, Shipper shall furnish financial assurances satisfactory to Union, guaranteeing payment to Union of the amount ultimately found due upon such bill after a final determination. Such a final determination may be reached either by agreement, arbitration decision or judgement of the courts, as may be the case. Union shall not be entitled to suspend Services because of such non-payment unless and until default occurs in the conditions of such financial assurances or default occurs in payment of any other amount due to Union hereunder.

Notwithstanding the foregoing, Shipper is not relieved from the obligation to continue its deliveries of gas to Union under the terms of any agreement, where Shipper has contracted to deliver specified quantities of gas to Union.

3. Billing Adjustments: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such overcharge or undercharge, Union shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Union's principal banker, and the Shipper shall pay the amount of any such undercharge, but without interest. In the event Union renders a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Union, such error shall be adjusted by Union. Such overcharge, undercharge or error shall be adjusted by Union on the bill next following its determination (where the term "**bill next following**" shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within three (3) years from the date of the incorrect billing. In the event any refund is issued with Shipper's bill, the aforesaid date of refund shall be deemed to be the date of the issue of bill.
4. Taxes: In addition to the charges and rates as per the applicable rate schedules and price schedules, Shipper shall pay all Taxes which are imposed currently or subsequent to the execution of the Contract by any legal authority having jurisdiction and any amount in lieu of such Taxes paid or payable by Union.
5. Set Off: If Shipper shall, at any time, be in arrears under any of its payment obligations to Union under the Contract, then Union shall be entitled to reduce the amount payable by Union to Shipper under the Contract or any other contract by an amount equal to the amount of such arrears or other indebtedness to Union. In addition to the foregoing remedy, Union may, upon forty-eight (48) hours verbal notice, to be followed by written notice, take possession of any or all of Shipper's gas under the Contract, which shall be deemed to have been assigned to Union, to reduce such arrears or other indebtedness to Union.

6. Aid to Construction: Shipper agrees to reimburse Union for the Aid to Construction.

In the event Union has incurred costs, as set out herein, relative to the construction, installation or connection of the gas metering station prior to being notified by Shipper of Shipper's intention to terminate the Contract, Shipper shall promptly remit to Union such actual costs on presentation to Shipper of an invoice for same from Union.

All applicable Taxes will be applied to all amounts to be paid under this Section. Shipper warrants and represents that no payment to be made by Shipper under the Contract is subject to any withholding tax.

## **X. ARBITRATION**

If and when any dispute, difference or question shall arise between the parties hereto touching the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the Arbitration Act, 1991, or any act passed in amendment thereof or substitution therefore, shall apply to each such submission. Operations under the Contract shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the parties hereto.

## **XI. FORCE MAJEURE**

1. The term "**force majeure**" as used herein shall mean acts of God, strikes, lockouts or any other industrial disturbance, acts of the public enemy, sabotage, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of wells or lines of pipe, inability to obtain materials, supplies, permits or labour, any laws, orders, rules, regulations, acts or restraints of any governmental body or authority (civil or military), any act or omission that is excused by any event or occurrence of the character herein defined as constituting force majeure, any act or omission by parties not controlled by the party having the difficulty and any other similar cases not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome.
2. In the event that either the Shipper or Union is rendered unable, in whole or in part, by force majeure, to perform or comply with any obligation or condition of the Contract, such party shall give notice and full particulars of such force majeure in writing delivered by hand, fax or other direct written electronic means to the other party as soon as possible after the occurrence of the cause relied on and subject to the provision of this Article.
3. Neither party shall be entitled to the benefit of the provisions of force majeure hereunder if any or all of the following circumstances prevail: the failure resulting in a condition of force majeure was caused by the negligence of the party claiming suspension; the failure was caused by the party claiming suspension where such party failed to remedy the condition by making all reasonable efforts (short of litigation, if such remedy would require litigation); the party claiming suspension failed to resume the performance of such condition obligations with reasonable dispatch; the failure was caused by lack of funds; the party claiming suspension did not, as soon as possible after determining, or within a period within which it should acting reasonably have determined, that the occurrence was in the nature of force majeure and would affect its ability to observe or perform any of its conditions or obligations under the Contract, give to the other party the notice required hereunder.
4. The party claiming suspension shall likewise give notice as soon as possible after the force majeure condition is remedied, to the extent that the same has been remedied, and that such party has resumed or is then in a position to resume the performance of the obligations and conditions of the Contract.
5. An event of force majeure on Union's system will excuse the failure to deliver gas by Union or the failure to accept gas by Union hereunder, and both parties shall be excused from performance of their obligations hereunder, except for payment obligations, to the extent of and for the duration of the force majeure.
6. Upstream or Downstream Force Majeure: An event of force majeure upstream or downstream of Union's system shall not relieve Shipper of any payment obligations.

7. Delay of Firm Transportation Services: Despite Article XI herein, if Union is prevented, by reason of an event of force majeure on Union's system from delivering gas on the Day or Days upon which Union has accepted gas from Shipper, Union shall thereafter make all reasonable efforts to deliver such quantities as soon as practicable and on such Day or Days as are agreed to by Shipper and Union. If Union accepts such gas on this basis, Shipper shall not receive any demand charge relief as contemplated under Article XI herein.
8. Demand Charge Relief for Firm Transportation Services: Despite Article XI herein, if on any Day Union fails to accept gas from Shipper by reason of an event of force majeure on Union's system and fails to deliver the quantity of gas nominated hereunder by Shipper up to the firm contract demand for the Contract, then for that Day the Monthly demand charge shall be reduced by an amount equal to the applicable Daily Demand Rate, as defined in this paragraph, multiplied by the difference between the quantity of gas actually delivered by Union during such Day and the quantity of gas which Shipper in good faith nominated on such Day. The term "**Daily Demand Rate**" shall mean the Monthly demand charge or equivalent pursuant to the C1 Rate Schedule divided by the number of days in the month for which such rate is being calculated.
9. In addition to the definition of force majeure in Article XI, Section 1 herein, for the purposes of the Contract, it shall also include the unforeseen reduction in natural gas usage and/or capacity of the local transmission system as described in Schedule 1 of the Contract, regardless of the duration of such unforeseen reduction, or any other cause, whether of the kind herein enumerated or otherwise, not within the reasonable control of the party claiming relief hereunder and which, by the exercise of due diligence, such party is unable to prevent or overcome.

## **XII. DEFAULT AND TERMINATION**

In case of the breach or non-observance or non-performance on the part of either party hereto of any covenant, proviso, condition, restriction or stipulation contained in the Contract (but not including herein failure to take or make delivery in whole or in part of the gas delivered to/by Union hereunder occasioned by any of the reasons provided for in Article XI herein) which has not been waived by the other party, then and in every such case and as often as the same may happen, the non-defaulting party may give written notice to the defaulting party requiring it to remedy such default and in the event of the defaulting party failing to remedy the same within a period of thirty (30) days from receipt of such notice, the non-defaulting party may at its sole option declare the Contract to be terminated and thereupon the Contract shall be terminated and be null and void for all purposes other than and except as to any liability of the parties under the same incurred before and subsisting as of termination. The right hereby conferred upon each party shall be in addition to, and not in derogation of or in substitution for, any other right or remedy which the parties respectively at law or in equity shall or may possess.

## **XIII. AMENDMENT**

Subject to Article XV herein and the ability of Union to amend the applicable rate schedules and price schedules, with the approval of the OEB (if required), no amendment or modification of the Contract shall be effective unless the same shall be in writing and signed by each of the Shipper and Union.

## **XIV. NON-WAIVER AND FUTURE DEFAULT**

No waiver of any provision of the Contract shall be effective unless the same shall be in writing and signed by the party entitled to the benefit of such provision and then such waiver shall be effective only in the specific instance and for the specified purpose for which it was given. No failure on the part of Shipper or Union to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy under the Contract shall operate as a waiver thereof.

## **XV. LAWS, REGULATIONS AND ORDERS**

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction and the Contract shall be varied and amended to comply with or conform to any valid order or

direction of any board, tribunal or administrative agency which affects any of the provisions of the Contract.

**XVI. RESERVED FOR FUTURE USE**

N/A

**XVII. RENEWALS**

The Contract will continue in full force and effect beyond the Initial Term, automatically renewing for a period of one (1) year, and every one (1) year thereafter. Shipper or Union may reduce the contract demands or terminate the Contract, with notice in writing to the other party, at least two (2) years prior to the expiration thereof.

**XVIII. SERVICE CURTAILMENT**

1. Capacity Sharing: Where requests for interruptible service hereunder exceed the capacity available for such Service, Union will authorize nominations from shippers and allocate capacity as per Union's procedures and policies and shippers shall be so advised. Any interruptible service provided herein are subordinate to any and all firm service supplied by Union, and subordinate to Union's own operational or system requirements.
2. Capacity Procedures: Union reserves the right to change its procedures and policies for sharing interruptible capacity and will provide Shipper with two (2) months' notice of any such change.
3. Maintenance: Union's facilities from time to time may require maintenance or construction. In the event that such event occurs and in Union's sole opinion, acting reasonably, may impact its ability to meet Shipper's requirements, Union shall provide at least ten (10) days' notice to the Shipper, except in the case of emergencies. In the event the maintenance impacts Union's ability to meet Shipper's requirements, Union shall not be liable for any damages and shall not be deemed to be in breach of the Contract. To the extent that Union's ability to receive or deliver gas is impaired, Demand Charge Relief shall be calculated and credited to Shipper's invoice in accordance with Article XI, Section 8 herein. Union shall use reasonable efforts to determine a mutually acceptable period during which such maintenance or construction will occur and also to limit the extent and duration of any impairments. Union will endeavour to schedule and complete the maintenance and construction, that can be scheduled and completed, and which would normally be expected to impact on Union's ability to meet its obligations of any Contract Year, during the period from April 1 through to October 31.
4. Shipper's Facilities: Shipper shall complete and maintain a plan which depicts all of Shipper's production storage facilities including all emergency shut off valves and emergency equipment and provide a copy to Union upon Union's request. Shipper shall provide to Union the names and telephone numbers of those persons whom Union may contact in the event of an emergency situation arising within the Shipper's facilities.

**XIX. SHIPPER'S REPRESENTATIONS AND WARRANTIES**

1. Shipper's Warranty: Shipper warrants that it will, if required, maintain, or have maintained on its behalf, all external approvals including the governmental, regulatory, import/export permits and other approvals or authorizations that are required from any federal, state or provincial authorities for the gas quantities to be handled under the Contract. Shipper further warrants that it shall maintain in effect the Facilitating Agreements.
2. Financial Representations: Shipper represents and warrants that the financial assurances (including the Initial Financial Assurances and Security), if any, shall remain in place throughout the term hereof unless Shipper and Union agree otherwise. Shipper shall notify Union in the event of any change to the financial assurances (including the Initial Financial Assurances and Security), if any, throughout the term hereof. Should Union have reasonable grounds to believe that Shipper will not be able to perform or continue to perform any of its obligations under the Contract for any reason (a "**Material Event**"), then Shipper shall within fourteen (14) days of receipt of written notice by Union, obtain and provide to Union a letter of credit or other security in the form and amount reasonably required by Union (the "**Security**"). In the event that Shipper does not provide to Union such Security, Union may deem a default in accordance with the provisions of Article XII herein.



In the event that Shipper in good faith, reasonably believes that it should be entitled to reduce the amount of or value of the Security previously provided, it may request such a reduction from Union and to the extent that the Material Event has been mitigated or eliminated, Union shall return all or a portion of the Security to Shipper within fourteen (14) Business Days after receipt of the request.

3. Regulatory Approval: Shipper represents and warrants to Union that Shipper possesses all licenses and permits needed to inject gas into, store gas in, and remove gas from the pool.

## **XX. MISCELLANEOUS PROVISIONS**

1. Assignment: Shipper may not assign the Contract without the written consent of Union and, if required, the approval of the OEB. Should Union consent to the assignment, and if OEB approval is needed, Union will apply for OEB approval with all costs of the application to be paid by Shipper.
2. Title to Gas: Shipper represents and warrants to Union that Shipper shall have good and marketable title to, or legal authority to deliver to Union, all gas delivered to Union hereunder. Furthermore, Shipper hereby agrees to indemnify and save Union harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of claims of any or all third parties to such gas or on account of Taxes, or other charges thereon.

## **XXI. PRECONDITIONS TO TRANSPORTATION SERVICES**

1. The obligations of Union to provide Services hereunder are subject to the following conditions precedent, which are for the sole benefit of Union and which may be waived or extended in whole or in part in the manner provided in the Contract:
  - a. Union shall have obtained, in form and substance satisfactory to Union, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required to provide the Services; and,
  - b. Union shall have obtained all internal approvals that are necessary or appropriate to provide the Services; and,
  - c. Union shall have received from Shipper the requisite financial assurances reasonably necessary to ensure Shipper's ability to honour the provisions of the Contract (the "**Initial Financial Assurances**"). The Initial Financial Assurances, if required, will be as determined solely by Union; and,
  - d. Shipper and Union shall have entered into the Interruptible HUB Service Contract or equivalent (the "**Facilitating Agreement**") with Union; and,
  - e. Shipper shall have paid any amounts owing pursuant to Schedule 1 Aid to Construction; and,
  - f. With regard to the Union Expansion Facilities:
    - i. Union shall have obtained, in form and substance satisfactory to Union, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations required to construct the Union Expansion Facilities;
    - ii. Union shall have obtained all internal approvals that are necessary or appropriate to construct the Union Expansion Facilities;
    - iii. Union shall have completed and placed into service the Union Expansion Facilities; and,
  - g. Shipper shall, at Shipper's own cost and expense, have obtained a registered lease or freehold ownership in Union's favour for the Union Expansion Facilities located at the Pool Station satisfactory to Union and sufficient to provide Union with free uninterrupted access to, from, under and above the Pool Station for a term (and extended terms) identical to the Contract, plus sixty (60) days (such land rights being referred to as

the "Pool Station Land Rights"), and shall provide Union with a bona fide copy of such agreements prior to Union commencing the construction of the Union Expansion Facilities.

2. The obligations of Shipper hereunder are subject to the following conditions precedent, which are for the sole benefit of Shipper and which may be waived or extended in whole or in part in the manner provided in the Contract:
  - a. Shipper shall, as required, have entered into the necessary contracts with Union and/or others to facilitate the Services contemplated herein, including contracts for upstream and downstream transportation, and shall specifically have an executed and valid Facilitating Agreement; and shall, as required, have entered into the necessary contracts to purchase the gas quantities handled under the Contract; and,
  - b. Shipper shall have obtained, in form and substance satisfactory to Shipper, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required from federal, state, or provincial authorities for the gas quantities handled under the Contract; and,
  - c. Shipper shall have obtained all internal approvals that are necessary or appropriate for the Shipper to execute the Contract.
3. Union and Shipper shall each use due diligence and reasonable efforts to satisfy and fulfil the conditions precedent specified in this Article XXI Section 1 a, c, d, e, f i., f iii., and g and Section 2 a and b. Each party shall notify the other forthwith in writing of the satisfaction or waiver of each condition precedent for such party's benefit. If a party concludes that it will not be able to satisfy a condition precedent that is for its benefit, such party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations thereunder.
4. If any of the conditions precedent in this Article XXI Section 1 c or Section 2 are not satisfied or waived by the party entitled to the benefit of that condition by the Conditions Date as such term is defined in the Contract, then either party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations hereunder, provided that any rights or remedies that a party may have for breaches of the Contract prior to such termination and any liability a party may have incurred before such termination shall not thereby be released.



CROSS FRANCHISE TRANSPORTATION RATES

**(A) Applicability**

To a Shipper who enters into a Contract with Union for delivery by Shipper of gas to Union at one of Union's points listed below for redelivery by Union to Shipper at one of Union's points.

| <u>Applicable Points</u> | (1)       | (2)   |
|--------------------------|-----------|-------|
|                          | Ojibway   | WDA   |
|                          | St. Clair | NDA   |
|                          | Dawn*     | SSMDA |
|                          | Parkway   | SWDA  |
|                          | Kirkwall  | CDA   |
|                          | Bluewater | EDA   |

\*Dawn as a receipt point: Dawn (TCPL), Dawn (Facilities), Dawn (Tecumseh), Dawn (Vector) and Dawn (TSLE).

\*Dawn as a delivery point: Dawn (Facilities).

**(B) Services**

Transportation Service under this rate schedule is transportation on Union's pipeline facilities between any two Points as specified in Section (A), column 1.

**(C) Rates**

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

**Transportation Service:**

|  | Monthly<br>Demand Charge<br>(applied to daily<br>contract demand)<br><u>Rate/GJ</u> | Commodity Charges                          |                                 |  |                    |
|--|---|--|---------------------------------|--|--------------------|
|  |   | If Union supplies fuel<br>Commodity Charge |                                 | If Shipper supplies fuel<br>Fuel Ratio |                    |
|  |   | Apr. 1-Oct.31<br><u>Rate/GJ</u>            | Nov. 1-Mar.31<br><u>Rate/GJ</u> | Apr. 1-Oct.31<br>%                     | Nov. 1-Mar.31<br>% |
| <b>a) Firm Transportation</b>  |   |  |                                 |  |                    |
| Between:   |   |  |                                 |  |                    |
| St.Clair & Dawn  | \$1.059   | \$0.011                                    | \$0.014                         | 0.201%                                 | 0.258%             |
| Ojibway & Dawn   | \$1.059   | \$0.024                                    | \$0.016                         | 0.435%                                 | 0.295%             |
| Bluewater & Dawn   | \$1.059   | \$0.011                                    | \$0.014                         | 0.201%                                 | 0.258%             |
| From:  |   |  |                                 |  |                    |
| Parkway to Kirkwall  | \$0.579   | \$0.015                                    | \$0.009                         | 0.268%                                 | 0.153%             |
| Parkway to Dawn  | \$0.579   | \$0.015                                    | \$0.009                         | 0.268%                                 | 0.153%             |
| Kirkwall to Dawn   | \$1.021   | \$0.009                                    | \$0.009                         | 0.153%                                 | 0.153%             |
| Dawn to Kirkwall   | \$2.011   | \$0.017                                    | \$0.041                         | 0.310%                                 | 0.728%             |
| Dawn to Parkway  | \$2.382   | \$0.029                                    | \$0.054                         | 0.527%                                 | 0.975%             |
| Kirkwall to Parkway  | \$0.372   | \$0.021                                    | \$0.022                         | 0.370%                                 | 0.400%             |
| <b>b) Interruptible and Short Term (1 year or less) Firm Transportation:</b>           |   |  |                                 |  |                    |
| Maximum  |   | \$75.00                                    | \$75.00                         |  |                    |
| <b>c) Firm Transportation between two points within Dawn</b>                           |   |  |                                 |  |                    |
| Dawn to Dawn-Vector  | \$0.029   | n/a  | n/a                             | 0.330%                                 | 0.153%             |
| Dawn to Dawn-TCPL  | \$0.134   | n/a  | n/a                             | 0.153%                                 | 0.342%             |
| <b>d) Interruptible Transportation between two points within Dawn*</b>                 |   |  |                                 |  |                    |
| *includes Dawn (TCPL), Dawn Facilities, Dawn (Tecumseh), Dawn (Vector) and Dawn (TSLE) |   |  |                                 | 0.153%                                 | 0.153%             |



(C) Rates (Cont'd)

**Authorized Overrun:**

The following Overrun rates are applied to any quantities transported in excess of the Contract parameters. Overrun will be authorized at Union's sole discretion.

|                                    | If Union supplies fuel  |                         | Commodity Charges<br>If Shipper supplies fuel |                   | Commodity<br>Charge |
|------------------------------------|-------------------------|-------------------------|---|-------------------|---------------------|
|                                    | Commodity Charge        |                         | Fuel Ratio                                    |                   |                     |
|                                    | Apr.1-Oct.31<br>Rate/GJ | Nov.1-Mar.31<br>Rate/GJ | Apr.1-Oct.31<br>%                             | Nov.1-Mar.31<br>% |                     |
| a) Firm Transportation             |                         |                         |   |                   |                     |
| Between:                           |                         |                         |   |                   |                     |
| St.Clair & Dawn                    | \$0.046                 | \$0.049                 | 0.201%  | 0.258%            | \$0.035             |
| Ojibway & Dawn                     | \$0.059                 | \$0.051                 | 0.435%  | 0.295%            | \$0.035             |
| Bluewater & Dawn                   | \$0.046                 | \$0.049                 | 0.201%  | 0.258%            | \$0.035             |
| From:                              |                         |                         |   |                   |                     |
| Parkway to Kirkwall                | \$0.127                 | \$0.120                 | 0.868%  | 0.753%            | \$0.019             |
| Parkway to Dawn                    | \$0.127                 | \$0.120                 | 0.868%  | 0.753%            | \$0.019             |
| Kirkwall to Dawn                   | \$0.047                 | \$0.047                 | 0.849%  | 0.849%            | \$0.034             |
| Dawn to Kirkwall                   | \$0.117                 | \$0.140                 | 0.910%  | 1.328%            | \$0.066             |
| Dawn to Parkway                    | \$0.141                 | \$0.166                 | 1.127%  | 1.575%            | \$0.078             |
| Kirkwall to Parkway                | \$0.066                 | \$0.068                 | 0.970%  | 1.000%            | \$0.012             |
| b) Firm Transportation within Dawn |                         |                         |   |                   |                     |
| Dawn to Dawn-Vector                | n/a                     | n/a                     | 0.330%  | 0.153%            | \$0.001             |
| Dawn to Dawn-TCPL                  | n/a                     | n/a                     | 0.153%  | 0.342%            | \$0.004             |

Authorized overrun for short-term firm transportation is available at negotiated rates.

**Unauthorized Overrun:**

The Unauthorized Overrun rate shall be the higher of the reported daily spot price of gas at either, Dawn, Parkway, Niagara, Iroquois or Chicago in the month of or the month following the month in which the overrun occurred plus 25% for all usage on any day in excess of 102% of Union's contractual obligation.

Notes for Section (C) Rates:

- (1) A demand charge of \$0.068/GJ/day/month will be applicable to customers contracting for firm all day transportation service in addition to the demand charges appearing on this schedule for all firm transportation service paths.

(D) Terms of Service

The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A" for contracts in effect before October 1, 2010. The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A 2010" for contracts in effect on or after October 1, 2010.

(E) Nominations

Nominations under this rate schedule shall be in accordance with the attached Schedule "B" for contracts in effect before October 1, 2010. Nominations under this rate schedule shall be in accordance with the attached Schedule "B 2010" for contracts in effect on or after October 1, 2010.

(F) Receipt and Delivery Points and Pressures

Receipt and Delivery Points and Pressures under this rate schedule shall be in accordance with Schedule "C 2010" for contracts in effect on or after October 1, 2010.

**RATE C1  
GENERAL TERMS & CONDITIONS**

**I. DEFINITIONS**

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

1. "Contract" shall refer to the Contract to which these General Terms & Conditions shall apply, and into which they are incorporated;
2. "cubic metre" shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;
3. "day" shall mean a period of twenty-four (24) consecutive hours beginning at 9:00 a.m. Central Standard time. The reference date for any day shall be the calendar date upon which the twenty-four (24) hour period shall commence;
4. "delivery" shall mean any gas that is delivered by Union into Shipper's possession, or to the possession of Shipper's agent;
5. "firm" shall mean service not subject to curtailment or interruption except under Articles XI and XII of this Schedule "A";
6. "gas" shall mean gas as defined in the Ontario Energy Board Act, 1998, S.O. 1998, c.15, Sch. B, as amended, supplemented or re-enacted from time to time;
7. "gross heating value" shall mean the total heat expressed in megajoules per cubic metre (MJ/m<sup>3</sup>) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;
8. "interruptible service" shall mean service subject to curtailment or interruption, after notice, at any time;
9. "Interconnecting Pipeline" shall mean a pipeline that directly connects to the Union pipeline system;
10. "joule" (J) shall mean the work done when the point of application of a force of one (1) newton is displaced a distance of one (1) metre in the direction of the force. The term "megajoule" (MJ) shall mean 1,000,000 joules. The term "gigajoule" (GJ) shall mean 1,000,000,000 joules;
11. "limited interruptible service" shall mean gas service subject to interruption or curtailment on a limited number of days as specified in the Contract;
12. "m<sup>3</sup>" shall mean cubic metre of gas and "10<sup>3</sup>m<sup>3</sup>" shall mean 1,000 cubic metres of gas;
13. "month" shall mean the period beginning at 9:00 a.m. Central Standard time on the first day of a calendar month and ending at 9:00 a.m. Central Standard time on the first day of the following calendar month;
14. "OEB" means the Ontario Energy Board;
15. "pascal" (Pa) shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term "kilopascal" (kPa) shall mean 1,000 pascals;
16. "receipt" shall mean any gas that is delivered into Union's possession, or the possession of Union's agent;
17. "Shipper" shall have the meaning as defined in the Contract and shall also include Shipper's agent(s);
18. "TCPL" means TransCanada PipeLines Limited;

19. "cricondenthem hydrocarbon dewpoint" shall mean the highest hydrocarbon dewpoint temperature on the phase envelope;
20. "hydrocarbon dewpoint" shall mean temperature at a specific pressure where hydrocarbon vapour condensation begins;
21. "specific gravity" shall mean density of the gas divided by density of air, with both at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;
22. "Wobbe Number" shall mean gross heating value of the gas divided by the square root of its specific gravity.

## **II. GAS QUALITY**

1. **Natural Gas:** The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons, except methane, may be removed prior to delivery to Shipper. Further, Union may subject, or permit the subjection of, the gas to compression, dehydration, cooling, cleaning and other processes.
2. **Freedom from objectionable matter:** The gas to be delivered to/by Union hereunder,
  - a. shall be commercially free from bacteria, sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to, or interference with, the proper operation of the lines, regulators, meters or other appliances through which it flows,
  - b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas, nor more than four hundred and sixty (460) milligrams of total sulphur per cubic metre of gas,
  - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas,
  - d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas,
  - e. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas,
  - f. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas,
  - g. shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas,
  - h. shall not contain more than sixty-five (65) milligrams of water vapour per cubic metre of gas,
  - i. shall not have a cricondenthem hydrocarbon dewpoint exceeding minus eight (-8) degrees Celsius,
  - j. shall have Wobbe Number from forty seven point fifty (47.50) megajoules per cubic metre of gas to fifty one point forty six (51.46) megajoules per cubic metre of gas, maximum of one point five (1.5) mole percent by volume of butane plus (C4+) in the gas, and maximum of four point zero (4.0) mole percent by volume of total inerts in the gas in order to be interchangeable with other Interconnecting Pipeline gas.
3. **Non-conforming Gas:** In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in this Article II.
4. **Quality of Gas Received:** The quality of the gas to be received by Union hereunder is to be of a merchantable quality and in accordance with the quality standards as set out by Union in this Article II, but, Union will also accept gas of a

quality as set out in any other Interconnecting Pipeline's general terms and conditions, provided that all Interconnecting Pipelines accept such quality of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in Union's C1 Rate Schedule.

### **III. MEASUREMENTS**

1. Storage, Transportation, and/or Sales Unit: The unit of the gas delivered to Union shall be a megajoule or a gigajoule. The unit of gas transported or stored by Union shall be a megajoule or a gigajoule. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m<sup>3</sup>) or one thousand cubic metres (10<sup>3</sup>m<sup>3</sup>) at Union's discretion.
2. Determination of Volume and Energy:
  - a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), RSC 1985, c E-4- (the "**Act**") and the Electricity and Gas Inspection Regulations, SOR 86/131 (the "**Regulations**"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
  - b. The supercompressibility factor shall be determined in accordance with either the "Manual for Determination of Supercompressibility Factors for Natural Gas" (PAR Project NX-19) published in 1962 or with American Gas Association Transmission Measurement Committee Report No. 8, Nov. 1992, at Union's discretion, all as amended from time to time.
  - c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII herein.
  - d. Upon request by Union, Shipper shall obtain measurement of the total quantity of gas received by Union hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Union and the Interconnecting Pipeline.

### **IV. RECEIPT POINT AND DELIVERY POINT**

1. Unless otherwise specified in the Contract, the point or points of receipt for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in the Contract, where Union takes possession of the gas.
2. Unless otherwise specified in the Contract, the point or points of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection as specified in the Contract where Shipper takes possession of the gas.

### **V. POSSESSION OF AND RESPONSIBILITY FOR GAS**

*Intentionally blank*

### **VI. FACILITIES ON SHIPPER'S PROPERTY**

Except under those conditions where Union is delivering to TCPL for TCPL or Shipper at Union's Parkway Point of Delivery, or to an Interconnecting Pipeline, or where otherwise specified in the Contract, the following will apply:

1. Construction and Maintenance: Union, at its own expense may construct, maintain and operate on Shipper's property at the delivery point a measuring station properly equipped with a meter or meters and any other necessary measuring equipment for properly measuring the gas redelivered under the Contract. Shipper will grant to Union a lease and/or rights-of-way over property of Shipper as required by Union to install such facilities and to connect same to Union's pipeline.

2. Entry: Union, its servants, agents and each of them may at any reasonable time on notice (except in cases of emergency) to Shipper or his duly authorized representative enter Shipper's property for the purpose of constructing, maintaining, removing, operating and/or repairing station equipment.
3. Property: The said station and equipment will be and remain the property of Union notwithstanding it is constructed on and attached to the realty of Shipper, and Union may at its own expense remove it upon termination of the Contract and will do so if so requested by Shipper.

## **VII. MEASURING EQUIPMENT**

1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations referenced in Article III herein.
2. Metering by Others: In the event that all or any gas delivered to/by Union hereunder is measured by a meter that is owned and operated by an Interconnecting Pipeline, then Union and Shipper agree to accept that metering for the purpose of determining the volume and energy of gas delivered to/by Union on behalf of the Shipper. The standard of measurement and tests for the gas delivered to/by Union hereunder shall be in accordance with the general terms and conditions as incorporated in that Interconnecting Pipeline company's gas tariff as approved by their regulatory body.
3. Check Measuring Equipment: Shipper may install, maintain and operate, at the redelivery point, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Union's measuring equipment at or near the delivery point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Union's metering facilities.
4. Rights of Parties: The measuring equipment installed by either party, together with any building erected by it for such equipment, shall be and remain its property. However, Union and Shipper shall have the right to have representatives present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the other's measuring equipment used in measuring or checking the measurement of deliveries of gas to/by Union under the Contract. Either party will give the other party reasonable notice of its intention to carry out the acts herein specified. The records from such measuring equipment shall remain the property of their owner, but upon request each will submit to the other its records and charts, together with calculations therefrom, for inspection and verification, subject to return within ten (10) days after receipt thereof.
5. Calibration and Test of Measuring Equipment: The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party notifies the other that it desires a special test of any measuring equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment tested is found to be in error by not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing receipts and deliveries of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a percentage of inaccuracy greater than two per cent (2%), the financial adjustment, if any, shall be calculated in accordance with the Act and Regulations, as may be amended from time to time and in accordance with any successor statutes and regulations.
6. Preservation of Metering Records: Union and Shipper shall each preserve for a period of at least six (6) years all test data, and other relevant records.
7. Error in Metering or Meter Failure: In the event of an error in metering or a meter failure, (such error or failure being determined through check measurement by Union or any other available method), then Shipper shall enforce its rights as Shipper with the Interconnecting Pipeline(s) to remedy such error or failure including enforcing any inspection and/or verification rights and procedures.



## **VIII. BILLING**

1. Monthly Billing Date: Union shall render bills on or before the 10th day of each month for all services furnished during the preceding month. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. Union shall provide, in a succeeding month's billing, an adjustment based on any difference between actual quantities and estimated quantities, without any interest charge. If presentation of a bill to Shipper is delayed after the 10th day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.
2. Right of Examination: Both Union and Shipper shall have the right to examine at any reasonable time the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, chart or computation made under or pursuant to the provisions of the Contract.

## **IX. PAYMENTS**

1. Monthly Payments: Shipper shall pay the invoiced amount directly into Union's bank account as directed on the invoice on or before the twentieth (20<sup>th</sup>) day of each month. If the payment date is not a business day, then payment must be received in Union's account on the first business day preceding the twentieth (20<sup>th</sup>) day of the month.
2. Remedies for Non-payment: Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due,
  - a. Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Union's principal banker in effect from time to time from the due date until the date of payment.
  - b. If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract, may suspend service(s) until such amount is paid. Notwithstanding such suspension, all demand charges shall continue to accrue hereunder as if such suspension were not in place.

If Shipper in good faith disputes the amount of any such bill or part thereof Shipper shall pay to Union such amounts as it concedes to be correct. At any time thereafter, within twenty (20) days of a demand made by Union, Shipper shall furnish financial assurances satisfactory to Union, guaranteeing payment to Union of the amount ultimately found due upon such bill after a final determination. Such a final determination may be reached either by agreement, arbitration decision or judgement of the courts, as may be the case. Union shall not be entitled to suspend service(s) because of such non-payment unless and until default occurs in the conditions of such financial assurances or default occurs in payment of any other amount due to Union hereunder.

Notwithstanding the foregoing paragraph(s), Shipper is not relieved from the obligation to continue its deliveries of gas to Union under the terms of any agreement, where Shipper has contracted to deliver specified quantities of gas to Union.

3. Billing Adjustments: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such overcharge or undercharge, Union shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Union's principal banker, and the Shipper shall pay the amount of any such undercharge, but without interest. In the event Union renders a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Union, such error shall be adjusted by Union. Such overcharge, undercharge or error shall be adjusted by Union on the bill next following its determination (where the term "bill" next following shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within six (6) years from the date of the incorrect billing. In the event any refund is issued with Shipper's gas bill, the aforesaid date of refund shall be deemed to be the date of the issue of bill.

## **X. ARBITRATION**

If and when any dispute, difference or question shall arise between the parties hereto touching the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the Arbitration Act of the Province of Ontario, or any act passed in amendment thereof or substitution therefore, shall apply to each such submission. Operations under the Contract shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the parties hereto.

## **XI. FORCE MAJEURE**

1. The term "**force majeure**" as used herein shall mean acts of God, strikes, lockouts or any other industrial disturbance, acts of the public enemy, sabotage, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of wells or lines of pipe, inability to obtain materials, supplies, permits or labour, any laws, orders, rules, regulations, acts or restraints of any governmental body or authority (civil or military), any act or omission that is excused by any event or occurrence of the character herein defined as constituting force majeure, any act or omission by parties not controlled by the party having the difficulty and any other similar cases not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome.
2. In the event that either the Shipper or Union is rendered unable, in whole or in part, by force majeure, to perform or comply with any obligation or condition of the Contract, such party shall give notice and full particulars of such force majeure in writing delivered by hand, fax or other direct written electronic means to the other party as soon as possible after the occurrence of the cause relied on and subject to the provision of this Article.
3. Neither party shall be entitled to the benefit of the provisions of force majeure hereunder if any or all of the following circumstances prevail: the failure resulting in a condition of force majeure was caused by the negligence of the party claiming suspension; the failure was caused by the party claiming suspension where such party failed to remedy the condition by making all reasonable efforts (short of litigation, if such remedy would require litigation); the party claiming suspension failed to resume the performance of such condition obligations with reasonable dispatch; the failure was caused by lack of funds; the party claiming suspension did not, as soon as possible after determining, or within a period within which it should acting reasonably have determined, that the occurrence was in the nature of force majeure and would affect its ability to observe or perform any of its conditions or obligations under the Contract, give to the other party the notice required hereunder.
4. The party claiming suspension shall likewise give notice as soon as possible after the force majeure condition is remedied, to the extent that the same has been remedied, and that such party has resumed or is then in a position to resume the performance of the obligations and conditions of the Contract.
5. An event of force majeure on Union's system will excuse the failure to deliver gas by Union or the failure to accept gas by Union hereunder, and both parties shall be excused from performance of their obligations hereunder, except for payment obligations, to the extent of and for the duration of the force majeure.
6. Upstream or Downstream Force Majeure: An event of force majeure upstream or downstream of Union's system shall not relieve Shipper of any payment obligations.
7. Delay of Firm Transportation Services: Despite Article XI herein, if Union is prevented, by reason of an event of force majeure on Union's system from delivering gas on the Day or Days upon which Union has accepted gas from Shipper, Union shall thereafter make all reasonable efforts to deliver such quantities as soon as practicable and on such Day or Days as are agreed to by Shipper and Union. If Union accepts such gas on this basis, Shipper shall not receive any demand charge relief as contemplated under Article XI herein.

8. Demand Charge Relief for Firm Transportation Services: Despite Article XI herein, if on any Day Union fails to accept gas from Shipper by reason of an event of force majeure on Union's system and fails to deliver the quantity of gas nominated hereunder by Shipper up to the firm Contract Demand for that Contract, then for that Day the Monthly demand charge shall be reduced by an amount equal to the applicable Daily Demand Rate, as defined in this paragraph, multiplied by the difference between the quantity of gas actually delivered by Union during such Day and the quantity of gas which Shipper in good faith nominated on such Day. The term "Daily Demand Rate" shall mean the Monthly demand charge or equivalent pursuant to the C1 Rate Schedule divided by the number of days in the month for which such rate is being calculated.
9. If, due to the occurrence of an event of force majeure as outlined above, the capacity for gas deliveries by Union is impaired, it will be necessary for Union to curtail Shipper's gas receipts to Union hereunder, via proration based on utilization of such facilities for the Day. This prorating shall be determined by multiplying the capability of such facilities as available downstream of the impairment on the Day, by a fraction where the numerator is Shipper's nominated firm quantity and the denominator is the total of all such nominated firm quantities for nominated services and planned consumption for in-franchise customers on the Day. For the purposes of this Article XI, firm services shall mean all firm services provided by Union to in-franchise customers and ex-franchise shippers.

## **XII. DEFAULT AND TERMINATION**

In case of the breach or non-observance or non-performance on the part of either party hereto of any covenant, proviso, condition, restriction or stipulation contained in the Contract (but not including herein failure to take or make delivery in whole or in part of the gas delivered to/by Union hereunder occasioned by any of the reasons provided for in Article XI hereof) which has not been waived by the other party, then and in every such case and as often as the same may happen, the Non-defaulting party may give written notice to the Defaulting party requiring it to remedy such default and in the event of the Defaulting party failing to remedy the same within a period of thirty (30) days from receipt of such notice, the Non-defaulting party may at its sole option declare the Contract to be terminated and thereupon the Contract shall be terminated and be null and void for all purposes other than and except as to any liability of the parties under the same incurred before and subsisting as of termination. The right hereby conferred upon each party shall be in addition to, and not in derogation of or in substitution for, any other right or remedy which the parties respectively at law or in equity shall or may possess.

## **XIII. MODIFICATION**

Subject to Union's C1 Rate Schedule, Schedule A, Article XV and the ability of Union to amend the C1 Rate Schedule with the approval of the OEB, no amendment or modification of the Contract shall be effective unless the same shall be in writing and signed by each of the Shipper and Union.

## **XIV. NON-WAIVER AND FUTURE DEFAULT**

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## **XV. LAWS, REGULATIONS AND ORDERS**

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction and the Contract shall be varied and amended to comply with or conform to any valid order or direction of any board, tribunal or administrative agency which affects any of the provisions of the Contract.

**RATE C1  
GENERAL TERMS & CONDITIONS**

**I. DEFINITIONS**

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

**"Authorized Overrun"** shall mean the amount by which Shipper's Authorized Quantity exceeds the Contract Demand;

**"Available Capacity"** shall mean at any time, Union's remaining available capacity to provide Transportation Services;

**"Business Day"** shall mean any day, other than Saturday, Sunday or any days on which national banks in the Province of Ontario are authorized to close;

**"Contract"** shall refer to the Contract to which these General Terms & Conditions shall apply, and into which they are incorporated;

**"Contract Year"** shall mean a period of three hundred and sixty-five (365) consecutive days; provided however, that any such period which contains a date of February 29 shall consist of three hundred and sixty-six (366) consecutive days, commencing on November 1 of each year; except for the first Contract Year which shall commence on the Commencement Date and end on the first October 31 that follows such date;

**"cricondenthem hydrocarbon dewpoint"** shall mean the highest hydrocarbon dewpoint temperature on the phase envelope;

**"cubic metre"** shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;

**"Day"** shall mean a period of twenty-four (24) consecutive hours beginning at 10:00 a.m. Eastern Clock Time. The reference date for any Day shall be the calendar date upon which the twenty-four (24) hour period shall commence;

**"delivery"** shall mean any gas that is delivered by Union into Shipper's possession, or to the possession of Shipper's agent;

**"Eastern Clock Time"** shall mean the local clock time in the Eastern Time Zone on any Day;

**"Expansion Facilities"** shall mean any new facilities to be constructed by Union in order to provide Transportation Services;

**"firm"** shall mean service not subject to curtailment or interruption except under Articles XI, XII and XVIII herein;

**"gas"** shall mean gas as defined in the Ontario Energy Board Act, 1998, S.O. 1998, c.15, Sch. B, as amended, supplemented or re-enacted from time to time;

**"gross heating value"** shall mean the total heat expressed in megajoules per cubic metre (MJ/m<sup>3</sup>) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;

**"hydrocarbon dewpoint"** shall mean temperature at a specific pressure where hydrocarbon vapour condensation begins;

**"Interruptible HUB Service Contract"** shall mean a contract between Shipper and Union under which Union provides interruptible HUB service;

"**interruptible service**" or "**Interruptible**" shall mean service subject to curtailment or interruption, after notice, at any time;

"**Interconnecting Pipeline**" shall mean a pipeline that directly connects to the Union pipeline system;

"**joule**" (J) shall mean the work done when the point of application of a force of one (1) newton is displaced a distance of one (1) metre in the direction of the force. The term "**megajoule**" (MJ) shall mean 1,000,000 joules. The term "**gigajoule**" (GJ) shall mean 1,000,000,000 joules;

"**Limited Firm**" shall mean gas service subject to interruption or curtailment on a limited number of Days as specified in the Contract;

"**Loaned Quantities**" shall mean those quantities of gas loaned to Shipper under the Facilitating Agreement;

"**m<sup>3</sup>**" shall mean cubic metre of gas and "**10<sup>3</sup>m<sup>3</sup>**" shall mean 1,000 cubic metres of gas;

"**Month**" shall mean the period beginning at 10:00 a.m. Eastern Clock Time on the first day of a calendar month and ending at 10:00 a.m. Eastern Clock Time on the first day of the following calendar month;

"**NAESB**" shall mean North American Energy Standards Board;

"**OEB**" means the Ontario Energy Board;

"**Open Season**" or "**open season**" shall mean an open access auction or bidding process held by Union as a method of allocating capacity;

"**pascal**" ("**Pa**") shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term "kilopascal" ("**kPa**") shall mean 1,000 pascals;

"**receipt**" shall mean any gas that is delivered into Union's possession, or the possession of Union's agent;

"**Shipper**" shall have the meaning as defined in the Contract, and shall also include Shipper's agent(s);

"**specific gravity**" shall mean density of the gas divided by density of air, with both at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;

"**Taxes**" shall mean any tax (other than tax on income or tax on property), duty, royalty, levy, license, fee or charge not included in the charges and rates as per the applicable rate schedule (including but not limited to charges under any form of cap and trade, carbon tax, or similar system) and that is levied, assessed or made by any governmental authority on the gas itself, or the act, right, or privilege of producing, severing, gathering, storing, transporting, handling, selling or delivering gas under the Contract;

"**TCPL**" means TransCanada PipeLines Limited;

"**Wobbe Number**" shall mean gross heating value of the gas divided by the square root of its specific gravity.

## II. **GAS QUALITY**

1. **Natural Gas:** The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons, except methane, may be removed prior to delivery to Shipper. Further, Union may subject, or permit the subjection of, the gas to compression, dehydration, cooling, cleaning and other processes.

2. Freedom from objectionable matter: The gas to be delivered to/by Union hereunder,
  - a. shall be commercially free from bacteria, sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to, or interference with, the proper operation of the lines, regulators, meters or other appliances through which it flows,
  - b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas, nor more than four hundred and sixty (460) milligrams of total sulphur per cubic metre of gas,
  - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas,
  - d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas,
  - e. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas,
  - f. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas,
  - g. shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas,
  - h. shall not contain more than sixty-five (65) milligrams of water vapour per cubic metre of gas,
  - i. shall not have a cricondenthem hydrocarbon dewpoint exceeding minus eight (-8) degrees Celsius,
  - j. shall have Wobbe Number from forty seven point fifty (47.50) megajoules per cubic metre of gas to fifty one point forty six (51.46) megajoules per cubic metre of gas, maximum of one point five (1.5) mole percent by volume of butane plus (C4+) in the gas, and maximum of four point zero (4.0) mole percent by volume of total inerts in the gas in order to be interchangeable with other Interconnecting Pipeline gas.
3. Non-conforming Gas: In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in this Article II.
4. Quality of Gas Received: The quality of the gas to be received by Union hereunder is to be of a merchantable quality and in accordance with the quality standards as set out by Union in this Article II, but, Union will also accept gas of a quality as set out in any other Interconnecting Pipeline's general terms and conditions, provided that all Interconnecting Pipelines accept such quality of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in Union's C1 Rate Schedule.

### III. MEASUREMENTS

1. Storage, Transportation, and/or Sales Unit: The unit of the gas delivered to Union shall be a megajoule or a gigajoule. The unit of gas transported or stored by Union shall be a megajoule or a gigajoule. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m<sup>3</sup>) or one thousand cubic metres (10<sup>3</sup>m<sup>3</sup>) at Union's discretion.
2. Determination of Volume and Energy:
  - a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), RSC 1985, c E-4- (the "**Act**") and the Electricity and Gas Inspection Regulations, SOR 86/131 (the "**Regulations**"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
  - b. The supercompressibility factor shall be determined in accordance with either the "Manual for Determination of Supercompressibility Factors for Natural Gas" (PAR Project NX-19) published in 1962 or with American Gas Association Transmission Measurement Committee Report No. 8, Nov. 1992, at Union's discretion, all as amended from time to time.

- c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII herein.
- d. Upon request by Union, Shipper shall obtain measurement of the total quantity of gas received by Union hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Union and the Interconnecting Pipeline.

#### **IV. RECEIPT POINT AND DELIVERY POINT**

1. Unless otherwise specified in the Contract, the point or points of receipt and point or points of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in the Contract, where possession of the gas changes from one party to the other, and as per Schedule "C 2010".

#### **V. POSSESSION OF AND RESPONSIBILITY FOR GAS**

1. Union accepts no responsibility for any gas prior to such gas being delivered to Union at the Receipt Point or after its delivery by Union at the Delivery Point. As between the parties hereto, Union shall be deemed to be in control and possession of and responsible for all such gas from the time that such gas enters Union's system until such gas is delivered to Shipper.
2. Shipper agrees that Union is not a common carrier and is not an insurer of Shipper's gas, and that Union shall not be liable to Shipper or any third party for loss of gas in Union's possession, except to the extent such loss is caused entirely by Union's negligence or wilful misconduct.

#### **VI. FACILITIES ON SHIPPER'S PROPERTY**

Except under those conditions where Union is delivering to TCPL for TCPL or Shipper at Parkway (TCPL), or to an Interconnecting Pipeline, or where otherwise specified in the Contract, the following will apply:

1. Construction and Maintenance: Union, at its own expense may construct, maintain and operate on Shipper's property at the delivery point a measuring station properly equipped with a meter or meters and any other necessary measuring equipment for properly measuring the gas redelivered under the Contract. Shipper will grant to Union a lease and/or rights-of-way over property of Shipper as required by Union to install such facilities and to connect same to Union's pipeline.
2. Entry: Union, its servants, agents and each of them may at any reasonable time on notice (except in cases of emergency) to Shipper or his duly authorized representative enter Shipper's property for the purpose of constructing, maintaining, removing, operating and/or repairing station equipment.
3. Property: The said station and equipment will be and remain the property of Union notwithstanding it is constructed on and attached to the realty of Shipper, and Union may at its own expense remove it upon termination of the Contract and will do so if so requested by Shipper.

#### **VII. MEASURING EQUIPMENT**

1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations referenced in Article III herein.
2. Metering by Others: In the event that all or any gas delivered to/by Union hereunder is measured by a meter that is owned and operated by an Interconnecting Pipeline, then Union and Shipper agree to accept that metering for the purpose of determining the volume and energy of gas delivered to/by Union on behalf of the Shipper. The standard of measurement and tests for the gas delivered to/by Union hereunder shall be in accordance with the general terms and conditions as incorporated in that Interconnecting Pipeline company's gas tariff as approved by its regulatory body.

3. Check Measuring Equipment: Shipper may install, maintain and operate, at the redelivery point, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Union's measuring equipment at or near the delivery point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Union's metering facilities.
4. Rights of Parties: The measuring equipment installed by either party, together with any building erected by it for such equipment, shall be and remain its property. However, Union and Shipper shall have the right to have representatives present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the other's measuring equipment used in measuring or checking the measurement of deliveries of gas to/by Union under the Contract. Either party will give the other party reasonable notice of its intention to carry out the acts herein specified. The records from such measuring equipment shall remain the property of their owner, but upon request each will submit to the other its records and charts, together with calculations therefrom, for inspection and verification, subject to return within ten (10) days after receipt thereof.
5. Calibration and Test of Measuring Equipment: The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party notifies the other that it desires a special test of any measuring equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment tested is found to be in error by not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing receipts and deliveries of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a percentage of inaccuracy greater than two percent (2%), the financial adjustment, if any, shall be calculated in accordance with the Act and Regulations, as may be amended from time to time and in accordance with any successor statutes and regulations.
6. Preservation of Metering Records: Union and Shipper shall each preserve for a period of at least six (6) years all test data, and other relevant records.
7. Error in Metering or Meter Failure: In the event of an error in metering or a meter failure, (such error or failure being determined through check measurement by Union or any other available method), then Shipper shall enforce its rights as Shipper with the Interconnecting Pipeline(s) to remedy such error or failure including enforcing any inspection and/or verification rights and procedures.

## **VIII. BILLING**

1. Monthly Billing Date: Union shall render bills on or before the tenth (10<sup>th</sup>) day of each month for all Transportation Services furnished during the preceding Month. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. Union shall provide, in a succeeding Month's billing, an adjustment based on any difference between actual quantities and estimated quantities, without any interest charge. If presentation of a bill to Shipper is delayed after the tenth (10<sup>th</sup>) day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.
2. Right of Examination: Both Union and Shipper shall have the right to examine at any reasonable time the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, chart or computation made under or pursuant to the provisions of the Contract.
3. Amendment of Statements: For the purpose of completing a final determination of the actual quantities of gas handled in any of the Transportation Services to Shipper, the parties shall have the right to amend their statement for a period equal to the time during which the Interconnecting Pipeline retains the right to amend their statements, which period shall not exceed three (3) years from the date of termination of the Contract.



## IX. PAYMENTS

1. Monthly Payments: Shipper shall pay the invoiced amount directly into Union's bank account as directed on the invoice on or before the twentieth (20<sup>th</sup>) day of each month. If the payment date is not a Business Day, then payment must be received in Union's account on the first Business Day preceding the twentieth (20<sup>th</sup>) day of the month.
2. Remedies for Non-payment: Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due,
  - a. Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Union's principal banker in effect from time to time from the due date until the date of payment; and,
  - b. If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract, may suspend Services until such amount is paid. Notwithstanding such suspension, all demand charges shall continue to accrue hereunder as if such suspension were not in place.

If Shipper in good faith disputes the amount of any such bill or part thereof Shipper shall pay to Union such amounts as it concedes to be correct. At any time thereafter, within twenty (20) days of a demand made by Union, Shipper shall furnish financial assurances satisfactory to Union, guaranteeing payment to Union of the amount ultimately found due upon such bill after a final determination. Such a final determination may be reached either by agreement, arbitration decision or judgement of the courts, as may be the case. Union shall not be entitled to suspend Services because of such non-payment unless and until default occurs in the conditions of such financial assurances or default occurs in payment of any other amount due to Union hereunder.

Notwithstanding the foregoing, Shipper is not relieved from the obligation to continue its deliveries of gas to Union under the terms of any agreement, where Shipper has contracted to deliver specified quantities of gas to Union.

3. Billing Adjustments: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such overcharge or undercharge, Union shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Union's principal banker, and the Shipper shall pay the amount of any such undercharge, but without interest. In the event Union renders a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Union, such error shall be adjusted by Union. Such overcharge, undercharge or error shall be adjusted by Union on the bill next following its determination (where the term "**bill next following**" shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within three (3) years from the date of the incorrect billing. In the event any refund is issued with Shipper's bill, the aforesaid date of refund shall be deemed to be the date of the issue of bill.
4. Taxes:

In addition to the charges and rates as per the applicable rate schedules and price schedules, Shipper shall pay all Taxes which are imposed currently or subsequent to the execution of the Contract by any legal authority having jurisdiction and any amount in lieu of such Taxes paid or payable by Union.
5. Set Off:

If either party shall, at any time, be in arrears under any of its payment obligations to the other party under the Contract, then the party not in arrears shall be entitled to reduce the amount payable by it to the other party in arrears under the Contract, or any other contract, by an amount equal to the amount of such arrears or other indebtedness to the other party. In addition to the foregoing remedy, Union may, upon forty-eight (48) hours verbal notice, to be followed by written notice, take possession of any or all of Shipper's gas under the Contract or any enhancement to the Contract, which shall be deemed to have been assigned to Union, to reduce such arrears or other indebtedness to Union.

## **X. ARBITRATION**

If and when any dispute, difference or question shall arise between the parties hereto touching the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the Arbitration Act, 1991, or any act passed in amendment thereof or substitution therefore, shall apply to each such submission. Operations under the Contract shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the parties hereto.

## **XI. FORCE MAJEURE**

1. The term "**force majeure**" as used herein shall mean acts of God, strikes, lockouts or any other industrial disturbance, acts of the public enemy, sabotage, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of wells or lines of pipe, inability to obtain materials, supplies, permits or labour, any laws, orders, rules, regulations, acts or restraints of any governmental body or authority (civil or military), any act or omission that is excused by any event or occurrence of the character herein defined as constituting force majeure, any act or omission by parties not controlled by the party having the difficulty and any other similar cases not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome.
2. In the event that either the Shipper or Union is rendered unable, in whole or in part, by force majeure, to perform or comply with any obligation or condition of the Contract, such party shall give notice and full particulars of such force majeure in writing delivered by hand, fax or other direct written electronic means to the other party as soon as possible after the occurrence of the cause relied on and subject to the provision of this Article.
3. Neither party shall be entitled to the benefit of the provisions of force majeure hereunder if any or all of the following circumstances prevail: the failure resulting in a condition of force majeure was caused by the negligence of the party claiming suspension; the failure was caused by the party claiming suspension where such party failed to remedy the condition by making all reasonable efforts (short of litigation, if such remedy would require litigation); the party claiming suspension failed to resume the performance of such condition obligations with reasonable dispatch; the failure was caused by lack of funds; the party claiming suspension did not, as soon as possible after determining, or within a period within which it should acting reasonably have determined, that the occurrence was in the nature of force majeure and would affect its ability to observe or perform any of its conditions or obligations under the Contract, give to the other party the notice required hereunder.
4. The party claiming suspension shall likewise give notice as soon as possible after the force majeure condition is remedied, to the extent that the same has been remedied, and that such party has resumed or is then in a position to resume the performance of the obligations and conditions of the Contract.
5. An event of force majeure on Union's system will excuse the failure to deliver gas by Union or the failure to accept gas by Union hereunder, and both parties shall be excused from performance of their obligations hereunder, except for payment obligations, to the extent of and for the duration of the force majeure.
6. Upstream or Downstream Force Majeure: An event of force majeure upstream or downstream of Union's system shall not relieve Shipper of any payment obligations.
7. Delay of Firm Transportation Services: Despite Article XI herein, if Union is prevented, by reason of an event of force majeure on Union's system from delivering gas on the Day or Days upon which Union has accepted gas from Shipper, Union shall thereafter make all reasonable efforts to deliver such quantities as soon as practicable and on such Day or Days as are agreed to by Shipper and Union. If Union accepts such gas on this basis, Shipper shall not receive any demand charge relief as contemplated under Article XI herein.

8. Demand Charge Relief for Firm Transportation Services: Despite Article XI herein, if on any Day Union fails to accept gas from Shipper by reason of an event of force majeure on Union's system and fails to deliver the quantity of gas nominated hereunder by Shipper up to the firm Contract Demand for that Contract, then for that Day the Monthly demand charge shall be reduced by an amount equal to the applicable Daily Demand Rate, as defined in this paragraph, multiplied by the difference between the quantity of gas actually delivered by Union during such Day and the quantity of gas which Shipper in good faith nominated on such Day. The term "**Daily Demand Rate**" shall mean the Monthly demand charge or equivalent pursuant to the C1 Rate Schedule divided by the number of days in the month for which such rate is being calculated.
9. If, due to the occurrence of an event of force majeure as outlined above, the capacity for gas deliveries by Union is impaired, it will be necessary for Union to curtail Shipper's gas receipts to Union hereunder, via proration based on utilization of such facilities for the Day. This prorating shall be determined by multiplying the capability of such facilities as available downstream of the impairment on the Day, by a fraction where the numerator is Shipper's nominated firm quantity and the denominator is the total of all such nominated firm quantities for nominated services and planned consumption for in-franchise customers on the Day. For the purposes of this Article XI, firm services shall mean all firm services provided by Union to in-franchise customers and ex-franchise shippers.

## **XII. DEFAULT AND TERMINATION**

In case of the breach or non-observance or non-performance on the part of either party hereto of any covenant, proviso, condition, restriction or stipulation contained in the Contract (but not including herein failure to take or make delivery in whole or in part of the gas delivered to/by Union hereunder occasioned by any of the reasons provided for in Article XI herein) which has not been waived by the other party, then and in every such case and as often as the same may happen, the non-defaulting party may give written notice to the defaulting party requiring it to remedy such default and in the event of the defaulting party failing to remedy the same within a period of thirty (30) days from receipt of such notice, the non-defaulting party may at its sole option declare the Contract to be terminated and thereupon the Contract shall be terminated and be null and void for all purposes other than and except as to any liability of the parties under the same incurred before and subsisting as of termination. The right hereby conferred upon each party shall be in addition to, and not in derogation of or in substitution for, any other right or remedy which the parties respectively at law or in equity shall or may possess.

## **XIII. AMENDMENT**

Subject to Article XV herein and the ability of Union to amend the applicable rate schedules and price schedules, with the approval of the OEB (if required), no amendment or modification of the Contract shall be effective unless the same shall be in writing and signed by each of the Shipper and Union.

## **XIV. NON-WAIVER AND FUTURE DEFAULT**

No waiver of any provision of the Contract shall be effective unless the same shall be in writing and signed by the party entitled to the benefit of such provision and then such waiver shall be effective only in the specific instance and for the specified purpose for which it was given. No failure on the part of Shipper or Union to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy under the Contract shall operate as a waiver thereof.

## **XV. LAWS, REGULATIONS AND ORDERS**

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction and the Contract shall be varied and amended to comply with or conform to any valid order or direction of any board, tribunal or administrative agency which affects any of the provisions of the Contract.

**XVI. ALLOCATION OF CAPACITY**

1. A potential shipper may request transportation service on Union's system at any time. Any request for C1 transportation service must include: potential shipper's legal name, Receipt Point(s), Delivery Point(s), Commencement Date, Initial Term, Contract Demand, proposed payment, and type of transportation service requested.
2. If requests for firm transportation services cannot be met through existing capacity such that the only way to satisfy the requests for transportation service would require the construction of Expansion Facilities which create new capacity, Union shall allocate any such new capacity by open season, subject to the terms of the open season, and these General Terms and Conditions.
3. If requests for long-term transportation service can be met through existing facilities upon which long-term capacity is becoming available, Union shall allocate such long-term capacity by open season, subject to the terms of the open season, and these General Terms and Conditions. "**Long-term**", for the purposes of this Article XVI, means, in the case of a transportation service, a service that has a term of one year or greater.
4. Capacity requests received during an open season shall be awarded starting with those bids with the highest economic value. If the economic values of two or more independent bids are equal, then service shall be allocated on a pro-rata basis. The economic value shall be based on the net present value which shall be calculated based on the proposed per-unit rate and the proposed term of the contract and without regard to the proposed Contract Demand ("**NPV**").
5. Union may at any time allocate capacity to respond to any C1 transportation service request through an open season. If a potential shipper requests C1 transportation service that can be provided through Available Capacity that was previously offered by Union in an open season but was not awarded, then:
  - a. Any such request must conform to the requirements of Section 1 of this Article XVI;
  - b. Union shall allocate capacity to serve such request pursuant to this Section 5, and subject to these General Terms and Conditions and Union's standard form C1 transportation contract;
  - c. Union may reject a request for C1 transportation service for any of the following reasons:
    - i) if there is insufficient Available Capacity to fully meet the request, but if that is the only reason for rejecting the request for service, Union must offer to supply the Available Capacity to the potential shipper;
    - ii) if the proposed monthly payment is less than Union's Monthly demand charge plus fuel requirements for the applicable service;
    - iii) if prior to Union accepting the request for transportation service Union receives a request for transportation service from one or more other potential shippers and there is, as a result, insufficient Available Capacity to service all the requests for service, in which case Union shall follow the procedure in Section 5 d hereof;
    - iv) if Union does not provide the type of transportation service requested; or
    - v) if all of the conditions precedent specified in Article XXI Sections 1 and 2 herein have not been satisfied or waived.
  - d. Union will advise the potential shipper in writing whether Union accepts or rejects the request for service, subject to Article XVI 5(c) within 5 calendar days of receiving a request for C1 transportation service. If Union rejects a request for service, Union shall inform the potential shipper of the reasons why its request is being rejected; and
  - e. If Union has insufficient Available Capacity to service all pending requests for transportation service Union may:
    - i) Reject all the pending requests for transportation service and conduct an open season; or
    - ii) Union shall inform all the potential shippers who have submitted a pending request for transportation service that it does not have sufficient capacity to service all pending requests for service, and Union shall

provide all such potential shippers with an equal opportunity to submit a revised request for service. Union shall then allocate the Available Capacity to the request for transportation service with the highest economic value to Union. If the economic values of two or more requests are equal, then service shall be allocated on a pro-rata basis. The economic value of any request shall be based on the NPV.

## **XVII. RENEWALS**

Contracts with an Initial Term of five (5) years or greater, with Receipt Points and Delivery Points of Parkway or Kirkwall or Dawn (Facilities), will continue in full force and effect beyond the Initial Term, automatically renewing for a period of one (1) year, and every one (1) year thereafter. Shipper may reduce the Contract Demand or terminate the Contract with notice in writing by Shipper at least two (2) years prior to the expiration thereof.

For all other contracts, the Contract will continue in full force and effect until the end of the Initial Term, but shall not renew.

## **XVIII. SERVICE CURTAILMENT**

1. Union shall have the right to curtail or not to schedule part or all of Transportation Services, in whole or in part, on all or a portion of its pipeline system at any time for reasons of Force Majeure or when, in Union sole discretion, acting reasonably, capacity or operating conditions so require or it is desirable or necessary to make modifications, repairs or operating changes to its pipeline system. Union shall provide Shipper such notice of such curtailment as is reasonable under the circumstances. If due to any cause whatsoever Union is unable to receive or deliver the quantities of Gas which Shipper has requested, then Union shall order curtailment by all Shippers affected and to the extent necessary to remove the effect of the disability. Union has a priority of service policy to determine the order of service curtailment. In order to place services on the priority of service list, Union considers the following business principles: appropriate level of access to core services, customer commitment, encouraging appropriate contracting, materiality, price and term, and promoting and enabling in-franchise consumption.

The Priority ranking for all services utilizing Union Gas' storage, transmission and distribution system as applied to both in-franchise and ex-franchise services are as follows; with number 1 having the highest priority and the last interrupted.

1. Firm In-franchise Transportation and Distribution services and firm Ex-franchise services (Note 1)
2. In-franchise Interruptible Distribution services
3. C1/M12 IT Transport and IT Exchanges with Take or Pay rates
4. Balancing (Hub Activity)  $\leq 100$  GJ/d; Balancing (Direct Purchase)  $\leq 500$  GJ/d; In-franchise distribution authorized overrun (Note 3)
5. C1/M12 IT Transport and IT Exchanges at premium rates
6. C1/M12 Overrun  $\leq 20\%$  of CD (Note 4)
7. Balancing (Direct Purchase)  $> 500$  GJ/d
8. Balancing (Hub Activity)  $> 100$  GJ/d; C1/M12 IT Transport and IT Exchanges
9. C1/M12 Overrun  $> 20\%$  of CD
10. C1/M12 IT Transport and IT Exchanges at a discount
11. Late Nominations

### Notes:

1. Nominated services must be nominated on the NAESB Timely Nomination Cycle otherwise they are considered to be late nomination and are therefore interruptible.
  2. Higher value or more reliable IT is contemplated in the service and contract, when purchase at market competitive prices.
  3. Captures the majority of customers that use Direct Purchase balancing transactions.
  4. Captures the majority of customers that use overrun.
2. Union reserves the right to change its procedures for sharing interruptible capacity and will provide Shipper with two (2) months prior notice of any such change.
  3. Maintenance: Union's facilities from time to time may require maintenance or construction. If such maintenance or construction is required, and in Union's sole opinion, acting reasonably, such maintenance or construction may impact

Union's ability to meet Shipper's requirements, Union shall provide at least ten (10) days notice to Shipper, except in the case of an emergency. In the event the maintenance impacts on Union's ability to meet Shipper's requirements, Union shall not be liable for any damages and shall not be deemed in breach of the Contract. To the extent that Union's ability to accept and/or deliver Shipper's gas is impaired, the Monthly demand charge shall be reduced in accordance with Article XI Section 8 and available capacity allocated in accordance with Article XI Section 9 herein.

Union shall use reasonable efforts to determine a mutually acceptable period during which such maintenance or construction will occur and also to limit the extent and duration of any impairments. Union will endeavour to schedule and complete the maintenance and construction, which would normally be expected to impact on Union's ability to meet Shipper's requirements, during the period from April 1 through to November 1.

## **XIX. SHIPPER'S REPRESENTATIONS AND WARRANTIES**

1. Shipper's Warranty: Shipper warrants that it will, if required, maintain, or have maintained on its behalf, all external approvals including the governmental, regulatory, import/export permits and other approvals or authorizations that are required from any federal, state or provincial authorities for the gas quantities to be handled under the Contract. Shipper further warrants that it shall maintain in effect the Facilitating Agreements.
2. Financial Representations: Shipper represents and warrants that the financial assurances (including the Initial Financial Assurances and Security) (if any) shall remain in place throughout the term hereof, unless Shipper and Union agree otherwise. Shipper shall notify Union in the event of any change to the financial assurances throughout the term hereof. Should Union have reasonable grounds to believe that Shipper will not be able to perform or continue to perform any of its obligations under the Contract as a result of one of the following events ("**Material Event**");
  - a. Shipper is in default, which default has not been remedied, of the Contract or is in default of any other material contract with Union or another party; or,
  - b. Shipper's corporate or debt rating falls below investment grade according to at least one nationally recognized rating agency; or,
  - c. Shipper ceases to be rated by a nationally recognized agency; or,
  - d. Shipper has exceeded credit available as determined by Union from time to time,

then Shipper shall within fourteen (14) days of receipt of written notice by Union, obtain and provide to Union a letter of credit or other security in the form and amount reasonably required by Union (the "**Security**"). The Security plus the Initial Financial Assurances shall not exceed twelve (12) months of Monthly demand charges (in accordance with Article IX herein) multiplied by Contract Demand. In the event that Shipper does not provide to Union such Security within such fourteen (14) day period, Union may deem a default under the Default and Termination provisions of Article XII herein.

In the event that Shipper in good faith, reasonably believes that it should be entitled to reduce the amount of or value of the Security previously provided, it may request such a reduction from Union and to the extent that the Material Event has been mitigated or eliminated, Union shall return all or a portion of the Security to Shipper within fourteen (14) Business Days after receipt of the request.

*The following paragraphs 3 and/or 4 are only applicable if indicated in Schedule 1 of the Contract.*

3. Point of Consumption Warranty: Shipper represents and warrants that, throughout the term of this Contract, all quantities of gas received by Union hereunder at the Receipt Point and/or all Loaned Quantities will be consumed in the U.S.A. Should any quantities of gas hereunder be directed to an end user in Canada, Shipper shall immediately notify Union that such quantities of gas will be consumed in Canada, as failure to do so will make Shipper liable to Union for any Taxes and related interest and penalties thereon, made as a result of such change.
4. Tax Registration re GST: Shipper warrants and represents that it is unregistered and a Non-Resident for purposes of the Excise Tax Act. Shipper agrees to notify Union within ten (10) working days if it becomes registered. "GST/HST" shall

mean the Government of Canada's Goods and Services Tax or Harmonized Sales Tax as legislated under The Excise Tax Act, as may be amended from time to time.

## **XX. MISCELLANEOUS PROVISIONS**

1. Permanent Assignment: Shipper may assign the Contract to a third party ("Assignee"), up to the Contract Demand, (the "Capacity Assigned"). Such assignment shall require the prior written consent of Union and release of obligations by Union for the Capacity Assigned from the date of assignment. Such consent and release shall not be unreasonably withheld and shall be conditional upon the Assignee providing, amongst other things, financial assurances as per Article XXI herein. Any such assignment will be for the full rights, obligations and remaining term of the Contract as relates to the Capacity Assigned.
2. Temporary Assignment: Shipper may, upon notice to Union, assign all or a part of its service entitlement under the Contract (the "Assigned Quantity") and the corresponding rights and obligations to an Assignee on a temporary basis for not less than one calendar month. Such assignment shall not be unreasonably withheld and shall be conditional upon the Assignee executing the Facilitating Agreement as per Article XXI herein. Notwithstanding such assignment, Shipper shall remain obligated to Union to perform and observe the covenants and obligations contained herein in regard to the Assigned Quantity to the extent that Assignee fails to do so.
3. Title to Gas: Shipper represents and warrants to Union that Shipper shall have good and marketable title to, or legal authority to deliver to Union, all gas delivered to Union hereunder. Furthermore, Shipper hereby agrees to indemnify and save Union harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of claims of any or all third parties to such gas or on account of Taxes, or other charges thereon.

## **XXI. PRECONDITIONS TO TRANSPORTATION SERVICES**

1. The obligations of Union to provide Transportation Services hereunder are subject to the following conditions precedent, which are for the sole benefit of Union and which may be waived or extended in whole or in part in the manner provided in the Contract:
  - a. Union shall have obtained, in form and substance satisfactory to Union, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required to provide the Transportation Services; and,
  - b. Union shall have obtained all internal approvals that are necessary or appropriate to provide the Transportation Services; and,
  - c. Union shall have received from Shipper the requisite financial assurances reasonably necessary to ensure Shipper's ability to honour the provisions of the Contract (the "**Initial Financial Assurances**"). The Initial Financial Assurances, if required, will be as determined solely by Union; and,
  - d. Shipper and Union shall have entered into the Interruptible HUB Service Contract or equivalent (the "**Facilitating Agreement**") with Union.
2. The obligations of Shipper hereunder are subject to the following conditions precedent, which are for the sole benefit of Shipper and which may be waived or extended in whole or in part in the manner provided in the Contract:
  - a. Shipper shall, as required, have entered into the necessary contracts with Union and/or others to facilitate the Transportation Services contemplated herein, including contracts for upstream and downstream transportation, and shall specifically have an executed and valid Facilitating Agreement; and shall, as required, have entered into the necessary contracts to purchase the gas quantities handled under the Contract; and,
  - b. Shipper shall have obtained, in form and substance satisfactory to Shipper, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required from federal, state, or provincial authorities for the gas quantities handled under the Contract; and,

- c. Shipper shall have obtained all internal approvals that are necessary or appropriate for the Shipper to execute the Contract.
3. Union and Shipper shall each use due diligence and reasonable efforts to satisfy and fulfil the conditions precedent specified in this Article XXI Section 1 a, c, and d and Section 2 a and b. Each party shall notify the other forthwith in writing of the satisfaction or waiver of each condition precedent for such party's benefit. If a party concludes that it will not be able to satisfy a condition precedent that is for its benefit, such party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations thereunder.
  4. If any of the conditions precedent in this Article XXI Section 1 c or Section 2 are not satisfied or waived by the party entitled to the benefit of that condition by the Conditions Date as such term is defined in the Contract, then either party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations hereunder, provided that any rights or remedies that a party may have for breaches of the Contract prior to such termination and any liability a party may have incurred before such termination shall not thereby be released.



**RATE C1  
NOMINATIONS**

- a) For Services provided either under this rate schedule or referenced to this rate schedule:
- i) For Services required on any day Shipper shall provide Union with a nomination (the "Shipper's Nomination") of the quantity it desires to be handled at the applicable Receipt Point, and/or Delivery Point. Such Shipper's Nomination is to be provided in writing so as to be received by Union's Gas Management Services on or before 1230 hours in the Eastern time zone, unless agreed to otherwise in writing by the parties, on the business days immediately preceding the day for which service is requested.
  - ii) If, in Union's sole opinion, operating conditions permit, a change in Shipper's Nomination may be accepted after 1230 hours in the Eastern time zone.
  - iii) For customers electing firm all day transportation, nominations shall be provided to Union's Gas Management Services as outlined in the F24 –T Agreement.
- b) Union shall determine whether or not all or any portion of Shipper's Nomination will be accepted. In the event Union determines that it will not accept such nomination, Union shall advise Shipper, on or before 1730 hours in the Eastern time zone on the business day immediately preceding the day for which service is requested, of the reduced quantity (the "Quantity Available") for Services at the applicable points. Forthwith after receiving such advice from Union but no later than 1800 hours in the Eastern time zone on the same day, Shipper shall provide a "Revised Nomination" to Union which shall be no greater than the Quantity Available. If such Revised Nomination is not provided within the time allowed as required above or such Revised Nomination is greater than the Quantity Available, then the Revised Nomination shall be deemed to be the Quantity Available. If the Revised Nomination (delivered within the time allowed as required above) is less than the Quantity Available, then such lesser amount shall be the Revised Nomination.
- c) That portion of a Shipper's Nomination or Revised Nomination, as set out in (a) and (b), above, which Union shall accept for Services hereunder, shall be known as Shipper's "Authorized Quantity".
- d) If on any day the actual quantities handled by Union, for each of the Services authorized, exceed Shipper's Authorized Quantity, and such excess was caused by either Shipper's incorrect nomination or by its delivering or receiving too much gas, then the amount by which the actual quantities handled for each of the Services exceed Shipper's Authorized Quantity, such excess shall be deemed "Unauthorized Overrun".
- e) The daily quantity of gas nominated by Shipper will be delivered by Shipper at rates of flow that are as nearly constant as possible, however, Union shall use reasonable efforts to take receipt of gas on any day at an hourly rate of flow up to one twentieth (1/20) of the quantity received for that day. Union shall have the right to limit Services when on any day the cumulative hourly imbalance between receipts and deliveries exceeds one twentieth (1/20) of the quantity handled for that day, for each applicable Service.
- f) A nomination for a daily quantity of gas on any day shall remain in effect and apply to subsequent days unless and until Union receives a new nomination from the Shipper or unless Union gives Shipper written notice that it is not acceptable in accordance with either (a) or (b) of this schedule.
- g) Except for periods of gas or quantity balancing as provided in the Contract, nominations by Shipper for deliveries to Union and redeliveries by Union shall be the same delivery of gas by Union either to Shipper or a Shipper's Account with Union.

**RATE C1  
NOMINATIONS**

1. For Transportation Services required on any Day under the Contract, Shipper shall provide Union with a nomination(s) providing the Shipper's requested Receipt Point(s), contract numbers, the applicable service, the quantity of Gas to be transported, the requested Delivery Point(s), and such additional information as Union determines to be necessary (a "**Nomination**").
2. All Nominations shall be submitted by electronic means via *Unionline*. Union, in its sole discretion, may amend or modify the nominating procedures or *Unionline* at any time. Nominations shall be submitted so as to be received by Union in accordance with timelines established by Union, which reflect the NAESB standard nomination cycles. Union will accept all nominations on each of the nomination cycles. Nominations made after the applicable deadline shall not be accepted except at the sole discretion of Union. All times referred to herein are Eastern Clock Time. For greater certainty, NAESB nomination cycle timelines are as follows:
  - a. The Timely Nomination Cycle: 12:45 pm for Nominations leaving control of the nominating party; 3:30 pm for receipt of Quantities Available by Shipper; 4:30 pm for receipt of completed confirmations by Union from upstream and downstream connected parties; 5:30 pm for receipt of Scheduled Quantities by Shipper (Day prior to flow).
  - b. The Evening Nomination Cycle: 7:00 pm for Nominations leaving control of the nominating party; 9:00 pm for receipt of Quantities Available by Shipper; 10:00 pm for receipt of completed confirmations by Union from upstream and downstream connected parties; 11:00 pm for receipt of Scheduled Quantities by Shipper (Day prior to flow).
  - c. The Intra-day 1 Nomination Cycle: 11:00 am for Nominations leaving control of the nominating party; 1:00 pm for receipt of Quantities Available by Shipper; 2:00 pm for receipt of completed confirmations by Union from upstream and downstream connected parties; 3:00 pm for receipt of Scheduled Quantities Available by Shipper, on Day. Quantities Available resulting from Intra-day 1 Nominations should be effective at 6:00 pm on same Day.
  - d. The Intra-day 2 Nomination Cycle: 6:00 pm for Nominations leaving control of the nominating party; 8:00 pm for receipt of Quantities Available by Shipper; 9:00 pm for receipt of completed confirmations by Union from upstream and downstream connected parties; 10:00 pm for receipt of Scheduled Quantities by Shipper on Day. Quantities Available resulting from Intra-day 2 Nominations should be effective at 10:00 pm on same Day.
3. Union shall determine whether or not all or any portion of the Nomination will be scheduled at each nomination cycle. With respect to each nomination cycle, in the event Union determines that it will not schedule such Nomination, Union shall advise Shipper of the reduced quantity (the "**Quantities Available**") for Transportation Services at the applicable points as outlined in each nomination cycle. After receiving such advice from Union, but no later than one half hour after the Quantities Available deadline as outlined in each nomination cycle, Shipper shall provide a revised nomination ("**Revised Nomination**") to Union which shall be no greater than the Quantity Available. If such Revised Nomination is not provided within the time allowed as required above or such Revised Nomination is greater than the Quantities Available, then the Revised Nomination shall be deemed to be the Quantities Available. If the Revised Nomination (delivered with the time allowed as required above) is less than the Quantity Available, then such lesser amount shall be the Revised Nomination.
4. For Shippers electing firm all day transportation service, nominations shall be provided to Union's Gas Management Services as outlined in the F24 –T Agreement.
5. For Transportation Services requiring Shipper to provide compressor fuel in kind, the nominated fuel requirements will be calculated by rounding to the nearest whole GJ.

6. All Timely Nominations shall have rollover options. Specifically, Shippers shall have the ability to nominate for several days, months or years, provided the Nomination start date and end date are both within the term of the Transportation Agreement.
7. Nominations received after the nomination deadline shall, if accepted by Union, be scheduled after Nominations received before the nomination deadline.
8. All Services are required to be nominated in whole Gigajoules (GJ).
9. To the extent Union is unable to complete a Nomination confirmation due to inaccurate, untimely or incomplete data involving an Interconnecting Pipeline entity, Union shall undertake reasonable efforts to confirm the transaction on a non-discriminatory basis until such time that the transaction is adequately verified by the parties, or until such time that Union determines that the Nomination is invalid at which time the Union shall reject the Nomination.
10. That portion of a Shipper's Nomination or Revised Nomination, as set out in paragraphs 1 and 3 above, which Union shall schedule for Transportation Services hereunder, shall be known as Shipper's "**Authorized Quantity**".
11. If on any day the actual quantities handled by Union, for each of the Transportation Services authorized, exceed Shipper's Authorized Quantity, and such excess was caused by either Shipper's incorrect nomination or by its delivering or receiving too much gas, then the amount by which the actual quantities handled for each of the Transportation Services exceed Shipper's Authorized Quantity shall be deemed "**Unauthorized Overrun**".
12. The daily quantity of gas nominated by Shipper will be delivered by Shipper at rates of flow that are as nearly constant as possible, however, Union shall use reasonable efforts to take receipt of gas on any day at an hourly rate of flow up to one twentieth (1/20<sup>th</sup>) of the quantity received for that day. Union shall have the right to limit Transportation Services when on any day the cumulative hourly imbalance between receipts and deliveries exceeds one twentieth (1/20<sup>th</sup>) of the quantity handled for that day, for each applicable Transportation Service.
13. The parties hereto recognize that with respect to Transportation Services, on any day, receipts of gas by Union and deliveries of gas by Union may not always be exactly equal, but each party shall cooperate with the other in order to balance as nearly as possible the quantities transacted on a daily basis, and any imbalances arising shall be allocated to the Facilitating Agreement and shall be subject to the respective terms and charges contained therein, and shall be resolved in a timely manner.
14. Shipper may designate a third party as agent for purposes of providing a Nomination, and for giving and receiving notices related to Nominations, and Union shall only accept nominations from the agent. Shipper shall provide Union with written notice of such designation, such notice to be acceptable to Union. Any such designation, if acceptable to Union, shall be effective starting the Month following the receipt of the written notice and will remain in effect until revoked in writing by Shipper.

**RATE C1  
RECEIPT AND DELIVERY POINTS AND PRESSURES**

1. Receipt and Delivery Points:

The following defines each Receipt Point and/or Delivery Point, as indicated (R= Receipt Point; D= Delivery Point)

|      |                                    |  |
|------|------------------------------------|--|
| R, D | <b><u>DAWN (FACILITIES):</u></b>   | Union's Compressor Station site situated in the northwest corner of Lot Twenty-Five (25), Concession II, in the Township of Dawn-Euphemia, in the County of Lambton. This point is applicable for quantities of gas that have been previously transported or stored under other contracts that Shipper may have in place with Union. |
| R, D | <b><u>DAWN (TCPL):</u></b>         | At the junction of Union's and TCPL's facilities, at or adjacent to Dawn (Facilities).   |
| R, D | <b><u>DAWN (TECUMSEH):</u></b>     | At the junction of Union's and Enbridge Gas Distribution Inc.'s (Enbridge) Tecumseh Gas Storage's facilities, at or adjacent to Dawn (Facilities).   |
| R, D | <b><u>DAWN (TSLE):</u></b>         | At the junction of Union's and Enbridge Gas Distribution Inc.'s (" <b>Enbridge</b> ") NPS 16 Tecumseh Sombra Line Extension facilities; at or adjacent to Dawn (Facilities)  |
| R, D | <b><u>DAWN (VECTOR):</u></b>       | At the junction of Union's and Vector Pipeline Limited Partnership (" <b>Vector</b> ") facilities, at or adjacent to Dawn (Facilities).  |
| R, D | <b><u>PARKWAY (TCPL):</u></b>      | At the junction of Union's and TCPL's facilities, at or adjacent to Union's facilities situated in the Part Lot 9 and Part Lot 10, Concession IX, New Survey, Town of Milton, Regional Municipality of Halton (now part of City of Mississauga)  |
| R, D | <b><u>KIRKWALL:</u></b>            | At the junction of Union's and TCPL's facilities at or adjacent to Union's facilities situated in Part Lot Twenty-Five (25), Concession 7, Town of Flamborough.  |
| D    | <b><u>PARKWAY (CONSUMERS):</u></b> | At the junction of Union's and Enbridge's facilities, at or adjacent to Union's facilities situated in Part Lot 9 and Part Lot 10, Concession IX, New Survey, Town of Milton, Regional Municipality of Halton (now part of City of Mississauga)  |
| D    | <b><u>LISGAR:</u></b>              | At the junction of the facilities of Union and Enbridge situated at 6620 Winston Churchill Boulevard, City of Mississauga.   |
| R, D | <b><u>OJIBWAY:</u></b>             | At the junction of Union's and Panhandle Eastern Pipe Line Company, LP's (" <b>Panhandle</b> ") facilities, located at the International Border between Canada and the United States in the St. Clair River.   |
| R, D | <b><u>ST.CLAIR (MICHCON):</u></b>  | At the junction of Michigan Consolidated Gas Company's (" <b>MichCon</b> ") and St. Clair Pipelines L.P.'s facilities, located at the International Border between Canada and the United States in the St. Clair River.  |

**R, D**     **BLUEWATER:**

At the junction of Bluewater Gas Storage, LLC ("**Bluewater**") and St. Clair Pipelines L.P.'s facilities, located at the International Border between Canada and the United States in the St. Clair River.

2. Receipt and Delivery Pressures:

(a) All Gas tendered by or on behalf of Shipper to Union shall be tendered at the Receipt Point(s) at Union's prevailing pressure at that Receipt Point, or at such pressure as per operating agreements between Union and the applicable Interconnecting Pipeline as amended or restated from time to time.

(b) All Gas tendered by or on behalf of Union to Shipper shall be tendered at the Delivery Point(s) at Union's prevailing pressure at that Delivery Point or at such pressure as per agreements between Union and the applicable Interconnecting Pipeline as amended or restated from time to time.

(c) Under no circumstances shall Union be obligated to receive or deliver gas hereunder at pressures exceeding the maximum allowable operating pressures prescribed under any applicable governmental regulations; nor shall Union be required to make any physical deliveries or to accept any physical receipts which its existing facilities cannot accommodate.

**Appendix C**

**Decision and Rate Order**

**Summary of Average Rate and Price Adjustment Changes for Rates  
25, M5A, M7, T1, T2 Interruptible Contract Services**

**Board File No. EB-2011-0210**

**Dated: January 17, 2013**

UNION GAS LIMITED  
 Infranchise Customers  
 Summary of Average Interruptible Rate and Price Adjustment Changes for Rates 25, M5A, M7, T1 and T2  
 Effective January 1, 2013

| Line No. | Particulars (cents / m <sup>3</sup> )                                    | Monthly Charge Increase / (Decrease)<br>(a) | Monthly Demand Charge Increase / (Decrease)<br>(b) | Delivery Commodity Charge Increase / (Decrease)<br>(c) | Delivery - Price Adjustment Increase / (Decrease)<br>(d) | Gas Commodity Price Adjustment Increase / (Decrease)<br>(e) |
|----------|--|---|--|--|--|---|
| 1        | Rate 25<br>All Zones   | \$185.68                                    |  | 0.7014   |  | (0.2720) (1)  |
| 2        | Rate M5A<br>Interruptible  | \$191.80                                    |  | 0.7748   |  |   |
| 3        | Rate M7<br>Interruptible   |   |  | 0.3196   |  |   |
| 4        | Seasonal   |   |  | 0.3196   |  |   |
| 5        | Rate T1 Redesign - Interruptible<br>Transportation - Union supplies fuel | \$142.62                                    |  | 0.2227   |  |   |
| 6        | Transportation - Customer supplies fuel                                  | \$142.62                                    |  | 0.2868   |  |   |
| 7        | Rate T2 Redesign - Interruptible<br>Transportation - Union supplies fuel | \$4,206.48                                  |  | 0.2221   |  |   |
| 8        | Transportation - Customer supplies fuel                                  | \$4,206.48                                  |  | 0.2868   |  |   |

Notes:

(1) Applies to Sales service customers only.

**Appendix D**

**Decision and Rate Order**

**Customer Notices**

**Board File No. EB-2011-0210**

**Dated: January 17, 2013**



**Important Information About Your Rates**  
**February 2013**  
**Rate 201 – Fort Frances**

The Ontario Energy Board has approved changes to the rates Union Gas charges its customers effective January 1, 2013. The total annual bill increase for a typical Rate 201 customer in the Fort Frances area using 2,200 m<sup>3</sup> of natural gas a year will be \$30.07. The enclosed bill uses the new approved rates.

**Gas Used**

The gas commodity rate decreased by 0.1205 ¢/m<sup>3</sup> to 12.5811 ¢/m<sup>3</sup>. For most customers the annual decrease will be about \$2.67.

**Transportation to Union Gas**

The transportation to Union Gas rate decreased by 0.9510 ¢/m<sup>3</sup> to 4.9387 ¢/m<sup>3</sup>. For most customers the annual decrease will be about \$20.92.

**Storage**

The storage rate increased by 0.2783 ¢/m<sup>3</sup> to 2.1507 ¢/m<sup>3</sup>. For most customers the annual increase will be about \$6.13.

**Delivery**

The delivery rates that vary with consumption increased based on our forecast cost of delivering natural gas to your home or business. For most customers the annual increase will be about \$47.53.

## New Rates

The table below shows the new, approved rates used to calculate your natural gas bill as of January 1, 2013. Annual bill impacts exclude the temporary charges and credits shown on the price adjustment lines on your bill. The annual impacts are based on a typical Rate 201 customer in the Fort Frances area using 2,200 m<sup>3</sup> of natural gas a year.

| <b>CHARGES</b>                  | <b>RATES<br/>at Jan 1, 2013</b> | <b>ANNUAL<br/>increase or decrease</b> |
|---------------------------------|---------------------------------|--|
| Gas used                        | 12.5811 ¢/m <sup>3</sup>        | -\$2.67                                |
| Gas price adjustment            | -2.2022 ¢/m <sup>3</sup>        | \$0.00                                 |
| Transportation to Union Gas     | 4.9387 ¢/m <sup>3</sup>         | -\$20.92                               |
| Transportation price adjustment | 1.0523 ¢/m <sup>3</sup>         | \$0.00                                 |
| Storage                         | 2.1507 ¢/m <sup>3</sup>         | \$6.13                                 |
| Storage price adjustment        | 0.2109 ¢/m <sup>3</sup>         | \$0.00                                 |
| Delivery                        |                                 |  |
| First 100 m <sup>3</sup>        | 9.7347 ¢/m <sup>3</sup>         |  |
| Next 200 m <sup>3</sup>         | 9.2102 ¢/m <sup>3</sup>         |  |
| Next 200 m <sup>3</sup>         | 8.8375 ¢/m <sup>3</sup>         |  |
| Next 500 m <sup>3</sup>         | 8.4955 ¢/m <sup>3</sup>         |  |
| All Over 1,000 m <sup>3</sup>   | 8.2130 ¢/m <sup>3</sup>         |  |
|                                 |                                 | \$47.53                                |
| Delivery price adjustment       | 0.4510 ¢/m <sup>3</sup>         | \$0.00                                 |
| Monthly charge                  | \$21.00                         | \$0.00                                 |
| Total annual impact             |                                 | <b>\$30.07</b>                         |

**Important Information About Your Rates**  
**February 2013**  
**Rate 201 – Fort Frances**  
**Energy Marketer Customer**

The Ontario Energy Board has approved changes to the rates Union Gas charges its customers effective January 1, 2013. The total annual bill increase for a typical Rate 201 customer in the Fort Frances area using 2,200 m<sup>3</sup> of natural gas a year and buying gas from an energy marketer will be \$32.74. The enclosed bill uses the new approved rates.

**Transportation to Union Gas**

The transportation to Union Gas rate decreased by 0.9510 ¢/m<sup>3</sup> to 4.9387 ¢/m<sup>3</sup>. For most customers the annual decrease will be about \$20.92.

**Storage**

The storage rate increased by 0.2783 ¢/m<sup>3</sup> to 2.1507 ¢/m<sup>3</sup>. For most customers the annual increase will be about \$6.13.

**Delivery**

The delivery rates that vary with consumption increased based on our forecast cost of delivering natural gas to your home or business. For most customers the annual increase will be about \$47.53.

## New Rates

The table below shows the new, approved rates used to calculate your natural gas bill as of January 1, 2013. Annual bill impacts exclude the temporary charges and credits shown on the price adjustment lines on your bill. The annual impacts are based on a typical Rate 201 customer in the Fort Frances area using 2,200 m<sup>3</sup> of natural gas a year and buying gas from an energy marketer.

| <b>CHARGES</b>                  | <b>RATES<br/>at Jan 1, 2013</b> | <b>ANNUAL<br/>increase or decrease</b> |
|---------------------------------|---------------------------------|--|
| Transportation to Union Gas     | 4.9387 ¢/m <sup>3</sup>         | -\$20.92                               |
| Transportation price adjustment | 1.0523 ¢/m <sup>3</sup>         | \$0.00                                 |
| Storage                         | 2.1507 ¢/m <sup>3</sup>         | \$6.13                                 |
| Storage price adjustment        | 0.2109 ¢/m <sup>3</sup>         | \$0.00                                 |
| Delivery                        |                                 |  |
| First 100 m <sup>3</sup>        | 9.7347 ¢/m <sup>3</sup>         | \$47.53                                |
| Next 200 m <sup>3</sup>         | 9.2102 ¢/m <sup>3</sup>         |  |
| Next 200 m <sup>3</sup>         | 8.8375 ¢/m <sup>3</sup>         |  |
| Next 500 m <sup>3</sup>         | 8.4955 ¢/m <sup>3</sup>         |  |
| All Over 1,000 m <sup>3</sup>   | 8.2130 ¢/m <sup>3</sup>         |  |
| Delivery price adjustment       | 0.4510 ¢/m <sup>3</sup>         | \$0.00                                 |
| Monthly charge                  | \$21.00                         | \$0.00                                 |
| <b>Total annual impact</b>      |                                 | <b>\$32.74</b>                         |

\* Depending on the terms of your retail energy marketer contract, you may or may not be affected by Union Gas' changes to transportation rates. Please contact your retail energy marketer directly at the phone number that appears on your bill if you have questions.

**Important Information About Your Rates**  
**February 2013**  
**Rate 101 – Northwestern Ontario**

The Ontario Energy Board has approved changes to the rates Union Gas charges its customers effective January 1, 2013. The total annual bill increase for a typical Rate 101 customer in Northwestern Ontario using 2,200 m<sup>3</sup> of natural gas a year will be \$39.67. The enclosed bill uses the new approved rates.

**Gas Used**

The gas commodity rate decreased by 0.1205 ¢/m<sup>3</sup> to 12.6353 ¢/m<sup>3</sup>. For most customers the annual decrease will be about \$2.65.

**Transportation to Union Gas**

The transportation to Union Gas rate decreased by 0.7580 ¢/m<sup>3</sup> to 5.5401 ¢/m<sup>3</sup>. For most customers the annual decrease will be about \$16.67.

**Storage**

The storage rate increased by 0.5210 ¢/m<sup>3</sup> to 2.3910 ¢/m<sup>3</sup>. For most customers the annual increase will be about \$11.46.

**Delivery**

The delivery rates that vary with consumption increased based on our forecast cost of delivering natural gas to your home or business. For most customers the annual increase will be about \$47.53.

## New Rates

The table below shows the new, approved rates used to calculate your natural gas bill as of January 1, 2013. Annual bill impacts exclude the temporary charges and credits shown on the price adjustment lines on your bill. The annual impacts are based on a typical Rate 101 customer in Northwestern Ontario using 2,200 m<sup>3</sup> of natural gas a year.

| <b>CHARGES</b>                  | <b>RATES<br/>at Jan 1, 2013</b> | <b>ANNUAL<br/>increase or decrease</b> |
|---------------------------------|---------------------------------|--|
| Gas used                        | 12.6353 ¢/m <sup>3</sup>        | -\$2.65                                |
| Gas price adjustment            | -2.2022 ¢/m <sup>3</sup>        | \$0.00                                 |
| Transportation to Union Gas     | 5.5401 ¢/m <sup>3</sup>         | -\$16.67                               |
| Transportation price adjustment | 1.0523 ¢/m <sup>3</sup>         | \$0.00                                 |
| Storage                         | 2.3910 ¢/m <sup>3</sup>         | \$11.46                                |
| Storage price adjustment        | 0.2109 ¢/m <sup>3</sup>         | \$0.00                                 |
| Delivery                        |                                 |  |
| First 100 m <sup>3</sup>        | 9.7347 ¢/m <sup>3</sup>         |  |
| Next 200 m <sup>3</sup>         | 9.2102 ¢/m <sup>3</sup>         |  |
| Next 200 m <sup>3</sup>         | 8.8375 ¢/m <sup>3</sup>         |  |
| Next 500 m <sup>3</sup>         | 8.4955 ¢/m <sup>3</sup>         |  |
| All Over 1,000 m <sup>3</sup>   | 8.2130 ¢/m <sup>3</sup>         | \$47.53                                |
| Delivery price adjustment       | 0.4510 ¢/m <sup>3</sup>         | \$0.00                                 |
| Monthly charge                  | \$21.00                         | \$0.00                                 |
| Total annual impact             |                                 | <b>\$39.67</b>                         |

**Important Information About Your Rates**  
**February 2013**  
**Rate 101 – Northwestern Ontario**  
**Energy Marketer Customer**

The Ontario Energy Board has approved changes to the rates Union Gas charges its customers effective January 1, 2013. The total annual bill increase for a typical Rate 101 customer in Northwestern Ontario using 2,200 m<sup>3</sup> of natural gas a year and buying gas from an energy marketer will be \$42.32. The enclosed bill uses the new approved rates.

**Transportation to Union Gas**

The transportation to Union Gas rate decreased by 0.7580 ¢/m<sup>3</sup> to 5.5401 ¢/m<sup>3</sup>. For most customers the annual decrease will be about \$16.67.

**Storage**

The storage rate increased by 0.5210 ¢/m<sup>3</sup> to 2.3910 ¢/m<sup>3</sup>. For most customers the annual increase will be about \$11.46.

**Delivery**

The delivery rates that vary with consumption increased based on our forecast cost of delivering natural gas to your home or business. For most customers the annual increase will be about \$47.53.

## New Rates

The table below shows the new, approved rates used to calculate your natural gas bill as of January 1, 2013. Annual bill impacts exclude the temporary charges and credits shown on the price adjustment lines on your bill. The annual impacts are based on a typical Rate 101 customer in Northwestern Ontario using 2,200 m<sup>3</sup> of natural gas a year and buying gas from an energy marketer.

| <b>CHARGES</b>                  | <b>RATES<br/>at Jan 1, 2013</b> | <b>ANNUAL<br/>increase or decrease</b> |
|---------------------------------|---------------------------------|--|
| Transportation to Union Gas     | 5.5401 ¢/m <sup>3</sup>         | -\$16.67                               |
| Transportation price adjustment | 1.0523 ¢/m <sup>3</sup>         | \$0.00                                 |
| Storage                         | 2.3910 ¢/m <sup>3</sup>         | \$11.46                                |
| Storage price adjustment        | 0.2109 ¢/m <sup>3</sup>         | \$0.00                                 |
| Delivery                        |                                 |  |
| First 100 m <sup>3</sup>        | 9.7347 ¢/m <sup>3</sup>         |  |
| Next 200 m <sup>3</sup>         | 9.2102 ¢/m <sup>3</sup>         |  |
| Next 200 m <sup>3</sup>         | 8.8375 ¢/m <sup>3</sup>         |  |
| Next 500 m <sup>3</sup>         | 8.4955 ¢/m <sup>3</sup>         |  |
| All Over 1,000 m <sup>3</sup>   | 8.2130 ¢/m <sup>3</sup>         | \$47.53                                |
| Delivery price adjustment       | 0.4510 ¢/m <sup>3</sup>         | \$0.00                                 |
| Monthly charge                  | \$21.00                         | \$0.00                                 |
| Total annual impact             |                                 | <b>\$42.32</b>                         |

\* Depending on the terms of your retail energy marketer contract, you may or may not be affected by Union Gas' changes to transportation rates. Please contact your retail energy marketer directly at the phone number that appears on your bill if you have questions.



**Important Information About Your Rates**  
**February 2013**  
**Rate 301 – Northern Ontario**

The Ontario Energy Board has approved changes to the rates Union Gas charges its customers effective January 1, 2013. The total annual bill increase for a typical Rate 301 customer in Northern Ontario using 2,200 m<sup>3</sup> of natural gas a year will be \$65.77. The enclosed bill uses the new approved rates.

**Gas Used**

The gas commodity rate decreased by 0.1205 ¢/m<sup>3</sup> to 12.7025 ¢/m<sup>3</sup>. For most customers the annual decrease will be about \$2.66.

**Transportation to Union Gas**

The transportation to Union Gas rate decreased by 0.0220 ¢/m<sup>3</sup> to 7.6275 ¢/m<sup>3</sup>. For most customers the annual decrease will be about \$0.48.

**Storage**

The storage rate increased by 0.9712 ¢/m<sup>3</sup> to 3.2252 ¢/m<sup>3</sup>. For most customers the annual increase will be about \$21.38.

**Delivery**

The delivery rates that vary with consumption increased based on our forecast cost of delivering natural gas to your home or business. For most customers the annual increase will be about \$47.53.

## New Rates

The table below shows the new, approved rates used to calculate your natural gas bill as of January 1, 2013. Annual bill impacts exclude the temporary charges and credits shown on the price adjustment lines on your bill. The annual impacts are based on a typical Rate 301 customer in Northern Ontario using 2,200 m<sup>3</sup> of natural gas a year.

| <b>CHARGES</b>                  | <b>RATES<br/>at Jan 1, 2013</b> | <b>ANNUAL<br/>increase or decrease</b> |
|---------------------------------|---------------------------------|--|
| Gas used                        | 12.7025 ¢/m <sup>3</sup>        | -\$2.66                                |
| Gas price adjustment            | -2.2022 ¢/m <sup>3</sup>        | \$0.00                                 |
| Transportation to Union Gas     | 7.6275 ¢/m <sup>3</sup>         | -\$0.48                                |
| Transportation price adjustment | 1.0523 ¢/m <sup>3</sup>         | \$0.00                                 |
| Storage                         | 3.2252 ¢/m <sup>3</sup>         | \$21.38                                |
| Storage price adjustment        | 0.2109 ¢/m <sup>3</sup>         | \$0.00                                 |
| Delivery                        |                                 |  |
| First 100 m <sup>3</sup>        | 9.7347 ¢/m <sup>3</sup>         |  |
| Next 200 m <sup>3</sup>         | 9.2102 ¢/m <sup>3</sup>         |  |
| Next 200 m <sup>3</sup>         | 8.8375 ¢/m <sup>3</sup>         |  |
| Next 500 m <sup>3</sup>         | 8.4955 ¢/m <sup>3</sup>         |  |
| All Over 1,000 m <sup>3</sup>   | 8.2130 ¢/m <sup>3</sup>         |  |
| Delivery price adjustment       | 0.4510 ¢/m <sup>3</sup>         | \$0.00                                 |
| Monthly charge                  | \$21.00                         | \$0.00                                 |
| Total annual impact             |                                 | <b>\$65.77</b>                         |

**Important Information About Your Rates**  
**February 2013**  
**Rate 301 – Northern Ontario**  
**Energy Marketer Customer**

The Ontario Energy Board has approved changes to the rates Union Gas charges its customers effective January 1, 2013. The total annual bill increase for a typical Rate 301 customer in Northern Ontario using 2,200 m<sup>3</sup> of natural gas a year and buying gas from an energy marketer will be \$68.43. The enclosed bill uses the new approved rates.

**Transportation to Union Gas**

The transportation to Union Gas rate decreased by 0.0220 ¢/m<sup>3</sup> to 7.6275 ¢/m<sup>3</sup>. For most customers the annual decrease will be about \$0.48.

**Storage**

The storage rate increased by 0.9712 ¢/m<sup>3</sup> to 3.2252 ¢/m<sup>3</sup>. For most customers the annual increase will be about \$21.38.

**Delivery**

The delivery rates that vary with consumption increased based on our forecast cost of delivering natural gas to your home or business. For most customers the annual increase will be about \$47.53.

## New Rates

The table below shows the new, approved rates used to calculate your natural gas bill as of January 1, 2013. Annual bill impacts exclude the temporary charges and credits shown on the price adjustment lines on your bill. The annual impacts are based on a typical Rate 301 customer in Northern Ontario using 2,200 m<sup>3</sup> of natural gas a year and buying gas from an energy marketer.

| <b>CHARGES</b>                  | <b>RATES<br/>at Jan 1, 2013</b> | <b>ANNUAL<br/>increase or decrease</b> |
|---------------------------------|---------------------------------|--|
| Transportation to Union Gas     | 7.6275 ¢/m <sup>3</sup>         | -\$0.48                                |
| Transportation price adjustment | 1.0523 ¢/m <sup>3</sup>         | \$0.00                                 |
| Storage                         | 3.2252 ¢/m <sup>3</sup>         | \$21.38                                |
| Storage price adjustment        | 0.2109 ¢/m <sup>3</sup>         | \$0.00                                 |
| Delivery                        |                                 |  |
| First 100 m <sup>3</sup>        | 9.7347 ¢/m <sup>3</sup>         |  |
| Next 200 m <sup>3</sup>         | 9.2102 ¢/m <sup>3</sup>         |  |
| Next 200 m <sup>3</sup>         | 8.8375 ¢/m <sup>3</sup>         |  |
| Next 500 m <sup>3</sup>         | 8.4955 ¢/m <sup>3</sup>         |  |
| All Over 1,000 m <sup>3</sup>   | 8.2130 ¢/m <sup>3</sup>         | \$47.53                                |
| Delivery price adjustment       | 0.4510 ¢/m <sup>3</sup>         | \$0.00                                 |
| Monthly charge                  | \$21.00                         | \$0.00                                 |
| Total annual impact             |                                 | <b>\$68.43</b>                         |

\* Depending on the terms of your retail energy marketer contract, you may or may not be affected by Union Gas' changes to transportation rates. Please contact your retail energy marketer directly at the phone number that appears on your bill if you have questions.

**Important Information About Your Rates**  
**February 2013**  
**Rate 601 – Eastern Ontario**

The Ontario Energy Board has approved changes to the rates Union Gas charges its customers effective January 1, 2013. The total annual bill increase for a typical Rate 601 customer in Eastern Ontario using 2,200 m<sup>3</sup> of natural gas a year will be \$61.82. The enclosed bill uses the new approved rates.

**Gas Used**

The gas commodity rate decreased by 0.1205 ¢/m<sup>3</sup> to 12.7620 ¢/m<sup>3</sup>. For most customers the annual decrease will be about \$2.66.

**Transportation to Union Gas**

The transportation to Union Gas rate decreased by 0.2444 ¢/m<sup>3</sup> to 8.5153 ¢/m<sup>3</sup>. For most customers the annual decrease will be about \$5.36.

**Storage**

The storage rate increased by 1.0159 ¢/m<sup>3</sup> to 3.5799 ¢/m<sup>3</sup>. For most customers the annual increase will be about \$22.34.

**Delivery**

The delivery rates that vary with consumption increased based on our forecast cost of delivering natural gas to your home or business. For most customers the annual increase will be about \$47.50.

## New Rates

The table below shows the new, approved rates used to calculate your natural gas bill as of January 1, 2013. Annual bill impacts exclude the temporary charges and credits shown on the price adjustment lines on your bill. The annual impacts are based on a typical Rate 601 customer in Eastern Ontario using 2,200 m<sup>3</sup> of natural gas a year.

| <b>CHARGES</b>                  | <b>RATES<br/>at Jan 1, 2013</b> | <b>ANNUAL<br/>increase or decrease</b> |
|---------------------------------|---------------------------------|--|
| Gas used                        | 12.7620 ¢/m <sup>3</sup>        | -\$2.66                                |
| Gas price adjustment            | -2.2022 ¢/m <sup>3</sup>        | \$0.00                                 |
| Transportation to Union Gas     | 8.5153 ¢/m <sup>3</sup>         | -\$5.36                                |
| Transportation price adjustment | 1.0523 ¢/m <sup>3</sup>         | \$0.00                                 |
| Storage                         | 3.5799 ¢/m <sup>3</sup>         | \$22.34                                |
| Storage price adjustment        | 0.2109 ¢/m <sup>3</sup>         | \$0.00                                 |
| Delivery                        |                                 |  |
| First 100 m <sup>3</sup>        | 9.7347 ¢/m <sup>3</sup>         |  |
| Next 200 m <sup>3</sup>         | 9.2102 ¢/m <sup>3</sup>         |  |
| Next 200 m <sup>3</sup>         | 8.8375 ¢/m <sup>3</sup>         |  |
| Next 500 m <sup>3</sup>         | 8.4955 ¢/m <sup>3</sup>         |  |
| All Over 1,000 m <sup>3</sup>   | 8.2130 ¢/m <sup>3</sup>         | \$47.50                                |
| Delivery price adjustment       | 0.4510 ¢/m <sup>3</sup>         | \$0.00                                 |
| Monthly charge                  | \$21.00                         | \$0.00                                 |
| Total annual impact             |                                 | <b>\$61.82</b>                         |

**Important Information About Your Rates**  
**February 2013**  
**Rate 601 – Eastern Ontario**  
**Energy Marketer Customer**

The Ontario Energy Board has approved changes to the rates Union Gas charges its customers effective January 1, 2013. The total annual bill increase for a typical Rate 601 customer in Eastern Ontario using 2,200 m<sup>3</sup> of natural gas a year and buying gas from an energy marketer will be \$64.48. The enclosed bill uses the new approved rates.

**Transportation to Union Gas**

The transportation to Union Gas rate decreased by 0.2444 ¢/m<sup>3</sup> to 8.5153 ¢/m<sup>3</sup>. For most customers the annual decrease will be about \$5.36.

**Storage**

The storage rate increased by 1.0159 ¢/m<sup>3</sup> to 3.5799 ¢/m<sup>3</sup>. For most customers the annual increase will be about \$22.34.

**Delivery**

The delivery rates that vary with consumption increased based on our forecast cost of delivering natural gas to your home or business. For most customers the annual increase will be about \$47.50.

## New Rates

The table below shows the new, approved rates used to calculate your natural gas bill as of January 1, 2013. Annual bill impacts exclude the temporary charges and credits shown on the price adjustment lines on your bill. The annual impacts are based on a typical Rate 601 customer in Eastern Ontario using 2,200 m<sup>3</sup> of natural gas a year and buying gas from an energy marketer.

| <b>CHARGES</b>                  | <b>RATES<br/>at Jan 1, 2013</b> | <b>ANNUAL<br/>increase or decrease</b> |
|---------------------------------|---------------------------------|--|
| Transportation to Union Gas     | 8.5153 ¢/m <sup>3</sup>         | -\$5.36                                |
| Transportation price adjustment | 1.0523 ¢/m <sup>3</sup>         | \$0.00                                 |
| Storage                         | 3.5799 ¢/m <sup>3</sup>         | \$22.34                                |
| Storage price adjustment        | 0.2109 ¢/m <sup>3</sup>         | \$0.00                                 |
| Delivery                        |                                 |  |
| First 100 m <sup>3</sup>        | 9.7347 ¢/m <sup>3</sup>         |  |
| Next 200 m <sup>3</sup>         | 9.2102 ¢/m <sup>3</sup>         |  |
| Next 200 m <sup>3</sup>         | 8.8375 ¢/m <sup>3</sup>         |  |
| Next 500 m <sup>3</sup>         | 8.4955 ¢/m <sup>3</sup>         |  |
| All Over 1,000 m <sup>3</sup>   | 8.2130 ¢/m <sup>3</sup>         | \$47.50                                |
| Delivery price adjustment       | 0.4510 ¢/m <sup>3</sup>         | \$0.00                                 |
| Monthly charge                  | \$21.00                         | \$0.00                                 |
| Total annual impact             |                                 | <b>\$64.48</b>                         |

\* Depending on the terms of your retail energy marketer contract, you may or may not be affected by Union Gas' changes to transportation rates. Please contact your retail energy marketer directly at the phone number that appears on your bill if you have questions.



**Important Information About Your Rates**  
**February 2013**  
**Rate 210 – Fort Frances**

The Ontario Energy Board has approved changes to the rates Union Gas charges its customers effective January 1, 2013. The total annual bill increase for a typical Rate 210 customer in the Fort Frances area using 93,000 m<sup>3</sup> of natural gas a year will be \$224.40. The enclosed bill uses the new approved rates.

**Gas Used**

The gas commodity rate decreased by 0.1205 ¢/m<sup>3</sup> to 12.5811 ¢/m<sup>3</sup>. For most customers the annual decrease will be about \$112.11.

**Transportation to Union Gas**

The transportation to Union Gas rate decreased by 1.1385 ¢/m<sup>3</sup> to 4.3170 ¢/m<sup>3</sup>. For most customers the annual decrease will be about \$1,058.82.

**Storage**

The storage rate increased by 0.0051 ¢/m<sup>3</sup> to 1.2015 ¢/m<sup>3</sup>. For most customers the annual increase will be about \$4.72.

**Delivery**

The delivery rates that vary with consumption increased based on our forecast cost of delivering natural gas to your home or business. For most customers the annual increase will be about \$1,390.61.

## New Rates

The table below shows the new, approved rates used to calculate your natural gas bill as of January 1, 2013. Annual bill impacts exclude the temporary charges and credits shown on the price adjustment lines on your bill. The annual impacts are based on a typical Rate 210 customer in the Fort Frances area using 93,000 m<sup>3</sup> of natural gas a year.

| <b>CHARGES</b>                  | <b>RATES<br/>at Jan 1, 2013</b> | <b>ANNUAL<br/>increase or decrease</b> |
|---------------------------------|---------------------------------|--|
| Gas used                        | 12.5811 ¢/m <sup>3</sup>        | -\$112.11                              |
| Gas price adjustment            | -2.1961 ¢/m <sup>3</sup>        | \$0.00                                 |
| Transportation to Union Gas     | 4.3170 ¢/m <sup>3</sup>         | -\$1,058.82                            |
| Transportation price adjustment | 1.0341 ¢/m <sup>3</sup>         | \$0.00                                 |
| Storage                         | 1.2015 ¢/m <sup>3</sup>         | \$4.72                                 |
| Storage price adjustment        | 0.1201 ¢/m <sup>3</sup>         | \$0.00                                 |
| Delivery                        |                                 |  |
| First 1,000 m <sup>3</sup>      | 7.7070 ¢/m <sup>3</sup>         |  |
| Next 9,000 m <sup>3</sup>       | 6.2934 ¢/m <sup>3</sup>         |  |
| Next 20,000 m <sup>3</sup>      | 5.4872 ¢/m <sup>3</sup>         |  |
| Next 70,000 m <sup>3</sup>      | 4.9711 ¢/m <sup>3</sup>         |  |
| All Over 100,000 m <sup>3</sup> | 3.0159 ¢/m <sup>3</sup>         |  |
| Delivery price adjustment       | 0.2083 ¢/m <sup>3</sup>         | \$0.00                                 |
| Monthly charge                  | \$70.00                         | \$0.00                                 |
| Total annual impact             |                                 | <b>\$224.40</b>                        |

**Important Information About Your Rates**  
**February 2013**  
**Rate 210 – Fort Frances**  
**Energy Marketer Customer**

The Ontario Energy Board has approved changes to the rates Union Gas charges its customers effective January 1, 2013. The total annual bill increase for a typical Rate 210 customer in the Fort Frances area using 93,000 m<sup>3</sup> of natural gas a year and buying gas from an energy marketer will be \$336.51. The enclosed bill uses the new approved rates.

**Transportation to Union Gas**

The transportation to Union Gas rate decreased by 1.1385 ¢/m<sup>3</sup> to 4.3170 ¢/m<sup>3</sup>. For most customers the annual decrease will be about \$1,058.82.

**Storage**

The storage rate increased by 0.0051 ¢/m<sup>3</sup> to 1.2015 ¢/m<sup>3</sup>. For most customers the annual increase will be about \$4.72.

**Delivery**

The delivery rates that vary with consumption increased based on our forecast cost of delivering natural gas to your home or business. For most customers the annual increase will be about \$1,390.61.

## New Rates

The table below shows the new, approved rates used to calculate your natural gas bill as of January 1, 2013. Annual bill impacts exclude the temporary charges and credits shown on the price adjustment lines on your bill. The annual impacts are based on a typical Rate 210 customer in the Fort Frances area using 93,000 m<sup>3</sup> of natural gas a year and buying gas from an energy marketer.

| <b>CHARGES</b>                  | <b>RATES<br/>at Jan 1, 2013</b> | <b>ANNUAL<br/>increase or decrease</b> |
|---------------------------------|---------------------------------|--|
| Transportation to Union Gas     | 4.3170 ¢/m <sup>3</sup>         | -\$1,058.82                            |
| Transportation price adjustment | 1.0341 ¢/m <sup>3</sup>         | \$0.00                                 |
| Storage                         | 1.2015 ¢/m <sup>3</sup>         | \$4.72                                 |
| Storage price adjustment        | 0.1201 ¢/m <sup>3</sup>         | \$0.00                                 |
| Delivery                        |                                 |  |
| First 1,000 m <sup>3</sup>      | 7.7070 ¢/m <sup>3</sup>         |  |
| Next 9,000 m <sup>3</sup>       | 6.2934 ¢/m <sup>3</sup>         |  |
| Next 20,000 m <sup>3</sup>      | 5.4872 ¢/m <sup>3</sup>         |  |
| Next 70,000 m <sup>3</sup>      | 4.9711 ¢/m <sup>3</sup>         |  |
| All Over 100,000 m <sup>3</sup> | 3.0159 ¢/m <sup>3</sup>         |  |
|                                 |                                 | \$1,390.61                             |
| Delivery price adjustment       | 0.2083 ¢/m <sup>3</sup>         | \$0.00                                 |
| Monthly charge                  | \$70.00                         | \$0.00                                 |
| Total annual impact             |                                 | <b>\$336.51</b>                        |

\* Depending on the terms of your retail energy marketer contract, you may or may not be affected by Union Gas' changes to transportation rates. Please contact your retail energy marketer directly at the phone number that appears on your bill if you have questions.

**Important Information About Your Rates**  
**February 2013**  
**Rate 110 – Northwestern Ontario**

The Ontario Energy Board has approved changes to the rates Union Gas charges its customers effective January 1, 2013. The total annual bill increase for a typical Rate 110 customer in Northwestern Ontario using 93,000 m<sup>3</sup> of natural gas a year will be \$629.57. The enclosed bill uses the new approved rates.

**Gas Used**

The gas commodity rate decreased by 0.1205 ¢/m<sup>3</sup> to 12.6353 ¢/m<sup>3</sup>. For most customers the annual decrease will be about \$112.12.

**Transportation to Union Gas**

The transportation to Union Gas rate decreased by 0.9455 ¢/m<sup>3</sup> to 4.9184 ¢/m<sup>3</sup>. For most customers the annual decrease will be about \$879.30.

**Storage**

The storage rate increased by 0.2477 ¢/m<sup>3</sup> to 1.4418 ¢/m<sup>3</sup>. For most customers the annual increase will be about \$230.38.

**Delivery**

The delivery rates that vary with consumption increased based on our forecast cost of delivering natural gas to your home or business. For most customers the annual increase will be about \$1,390.61.

## New Rates

The table below shows the new, approved rates used to calculate your natural gas bill as of January 1, 2013. Annual bill impacts exclude the temporary charges and credits shown on the price adjustment lines on your bill. The annual impacts are based on a typical Rate 110 customer in Northwestern Ontario using 93,000 m<sup>3</sup> of natural gas a year.

| <b>CHARGES</b>                  | <b>RATES<br/>at Jan 1, 2013</b> | <b>ANNUAL<br/>increase or decrease</b> |
|---------------------------------|---------------------------------|--|
| Gas used                        | 12.6353 ¢/m <sup>3</sup>        | -\$112.12                              |
| Gas price adjustment            | -2.1961 ¢/m <sup>3</sup>        | \$0.00                                 |
| Transportation to Union Gas     | 4.9184 ¢/m <sup>3</sup>         | -\$879.30                              |
| Transportation price adjustment | 1.0341 ¢/m <sup>3</sup>         | \$0.00                                 |
| Storage                         | 1.4418 ¢/m <sup>3</sup>         | \$230.38                               |
| Storage price adjustment        | 0.1201 ¢/m <sup>3</sup>         | \$0.00                                 |
| Delivery                        |                                 |  |
| First 1,000 m <sup>3</sup>      | 7.7070 ¢/m <sup>3</sup>         |  |
| Next 9,000 m <sup>3</sup>       | 6.2934 ¢/m <sup>3</sup>         |  |
| Next 20,000 m <sup>3</sup>      | 5.4872 ¢/m <sup>3</sup>         |  |
| Next 70,000 m <sup>3</sup>      | 4.9711 ¢/m <sup>3</sup>         |  |
| All Over 100,000 m <sup>3</sup> | 3.0159 ¢/m <sup>3</sup>         |  |
| Delivery price adjustment       | 0.2083 ¢/m <sup>3</sup>         | \$0.00                                 |
| Monthly charge                  | \$70.00                         | \$0.00                                 |
| Total annual impact             |                                 | <b>\$629.57</b>                        |

**Important Information About Your Rates**  
**February 2013**  
**Rate 110 – Northwestern Ontario**  
**Energy Marketer Customer**

The Ontario Energy Board has approved changes to the rates Union Gas charges its customers effective January 1, 2013. The total annual bill increase for a typical Rate 110 customer in Northwestern Ontario using 93,000 m<sup>3</sup> of natural gas a year and buying gas from an energy marketer will be \$741.69. The enclosed bill uses the new approved rates.

**Transportation to Union Gas**

The transportation to Union Gas rate decreased by 0.9455 ¢/m<sup>3</sup> to 4.9184 ¢/m<sup>3</sup>. For most customers the annual decrease will be about \$879.30.

**Storage**

The storage rate increased by 0.2477 ¢/m<sup>3</sup> to 1.4418 ¢/m<sup>3</sup>. For most customers the annual increase will be about \$230.38.

**Delivery**

The delivery rates that vary with consumption increased based on our forecast cost of delivering natural gas to your home or business. For most customers the annual increase will be about \$1,390.61.

## New Rates

The table below shows the new, approved rates used to calculate your natural gas bill as of January 1, 2013. Annual bill impacts exclude the temporary charges and credits shown on the price adjustment lines on your bill. The annual impacts are based on a typical Rate 110 customer in Northwestern Ontario using 93,000 m<sup>3</sup> of natural gas a year and buying gas from an energy marketer.

| <b>CHARGES</b>                  | <b>RATES<br/>at Jan 1, 2013</b> | <b>ANNUAL<br/>increase or decrease</b> |
|---------------------------------|---------------------------------|--|
| Transportation to Union Gas     | 4.9184 ¢/m <sup>3</sup>         | -\$879.30                              |
| Transportation price adjustment | 1.0341 ¢/m <sup>3</sup>         | \$0.00                                 |
| Storage                         | 1.4418 ¢/m <sup>3</sup>         | \$230.38                               |
| Storage price adjustment        | 0.1201 ¢/m <sup>3</sup>         | \$0.00                                 |
| Delivery                        |                                 |  |
| First 1,000 m <sup>3</sup>      | 7.7070 ¢/m <sup>3</sup>         | \$1,390.61                             |
| Next 9,000 m <sup>3</sup>       | 6.2934 ¢/m <sup>3</sup>         |  |
| Next 20,000 m <sup>3</sup>      | 5.4872 ¢/m <sup>3</sup>         |  |
| Next 70,000 m <sup>3</sup>      | 4.9711 ¢/m <sup>3</sup>         |  |
| All Over 100,000 m <sup>3</sup> | 3.0159 ¢/m <sup>3</sup>         |  |
| Delivery price adjustment       | 0.2083 ¢/m <sup>3</sup>         | \$0.00                                 |
| Monthly charge                  | \$70.00                         | \$0.00                                 |
| <b>Total annual impact</b>      |                                 | <b>\$741.69</b>                        |

\* Depending on the terms of your retail energy marketer contract, you may or may not be affected by Union Gas' changes to transportation rates. Please contact your retail energy marketer directly at the phone number that appears on your bill if you have questions.



**Important Information About Your Rates**  
**February 2013**  
**Rate 310 – Northern Ontario**

The Ontario Energy Board has approved changes to the rates Union Gas charges its customers effective January 1, 2013. The total annual bill increase for a typical Rate 310 customer in Northern Ontario using 93,000 m<sup>3</sup> of natural gas a year will be \$1,730.64. The enclosed bill uses the new approved rates.

**Gas Used**

The gas commodity rate decreased by 0.1205 ¢/m<sup>3</sup> to 12.7025 ¢/m<sup>3</sup>. For most customers the annual decrease will be about \$112.09.

**Transportation to Union Gas**

The transportation to Union Gas rate decreased by 0.2095 ¢/m<sup>3</sup> to 7.0058 ¢/m<sup>3</sup>. For most customers the annual decrease will be about \$194.84.

**Storage**

The storage rate increased by 0.6964 ¢/m<sup>3</sup> to 2.2760 ¢/m<sup>3</sup>. For most customers the annual increase will be about \$647.59.

**Delivery**

The delivery rates that vary with consumption increased based on our forecast cost of delivering natural gas to your home or business. For most customers the annual increase will be about \$1,389.98.

## New Rates

The table below shows the new, approved rates used to calculate your natural gas bill as of January 1, 2013. Annual bill impacts exclude the temporary charges and credits shown on the price adjustment lines on your bill. The annual impacts are based on a typical Rate 310 customer in Northern Ontario using 93,000 m<sup>3</sup> of natural gas a year.

| <b>CHARGES</b>                  | <b>RATES<br/>at Jan 1, 2013</b> | <b>ANNUAL<br/>increase or decrease</b> |
|---------------------------------|---------------------------------|--|
| Gas used                        | 12.7025 ¢/m <sup>3</sup>        | -\$112.09                              |
| Gas price adjustment            | -2.1961 ¢/m <sup>3</sup>        | \$0.00                                 |
| Transportation to Union Gas     | 7.0058 ¢/m <sup>3</sup>         | -\$194.84                              |
| Transportation price adjustment | 1.0341 ¢/m <sup>3</sup>         | \$0.00                                 |
| Storage                         | 2.2760 ¢/m <sup>3</sup>         | \$647.59                               |
| Storage price adjustment        | 0.1201 ¢/m <sup>3</sup>         | \$0.00                                 |
| Delivery                        |                                 |  |
| First 1,000 m <sup>3</sup>      | 7.7070 ¢/m <sup>3</sup>         |  |
| Next 9,000 m <sup>3</sup>       | 6.2934 ¢/m <sup>3</sup>         |  |
| Next 20,000 m <sup>3</sup>      | 5.4872 ¢/m <sup>3</sup>         |  |
| Next 70,000 m <sup>3</sup>      | 4.9711 ¢/m <sup>3</sup>         |  |
| All Over 100,000 m <sup>3</sup> | 3.0159 ¢/m <sup>3</sup>         |  |
|                                 |                                 | \$1,389.98                             |
| Delivery price adjustment       | 0.2083 ¢/m <sup>3</sup>         | \$0.00                                 |
| Monthly charge                  | \$70.00                         | \$0.00                                 |
| Total annual impact             |                                 | <b>\$1,730.64</b>                      |

**Important Information About Your Rates**  
**February 2013**  
**Rate 310 – Northern Ontario**  
**Energy Marketer Customer**

The Ontario Energy Board has approved changes to the rates Union Gas charges its customers effective January 1, 2013. The total annual bill increase for a typical Rate 310 customer in Northern Ontario using 93,000 m<sup>3</sup> of natural gas a year and buying gas from an energy marketer will be \$1,842.73. The enclosed bill uses the new approved rates.

**Transportation to Union Gas**

The transportation to Union Gas rate decreased by 0.2095 ¢/m<sup>3</sup> to 7.0058 ¢/m<sup>3</sup>. For most customers the annual decrease will be about \$194.84.

**Storage**

The storage rate increased by 0.6964 ¢/m<sup>3</sup> to 2.2760 ¢/m<sup>3</sup>. For most customers the annual increase will be about \$647.59.

**Delivery**

The delivery rates that vary with consumption increased based on our forecast cost of delivering natural gas to your home or business. For most customers the annual increase will be about \$1,389.98.

## New Rates

The table below shows the new, approved rates used to calculate your natural gas bill as of January 1, 2013. Annual bill impacts exclude the temporary charges and credits shown on the price adjustment lines on your bill. The annual impacts are based on a typical Rate 310 customer in Northern Ontario using 93,000 m<sup>3</sup> of natural gas a year and buying gas from an energy marketer.

| <b>CHARGES</b>                  | <b>RATES<br/>at Jan 1, 2013</b> | <b>ANNUAL<br/>increase or decrease</b> |
|---------------------------------|---------------------------------|--|
| Transportation to Union Gas     | 7.0058 ¢/m <sup>3</sup>         | -\$194.84                              |
| Transportation price adjustment | 1.0341 ¢/m <sup>3</sup>         | \$0.00                                 |
| Storage                         | 2.2760 ¢/m <sup>3</sup>         | \$647.59                               |
| Storage price adjustment        | 0.1201 ¢/m <sup>3</sup>         | \$0.00                                 |
| Delivery                        |                                 |  |
| First 1,000 m <sup>3</sup>      | 7.7070 ¢/m <sup>3</sup>         |  |
| Next 9,000 m <sup>3</sup>       | 6.2934 ¢/m <sup>3</sup>         |  |
| Next 20,000 m <sup>3</sup>      | 5.4872 ¢/m <sup>3</sup>         |  |
| Next 70,000 m <sup>3</sup>      | 4.9711 ¢/m <sup>3</sup>         |  |
| All Over 100,000 m <sup>3</sup> | 3.0159 ¢/m <sup>3</sup>         | \$1,389.98                             |
| Delivery price adjustment       | 0.2083 ¢/m <sup>3</sup>         | \$0.00                                 |
| Monthly charge                  | \$70.00                         | \$0.00                                 |
| <b>Total annual impact</b>      |                                 | <b>\$1,842.73</b>                      |

\* Depending on the terms of your retail energy marketer contract, you may or may not be affected by Union Gas' changes to transportation rates. Please contact your retail energy marketer directly at the phone number that appears on your bill if you have questions.

**Important Information About Your Rates**  
**February 2013**  
**Rate 610 – Eastern Ontario**

The Ontario Energy Board has approved changes to the rates Union Gas charges its customers effective January 1, 2013. The total annual bill increase for a typical Rate 610 customer in Eastern Ontario using 93,000 m<sup>3</sup> of natural gas a year will be \$1,565.83. The enclosed bill uses the new approved rates.

**Gas Used**

The gas commodity rate decreased by 0.1205 ¢/m<sup>3</sup> to 12.7620 ¢/m<sup>3</sup>. For most customers the annual decrease will be about \$112.10.

**Transportation to Union Gas**

The transportation to Union Gas rate decreased by 0.4320 ¢/m<sup>3</sup> to 7.8935 ¢/m<sup>3</sup>. For most customers the annual decrease will be about \$401.73.

**Storage**

The storage rate increased by 0.7400 ¢/m<sup>3</sup> to 2.6307 ¢/m<sup>3</sup>. For most customers the annual increase will be about \$688.15.

**Delivery**

The delivery rates that vary with consumption increased based on our forecast cost of delivering natural gas to your home or business. For most customers the annual increase will be about \$1,391.51.

## New Rates

The table below shows the new, approved rates used to calculate your natural gas bill as of January 1, 2013. Annual bill impacts exclude the temporary charges and credits shown on the price adjustment lines on your bill. The annual impacts are based on a typical Rate 610 customer in Eastern Ontario using 93,000 m<sup>3</sup> of natural gas a year.

| <b>CHARGES</b>                  | <b>RATES<br/>at Jan 1, 2013</b> | <b>ANNUAL<br/>increase or decrease</b> |
|---------------------------------|---------------------------------|--|
| Gas used                        | 12.7620 ¢/m <sup>3</sup>        | -\$112.10                              |
| Gas price adjustment            | -2.1961 ¢/m <sup>3</sup>        | \$0.00                                 |
| Transportation to Union Gas     | 7.8935 ¢/m <sup>3</sup>         | -\$401.73                              |
| Transportation price adjustment | 1.0341 ¢/m <sup>3</sup>         | \$0.00                                 |
| Storage                         | 2.6307 ¢/m <sup>3</sup>         | \$688.15                               |
| Storage price adjustment        | 0.1201 ¢/m <sup>3</sup>         | \$0.00                                 |
| Delivery                        |                                 |  |
| First 1,000 m <sup>3</sup>      | 7.7070 ¢/m <sup>3</sup>         |  |
| Next 9,000 m <sup>3</sup>       | 6.2934 ¢/m <sup>3</sup>         |  |
| Next 20,000 m <sup>3</sup>      | 5.4872 ¢/m <sup>3</sup>         |  |
| Next 70,000 m <sup>3</sup>      | 4.9711 ¢/m <sup>3</sup>         |  |
| All Over 100,000 m <sup>3</sup> | 3.0159 ¢/m <sup>3</sup>         |  |
|                                 |                                 | \$1,391.51                             |
| Delivery price adjustment       | 0.2083 ¢/m <sup>3</sup>         | \$0.00                                 |
| Monthly charge                  | \$70.00                         | \$0.00                                 |
| Total annual impact             |                                 | <b>\$1,565.83</b>                      |

**Important Information About Your Rates**  
**February 2013**  
**Rate 610 – Eastern Ontario**  
**Energy Marketer Customer**

The Ontario Energy Board has approved changes to the rates Union Gas charges its customers effective January 1, 2013. The total annual bill increase for a typical Rate 610 customer in Eastern Ontario using 93,000 m<sup>3</sup> of natural gas a year and buying gas from an energy marketer will be \$1,677.93. The enclosed bill uses the new approved rates.

**Transportation to Union Gas**

The transportation to Union Gas rate decreased by 0.4320 ¢/m<sup>3</sup> to 7.8935 ¢/m<sup>3</sup>. For most customers the annual decrease will be about \$401.73.

**Storage**

The storage rate increased by 0.7400 ¢/m<sup>3</sup> to 2.6307 ¢/m<sup>3</sup>. For most customers the annual increase will be about \$688.15.

**Delivery**

The delivery rates that vary with consumption increased based on our forecast cost of delivering natural gas to your home or business. For most customers the annual increase will be about \$1,391.51.

## New Rates

The table below shows the new, approved rates used to calculate your natural gas bill as of January 1, 2013. Annual bill impacts exclude the temporary charges and credits shown on the price adjustment lines on your bill. The annual impacts are based on a typical Rate 610 customer in Eastern Ontario using 93,000 m<sup>3</sup> of natural gas a year and buying gas from an energy marketer.

| <b>CHARGES</b>                  | <b>RATES<br/>at Jan 1, 2013</b> | <b>ANNUAL<br/>increase or decrease</b> |
|---------------------------------|---------------------------------|--|
| Transportation to Union Gas     | 7.8935 ¢/m <sup>3</sup>         | -\$401.73                              |
| Transportation price adjustment | 1.0341 ¢/m <sup>3</sup>         | \$0.00                                 |
| Storage                         | 2.6307 ¢/m <sup>3</sup>         | \$688.15                               |
| Storage price adjustment        | 0.1201 ¢/m <sup>3</sup>         | \$0.00                                 |
| Delivery                        |                                 |  |
| First 1,000 m <sup>3</sup>      | 7.7070 ¢/m <sup>3</sup>         |  |
| Next 9,000 m <sup>3</sup>       | 6.2934 ¢/m <sup>3</sup>         |  |
| Next 20,000 m <sup>3</sup>      | 5.4872 ¢/m <sup>3</sup>         |  |
| Next 70,000 m <sup>3</sup>      | 4.9711 ¢/m <sup>3</sup>         |  |
| All Over 100,000 m <sup>3</sup> | 3.0159 ¢/m <sup>3</sup>         |  |
|                                 |                                 | \$1,391.51                             |
| Delivery price adjustment       | 0.2083 ¢/m <sup>3</sup>         | \$0.00                                 |
| Monthly charge                  | \$70.00                         | \$0.00                                 |
| Total annual impact             |                                 | <b>\$1,677.93</b>                      |

\* Depending on the terms of your retail energy marketer contract, you may or may not be affected by Union Gas' changes to transportation rates. Please contact your retail energy marketer directly at the phone number that appears on your bill if you have questions.



**Important Information About Your Rates**  
**February 2013**  
**Rate M1 – Southern Ontario**

The Ontario Energy Board has approved changes to the rates Union Gas charges its customers effective January 1, 2013. The total annual bill decrease for a typical Rate M1 customer in Southern Ontario using 2,200 m<sup>3</sup> of natural gas a year will be \$9.39. The enclosed bill uses the new approved rates.

**Gas Used**

The gas commodity rate decreased by 0.1205 ¢/m<sup>3</sup> to 12.7620 ¢/m<sup>3</sup>. For most customers the annual decrease will be about \$2.66.

**Transportation to Union Gas**

The transportation to Union Gas rate decreased by 0.2824 ¢/m<sup>3</sup> to 4.3997 ¢/m<sup>3</sup>. For most customers the annual decrease will be about \$6.21.

**Storage**

The storage rate decreased by 0.2367 ¢/m<sup>3</sup> to 0.7368 ¢/m<sup>3</sup>. For most customers the annual decrease will be about \$5.18.

**Delivery**

The delivery rates that vary with consumption increased based on our forecast cost of delivering natural gas to your home or business. For most customers the annual increase will be about \$4.66.

## New Rates

The table below shows the new, approved rates used to calculate your natural gas bill as of January 1, 2013. Annual bill impacts exclude the temporary charges and credits shown on the price adjustment lines on your bill. The annual impacts are based on a typical Rate M1 customer in Southern Ontario using 2,200 m<sup>3</sup> of natural gas a year.

| <b>CHARGES</b>              | <b>RATES<br/>at Jan 1, 2013</b> | <b>ANNUAL<br/>increase or decrease</b> |
|-----------------------------|---------------------------------|--|
| Gas used                    | 12.7620 ¢/m <sup>3</sup>        | -\$2.66                                |
| Gas price adjustment        | -2.1831 ¢/m <sup>3</sup>        | \$0.00                                 |
| Transportation to Union Gas | 4.3997 ¢/m <sup>3</sup>         | -\$6.21                                |
| Storage                     | 0.7368 ¢/m <sup>3</sup>         | -\$5.18                                |
| Storage price adjustment    | -0.0513 ¢/m <sup>3</sup>        | \$0.00                                 |
| Delivery                    |                                 |  |
| First 100 m <sup>3</sup>    | 3.7795 ¢/m <sup>3</sup>         | \$4.66                                 |
| Next 150 m <sup>3</sup>     | 3.5730 ¢/m <sup>3</sup>         |  |
| All over 250 m <sup>3</sup> | 3.0845 ¢/m <sup>3</sup>         |  |
| Delivery price adjustment   | -0.0054 ¢/m <sup>3</sup>        | \$0.00                                 |
| Monthly charge              | \$21.00                         | \$0.00                                 |
| Total annual impact         |                                 | <b>-\$9.39</b>                         |

**Important Information About Your Rates**  
**February 2013**  
**Rate M1 – Southern Ontario**  
**Energy Marketer Customer**

The Ontario Energy Board has approved changes to the rates Union Gas charges its customers effective January 1, 2013. The total annual bill decrease for a typical Rate M1 customer in Southern Ontario using 2,200 m<sup>3</sup> of natural gas a year and buying gas from an energy marketer will be \$0.52. The enclosed bill uses the new approved rates.

**Storage**

The storage rate decreased by 0.2367 ¢/m<sup>3</sup> to 0.7368 ¢/m<sup>3</sup>. For most customers the annual decrease will be about \$5.18.

**Delivery**

The delivery rates that vary with consumption increased based on our forecast cost of delivering natural gas to your home or business. For most customers the annual increase will be about \$4.66.

**New Rates**

The table below shows the new, approved rates used to calculate your natural gas bill as of January 1, 2013. Annual bill impacts exclude the temporary charges and credits shown on the price adjustment lines on your bill. The annual impacts are based on a typical Rate M1 customer in Southern Ontario using 2,200 m<sup>3</sup> of

| <b>CHARGES</b>              | <b>RATES<br/>at Jan 1, 2013</b> | <b>ANNUAL<br/>increase or decrease</b> |
|-----------------------------|---------------------------------|--|
| Storage                     | 0.7368 ¢/m <sup>3</sup>         | -\$5.18                                |
| Storage price adjustment    | -0.0513 ¢/m <sup>3</sup>        | \$0.00                                 |
| Delivery                    |                                 |  |
| First 100 m <sup>3</sup>    | 3.7795 ¢/m <sup>3</sup>         | \$4.66                                 |
| Next 150 m <sup>3</sup>     | 3.5730 ¢/m <sup>3</sup>         |  |
| All over 250 m <sup>3</sup> | 3.0845 ¢/m <sup>3</sup>         |  |
| Delivery price adjustment   | -0.0054 ¢/m <sup>3</sup>        | \$0.00                                 |
| Monthly charge              | \$21.00                         | \$0.00                                 |
| Total annual impact         |                                 | <b>-\$0.52</b>                         |

**Important Information About Your Rates**  
**February 2013**  
**Rate M2 – Southern Ontario**

The Ontario Energy Board has approved changes to the rates Union Gas charges its customers effective January 1, 2013. The total annual bill increase for a typical Rate M2 customer in Southern Ontario using 73,000 m<sup>3</sup> of natural gas a year will be \$12.23. The enclosed bill uses the new approved rates.

**Gas Used**

The gas commodity rate decreased by 0.1205 ¢/m<sup>3</sup> to 12.7620 ¢/m<sup>3</sup>. For most customers the annual decrease will be about \$88.00.

**Transportation to Union Gas**

The transportation to Union Gas rate decreased by 0.2824 ¢/m<sup>3</sup> to 4.3997 ¢/m<sup>3</sup>. For most customers the annual decrease will be about \$206.14.

**Storage**

The storage rate increased by 0.0378 ¢/m<sup>3</sup> to 0.7550 ¢/m<sup>3</sup>. For most customers the annual increase will be about \$27.62.

**Delivery**

The delivery rates that vary with consumption increased based on our forecast cost of delivering natural gas to your home or business. For most customers the annual increase will be about \$278.72.

## New Rates

The table below shows the new, approved rates used to calculate your natural gas bill as of January 1, 2013. Annual bill impacts exclude the temporary charges and credits shown on the price adjustment lines on your bill. The annual impacts are based on a typical Rate M2 customer in Southern Ontario using 73,000 m<sup>3</sup> of natural gas a year.

| <b>CHARGES</b>                 | <b>RATES<br/>at Jan 1, 2013</b> | <b>ANNUAL<br/>increase or decrease</b> |
|--------------------------------|---------------------------------|--|
| Gas used                       | 12.7620 ¢/m <sup>3</sup>        | -\$88.00                               |
| Gas price adjustment           | -2.1831 ¢/m <sup>3</sup>        | \$0.01                                 |
| Transportation to Union Gas    | 4.3997 ¢/m <sup>3</sup>         | -\$206.14                              |
| Storage                        | 0.7550 ¢/m <sup>3</sup>         | \$27.62                                |
| Storage price adjustment       | 0.0080 ¢/m <sup>3</sup>         | \$0.00                                 |
| Delivery                       |                                 |  |
| First 1,000 m <sup>3</sup>     | 4.1416 ¢/m <sup>3</sup>         |  |
| Next 6,000 m <sup>3</sup>      | 4.0653 ¢/m <sup>3</sup>         |  |
| Next 13,000 m <sup>4</sup>     | 3.8379 ¢/m <sup>3</sup>         |  |
| All over 20,000 m <sup>3</sup> | 3.5650 ¢/m <sup>3</sup>         | \$278.72                               |
| Delivery price adjustment      | 0.0355 ¢/m <sup>3</sup>         | \$0.02                                 |
| Monthly charge                 | \$70.00                         | \$0.00                                 |
| Total annual impact            |                                 | <b>\$12.23</b>                         |

**Important Information About Your Rates**  
**February 2013**  
**Rate M2 – Southern Ontario**  
**Energy Marketer Customer**

The Ontario Energy Board has approved changes to the rates Union Gas charges its customers effective January 1, 2013. The total annual bill increase for a typical Rate M2 customer in Southern Ontario using 73,000 m<sup>3</sup> of natural gas a year and buying gas from an energy marketer will be \$306.36. The enclosed bill uses the new approved rates.

**Storage**

The storage rate increased by 0.0378 ¢/m<sup>3</sup> to 0.7550 ¢/m<sup>3</sup>. For most customers the annual increase will be about \$27.62.

**Delivery**

The delivery rates that vary with consumption increased based on our forecast cost of delivering natural gas to your home or business. For most customers the annual increase will be about \$278.72.

**New Rates**

The table below shows the new, approved rates used to calculate your natural gas bill as of January 1, 2013. Annual bill impacts exclude the temporary charges and credits shown on the price adjustment lines on your bill. The annual impacts are based on a typical Rate M2 customer in Southern Ontario using 73,000 m<sup>3</sup> of natural gas a year and buying gas from an energy marketer.

| <b>CHARGES</b>                 | <b>RATES<br/>at Jan 1, 2013</b> | <b>ANNUAL<br/>increase or decrease</b> |
|--------------------------------|---------------------------------|--|
| Storage                        | 0.7550 ¢/m <sup>3</sup>         | \$27.62                                |
| Storage price adjustment       | 0.0080 ¢/m <sup>3</sup>         | \$0.00                                 |
| Delivery                       |                                 |  |
| First 1,000 m <sup>3</sup>     | 4.1416 ¢/m <sup>3</sup>         | \$278.72                               |
| Next 6,000 m <sup>3</sup>      | 4.0653 ¢/m <sup>3</sup>         |  |
| Next 13,000 m <sup>4</sup>     | 3.8379 ¢/m <sup>3</sup>         |  |
| All over 20,000 m <sup>3</sup> | 3.5650 ¢/m <sup>3</sup>         |  |
| Delivery price adjustment      | 0.0355 ¢/m <sup>3</sup>         | \$0.02                                 |
| Monthly charge                 | \$70.00                         | \$0.00                                 |
| Total annual impact            |                                 | <b>\$306.36</b>                        |

# AN IMPORTANT NOTICE ABOUT YOUR GAS RATES

January 2013

The Ontario Energy Board (OEB) approved changes to the rates Union Gas charges customers effective January 1, 2013. Your new rates are shown on the accompanying **Rate 20** schedule. Changes in the rates are detailed in the attached appendix. The enclosed bill uses the new approved rates.

## **Delivery**

Approved 2013 delivery rates reflect a rate class average increase of 47.8% from the previously approved January 1, 2013 rates for Rate 20 customers. Individual customer impacts will vary.

## **Transportation**

Changes in the gas transportation rate, **if applicable to your service**, reflect the changes in the costs to provide transportation service effective January 1, 2013.

## **Bundled-T Storage Service**

The storage demand and commodity charges, **which apply to bundled storage service only**, have decreased to \$9.643/GJ and \$0.156/GJ respectively, reflecting the change in forecast costs to provide bundled storage service effective January 1, 2013.

## **Gas Supply Charges**

New rates, **if applicable to your service**, reflect a decrease in Union Gas' forecast cost to purchase natural gas for the next 12 months. The changes by zone are detailed in the attached appendix.

Adjusting your gas rate in this way ensures that you are billed at a rate that more closely reflects the market price of natural gas and avoids large out-of-period adjustments. Union Gas does not earn income on the sale of the natural gas commodity. The price we pay for the gas commodity is passed on directly to customers with no profit included.

We appreciate and thank you for your business. If you have any questions about the rate changes, please call your account representative. Our staff will be pleased to answer your questions.

Rate 20 + Appendix A (Rate 20)  
[Rate schedule attached]

# AN IMPORTANT NOTICE ABOUT YOUR GAS RATES

January 2013

The Ontario Energy Board (OEB) approved changes to the rates Union Gas charges customers effective January 1, 2013. Your new rates are shown on the accompanying **Rate 25** schedule. Changes in the rate levels are detailed in the attached appendix. The enclosed bill uses the new approved rates.

## **Delivery**

Approved 2013 delivery rates reflect a rate class average increase of 30.6% from the previously approved January 1, 2013 rates for Rate 25 customers. Individual customer impacts will vary.

We appreciate and thank you for your business. If you have any questions about the rate change, please call your Account Representative. Our staff will be pleased to answer your questions.

Rate 25 + Appendix A + Appendix C (Rate 25)  
[Rate schedule attached]



# AN IMPORTANT NOTICE ABOUT YOUR GAS RATES

January 2013

The Ontario Energy Board (OEB) approved changes to the rates Union Gas charges customers effective January 1, 2013. Your new rates are shown on the accompanying **Rate 100** schedule. Changes in the rates are detailed in the attached appendix. The enclosed bill uses the new approved rates.

## **Delivery**

Approved 2013 delivery rates reflect a rate class average increase of 30.2% from the previously approved January 1, 2013 rates for Rate 100 customers. Individual customer impacts will vary.

## **Transportation**

Changes in the gas transportation rate, **if applicable to your service**, reflect the changes in the costs to provide transportation service effective January 1, 2013.

## **Bundled-T Storage Service**

The storage demand and commodity charges, **which apply to bundled storage service only**, have decreased to \$9.643/GJ and \$0.156/GJ respectively, reflecting the change in forecast costs to provide bundled storage service effective January 1, 2013.

## **Gas Supply Charges**

New rates, **if applicable to your service**, reflect a decrease in Union Gas' forecast cost to purchase natural gas for the next 12 months. The changes by zone are detailed on the attached appendix.

Adjusting your gas rate in this way ensures that you are billed at a rate that more closely reflects the market price of natural gas and avoids large out-of-period adjustments. Union Gas does not earn income on the sale of the natural gas commodity. The price we pay for the gas commodity is passed on directly to customers with no profit included.

We appreciate and thank you for your business. If you have any questions about the rate change, please call your Account Representative. Our staff will be pleased to answer your questions.

Rate 100 + Appendix A (Rate 100)  
[Rate schedule attached]

# AN IMPORTANT NOTICE ABOUT YOUR GAS RATES

January 2013

The Ontario Energy Board (OEB) approved changes to the rates Union Gas charges customers effective January 1, 2013. Your new rates are shown on the accompanying **Rate M4** schedule. Changes in the rates are detailed in the attached appendix. The enclosed bill uses the new approved rates.

## **Delivery**

Approved 2013 delivery rates reflect a rate class average increase of 15.5% from the previously approved January 1, 2013 rates for Rate M4 customers. Individual customer impacts will vary.

## **Transportation**

The cost to transport natural gas to Ontario, **if applicable to your service**, has changed, resulting in a decrease in the transportation rate by 0.2824 cents/m<sup>3</sup> to 4.3997 cents/m<sup>3</sup>.

## **Gas Supply**

The gas commodity charge, **if applicable to your service**, has decreased by 0.1205 cents/m<sup>3</sup> to 12.7620 cents/m<sup>3</sup>. This change reflects the decrease in Union Gas' forecast cost to purchase natural gas for the next 12 months.

Adjusting your gas rate in this way ensures that you are billed at a rate that more closely reflects the market price of natural gas and avoids large out-of-period adjustments.

Union Gas does not earn income on the sale of the natural gas commodity. The price we pay for the gas commodity is passed on directly to customers with no profit included.

We appreciate and thank you for your business. If you have any questions about the rate change, please call your Account Representative. Our staff will be pleased to answer your questions.

Rate M4 + Appendix A (Rate M4)  
[Rate schedule attached]

# AN IMPORTANT NOTICE ABOUT YOUR GAS RATES

January 2013

The Ontario Energy Board (OEB) approved changes to the rates Union Gas charges customers effective January 1, 2013. Your new rates are shown on the accompanying **Rate M5A** schedule. Changes in the rates are detailed in the attached appendix. The enclosed bill uses the new approved rates.

## **Delivery**

Approved 2013 delivery rates reflect a rate class average increase of 37.6% from the previously approved January 1, 2013 rates for Rate M5A customers. Individual customer impacts will vary.

## **Transportation**

The cost to transport natural gas to Ontario, **if applicable to your service**, has changed, resulting in a decrease in the transportation rate by 0.2824 cents/m<sup>3</sup> to 4.3997 cents/m<sup>3</sup>.

## **Gas Supply**

The gas commodity charge, **if applicable to your service**, has decreased by 0.1205 cents/m<sup>3</sup> to 12.7620 cents/m<sup>3</sup>. This change reflects the decrease in Union Gas' forecast cost to purchase natural gas for the next 12 months.

Adjusting your gas rate in this way ensures that you are billed at a rate that more closely reflects the market price of natural gas and avoids large out-of-period adjustments.

Union Gas does not earn income on the sale of the natural gas commodity. The price we pay for the gas commodity is passed on directly to customers with no profit included.

We appreciate and thank you for your business. If you have any questions about the rate change, please call your Account Representative. Our staff will be pleased to answer your questions.

Rate M5A + Appendix A + Appendix C (Rate M5A)  
[Rate schedule attached]

# AN IMPORTANT NOTICE ABOUT YOUR GAS RATES

January 2013

The Ontario Energy Board (OEB) approved changes to the rates Union Gas charges customers effective January 1, 2013. Your new rates are shown on the accompanying **Rate M7** schedule. Changes in the rates are detailed in the attached appendix. The enclosed bill uses the new approved rates.

## **Delivery**

Approved 2013 delivery rates reflect a rate class average increase of 12.3% from the previously approved January 1, 2013 rates for Rate M7 customers. Individual customer impacts will vary.

## **Transportation**

The cost to transport natural gas to Ontario, **if applicable to your service**, has changed, resulting in a decrease in the transportation rate by 0.2824 cents/m<sup>3</sup> to 4.3997 cents/m<sup>3</sup>.

## **Gas Supply**

The gas commodity charge, **if applicable to your service**, has decreased by 0.1205 cents/m<sup>3</sup> to 12.7620 cents/m<sup>3</sup>. This change reflects the decrease in Union Gas' forecast cost to purchase natural gas for the next 12 months.

Adjusting your gas rate in this way ensures that you are billed at a rate that more closely reflects the market price of natural gas and avoids large out-of-period adjustments.

Union Gas does not earn income on the sale of the natural gas commodity. The price we pay for the gas commodity is passed on directly to customers with no profit included.

We appreciate and thank you for your business. If you have any questions about the rate change, please call your Account Representative. Our staff will be pleased to answer your questions.

Rate M7 + Appendix A + Appendix C (Rate M7)  
[Rate schedule attached]

# AN IMPORTANT NOTICE ABOUT YOUR GAS RATES

January 2013

The Ontario Energy Board (OEB) approved changes to the rates Union Gas charges customers effective January 1, 2013. Your new rates are shown on the accompanying **Rate M9** schedule. Changes in the rates are detailed in the attached appendix. The enclosed bill uses the new approved rates.

## **Delivery**

Approved 2013 delivery rates reflect a rate class average decrease of 11.3% from the previously approved January 1, 2013 rates for Rate M9 customers. Individual customer impacts will vary.

## **Transportation**

The cost to transport natural gas to Ontario, **if applicable to your service**, has changed, resulting in a decrease in the transportation rate by 0.2824 cents/m<sup>3</sup> to 4.3997 cents/m<sup>3</sup>.

## **Gas Supply**

The gas commodity charge, **if applicable to your service**, has decreased by 0.1205 cents/m<sup>3</sup> to 12.7620 cents/m<sup>3</sup>. This change reflects the decrease in Union Gas' forecast cost to purchase natural gas for the next 12 months.

Adjusting your gas rate in this way ensures that you are billed at a rate that more closely reflects the market price of natural gas and avoids large out-of-period adjustments.

Union Gas does not earn income on the sale of the natural gas commodity. The price we pay for the gas commodity is passed on directly to customers with no profit included.

We appreciate and thank you for your business. If you have any questions about the rate change, please call your Account Representative. Our staff will be pleased to answer your questions.

Rate M9 + Appendix A (Rate M9)  
[Rate schedule attached]

# AN IMPORTANT NOTICE ABOUT YOUR GAS RATES

January 2013

The Ontario Energy Board (OEB) approved changes to the rates Union Gas charges customers effective January 1, 2013. Your new rates are shown on the accompanying **Rate M10** schedule. Changes in the rates are detailed in the attached appendix. The enclosed bill uses the new approved rates.

## **Delivery**

Approved 2013 delivery rates reflect a rate class average increase of 105.4% from the previously approved January 1, 2013 rates for Rate M10 customers. Individual customer impacts will vary.

## **Transportation**

The cost to transport natural gas to Ontario, **if applicable to your service**, has changed, resulting in a decrease in the transportation rate by 0.2824 cents/m<sup>3</sup> to 4.3997 cents/m<sup>3</sup>.

## **Gas Supply**

The gas commodity charge, **if applicable to your service**, has decreased by 0.1205 cents/m<sup>3</sup> to 12.7620 cents/m<sup>3</sup>. This change reflects the decrease in Union Gas' forecast cost to purchase natural gas for the next 12 months.

Adjusting your gas rate in this way ensures that you are billed at a rate that more closely reflects the market price of natural gas and avoids large out-of-period adjustments.

Union Gas does not earn income on the sale of the natural gas commodity. The price we pay for the gas commodity is passed on directly to customers with no profit included.

We appreciate and thank you for your business. If you have any questions about the rate change, please call your Account Representative. Our staff will be pleased to answer your questions.

Rate M10 + Appendix A (Rate M10)  
[Rate schedule attached]

# AN IMPORTANT NOTICE ABOUT YOUR GAS RATES

January 2013

The Ontario Energy Board (OEB) has approved changes to the rates Union Gas charges its customers. New rates for **Rate R1** will be applied to bills effective January 1, 2013. Your new rates are shown on the accompanying rate schedule. Changes to supplemental service rates reflect changes in gas supply costs effective January 1, 2013.

We appreciate and thank you for your business. If you have any questions about the rate change, please call your Account Representative. Our staff will be pleased to answer your questions.

Rate R1  
[Rate schedule attached]

# AN IMPORTANT NOTICE ABOUT YOUR GAS RATES

January 2013

Effective January 1, 2013, the Ontario Energy Board (OEB) approved the split of existing Rate T1 into new Rate T1 and Rate T2 rate classes with distinct rate structures. Your new rates are shown on the accompanying **Rate T1** schedule. Changes in the rates are detailed in the attached appendix. Changes to supplemental service rates reflect changes in gas supply costs effective January 1, 2013. The enclosed bill uses the new approved rates.

## **Storage and Transportation**

Approved 2013 storage and transportation rates reflect a rate class average increase of 22.0% from the previously approved January 1, 2013 rates for Rate T1 customers. Individual customer impacts will vary based on usage.

We appreciate and thank you for your business. If you have any questions about the rate change, please call your Account Representative. Our staff will be pleased to answer your questions.

Rate T1 + Appendix A + Appendix C (Rate T1)  
[Rate schedule attached]



# AN IMPORTANT NOTICE ABOUT YOUR GAS RATES

January 2013

Effective January 1, 2013, the Ontario Energy Board (OEB) approved the split of existing Rate T1 into new Rate T1 and Rate T2 rate classes with distinct rate structures. Your new rates are shown on the accompanying **Rate T2** schedule. Changes in the rates are detailed in the attached appendix. Changes to supplemental service rates reflect changes in gas supply costs effective January 1, 2013. The enclosed bill uses the new approved rates.

## **Storage and Transportation**

Approved 2013 storage and transportation rates reflect a rate class average decrease of 22.3% from the previously approved January 1, 2013 rates for Rate T1 customers. Individual customer impacts will vary based on usage.

We appreciate and thank you for your business. If you have any questions about the rate change, please call your Account Representative. Our staff will be pleased to answer your questions.

Rate T2 + Appendix A + Appendix C (Rate T2)  
[Rate schedule attached]

# AN IMPORTANT NOTICE ABOUT YOUR GAS RATES

January 2013

The Ontario Energy Board (OEB) approved changes to the rates Union Gas charges customers effective January 1, 2013. Your new rates are shown on the accompanying **Rate T3** schedule. Changes in the rates are detailed in the attached appendix. Changes to supplemental service rates reflect changes in gas supply costs effective January 1, 2013. The enclosed bill uses the new approved rates.

## **Storage and Transportation**

Approved 2013 storage and transportation rates reflect a rate class average decrease of 0.6% from the previously approved January 1, 2013 rates for Rate T3 customers. Individual customer impacts will vary based on usage.

We appreciate and thank you for your business. If you have any questions about the rate change, please call your Account Representative. Our staff will be pleased to answer your questions.

Rate T3 + Appendix A (Rate T3)  
[Rate schedule attached]

## AN IMPORTANT NOTICE ABOUT YOUR GAS RATES

January 2013

The Ontario Energy Board (OEB) approved changes to the rates Union Gas charges customers effective January 1, 2013. These new rates reflect changes in the overall cost of providing service to natural gas transportation customers. Your new rates are shown on the accompanying **Rate M12** schedule. Changes in the rates are detailed in the attached appendix. The enclosed bill uses the new approved rates.

We appreciate and thank you for your business. If you have any questions about the rate changes please call your Account Representative. Our staff will be pleased to answer your questions.

Attachments: Rate M12 Rate Schedule and Appendix A

# AN IMPORTANT NOTICE ABOUT YOUR GAS RATES

January 2013

The Ontario Energy Board (OEB) approved changes to the rates Union Gas charges customers effective January 1, 2013. These new rates reflect changes in the overall cost of providing service to natural gas transportation customers. Your new rates are shown on the accompanying **Rate M13** schedule. Changes in the rates are detailed in the attached appendix. The enclosed bill uses the new approved rates.

We appreciate and thank you for your business. If you have any questions about the rate changes please call your Account Representative. Our staff will be pleased to answer your questions.

Attachments: Rate M13 Rate Schedule and Appendix A

# AN IMPORTANT NOTICE ABOUT YOUR GAS RATES

January 2013

The Ontario Energy Board (OEB) approved changes to the rates Union Gas charges customers effective January 1, 2013. These new rates reflect changes in the overall cost of providing service to natural gas transportation customers. Your new rates are shown on the accompanying **Rate M16** schedule. Changes in the rates are detailed in the attached appendix. The enclosed bill uses the new approved rates.

We appreciate and thank you for your business. If you have any questions about the rate changes please call your Account Representative. Our staff will be pleased to answer your questions.

Attachments: Rate M16 Rate Schedule and Appendix A

# AN IMPORTANT NOTICE ABOUT YOUR GAS RATES

January 2013

The Ontario Energy Board (OEB) approved changes to the rates Union Gas charges customers effective January 1, 2013. These new rates reflect changes in the overall cost of providing service to natural gas transportation customers. Your new rates are shown on the accompanying **Rate C1** schedule. Changes in the rates are detailed in the attached appendix. The enclosed bill uses the new approved rates.

We appreciate and thank you for your business. If you have any questions about the rate changes please call your Account Representative. Our staff will be pleased to answer your questions.

Attachments: Rate C1 Rate Schedule and Appendix A

**Appendix E**

**Decision and Rate Order**

**Miscellaneous Non-Energy Charges**

**Board File No. EB-2011-0210**

**Dated: January 17, 2013**

UNION GAS LIMITED  
Miscellaneous Non-Energy Charges

| Line No.                                     | Service  | Fee                                 |
|--|--|-------------------------------------|
| Residential Customer Class Service           |  |                                     |
| 1  | Connection Charge  | \$35                                |
| 2  | Temporary Seal - Turn-off (Seasonal)   | \$22                                |
| 3  | Temporary Seal - Turn-on (Seasonal)  | \$35                                |
| 4  | Landlord Turn-on   | \$35                                |
| 5  | Disconnect/Reconnect for Non-Payment   | \$65                                |
| Commercial/Industrial Customer Class Service |  |                                     |
| 6  | Connection Charge  | \$38                                |
| 7  | Temporary Seal - Turn-off (Seasonal)   | \$22                                |
| 8  | Temporary Seal - Turn-on (Seasonal)  | \$38                                |
| 9  | Landlord Turn-on   | \$38                                |
| 10   | Disconnect/Reconnect for Non-Payment   | \$65                                |
| Statement of Account/History Statements      |  |                                     |
| 11   | History Statement (previous year)  | \$15/statement                      |
| 12   | History Statement (beyond previous year)   | \$40/hour                           |
| 13   | Duplicate Bills * (if processed by system)   | No charge                           |
| 14   | Duplicate Bills * (if manually processed)  | \$15/statement                      |
| Dispute Meter Test Charges                   |  |                                     |
| 15   | Meter Test - Residential Meter   | \$50 flat fee for removal and test  |
| 16   | Meter Test - Commercial/Industrial Meter   | Hourly charge based on actual costs |
| Direct Purchase Administration Charges       |  |                                     |
| 17   | Monthly fee per bundled t-service contract or unbundled U2 contract                      | \$75.00                             |
| 18   | Monthly per customer fee   | \$0.19                              |
| 19   | Invoice Vendor Adjustment (IVA) fee<br>(for each successfully submitted IVA transaction) | \$1.09                              |

Notes:

- \* Duplicate bill charges only apply when customer wants two copies of a bill. Lost bills from the last billing period will be replaced free of charge.



**Appendix F**

**Decision and Rate Order**

**Board Directives**

**Board File No. EB-2011-0210**

**Dated: January 17, 2013**

**Board Directives**

1. File an expert, independent review of Union's gas supply plan, gas supply planning process and gas supply planning methodology prior to Union's next rates proceeding.
2. File sufficient evidence to support the proposed allocation of Union North and Union South Distribution Maintenance - Equipment on Customer Premises costs to rate classes in proportion to the allocation of customer station gross plant, including a definition for this maintenance category and a delineation of what has changed since EB-2005-0520 as part of Union's 2014 rates filing.
3. Undertake a review of the allocation of Kirkwall metering costs as part of Union's updated cost allocation study and file it with Union's 2014 rates filing.
4. File up to date continuity schedules related to Union's non-utility storage business as part of Union's 2014 rates filing.
5. Hire an independent consultant to update the Review of Cost Allocation for Unregulated and Regulated Storage Operations report filed in EB-2011-0038 as part of its 2014 rates filing.
6. Undertake a comprehensive cost allocation study which includes the M1/M2 and R01/R10 breakpoint reduction proposal no later than Union's 2014 rates filing. The study is to include an analysis regarding the allocation of costs for Distribution Maintenance – Meter and Regulator Repairs related to the customers that would be moving rate classes.
7. Prepare and file separate audited financial statements for the portion of the business that is subject to rate regulation no later than June 30<sup>th</sup> each year.
8. File sufficient evidence at the time the balance in the Short-term Storage Deferral account is to be disposed to allow the Board to confirm that Union has appropriately prioritized the sale of its utility storage space and calculated the balance in the account in accordance with the Board's decision.
9. File a report relating to storage encroachment, similar to that ordered by the Board in EB-2011-0038 at the time the Short-term Storage Account is to be disposed.

10. File a calculation for the payment by Union's non-utility business to its utility business for storage encroachment, if any, at the time the Short-term Storage account is to be disposed.

**Appendix G**

**Decision and Rate Order**

**Accounting Orders**

**Board File No. EB-2011-0210**

**Dated: January 17, 2013**



**UNION GAS LIMITED**

**Accounting Entries for  
Lost Revenue Adjustment Mechanism  
Deferral Account No. 179-75**

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

|        |   |   |
|--------|---|---|
| Debit  | - | Account No.179-75<br>Other Deferred Charges - Lost Revenue Adjustment Mechanism |
| Credit | - | Account No. 529<br>Other Sales  |

To record, as a debit (credit) in Deferral Account No. 179-75, the difference between actual margin reductions related to Union's DSM plans and the margin reduction included in gas delivery rates as approved by the Board.

|        |   |   |
|--------|---|---|
| Debit  | - | Income Account No. 179-75<br>Other Deferred Charges - Lost Revenue Adjustment Mechanism |
| Credit | - | Account No. 323<br>Other Interest Expense   |

To record, as a debit (credit) in Deferral Account No. 179-75, interest expense on the balance in Deferral Account No. 179-75. Simple interest will be computed monthly upon finalization of the year end balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**UNION GAS LIMITED**

**Accounting Entries for  
Transportation Tolls and Fuel – Northern and Eastern Operations Area  
Deferral Account No. 179-100**

This account is applicable to the Northern and Eastern Operations of Union Gas Limited. Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit            -            Account No.179-100  
                                 Other Deferred Charges - Transportation Tolls and Fuel – Northern and Eastern  
                                 Operations Area

Credit            -            Account No. 663  
                                 Transportation of Gas by Others

To record, as a debit (credit) in Deferral Account No. 179-100, the difference in the costs between the actual per unit transportation and associated fuel costs and the forecast per unit transportation and associated fuel costs included in the rates as approved by the Board.

Debit            -            Account No. 179-100  
                                 Other Deferred Charges - Transportation Tolls and Fuel – Northern and Eastern  
                                 Operations Area

Credit            -            Account No. 663  
                                 Transportation of Gas by Others

To record, as a debit (credit) in Deferral Account No. 179-100 charges that result from the Limited Balancing Agreement.

Debit            -            Account No. 500  
                                 Sales Revenue

Credit            -            Account No. 179-100  
                                 Other Deferred Charges - Transportation Tolls and Fuel – Northern and Eastern  
                                 Operations Area

To record, as a credit (debit) in Deferral Account No. 179-100 revenue from T-Service customers for load balancing service resulting from the Limited Balancing Agreement.

Debit            -            Account No. 179-100  
                                 Other Deferred Charges - Transportation Tolls and Fuel – Northern and Eastern  
                                 Operations Area

Credit            -            Account No. 323  
                                 Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-100 interest expense on the balance in Deferral Account No. 179-100. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**UNION GAS LIMITED**

**Accounting Entries for  
Unbundled Services Unauthorized Storage Overrun  
Deferral Account No. 179-103**

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A, prescribed under the Ontario Energy Board Act.

|        |   |   |
|--------|---|---|
| Debit  | - | Account No.571<br>Storage Revenue   |
| Credit | - | Account No. 179-103<br>Other Deferred Charges – Unbundled Services Unauthorized Storage Overrun |

To record as a credit (debit) in Deferral Account No. 179-103 any unauthorized storage overrun charges incurred by customers electing unbundled service.

|        |   |   |
|--------|---|---|
| Debit  | - | Account No. 179-103<br>Other Deferred Charges – Unbundled Services Unauthorized Storage Overrun |
| Credit | - | Account No. 323<br>Other Interest Expense   |

To record as a debit (credit) in Deferral Account No. 179-103, interest on the balance in Deferral Account No. 179-103. Simple interest will be computed on the monthly opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.



**UNION GAS LIMITED**

**Accounting Entries for  
North Purchase Gas Variance Account  
Deferral Account No. 179-105**

This account is applicable to the Northern and Eastern Operations area of Union Gas Limited. Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit           -       Account No. 179-105  
                          Other Deferred Charges – North Purchase Gas Variance Account

Credit           -       Account No. 623  
                          Cost of Gas

To record, as a debit (credit) in Deferral Account No. 179-105, the difference between the unit cost of gas purchased each month for the Northern and Eastern Operations area and the unit cost of gas included in the gas sales rates as approved by the Board, including the difference between the actual heat content of the gas purchased and the forecast heat content included in gas sales rates.

Debit           -       Account No. 179-105  
                          Other Deferred Charges - North Purchase Gas Variance Account

Credit           -       Account No. 323  
                          Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-105, interest expense on the balance in Deferral Account No. 179-105. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**UNION GAS LIMITED**

**Accounting Entries for  
South Purchase Gas Variance Account  
Deferral Account No. 179-106**

This account is applicable to the Southern Operations area of Union Gas Limited. Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit            -            Account No. 179-106  
   Other Deferred Charges – South Purchase Gas Variance Account

Credit           -            Account No. 623  
   Cost of Gas

To record, as a debit (credit) in Deferral Account No. 179-106, the difference between the unit cost of gas purchased each month for the Southern Operations and the unit cost of gas included in the gas sales rates as approved by the Board, including the difference between the actual heat content of the gas purchased and the forecast heat content included in gas sales rates.

Debit            -            Account No. 179-106  
   Other Deferred Charges - South Purchase Gas Variance Account

Credit           -            Account No. 323  
   Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-106, interest expense on the balance in Deferral Account No. 179-106. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**UNION GAS LIMITED**

**Accounting Entries for  
Spot Gas Variance Account  
Deferral Account No. 179-107**

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

|        |   |  |
|--------|---|--|
| Debit  | - | Account No. 179-107<br>Other Deferred Charges –Spot Gas Variance Account |
| Credit | - | Account No. 623<br>Cost of Gas   |

To record, as a debit (credit) in Deferral Account No. 179-107, the difference between the unit cost of spot gas purchased each month and the unit cost of gas included in the gas sales rates as approved by the Board on the spot volumes purchased in excess of planned purchases.

|        |   |  |
|--------|---|--|
| Debit  | - | Account No. 623<br>Cost of Gas   |
| Credit | - | Account No. 179-107<br>Other Deferred Charges –Spot Gas Variance Account |

To record, as a credit (debit) in Deferral Account No. 179-107, the approved gas supply charges recovered through the delivery component of rates.

|        |   |   |
|--------|---|---|
| Debit  | - | Account No. 179-107<br>Other Deferred Charges – Spot Gas Variance Account |
| Credit | - | Account No. 323<br>Other Interest Expense                                 |

To record, as a debit (credit) in Deferral Account No. 179-107, interest expense on the balance in Deferral Account No. 179-107. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**UNION GAS LIMITED**

**Accounting Entries for  
Unabsorbed Demand Cost (UDC) Variance Account  
Deferral Account No. 179-108**

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit           -       Account No. 179-108  
                          Other Deferred Charges – Unabsorbed Demand Cost Variance Account

Credit           -       Account No. 663  
                          Transportation of Gas by Others

To record, as a debit (credit) in Deferral Account No. 179-108, the difference between the actual unabsorbed demand costs incurred by Union and the amount of unabsorbed demand charges included in rates as approved by the Board.

Debit           -       Account No. 663  
                          Transportation of Gas by Others

Credit           -       Account No. 179-108  
                          Other Deferred Charges – Unabsorbed Demand Cost Variance Account

To record, as a credit (debit) in Deferral Account No. 179-108, the benefit from the temporary assignment of unutilized capacity under Union's transportation contracts to the Northern and Eastern Operations Area. The benefit will be equal to the recovery of pipeline demand charges and other charges resulting from the temporary assignment of unutilized capacity that have been included in gas sales rates.

Debit           -       Account No. 179-108  
                          Other Deferred Charges – Unabsorbed Demand Cost Variance Account

Credit           -       Account No. 323  
                          Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-108, interest expense on the balance in Deferral Account No. 179-108. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**UNION GAS LIMITED**

**Accounting Entries for  
Inventory Revaluation Account  
Deferral Account No. 179-109**

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A, prescribed under the Ontario Energy Board Act.

Debit           -        Account No. 179-109  
                          Other Deferred Charges – Inventory Revaluation

Credit           -        Account No. 152  
                          Gas in Storage - Available for Sale

To record, as a debit (credit) in Deferral Account No. 179-109, the decrease (increase) in the value of gas inventory available for sale to sales service customers due to changes in Union's weighted average cost of gas approved by the Board for rate making purposes.

Debit           -        Account No. 179-109  
                          Other Deferred Charges – Inventory Revaluation Account

Credit           -        Account No. 323  
                          Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-109, interest expense on the balance in Deferral Account No. 179-109. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**UNION GAS LIMITED**

**Accounting Entries for  
Demand Side Management Variance Account  
Deferral Account No. 179-111**

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit            -            Account No.179-111  
   Demand Side Management Variance Account

Credit           -            Account No. 728  
   General Expense

To record as a debit (credit) in Deferral Account No. 179-111, the difference between actual and the approved direct DSM expenditure budget currently approved for recovery in rates, provided that any excess over the approved direct DSM expenditure budget does not exceed 15% of the direct DSM expenditure budget. Any excess over the approved direct DSM expenditure budget for the year must be for incremental DSM volume savings that are cost effective as determined by the Total Resource Cost Test.

Debit            -            Account No.179-111  
   Other Deferred Charges – Demand Side Management Variance Account

Credit           -            Account No. 323  
   Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-111, interest expense on the balance in Deferral Account No. 179-111. Simple interest will be computed monthly upon finalization of the year end balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**UNION GAS LIMITED**

**Accounting Entries for  
Gas Distribution Access Rule (GDAR) Costs  
Deferral Account No. 179-112**

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

|        |   |  |
|--------|---|--|
| Debit  | - | Account No. 179-112<br>Other Deferred Charges - Deferred Gas Distribution Access Rule (GDAR) Costs |
| Credit | - | Account No. 728<br>General Expense   |

To record, as a debit (credit) in Deferral Account No. 179-112 the difference between the actual costs required to implement the appropriate process and system changes to achieve compliance with GDAR and the costs included in rates as approved by the Board.

|        |   |   |
|--------|---|---|
| Debit  | - | Account No.179-112<br>Other Deferred Charges - Deferred Gas Distribution Access Rule (GDAR) Costs |
| Credit | - | Account No. 323<br>Other Interest Expense   |

To record, as a debit (credit) in Deferral Account No. 179-112, interest on the balance in Deferral Account No. 179-112. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.





**UNION GAS LIMITED**

**Accounting Entries for  
Carbon Dioxide Offset Credits  
Deferral Account No. 179-117**

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

|        |   |  |
|--------|---|--|
| Debit  | - | Account No.179 -117<br>Carbon Dioxide Offset Credits |
| Credit | - | Account No. 579<br>Miscellaneous Operating Revenue   |

To record, as a debit in Deferral Account No. 179-117, the amounts representing proceeds from the sale of or other dealings in carbon dioxide offset credits earned as a result of Union's DSM activity.

|        |   |   |
|--------|---|---|
| Debit  | - | Account No.179 -117<br>Other Deferred Charges – Carbon Dioxide Offset Credits |
| Credit | - | Account No. 323<br>Other Interest Expense                                     |

To record, as a debit in Deferral Account No. 179 -117, interest expense on the balance in Deferral Account No. 179-117. Simple interest will be computed monthly upon finalization of the year end balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**UNION GAS LIMITED**

**Accounting Entries for  
Average Use Per Customer  
Deferral Account No. 179-118**

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

|        |   |  |
|--------|---|--|
| Debit  | - | Account No. 500<br>Sales Revenue   |
| Credit | - | Account No. 179-118<br>Other Deferred Charges - Average Use Per Customer |

To record as a debit (credit) in Deferral Account No. 179-118 the margin variance resulting from the difference between the actual rate of decline in use-per-customer and forecast rate of decline in use-per-customer included in gas delivery rates as approved by the Board in 2013. Actual and forecast rate of declines in use-per-customer will be calculated on a percentage and rate class specific basis for rate classes M1, M2, 01 and 10, be normalized for weather and exclude the impacts attributed to DSM which are captured in the Lost Revenue Adjustment Mechanism Deferral Account No. 179-75.

|        |   |  |
|--------|---|--|
| Debit  | - | Account No. 179-118<br>Other Deferred Charges - Average Use Per Customer |
| Credit | - | Account No. 323<br>Other Interest Expense                                |

To record, as a debit (credit) in Deferral Account No. 179-118, interest on the balance in Deferral Account No. 179-118. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**UNION GAS LIMITED**

**Accounting Entries for  
CGAAP to IFRS Conversion Costs  
Deferral Account No. 179-120**

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

|        |   |  |
|--------|---|--|
| Debit  | - | Account No. 179-120<br>Other Deferred Charges - CGAAP to IFRS Conversion Costs |
| Credit | - | Account No. 728<br>General Expense   |

To record, as a debit (credit) in Deferral Account No. 179-120 the difference between the actual incremental one-time administrative costs incurred to convert accounting policies and processes from their current compliance with Canadian Generally Accepted Accounting Principles (CGAAP) to their future compliance with International Financial Reporting Standards (IFRS) and the costs included in rates as approved by the Board.

|        |   |   |
|--------|---|---|
| Debit  | - | Account No.179-120<br>Other Deferred Charges - CGAAP to IFRS Conversion Costs |
| Credit | - | Account No. 323<br>Other Interest Expense                                     |

To record, as a debit (credit) in Deferral Account No. 179-120, interest on the balance in Deferral Account No. 179-120. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**UNION GAS LIMITED**

**Accounting Entries for  
Conservation Demand Management  
Deferral Account No. 179-123**

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit           -       Account No. 312  
                          Non-Gas Operating Revenue

Credit           -       Account No.179-123  
                          Other Deferred Charges – Conservation Demand Management

To record, as a credit in Deferral Account No. 179-123, 50% of the actual revenues generated from the Conservation Demand Management (CDM) program that will be paid to customers upon approval by the Board for rate making purposes.

Debit           -       Account No.179-123  
                          Other Deferred Charges – Conservation Demand Management

Credit           -       Account No. 323  
                          Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-123, interest expense on the balance in Deferral Account No. 179-123. Simple interest will be computed monthly on the opening balance in the said account at the short term debt rate as approved by the Board in EB-2006-0117.

**UNION GAS LIMITED**

**Accounting Entries for  
Demand Side Management Incentive  
Deferral Account No. 179-126**

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

|        |   |  |
|--------|---|--|
| Debit  | - | Account No. 179-126<br>Other Deferred Charges – Demand Side Management Incentive |
| Credit | - | Account No. 319<br>Other Income  |

To record, as a debit in Deferral Account No. 179-126, the shareholder incentive earned by the Company in relation to its Demand Side Management (DSM) Programs.

|        |   |   |
|--------|---|---|
| Debit  | - | Account No.179-126<br>Other Deferred Charges – Demand Side Management Incentive |
| Credit | - | Account No. 323<br>Other Interest Expense                                       |

To record, as a debit (credit) in Deferral Account No. 179-126, interest on the balance in Deferral Account No. 179-126. Simple interest will be computed monthly on the opening balance in the said account at the short term debt rate as approved by the Board in EB-2006-0117.

**UNION GAS LIMITED**

**Accounting Entries for  
Pension Charge on Transition to US GAAP  
Deferral Account No. 179-127**

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

|        |   |   |
|--------|---|---|
| Debit  | - | Account No. 179-127<br>Other Deferred Charges – Pension Charge on Transition to US GAAP |
| Credit | - | Account No. 212<br>Retained Earnings  |

To record, as a debit in Deferral Account No. 179-127, the amount recognized in retained earnings associated with transitioning accounting standards and reporting to US Generally Accepted Accounting Principles (GAAP) for previously unrecorded pension expenses.

**UNION GAS LIMITED**

**Accounting Entries for  
Gas Supply Plan Review – Consultant Cost  
Deferral Account No. 179-128**

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

|        |   |  |
|--------|---|--|
| Debit  | - | Account No. 179-128<br>Other Deferred Charges – Gas Supply Plan Review – Consultant Cost |
| Credit | - | Account No. 728<br>General Expense   |

To record as a debit in Deferral Account No. 179-128 the costs of hiring a consultant to undertake a review of the gas supply plan, gas supply planning process and gas supply planning methodology as directed by the Board in EB-2011-0210.

|        |   |  |
|--------|---|--|
| Debit  | - | Account No. 179-128<br>Other Deferred Charges – Gas Supply Plan Review – Consultant Cost |
| Credit | - | Account No. 323<br>Other Interest Expense  |

To record, as a debit in Deferral Account No. 179-128, interest on the balance in Deferral Account No. 179-128. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**UNION GAS LIMITED**

**Accounting Entries for  
Preparation of Audited Utility Financial Statements  
Deferral Account No. 179-129**

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

|        |   |   |
|--------|---|---|
| Debit  | - | Account No. 179-129<br>Other Deferred Charges – Preparation of Audited Utility Financial Statements |
| Credit | - | Account No. 728<br>General Expense  |

To record as a debit in Deferral Account No. 179-129 the costs of the annual preparation of audited utility financial statements as directed by the Board in EB-2011-0210.

|        |   |   |
|--------|---|---|
| Debit  | - | Account No. 179-129<br>Other Deferred Charges – Preparation of Audited Utility Financial Statements |
| Credit | - | Account No. 323<br>Other Interest Expense   |

To record, as a debit in Deferral Account No. 179-129, interest on the balance in Deferral Account No. 179-129. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.



**UNION GAS LIMITED**

**Accounting Entries for  
Upstream Transportation Optimization  
Deferral Account No. 179-131**

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

|        |   |  |
|--------|---|--|
| Debit  | - | Account No. 179-131<br>Other Deferred Charges – Upstream Transportation Optimization |
| Credit | - | Account No. 626<br>Exchange Gas  |

To record as a debit in Deferral Account No. 179-131 a receivable from customers and a reduction in cost of gas for the unit rate of optimization revenues refunded to in-franchise customers multiplied by the actual distribution transportation volumes.

|        |   |  |
|--------|---|--|
| Debit  | - | Account No. 579<br>Miscellaneous Operating Revenue                                   |
| Credit | - | Account No. 179-131<br>Other Deferred Charges – Upstream Transportation Optimization |

To record as a credit in Deferral Account No. 179-131 a payable to customers and a reduction in transportation revenue equal to the ratepayer portion (90%) of the actual net revenue from gas supply optimization activities.

|        |   |  |
|--------|---|--|
| Debit  | - | Account No. 323<br>Other Interest Expense  |
| Credit | - | Account No. 179-131<br>Other Deferred Charges – Upstream Transportation Optimization |

To record, as a debit (credit) in Deferral Account No. 179-131, interest on the balance in Deferral Account No. 179-131. Simple interest will be computed monthly upon finalization of the year-end balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**Appendix H**

**Decision and Rate Order**

**Summary of Unit Rates for 2013 Adjustments**

**Board File No. EB-2011-0210**

**Dated: January 17, 2013**

UNION GAS LIMITED  
 Union In-Franchise General Service  
Summary of 2013 Retroactive Rate Adjustments by Rate Class

| Line No.                                    | Rate Class                         | Total Amount for Recovery/(Refund)<br>Jan. 01 - Jan. 31, 2013<br>(\$000's)<br>(a) | Billing Units for Disposition (1)<br>(10 <sup>3</sup> m <sup>3</sup> )<br>(b) | Unit Price Adjustment for Prospective Recovery<br>(cents/m <sup>3</sup> )<br>(c) = (a/b) x 100<br>(c) |
|---|------------------------------------|---|---|---|
| <u>Northern and Eastern Operations Area</u> |                                    |   |   |   |
| Rate 01                                     |                                    |   |   |   |
| 1   | Delivery                           | 3,638   | 715,042   | 0.5088  |
| 2   | Gas Transportation                 | (435)   | 715,042   | (0.0608)  |
| 3   | Storage                            | 1,508   | 715,042   | 0.2109  |
| 4   | Gas Supply Commodity               | (148)   | 518,344   | (0.0286)  |
| 5   | Total Rate 01                      | <u>4,563</u>  |   |   |
| Rate 10                                     |                                    |   |   |   |
| 6   | Delivery                           | 714   | 272,136   | 0.2623  |
| 7   | Gas Transportation                 | (214)   | 272,136   | (0.0786)  |
| 8   | Storage                            | 327   | 272,136   | 0.1201  |
| 9   | Gas Supply Commodity               | (29)  | 130,939   | (0.0225)  |
| 10  | Total Rate 10                      | <u>797</u>  |   |   |
| <u>Southern Operations Area</u>             |                                    |   |   |   |
| Rate M1                                     |                                    |   |   |   |
| 11  | Delivery                           | 1,037   | 2,415,555   | 0.0429  |
| 12  | Gas Transportation                 | (1,116)   | 1,866,122   | (0.0598)  |
| 13  | Storage                            | (1,240)   | 2,415,555   | (0.0513)  |
| 14  | Gas Supply Commodity               | (476)   | 1,866,122   | (0.0255)  |
| 15  | Total Rate M1 (2)                  | <u>(1,795)</u>  |   |   |
| Rate M2                                     |                                    |   |   |   |
| 16  | Delivery                           | 665   | 804,982   | 0.0826  |
| 17  | Gas Transportation                 | (188)   | 315,029   | (0.0598)  |
| 18  | Storage                            | 65  | 804,982   | 0.0080  |
| 19  | Gas Supply Commodity               | (80)  | 315,029   | (0.0255)  |
| 20  | Total Rate M2 (2)                  | <u>460</u>  |   |   |
| 21  | Total In-franchise General Service | <u><u>4,026</u></u>   |   |   |

Notes:

- (1) EB-2011-0210 Forecast volumes for the prospective period from February 01, 2013 to December 31, 2013.
- (2) Rate M1/M2 Supplemental Meter Service: the additional meter charge of \$15/month billed in January 2013 will be refunded to those specific accounts with February bills.