

HERBERT LONG-TERM FIXED PRICE SERVICE

HERBERT LTFP TOLL SCHEDULE

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1. DEFINITIONS

1.1 Capitalized terms utilized herein, but not otherwise defined, shall have the meanings attributed to such terms in the General Terms and Conditions. For the purpose of this Toll Schedule, the following terms shall be defined:

- (a) "Conversion Option" shall have the meaning attributed to it in Section 8.1;
- (b) "Conversion Provisions" shall have the meaning attributed to it in Subsection 8.1(c);
- (c) "Date of Commencement" shall mean the date that service under Customer's Herbert LTFP Contract begins, as set out in Section 1.1 of Customer's Herbert LTFP Contract;
- (d) "Default" shall have the meaning attributed to it in Section 3.1;
- (e) "Default Quantity" shall have the meaning attributed to it in Section 3.1;
- (f) "Early Conversion and Term-up Notice" shall have the meaning attributed to it in Section 8.3;
- (g) "Expansion Facilities" shall have the meaning attributed to it in Section 8.3;
- (h) "FT Contract" shall mean a Firm Transportation Service Contract;
- (i) "FT Service" shall mean firm transportation service provided pursuant to the FT Toll Schedule;
- (j) "General Terms and Conditions" means the General Terms and Conditions of the Tariff;
- (k) "Herbert LTFP Contract" shall mean a contract for Herbert LTFP Service;
- (l) "Herbert LTFP End Date" shall mean the date Customer's Herbert LTFP Contract ends, as set out in Section 2.1 of Customer's Herbert LTFP Contract;
- (m) "Herbert LTFP Service" shall mean transportation service provided pursuant to the Herbert LTFP Toll Schedule;

- (n) "List of Tolls" means the List of Tolls of the Tariff; and
- (o) "Customer" shall have the meaning attributed to it in Section 2.1.

2. AVAILABILITY

- 2.1 Subject to Section 7.1, Herbert LTFP Service is only available to TransGas Limited ("Customer") for the purpose of supplying the gas-fired power generation facility located near Swift Current, Saskatchewan.
- 2.2 Customer shall be eligible to receive service pursuant to this Toll Schedule provided that Customer:
 - (a) has entered into a Herbert LTFP Contract with TCPL; and
 - (b) has pipeline facilities interconnecting with TCPL's facilities at the delivery point specified in the Contract, or which has provided TCPL with adequate assurances that arrangements have been made to have an authorized gas distribution or transmission company act as Customer's agent in receiving from TCPL the gas to be delivered pursuant to this Toll Schedule; and
 - (c) has provided TCPL with financial assurances as required by TCPL pursuant to Section XXIII of the General Terms and Conditions.

3. APPLICABILITY AND CHARACTER OF SERVICE

- 3.1 On each day during the term of the Herbert LTFP Contract, Customer shall be entitled to request service hereunder. Nominations for service shall be made pursuant to Section XXII of the General Terms and Conditions. Service hereunder shall not be subject to curtailment or interruption except as provided in Section XI, XIV, and XV of the General Terms and Conditions; PROVIDED HOWEVER, that if Customer fails to provide on an ongoing and timely basis to TCPL satisfactory evidence of its right to remove from the province of production all or any part of the quantities of gas to be transported by TCPL under the Herbert LTFP Contract, Customer shall be in default hereunder (the "Default") to the extent of the daily quantity not authorized for removal from the province of production as aforesaid (the "Default Quantity"), and TCPL shall be entitled to immediately suspend service for a quantity up to, and including, the Default Quantity until such time as Customer remedies the Default.

TCPL shall terminate any such suspension and resume service as to that part of the Default Quantity in respect of which the Default has been remedied.

3.2 Herbert LTFP Service is for a term of 120 consecutive months. The term of the Customer's Herbert LTFP Contract shall start on the Date of Commencement and shall end on the Herbert LTFP End Date.

3.3 Herbert LTFP Service is only available from the Empress receipt point to the Herbert delivery point.

4. MONTHLY BILL

4.1 The monthly bill payable to TCPL for service hereunder shall include the aggregate of the demand charge for Herbert LTFP Service in effect during the billing month for transportation service and the Abandonment Charge and shall be calculated by applying, as follows, the applicable tolls as approved by the CER (as set forth in the List of Tolls):

(a) **Demand Charge**

For each month, the demand charge for transportation service shall be equal to the applicable Monthly Demand Toll for Herbert LTFP Service multiplied by Customer's Contract Demand. If Customer's Contract Demand changes during a month, then a weighted average daily Contract Demand shall be determined for such month and shall be used to calculate the demand charge for such month. The said demand charge is payable by Customer notwithstanding any failure by Customer during such month, for any reason whatsoever including force majeure or a default by Customer under Section 3.1 hereof, to deliver Customer's Authorized Quantity to TCPL at the receipt point.

(b) **Fuel**

For each month, a Customer shall provide, on a daily basis, a quantity of fuel in accordance with Section IV (1)(a) of the General Terms and Conditions.

(c) **Abandonment Charge**

Each month, Customer shall pay to TCPL an Abandonment Charge determined by multiplying Customer's Contract Demand by the applicable Monthly Abandonment Surcharge. If Customer's Contract Demand changes during a month, then a weighted average daily Contract Demand shall be determined for such month and shall be used to calculate the Abandonment Charge for such month. The Abandonment Charge is payable by Customer notwithstanding any failure by Customer during such month, for any reason whatsoever including force majeure or a default by Customer under Section 3.1 hereof, to deliver Customer's Authorized Quantity to TCPL at the receipt point.

5. MINIMUM BILL

- 5.1 The minimum monthly bill for service hereunder shall be the sum of the charges determined in Subsections 4.1 (a), and 4.1 (c) hereof, after giving effect to any adjustment pursuant to Section 6 hereof.

6. DEMAND CHARGE ADJUSTMENTS

- 6.1 If during any day, TCPL fails to deliver the quantity of gas requested by Customer up to the Contract Demand, for any reason related solely to TCPL's operations, including an event of force majeure occurring on any of the pipeline systems of TCPL and Other Pipelines, then the monthly demand charge shall be reduced by an amount equal to the applicable Daily Demand Toll multiplied by the difference between the quantity of gas which TCPL actually delivered to Customer on such day, and the quantity of gas which such Customer in good faith nominated hereunder on such day. If TCPL refuses to accept deliveries of Customer's gas or curtails receipts from or deliveries to Customer pursuant to Paragraph 8 (Energy Imbalance Recovery) of Section XXII of the General Terms and Conditions, then there shall be no corresponding reduction in the monthly demand charge to Customer.
- 6.2 For any day on which transportation service charges are adjusted pursuant to Section 6.1 above, the Abandonment Charge payable by Customer pursuant to Subsection 4.1(c) hereof shall also be adjusted.

The Abandonment Charge shall be reduced by an amount equal to the applicable Daily Abandonment Surcharge multiplied by the difference between the quantity of gas which

TCPL actually delivered to Customer on such day, and the quantity of gas which such Customer in good faith nominated for delivery on such day.

7. ASSIGNMENT

- 7.1 Any company which shall succeed by purchase, merger or consolidation to the properties, substantially or in entirety, of Customer or of TCPL, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under any Herbert LTFP Contract into which this Toll Schedule is incorporated and any related contracts. Further, either Customer or TCPL may, without relieving itself of its obligations under any Herbert LTFP Contract into which this Toll Schedule is incorporated (unless consented to by the other party which consent shall not be unreasonably withheld), assign any of its rights and obligations thereunder to another party. Nothing herein shall in any way prevent either party to such Herbert LTFP Contract from pledging or mortgaging its rights thereunder as security for its indebtedness. Such Herbert LTFP Contract shall be binding upon and shall inure to the benefit of the respective successors and assigns of the parties thereto.
- 7.2 Assignments at a discount negotiated between assignors and assignees are permitted, provided that the approved toll continues to be paid to TCPL.
- 7.3 Save as herein provided, assignment of a Herbert LTFP Contract into which this Toll Schedule is incorporated is expressly prohibited and is void.

8. CONVERSION RIGHTS

- 8.1 Subject to Sections 8.3 and 8.4, Customer shall have the option of converting the Herbert LTFP Contract to an FT Contract with a receipt point of Empress and a delivery area that includes Herbert (the "Conversion Option") provided that:
- (a) the conversion shall be effective the first day after the Herbert LTFP End Date for a period of either: i) one or more annual periods ending on the same calendar date as the Herbert LTFP End Date or ii) if Customer requests a service termination date of October 31, one or more annual periods of twelve (12) consecutive full months plus the number of consecutive days necessary to the requested October 31;
 - (b) the requested FT Service Contract Demand shall be at a level no greater than the Contract Demand set out in the Herbert LTFP Contract;

- (c) TCPL receives written notice from Customer of Customer's election to exercise the Conversion Option which sets out the term and Contract Demand of such conversion (the "Conversion Provisions") no less than twenty-four (24) consecutive months before the Herbert LTFP End Date;
- (d) Customer supplies TCPL at the time of such notice with evidence satisfactory to TCPL that Customer will meet the availability provisions of the FT Toll Schedule in respect of the Conversion Provisions prior to the commencement of FT Service; and
- (e) TCPL may accept late notice of Customer's election to exercise the Conversion Option if TCPL, in its sole discretion, determines that TCPL will have the required capacity available after providing capacity for all of TCPL's obligations pursuant to prior outstanding requests from Customer and/or others, that such conversion will not adversely impact TCPL's system operations and that all of the costs for providing this service will be covered by TCPL's tolls.

8.2 All conversions shall be stated in GJ.

8.3 If at any time TCPL determines, acting reasonably, that:

- (a) new or additional pipeline facilities are required to increase the Combined Capacity or capabilities of the system ("Expansion Facilities"); and
- (b) the estimated cost of such Expansion Facilities will exceed \$20 million;

TCPL will provide an early conversion and term-up notice ("Early Conversion and Term-up Notice") to Customer entitled to the Conversion Option if TCPL determines Customer's Herbert LTFP Contract may impact the design of the Expansion Facilities.

8.4 Upon receipt of the Early Conversion and Term-up Notice, Customer may elect, within sixty (60) days of receipt of the Early Conversion and Term-up Notice, to exercise its Conversion Option for all or a portion of the Contract Demand set out in the Herbert LTFP Contract subject to the FT Contract having a termination date no earlier than five (5) years after the expected New Service Start Date (as defined in Section 1.1 of TAPs) of the Expansion Facilities. If Customer does not elect to exercise its Conversion Option for the required term set out in the Early Conversion and Term-up Notice within such sixty (60) day period, then

Customer shall no longer be entitled to a Conversion Option and Customer's Herbert LTFP Contract shall expire on the Herbert LTFP End Date.

9. MISCELLANEOUS PROVISIONS

- 9.1 The General Terms and Conditions and the List of Tolls, as amended from time to time, are applicable to this Toll Schedule and are hereby made a part hereof. If there is any conflict between the provisions of this Toll Schedule and the General Terms and Conditions, the provisions of this Toll Schedule shall prevail.
- 9.2 This Toll Schedule, the List of Tolls and the General Terms and Conditions are subject to the provisions of the CER Act or any other legislation passed in amendment thereof or substitution therefor.
- 9.3 This Toll Schedule together with the provisions of the General Terms and Conditions supercedes and replaces all previous Toll Schedules applicable to the Herbert LTFP Contract.