

**SHORT TERM FIRM TRANSPORTATION SERVICE**

**TOLL SCHEDULE**

**INDEX**

<b>Section</b>		<b>Sheet No.</b>
1.	DEFINITIONS.....	1
2.	AVAILABILITY .....	2
3.	APPLICABILITY AND CHARACTER OF SERVICE .....	3
4.	MONTHLY BILL.....	7
5.	TRANSPORTATION AND DELIVERY PRESSURE ADJUSTMENTS.....	8
6.	ASSIGNMENTS .....	9
7.	MISCELLANEOUS PROVISIONS .....	9

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STFT TOLL SCHEDULE**1. DEFINITIONS**

- 1.1. For the purposes of the STFT Toll Schedule, the following terms shall be defined as:
- (a) "Available Short Term Capacity" shall have the meaning attributed to it in subsection 2.3;
  - (b) "Block Period" shall have the meaning attributed to it in subsection 2.3;
  - (c) "Maximum Daily Quantity" shall mean for any shipper the Maximum Daily Quantity set out on such shipper's bid or the Maximum Daily Quantity as amended by TransCanada pursuant to subsection 3.3(d);
  - (d) "Minimum Daily Quantity" shall mean for any shipper the Minimum Daily Quantity set out on such shipper's bid;
  - (e) "Posting Period" shall have the meaning attributed to it in subsection 3.2;
  - (f) "Remaining Capacity" shall have the meaning attributed to it in subsection 2.3;
  - (g) "Service Period" shall have the meaning attributed to it in subsection 2.3;
  - (h) "STFT" shall mean Short Term Firm Transportation;
  - (i) "Summer Period" shall mean the period of time from April 1 of a calendar year to October 31 of the same calendar year;
  - (j) "STFT Allocation Price" shall mean the daily weighted average of the product obtained by multiplying the STFT Bid Percentage by the applicable Daily Demand Tolls for FT service for the requested term;
  - (k) "STFT Bid Floor" shall have the meaning attributed to it in subsection 3.3(b);
  - (l) "STFT Bid Percentage" shall have the meaning attributed to it in subsection 3.3(b);
  - (m) "STFT Contract" shall have the meaning attributed to it in subsection 2.1(a);
  - (n) "STFT Price" shall have the meaning attributed to it in subsection 4.1;
  - (o) "System Capacity" shall mean TransCanada's pipeline facilities and TransCanada's contractual entitlement on the pipeline systems of the Great Lakes Gas Transmission Limited Partnership, Union Gas Limited and Trans Quebec and Maritimes Pipeline Inc.;
  - (p) "System Segment" shall have the meaning attributed to it in subsection 2.3;
  - (q) "Winter Period" shall mean the period of time from November 1 of a calendar year to March 31 of the following calendar year.

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STFT TOLL SCHEDULE**2. AVAILABILITY****2.1 Availability of Service**

Any Shipper shall be eligible to receive service pursuant to this STFT Toll Schedule provided such Shipper:

- (a) has entered into a Short Term Firm Transportation service contract (the "STFT Contract") with TransCanada or has obtained an Order of the NEB, pursuant to subsection 71(2) of the National Energy Board Act, as amended from time to time ("71(2) Order"), requiring TransCanada to transport gas for Shipper subject to the provisions of this STFT Toll Schedule and to the terms and conditions contained in the 71(2) Order; and
- (b) has provided TransCanada with financial assurances as required by TransCanada pursuant to Section XXIII of the General Terms and Conditions referred to in Section 7 hereof.

**2.2 Facilities Construction Policy**

In order to provide service pursuant to this STFT Toll Schedule, TransCanada utilizes capacity available from its System Capacity. It is understood that TransCanada shall not construct additional facilities for the purpose of providing service hereunder.

**2.3 Capacity Available for STFT**

The total capacity available to Shippers under this STFT Toll Schedule shall be TransCanada's transportation capacity remaining, as determined by TransCanada in its sole discretion, after having made provision for all firm obligations with Shipper and all other Shippers (the "Remaining Capacity").

Remaining Capacity made available for Shippers under this STFT Toll Schedule shall be offered in respect of certain segments of TransCanada's System Capacity, each such segment being defined by reference to the receipt point and the delivery point or delivery area applicable thereto (a "System Segment"). Service under this STFT Toll Schedule shall be offered for a specific period of time (a "Service Period") which may consist of a specified number of days not less than seven (7) consecutive days, a separate monthly period or any combination of consecutive monthly periods (such combination of consecutive monthly periods hereinafter called a "Block Period"). TransCanada shall

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**STFT TOLL SCHEDULE**

notify Shippers of the Remaining Capacity offered for each combination of System Segments and Service Periods (the "Available Short Term Capacity").

**2.4 Short Term Availability Periods**

TransCanada, in its sole discretion, may offer Available Short Term Capacity in any combination of System Segments, for a specified number of days not less than seven (7) consecutive days, monthly periods and Block Periods for a period extending up to one (1) year less one (1) day.

**3. APPLICABILITY AND CHARACTER OF SERVICE****3.1 Definition of STFT Service**

On each day during the term of the STFT Contract that Shipper has been allocated Available Short Term Capacity, Shipper shall be entitled to nominate for 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 this STFT Toll Schedule, the STFT Contract, and Section XI, Section XIV and Section XV of the General Terms and Conditions; provided however, that if Shipper fails to provide on an ongoing and timely basis to TransCanada satisfactory evidence of its right to remove from the province or country of production all or any part of the quantities of gas to be transported by TransCanada under the STFT Contract, Shipper shall be in default hereunder (a "Default") to the extent of the daily quantity not authorized for removal from the province or country of production as aforesaid (the "Default Quantity"). TransCanada shall be entitled to immediately suspend service for a quantity up to, and including, the Default Quantity until such time as Shipper remedies the Default, when TransCanada 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 Notification of Available Short Term Capacity**

TransCanada shall post Available Short Term Capacity for a minimum period of forty-eight (48) hours (the "Posting Period"). If some or all of the Available Short Term Capacity has not been allocated at the end of a Posting Period, TransCanada may, in its sole discretion, continue to post Available Short Term Capacity on a daily basis. At the

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STFT TOLL SCHEDULE

end of the Posting Period and any daily posting, TransCanada shall allocate Available Short Term Capacity among Shipper bids received by TransCanada.

The Available Short Term Capacity shall be posted on TransCanada's website as follows:

- (a) During the period of January 1-15 for the Summer Period and during the period of July 1-15 for the Winter Period;
- (b) During the period of January 16-31 for the individual monthly blocks of the Summer Period and during the period of July 16-31 for the individual monthly blocks of the Winter Period;
- (c) If Available Short Term Capacity is not posted on a daily basis, TransCanada will post Available Short Term Capacity on or before the 7<sup>th</sup> day of each month; or
- (d) At any time TransCanada determines in its sole discretion that there is Available Short Term Capacity.

Available Short Term Capacity shall be allocated in accordance with Section 3.3 hereunder.

### 3.3 Allocation of Available Short Term Capacity

#### (a) Shipper Bids

For each combination of System Segment and Service Period in which Shipper wishes to request service under this STFT Toll Schedule, Shipper shall submit a written bid to TransCanada's Contracts and Billing Department by telecopier or through TransCanada's website or by electronic means during the bid period. No Shipper bid shall be accepted by TransCanada if received after the bid deadline specified in the posting of Available Short Term Capacity. Each Shipper bid shall be in the form of an Exhibit "A" Addendum to the STFT Contract, duly completed with the information described below and executed by Shipper.

Each Shipper bid shall contain the following information:

- Shipper name and address
- Shipper contact, telephone number and telecopier number

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STFT TOLL SCHEDULE

- System Segment for which bid is being made pursuant to subsection 3.3 (b)
- Receipt point and delivery point or delivery area
- Service Period
- Maximum Daily Quantity (in GJ)
- Minimum Daily Quantity pursuant to subsection 3.3 (c) (ii)
- STFT Bid Percentage determined pursuant to subsection 3.3 (b)
- A statement whether such bid is conditional on another STFT bid being accepted by TransCanada

Shipper must submit separate Shipper bids for each separate combination of System Segment and Service Period. Shipper shall be entitled to submit more than one Shipper bid for any combination of System Segment and Service Period, but Shipper bids for the same System Segment shall not have the same STFT Bid Percentage. Shipper shall not be entitled to submit multiple Shipper bids for any System Segment where the aggregate Maximum Daily Quantity of the multiple Shipper bids is greater than the Available Short Term Capacity being offered for that System Segment. Shipper bids which do not conform to these requirements shall be rejected and TransCanada shall be under no obligation to notify Shipper of any such rejection or to provide Shipper with any opportunity to correct or complete its Shipper bid.

(b) **STFT Bid Percentage**

The bid floor for Available Short Term Capacity under this STFT Toll Schedule shall be a percentage determined by TransCanada in its sole discretion and posted by TransCanada from time to time on TransCanada's website ("STFT Bid Floor"). Provided however, the STFT Bid Floor shall not be less than 100 percent of the Daily Demand Toll for FT service over the applicable System Segment listed in the List of Tolls referred to in Section 7 hereof in effect at the time service is provided for the Service Period and/or Block Period determined by TransCanada.

Bids for Available Short Term Capacity shall be expressed as a percentage of the Daily Demand Toll for FT service in effect at the time service is provided. Bids shall not be less than the STFT Bid Floor for the applicable System Segment and shall be subject to minimum increments of 0.01% per bid (each a "STFT Bid Percentage").

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STFT TOLL SCHEDULE

Bids for Available Short Term Capacity must identify the System Segment offered by TransCanada for which the Shipper is bidding. The Shipper's requested receipt point and delivery point for Available Short Term Capacity must be contained wholly within the requested System Segment.

(c) **Allocation of Available Short Term Capacity**

All Available Short Term Capacity for each combination of System Segment and Service Period offered by TransCanada shall be allocated among Shipper bids pursuant to this STFT Toll Schedule and Shipper bids pursuant to the ST-SN Toll Schedule. For purposes of allocation hereunder the ST-SN Allocation Price as defined in ST-SN Toll Schedule for bids for service pursuant to the ST-SN Toll Schedule shall be divided by 1.1. Such allocation process is as follows:

- (i) Subject to subsection 3.3(c)(ii), for all Shipper bids for System Segments which compete for the same capacity and:
  - A. have the same Service Period, TransCanada shall rank Shipper bids in descending order from the highest to lowest STFT Allocation Price and TransCanada shall allocate Available Short Term Capacity to the Shipper bids resulting in the highest aggregate transportation revenue; or
  - B. have a different Service Period, for each different Service Period, TransCanada shall rank Shipper bids Available Short Term Capacity in descending order from the highest to lowest STFT Allocation Price and TransCanada shall allocate Available Short Term Capacity to the Shipper bids resulting in the highest aggregate transportation revenue.
- (ii) If 2 or more Shipper bids result in the same aggregate transportation revenue and the Available Short Term Capacity is not sufficient to provide service for the quantities requested in such Shipper bids, the Available Short Term Capacity shall be allocated pro-rata among such Shipper bids.

If such pro-rata share falls below the Minimum Daily Quantity specified by a Shipper in its Shipper bid, such pro-rata share allocated shall be

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STFT TOLL SCHEDULE

deemed to be rejected, and TransCanada will reallocate among the remaining Shipper bids.

(d) **Notification to Shippers**

Within three (3) Banking Days of the end of any applicable bid period for Available Short Term Capacity TransCanada shall notify, in the manner set forth in the STFT of ST-SN Contract or through TransCanada's website, all Shippers who have been allocated any of the Available Short Term Capacity. The daily capacity allocated to each Shipper shall be such Shipper's allocated Maximum Daily Quantity. If Shipper is allocated service hereunder, TransCanada will, if necessary, and is hereby authorized to, amend the Exhibit "A" Addendum submitted by Shipper as its Shipper bid to reflect the allocation of Available Short Term Capacity to such Shipper. The Exhibit "A" Addendum shall then be executed by TransCanada and forwarded to Shipper. Each executed Exhibit "A" Addendum shall be binding on TransCanada and Shipper.

**4. MONTHLY BILL**

**4.1 Transportation Service**

The monthly bill payable by Shipper to TransCanada for transportation service hereunder shall be equal to the STFT Bid Percentage set out in each Exhibit "A" Addendum multiplied by the Daily Demand Toll for FT service in effect at the time the service is provided ("STFT Price"), multiplied by Shipper's STFT allocated Maximum Daily Quantity and the number of days of STFT Service during the month. These transportation service charges are payable by Shipper notwithstanding any failure by Shipper during such month, for any reason whatsoever, including force majeure or Default by Shipper under subsection 3.1 hereof, to deliver Shipper's Receipt Volume to TransCanada at the receipt point.

**4.2 Delivery Pressure Service**

Shipper shall also pay monthly to TransCanada a charge for delivery pressure provided that deliveries hereunder are made to a delivery point at which a charge for delivery pressure has been approved by the NEB (and set forth in the List of Tolls referred to in



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STFT TOLL SCHEDULE

- Section 8 hereof). The monthly delivery pressure charge at each such delivery point shall be the product of the applicable Delivery Pressure Daily Demand Toll and the total of Shipper's quantities to be delivered hereunder at that delivery point during such month determined as the STFT allocated Maximum Daily Quantity multiplied by the number of days of STFT Service during such month. The said delivery pressure demand charge is payable by Shipper notwithstanding any failure by Shipper during such month, for any reason whatsoever including force majeure or a Default by Shipper under subsection 3.1 hereof, to deliver Shipper's Authorized Quantity to TransCanada at the receipt point.
- 4.3 Each month, Shipper shall pay the Union Dawn Receipt Point Surcharge for service from the Union Dawn Receipt Point.
- 4.4 **Fuel**
- For each month, Shipper shall provide, on a daily basis, a quantity of fuel based on a monthly fuel ratio to be established by TransCanada from time to time.

## **5. TRANSPORTATION AND DELIVERY PRESSURE CHARGE ADJUSTMENTS**

### **5.1 Transportation Charge Adjustments**

If during any day, TransCanada fails to deliver the quantity of gas requested by Shipper up to the Maximum Daily Quantity, for any reason related solely to TransCanada's operations, including an event of force majeure occurring on any of the pipeline systems of TransCanada, Great Lakes Gas Transmission Company, Union Gas Limited, and Trans Quebec & Maritimes Pipeline Inc., then the transportation service charges payable pursuant to subsection 4.1 hereof shall be reduced by an amount equal to the STFT Price multiplied by the difference between the quantity of gas which TransCanada actually delivered to Shipper on such day, and the quantity of gas which such Shipper in good faith nominated for delivery on such day.

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STFT TOLL SCHEDULE**5.2 Delivery Pressure Charge Adjustments**

For any day on which transportation service charges are adjusted pursuant to subsection 5.1 above, the delivery pressure charge payable by Shipper pursuant to subsection 4.2 hereof shall also be adjusted. The delivery pressure charge shall be reduced by an amount equal to the applicable Daily Equivalent Delivery Pressure Demand Toll multiplied by the difference between the quantity of gas which TransCanada actually delivered to Shipper on such day and the quantity which such Shipper in good faith nominated for delivery on such day.

**5.3 Shipper's Receipt or Delivery Failure**

If TransCanada refuses to accept deliveries of Shipper's gas or curtails receipts from or deliveries to Shipper pursuant to subsection 1(b) of Section II of the General Terms and Conditions, then there shall be no corresponding reduction in transportation service or delivery pressure charges to Shipper.

**6. ASSIGNMENTS**

6.1 Assignments of any STFT Contracts into which this STFT Toll Schedule is incorporated are expressly prohibited without TransCanada's prior written consent.

**7. MISCELLANEOUS PROVISIONS**

7.1 The General Terms and Conditions and the List of Tolls of TransCanada's Transportation Tariff, as amended from time to time, are applicable to this STFT Toll Schedule and are hereby made a part hereof. If there is any conflict between the provisions of this STFT Toll Schedule and the General Terms and Conditions, the provisions of this STFT Toll Schedule shall prevail.

7.2 This STFT Toll Schedule, the List of Tolls and the General Terms and Conditions are subject to the provisions of the *National Energy Board Act* or any other legislation passed in amendment thereof or substitution therefor.