

RATE SCHEDULE FT
FIRM TRANSPORTATION SERVICE

1. AVAILABILITY

This Rate Schedule FT, Firm Transportation Service is available to any Shipper which has:

- (a) Satisfied all applicable requirements as set forth in the Capacity Allocation Procedures and subsection 5.8 of the General Terms and Conditions of this Gas Transportation Tariff; and
- (b) Executed a Service Agreement, Firm Transportation Service with Company, for a minimum term of one (1) year ending on the last day of a Month.

For Zones 8 and 9 only, Backhaul service is also available under Rate Schedule FT, Firm Transportation Service.

2. APPLICABILITY

This Rate Schedule FT, Firm Transportation Service shall apply to all transportation services under Shipper's Service Agreement, Firm Transportation Service other than service specifically provided for in another rate schedule, as of the Billing Commencement Date, whether or not gas is actually transported.

3. SERVICE DESCRIPTION

Service rendered by Company for Shipper under this Rate Schedule FT, Firm Transportation Service consists of:

- (a) The receipt of gas from Shipper (or for Shipper's account) at each Receipt Point as specified in the Service Agreement, Firm Transportation Service;

- (b) The transportation of gas by Company through the transportation system, described in section 6 hereof; and
- (c) The delivery by Company to Shipper of gas nominated by Shipper (or for Shipper's account) at each Delivery Point specified in the Service Agreement, Firm Transportation Service.

4. SERVICE AGREEMENT

This Rate Schedule FT, Firm Transportation Service is subject to all terms, conditions, stipulations and provisions of the Service Agreement, Firm Transportation Service.

5. GENERAL TERMS AND CONDITIONS

This Rate Schedule FT, Firm Transportation Service is subject to all terms, conditions, stipulations and provisions of the General Terms and Conditions of this Gas Transportation Tariff.

6. SUBSIDIARY COMPANIES AND ZONES

6.1 General

Company's transportation system consists of operating segments with each segment operated by a Subsidiary Company. Company and Subsidiary Companies have entered into transportation agreements for provision of transportation services by Subsidiary Companies for Company. Copies of the applicable transportation agreements are attached hereto as Supplements I through III. Each Subsidiary Company shall divide its segment into one or more Zones as defined in Schedule I, Annex II of the Northern Pipeline Act and described in subsection 6.2 hereof. Shipper, through its Service

Agreement, Firm Transportation Service with Company, shall contract to have its gas transported through one or more of these Zones.

6.2 Description

The Subsidiary Companies listed below own and operate the portions of the Phase I gas transportation system set opposite the name of each such Subsidiary Company.

<u>Subsidiary Company</u>	<u>Zone No.</u>	<u>Description</u>	<u>Length (km)</u>
Foothills Pipe Lines (Alta.) Ltd.	6	From Caroline, Alberta to the Alberta/ Saskatchewan border near Empress, Alberta.	378.49
	7	From Caroline, Alberta to the Alberta/B.C. border near Coleman, Alberta.	124.03
Foothills Pipe Lines (South B.C.) Ltd.	8	From the Alberta/B.C. border near Coleman, Alberta to the B.C./U.S. border near Kingsgate, B.C.	170.7
Foothills Pipe Lines (Sask.) Ltd.	9	From the Alberta/ Saskatchewan border near Empress, Alberta to the Saskatchewan/U.S. border near Monchy, Saskatchewan.	258.97

7. CHARACTER OF SERVICE

7.1 Firm Transportation Service

Gas transported by Company for Shipper under this Rate Schedule FT, Firm Transportation Service shall not be subject to curtailment or interruption except as provided in subsection 7.2.4 herein and in the General Terms and Conditions of this Gas Transportation Tariff.

7.2 Receipt and Delivery Obligations

7.2.1 At each Delivery Point, Company and Shipper shall establish the Maximum Daily Delivery Quantity (“MDDQ”) and shall specify the portion of such MDDQ to be received at each Receipt Point. The aforementioned MDDQ and portions thereof shall be specified in Appendix A to the Service Agreement, Firm Transportation Service.

7.2.2 At each Delivery Point, identified in Appendix A to the Service Agreement, Firm Transportation Service, Company is obligated to deliver to Shipper a daily quantity of gas which has an aggregate energy content of all gas received from Shipper at each Receipt Point destined for such Delivery Point, less Shipper’s share for each Zone of the energy content of Company Use Gas used in the transportation of such gas on such day.

Shipper’s share shall be calculated pursuant to section 8 of the General Terms and Conditions of this Gas Transportation Tariff.

7.2.3 Notwithstanding subsection 7.2.2 herein, Shipper shall not be allocated a share of Company Use Gas in respect of Backhaul service.

7.2.4 Company will provide Backhaul service under this Rate Schedule FT, Firm Transportation Service to Shipper on Zones 8 and 9 only in circumstances where such service is requested by Shipper and, in Company’s judgement, there is sufficient quantity of gas being received into Company's system to enable such service to be provided.

7.3 Daily Gas Nominations

7.3.1 Shipper shall advise Company, in writing, of the total daily quantity of gas nominated by it for each Delivery Point. Such total daily quantity of gas shall not, subject to Article 1.2 of Shipper’s Service Agreement, Firm Transportation Service, exceed the MDDQ for each such Delivery Point.

7.3.2 Out of such total daily quantity of gas nominated for each Delivery Point, Shipper shall advise Company of the daily quantity of gas nominated by it for transportation from each Receipt Point.

7.3.3 Shipper may provide its nomination through written confirmations received by Company from a downstream carrier. Company shall rely on such confirmations received from downstream carrier to determine Shipper's nomination quantities at Delivery Points. For certainty, this would include Shipper's written confirmation received by Company from Northern Border or Gas Transmission Northwest.

8. CHARGE FOR SERVICE

The rate used in calculating Shipper's monthly bill for Service under Rate Schedule FT, Firm Transportation Service in the Zone is the FT Rate.

8.1 Shipper's Obligation to Pay

Shipper shall be obligated to pay to Company in respect of each Billing Month, a charge for services rendered hereunder being the aggregate of Shipper's monthly demand charges determined in accordance with subsection 8.2.1 hereof and any surcharges determined in accordance with subsection 8.2.2 hereof. Shipper's obligation to pay is not subject to any adjustment or abatement under any circumstances except as specifically provided for in section 9 hereof, and such obligation shall be billed by Company to Shipper in accordance with section 5 of the General Terms and Conditions of this Gas Transportation Tariff.

8.2 Monthly Charges

8.2.1 Monthly Demand Charge

Shipper's monthly demand charge for a Billing Month shall be the product of:

- (a) Shipper's MDDQ as indicated on Schedule A to Shipper's Service Agreement, Firm Transportation Service for such billing month;
- (b) Shipper's Haul Distance for the Zone; and
- (c) the FT Rate for the Zone.

8.2.2 Monthly Surcharge

Shipper's surcharge amount, if any, shall be the aggregate of:

- (a) an amount to recognize the recovery of costs associated with special facilities installed by Company for Shipper agreed to between Company and Shipper expressed in dollars per month. Such amount shall be set out on Appendix A to Shipper's Service Agreement, Firm Transportation Service; and
- (b) the Abandonment Charge.

8.3 Allocation of Gas Delivered

Notwithstanding any other provision of this Rate Schedule FT, Firm Transportation Service, and any Service Agreement or the General Terms and Conditions of this Gas Transportation Tariff, and without regard to how gas may have been nominated, the aggregate quantity of gas delivered to a Shipper at the Delivery Point during any Billing Month shall be allocated for billing purposes as follows:

- (a) first to service to Shipper under Rate Schedule STFT, Short Term Firm Transportation Service to a maximum of the aggregate MDDQ for such Delivery Point under such Rate Schedule STFT, Short Term Firm Transportation Service;
- (b) second to service to Shipper under Rate Schedule FT, Firm Transportation Service to a maximum of the aggregate MDDQ for such Delivery Point under Rate Schedule FT, Firm Transportation Service; and

- (c) third, for Zone 8 and Zone 9 to service to Shipper under Rate Schedule IT, Interruptible Service and for Zone 6 and Zone 7 to Shipper under Rate Schedule OT, Overrun Transportation Service.

8.4 Charge for Over-Run Gas in Zone 8 and Zone 9

In the event that Company determines, in respect of a Billing Month, that Shipper has tendered for transportation, and Company has transported for Shipper, a quantity of gas in excess of the MDDQ as indicated on Appendix A of Shipper's Service Agreement, Firm Transportation Service, Shipper shall pay Company an amount equal to the aggregate of:

- (a) the product of a quantity of gas equal to such excess and the IT Rate for Service under Rate Schedule IT, Interruptible Transportation Service; and
- (b) the product of a quantity of gas equal to such excess and the Daily Abandonment Surcharge.

8.5 Accounting

Company shall maintain books of account in accordance with the requirements of the National Energy Board and, to the extent not inconsistent with such requirements, in accordance with generally accepted accounting principles in Canada.

9. FAILURE TO DELIVER GAS

9.1 General

If Company shall, in any billing month, fail for any reason to make delivery to any Shipper of the whole or any portion of the quantity of gas nominated by such Shipper from Company in accordance with such Shipper's Service Agreement, Firm Transportation Service, such Shipper's obligation to pay Company pursuant to section 8

of Rate Schedule FT, Firm Transportation Service shall be subject only to the adjustments expressly provided in this section 9.

9.2 Make-Up Gas

In the event that Company fails on any day to deliver to Shipper at the Delivery Point the quantity of gas Shipper has in good faith nominated up to Shipper's MDDQ (unless such failure is due to planned repairs, maintenance, replacement or other upgrading, or other work related to Company's transportation system for which Company gave Shippers notice under subsection 8.8 of the General Terms and Conditions) Shipper shall be entitled, subject to subsection 6.5 of the General Terms and Conditions and within two years of such failure, to have Company transport such quantities of gas in excess of Shipper's MDDQ sufficient to make-up such deficiency ("Make-Up Gas") at no additional demand charge. Demand charges credited to Shipper under subsection 9.4.1 shall be recovered by Company respecting Make-Up Gas.

9.3 Allocation of Service

If Company is on any day required to allocate service pursuant to Article 1.2 of the Service Agreement, Firm Transportation Service of two or more Shippers, Company shall give priority in such allocation to quantities of gas desired to be tendered in respect to Make-Up Gas over Interruptible Transportation Service. .

9.4 Billing Adjustment

9.4.1 Demand Charge Credit

- (a) Subject to subsection 9.4.1(b), if in any month Company is unable to deliver up to 98 percent of the quantity of gas that Shipper has in good faith nominated up to the MDDQ times the number of days in such month, then in respect of such month, a credit shall be applied to the monthly bill rendered by Company determined according to the following formula:

$$C = [FT \times SHD] \times [MDDQ - ADDQ*] + DAS \times [MDDQ - ADDQ*]$$

*Average Day Delivery Quantity = Deliveries to Shipper in any Month in which a Demand Charge Credit is applicable, divided by the number of days in that particular Month.

Where:

“C” = Credit

“FT” = FT Rate

“SHD” = Shipper’s Haul Distance

“MDDQ” = Shipper’s MDDQ

“ADDQ” = Average Day Delivery Quantity

“DAS” = Daily Abandonment Surcharge

- (b) No credit to the Monthly bill shall be made if Company delivers less than 98 percent of the quantity of gas nominated as a result of planned repairs, maintenance, replacement or other upgrading, or other work related to Company’s transportation system for which Company gave firm Shippers notice under subsection 8.8 of the General Terms and Conditions on Company’s Facilities or as a result of Shipper being unable to deliver gas at the Receipt Point or accept gas at the Delivery Point.

9.5 Exception

Subsections 9.2 through 9.4 hereof shall not apply to any failure of Company to make delivery to Shipper of any gas nominated by Shipper pursuant to Shipper's Service Agreement, Firm Transportation Service if such failure is caused or contributed to by the failure of Shipper to, or to be able to, deliver to or take delivery from Company of such gas, or by any other action of Shipper or Persons acting on its behalf which causes or contributes to such a failure by Company.

10. RENEWAL RIGHTS IN ZONES 6, 7 AND 9**10.1 Availability**

Shippers to whom renewal rights are available, shall have the option ("Renewal Option") of extending the existing term of the Service Agreement, Firm Transportation Service with respect to all or, if Company agrees, a portion of Shipper's firm capacity rights beyond the primary term specified in the Service Agreement, Firm Transportation Service provided that:

- (a) Shipper has at any time in the past executed a Service Agreement, Firm Transportation Service containing a term of at least five consecutive years; such Service Agreement, Firm Transportation Service or any extensions or amendments thereto or any amended Service Agreement, Firm Transportation Service executed in replacement or in substitution therefore, has not terminated prior to the exercise of the renewal rights granted herein;
- (b) Shipper is not in default with respect to any of its obligations under its Service Agreement(s), Firm Transportation Service;
- (c) If requested by Company, Shipper has provided Financial Assurances in accordance with subsection 5.8.1 of the General Terms and Conditions of this Gas Transportation Tariff; and

- (d) Shipper provides Company, at the time the notice referred to in subsection 10.2.1 or 10.2.3 hereof is provided to Company, evidence satisfactory to Company that Shipper has obtained or will be able to obtain appropriate upstream and downstream firm transportation arrangements.

10.2 Procedures

10.2.1 Company may give Shipper notice (“Renewal Notice”) not more than 5 years and not less than six (6) months prior to termination of Shipper’s Service Agreement, Firm Transportation Service that Shipper must exercise the Renewal Option. Shipper has the right to renew the Service Agreement, Firm Transportation Service prior to this Renewal Notice being given upon written notice to Company. As long as at least five (5) years remain in the term of the Shipper’s Service Agreement, Firm Transportation Service then such Renewal Notice cannot be given by Company. Shipper has the right to extend its Service Agreement, Firm Transportation Service one year at a time to maintain a term of at least five (5) years and thereby remain outside the period in which a Renewal Notice can be given.

10.2.2 Once a Renewal Notice is given to Shipper, Shipper shall have ten (10) business days from the date of the Renewal Notice to provide Company with a written notice from Shipper of Shipper’s election to extend the term of the Service Agreement, Firm Transportation Service for a period of at least five (5) years.

10.2.3 If Shipper fails to provide a written request or indicates to Company that it does not wish to renew its capacity in accordance with section 10.2.2, the Company may make the capacity available to other parties in an Open Season in accordance with subsection 4.1 of the Capacity Allocation procedures of this Gas Transportation Tariff.

10.2.4 Upon receipt of all bids for the capacity pursuant to the Open Season in accordance with subsection 4.1 of the Capacity Allocation procedures of this Gas Transportation Tariff, the Company shall select the highest net present value

bid(s) and notify Shipper of the terms of the successful bid(s) within 15 business days of the close of the Open Season. Shipper may retain this capacity if Shipper agrees to match the highest net present value bid(s) obtained in the Open Season. In the event that such bid(s) is longer than five (5) years, Shipper may retain the capacity by extending its Service Agreement by a minimum of five (5) years provided that such notice is made in writing to Company within 10 business days following the date of the bid notification from Company. If no bids are received, Company may accept other terms of renewal if requested in writing from Shipper, notwithstanding that if the remaining term is less than five (5) years, notice may be given pursuant to subsection 10.2.

10.2.5 Following receipt of Shipper's written request in accordance with either subsections 10.2.1, 10.2.2 or 10.2.4, Company will, within 5 business days, provide Shipper with an amendment to the Service Agreement, Firm Transportation Service setting out the renewal term. Shipper shall execute and return the amendment to the Service Agreement, Firm Transportation Service to Company within fifteen (15) business days of receipt from Company, failing which Shipper's Renewal Option terminates.

10.3 Shipper shall have Renewal Rights to be exercised in the same manner and upon the same terms and conditions as set forth above during any renewal term.

11. RENEWAL RIGHTS IN ZONE 8

11.1 Availability

Shippers in Zone 8 shall be entitled to renew all or, if Company agrees, a portion of service under a Service Agreement, Firm Transportation Service if Shipper gives notice to Company of such renewal at least one (1) year prior to termination of Shipper's Service Agreement, Firm Transportation Service. If Shipper does not provide such notice, service shall terminate on the date specified in Shipper's Service Agreement, Firm Transportation Service.

11.2 Procedures

Shipper's notice to renew in Zone 8 pursuant to subsection 11.1 shall be irrevocable for the year immediately prior to the termination of service specified in Shipper's Service Agreement, Firm Transportation Service.

Any renewal of service is subject to the Financial Assurances provisions in subsection 5.8 of the General Terms and Conditions.

Shipper's notice shall specify a renewal term in Zone 8 of not less than one (1) year consisting of increments of whole months.