



TERASEN GAS INC.

**RATE SCHEDULE 23
COMMERCIAL TRANSPORTATION SERVICE**

Effective November 1, 2000

Order No.: G-89-03

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Finance and Regulatory Affairs

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1. Definitions

1.1 **Definitions** - Except where the context requires otherwise all words and phrases defined below or in the General Terms and Conditions of Terasen Gas and used in this Rate Schedule or in a Transportation Agreement have the meanings set out below or in the General Terms and Conditions of Terasen Gas. Where any of the definitions set out below conflict with the definitions in the General Terms and Conditions of Terasen Gas, the definitions set out below govern.

- (a) **Authorized Quantity** - means the quantity of energy (in Gigajoules) for each Day approved by the Transporter(s) for transportation service on the Transporter's pipeline system, based on the quantity requested pursuant to section 7.2 (Requested Quantity), adjusted as set out in section 7.3 (Adjustment of Requested Quantity) or the quantity of energy approved for sale by Terasen Gas under an applicable Rate Schedule, or any component or aggregate of these quantities, as the context requires. | C
- (b) **Backstopping Gas** - means Gas made available by Terasen Gas as an interruptible backup supply if on any Day the Authorized Quantity is less than the Requested Quantity, adjusted as set out in section 7.3 (Adjustment of Requested Quantity).
- (c) **Balancing Gas** - means any Gas taken during a Month which is in excess of the Authorized Quantity, subject to section 8.1 (Monthly Adjustments).
- (d) **Business Day** - means a Day that commences on other than a Saturday, a Sunday, or a statutory holiday in the Province of British Columbia.
- (e) **Capacity Factor** - means the Shipper's average daily use of Gas divided by the product of the average daily use of Gas for the Month of greatest use during the winter period (November 1 to March 31) multiplied by 1.25.
- (f) **Commencement Date** - means the day specified as the Commencement Date in the Transportation Agreement.
- (g) **Contract Year** - means a period of 12 consecutive Months commencing at the beginning of the 1st Day of November and ending at the beginning of the next succeeding 1st Day of November.
- (h) **Day** - means, subject to section 1.2 (Change in Definition of "Day"), any period of twenty-four consecutive hours beginning and ending at 7:00 a.m. Pacific Standard Time.

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- (i) **Delivery Point** - means the point specified in a Transportation Agreement where Terasen Gas delivers Gas to a Shipper.
- (j) **DTQ or Daily Transportation Quantity** - means the maximum quantity of Gas that Terasen Gas is obligated to transport for and deliver to a Shipper at the Delivery Point on any particular Day, which in the discretion of Terasen Gas reasonably reflects the Shipper's requirements and which is specified in a Transportation Agreement.
- (k) **EKE** - means the East Kootenay Exchange, an Interconnection Point where the Terasen Gas System interconnects with the facilities of TransCanada PipeLines Limited, B.C. System.
- (l) **Firm EKE Receipt Service** - means the firm receipt service by which the Shipper provides Gas to Terasen Gas at EKE for firm transportation to a Delivery Point in the Inland Service Area, as described in section 11.1.
- (m) **Force Majeure** - means any acts of God, strikes, lockouts, or other industrial disturbances, civil disturbances, arrests and restraints of rulers or people, interruptions by government or court orders, present or future valid orders of any regulatory body having proper jurisdiction, acts of the public enemy, wars, riots, blackouts, insurrections, failure or inability to secure materials or labour by reason of regulations or orders of government, serious epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, explosions, breakage or accident to machinery or lines of pipes, or freezing of wells or pipelines, or the failure of gas supply, temporary or otherwise, from a Supplier of gas, which act of Force Majeure was not due to negligence of the party claiming Force Majeure. Further, Force Majeure will also include a declaration of force majeure by a Transporter that results in Gas being unavailable for delivery at the Interconnection Point.
- (n) **Group** - means a group of Shippers who each transport Gas under a transportation Rate Schedule, have a common Shipper Agent, and who have each entered into a Transportation Agreement.
- (o) **Interconnection Point** - means a point where the Terasen Gas System interconnects with the facilities of one of the Transporters of Terasen Gas, as specified in a Transportation Agreement.
- (p) **Interruptible EKE Receipt Service** - means the interruptible receipt service by which the Shipper provides Gas to Terasen Gas at EKE for firm transportation to a Delivery Point in the Inland Service Area or the Lower Mainland Service Area, as described in section 11.2.

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- (q) **Month** - means, subject to any changes from time to time required by Terasen Gas, the period beginning at 7:00 a.m. Pacific Standard Time on the first day of the calendar month and ending at 7:00 a.m. Pacific Standard Time on the first day of the next succeeding calendar month.
- (r) **Non-Bypass Shipper** - means a Shipper that receives service under Rate Schedule 23, 25 or 22A and pays rates as set out in the standard Table of Charges for the applicable Rate Schedule.
- (s) **Pacific Clock Time** - means Pacific Standard Time or Daylight Savings Time as it applies in Surrey, British Columbia.
- (t) **Peak Day Demand** - means the quantity of energy used for the purposes of determining the Peaking Gas and EKE Receipt Service available to a Non-Bypass Shipper, as calculated pursuant to section 10.4.
- (u) **Peaking Gas** - means Gas which is provided to the Shipper by Terasen Gas in accordance with the provisions of section 10.
- (v) **Peaking Gas Quantity** - means the Peaking Gas available to a Non-Bypass Shipper on a Day, determined pursuant to the provisions of section 10.5.
- (w) **Rate Schedule 23 or this Rate Schedule** - means this Rate Schedule, including all rates, terms and conditions, and the Table of Charges, as amended from time to time by Terasen Gas with the consent of the British Columbia Utilities Commission. O
- (x) **Replacement Gas** - means Gas which is provided to a Shipper by Terasen Gas in the event the Shipper fails to return Peaking Gas Quantity pursuant to section 10.7. C
- (y) **Requested Quantity** - means the quantity of energy for each Day requested for firm transportation under this Rate Schedule. C
- (z) **Requested Peaking Gas Quantity** - means the quantity of energy for each Day requested as Peaking Gas under this Rate Schedule. C

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- (aa) **Shipper** - means a person who enters into a Transportation Agreement with Terasen Gas who is also the consumer of the Gas transported. | C
- (bb) **Shipper Agent** - means a person who enters into a Shipper Agent Agreement with Terasen Gas. | C
- (cc) **Shipper Agent Agreement** - means an agreement between Terasen Gas and a Shipper Agent pursuant to which the Shipper Agent agrees to act as agent for a Group. | C
- (dd) **Southern Crossing Pipeline** - means the pipeline and other facilities constructed by Terasen Gas from EKE to an interconnection with existing Terasen Gas facilities near Oliver that will enable Terasen Gas to transport Gas between EKE and the Delivery Point. | C
- (ee) **Sumas Daily Price** - means the "NW Sumas" Daily Midpoint Price as set out in Gas Daily's Daily Price Survey for Gas delivered to Northwest Pipeline Corporation at Sumas, converted to Canadian dollars using the noon exchange rate as quoted by the Bank of Canada, one business day prior to Gas flow date, for each Day. Energy units are converted from MMBtu to Gigajoule by application of a conversion factor equal to 1.055056 Gigajoule per MMBtu. | C
- (ff) **Supplier** - means a party who sells Gas to a Shipper or Terasen Gas or has access to its own supplies of Gas. | C
- (gg) **Table of Charges** - means the table of prices, fees and charges, as amended from time to time by Terasen Gas with the consent of the British Columbia Utilities Commission, appended to this Rate Schedule. | C
- (hh) **Transportation Agreement** - means an agreement between Terasen Gas and a Shipper to provide service pursuant to a transportation Rate Schedule. | C
- (ii) **Transporter** - means, in the case of the Columbia Service Area, TransCanada PipeLines Limited, B.C. System, and in the case of the Inland Service Area and Lower Mainland Service Area, Westcoast Energy Inc., Terasen Huntingdon Inc., TransCanada PipeLines Limited, B.C. System and any other gas pipeline transportation company connected to the facilities of Terasen Gas from which Terasen Gas receives Gas for the purposes of Gas transportation or resale. | C
- (jj) **Transporter's Service Terms** - means the general terms and conditions of the applicable Transporter, as filed with and approved from time to time by the National Energy Board or other applicable governmental authority. | C

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(kk) **Unauthorized Overrun Gas** - means any Gas taken on any Day in excess of the curtailed quantity specified in any notice, to interrupt or curtail a Shipper's take, or to interrupt or curtail a Group's take, and for greater certainty, Unauthorized Overrun Gas includes all Gas taken by a Shipper or a Group to the extent that the obligation of Terasen Gas to deliver such Gas is suspended by reason of Force Majeure. | c

1.2 **Change in Definition of "Day"** - Terasen Gas may amend the definition of "Day" from time to time to suitably align its operations with those of its Transporters. If Terasen Gas amends the definition of "Day", a pro-rata adjustment of quantities of Gas and charges to account for any Day of more or less than 24 Hours will be made and the term of the Transportation Agreement will be similarly adjusted.

2. Applicability

2.1 **Description of Applicability** - This Rate Schedule is applicable to Shippers with a normalized annual consumption at one Premises of greater than 2,000 Gigajoules of firm Gas, for use in approved appliances in commercial, institutional or small industrial operations.

2.2 **British Columbia Utilities Commission** - This Rate Schedule may be amended from time to time with the consent of the British Columbia Utilities Commission.

3. Conditions of Service

3.1 **Conditions** - Terasen Gas does not provide transportation service as a common carrier. Terasen Gas will only transport Gas under this Rate Schedule to Shippers in the territory served by Terasen Gas under the Terasen Gas tariff of which this Rate Schedule is a part if:

- (a) the Shipper has entered into a Transportation Agreement,
- (b) adequate capacity exists on the Terasen Gas System, and
- (c) Terasen Gas has installed at the Delivery Point the facilities and equipment referred to in section 15.1 (Facilities and Equipment).

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- 3.2 **Security** - In order to secure the prompt and orderly payment of the charges to be paid by the Shipper to Terasen Gas under the Transportation Agreement, Terasen Gas may require the Shipper to provide, and at all times maintain, an irrevocable letter of credit in favour of Terasen Gas issued by a financial institution acceptable to Terasen Gas in an amount equal to the estimated maximum amount payable by the Shipper under this Rate Schedule and the Transportation Agreement for a period of 90 Days. Where Terasen Gas requires a Shipper to provide a letter of credit and the Shipper is able to provide alternative security acceptable to Terasen Gas, Terasen Gas may accept such security in lieu of a letter of credit.
- 3.3 **Warning if Switching from Interruptible to Firm Transportation Service or Sales** - A Shipper wishing to switch from interruptible transportation or interruptible sales to firm transportation under this Rate Schedule must
- (a) give 12 months prior notice to Terasen Gas of the Shipper's desire to do so, and
 - (b) after receiving an estimate from Terasen Gas of costs Terasen Gas will reasonably incur to provide such service, agree to reimburse Terasen Gas for any such costs.

Notwithstanding section 3.3(a), Terasen Gas will make reasonable efforts to accommodate a Shipper on less than 12 months prior notice if Terasen Gas is able, with such shorter notice, to arrange for firm transportation of Gas under this Rate Schedule.

4. Transportation

- 4.1 **Transportation of Gas** - Subject to section 13 of the General Terms and Conditions of Terasen Gas (Interruption of Service), and all of the terms and conditions of this Rate Schedule, Terasen Gas will on each Day transport for and deliver to the Shipper at the Delivery Point the Authorized Quantity, or the Shipper's portion of the Group's Authorized Quantity, received at the Interconnection Point from the Transporter up to the DTQ. On each Day, if the Shipper's Gas received at the Interconnection Point is not consumed by the Shipper or is not authorized for delivery to the Shipper, Terasen Gas will be entitled to utilize such Gas subject to all the terms of this Rate Schedule and the Transportation Agreement.
- 4.2 **Curtailement** - Consistent with the provisions of section 7.6 (Failure to Deliver to Interconnection Point), if at any time Terasen Gas, acting reasonably, determines that it is not able to provide Balancing Gas or Backstopping Gas, Terasen Gas may curtail the Shipper's take to the lesser of the Authorized Quantity or the DTQ.

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- 4.3 **Notice of Curtailment** - Each notice from Terasen Gas to the Shipper with respect to the interruption or curtailment by Terasen Gas of deliveries of Gas to the Delivery Point will be by telephone and/or fax and will specify the quantity of Gas to which the Shipper is curtailed and the time at which such curtailment is to be made. Terasen Gas will make reasonable efforts to give the Shipper as much notice as possible with respect to such curtailment, not to be less than 8 Hours prior notice unless prevented by Force Majeure or unless the Transporter does not provide to Terasen Gas at least 8 Hours prior notice of reduced availability of gas.
- 4.4 **Default Regarding Curtailment** - The Shipper will comply with each notice to interrupt or curtail the Shipper's take. If the Shipper at any time fails or neglects to comply with a notice to interrupt or curtail the Shipper's take as set out in section 7.6 (Failure to Deliver to Interconnection Point), Terasen Gas may, in addition to any other remedy which it may then or thereafter have, at its option, without liability therefor and without any prior notice to the Shipper
- (a) turn off the valve at the Delivery Point, or
 - (b) deliver such Gas and charge the Shipper for such Gas consumed on that Day the unauthorized overrun charge set out in the Table of Charges.
- 4.5 **Maximum Hourly Quantities** - Terasen Gas will not be obliged to receive or deliver in one Hour more than 5% of the quantity of Gas that the Shipper is authorized to receive on any Day.
- 4.6 **Gas Pressure** - Where specifically requested by the Shipper, Terasen Gas may agree to deliver Gas to the Shipper at the Delivery Point at a minimum pressure specified in the Shipper's Transportation Agreement. The Shipper will reimburse Terasen Gas for costs it reasonably incurs in maintaining such minimum pressure above that set out in the General Terms and Conditions of Terasen Gas. Terasen Gas' ability to maintain a minimum pressure at the Delivery Point is subject to Terasen Gas receiving Gas at the Interconnection Point at the pressure specified in the Transporter's Service Terms.

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5. Table of Charges

- 5.1 **Charges** - In respect of all quantities of Gas delivered to the Delivery Point pursuant to this Rate Schedule and the Transportation Agreement, the Shipper will pay to Terasen Gas all of the charges set out in the Table of Charges whether or not the Shipper is a member of a Group. The Shipper Agent may elect to pay to Terasen Gas the charges for the Backstopping Gas and the Balancing Gas taken, any Unauthorized Overrun Gas taken, any Replacement Gas incurred, and any Positive Imbalance and Negative Imbalance incurred under Rate Schedule 40 for members of its Group. In the event the Shipper Agent fails to make an election or withdraws an election to pay these charges for and on behalf of the Shippers which are members of its Group, Terasen Gas will bill the Shippers directly.

6. Unauthorized Gas Use

- 6.1 **Charges for Unauthorized Service** - On any Day a Shipper takes Unauthorized Overrun Gas, the Shipper will pay to Terasen Gas the unauthorized overrun charge set out in the Table of Charges. The Shipper Agent may elect to pay these charges for the members of its Group. In the event the Shipper Agent fails to make an election or withdraws an election to pay these charges for and on behalf of the Shippers which are members of its Group, Terasen Gas will bill the Shippers directly.
- 6.2 **Payments Not License** - Payments made to Terasen Gas for Unauthorized Overrun Gas neither give the right to take Unauthorized Overrun Gas, nor exclude or limit any other remedies available to Terasen Gas for the Shipper's taking of Unauthorized Overrun Gas.
- 6.3 **Demand Surcharge** - If the Shipper is a member of a Group which includes a Shipper under Rate Schedules 22, 22A or 22B then the Group and its members will be subject to Demand Surcharges under section 7 (Unauthorized Use) of Rate Schedule 22.

7. Nomination

- 7.1 **Capacity on Transporter Pipeline(s)** - The Shipper will on or before the Commencement Date notify Terasen Gas of the identity of the party holding capacity for the Shipper on the Transporter pipeline(s), and thereafter from time to time on a prompt basis when such party changes.

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- 7.2 **Requested Quantity** - The Shipper will provide to Terasen Gas by fax or other method approved by Terasen Gas, prior to 7:30 a.m. Pacific Clock Time on each Day (or such other time as may be specified from time to time by Terasen Gas) such information as may be requested by Terasen Gas, which will include, but is not limited to, the Shipper's Requested Quantity for the Day commencing in approximately 24 Hours and the portion of the Requested Quantity to be delivered to Terasen Gas at each applicable Interconnection Point. If the Shipper does not notify Terasen Gas in accordance with the foregoing, then the Shipper's Requested Quantity for the Day commencing in approximately 24 Hours will be deemed to be the Shipper's Requested Quantity, adjusted as set out in section 7.3 (Adjustment of Requested Quantity), for the Day just commencing. The Shipper's Requested Quantity for each Day will equal the Shipper's best estimate, at the time of notification to Terasen Gas of the Requested Quantity, of the quantity of Gas the Shipper will actually consume on such Day.
- 7.3 **Adjustment of Requested Quantity** - Terasen Gas may adjust, in consultation with the Shipper, the Shipper's Requested Quantity, described in section 7.2 (Requested Quantity), when in the reasonable opinion of Terasen Gas such modification is required in order to minimize the Month end balancing quantity.
- 7.4 **Request to Transporter** - Terasen Gas will provide to the Transporter(s) the portion of the Shipper's Requested Quantity to be delivered to Terasen Gas at the Interconnection Point with the Transporter, adjusted as set out in section 7.3 (Adjustment of Requested Quantity).
- 7.5 **Delivery to Interconnection Point** - Each Day the Shipper will cause to be delivered to the applicable Interconnection Point a quantity of Gas at least equal to the portion of the Shipper's Requested Quantity from that Interconnection Point, adjusted as set out in section 7.3 (Adjustment of Requested Quantity).
- 7.6 **Failure to Deliver to Interconnection Point** - If on any Day the Authorized Quantity from a Transporter is less than the quantity requested from the Transporter pursuant to section 7.4 (Request to Transporter), Terasen Gas may, in its discretion, interrupt or curtail service hereunder to the lesser of such Authorized Quantity or the DTQ. Alternatively, Terasen Gas may deliver additional Gas to the Shipper at the subject Interconnection Point and charge the Shipper the charge for Backstopping Gas as set out in the Table of Charges. If Terasen Gas is unable to ascertain which Shipper's supply has caused a deficiency, Terasen Gas may, in its discretion, interrupt or curtail service to the Shippers on a prorata basis or another basis deemed equitable by Terasen Gas based on available information. Terasen Gas will reallocate the deficiency as soon as reasonable if it obtains information that allows it to determine responsibility and Terasen Gas will disclose to the Shippers how it allocated or reallocated the deficiency.

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- 7.7 **Authorized Quantity** - Terasen Gas will take such action as is reasonable in all the circumstances to advise the Shipper or the Shipper Agent if the portion of the Authorized Quantity from a Transporter is less than the portion of the Requested Quantity to be delivered to Terasen Gas at the Interconnection Point with the Transporter.
- 7.8 **Determination of DTQ** - The Shipper will provide to Terasen Gas by fax or other method approved by Terasen Gas 30 Days prior to the Commencement Date of each Contract Year the Shipper's DTQ for the following Contract Year. If a Shipper appoints a Shipper Agent to act on its behalf, the Shipper authorizes the Shipper Agent to determine the DTQ set out in the Transportation Agreement, for each Contract Year. This authorization will remain in effect for the term of the Transportation Agreement or so long as the Shipper Agent acts as agent for the Shipper, whichever period is shorter.

8. Gas Balancing

- 8.1 **Monthly Adjustments** - With the exception of unreturned Peaking Gas, Terasen Gas will make adjustments at the end of each Month for the differences between the sum of the Authorized Quantities and the Shipper's actual consumption as measured daily by Terasen Gas as follows
- (a) for overdeliveries (the sum of the Authorized Quantities is greater than the Shipper's actual monthly consumption) Terasen Gas will maintain an inventory account for the Shipper and will increase the balance in the inventory account by the excess amount received. Terasen Gas reserves the right to limit Gas quantities maintained in the Shipper's inventory account and will from time to time in consultation with the Shipper return excess inventory at no charge to the Shipper; this will not relieve the Shipper from its obligation to provide accurate nominations pursuant to section 7.2 (Requested Quantity) , and
 - (b) except in the case of Backstopping Gas and Unauthorized Overrun Gas, for underdeliveries (the sum of the Authorized Quantities is less than the Shipper's actual Monthly consumption as measured by Terasen Gas), Terasen Gas will sell to the Shipper the deficiency quantities at the Balancing Gas charge set out in the Table of Charges.
- 8.2 **Imbalance Following Termination** - If Terasen Gas has received a quantity of Gas in excess of the quantity delivered to the Shipper during the term of a Transportation Agreement, then the Shipper may request the excess quantity be returned within 90 Days following termination of the Transportation Agreement.
- 8.3 **Balancing of Peaking Gas** - Balancing of Peaking Gas is described in section 10.7.

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9. Group Nominations and Balancing

- 9.1 **Group Nomination and Balancing** - If a Shipper appoints a Shipper Agent and becomes a member of a Group and if the Shipper and Shipper Agent have agreed to execute or have executed a Shipper Agent Agreement, and if the members of the Group are in the same Service Area of Terasen Gas and receive service under a transportation Rate Schedule, the Shipper Agent will nominate and balance on behalf of all members of the Group on an aggregate basis pursuant to sections 7 (Nomination), 8 (Gas Balancing), 10 (Peaking Gas) and 11 (EKE Receipt Service) of this Rate Schedule, as modified by this section, and the Shipper Agent will be the agent for each of the members of a Group for the purposes of any and all matters set out in sections 7 (Nomination), 8 (Gas Balancing), 10 (Peaking Gas) and 11 (EKE Receipt Service). Notwithstanding the foregoing, where a Shipper under Rate Schedules 22, 22A or 22B is a member of the Group, section 9 (Gas Balancing) and section 10 (Group Nomination and Balancing) of Rate Schedule 22 will apply to the Group on an aggregate basis. The Shipper Agent may also elect pursuant to the Shipper Agent Agreement, to pay some or all of the charges specified in sections 5.1 and 6.1 for and on behalf of the Shippers in its Group. The Shipper acknowledges and agrees that Terasen Gas may rely, for the purpose of payment allocations, on verbal notification from the Shipper Agent of such election as a basis for the Shipper Agent's authority to act on behalf of Shipper. Where the Shipper Agent fails to execute a Shipper Agent Agreement, the Shipper will be deemed to be and treated by Terasen Gas as an individual Group of one Shipper, except for the purposes of sections 9.5 and 13.1 hereunder, and will be deemed to have agreed to purchase Gas from Terasen Gas pursuant to the applicable transportation schedule and will accordingly be responsible for the payment of all charges thereunder, including any and all Balancing Gas and Unauthorized Overrun Gas charges attributable to that Shipper.
- 9.2 **Requested Quantity from Shipper Agent** - The Shipper Agent will notify Terasen Gas of the Shipper's Requested Quantity described in section 7.2 (Requested Quantity) on behalf of all members of a Group on an aggregate basis. If the Shipper Agent does not so notify Terasen Gas, then the Group's Requested Quantity for the Day commencing in approximately 24 Hours will be deemed to be the Group's quantity pursuant to section 8.2 (Requested Quantity) for the Day just commencing.
- 9.3 **Determination of Charges** - The charges for Backstopping Gas, Balancing Gas, Unauthorized Overrun Gas and Replacement Gas set out in the Table of Charges, and Demand Surcharges as set out in the Rate Schedule 22 Table of Charges, will be determined based on the quantities transported on behalf of all members of the Group on an aggregate basis. The charges for Unauthorized Transportation Service will be determined based on the quantities delivered to each Shipper.

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- 9.4 **Security** - Terasen Gas may require the Shipper Agent to provide security, as set out in section 3.2 (Security), with necessary changes, for the performance of the Shipper Agent's obligations under the Shipper Agent Agreement.
- 9.5 **Notices To and From Shipper Agents** - If the Shipper is a member of a Group then:
- (a) communications regarding curtailments or interruptions arising from Gas supply constraints and limitations, quantities of Gas requested and quantities of Gas authorized will be between the Shipper Agent for the Group and Terasen Gas; and
 - (b) notices from Terasen Gas with respect to interruption or curtailment pursuant to section 4.3 (Notice of Curtailment) arising from Gas supply constraints or limitations will be to the Shipper Agent for the Group and will specify the quantity of Gas to which the Group is curtailed and the time at which such curtailment is to be made; it will be the responsibility of the Shipper Agent to notify Shippers which are members of the Group of interruptions or curtailments.

10. Peaking Gas Service

- 10.1 **Applicability** - In each Contract Year, Peaking Gas Service is available only to Non-Bypass Shippers for Gas which is delivered to a Delivery Point in the Inland Service Area, Lower Mainland Service Area or Columbia Service Area and for which the Transportation Agreement was in effect on the 1st Day of November of the subject Contract Year.
- 10.2 **15-Day Maximum** - A Non-Bypass Shipper may request Peaking Gas for a maximum of 15 Days during each Contract Year. Any Day for which any portion of the Shipper's Peaking Gas Quantity is requested and authorized will be considered one of the 15 Days of Peaking Gas entitlement even if the quantity of authorized Peaking Gas is not used or only partially used.
- 10.3 **Contract Year 2000/2001** - Should the Southern Crossing Pipeline ("SCP") not be fully operational by the 1st Day of November 2000, the number of Days for which Peaking Gas may be requested during the Contract Year which commences on the 1st Day of November 2000 will be:

$$\frac{\text{the number of Days that SCP is operational during the 2000/2001 Contract Year} * 15}{365}$$

rounded to the nearest whole number. Peaking Gas may only be requested after the SCP has become fully operational.

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10.4 **Peak Day Demand** - For purposes of determining the Peaking Gas Quantity available to a Non-Bypass Shipper on a Day, the Peak Day Demand of a Rate Schedule 23 Shipper is equal to 1.25 times the Shipper's highest average daily consumption of any month in the winter period from November through March of the preceding Contract Year. In instances respecting which it is agreed by Terasen Gas and Shipper that a Shipper's Gas consumption during the preceding Contract Year is not indicative of prospective consumption, Terasen Gas will set the Peak Day Demand of that Shipper after consultation with that Shipper.

10.5 **Peaking Gas Quantity** - The quantity of Peaking Gas available on a Day to a Non-Bypass Shipper ("Peaking Gas Quantity") will be a percentage of that Shipper's Peak Day Demand. The Peaking Gas Quantity available to Non-Bypass Shippers for the next Contract Year will be determined by Terasen Gas, and Terasen Gas will in writing notify each Non-Bypass Shipper of that Shipper's Peaking Gas Quantity, at least 30 days prior to the commencement of each Contract Year. The Peaking Gas Quantity available to a Non-Bypass Shipper in a Contract Year will be:

- (a)
$$\frac{\text{Total Non-Bypass Transport Demand}}{\text{Forecast Sales Demand} + \text{Non-Bypass Transport Demand}} = \text{Peaking Gas Factor}$$
- (b)
$$\text{Peaking Gas Factor} * \text{SCP Peaking Gas} = \text{Non-Bypass Transport Volume}$$
- (c)
$$\frac{\text{Non-Bypass Transport Volume}}{\text{Non-Bypass Transport Demand}} = \text{Peaking Gas Percentage}$$
- (d)
$$\text{Peaking Gas Percentage} * \text{a Non-Bypass Shipper's Peak Day Demand} = \text{Peaking Gas Quantity}$$

Where:

"Non-Bypass Transport Demand" is the aggregate Peak Day Demand of all Non-Bypass Shippers for the Contract Year commencing the next November 1; "Forecast Sales Demand" is the Terasen Gas forecast of the aggregate peak day demand for the Year commencing the next November 1 for all Gas sales Customers of Terasen Gas excluding those in the Fort Nelson Service Area; and "SCP Peaking Gas" is the quantity of peaking gas available to Terasen Gas in the Year commencing the next November 1 due to the operation of the Southern Crossing Pipeline.

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- 10.6 **Requested Peaking Gas Quantity** - Shipper will notify Terasen Gas of its Requested Peaking Gas Quantity pursuant to nomination procedures described in section 7.2 except as otherwise described in section 10.6 (a) and 10.6 (b) below. The Requested Peaking Gas Quantity must be explicitly stated on the nomination and may be less than but may not exceed the Shipper's Peaking Gas Quantity described in section 10.5.
- (a) **Prior Day Notices of Curtailment** - On a Day when Terasen Gas has given notice of curtailment for the next or subsequent Day, a Shipper may notify Terasen Gas of its Requested Peaking Gas Quantity for the next Day up until one Hour prior to the evening nomination cycle on the day preceding the Day for which notice of curtailment has been given.
- (b) **Same Day Notices of Curtailment** - On a Day when Terasen Gas has given notice of curtailment to be effective during that Day, a Shipper may notify Terasen Gas of its Requested Peaking Gas Quantity up until one Hour after the notice of curtailment has been given by Terasen Gas; provided that Terasen Gas has usable nomination cycles available during that Day with the Transporter(s). Requests for Requested Peaking Gas Quantity received after the time when Terasen Gas has usable nomination cycles available during that Day will be authorized only on an as available basis. If notice of Requested Peaking Gas Quantity is given to Terasen Gas during the Day for which Peaking Gas is being requested then the Peaking Gas Quantity available to Shipper on that Day will be reduced consistent with the elapsed pro-rata practices of applicable Transporter(s).
- (c) **Non-Curtailment Days** - On Days for which Terasen Gas has not given notice of curtailment, requests for Peaking Gas Quantity shall be made in accordance with the provisions described in section 7.2.
- 10.7 **Return of Peaking Gas Quantity** - Terasen Gas will, within 4 business days following the date for which Peaking Gas is authorized, provide to the Shipper a statement indicating the amount of Peaking Gas authorized and used, and this will be the statement used for the purposes of tracking the authorization and use of Peaking Gas. Peaking Gas must be returned to Terasen Gas within 6 Business Days of the Day in respect of which it was authorized. Shipper must notify Terasen Gas that it is returning Peaking Gas Quantity with its nomination for Requested Quantity described in section 7.2. Peaking Gas returned will be applied against the earliest Peaking Gas Quantity authorized and not yet returned. Shipper has option to elect to return Peaking Gas from the Peaking Gas inventory which is kept for this purpose. If Peaking Gas is not returned to Terasen Gas within 6 Business Days, Terasen Gas will provide Shipper with an equivalent quantity of Replacement Gas. The charge for Replacement Gas will be as set out in the Table of Charges.

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10.8 **Last Gas Ordered** - Peaking Gas Quantity will be considered the last Gas ordered and taken during the Day.

10.9 **Transport of Peaking Gas Quantity** - Peaking Gas Quantity will be deemed to be provided to the Shipper at the Interconnection Point, and the volumes consumed by the Shipper will be included in the Shipper's monthly transport volume for the purposes of calculating monthly transport charges.

11. Access to East Kootenay Exchange (EKE) Interconnection Point

11.1 Firm EKE Receipt Service

(a) **Applicability** - Firm receipt service access from the EKE Interconnection Point ("Firm EKE Receipt Transport") is available to Non-Bypass Shippers for Gas which is delivered to a Delivery Point in the Inland Service Area and for which the Shipper has a Transportation Agreement which is effective on the August 1st preceding the subject Contract Year ("Inland Non-Bypass Shippers").

(b) **Availability** - The total quantity of Firm EKE Receipt Service available in aggregate to Inland Non-Bypass Shippers ("EKE Transport Volume") will be determined by Terasen Gas for each Contract Year. Terasen Gas shall publish the EKE Transport Volume which is available for the next Contract Year by July 31 of each Year. The EKE Transport Volume shall be determined as follows:

$$\frac{\text{Inland Non-Bypass Transport Demand} * \text{ITS Constraint}}{\text{Forecast Inland Sales Demand} + \text{Inland Non-Bypass Transport Demand}} = \text{EKE Transport Volume}$$

Where:

"Inland Non-Bypass Transport Demand" is the aggregate Peak Day Demand of all Non-Bypass Shippers in the Inland Service Area for the Contract Year commencing the next November 1; "Forecast Inland Sales Demand" is the Terasen Gas forecast of the aggregate peak day demand for the Year commencing the next November 1 for all firm Gas sales Customers of Terasen Gas in the Inland Service Area; and "ITS Constraint" is the capacity of the Terasen Gas Interior transmission system available to flow Gas from Oliver in a northbound direction during periods of peak demand.

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- (c) **Election** - Annual elections for Firm EKE Receipt Service for the next Contract Year must be submitted in writing by Shippers to Terasen Gas within 5 Business Days of the date on which Terasen Gas publishes the EKE Transport Volume. The election must indicate the quantity of Firm EKE Receipt Service requested. The quantity requested must not exceed the Shipper's Peak Day Demand. Terasen Gas will pro-rate the Firm EKE Receipt Service requests based on the requested quantities if aggregate Firm EKE Receipt Service requests exceed the available EKE Transport Volume. Terasen Gas will notify Shippers of the Shippers' quantity of Firm EKE Receipt Service within 10 Business Days of the date on which Terasen Gas publishes the EKE Transport Volume.

11.2 Interruptible EKE Receipt Service

- (a) **Applicability** - Interruptible receipt service access to the EKE Interconnection Point ("Interruptible EKE Receipt Service") is available only to Non-Bypass Shippers for which Gas is delivered to a Delivery Point in the Inland Service Area and Lower Mainland Service Area ("Eligible Interruptible Non-Bypass Shippers").
- (b) **Quantity Available** - The quantity of Interruptible EKE Receipt Service available to Eligible Interruptible Non-Bypass Shippers will be determined by Terasen Gas. In determining the quantity of Interruptible EKE Receipt Service available Terasen Gas will take into account system delivery constraints including the requirement to flow Gas from the facilities of Westcoast Energy Inc. into the Inland Service Area, and the quantity of Firm EKE Receipt Service not utilized. The quantity of Interruptible EKE Receipt Service available to Eligible Interruptible Non-Bypass Shippers will be a pro-rata portion of the aggregate available demands of all firm Gas sales Customers and all firm transportation Customers in the Inland and Lower Mainland Service Areas.
- (c) **Maximum Nomination** - A Shipper may not request Interruptible EKE Receipt Service in excess of the Shipper's Peak Day Demand less the Firm EKE Receipt Service of the Shipper. If Terasen Gas receives requests for Interruptible EKE Receipt Service in excess of the aggregate available Interruptible EKE Receipt Service available for the Day (as determined in 11.2 (b), Terasen Gas will apportion the available Interruptible EKE Receipt Service on a pro-rata basis of requested Interruptible EKE Receipt Service.
- (d) **Incremental Costs** - Shippers will be responsible for incremental costs associated with transportation on the facilities of Westcoast Energy Inc. from the Inland Service Area to the Lower Mainland Service Area (if applicable).

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12. Term of Transportation Agreement

- 12.1 **Term** - The initial term of the Transportation Agreement will begin on the Commencement Date and will expire at 7:00 a.m. Pacific Standard Time on the November 1st next following, provided that if the foregoing results in an initial term of less than one year, then the initial term will instead expire at the end of one further Contract Year.
- 12.2 **Automatic Renewal** - Except as specified in the Transportation Agreement, the term of the Transportation Agreement will continue from year to year after the expiry of the initial term unless cancelled by either Terasen Gas or the Shipper, subject to section 3.3, (Warning if Switching from Interruptible to Firm Transportation Service or Sales) upon not less than 2 months notice prior to the end of the Contract Year then in effect.
- 12.3 **Early Termination** - The term of the Transportation Agreement is subject to early termination in accordance with section 18 (Default or Bankruptcy).
- 12.4 **Survival of Covenants** - Upon the termination of the Transportation Agreement, whether pursuant to section 18 (Default or Bankruptcy) or otherwise,
- (a) all claims, causes of action or other outstanding obligations remaining or being unfulfilled as at the date of termination, and,
 - (b) all of the provisions in this Rate Schedule and in the Transportation Agreement relating to the obligation of any of the parties to account to or indemnify the other and to pay to the other any monies owing as at the date of termination in connection with the Transportation Agreement, will survive such termination.

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13. Statements and Payments

- 13.1 **Statements to be Provided** - Terasen Gas will, on or about the 15th day of each month, deliver to the Shipper, a statement for the preceding month showing the Gas quantities delivered to the Shipper and the amount due. If the Shipper is a member of a Group then the statement and the calculation of the amount due from the Shipper will be based on information supplied by the Shipper Agent, or based on other information available to Terasen Gas, as set out in the Shipper Agent Agreement. Terasen Gas will, on or about the 45th day after the end of a Contract Year, deliver to the Shipper a separate statement for the preceding Contract Year showing the amount required from the Shipper in respect of any indemnity due under this Rate Schedule or a Transportation Agreement. Any errors in any statement will be promptly reported to the other party as provided hereunder, and statements will be final and binding unless questioned within one year after the date of the statement.
- 13.2 **Payment and Late Payment Charge** - Payment for the full amount of the statement, including federal, provincial and municipal taxes or fees applicable thereon, will be made to Terasen Gas at its Vancouver, British Columbia office, or such other place in Canada as it will designate, on or before the 1st business day after the 21st calendar day following the billing date. If the Shipper fails or neglects to make any payment required under this Rate Schedule, or any portion thereof, to Terasen Gas when due, Terasen Gas will include in the next bill to the Shipper a late payment charge of 1.5% per month (19.56% per annum) on the outstanding amount.
- 13.3 **Examination of Records** - Each of Terasen Gas and the Shipper will have the right to examine at reasonable times the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, charge, computation or demand made pursuant to any provisions of this Rate Schedule or the Transportation Agreement.

14. Quality

- 14.1 **Minimum Standards** - All Gas delivered to an Interconnection Point by or on behalf of the Shipper and all Gas delivered to the Delivery Point will conform to the quality specifications set out in the applicable Transporter's Service Terms.

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15. Measuring Equipment

- 15.1 **Facilities and Equipment** - Terasen Gas will, at the cost to the Shipper, install, maintain and operate at the Delivery Point such metering and communications facilities and equipment as Terasen Gas determines are necessary or desirable for measuring the quantity of Gas delivered pursuant to this Rate Schedule to the Shipper and the Shipper will permit Terasen Gas, without cost to Terasen Gas, to use the Shipper's communications lines and power for the purpose of installing, maintaining and operating the measuring equipment of Terasen Gas.
- 15.2 **Measuring Site** - If Terasen Gas reasonably determines that it is necessary to install the facilities and equipment referred to in section 15.1 (Facilities and Equipment) on the Shipper's property, the Shipper will, without charge, provide a suitable site along with utilities and enclosures for the installation of the facilities and equipment of Terasen Gas. Terasen Gas will at all times have clear access to the site and to all of its facilities and equipment. All facilities and equipment installed by Terasen Gas on the Shipper's property will remain the property of Terasen Gas and may be removed by Terasen Gas upon termination of the Transportation Agreement.
- 15.3 **Calibration and Test of Measuring Equipment** - The accuracy of the measuring equipment of Terasen Gas will be verified by standard tests and methods at regular intervals and at other times at the initiative of Terasen Gas or upon the reasonable request of the Shipper. Notice of the time and nature of each test conducted in response to communications with or at the request of the Shipper will be given by Terasen Gas to the Shipper sufficiently in advance to permit a representative of the Shipper to be present. If during a test the measuring equipment is found to be registering inaccurately, it will be adjusted at once to read as accurately as possible. The results of each test and adjustment, if any, made by Terasen Gas, whether or not the Shipper is present for such test, will be accepted until the next test. All tests of such measuring equipment of Terasen Gas will be made at the expense of Terasen Gas, except that the Shipper will bear the expense of tests made at its request if the measuring equipment is found to be inaccurate by an amount equal to 2% or less.
- 15.4 **Inaccuracy Exceeding 2%** - If upon any test the measuring equipment is found to be inaccurate by an amount exceeding 2%, any previous readings of such equipment will be corrected to zero error for any period during which it is definitely known or is agreed upon that the error existed. If the period is not definitely known or is not agreed upon, such correction will be for a period covering the last half of the time elapsed since the date of the last test. Provided that under no circumstances will an adjustment be made for a period of more than the preceding 12 months.

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- 15.5 **Correction of Measuring Errors** - If the measuring equipment is out of service or out of repair so that the quantity of Gas delivered cannot be correctly determined by the reading thereof, the Gas delivered during the period such measuring equipment is out of service or out of repair will be estimated on the basis of the best available data, using the first of the following methods which is feasible
- (a) by correcting the error if the percentage of error is ascertained by calibration test or mathematical calculation,
 - (b) by using the registration of any check measuring equipment if installed and accurately registering, and
 - (c) by estimating the quantity of Gas delivered to the Shipper during the preceding periods under similar conditions when the meter was registering accurately.
- 15.6 **Shipper's Equipment** - The Shipper may at its own expense install, maintain and operate its own measuring equipment for the purposes of monitoring or checking the measuring equipment of Terasen Gas, provided that the Shipper will install such equipment so as not to interfere with the operation of the measuring equipment of Terasen Gas.
- 15.7 **Right to be Present** - Terasen Gas and the Shipper will have the right to inspect all equipment installed or furnished by the other and the charts and other measurement or test data of the other at all times during business hours, and to be present at the time of any installing, testing, cleaning, changing, repairing, calibrating or adjusting done in connection with the measuring equipment of the other party, but all such activities will be performed by the party furnishing the measuring equipment.
- 15.8 **Preservation of Records** - Both parties will cause to be preserved each test datum, chart and other record of Gas measurement for a period of 2 years.

16. Measurement

- 16.1 **Unit of Volume** - The unit of volume of Gas for all purposes hereunder will be 1 cubic metre at a temperature of 15° Celsius and an absolute pressure of 101.325 kilopascals.
- 16.2 **Determination of Volume** - Gas delivered hereunder will be metered using metering apparatus approved by the Standards Division, Industry Canada, Office of Consumer Affairs and the determination of standard volumes delivered hereunder will be in accordance with terms and conditions pursuant to the *Electricity and Gas Inspection Act* of Canada.

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- 16.3 **Conversion to Energy Units** - In accordance with the *Electricity and Gas Inspection Act* of Canada, volumes of Gas delivered each Day will be converted to energy units by multiplying the standard volume by the Heat Content of each unit of Gas. Volumes will be specified in 10^3m^3 rounded to two decimal places and energy will be specified in Gigajoules rounded to one decimal place.

17. Representations, Warranties and Covenants

- 17.1 **Title** - The Shipper represents and warrants with Terasen Gas that the Shipper will have good title to all Gas to be delivered to Terasen Gas at the Interconnection Point on behalf of the Shipper from Suppliers other than Terasen Gas, free and clear of all liens, encumbrances and claims.
- 17.2 **Title Not That of Terasen Gas** - Terasen Gas agrees that title to all Gas transported pursuant to the Transportation Agreement remains with the Shipper.
- 17.3 **Acknowledgement** - The Shipper acknowledges that the Gas transported under the Transportation Agreement will be commingled with Gas within the Terasen Gas System.

18. Default or Bankruptcy

- 18.1 **Default** - If the Shipper at any time fails or neglects
- (a) to make any payment due to Terasen Gas or to any other person under this Rate Schedule or the Transportation Agreement within 30 days after payment is due, or
 - (b) to correct any default of any of the other terms, covenants, agreements, conditions or obligations imposed upon it under this Rate Schedule or the Transportation Agreement, within 30 days after Terasen Gas gives to the Shipper notice of such default or, in the case of a default that cannot with due diligence be corrected within a period of 30 days, the Shipper fails to proceed promptly after the giving of such notice with due diligence to correct the same and thereafter to prosecute the correcting of such default with all due diligence,

then Terasen Gas may in addition to any other remedy that it has, including the rights of Terasen Gas set out in section 4.4 (Default Regarding Curtailment), and 6 (Unauthorized Gas Use), at its option and without liability therefore

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- (a) suspend further transportation service to the Shipper and may refuse to deliver Gas to the Shipper until the default has been fully remedied, and no such suspension or refusal will relieve the Shipper from any obligation under this Rate Schedule or the Transportation Agreement, or
- (b) terminate the Transportation Agreement, and no such termination of the Transportation Agreement pursuant hereto will exclude the right of Terasen Gas to collect any amount due to it from the Shipper for what would otherwise have been the remainder of the term of the Transportation Agreement.

18.2 **Bankruptcy or Insolvency** - If the Shipper becomes bankrupt or insolvent or commits or suffers an act of bankruptcy or insolvency or a receiver is appointed pursuant to a statute or under a debt instrument or the Shipper seeks protection from the demands of its creditors pursuant to any legislation enacted for that purpose, Terasen Gas will have the right, at its sole discretion, to terminate the Transportation Agreement by giving notice in writing to the Shipper and thereupon Terasen Gas may cease further delivery of Gas to the Shipper and the amount then outstanding for Gas provided under the Transportation Agreement will immediately be due and payable by the Shipper.

19. Notice

19.1 **Notice** - Any notice, request, statement or bill that is required to be given or that may be given under this Rate Schedule or under the Transportation Agreement will, unless otherwise specified, be in writing and will be considered as fully delivered when mailed, personally delivered or sent by fax to the other in accordance with the following:

if to Terasen Gas

TERASEN GAS INC.

MAILING ADDRESS:

16705 Fraser Highway
Surrey, B.C.
V4N 0E8

NOMINATIONS AND FORCE
MAJEURE:

Attention: Marketing Services Representative
Telephone: (604) 592-7788
Fax: (604) 592-7892

BILLING AND PAYMENT:

Attention: Industrial Billing
Telephone: (604) 663-3677
Fax: (604) 663-3683

Order No.: G-7-08

Issued By: Scott Thomson, Vice President
Regulatory Affairs and
Chief Financial Officer

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CUSTOMER RELATIONS: Attention: Key Account Manager
 Telephone: (604) 592-7843
 Fax: (604) 592-7894

LEGAL AND OTHER: Attention: Vice President & General Counsel;
 Corporate Secretary
 Telephone: (604) 293-8631
 Fax: (604) 293-8640

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If to the Shipper, then as set out in the Transportation Agreement.

If to the Shipper Agent, then as set out in the Shipper Agent Agreement.

19.2 **Specific Notices** - Notwithstanding section 19.1 (Notice), notices with respect to Force Majeure will be sufficient if:

- (a) given by Terasen Gas in writing by fax, or orally in person, or by telephone (to be confirmed in writing) to the person or persons designated from time to time by the Shipper as authorized to receive such notices, or
- (b) given by the Shipper by telephone (to be confirmed by fax) in the following manner:

To claim Force Majeure... "Please be advised that (name of company and location of plant) has (reason for claiming Force Majeure as provided in section 21) and hereby claims suspension by reason of Force Majeure in accordance with the terms of Rate Schedule 23 effective 7:00 a.m. Pacific Standard Time (date Force Majeure suspension to become effective, but not to be retroactive)."

To terminate Force Majeure... "Please be advised that (name of company and location of plant) requests a return to normal natural gas service in accordance with Rate Schedule 23 and the Transportation Agreement effective 7:00 a.m. Pacific Standard Time (date of Force Majeure suspension to end, but not to be retroactive) whereby the suspension by reason of Force Majeure currently in force will be terminated."

Order No.: G-7-08

Issued By: Scott Thomson, Vice President
Regulatory Affairs and
Chief Financial Officer

Effective Date: December 17, 2007

BCUC Secretary: Original signed by C. Smith

First Revision of Page R-23.23

20. Indemnity and Limitation on Liability

- 20.1 **Limitation on Liability** - Terasen Gas, its employees, contractors or agents are not responsible or liable for any loss or damages for or on account of any interruption or curtailment of transportation service permitted under the General Terms and Conditions of Terasen Gas, or this Rate Schedule.
- 20.2 **Indemnity** - The Shipper will indemnify and hold harmless each of Terasen Gas, its employees, contractors and agents from and against any and all adverse claims, losses, suits, actions, judgments, demands, debts, accounts, damages, costs, penalties and expenses (including all legal fees and disbursements) arising from or out of each of the following
- (a) any defect in title to any Gas delivered to Terasen Gas at the Interconnection Point on behalf of the Shipper from Suppliers other than Terasen Gas, or arising from any charges that are applicable to the Gas delivered to Terasen Gas,
 - (b) Franchise Fees not otherwise collected by Terasen Gas under the Table of Charges,
 - (c) nominations made in accordance with sections 7 or 9 of this Rate Schedule by Terasen Gas to the Transporter with respect to the Shipper's transportation volumes, whether or not the Shipper is a member of a Group,
 - (d) Gas delivered by the Transporter or Shipper to Terasen Gas failing to meet the quality specifications set out in section 14.1 of this Rate Schedule, and
 - (e) all federal, provincial, municipal taxes (or payments made in lieu thereof) and royalties, whether payable on the delivery of Gas to Terasen Gas by the Shipper or on the delivery of Gas to the Shipper by Terasen Gas, or on any other service provided by Terasen Gas to the Shipper.
- 20.3 **Principal Obligant** - If the Shipper is a member of a Group, the obligations of each of the Shipper Agent (acting for and on behalf of the Shippers that are members of the Group) and the Shipper (in the event of the failure of the Shipper Agent to make such payments and limited to the charges related to that Shipper) to pay to, or to the order of, Terasen Gas, the charges for Backstopping Gas, Balancing Gas, Replacement Gas, unauthorized overruns set out in the Table of Charges, and Demand Surcharges set out in the Rate Schedule 22 Table of Charges, are those of principal obligant and not of surety and are independent of the respective obligations of the Shipper Agent and the Shipper towards each other pursuant to the Shipper Agent Agreement.

Order No.: G-89-03

Issued By: Scott Thomson, Vice President
Finance and Regulatory Affairs

Effective Date: December 18, 2003

BCUC Secretary: Original signed by R.J. Pellatt

Original Page R-23.24

21. Force Majeure

- 21.1 **Force Majeure** - Subject to the other provisions of this section 21, if either party is unable or fails by reason of Force Majeure to perform in whole or in part any obligation or covenant set out in this Rate Schedule under which service is rendered or in the Transportation Agreement, the obligations of both Terasen Gas and the Shipper will be suspended to the extent necessary for the period of the Force Majeure condition.
- 21.2 **Curtailment Notice** - If Terasen Gas claims suspension pursuant to this section 21, Terasen Gas will be deemed to have issued to the Shipper a notice of curtailment.
- 21.3 **Exceptions** - Neither party will be entitled to the benefit of the provisions of section 21.1 under any of the following circumstances
- (a) to the extent that the failure was caused by the negligence or contributory negligence of the party claiming suspension,
 - (b) to the extent that the failure was caused by the party claiming suspension having failed to diligently attempt to remedy the condition and to resume the performance of the covenants or obligations with reasonable dispatch, or
 - (c) unless as soon as possible after the happening of the occurrence relied on or as soon as possible after determining that the occurrence was in the nature of Force Majeure and would affect the claiming party's ability to observe or perform any of its covenants or obligations under the Rate Schedule or the Transportation Agreement, the party claiming suspension will have given to the other party notice to the effect that the party is unable by reason of Force Majeure (the nature of which will be specified) to perform the particular covenants or obligations.
- 21.4 **Notice to Resume** - The party claiming suspension will likewise give notice, as soon as possible after the Force Majeure condition has been remedied, to the effect that it has been remedied and that the party has resumed, or is then in a position to resume, the performance of the covenants or obligations.
- 21.5 **Settlement of Labour Disputes** - Notwithstanding any of the provisions of this section 21, the settlement of labour disputes or industrial disturbances will be entirely within the discretion of the particular party involved and the party may make settlement of it at the time and on terms and conditions as it may deem to be advisable and no delay in making settlement will deprive the party of the benefit of section 21.1.

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Finance and Regulatory Affairs

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BCUC Secretary: Original signed by R.J. Pellatt

Original Page R-23.25

- 21.6 **No Exemption for Payments** - Notwithstanding any of the provisions of this section 21, Force Majeure will not relieve or release either party from its obligations to make payments to the other.
- 21.7 **Periodic Repair by Terasen Gas** - Terasen Gas may temporarily shut off the delivery of Gas for the purpose of repairing or replacing a portion of the Terasen Gas System or its equipment and Terasen Gas will make reasonable efforts to give the Shipper as much notice as possible with respect to such interruption, not to be less than 8 hours' prior notice except when prevented by Force Majeure. Terasen Gas will make reasonable efforts to schedule repairs or replacements to minimize interruptible or curtailment of transportation service to the Shipper, and to restore service as quickly as possible.
- 21.8 **Shipper's Gas** - If Terasen Gas curtails or interrupts transportation of Gas by reason of Force Majeure the Shipper will make its supply of Gas available to Terasen Gas, to the extent required by Terasen Gas, to maintain service priority to those customers or classes of customers which Terasen Gas determines should be served. Terasen Gas, in its sole discretion, will either increase the balance in the Shipper's inventory account by the amount taken by Terasen Gas and return an equivalent quantity of Gas to the Shipper as soon as reasonable, or pay the Shipper an amount equal to either Terasen Gas' average Gas cost, or the Shipper's average Gas cost, for the Day(s) during which such Gas was taken, whichever Gas cost the Shipper, in its sole discretion, elects.
- 21.9 **Alteration of Facilities** - The Shipper will pay to Terasen Gas all reasonable costs associated with the alteration of facilities made at the discretion of Terasen Gas to measure quantities reduced by reason of Force Majeure claimed by the Shipper and to restore such facilities after the Force Majeure condition ends.

22. Arbitration

- 22.1 **Arbitration** - Any dispute between the parties arising from this Rate Schedule or the Service Agreement will be resolved by a single arbitrator pursuant to the *Commercial Arbitration Act* of British Columbia or successor legislation, save as expressly provided herein.
- 22.2 **Demand for Arbitration** - Either party may commence arbitration proceedings by sending to the other party a demand for arbitration setting out the nature of the dispute.

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Original Page R-23.26

- 22.3 **Arbitrator** - The parties will have 10 days from receipt of the demand referred to in section 22.2 of this Rate Schedule to agree upon the arbitrator, failing which either party may apply to the Supreme Court of British Columbia to select the arbitrator. The arbitrator must be sufficiently qualified by education and training to decide the particular questions in dispute. Unless otherwise agreed, the arbitrator may not be a past or present employee, officer or director of any of the parties or their respective successors or affiliates, any customer or supplier of the Shipper or Terasen Gas.
- 22.4 **Commencement and Decision** - The arbitrator will proceed immediately to hear and determine the matter in dispute and will render a written decision, signed by the arbitrator, within 45 days after the appointment, subject to any reasonable delay due to unforeseen circumstances. Notwithstanding the foregoing, if the arbitrator fails to render a decision within 60 days after the appointment then either party may elect to have a new arbitrator appointed in like manner as if none had previously been appointed.
- 22.5 **Decision** - The decision of the arbitrator will be final and binding upon the parties and the parties will abide by the decision and perform the terms and conditions thereof.

23. Interpretation

- 23.1 **Interpretation** - Except where the context requires otherwise or except as otherwise expressly provided, in this Rate Schedule or in a Transportation Agreement
- (a) all references to a designated section are to the designated section of this Rate Schedule unless otherwise specifically stated,
 - (b) the singular of any term includes the plural, and vice versa, and the use of any term is equally applicable to any gender and, where applicable, body corporate,
 - (c) any reference to a corporate entity includes and is also a reference to any corporate entity that is a successor to such entity,
 - (d) all words, phrases and expressions used in this Rate Schedule or in a Transportation Agreement that have a common usage in the gas industry and that are not defined in the General Terms and Conditions of Terasen Gas, the Definitions or in the Transportation Agreement have the meanings commonly ascribed thereto in the gas industry, and
 - (e) the headings of the sections set out in this Rate Schedule or in the Transportation Agreement are for convenience of reference only and will not be considered in any interpretation of this Rate Schedule or the Transportation Agreement.

Order No.: G-89-03

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Finance and Regulatory Affairs

Effective Date: December 18, 2003

BCUC Secretary: Original signed by R.J. Pellatt

Original Page R-23.27

24. Miscellaneous

- 24.1 **Waiver** - No waiver by either Terasen Gas or the Shipper of any default by the other in the performance of any of the provisions of this Rate Schedule or the Transportation Agreement will operate or be construed as a waiver of any other or future default or defaults, whether of a like or different character.
- 24.2 **Enurement** - The Transportation Agreement will enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns, including without limitation successors by merger, amalgamation or consolidation.
- 24.3 **Assignment** - The Shipper will not assign the Transportation Agreement or any of its rights or obligations thereunder without the prior written consent of Terasen Gas which consent will not be unreasonably withheld or delayed. No assignment will release the Shipper from its obligations under this Rate Schedule or under the Transportation Agreement that existed prior to the date on which the assignment takes effect. This provision applies to every proposed assignment by the Shipper.
- 24.4 **Amendments to be in Writing** - Except as set out in this Rate Schedule, no amendment or variation of the Transportation Agreement will be effective or binding upon the parties unless such amendment or variation is set out in writing and duly executed by the parties.
- 24.5 **Proper Law** - The Transportation Agreement will be construed and interpreted in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.
- 24.6 **Time is of Essence** - Time is of the essence of this Rate Schedule, the Transportation Agreement and of the terms and conditions thereof.
- 24.7 **Subject to Legislation** - Notwithstanding any other provision hereof, this Rate Schedule and the Transportation Agreement and the rights and obligations of Terasen Gas and the Shipper under this Rate Schedule and the Transportation Agreement are subject to all present and future laws, rules, regulations and orders of any legislative body, governmental agency or duly constituted authority now or hereafter having jurisdiction over Terasen Gas or the Shipper.

Order No.: G-89-03

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Finance and Regulatory Affairs

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BCUC Secretary: Original signed by R.J. Pellatt

Original Page R-23.28

- 24.8 **Further Assurances** - Each of Terasen Gas and the Shipper will, on demand by the other, execute and deliver or cause to be executed and delivered all such further documents and instruments and do all such further acts and things as the other may reasonably require to evidence, carry out and give full effect to the terms, conditions, intent and meaning of this Rate Schedule and the Transportation Agreement and to assure the completion of the transactions contemplated hereby.
- 24.9 **Form of Payments** - All payments required to be made under statements and invoices rendered pursuant to this Rate Schedule or the Transportation Agreement will be made by wire transfer to, or cheque or bank cashier's cheque drawn on a Canadian chartered bank or trust company, payable in lawful money of Canada at par in immediately available funds in Vancouver, British Columbia.

Order No.: G-89-03

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Finance and Regulatory Affairs

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Table of Charges

	<u>Lower Mainland Service Area</u>	<u>Inland Service Area</u>	<u>Columbia Service area</u>	
1. Transportation				
(a) Basic Charge per Month	\$ 132.52	\$ 132.52	\$ 132.52	
(b) Delivery Charge per Gigajoule	\$ 2.264	\$ 2.264	\$ 2.264	A
(c) Administration Charge per Month	\$ 78.00	\$ 78.00	\$ 78.00	
2. Sales				
(a) Charge per Gigajoule of Balancing Gas supplied	Sumas Daily Price ¹ Average for the Month	Sumas Daily Price ¹ Average for the Month	Sumas Daily Price ¹ Average for the Month	
(b) Charges for Backstopping Gas	Sumas Daily Price ¹	Sumas Daily Price ¹	Sumas Daily Price ¹	
(c) Replacement Gas ²	Sumas Daily Price ¹ plus 20 Percent	Sumas Daily Price ¹ plus 20 Percent	Sumas Daily Price ¹ plus 20 Percent	
(d) Unauthorized Overrun Charges				
(i) Per Gigajoule on first 5 percent of specified quantity	Sumas Daily Price ¹	Sumas Daily Price ¹	Sumas Daily Price ¹	
(ii) Per Gigajoule on all Gas over 5 percent of specified quantity	The greater of \$20.00/GJ or 1.5 x the Sumas Daily Price ¹	The greater of \$20.00/GJ or 1.5 x the Sumas Daily Price ¹	The greater of \$20.00/GJ or 1.5 x the Sumas Daily Price ¹	
3. Rider 2 per Gigajoule	\$ 0.031	\$ 0.031	\$ 0.031	N
4. Rider 3 per Gigajoule	\$ (0.023)	\$ (0.023)	\$ (0.023)	A/C
				O
5. Rider 5 per Gigajoule	\$ (0.053)	\$ (0.053)	\$ (0.053)	R

Order No.: G-141-09 / G-158-09

Issued By: Tom Loski, Chief Regulatory Officer

Effective Date: January 1, 2010

Accepted: January 13, 2010

BCUC Secretary: Original signed by E. M. Hamilton

Eleventh Revision of Page R-23.30

Rider 1	Propane Surcharge - Not applicable.	
Rider 2	Recovery of July to December 2009 Approved Return on Equity and Capital Structure - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the period January 1, 2010 to December 31, 2010.	C
Rider 3	Earnings Sharing Mechanism - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2010.	C
Rider 4	(Reserved for future use.)	C
Rider 5	Revenue Stabilization Adjustment Charge - Applicable to Lower Mainland, Inland and Columbia Service Area Customers for the Year ending December 31, 2010.	C

Franchise Fee Charge of 3.09% of the aggregate of the above charges, is payable (in addition to the above charges) if the facilities to which Gas is delivered under this Rate Schedule are located within the municipal boundaries of a municipality or First Nations lands (formerly, reserves within the *Indian Act*) to which Terasen Gas pays Franchise Fees.

Minimum Charge per month - The minimum charge per month will be the aggregate of the Basic Charge, the transportation administration charge and the Franchise Fee charge.

Permanent Rate Establishment - Pursuant to British Columbia Utilities Commission Order No. G-158-09, Terasen Gas Inc. interim delivery rates are made permanent effective July 1, 2009. The 2009 deferred deficiency resulting from Order No. G-158-09 will be recovered by Rate Rider 2 from January 1, 2010 to December 31, 2010.

Order No.: G-141-09 / G-158-09

Issued By: Tom Loski, Chief Regulatory Officer

Effective Date: January 1, 2010

Accepted: January 13, 2010

BCUC Secretary: Original signed by E. M. Hamilton

Twelfth Revision of Page R-23.31

Notes:

1. As defined under Section 1.1, the Sumas Daily Price quoted each Day will apply to gas consumed on that gas day.
2. The Sumas Daily Price for the sixth Business Day following the Day for which the Peaking Gas was authorized plus 20 percent.

| c

Order No.: G-39-05 / G-74-07

Issued By: Scott Thomson, Vice President
Regulatory Affairs and
Chief Financial Officer

Effective Date: November 1, 2007

BCUC Secretary: Original signed by E.M. Hamilton

Second Revision of Page R-23.32

**TRANSPORTATION AGREEMENT FOR
RATE SCHEDULES 22, 22A, 22B, 23, 25 AND 27**

This Agreement is dated _____, 20____, between Terasen Gas Inc. ("Terasen Gas") and _____ (the "Shipper").

WHEREAS:

- A. Terasen Gas owns and operates the Terasen Gas System; and
- B. The Shipper has requested that Terasen Gas arrange for the transportation of Gas on a firm and/or interruptible basis through the Terasen Gas System to _____ located in or near _____ British Columbia in accordance with a transportation Rate Schedule as set out below and the terms set out herein.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the terms, conditions and limitations contained herein, the parties agree as follows:

1. Specific Information

Applicable Rate Schedule: 22 22A 22B
 23 25 27

Type of Service: Firm Interruptible
 Firm and Interruptible

Firm DTQ / DTQ: _____ Gigajoules per day

Shipper Agent and / or Group, if applicable: _____

Commencement Date: _____

Expiry Date: _____
(only specify expiry date if term not automatically renewed as set out in the Automatic Renewal section of the applicable transportation Rate Schedule)

Delivery Point: _____

Pressure at the Delivery Point: _____
(only specify where applicable as set out in the Gas Pressure section of the applicable transportation Rate Schedule)

Service Address: _____

Account Number: _____

Order No.: G-67-08

Issued By: Scott Thomson, Vice President
Regulatory Affairs and
Chief Financial Officer

Effective Date: February 18, 2008

BCUC Secretary: Original signed by E. M. Hamilton

First Revision of Page TA-23.1

Interconnection Point: The point at (_____ km-post _____)
where the Transporter's pipeline system in
British Columbia interconnection with the
Terasen Gas System

Address of Shipper for receiving notices:

(name of Shipper) Attention: _____

(address of Shipper) Telephone: _____

_____ Fax: _____

_____ Email: _____

N

The information set out above is hereby approved by the parties and each reference in either this agreement or the applicable transportation Rate Schedule to any such information is to the information set out above.

2. Rate Schedule 22 / 22A / 22B / 23 / 25 / 27

2.1 **Additional Terms** - All rates, terms and conditions set out in the applicable transportation Rate Schedule (22, 22A, 22B, 23, 25, or 27) and the General Terms and Conditions of Terasen Gas, as any of them may be amended by Terasen Gas and approved from time to time by the British Columbia Utilities Commission, are in addition to the terms and conditions contained in this Transportation Agreement and form part of this Transportation Agreement and bind Terasen Gas and the Shipper as if set out in this Transportation Agreement.

2.2 **Payment of Amounts** - Without limiting the generality of the foregoing, the Shipper will pay to Terasen Gas all of the amounts set out in the applicable transportation Rate Schedule for the services provided under such Rate Schedule and this Transportation Agreement.

Order No.: G-67-08

Issued By: Scott Thomson, Vice President
Regulatory Affairs and
Chief Financial Officer

Effective Date: February 18, 2008

BCUC Secretary: Original signed by E. M. Hamilton

First Revision of Page TA-23.2

- 2.3 **Conflict** - Where anything in either the applicable transportation Rate Schedule or the General Terms and Conditions of Terasen Gas conflicts with any of the terms and conditions set out in this Transportation Agreement, this Transportation Agreement governs. Where anything in the applicable transportation Rate Schedule conflicts with any of the rates, terms and conditions set out in the General Terms and Conditions of Terasen Gas, the Rate Schedule governs.
- 2.4 **Member of a Group** - Where the Shipper will be a member of a Group which has a Shipper Agent acting as agent for the members of the Group, Shipper must complete Appendix "A" attached to this Transportation Agreement and Shipper thereby agrees that the terms and conditions of Appendix "A" form part of this Transportation Agreement and bind the Shipper as if set out in this Transportation Agreement.
- 2.5 **Acknowledgement** - The Shipper acknowledges receiving and reading a copy of the applicable transportation Rate Schedule (22, 22A, 22B, 23, 25 or 27) and the General Terms and Conditions of Terasen Gas and agrees to comply with and be bound by all terms and conditions set out therein. Without limiting the generality of the foregoing, where the transportation service is interruptible, the Shipper acknowledges that it is able to accommodate such interruption or curtailment and releases Terasen Gas from any liability for the Shipper's inability to accommodate such interruption or curtailment of transportation service.

IN WITNESS WHEREOF the parties hereto have executed this Transportation Agreement.

TERASEN GAS INC.

(here insert name of Shipper)

BY: _____
(Signature)

BY: _____
(Signature)

(Title)

(Title)

(Name – Please Print)

(Name – Please Print)

DATE: _____

DATE: _____

Order No.: G-89-03

Issued By: Scott Thomson, Vice President
Finance and Regulatory Affairs

Effective Date: December 18, 2003

BCUC Secretary: Original signed by R.J. Pellatt

Original Page TA-23.3

APPENDIX A
NOTICE OF APPOINTMENT OF SHIPPER AGENT

1. _____ (Shipper) hereby gives notice to Terasen Gas that
(Name of Shipper)
Shipper has appointed _____ (the Shipper Agent) to act as
(Name of Shipper Agent)
agent for Shipper in all matters relating to gas supply and to transportation service on the Terasen Gas System. Shipper also gives notice to Terasen Gas that Shipper wishes to be a member of a Group, and the Shipper will cause the Shipper Agent to enter into a Shipper Agent Agreement or other agreement with Terasen Gas that binds the Shipper Agent to pay the charges which the Shipper Agent elects to pay for and on behalf of the Shipper.
2. Shipper acknowledges and agrees that the Shipper Agent will provide aggregate nominations for the Group to Terasen Gas.
3. Shipper acknowledges and agrees that if the Group includes a member which is a Shipper under Rate Schedule 22, 22A, or 22B then section 10 (Group Nominations and Balancing) of Rate Schedule 22 will apply to the Group on an aggregate basis, and the Group and its members will be subject to the Demand Surcharge provisions of Rate Schedule 22.
4. Shipper acknowledges and agrees that when there are constraints or limitations of Gas supply Terasen Gas will notify the Shipper Agent and it will then be the responsibility of the Shipper Agent to notify Shipper of any curtailment or interruption arising from the constraint or limitation of Gas supply.
5. Shipper acknowledges and agrees that the Shipper Agent will provide Gas supply priority schedules to Terasen Gas which will advise Terasen Gas of the allocation of Gas supply amongst members of the Group during constraints or limitations of Gas supply.
6. Shipper acknowledges and agrees that the Shipper Agent will provide Terasen Gas with information which will be used by Terasen Gas to bill Shipper for Backstopping Gas, Balancing Gas, unauthorized overrun charges and Demand Surcharges.

C

Order No.: G-39-05 / G-74-07

Issued By: Scott Thomson, Vice President
Regulatory Affairs and
Chief Financial Officer

Effective Date: November 1, 2007

BCUC Secretary: Original signed by E.M. Hamilton

First Revision of Page TA-23.4

7. Shipper acknowledges that Terasen Gas will bill Shipper on the basis of information provided to Terasen Gas by the Shipper Agent. Shipper agrees that it is bound by the information supplied to Terasen Gas by the Shipper Agent and Shipper agrees that it will not dispute the information provided to Terasen Gas by the Shipper Agent. Shipper agrees that the Shipper Agent may elect to pay some or all of the charges for Gas identified in section 3.8 of the standard form Shipper Agent Agreement and Shipper acknowledges that if the Shipper Agent fails to provide information to Terasen Gas then notwithstanding any election that has been made by the Shipper Agent to pay some or all of the charges for Gas identified in section 3.8 of the standard form Shipper Agent Agreement, Terasen Gas will bill Shipper directly on the bases set out in section 3.9 of the standard form Shipper Agent Agreement of Terasen Gas. Shipper agrees to pay Terasen Gas as billed, and if Shipper disagrees with any of the billing information used by Terasen Gas the Shipper will deal with the Shipper Agent to resolve that disagreement. Disputes between the Shipper and the Shipper Agent shall not constitute a basis for non-payment by Shipper to Terasen Gas of the amounts billed.
8. Shipper will use its best efforts to provide Terasen Gas with at least 30 days notice if Shipper wishes to leave the Group.
9. Shipper acknowledges and agrees that Terasen Gas may disband the Group pursuant to section 10 of the standard form Shipper Agent Agreement.
10. Shipper will indemnify and hold harmless each of Terasen Gas, its employees, contractors and agents from and against any and all adverse claims, losses, suits, actions, judgments, demands, debts, accounts, damages, costs, penalties and expenses (including all legal fees and disbursements) arising from any act or omission of the Shipper Agent related to the agency created by the Shipper Agent Agreement.
11. Shipper acknowledges receiving a copy of the standard form Shipper Agent Agreement of Terasen Gas.

(here insert name of Shipper)

BY: _____
(Signature)

(Title)

(Name - Please Print)

DATE: _____

Order No.: G-89-03

Issued By: Scott Thomson, Vice President
Finance and Regulatory Affairs

Effective Date: December 18, 2003

BCUC Secretary: Original signed by R.J. Pellatt

Original Page TA-23.5

SHIPPER AGENT AGREEMENT

This Agreement is dated _____, 20____, between Terasen Gas Inc. ("Terasen Gas") and _____ (the "Shipper Agent").

WHEREAS:

The Shipper Agent wishes to act as agent on behalf of all members of a Group in respect of transportation service on the Terasen Gas System; and

The Shippers who are members of the Group have entered into Transportation Agreements with Terasen Gas.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the terms, conditions and limitations contained herein, the parties agree as follows:

1. Specific Information

Members of Group:
(if space is insufficient, continue list on an additional page)

Commencement Date of this agreement:

Expiry Date of this agreement:

(no expiry date need be specified)

Address of Shipper Agent for receiving notices:

(name of Shipper Agent)

(address of Shipper Agent)

Attention: _____

Telephone: _____

Fax: _____

Alternate Tel(s): _____

Order No.: G-89-03

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Finance and Regulatory Affairs

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Original Page SA-23.1

The information set out above is hereby approved by the parties and each reference in either this agreement or the applicable Transportation Rate Schedules to any such information is to the information set out above.

2. Definitions

- 2.1 **Definitions in Rate Schedule 23** - Except where the context requires otherwise or except as otherwise expressly provided in this agreement, all words and phrases defined in Rate Schedule 23 or in the General Terms or Conditions of Terasen Gas have the meanings set out in the Rate Schedule 23 and in the General Terms and Conditions of Terasen Gas.

3. Shipper Agent Obligations

- 3.1 **Management of Balancing Gas** - The Shipper Agent is responsible for the management of all Balancing Gas for the Group and its members.
- 3.2 **Management of Backstopping Gas** - The Shipper Agent is responsible for the management of all Backstopping Gas supplied by Terasen Gas to the Group and its members.
- 3.3 **Management of Peaking Gas Service** - The Shipper Agent is responsible for the management of all Peaking Gas supplied by Terasen Gas to the Group and its members as well as the return of Peaking Gas Quantities and any Replacement Gas.
- 3.4 **Management of West to East SCP Transportation Service Imbalances** - The Shipper Agent is responsible for the management of Positive Imbalances and Negative Imbalances for West to East SCP Transportation Service under Rate Schedule 40 supplied by Terasen Gas to the Group and its members.
- 3.5 **Group Nominations and Balancing** - The Shipper Agent will provide Group nomination and balancing to Terasen Gas in accordance with the sections of the applicable transportation Rate Schedules except where a Shipper under Rate Schedules 22, 22A or 22B is a members of the Group, in which case section 9 (Gas Balancing) and section 10 (Group Nomination and Balancing) of Rate Schedule 22 will apply to the Group on an aggregate basis.

Order No.: G-89-03

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Finance and Regulatory Affairs

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BCUC Secretary: Original signed by R.J. Pellatt

Original Page SA-23.2

- 3.6 **Standard Gas Supply Priority Schedule (Standard Priority Schedule)** - Before the Commencement Date of this agreement and before the commencement of each Contract Year the Shipper Agent will provide to Terasen Gas a Standard Priority Schedule which will advise Terasen Gas of the priority between members of the Group if a constraint or limitation of Gas supply occurs. The Shipper Agent may provide to Terasen Gas a revised Standard Priority Schedule from time to time and will provide to Terasen Gas a revised Standard Priority Schedule if there is a change in membership of the Group.
- 3.7 **Gas Supply Constraints or Limitations** - Upon receipt of a notice from Terasen Gas of curtailment or interruptions pursuant to section 4.4 (Notice of Gas Supply Constraint or Limitation) Shipper Agent will determine the allocation of Gas supply between members of the Group and will notify the Shippers which are members of the Group of the curtailment or interruption. Within two hours of receipt of notice from Terasen Gas pursuant to section 4.4, or such longer period as Terasen Gas considers reasonable in the circumstances, the Shipper Agent will provide to Terasen Gas a schedule setting out the Gas supply allocation for the Group to apply during that curtailment or interruption. If the Shipper Agent fails to provide a schedule setting out the Gas supply allocation for the Group to apply during the curtailment or interruption then Terasen Gas will curtail Shippers on the basis set out in the Standard Priority Schedule.
- 3.8 **Monthly Billing Information** - At the end of each month, and within two business days of Terasen Gas providing to the Shipper Agent a schedule pursuant to section 4.2 (Monthly Provision of Data), the Shipper Agent will provide to Terasen Gas an allocation schedule setting out the daily Gas takes of each member of the Group and identifying for each member of the Group, the Backstopping Gas and the Balancing Gas taken, any Unauthorized Overrun Gas taken, any Replacement Gas incurred, and any Positive Imbalance and Negative Imbalance incurred under Rate Schedule 40. The Shipper Agent will also notify Terasen Gas which charges the Shipper Agent elects to pay on behalf of the members of the Group and, if notice is not received, Terasen Gas will bill the Shippers directly.

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- 3.9 **Lack of Allocation Information** - If, at the end of a month, the Shipper Agent fails to provide to Terasen Gas the monthly allocation schedule pursuant to section 3.8 (Monthly Billing Information) then Terasen Gas will bill on the basis of the best available information. For Balancing Gas Terasen Gas will bill on a basis proportional to the actual takes of the Shippers during the month. For Backstopping Gas Terasen Gas will bill on a basis proportional to the actual Day-to-Day takes of the Shippers during the Days when Backstopping Gas was supplied. For Unauthorized Overrun Gas Terasen Gas will bill on the basis of the schedule(s) setting out the Gas supply allocation for the Group provided to Terasen Gas pursuant to section 3.8, or if the Shipper Agent fails to provide a schedule pursuant to section 3.8, then on the basis of the applicable Standard Priority Schedule provided by the Shipper Agent pursuant to section 3.6. For Replacement Gas Terasen Gas will bill on a basis proportional to actual Day-to-Day takes of the Non-Bypass Shippers during the Day for which the Peaking Gas Quantities were not returned. For Positive Imbalances and Negative Imbalances for West to East SCP Transportation Service Terasen Gas will bill on a basis proportional to the Peak Day Demand of the Non-Bypass Shippers. If further information becomes available, Terasen Gas will adjust the billings on the basis of the further information.
- 3.10 **Lack of Gas Supply or Nomination** - If the Shipper Agent becomes aware that a Supplier has ceased, or will cease, to supply Gas to a member of the Group; or if the Shipper Agent provides to Terasen Gas a Requested Quantity for the Group which does not include a quantity for a member of the Group, due to a lack of Gas supply to the member of the Group or due to concerns about a possible lack of Gas supply to the member of the Group, then the Shipper Agent will immediately notify Terasen Gas. If the Shipper Agent fails to so notify Terasen Gas then the Shipper Agent is liable to Terasen Gas for the price of any Gas which Terasen Gas delivers to that member of the Group after the time when the Shipper Agent should have provided notice to Terasen Gas.
- 3.11 **Charges for Extra Services** - If Terasen Gas incurs extra expenses from a Shipper Agent failing to provide information, or failing to provide information in a timely manner, or failing to provide correct information, or otherwise failing to meet its obligations under this agreement, then Terasen Gas may charge the Shipper Agent for such extra expenses and the Shipper Agent agrees to pay Terasen Gas the reasonable extra expenses incurred as a result of such failure.

4. Terasen Gas Obligations

- 4.1 **Weekly Provision of Data** - Twice a week Terasen Gas will provide to the Shipper Agent a schedule setting out Terasen Gas' best available data on the daily takes of the Group.

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- 4.2 **Monthly Provision of Data** - Within 10 working days after the end of each month Terasen Gas will provide to the Shipper Agent a schedule setting out the daily takes of each member of the Group.
- 4.3 **Capacity Constraints** - If Terasen Gas, acting reasonably, determines that it does not have capacity on the Terasen Gas System to accommodate interruptible transportation service to any member of the Group then Terasen Gas will directly notify that Shipper pursuant to Notice of Curtailment section of the applicable Rate Schedule and will deal directly with the Shipper if the Shipper takes Unauthorized Overrun Gas or Unauthorized Transportation Service.
- 4.4 **Notice of Gas Supply Constraint or Limitation** - If Gas supply constraints or limitations occur; either due to a constraint or limitation of supply from Terasen Gas of Backstopping Gas or Balancing Gas, or a constraint or limitation of supply from another Supplier; Terasen Gas will notify the Shipper Agent of any curtailment or interruption, will specify the quantity of Gas to which the Group in aggregate is curtailed and the time at which time such curtailment is to be made. Terasen Gas will make reasonable efforts to give the Shipper Agent as much notice as possible with respect to such curtailment or interruption, not to be less than 4 hours prior notice unless prevented by Force Majeure.

5. Changes to Group

- 5.1 **Amendments to Group** - Schedule "A" sets out the Shippers who are the members of the Group represented by the Shipper Agent to this agreement. No additions or deletions may be made to the Group without the Shipper Agent providing notice to Terasen Gas of such additions and deletions through provision to Terasen Gas of an amended Schedule "A" showing such additions and deletions and the effective dates of such additions and deletions in accordance with section 5 of this agreement.
- 5.2 **Deletions From Group** - If the Shipper Agent wishes to cease acting as agent for a Shipper and a Shipper wishes to cease being a member of the Group, upon receipt by Terasen Gas of not less than 30 days prior written notice from both the Shipper and Shipper Agent and provided that the Shipper Agent has provided to Terasen Gas an amended Schedule "A" showing the effective date of deletion of the Shipper from the Group, such Shipper shall be deleted from the Group upon the effective date specified in the amended Schedule "A". A Shipper will be deleted from a Group effective November 1 of a Year if Terasen Gas receives not less than 30 days prior written notice from either the Shipper or Shipper Agent.

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- 5.3 **Additions To Group** - If the Shipper Agent wishes to add a Shipper to a Group and the Shipper wishes to be added to the Group, and the Shipper has entered into a Transportation Agreement and completed an Appendix "A" - Notice of Appointment of Shipper Agent, and both the Shipper and the Shipper Agent have given to Terasen Gas not less than 30 days prior written notice of such addition and provided that the Shipper Agent has provided to Terasen Gas an amended Schedule "A" showing the effective date of the addition of the Shipper to the Group, such Shipper shall be added to the Group upon the effective date specified in Schedule "A".

6. Statements and Payments

- 6.1 **Statements to be Provided** - If the Shipper Agent elects to pay some or all of the charges for Gas taken by the Shippers as described in section 3.8, Terasen Gas will, on or about the 15th day of each month, deliver to the Shipper Agent a statement for the preceding month showing the Gas quantities, and the applicable charges for which the Shipper Agent is responsible and the amount due. Any errors in any statement will be promptly reported to the other party as provided hereunder, and statements will be final and binding unless questioned within one year after the date of the statement.
- 6.2 **Payment and Interest** - Payment for the full amount of the statement, including federal, provincial and municipal taxes or fees applicable thereon, will be made to, or to the order of, Terasen Gas at its Surrey, British Columbia office (mailing address: P.O. Box 48230 Bentall Centre, Vancouver, B.C., V7X 1N8), or such other place in Canada as it will designate, on or before the 1st business day after the 10th calendar day following the billing date. If the Shipper Agent or Shipper fails or neglects to make any payment required under this Shipper Agent Agreement, or any portion thereof, to or to the order of Terasen Gas when due, interest on the outstanding amount will accrue, at the rate of interest declared by the chartered bank in Canada principally used by Terasen Gas, for loans in Canadian dollars to its most creditworthy commercial borrowers payable on demand and commonly referred to as its "prime rate", plus:
- (a) 2% from the date when such payment was due for the first 30 days that such payment remains unpaid and 5% thereafter until the same is paid where the Shipper Agent or Shipper has not, during the immediately preceding 6 month period, failed to make any payment when due hereunder; or
 - (b) 5% from the date when such payment was due to and including the date the same is paid where the Shipper Agent or Shipper has, during the immediately preceding 6 month period, failed to make any payment when due hereunder.

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7. Term

- 7.1 **Term** - The term of this agreement will commence on the commencement date specified in section 1 of this agreement and will expire either
- (a) 30 days following notice from the Shipper Agent that the Shipper Agent wishes to cease to nominate for transportation service and balancing on behalf of the Group, or
 - (b) the expiry or termination of the Transportation Agreements of all of the members of the Group, or
 - (c) the expiry date specified in section 1 of this agreement, or
 - (d) 5 days following notice from Terasen Gas to the Shipper Agent, and to the Shippers which are members of the Group, under section 10.1 (Failure to Provide Information or Default).

whichever date is earlier.

- 7.2 **Survival of Covenants** - Upon the termination of this agreement,

- (a) all claims, causes of action or other outstanding obligations remaining or being unfulfilled as at the date of termination, and,
- (b) all of the provisions in this agreement relating to the obligation of either of the parties to provide information to the other in connection with this agreement,

will survive such termination.

8. Representations, Warranties and Covenants

- 8.1 **Representations and Warranties** - The Shipper Agent represents and warrants to and covenants with Terasen Gas as follows

- (a) the members of the Group are listed in section 1 of this agreement,

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- (b) the Shipper Agent is the agent of each of the members of the Group and has the authority of each of the members of the Group for the purposes of any and all matters set out in the applicable transportation Rate Schedule and this agreement, and
- (c) Terasen Gas may rely on any act or thing done, or document executed, by the Shipper Agent in connection with of any and all matters set out in the applicable transportation Rate Schedule and this agreement.

9. Limitation on Liability and Indemnity

- 9.1 **Limitation on Liability** - Neither Terasen Gas, its employees, contractors or agents will be liable in damages for or on account of any interruption or curtailment of transportation service or Gas supply.
- 9.2 **Indemnity** - The Shipper Agent will indemnify and hold harmless each of Terasen Gas, its employees, contractors and agents from and against any and all adverse claims, losses, suits, actions, judgments, demands, debts, accounts, damages, costs, penalties and expenses (including all legal fees and disbursements) arising from any act or omission of the Shipper Agent related to the agency created by the Shipper Agent Agreement.

10. Disbanding of the Group

- 10.1 **Failure to Provide Information** - If the Shipper Agent fails to provide Terasen Gas with the information or schedules which the Shipper Agent is required to provide to Terasen Gas pursuant to this agreement or is otherwise in breach of this agreement then, acting reasonably in the circumstances and on 5 days notice to the Shipper Agent and to the members of the Group, Terasen Gas may disband the Group and deal directly with the Shippers which were members of the Group.
- 10.2 **Default** - If any Shipper which is a member of the Group is in default under the Default or Bankruptcy section of the applicable Rate Schedule or becomes bankrupt or insolvent, then that Shipper will cease to be a member of the Group.

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11. Arbitration

- 11.1 **Arbitration** - Any dispute between the parties arising from this agreement will be resolved by a single arbitrator pursuant to the *Commercial Arbitration Act* of British Columbia or successor legislation, save as expressly provided herein.
- 11.2 **Demand for Arbitration** - Either party may commence arbitration proceedings by sending to the other party a demand for arbitration setting out the nature of the dispute.
- 11.3 **Arbitrator** - The parties will have 10 days from receipt of the demand referred to in section 11.2 to agree upon the arbitrator, failing which either party may apply to the Supreme Court of British Columbia to select the arbitrator. The arbitrator must be sufficiently qualified by education and training to decide the particular questions in dispute. Unless otherwise agreed, the arbitrator may not be a past or present employee, officer or director of either of the parties or their respective successors or affiliates, any supplier of the Shipper or Terasen Gas, or any member of the Group.
- 11.4 **Commencement and Decision** - The arbitrator will proceed immediately to hear and determine the matter in dispute and will render a written decision, signed by the arbitrator, within 45 days after the appointment, subject to any reasonable delay due to unforeseen circumstances. Notwithstanding the foregoing, if the arbitrator fails to render a decision within 60 days after the appointment then either party may elect to have a new arbitrator appointed in like manner as if none had previously been appointed.
- 11.5 **Decision** - The decision of the arbitrator will be final and binding upon the parties and the parties will abide by the decision and perform the terms and conditions thereof.

12. Notice

- 12.1 **Notice** - Any notice, request, statement or bill that is required to be given or that may be given under this agreement will, unless otherwise specified, be in writing and will be considered as fully delivered when mailed, personally delivered or sent by fax to the other party.

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13. Acknowledgement

13.1 **Acknowledgement** - The Shipper Agent acknowledges receiving and reading a copy of Rate Schedules 22, 22A, 22B, 23, 25 and 27 and the General Terms and Conditions of Terasen Gas and will comply with and be bound by all terms and conditions set out therein. | C

IN WITNESS WHEREOF the parties hereto have executed this agreement.

TERASEN GAS INC.

(here insert name of Shipper Agent)

BY: _____
(Signature)

BY: _____
(Signature)

(Title)

(Title)

(Name – Please Print)

(Name – Please Print)

DATE: _____

DATE: _____

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