
LIMITED PARTNERSHIP AGREEMENT

OF

HEARTLAND TRANSMISSION, L.P.
An Alberta Limited Partnership

dated as of March 7, 2008

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**LIMITED PARTNERSHIP AGREEMENT
OF
HEARTLAND TRANSMISSION, L.P.
An Alberta Limited Partnership**

THIS AGREEMENT is made as of the 7th day of March, 2008 (the "Effective Date") among Heartland Transmission Management Ltd., a corporation incorporated under the laws of the Province of Alberta, as General Partner (the "General Partner") and AltaLink Heartland Holdings, L.P. ("AltaLink Heartland") and EPCOR Transmission Development (Heartland) Limited Partnership ("EPCOR Heartland"), as Limited Partners (as defined herein) (the General Partner and the Limited Partners are sometimes referred to herein individually as a "Partner" and collectively as the "Partners").

RECITAL

- A. AltaLink, L.P. ("AltaLink") and EPCOR Distribution & Transmission Inc. ("EDTI") entered into a memorandum of understanding dated March 23, 2007 (the "MOU") setting forth the basic intentions of the parties with respect to the joint design, development, construction, ownership, operation and maintenance of transmission facilities along a route or routes, as determined pursuant to the applicable AUC approval process, substantially within the TUC (the "Project").
- B. The General Partner and the Limited Partners are forming the Partnership (as defined herein) to pursue the design, development, construction, ownership, operation and maintenance of the Project with the intent that the transmission facilities (with such changes in size, design and location as may be approved in accordance with the Shareholders' Agreement (as defined herein) and this Agreement), together with all associated real, personal and mixed property (whether tangible or intangible) (the "Project Facilities") will be owned by the Partnership.
- C. The Partners are entering into this Agreement to: (i) set forth the terms under which the Partnership will develop and construct the Project Facilities; (ii) allow for the construction or acquisition of Facilities, other than the Project Facilities; (iii) provide for the management of the Partnership by the General Partner; and (iv) agree on various other matters relating to the Partnership.
- D. The initial Partners of the Partnership and their Sharing Ratios are as set forth in Exhibit A to this Agreement.

**ARTICLE 1
DEFINITIONS, INTERPRETATION & EXHIBITS**

1.01 Definitions

As used in this Agreement, the following terms have the respective meanings set forth below or set forth in the Sections referred to below:

Acceptable Credit Rating – for any Person, a rating of at least BBB by Standard & Poor's Rating Services and at least Baa2 by Moody's Investors Service, Inc. on such Person's long-term unsecured debt, or, if the Person is not rated by such services, a rating based on such other means of determining creditworthiness as is acceptable to the General Partner, acting reasonably.

Acquisition Capital Opportunity – a Capital Opportunity to acquire facilities from another Person, rather than to construct such facilities.

Act – the Partnership Act (Alberta).

AESO – the Alberta Electric System Operator, or any Authorized Authority succeeding to the powers of such operator.

AFUDC – Allowance for Funds used During Construction.

Affiliate – of any Person means any other Person who directly or indirectly Controls, or is Controlled by, or is under common Control with, such Person.

Affiliate's Outside Activities – the meaning set out in Section 6.06(b) of this Agreement.

Affirmative Acquisition Decision – a decision of the shareholders of the General Partner to commit the Partnership to purchase an Acquisition Capital Opportunity.

Affirmative Construction Decision – a decision of the shareholders of the General Partner to commit the Partnership to construct a Construction Capital Opportunity.

Agreement - this Limited Partnership Agreement.

AltaLink – the meaning set out in the first recital of this Agreement.

AltaLink Heartland – the meaning set out in the introductory paragraph of this Agreement.

AltaLink LP Group – AltaLink Heartland, in its capacity as initial Limited Partner of the Partnership, together with any Assignee(s) from time to time claiming by, through or under AltaLink Heartland.

AML – AltaLink Management Ltd., an Alberta corporation.

Applicable Law – with respect to any Person or property (i) the common law and principles of equity, (ii) all federal, provincial, state, municipal and local laws, treaties, statutes, ordinances, judgments, decrees, injunctions, writs, decisions and orders of any Authorized Authority (to the extent the Person or property is subject to the jurisdiction of such Authorized Authority), (iii) agreements with Authorized Authorities and (iv) rules, regulations, policies and guidelines (in each case, having the force of law), directives, interpretations, licenses, exemptions, approvals and permits of or issued by any Authorized Authority, in each case applicable from time to time to such Person or property.

Arbitration Notice – the meaning set out in Section 11.02(c) of this Agreement.

Arbitrator – the meaning set out in Section 11.03 of this Agreement.

Assignee – any Person that acquires a Limited Partner's Partnership Interest or any portion thereof through a Disposition; provided, however, that, an Assignee shall have no right to be admitted to the Partnership as a Limited Partner except in accordance with Section 3.03(f)(iii). The Assignee of a dissolved Limited Partner is the shareholder, partner, member or other equity owner or owners of the dissolved Limited Partner to whom such Limited Partner's Partnership Interest is assigned by the Person conducting the liquidation or winding up of such Limited Partner. The Assignee of a Bankrupt Limited Partner is (a) the Person or Persons (if any) to whom such Bankrupt Limited Partner's Partnership Interest is assigned by order of the bankruptcy court or other Authorized Authority having jurisdiction over such Bankruptcy, or (b) in the event of a general assignment for the benefit of creditors, the creditor to whom such Limited Partner's Partnership Interest is assigned.

AUC – the Alberta Utilities Commission, or any Authorized Authority succeeding to the powers of such commission.

AUC NID Application – the document(s) pursuant to which application for approval of the need for the Project Facilities is made to the AUC by the AESO confirming the need for the construction of the Project Facilities.

AUC NID Approval – the approval issued by the AUC pursuant to the AUC NID Application.

AUC Facilities Application – the document(s) pursuant to which application for approval is made to the AUC by the Partnership under the HEE Act for authority to construct and operate the Project Facilities.

AUC Facilities Approval – the approval or order issued by the AUC pursuant to the AUC Facilities Application.

Authorizations – all authorizations, permits, decisions, judgments, directions, entitlements, licenses, orders, consents, approvals, exemptions, registrations, rulings, advance rulings and certificates whether now existing or hereafter issued or obtained or required to be issued or obtained and which are or may be given or issued by any Authorized Authority.

Authorized Authority – in relation to any Person, transaction or event, any: (i) federal, provincial, state, municipal or local governmental body (whether administrative, legislative, executive or otherwise), both domestic and foreign; (ii) agency, authority, commission, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government; (iii) court, arbitrator, commission or body exercising judicial, quasi-judicial, administrative or similar functions; or (iv) other body or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing, including securities regulatory authorities, in each case having jurisdiction over such Person, transaction or event.

Bankruptcy or Bankrupt – with respect to any Person occurs when:

- (a) such Person files a voluntary petition in bankruptcy;

- (b) such Person files a petition, answer or other pleading seeking for such Person (i) any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any bankruptcy or insolvency law, or (ii) the appointment of a custodian, trustee, receiver, liquidator, assignee, sequestrator (or other similar official) of such Person or of all or any substantial part of such Person's properties;
- (c) such Person consents to, acquiesces in, or solicits the filing of a pleading, or the institution of a proceeding, of a type described in the foregoing paragraphs (a) and (b), including (i) by filing an answer or other pleading admitting or failing to contest the material allegations in such a petition that is filed, or in such proceedings that are instituted, against such Person, or (ii) by soliciting any other Person to file such a pleading or to institute such a proceeding against such Person;
- (d) such Person becomes the subject of an order for relief or is declared insolvent in any bankruptcy or insolvency proceedings;
- (e) such Person makes an assignment for the benefit of creditors;
- (f) except as required by Applicable Law, such Person admits its inability to pay its debts generally as they become due;
- (g) such Person takes any action in furtherance of any action described in the foregoing paragraphs (a) through (f); or
- (h) against such Person, a proceeding seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any bankruptcy or insolvency law has been commenced and 120 days have expired without dismissal thereof or with respect to which, without such Person's consent or acquiescence, a custodian, trustee, receiver, liquidator, assignee, sequestrator (or other similar official) of such Person or of all or any substantial part of such Person's properties has been appointed and 90 days have expired without the appointment having been vacated or stayed, or 90 days have expired after the date of expiration of a stay, if the appointment has not previously been vacated.

Business Day – any day other than a Saturday, a Sunday, or a statutory holiday on which Canadian chartered banks in the Province of Alberta are closed.

Capital Account – the account to be established and maintained for each Partner in accordance with Section 4.07.

Capital Contribution – with respect to any Partner, the amount of money contributed to the Partnership by the Partner. Any reference in this Agreement to the Capital Contribution of a Partner shall include a Capital Contribution of its predecessors in interest.

Capital Opportunity – an Opportunity to construct or acquire Facilities in order to: (a) modify, improve, expand or increase the capacity of the Project Facilities, or any portion thereof; or (b) expand the scope of the Partnership beyond the Project Facilities.

Certificate – the meaning set out in Section 2.01 of this Agreement.

Change of Partner Control – with respect to any Limited Partner, an event (such as a Disposition of voting securities) that causes such Limited Partner to be Controlled by a Person other than such Limited Partner's Parent.

Chartered Accountants – a firm of independent chartered accountants selected from time to time by the General Partner.

Claim or Claims – in relation to any Person, any and all past, present or future:

- (a) debts, costs, expenses, liabilities, obligations, losses, damages, dues, Taxes, security interests, fees, fines or penalties imposed on, incurred by, suffered by or asserted against such Person or to which it or its assets is or may be subject;
- (b) actions, suits, causes of action, claims, proceedings, hearings, investigations, charges, demands or complaints of whatsoever nature or kind, including regulatory or administrative, pending or threatened, against such Person or its assets;
- (c) allegations, notices of violation, demands, injunctions, prosecutions or mandatory communications issued, made or threatened to or against such Person or its assets, status or ability to carry on business by any Authorized Authority or other Person, regardless of the remedy or recourse sought thereby; and
- (d) judgments, orders, decrees, rulings, directions (conditional or otherwise) or other remedies issued or made against such Person or its assets,

which, in each of the foregoing cases, involve or relate to the Project or to the performance of this Agreement whether arising or based on common law or equity, on the basis of contract, liability in tort or strict or absolute liability, or arising out of or based on requirements of Applicable Law or any other theory or basis of liability and whether absolute or contingent and, except as otherwise expressly provided herein, includes all out-of-pocket costs, disbursements, fees (including fees of legal counsel on a solicitor and his own client basis) and expenses paid or incurred by such Person in investigating, pursuing, defending or considering the defence of, or any proceeding relating to, any of the foregoing.

Completion or Completion Date – means the date on which the Project Facilities are energized and placed in service through interconnection to Alberta's interconnected electric system.

Confidential Information – information and data (including all copies thereof) that is furnished or submitted by any of the Limited Partners, their Affiliates, the General Partner or the Operator, whether oral, written, or electronic, on a confidential basis to the other Limited Partners, their Affiliates, the General Partner or the Operator in connection with the Facilities, and any and all of the activities and studies performed pursuant to the MOU or the Project Documents, and the resulting information and data obtained from those studies, including market evaluations, market proposals, service designs and pricing, transmission line system design and routing, cost estimating, rate studies, identification of permits, strategic plans, legal documents, environmental studies and requirements, public and governmental relations planning, identification of Canadian

regulatory issues and development of related strategies, legal analysis and documentation, financial planning, studies of the electricity supplies for the Facilities, and other studies and activities to determine the potential viability of the Facilities. Notwithstanding the foregoing, the term "**Confidential Information**" shall not include any information that:

- (a) is in the public domain at the time of its disclosure or thereafter, other than as a result of a disclosure directly or indirectly by a Limited Partner or its Affiliates in contravention of the MOU or the Project Documents;
- (b) as to any Limited Partner, was in the possession of such Limited Partner or its Affiliates prior to the execution of the MOU; or
- (c) has been independently acquired or developed by a Limited Partner or its Affiliates without violating any of the obligations of such Limited Partner or its Affiliates under (i) the MOU or the Project Documents or (ii) to the knowledge of such Limited Partner and its Affiliates, any other confidentiality agreement or duty by which such Limited Partner, its Affiliates or the Partnership is bound.

Construction Capital Opportunity – a Capital Opportunity to construct Facilities, rather than to acquire them from another Person.

Control or Controlled – one or more of the following:

- (a) a body corporate is controlled by a Person if: (A) securities of the body corporate to which are attached more than 50% percent of the votes that may be cast to elect directors of the body corporate are beneficially owned, directly or indirectly, by such Person; and (B) the votes attached to those securities are sufficient to elect a majority of the directors of the body corporate;
- (b) an association, partnership, trust or other organization is controlled by a Person if (A) more than 50% of the ownership interests, however designated, into which the association, partnership, trust or other organization is divided are beneficially owned, directly or indirectly, by such Person; and (B) the Person is able to direct the business and affairs of the association, partnership, trust or other organization;
- (c) a body corporate, association, partnership, trust or other organization is controlled by a Person if such Person has, directly or indirectly, control in fact of the body corporate, association, partnership, trust or other organization; or
- (d) a body corporate, association, partnership, trust or other organization that controls (within the meaning of this definition) another body corporate, association, partnership, trust or other organization is deemed to control (within the meaning of this definition) any body corporate, association, partnership, trust or other organization that is controlled or deemed to be controlled (within the meaning of this definition) by the other body corporate, association, partnership, trust or other organization.

Day – a calendar day; provided, however, that, if any period of Days referred to in this Agreement shall end on a Day that is not a Business Day, then the expiration of such period shall be automatically extended until the end of the first succeeding Business Day.

Default Rate – a rate per annum equal to the lesser of: (a) a varying rate per annum equal to the sum of (i) the prime lending rate on Canadian dollar commercial loans made in Canada as published from time to time by the Royal Bank of Canada, with adjustments in that varying rate to be made on the same Day as any change in that rate is so published, plus (ii) five (5) % per annum; and (b) the maximum rate permitted by Applicable Law.

Defaulting Partner – the meaning set out in Section 10.02 of this Agreement.

Dispose, Disposing or Disposition – with respect to any asset (including a Partnership Interest or any portion thereof), a sale, assignment, transfer, conveyance, gift, exchange or other disposition of such asset, whether such disposition be voluntary, involuntary or by operation of Applicable Law, including the following: (a) in the case of an asset owned by a natural person, a transfer of such asset upon the death of its owner, whether by will, intestate succession or otherwise; (b) in the case of an asset owned by an entity, (i) a merger or consolidation of such entity (other than where such entity is the survivor thereof), (ii) a conversion of such entity into another type of entity, or (iii) a distribution of such asset, including in connection with the dissolution, liquidation, winding-up or termination of such entity (unless, in the case of dissolution, such entity's business is continued without the commencement of liquidation or winding-up); and (c) a disposition in connection with, or in lieu of, a foreclosure of an Encumbrance; provided the foregoing shall not include the creation of an Encumbrance.

Disposing Partner – the meaning set out in Section 3.03(f)(i) of this Agreement.

Dispute – the meaning set out in Section 11.01 of this Agreement.

Disputing Partner – the meaning set out in Section 11.01 of this Agreement.

Dissolution Event – the meaning set out in Section 12.01 of this Agreement.

EDTI – the meaning set out in the initial recital of this Agreement.

Effective Date – the meaning set out in the introductory paragraph of this Agreement.

Encumber, Encumbering, or Encumbrance – the creation of a security interest, lien, pledge, mortgage or other encumbrance on any asset or interest (including a Partnership Interest or any portion thereof), whether such encumbrance be voluntary, involuntary or by operation of Applicable Law.

EPC Agreement – the engineering, procurement and construction agreement to be entered into by the Partnership and the EPC Contractor with respect to the design, development and construction of the Project Facilities.

EPC Contractor – the Person selected by the Partnership to design, develop and construct the Project Facilities.

EPCOR Heartland – the meaning set out in the introductory paragraph of this Agreement.

EPCOR LP Group – EPCOR Heartland or its Affiliate, in its capacity as initial Limited Partner of the Partnership, together with any Assignee(s) from time to time claiming by, through or under EPCOR Heartland or its Affiliate.

Extraordinary Resolution – a resolution approved by 100% of the votes cast by those Limited Partners who are entitled to vote and who do vote in person or by proxy at a duly convened meeting of Limited Partners, or at any adjournment thereof, called in accordance with this Agreement, or a written resolution in one or more counterparts distributed to all Limited Partners and signed by all of the Limited Partners who are entitled to vote.

Facilities – includes (a) the Project Facilities; and (b) other transmission facilities located within the Province of Alberta that are approved by the General Partner as Capital Opportunities and constructed or acquired by the Partnership in accordance with this Agreement.

Financing Commitment – definitive agreements between one or more financial institutions or other Persons and the Partnership pursuant to which such financial institutions or other Persons agree, subject to the conditions set forth therein, to lend money to, or purchase securities of, the Partnership, the proceeds of which shall be used to finance all or a portion of the Project Facilities or any Capital Opportunity (as applicable).

Fiscal Year – the meaning set out in Section 2.07 of this Agreement.

GAAP – in relation to any Person at any time, accounting principles generally accepted in Canada as recommended in the Handbook of the Canadian Institute of Chartered Accountants, applied on a basis consistent with the most recent audited financial statements of such Person and, if applicable, its consolidated subsidiaries (except for changes approved by the auditors of such Person) or such other accounting principles which are required by any Authorized Authority from time to time.

General Partner – Heartland Transmission Management Ltd., a corporation formed to act as general partner of the Partnership, and any Person hereafter admitted to the Partnership as general partner pursuant to the provisions of this Agreement.

General Partner Indemnified Acts – the meaning set out in Section 6.05 of this Agreement.

General Partner Indemnified Parties – the meaning set out in Section 6.05 of this Agreement.

Gross Negligence or Wilful Misconduct – any act or failure to act (whether sole, joint or concurrent) by a Person that was intended to cause, or was in reckless disregard of, or with wanton indifference to, the harmful consequences to the safety or property of another Person or to the environment, which the Person acting or failing to act knew (or should have known) would result from such act or omission. However, Gross Negligence or Wilful Misconduct does not include any act or failure to act insofar as it: (i) constituted mere ordinary negligence; or (ii) was done or omitted in accordance with the express instructions or approval of all Partners, insofar as the act or failure to act otherwise constituting Gross Negligence or Wilful Misconduct was implicit in such instructions or approval.

HEE Act – the *Hydro and Electric Energy Act* (Alberta).

Indebtedness of the Partnership – indebtedness for borrowed money owed by the Partnership provided that on any date of determination, the amount of such indebtedness shall include the entire principal, interest, fees and other amounts that are outstanding, due and payable under such indebtedness as of such date.

Initial Sharing Ratio – means for each initial Limited Partner that ratio shown beside such Limited Partner's name on Exhibit A.

Limited Partner – any Person executing this Agreement as of the date of this Agreement as a Limited Partner or hereafter admitted to the Partnership as a Limited Partner as provided in this Agreement, but such term does not include any Person who has ceased to be a Limited Partner in the Partnership.

MOU – the meaning set out in the first recital of this Agreement.

Necessary Regulatory Approvals – all Authorizations (all of which must be final and non-appealable) as may be required (but excluding Authorizations of a nature not customarily obtained prior to commencement of construction of transmission facilities) in connection with (a) the construction and operation of the Project Facilities or any Capital Opportunity (as applicable). In the case of the Project Facilities, the Necessary Regulatory Approvals will also include any Authorizations as may be required in connection with the formation of the Partnership. In the case of any Capital Opportunities, the Necessary Regulatory Approvals will include any required approval or order under the HEE Act from the AUC.

Non-Disposing Limited Partners – the meaning set out in Section 3.03(c) of this Agreement.

Operations & Maintenance Agreement – the meaning set out in Section 7.02 of this Agreement.

Operator – the meaning set out in Section 7.02 of this Agreement.

Opportunity – a business opportunity for the Partnership involving the Project Facilities or any other Facilities.

Ordinary Resolution – a resolution approved by not less than 50% plus one of the votes cast by those Limited Partners who are entitled to vote and who do vote in person or by proxy at a duly convened meeting of Limited Partners, or at any adjournment thereof, called in accordance with this Agreement, or, in the absence of a meeting of Limited Partners, a written resolution in one or more counterparts distributed to all Limited Partners and signed by all Limited Partners.

Parent – the Person that Controls a Limited Partner. The Parents that Control the initial Limited Partners as of the Effective Date are set forth on Exhibit A.

Partner – the General Partner or any Limited Partner of the Partnership.

Partnership – Heartland Transmission, L.P., an Alberta limited partnership.

Partnership Equity Amount – with respect to any Limited Partner (a) the equity capital balance of the Partnership determined under Required Accounting Practice and with adjustments, if any, as agreed to by the General Partner for contingencies and other items, times (b) the applicable Limited Partner's Sharing Ratio.

Partnership Interest – with respect to any Partner, means (a) that Partner's status as a Partner; (b) that Partner's Units, if any; (c) all other rights, benefits and privileges enjoyed by that Partner (under the Act, this Agreement, or otherwise) in its capacity as a Partner; and (d) all obligations, duties and liabilities imposed on that Partner (under the Act, this Agreement or otherwise) in its capacity as a Partner, including any obligations to make Capital Contributions.

Person – includes an individual, a general or limited partnership, a corporation, a trust, a joint venture, an incorporated or unincorporated organization or association, a sole proprietorship, a firm, an entity, a body corporate, a union, a government or any department or agency thereof and the heirs, executors, administrators or other legal representatives of an individual.

Pre Effective Date Expenditures – expenditures made by any Partner or any of its Affiliates prior to the Effective Date, if approved by the General Partner pursuant to Section 4.01, including expenditures made in the course of activities reasonably related to determining the financial and technical feasibility of the Project including the required design and size of the Project Facilities, preparing acceptable drafts of the Project Documents and determining the form and nature of the AUC Facilities Application and Necessary Regulatory Approvals for the Project Facilities.

Project – the meaning set out in the first recital of this Agreement.

Project Documents – includes each of:

- (a) the Shareholders' Agreement;
- (b) this Agreement;
- (c) the Operations & Maintenance Agreement;
- (d) any Services Agreement; and
- (e) any other contracts, licences and agreements entered into by or on behalf of any of the Parties solely for or in connection with the Project and which are required or deemed necessary from time to time to complete the Project.

Project Facilities – the meaning set out in the second recital of this Agreement.

Proposal to Provide Service – the document(s) pursuant to which the Partnership submits its proposal to provide service to the AESO with respect to the Project Facilities.

Register – the register maintained pursuant to Section 9.06.

Registrar – such Person as is for the time being engaged by the General Partner on behalf of the Partnership pursuant to Section 9.04.

Required Accounting Practice – the accounting rules and regulations, if any, at the time prescribed by the Authorized Authorities under the jurisdiction of which the Partnership is at the time operating and, to the extent of matters not covered by such rules and regulations, GAAP.

Services Agreement – the meaning set out in Section 7.03 of this Agreement.

Shareholders' Agreement – the unanimous shareholders' agreement made effective March 6, 2008, among the General Partner and each of AML and EDTI as shareholders of the General Partner.

Sharing Ratio – at any point in time, in respect of a Limited Partner: (a) the number of Units held by such Limited Partner, divided by (b) the aggregate number of issued and outstanding Units provided, however, that the total of all Sharing Ratios shall always equal 100%.

Subscription Price – in respect of a Unit, the amount to be contributed to the capital of the Partnership as consideration for the issue of that Unit, as determined under Section 2.13.

Tax Act – the Income Tax Act (Canada).

Taxes – all taxes, duties, fees, premiums, imposts, levies and other similar charges imposed by any Authorized Authority under Applicable Law, however denominated, including any interest, penalties, fines, additions to tax or other additional amounts that may become payable in respect thereof, imposed by any Authorized Authority, including income or profits taxes (including federal and provincial income taxes), capital taxes, goods and services taxes, harmonised taxes, withholding taxes, payroll and employer health insurance and taxes, employment insurance, social insurance and social security taxes, sales taxes, value-added taxes, franchise taxes, gross receipts taxes, business license taxes, occupation taxes, real and personal property taxes, stamp taxes, surtaxes, environmental taxes, education taxes, transfer taxes, workers' compensation, custom duties and import and export taxes, countervail and anti-dumping duties, licence, franchise and registration fees, Canada and any provincial government pension plan contributions or premiums and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing.

Term – the meaning set out in Section 2.06 of this Agreement.

TUC – the lands designated for a Transportation/Utility Corridor pursuant to the *Edmonton Restricted Development Area Regulations* as set forth in Exhibit C to this Agreement.

Units – the undivided interests in the Partnership designated as “Units” which are created and authorized for issuance in accordance with this Agreement and “Unit” means any of the Units.

Unit Certificate – a certificate evidencing ownership by a Partner of a Unit or Units in the form set out in Exhibit B or such other form as is approved by the General Partner.

Withdraw, Withdrawing or Withdrawal – the withdrawal, resignation or retirement of a Partner from the Partnership as a Partner. Such terms shall not include any Dispositions of Partnership Interest (which are governed by Section 3.03), even though the Partner making a Disposition may cease to be a Partner as a result of such Disposition.

Other terms defined herein have the meanings ascribed to them.

1.02 Interpretation

- (a) In this Agreement, unless the context otherwise requires:
 - (i) the singular includes the plural and vice versa;
 - (ii) reference to any Person includes any successor or assign of such Person that is permitted under this Agreement;
 - (iii) reference to a Person in a particular capacity excludes such Person in any other capacity;
 - (iv) reference to any gender includes all genders;
 - (v) a grammatical variation of a defined term has a corresponding meaning;
 - (vi) reference to any agreement, document or instrument means such agreement, document or instrument as amended, restated or modified and in effect from time to time in accordance with the terms thereof;
 - (vii) reference to any Applicable Law means such Applicable Law as amended, modified, codified, replaced or re-enacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder and reference to any section or other provision of any Applicable Law means that provision of such Applicable Law from time to time in effect and constituting the substantive amendment, modification, codification, replacement or re-enactment of such section or other provision;
 - (viii) references to an Article, Section, subsection, paragraph, exhibit or schedule by number or letter or both refer to this Agreement;
 - (ix) a reference to a paragraph also refers to the subsection in which it is contained and a reference to subsection refers to the Section in which it is contained
 - (x) "Agreement", "this Agreement", "herein", "hereby", "hereunder", "hereof", "hereto" and words of similar import are references to the whole of this Agreement and not, unless a particular Section or other part thereof is referred to, to any particular Section or other part;
 - (xi) "including" means including without limiting the generality of any description preceding or succeeding such term and for purposes hereof the rule of *ejusdem generis* shall not be applicable to limit a general statement, followed by or referable to an enumeration of specific matters, to matters similar to those specifically mentioned;

- (xii) the phrases “the aggregate of”, “the total of”, “the sum of”, or a similar phrase means “the aggregate (or total or sum), without duplication, of”;
 - (xiii) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding”;
 - (xiv) accounting terms shall be construed and interpreted, and accounting determinations and computations shall be made, in accordance with GAAP;
 - (xv) unless otherwise stated, any reference to dollars means Canadian dollars;
 - (xvi) payments and transfers of funds are to be made in immediately available funds;
 - (xvii) a reference to time or date is a reference to the time or date in effect in Alberta, taking into account the *Daylight Saving Time Act* (Alberta);
 - (xviii) a reference to a Day is a reference to a period of time commencing at midnight and ending the following midnight;
 - (xix) a reference to a month is a reference to a calendar month; and
 - (xx) where any payment or calculation is to be made, or any other action is to be taken, on or as of a day that is not a Business Day, that payment or calculation is to be made, or that other action is to be taken, as applicable, on or as of the next following Business Day.
- (b) The division of this Agreement and the recitals, table of contents and headings are for convenience of reference only and shall not affect the construction or interpretation hereof.
 - (c) This Agreement was negotiated by the Parties with the benefit of legal representation and any rule of construction or interpretation otherwise requiring this Agreement to be construed or interpreted against any Party shall not apply to any construction or interpretation hereof or thereof.

1.03 Exhibits

The following exhibits (the “Exhibits”) are attached hereto and form a part of this Agreement:

- Exhibit A – Initial Partners, Sharing Ratios and Parents of Limited Partner
- Exhibit B – Form of Unit Certificate
- Exhibit C – TUC Map

If any term or condition, express or implied, of any Exhibit conflicts or is at variance with any term or condition in the body of this Agreement, the term or condition in the body of this Agreement shall prevail. Except as otherwise provided herein or in any Exhibit, the parties may substitute revised Exhibits to this Agreement at any time by agreeing to, signing and attaching a dated copy of the revised Exhibit to this Agreement, which revised Exhibit shall from that date be the governing exhibit.

ARTICLE 2 ORGANIZATION AND UNITS

2.01 Formation

The Partnership will be organized as an Alberta limited partnership by the filing of a certificate of limited partnership (the "Certificate") under the Act.

2.02 Name

The name of the Partnership is "Heartland Transmission, L.P." and all Partnership business must be conducted in that name or such other names that comply with Applicable Law as the General Partner may select.

2.03 Registered Principal Place of Business; Principal Office; Agent for Service; Other Offices

The registered principal place of business of the Partnership shall be the principal place of business in Alberta stated in the Certificate or such other office as the General Partner may designate in the manner provided by Applicable Law. The Partnership may have such other offices as the General Partner may designate.

2.04 Business

The business of the Partnership is to plan, design, construct, acquire, own, maintain and operate the Facilities, including, without limitation, the Project Facilities, and to engage in any activities directly or indirectly relating thereto. The Partnership shall carry on business in such a manner as to ensure, to the greatest extent possible, the limited liability of the Limited Partners. The Partnership shall have the power to do any and every act and thing necessary, proper and convenient to the accomplishment of its business and purposes.

2.05 Qualification to Carry on Business

The Partnership shall not carry on business in any jurisdiction other than Alberta.

2.06 Term

The period of existence of the Partnership (the "Term") shall commence on the Effective Date and shall continue indefinitely, or until such time as a declaration of dissolution is filed in accordance with Section 12.03.

2.07 Fiscal Year

The first fiscal period of the Partnership shall end on December 31, 2008 and thereafter each fiscal period shall commence on January 1 and end on the earlier of December 31 or the end of the Term. Each such fiscal period is herein referred to as a "Fiscal Year."

2.08 Limited Partner Not Liable as a General Partner

Any provision of this Agreement which would otherwise have the effect of imposing on any Partner, other than the General Partner, any of the liabilities or obligations of a general partner will be of no force or effect.

2.09 Number and Class of Units

The interest in the Partnership of the Limited Partners will be divided into and represented by an unlimited number of Units, having attached thereto the rights, benefits, obligations and restrictions set forth in this Agreement.

2.10 Nature of Units

Except as otherwise specifically provided in this Agreement:

- (a) each Partner holding a Unit will as such have the same rights and obligations as every other Partner holding a Unit; and
- (b) no Partner will, in respect of any Unit held by such Partner, have any preference, priority or right in any circumstance over any other Partner in respect of any Unit held by the other Partner.

2.11 No Fractional Units

A Unit may not be divided or split into fractions and the Partnership will not accept any subscription for, record any assignment of, or otherwise recognize any interest in less than a whole Unit.

2.12 Allotment and Issuance of Units

The Partnership may raise capital by allotting and issuing Units in accordance with the provisions of Article 4, or by an Extraordinary Resolution consented to by the General Partner.

2.13 Contribution Rate

From the Effective Date until the Completion Date, one Unit will be issued for each dollar of Capital Contribution made to the Partnership in accordance with Section 4.01 or Section 4.02. From and after the Completion Date, each Limited Partner shall be entitled to the issuance of further Units upon making further Capital Contributions at the price per Unit and subject to the subscription terms as may be determined from time to time by the General Partner in compliance with, among other things, GAAP.

2.14 Payment of Contribution

The Units shall be issued for cash contributed to the Partnership. The Subscription Price will be expressed in terms of money and shall be so recorded in the records of the Partnership. The Subscription Price will be payable in full at the time of subscription or at such time or times, on such terms and with such security as the General Partner may determine.

2.15 Issue Expenses

The Partnership will pay all costs, commissions, disbursements, fees and expenses incurred in connection with any offering of Units.

2.16 Redemption of Units

The Units are not redeemable by the Partnership.

2.17 General Partner's Interest in the Partnership

The General Partner, in its capacity as the general partner of the Partnership, shall not hold Units but shall hold an interest in the Partnership equal to 0.01% of the aggregate interests of the Limited Partners. The General Partner shall have the right to receive such distributions in respect of that interest in the Partnership only as is expressly provided for in Section 5.05 of this Agreement

2.18 Intent as to 50/50 Partnership

The Partners acknowledge and agree that their fundamental understanding and intent in entering into this Agreement to jointly pursue the Project is that each Limited Partner would hold a fifty percent (50%) Partnership Interest in the Partnership, subject to rebalancing under Section 4.04 below. For clarity, if, pursuant to the applicable AUC approval process, no route or routes for the proposed transmission facilities are substantially within the TUC then, unless the Partners otherwise agree, the Project shall be deemed to have been abandoned and the Partnership shall be dissolved pursuant to Article 12 of this Agreement.

ARTICLE 3 PARTNERS, DISPOSITIONS OF UNITS

3.01 Initial Partners

The initial Partners of the Partnership are (a) the General Partner, which is admitted to the Partnership as the General Partner effective contemporaneously with its execution of this Agreement, and (b) the Persons executing this Agreement as of the date of this Agreement as Limited Partners, each of which is admitted to the Partnership as a Limited Partner effective contemporaneously with the execution by such Person. The initial Limited Partners have subscribed for the number of Units as set out in Exhibit A.

3.02 Representations, Warranties and Covenants

Each Partner hereby represents, warrants and covenants to the Partnership and each other Partner that the following statements are true and correct as of the date on which it was admitted as a Partner and shall be true and correct at all times that such Partner is a Partner:

- (a) that Partner is duly incorporated, organized or formed (as applicable), validly existing, and (if applicable) in good standing under the Applicable Law of the jurisdiction of its incorporation, organization or formation; if required by Applicable Law, that Partner is duly qualified and in good standing in the jurisdiction of its principal place of business, if different from its jurisdiction of incorporation, organization or formation; and subject, in the case of the initial Limited Partners, to the final approval of the Project by their respective Parents, that Partner has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder, and all necessary actions by the board of directors, shareholders, managers, members, partners, trustees, beneficiaries, or other applicable Persons necessary for the due authorization, execution, delivery, and performance of this Agreement by that Partner have been duly taken;
- (b) that Partner has duly executed and delivered this Agreement and subject, in the case of the initial Limited Partners, to the final approval of the Project by their respective Parents, it constitutes a legal, valid and binding obligation of that Partner enforceable against it in accordance with their terms (except as may be limited by Applicable Law and by the effect of general principles of equity, regardless of whether considered at law or in equity);
- (c) that Partner's authorization, execution, delivery, and performance of this Agreement does not and will not (i) conflict with, or result in a breach, default or violation of, (A) the organizational documents of such Partner, (B) any contract or agreement to which that Partner is a party or is otherwise subject, or (C) any Applicable Law, order, judgment, decree, writ, injunction or arbitral award to which that Partner is subject; or (ii) require any consent, approval or authorization from, filing or registration with, or notice to, any Authorized Authority or other Person (except for the final approval of the Project noted above), unless such requirement has already been satisfied; and
- (d) that Partner is and will continue to be resident in Canada for the purposes of the Tax Act. In addition, where a Partner is itself a partnership, all of its partners are and will continue to be resident in Canada.

3.03 Dispositions and Encumbrances of Partnership Interests

- (a) **Dispositions to Affiliates.** After having provided all other Partners with written notice, a Partner may Dispose of all or any portion of its Partnership Interest to an Affiliate as long as such Disposition is not undertaken as a step in divesting the Partnership Interest to a non-Affiliate. Prior to undertaking such a Disposition, the Partner must ensure: (a) that financial guarantees must remain in place or be assumed by an Assignee with an Acceptable Credit Rating; (b) that the

Disposition does not expose the remaining Partner(s) to any additional financial, regulatory, or operational risk and the General Partner is satisfied, acting reasonably, with such assurances; and (c) that the applicable provisions of Section 3.03(f)(iii) are complied with.

- (b) **General Prohibition.** Subject to Section 3.03(a), a Partner may not Dispose of or Encumber all or any portion of its Partnership Interest except in strict accordance with this Section 3.03. (References in this Section 3.03 to Dispositions or Encumbrances of a "Partnership Interest" shall also refer to Dispositions or Encumbrances of a portion of a Partnership Interest.) Any attempted Disposition or Encumbrance of a Partnership Interest, other than in strict accordance with this Section 3.03, shall be, and is hereby declared to be, null and void ab initio. The Partners agree that a breach of the provisions of this Section 3.03 may cause irreparable injury to the Partnership and to the other Partners for which monetary damages (or other remedy at law) are inadequate in view of: (i) the complexities and uncertainties in measuring the actual damages that would be sustained by reason of the failure of a Partner to comply with such provision; and (ii) the uniqueness of the Partnership business and the relationship among the Partners. Accordingly, the Partners agree that the provisions of this Section 3.03 may be enforced by specific performance.
- (c) **No Dispositions Prior to Completion.** Subject to Section 3.03(a), a Partner may not Dispose of all or any portion of its Partnership Interest at any time prior to Completion without the unanimous written consent of the General Partner and the Limited Partners who elect to retain their Partnership Interests (the "Non-Disposing Limited Partners"), which consent may be arbitrarily withheld.
- (d) **No Partial Dispositions.** Subject to Section 3.03(a), no Disposition of a portion of a Partner's Partnership Interest shall be permitted at any time during the Term without the unanimous written consent of the General Partner and the Non-Disposing Limited Partners, which consent may be arbitrarily withheld.
- (e) **Permitted Disposition to EPCOR Power Limited Partnership.** Notwithstanding the provisions of Section 3.03(f), the Partners acknowledge and agree that the EPCOR LP Group shall be permitted to Dispose of all of its Partnership Interest to EPCOR Power Limited Partnership at any time after Completion, provided any such Disposition complies with all other provisions of Section 3.03, *mutatis mutandis*, and provided also: (i) the General Partner is satisfied, acting reasonably, that the proposed Disposition will not adversely affect the tax or financial status of the Partnership under Applicable Law; and (ii) the EPCOR LP Group certifies that EDTI or its Affiliates control EPCOR Power Limited Partnership at the time of the Disposition.
- (f) **Dispositions of Partnership Interests by Limited Partners.**
 - (i) **General Restriction.** A Limited Partner who proposes to dispose of all of its Partnership Interest after Completion other than as contemplated by Section 3.03(a) or 3.03(e) (the "Disposing Partner") may not Dispose of

its Partnership Interest except by complying with the requirements of Sections 3.03(f)(ii) and 3.03(f)(iii).

- (ii) **Right of First Offer.** In the event that any Limited Partner (the “**Disposing Partner**”) wishes to Dispose of all of its Partnership Interest after Completion (the “**Offered Interest**”), the Disposing Partner shall first deliver a notice in writing (a “**Disposition Notice**”) to the other Limited Partners (the “**Offerees**”) wherein the Disposing Partner offers to Dispose of the Offered Interest to the Offerees for the price, and on the terms and conditions (the “**Disposition Terms**”) set out in the Disposition Notice. The Offerees shall have the right, exercisable by giving notice (an “**Acceptance Notice**”) to the Disposing Partner with 30 Days after receipt of the Disposition Notice (the “**Acceptance Period**”) to purchase all, but not less than all, of the Offered Interest in accordance with the Disposition Terms. In the event that the Offeree accepts the Disposition Notice and elects to purchase the Offered Interest, the Offeree shall use commercially reasonable efforts to complete the acquisition of the Offered Interest within 180 Days of the acceptance (the “**Closing Period**”), subject to any other conditions, timing or other requirements imposed by an Authorized Authority. In the event that such acquisition is not completed within the Closing Period and the Closing Period has not been extended by mutual agreement, the Disposing Partner will be free to dispose of the Offered Interest to a Qualified Buyer or a Qualified Financial Investor (both as defined below) with no further obligations to sell the Offered Interest to the Offerees. In the event that no Acceptance Notice is received from the Offerees within the Acceptance Period, the Disposition Notice shall be deemed to have been refused and the Disposing Partner shall be required to comply with the applicable provisions of Section 3.03(f) herein with respect to any further efforts to Dispose of the Offered Interest, provided that any Disposition to a Qualified Buyer or a Qualified Financial Investor resulting from such efforts must be completed (1) on terms no less favourable to the Disposing Partner than the Disposition Terms, and (2) within 180 Days of the date of deemed refusal under this Section 3.03(f)(ii), subject to any other conditions, timing or other requirements imposed by an Authorized Authority. If, following a deemed refusal under this Section 3.03(f)(ii), the Disposing Partner determines it is prepared to accept less favourable terms and conditions for the Offered Interest than the Disposition Terms, the procedures outlined in this Section 3.03(f)(ii) shall be repeated as if no Disposition Notice had been issued by the Disposing Partner.

For the purposes of this Section 3.03(f)(ii), the General Partner shall not be considered an Offeree in respect of a proposed Disposition. In the event the Offerees, as a group, elect to accept more than 100% of the Offered Interest, each Offeree’s election will be pro rated based on their current Sharing Ratios such that the aggregate pro rated acceptances equal 100% of the Offered Interest.

(iii) **Requirements Applicable to All Dispositions and Admissions.** Any Disposition of a Limited Partner's Partnership Interest and any admission of an Assignee as a Limited Partner shall be subject to the following requirements (in addition to the requirements of Section 3.03(f)(ii)), and such Disposition (and admission, if applicable) shall not be effective unless such requirements are complied with; provided, however, that the General Partner, in its sole and absolute discretion, may waive any of the following requirements:

(A) **Disposition Documents.** The following documents must be delivered to the General Partner and must be satisfactory, in form and substance, to the General Partner, acting reasonably:

(I) **Disposition Instrument.** A copy of the instrument pursuant to which the Disposition is effected.

(II) **Disposition Certificate.** A certificate from the Disposing Partner confirming the status of the Assignee of the Disposing Partner's Partnership Interest as either a Qualified Buyer or a Qualified Financial Investor.

(III) **Ratification of this Agreement.** An instrument, executed by the Disposing Partner and its Assignee, containing the following information and agreements, to the extent they are not contained in the instrument described in Section 3.03(f)(iii)(A)(I): (a) the notice address of the Assignee; and if applicable, the Parent of the Assignee; (b) the Sharing Ratio after the Disposition of the Assignee (which must equal the Sharing Ratio of the Disposing Partner before the Disposition); (c) the Assignee's ratification of this Agreement and agreement to be bound by it, and its confirmation that the representations and warranties in Section 3.02 are true and correct with respect to it; and (d) representations and warranties by the Disposing Partner and its Assignee that the Disposition and admission is being made in accordance with all Applicable Laws including any approvals required thereunder; that the matters set forth in Section 3.03(f)(iii)(A)(V) are true and correct; and that the Disposition and admission do not violate any Financing Commitment or any other agreement to which the Partnership is a party.

(IV) **Disposition of Related Interests.** A copy of the instruments pursuant to which all adjustments to the Project Documents required in conjunction with the Disposition, if any, are made or undertaken. Any Disposition of a Limited Partner's Partnership Interest to a Qualified Buyer shall not be completed unless the Disposing Partner has also

arranged to transfer its Affiliate's corresponding interest in the shares of the General Partner ("GP Interest") to such Qualified Buyer or to the designated Affiliate of such Qualified Buyer. Any Disposition of a Limited Partner's Partnership Interest to a Qualified Financial Investor shall not be completed unless the Disposing Partner (1) has arranged to transfer its GP Interest, on a pro rata basis, to the designated Affiliate(s) of the Non-Disposing Limited Partner(s); or (2) if the Qualified Financial Investor is EPCOR Power Limited Partnership, has confirmed to the Partner(s) that its Affiliate will retain its GP Interest notwithstanding the Disposition of its Partnership Interest.

- (V) **Securities Law Opinion.** A favorable opinion of the Assignee's legal counsel, or of other legal counsel acceptable to the General Partner, to the effect that the Disposition and admission is being made pursuant to a valid exemption from prospectus and registration requirements under applicable securities laws and in accordance with such laws.

- (B) **Status of Assignee.** For the purposes of this Section 3.03, a proposed Assignee shall be deemed to be a Qualified Buyer if: (1) it has (or has its obligations unconditionally guaranteed by a Person that has) an Acceptable Credit Rating; and (2) it is either a Transmission Facility Owner ("TFO") under Applicable Law, or it has the operational and technical capacity to become a TFO based on prior operating experience of transmission facilities in jurisdictions outside the Province of Alberta. A proposed Assignee shall be deemed to be a Qualified Financial Investor if it has (or has its obligations unconditionally guaranteed by a Person that has) an Acceptable Credit Rating.

- (C) **Payment of Expenses.** The Disposing Partner and its Assignee shall pay, or reimburse the Partnership for, all reasonable costs and expenses incurred by the Partnership in connection with the Disposition and admission on or before the tenth Day after the receipt by that Person of the Partnership's invoice for the amount due. If payment is not made by the date due, the Person owing that amount shall pay interest on the unpaid amount from the date due until paid at a rate per annum equal to the Default Rate.

- (D) **No Release.** No Disposition of a Limited Partner's Partnership Interest shall effect a release of the Disposing Partner from any Claims by the Partnership or the other Partners arising from events occurring prior to the Disposition.

- (E) **Indebtedness of Partnership.** Any Disposition of a Limited Partner's Partnership Interest shall also include all of the Indebtedness of the Partnership owed by the Partnership to the Disposing Partner (or, if only a portion of a Partnership Interest is being Disposed, a proportionate share of such Indebtedness of the Partnership). As long as this Agreement shall remain in effect, all evidences of Indebtedness of the Partnership owed to any of the Limited Partners shall bear an appropriate legend to indicate that it is held subject to, and may be Disposed only in accordance with, the terms and conditions of this Agreement, and that such Disposition may be made only in conjunction with the Disposition of a proportionate part of such Limited Partner's Partnership Interest.

- (iv) **Change of Partner Control.** If, with respect to any Limited Partner, there is a Change of Partner Control which is not consented to by all other Limited Partners, that Limited Partner, in addition to complying with the applicable provisions of Section 3.03 hereof, must satisfy the General Partner that any required approval to such Change of Partner Control from the AUC or other Authorized Authority has been obtained.

- (g) **Encumbrances of Partnership Interest by Limited Partners.** A Limited Partner may not Encumber its Partnership Interest, except by complying with one of the two following paragraphs:

 - (i) (A) the other Partners unanimously consent to such Encumbrance; and (B) the instrument creating such Encumbrance must provide that any foreclosure of such Encumbrance (or Disposition in lieu of such foreclosure) must comply with the applicable requirements of Section 3.03; or
 - (ii) such Encumbrance is required by the terms of a Financing Commitment.

- (h) **Dispositions and Encumbrances of Partnership Interests by General Partner.** The General Partner may not Dispose of or Encumber its Partnership Interest except with the unanimous consent of all Limited Partners, and subject to such requirements as the Limited Partners may unanimously agree.

- (i) **Encumbrance for Project Financing.** The Limited Partners shall, if required by the terms of a Financing Commitment, pledge or otherwise Encumber their respective Partnership Interests, on a non-recourse basis, to or in favour of the financial institution or other Person providing the Financing Commitment.

3.04 Access to Information

Subject to Applicable Law, each Limited Partner shall be entitled to receive any information that it may request concerning the Partnership; provided, however, that this Section 3.04 shall not obligate the Partnership, the General Partner or the Operator to create any information that does

not already exist at the time of such request (other than to convert existing information from one medium to another, such as providing a printout of information that is stored in a computer database). Each Limited Partner shall also have the right, upon reasonable notice, and at all reasonable times during usual business hours to inspect the assets and property of the Partnership and to audit, examine and make copies of the books of account and other records of the Partnership. Such right may be exercised through any agent or employee of such Limited Partner designated in writing by it, or by an advisor or consultant so designated. The Limited Partner making the request shall bear all costs and expenses incurred in any inspection, examination or audit made on such Limited Partner's behalf. Confidential Information obtained pursuant to this Section 3.04 shall be subject to the provisions of Section 3.05.

3.05 Treatment of Confidential Information

- (a) Except as permitted by Section 3.05(b), (i) each Partner shall keep confidential all Confidential Information and shall not disclose any Confidential Information to any Person, including any of its Affiliates, and (ii) each Partner shall use the Confidential Information only in connection with the Facilities.
- (b) Notwithstanding Section 3.05(a), but subject to the other provisions of this Section 3.05, a Partner may make the following disclosures and uses of Confidential Information:
 - (i) disclosures to another Partner, the Operator or to any Affiliate which has direct or indirect interest or function in connection with the Facilities;
 - (ii) disclosures and uses that are approved by the General Partner (which approval shall not be unreasonably withheld);
 - (iii) disclosures that may be required from time to time to obtain requisite Authorizations, Necessary Regulatory Approvals or financing for the Project Facilities or any proposed Capital Opportunity, if such disclosures are approved by the General Partner (which approval shall not be unreasonably withheld);
 - (iv) disclosures to an Affiliate of such Partner on a "need to know" basis in connection with the Facilities, if such Affiliate abides by the terms of this Section 3.05;
 - (v) disclosures to a Person that is not a Partner or an Affiliate of a Partner, if such Person has been retained to provide services by the General Partner in connection with the Facilities or by such Partner in connection with its Partnership Interest and has agreed to abide by the terms of this Section 3.05;

- (vi) disclosures to a *bona fide* potential Assignee of such Partner's Partnership Interest, if (A) such disclosure has been approved by the General Partner (which approval shall not be unreasonably withheld or delayed), and (B) such potential Assignee has agreed to abide by the terms of this Section 3.05;
 - (vii) disclosures that a Partner is legally compelled to make by deposition, examinations for discovery, interrogatory, request for documents, subpoena, civil investigative demand, order of a court of competent jurisdiction, or similar process; provided, however, that, prior to any such disclosure, such Partner shall:
 - (A) provide the other Partners with prompt notice of such requirements so that one or more of the Partners may seek a protective order or other appropriate remedy or waive compliance with the terms of this Section 3.05(b)(viii);
 - (B) consult with the General Partner on the advisability of taking steps to resist or narrow such disclosure; and
 - (C) cooperate with the other Partners in any attempt one or more of them may make to obtain a protective order or other appropriate remedy or assurance that confidential treatment will be afforded the Confidential Information; and in the event such protective order or other remedy is not obtained, or the other Partners waive compliance with the provisions hereof, such Partner agrees (I) to furnish only that portion of the Confidential Information that the other Partners are advised (by written opinion of counsel to the disclosing Partner) is legally required and (II) to exercise commercially reasonable efforts to obtain assurance that confidential treatment will be accorded such Confidential Information;
 - (viii) disclosures to a Partner's or Affiliate's lenders, consultants and legal and financial advisors; and
 - (ix) other disclosures that are required by Applicable Law (including applicable securities laws).
- (c) Each Partner shall take such precautionary measures as may be required to ensure (and such Partner shall be responsible for) compliance with this Section 3.05 by any of its Affiliates, and its and their directors, officers, employees and agents, and other Persons to which it may disclose Confidential Information in accordance with this Section 3.05.
- (d) Promptly after its Withdrawal from the Partnership, a Withdrawing Partner shall use commercially reasonable efforts to destroy or return to the General Partner, all Confidential Information in its possession that was not in its possession prior to

the execution of the MOU, except for electronically archived data protected by security measures satisfactory to the General Partner, acting reasonably. Notwithstanding the foregoing, a Withdrawing Partner may retain for a stated period, but not disclose to any other Person, Confidential Information for the limited purpose of (i) explaining such Withdrawing Partner's corporate decisions with respect to the Partnership or (ii) preparing such Withdrawing Partner's tax returns and defending audits, investigations and proceedings relating thereto; provided, however, that the Withdrawing Partner must notify the General Partner in advance of such retention and specify in such notice the period of such retention.

- (e) The Partners agree that no adequate remedy at law exists for a breach or threatened breach of any of the provisions of this Section 3.05, the continuation of which unremedied will cause the Partnership and the other Partners to suffer irreparable harm. Accordingly, the Partners agree that the Partnership and the other Partners shall be entitled, in addition to other remedies that may be available to them, to immediate injunctive relief from any breach of any of the provisions of this Section 3.05 and to specific performance of their rights hereunder, as well as to any other remedies available at law or in equity.
- (f) The obligations of the Partners under this Section 3.05 (including the obligations of any Withdrawing Partner) shall terminate on the second anniversary of the end of the Term.

3.06 Liability of Limited Partners

Except as set forth in the Act, a Limited Partner is not liable for the debts, liabilities and obligations of the Partnership.

The General Partner shall use commercially reasonable efforts to insert, at a minimum, the following clause in any contracts or agreements to which the Partnership is a party or by which it is bound:

"Heartland Transmission, L.P. (the "Limited Partnership") is a limited partnership formed under the Partnership Act (Alberta). The parties hereto agree that the limited partners of the Limited Partnership shall not be personally liable to [the counterparty], nor may recourse be had by [the counterparty] against the limited partners for any of the liabilities of the Limited Partnership, except in respect of the value of money or any other property which such limited partner has contributed to the Limited Partnership."

3.07 Use of Limited Partners' Names and Trademarks

The Partnership, the Partners and their Affiliates shall not use the name or trademark of any Limited Partner or its Affiliates in connection with public announcements regarding the Partnership, or marketing or financing activities of the Partnership, without the prior written consent of such Limited Partner or Affiliate, which may be unreasonably withheld.

ARTICLE 4
CAPITAL CONTRIBUTIONS

4.01 Pre-Effective Date Expenditures

- (a) Within ten (10) Days after the Effective Date, each Limited Partner will make a Capital Contribution in cash to the Partnership in the amount of One Hundred Dollars (\$100.00) and each Limited Partner shall be issued one Unit for each dollar of Capital Contribution so made, such that the Sharing Ratio of each Limited Partner equals its Initial Sharing Ratio. A Unit will be issued for each dollar of Capital Contribution whether received prior to, on or after the date specified in this Section 4.01(a).
- (b) If any Limited Partner, or Affiliate thereof, has made Pre-Effective Date Expenditures, such Limited Partner shall have the right, as soon as practicable after the Effective Date but not later than thirty (30) Days thereafter (subject to Section 17.4 of the Shareholders' Agreement), to request the General Partner to approve such Pre-Effective Date Expenditures. If, prior to the Effective Date, a Limited Partner (or its Affiliates) has been partially reimbursed by the other Limited Partners (or their Affiliates) for a Pre-Effective Date Expenditure, then (a) only the unreimbursed portion thereof shall constitute a Pre-Effective Date Expenditure as to the Limited Partner that incurred it, and (b) the reimbursement paid by each other Limited Partner (or their Affiliates) shall constitute a Pre-Effective Date Expenditure as to such reimbursing Limited Partner
- (c) The books and records of each Limited Partner that relate to such Limited Partner's Pre-Effective Date Expenditures shall be subject to audit pursuant to Section 3.04 for one year from the date that such Limited Partner requested approval of such Pre-Effective Date Expenditures by the General Partner. If an audit reveals a discrepancy in a Pre-Effective Date Expenditure, an appropriate revision to such Pre-Effective Date Expenditure shall be proposed to the General Partner for its approval.
- (d) After all Pre-Effective Date Expenditures are considered and approved under Section 4.01(b) and all proposed revisions to be considered under Section 4.01(c) have been approved or disapproved by the General Partner, the General Partner shall balance the approved Pre-Effective Date Expenditures of the Limited Partners by requesting that each Limited Partner make the same Capital Contribution in cash to the Partnership, less the value of the approved Pre-Effective Date Expenditures applicable to each Limited Partner.
- (e) All Pre-Effective Date Expenditures that are approved by the General Partner pursuant to this Section 4.01 shall constitute Capital Contributions. Each Limited Partner making such Capital Contributions shall be issued one Unit for each dollar of Capital Contribution so that the Sharing Ratios of the Limited Partners shall be the same, subject to any rebalancing of Sharing Ratios pursuant to Section 4.04 below.

4.02 Capital Contributions

The General Partner shall issue or cause to be issued a written request to each Limited Partner for the making of Capital Contributions required using the budget approved by the General Partner for the Project Facilities or the Capital Opportunity, as the case may be, in accordance with Section 4.03(a), at such times and in such amounts as the General Partner shall approve, provided that: (i) the amount of Capital Contribution requested from each Limited Partner shall be in accordance with the Sharing Ratio of such Limited Partner; and (ii) the General Partner may issue written requests from time to time in respect of Capital Contributions required to fund emergency situations or unforeseen contingencies arising from or directly related to the Project. One Unit will be issued to the contributing Limited Partner for each dollar of Capital Contribution received by the Partnership pursuant to this Section 4.02, whether received prior to, on or after the date specified in Section 4.03(a)(iv).

4.03 General Provisions – Requests for Capital Contributions

- (a) Each written request issued pursuant to Sections 4.01(d) or 4.02 shall contain the following information:
 - (i) The total amount of Capital Contributions requested from all Limited Partners;
 - (ii) The amount of Capital Contribution requested from the Limited Partner to whom the request is addressed, such amount to be in accordance with the provisions of this Agreement;
 - (iii) The purpose for which the funds are to be applied in such reasonable detail as the General Partner shall direct; and
 - (iv) The date on which payment of the Capital Contribution shall be made (the “Due Date”) (which date shall not be less than twenty five (25) Days following the date the request is given, unless an earlier date is approved by the General Partner) and the method of payment, provided that such date and method shall be the same for each of the Limited Partners. If all Capital Contributions are not received by the Due Date, the General Partner shall notify all Limited Partners who have not made all or any portion of their Capital Contributions and such Limited Partners shall have five (5) Days after receipt of such notice to pay their respective Capital Contributions in full.
- (b) All amounts received from a Limited Partner after the Due Date specified in Section 4.03(a)(iv) by the Partnership pursuant to this Section 4.03 shall be accompanied by interest on such overdue amounts (and the default shall not be cured unless such interest is also received by the Partnership), which interest shall be payable to the Partnership and shall accrue from and after such specified Due Date at the Default Rate. Such interest paid is not a Capital Contribution and no Units will be issued in respect of the interest paid by any Limited Partner.

- (c) Subject to Section 4.04(a), each Limited Partner agrees that it shall make payment of its respective Capital Contributions in accordance with requests issued pursuant to Sections 4.01(d) and 4.02.

4.04 Rebalancing of Sharing Ratios – Capital Deficiencies

- (a) If a Limited Partner does not make the Capital Contributions requested of it under Sections 4.01(d) or 4.02 of this Agreement (the “**Non-Contributing Partner**”) thereby creating a shortfall in the capital of the Partnership (the “**Capital Deficiency**”), the other Limited Partner(s) electing to contribute capital (the “**Contributing Partner**”) may elect to fund the Capital Deficiency from its own resources such that the aggregate amount so funded equals the Capital Deficiency.
- (b) If a Capital Deficiency is funded pursuant to Section 4.04(a), the General Partner will provide written notice (the “**Capital Rebalancing Notice**”) to each Limited Partner of the total Units issued in respect of the applicable Capital Contribution and the Sharing Ratios of the Limited Partners shall be adjusted accordingly. From and after the date of the Capital Rebalancing Notice, all future requests for Capital Contributions (and all distributions and allocations pursuant to Article 5) made by the General Partner shall reflect the Sharing Ratios, as adjusted due to the funding of the Capital Deficiency by the Contributing Partner.
- (c) If there is a Capital Deficiency as a result of a Non-Contributing Partner not making a Capital Contribution and the Contributing Partner does not elect to fund such Capital Deficiency from its own resources, the General Partner may fund the Capital Deficiency by borrowing against the assets of the Partnership. The full cost of such borrowing shall constitute an Encumbrance against the Partnership Interest of the Non-Contributing Partner(s) and the provisions of Section 4.04(d) shall apply.
- (d) If a Limited Partner is a Non-Contributing Partner and the Capital Deficiency created thereby is funded by borrowing as contemplated by Section 4.04(c) of this Agreement:
 - (i) The Non-Contributing Partner shall not be entitled to receive any distributions from the Partnership until all amounts owed by it to the Partnership in respect of the borrowing (including all interest, fees and expenses charged by the lender, or otherwise associated with the borrowing) are repaid in full;
 - (ii) The General Partner may set off against the amount owing to the Partnership in respect of such borrowing, any and all distributions or other amounts due or accruing due to the Non-Contributing Partner under this Agreement;
 - (iii) The Non-Contributing Partner may not Dispose of its Partnership Interest without the unanimous consent of the General Partner and the Contributing Partners; and

- (iv) The Non-Contributing Partner is liable to pay interest at the Default Rate on the amount of the Capital Deficiency and all related borrowing costs remaining unpaid from time to time accruing from the due date to the date of payment. Such interest paid is not a Capital Contribution and no Units will be issued in respect of the interest paid by any Non-Contributing Partner.

4.05 Voluntary Capital Contributions

No Limited Partner shall be required or permitted to make any Capital Contributions or loans to the Partnership except pursuant to this Article 4. Notwithstanding any other provision of this Agreement, the General Partner shall not be required to make any Capital Contributions or loans to the Partnership.

4.06 Return of Contributions

Except as expressly provided herein, a Limited Partner is not entitled to the return of any part of its Capital Contributions or to be paid interest in respect of either its Units or its Capital Contributions. An unrepaid Capital Contribution is not a liability of the Partnership or of any Limited Partner. A Limited Partner is not required to contribute or to lend any cash or property to the Partnership to enable the Partnership to return any Limited Partner's Capital Contributions.

4.07 Capital Account

A separate Capital Account shall be established and maintained on the books of the Limited Partnership for the General Partner and each Limited Partner. The Capital Account for a Limited Partner shall be increased by the amount of money contributed to the Partnership by that Limited Partner (including Pre-Effective Date Expenditures to the extent approved by the General Partner). Further, a credit shall be made to each Limited Partner's Capital Account to reflect its entitlement to any net income and there shall be deducted from each Limited Partner's Capital Account its share of any losses and all distributions made to it. No Limited Partner shall be entitled to withdraw any part of its Capital Account or to receive any distribution except as provided in this Agreement.

4.08 Ownership Changes

The Partners hereby acknowledge and agree that the provisions of this Article 4 with respect to re-balancing of Sharing Ratios is subject to AUC review and approval at the point in time when the Partnership becomes a public utility as defined by the Public Utilities Board Act (Alberta), at which time the Partnership becomes subject to the sale, transfer and disposition restrictions contemplated therein.

4.09 Financing

The Limited Partners hereby acknowledge and agree that each Limited Partner shall be responsible for and shall raise its own capital and finance its Capital Contributions without involvement or obligation of the Partnership. For clarity, in the event of a Capital Deficiency, the provisions of Section 4.04 shall apply.

**ARTICLE 5
DISTRIBUTIONS AND ALLOCATIONS**

5.01 Distributions

Subject to Section 5.04, distributions to the Limited Partners shall be made only to all Limited Partners (other than a Defaulting Partner) simultaneously in proportion to their respective Sharing Ratios (at the time the amounts of such distributions are determined) and in such aggregate amounts and at such times as shall be determined by the General Partner.

5.02 Distributions on Dissolution and Winding Up

Subject to Section 5.04, upon the dissolution and winding up of the Partnership all available proceeds distributable to the Limited Partners as determined under Section 12.02 shall be distributed to all of the Limited Partners (other than a Defaulting Partner) in proportion to firstly, their respective Capital Accounts (until they are reduced to zero) and secondly, their respective Sharing Ratios (at the time the amounts of such distributions are determined).

5.03 Allocations

Subject to Section 5.04, for income tax purposes, each item of income, gain, loss, deduction and credit of the Partnership shall be allocated to the Limited Partners in accordance with their Sharing Ratios. Allocations of income, loss and other allocable items for income tax purposes shall generally be made to Partners at the end of each Fiscal Year of the Partnership or, under exceptional circumstances, at such other time as may be determined by the General Partner in accordance with the relative Partnership Interests of Partners at the end of such time.

Where there has been any change in the relative Sharing Ratios of the Limited Partners during such Fiscal Year, which includes, without limitation, an assignment or transfer of all or any portion of a Partnership Interest pursuant to this Agreement, such allocations will be based upon the assumption that for the purposes of the Tax Act a new notional fiscal period of the Partnership had commenced:

- (a) on the first day of the current calendar month and a notional fiscal period ended on the last day of the previous calendar month if such change occurred more than 7 days prior to the end of the current calendar month; and
- (b) on the first day of the next calendar month and a notional fiscal period ended on the last day of the current calendar month if such change occurred within 7 days prior to the end of the current calendar month,

and that notional allocations were made in respect of each such notional fiscal period based on the respective Sharing Ratios of the Limited Partners at the end of such notional fiscal period, and that each Limited Partner was allocated the aggregate net amount of such notional allocations. For greater certainty, the amount of discretionary deductions in respect of each such notional fiscal period will be ascertained using the actual amounts available for such purpose at the end of such notional fiscal period and pro-rating the amount of such deductions so determined to the extent that such notional fiscal period has less than 365 days (or 366 days where such notional fiscal period includes a date which is February 29).

In any other case, such allocations shall be made in accordance with the Sharing Ratios which are held by them at the end of such Fiscal Year.

All allocations provided for in this Section 5.03 will then be made as at the end of each Fiscal Year for purposes of the Tax Act.

5.04 Adjustments

If a Limited Partner, or a direct or indirect owner of such Limited Partner, is a tax exempt entity (such Limited Partner to be referred to in this paragraph as the "Tax-Exempt Limited Partner") and the AUC makes an order, decision or ruling that would result in the revenue of the Partnership that is tied to the recovery of deemed taxes being decreased by the amount of taxes that may not be paid directly by the Tax-Exempt Limited Partner, then notwithstanding the Limited Partners' Partnership Interest or any other allocation provisions contained in this Agreement, the burden of such reduction of revenue will be borne solely by the Tax-Exempt Limited Partner such that the revenue actually received by the Partnership on account of the recovery of deemed taxes will be attributed entirely to other Limited Partner (the "Taxable Limited Partner"). If, as a result of such disallowance of deemed taxes, the AUC also makes an order, decision or ruling that would result in the revenue of the Partnership that is tied to the deemed common equity ratio being increased by an amount to fully or partially offset the disallowance of deemed taxes, then the benefit of such increase will be attributed solely to the Tax-Exempt Limited Partner.

5.05 General Partner's Share of Distributions and Allocations

Notwithstanding any other provision of this Agreement, the General Partner shall be entitled to 0.01% of all distributions and allocations of the Partnership concurrent with any distributions or allocations being made to the Limited Partners in accordance with this Agreement.

ARTICLE 6 POWERS, DUTIES AND OBLIGATIONS OF PARTNERS

6.01 Powers, Duties and Obligations of General Partner

Subject to the terms of this Agreement and to any applicable limitations set forth in the Act or other Applicable Law, the General Partner has the full and exclusive right, power and authority to: (i) manage, control, administer and operate the Partnership and its business and affairs; and (ii) do any act, take any proceeding, make any decision and execute and deliver any instrument, deed, agreement or document, for and on behalf of and in the name of the Partnership, in connection with the matters described in clause (i).

Without limiting the generality of this Section 6.01, the General Partner will have full power and authority for and on behalf of and in the name of the Partnership to:

- (a) enter into agreements with respect to the acquisition, construction, development, sale, lease and operation of the Facilities and to enter into one or more agreements (including the Project Documents) for another or others to perform under contract at the expense of the Partnership all or any of the management functions required for the management or conduct of business of the Partnership;

- (b) acquire property, both real and personal, whether freehold or leasehold, and to enter into or renew any lease or other agreement with respect to such property;
- (c) appoint and remove agents and grant and rescind powers of attorney;
- (d) borrow money from time to time and to draw, make, execute and issue promissory notes, evidences of indebtedness and other negotiable or non-negotiable instruments and guarantee the obligations of others, provided such borrowings and guarantees are made in furtherance of the business of the Partnership;
- (e) enter into one or more Financing Commitments or other loan agreements containing terms and conditions governing loans made or to be made to the Partnership which the General Partner considers appropriate or to grant security in accordance with the provisions of such agreements;
- (f) secure the payment of money borrowed by the Partnership or other indebtedness or liability of the Partnership and finance charges, negotiation fees, standby charges and other liabilities incurred or to be incurred in connection with such borrowing by mortgage, pledge or hypothecation of or other charge on all or any of the property of the Partnership and issue bonds, debentures, security agreements and other instruments to evidence the Partnership's obligations;
- (g) sell and enter into agreements, options, rights of first refusal and other commitments to dispose of any of the property of the Partnership for such amount and on such terms as the General Partner considers appropriate;
- (h) retain such legal counsel, experts, advisors or consultants as the General Partner considers appropriate;
- (i) open and operate one or more bank accounts and designate and from time to time change the signatories to such accounts;
- (j) pay expenses, capital expenditures and other outlays of the Partnership;
- (k) commence or defend any action or proceeding in connection with the Partnership and its business or affairs;
- (l) submit the Partnership to binding arbitration with respect to any issue arising in or concerning its business or affairs;
- (m) file reports, returns or other documents required by any Authorized Authority;
- (n) engage such employees and contractors as may be required or desirable in connection with the business of the Partnership;
- (o) redeem Units in accordance with the terms of this Agreement; and

- (p) do anything that is in furtherance of or is incidental to the business of the Partnership.

The General Partner may contract with any Person to carry out any of its duties hereunder and may delegate to such Person any power and authority of the General Partner hereunder, but no such contract or delegation will relieve the General Partner of any of its obligations hereunder.

An action taken by the General Partner on behalf of the Partnership in accordance with the terms of this Agreement is deemed to be the act of the Partnership and binds the Partnership, and no person dealing with the Partnership will be required to inquire into the authority of the General Partner to take such action.

6.02 Powers of Limited Partners and Limitation on Authority of Limited Partners

A Limited Partner may exercise all rights or powers provided to limited partners by the Act, except to the extent that any such exercise is inconsistent with, or contrary to, an express provision of this Agreement. No Partner except the General Partner will:

- (a) be or purport to be entitled to take part in the management or control of the business of the Partnership;
- (b) be or purport to be entitled to make any commitment on behalf of or otherwise obligate or bind the Partnership; or
- (c) otherwise than by voting on a resolution of the Partners, be or purport to be entitled, as such, to make any commitment on behalf of or otherwise obligate or bind any other Partner.

6.03 Title to Property

Where appropriate, the General Partner will hold legal title to any of the assets or property of the Partnership in its name for the benefit of the Partnership, and in particular will hold legal title to the AUC Facilities Approval issued in its name in respect of the AUC Facilities Application for the benefit of the Partnership. The direct assignment of the Project Facilities from the AESO shall be granted in the name of the Partnership or the eligible Affiliates of the Limited Partners, for the benefit of the Partnership.

6.04 Voting

- (a) **Disclaimer of Duties of Limited Partners.** Subject to Section 6.02, with respect to any vote, consent or approval under this Agreement, each Limited Partner may grant or withhold such vote, consent or approval (i) in its sole and absolute discretion, (ii) subject to such conditions as it shall deem appropriate, (iii) with or without cause, and (iv) without taking into account the interests of, and without incurring liability to, the Partnership, any other Partner, or any officer or employee of the General Partner. The provisions of this Section 6.04(a) shall apply notwithstanding the Gross Negligence or Wilful Misconduct, strict liability or other fault or responsibility of a Limited Partner.

- (b) **Exclusion of Certain Limited Partners and their Sharing Ratios.** With respect to any vote, consent or approval, any Limited Partner who is a Defaulting Partner shall be excluded from a vote on such decision, and the Sharing Ratio of such Defaulting Partner shall be disregarded in calculating voting thresholds. In addition, if any other provision of this Agreement provides that a voting threshold is to be calculated without reference to the Sharing Ratio of a particular Partner, then the applicable voting threshold shall be deemed adjusted accordingly.
- (c) **Action by Written Consent.** Any action required or permitted to be taken at a meeting of the Partners may be taken without a meeting, without prior notice, and without a vote if a consent or consents in writing, setting forth the action so taken, is signed by the Partners that could have taken the action at a meeting at which all Partners entitled to vote on the action were represented and voted.
- (d) **Meetings by Telephone.** The Partners may participate in and hold a meeting by means of conference telephone, video conference or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in such a meeting shall constitute presence in person at such meeting, except where a Limited Partner participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.
- (e) **Partner's Voting Interest.** For any purpose or meeting at which a vote of the Partners is required, each Partner will be deemed to hold and be eligible to vote the number of Units represented by that Partner's Sharing Ratio when such percentage is multiplied by the total number of Units issued at the time the vote is held.

6.05 Limitations of Duties of General Partner, Indemnification

The General Partner shall be liable to the Partnership and the Limited Partners for the General Partner's Gross Negligence or Wilful Misconduct in the management of the Partnership; but the General Partner, its shareholders and their respective directors, officers, employees and agents (the "**General Partner Indemnified Parties**") shall not be liable to the Partnership or any Limited Partner for any Claim of an indirect, special, consequential or punitive nature (including Claims resulting from loss of profit, loss of revenue, loss of business opportunity or loss of use) suffered by the Partnership or the Limited Partners or for any acts or omissions of the General Partner that do not constitute Gross Negligence or Wilful Misconduct (the "**General Partner Indemnified Acts**"). The Partnership shall indemnify, protect, defend, release and hold harmless each General Partner Indemnified Party from and against any Claims asserted by or on behalf of any Person (including a Limited Partner) that arise out of, relate to or are otherwise attributable to, directly or indirectly, the General Partner Indemnified Acts.

6.06 Conflicts of Interest

- (a) Subject to the exemptions provided for in Section 6.06(b), the Limited Partners and their Affiliates shall be prohibited from competing with the Partnership in the following circumstances:

- (i) Until the earlier of the termination of the Project in accordance with the terms of this Agreement or the end of the Term, the Limited Partners and their Affiliates may only develop, construct, own and operate the Facilities through the Partnership or otherwise in accordance with this Agreement.
- (ii) Prior to the earlier to occur of (A) the termination of the Project in accordance with the terms of this Agreement, or (B) Completion, the Limited Partners and their Affiliates may not sponsor or otherwise develop, or assist any other Person in sponsoring or otherwise developing, any other transmission project to transport electrical power that would bypass or make redundant the Project Facilities other than in response to a direction or order from the AESO or other Authorized Authority, provided that the obligations obtained in and the effect of this Section 6.06(a)(ii) may be terminated at any time if the General Partner determines that the Partnership no longer has need for the protections contained in this Section 6.06(a)(ii).

The provisions of this Section 6.06(a) shall continue to bind a former Partner and its Affiliates after such former Partner ceases to be a Partner if the Partner ceases to be a Partner prior to Completion and in that event, such binding effect shall continue until Completion, but not thereafter. The Limited Partners agree that the provisions of this Section 6.06(a) are necessary (i) to further the purposes, business and activities of the Partnership, and (ii) to protect Confidential Information of the Partnership, to which the Limited Partners will have access pursuant to this Agreement. The Limited Partners agree that no adequate remedy at law exists for a breach or threatened breach of any of the provisions of this Section 6.06(a), the continuation of which unremedied will cause the Partnership and the other Partners to suffer irreparable harm. Accordingly, the Limited Partners agree that the Partnership and the other Partners shall be entitled, in addition to other remedies that may be available to them, to immediate injunctive relief from any breach of any of the provisions of this Section 6.06(a) and to specific performance of their rights hereunder, as well as to any other remedies available at law or in equity.

- (b) Subject to Sections 6.06(a) and 7.04, a Limited Partner or an Affiliate of a Limited Partner may engage in and possess interests in other business ventures of any and every type and description, independently or with other Persons in competition with the Partnership, with no obligation to offer to the Partnership, any other Partner or any Affiliate of another Partner the right to participate therein. Subject to Sections 6.06(a) and 7.04, the Partnership may transact business with any Limited Partner or Affiliate thereof, provided the terms of those transactions are approved by the General Partner or expressly contemplated by this Agreement. Without limiting the generality of the foregoing, the Limited Partners recognize and agree that their respective Affiliates currently engage in certain activities involving power generation and transmission in the Province of Alberta, as well as other commercial activities related to electrical power, and that these and other activities by the Limited Partners and their Affiliates may be made possible or more profitable by reason of the Partnership's activities (herein referred to as "Affiliate's Outside Activities"). Subject to Sections 6.06(a) and

7.04, (i) no Affiliate of a Limited Partner shall be restricted in its right to conduct, individually or jointly with others, for its own account any Affiliate's Outside Activities, and (ii) no Limited Partner or its Affiliates shall have any duty or obligation, express or implied, to account to, or to share the results or profits of such Affiliate's Outside Activities with, the Partnership, any other Partner or any Affiliate of any other Partner, by reason of such Affiliate's Outside Activities.

6.07 Indemnification for Breach of Agreement

Each Limited Partner shall indemnify, protect, defend, release and hold harmless each other Partner, its Affiliates, and its and their respective directors, officers, trustees, employees and agents from and against any Claims asserted by or on behalf of any Person (including another Partner) that arise out of, relate to or are otherwise attributable to, directly or indirectly, a breach by the indemnifying Limited Partner of this Agreement; provided, however, that this Section 6.07 shall not apply to any Claim or other matter for which a Limited Partner has no liability or duty, or is indemnified or released, pursuant to Section 6.04(a) or 6.05.

6.08 Reimbursement of the General Partner

The Partnership will reimburse the General Partner for all direct costs and expenses (inclusive of any applicable Taxes) incurred on behalf of the Partnership by the General Partner in the performance of its duties hereunder (which costs and expenses shall be the Partnership's responsibility). For greater certainty, the costs and expenses for which the General Partner is to be reimbursed include (i) the Partnership's regulatory costs, (ii) direct general and administrative expenses, including legal and audit fees, (iii) Partner information costs, (iv) consulting and advisory fees incurred in connection with the Partnership's business or the evaluation of Opportunities by the Partnership, (v) expenses associated with the issuance of Units, and (vi) costs incurred by the board of directors of the General Partner in evaluating matters relating to the business of the Partnership.

6.09 Restrictions on Partners

No Partner will except as expressly provided for in this Agreement:

- (a) file or record, or permit to be or remain filed or recorded, against any property of the Partnership, any lien, caveat or charge in respect of its interest in the Partnership; or
- (b) seek to compel a partition or sale, judicial or otherwise, of any property of the Partnership or otherwise require any property of the Partnership to be distributed to any Partner in kind.

6.10 General Partner as Attorney

Each Limited Partner, and each Person who is a transferee of a Unit and assignee of the interest as Limited Partner of the holder of a Unit, hereby irrevocably nominates, constitutes and appoints the General Partner, with full power of substitution, as his agent and true and lawful attorney to act on his behalf with full power and authority in his name, place and stead to execute, under seal or otherwise, swear to, acknowledge, deliver and file or record when, as and

where required and provided all authorizations for such action otherwise required under this Agreement have been obtained:

- (a) the Register, the Certificate, or any other instrument required to qualify, continue or keep the Partnership in good standing as a limited partnership in, or otherwise to comply with Applicable Law in any jurisdiction in which the Partnership may carry on business or own property in order to establish or maintain the limited liability of the Limited Partners under such law, including any amendment to the Register or the Certificate necessary to reflect any change in the Partners or in the ownership of a Unit;
- (b) any instrument or amendment to the Certificate necessary to reflect any amendment authorized by this Agreement;
- (c) any instrument required in connection with the dissolution or termination of the Partnership;
- (d) any instrument, deed, agreement or document executed by the General Partner in carrying on the business of the Partnership as authorized by this Agreement including any agreement, certificate or other document necessary to purchase, sell or hold the Partnership's assets;
- (e) any amendment to the terms of this power of attorney (provided that the terms of such amendment are substantially the same as and to the same effect as any amendment made by the General Partner pursuant to Section 13.05) that has been approved by all of the Partners;
- (f) all elections, determinations or designations under the Tax Act or any taxation or other legislation or similar laws of Canada or of any other jurisdiction with respect to the affairs of the Partnership, or of a Limited Partner's interest in the Partnership, including all elections, determinations or designations under the Tax Act or other legislation or similar laws of Canada or of any other jurisdiction with respect to the acquisition, sale or transfer of any of the assets of the Partnership or the distribution of the assets of the Partnership or the dissolution of the Partnership and for greater certainty, the General Partner is hereby appointed the designated member of the Partnership and is authorized to make objections in respect of any determination that may be made by any Authorized Authority pursuant to the provision of Section 152(1.4) of the Tax Act and any analogous Canadian provincial or territorial legislation.
- (g) any instrument required to be filed with any governmental body and any document in connection with the business of the Partnership;
- (h) any documents which may be required to effect the continuation of the Partnership, or the admission of an additional or substitute Partner; and

- (i) any certificates and agreements relating to borrowings of the Partnership, including but not limited to financing statements, affidavits, transfer documents and mortgages to and on any property or assets of the Partnership which the General Partner deems necessary, advisable or appropriate so long as they are in conformity with the intent of this Agreement.

6.11 Execution of Power of Attorney

To evidence the authority conferred on the General Partner under Section 6.10, every Person proposing to become a Limited Partner will execute under seal a form of power of attorney containing the powers set forth in Section 6.10 and provisions to the effect contained in Section 6.12 upon the request of the General Partner.

6.12 Irrevocability of Power

The power of attorney granted in Section 6.10 or in an instrument referred to in Section 6.11 will be irrevocable as a power coupled with an interest, will survive the death, bankruptcy or any subsequent mental infirmity on the part of the Limited Partner or the assignment by the Limited Partner of all or any part of his interest in the Partnership, extend to and bind the heirs, executors, administrators and other legal representatives and successors and assigns of the Limited Partner and may be exercised by the General Partner on behalf of the Limited Partner by executing any instrument with a single signature as attorney and agent for the Limited Partner and all of the other Limited Partners.

6.13 Bankruptcy or Dissolution

The General Partner, by agreeing to be bound by this Agreement, will be deemed to resign as the General Partner on the Bankruptcy, dissolution, liquidation or winding-up of the General Partner, or the commencement of any act or proceeding in connection therewith which is not contested in good faith by the General Partner, or the appointment of a trustee, receiver or receiver-manager of the affairs of the General Partner, but such resignation will not be effective until, and the General Partner will not cease to be the General Partner until, the earlier of:

- (a) the admission of a new General Partner by Extraordinary Resolution; and
- (b) thirty (30) days after notice of the occurrence of such event or appointment is given to the Limited Partners.

6.14 Transfer of Management

On the admission of a new General Partner to the Partnership on the resignation or deemed resignation of the General Partner, the resigning or retiring General Partner will do all things and take all steps to transfer the administration, management, control and operation of the business of the Partnership and the books, records and accounts of the Partnership to the new General Partner and will execute and deliver all deeds, certificates, declarations and other documents necessary or desirable to effect such transfer.

6.15 Transfer of Title

On the resignation or deemed resignation of the General Partner and the admission of a new General Partner, the resigning or retiring General Partner will, at the cost of the Partnership, transfer legal title to the Partnership's property to such new General Partner and will execute and deliver all deeds, certificates, declarations and other documents necessary or desirable to effect such transfer.

6.16 Indemnification

On the resignation or deemed resignation of a General Partner, the Partnership will indemnify and hold harmless the General Partner resigning from any Claims suffered or incurred by the General Partner as a result of or arising out of events (other than any Claims arising from Gross Negligence or Wilful Misconduct of the General Partner) which occur in relation to the Partnership after such resignation or removal.

6.17 New General Partner

A new General Partner will become a party to this Agreement by signing a counterpart hereto and will agree to be bound by all of the provisions hereof and to assume the obligations, duties and liabilities of the General Partner hereunder as and from the date the new General Partner becomes a party to this Agreement.

6.18 Change of Status of Limited Partners – Potential Forfeiture of Units

If any Limited Partner (or, in the case of a Limited Partner that is a partnership, any partner of the partnership) contemplates becoming a non-resident of Canada for the purposes of the Tax Act, then such Limited Partner shall promptly notify the General Partner and, if such Limited Partner does not assign or sell its Partnership Interest it shall, if required by the General Partner, transfer the Units held by such Limited Partner to the General Partner without compensation for such Units prior to such Limited Partner becoming a non-resident of Canada.

6.19 Notice of Judgment

Each Limited Partner shall notify the General Partner forthwith upon the occurrence of any event or the making of any order, decree or judgment of any Authorized Authority which affects or may affect the Limited Partner's title to its Units or entitlement to distributions in respect of such Units including, without limitation, any order, decree or judgment vesting in any other Person any interest in such Units and the Limited Partner shall indemnify and hold the General Partner and the Partnership harmless from and against any Claims that either or both may suffer or incur by reason of having, in good faith and without notice of such event, paid any amount to the Limited Partner to which any other Person was then entitled by virtue thereof.

ARTICLE 7
DEVELOPMENT AND OPERATION OF THE PROJECT FACILITIES

7.01 Development of the Project Facilities

Without limiting the generality of Section 6.01, all decisions as to whether and how to develop the Project Facilities and any Capital Opportunities (including decisions as to whether to file the AUC Application, to accept, reject or appeal any approvals or orders issued by the AUC or any other Authorized Authority in response thereto, to commit to undertake construction, to select and oversee contractors, including the EPC Contractor, and to arrange for financing) shall be made by the General Partner in accordance with this Agreement.

7.02 Operations & Maintenance Agreement

The Partnership shall, on the recommendation of the General Partner, enter into the Operations & Maintenance Agreement prior to Completion, for the physical operation and maintenance of the Project Facilities (and other Facilities acquired from time to time by the Partnership) by the operator appointed thereunder (the "Operator").

7.03 Services Agreement

The Partnership shall, on the recommendation of the General Partner, enter into one or more services agreements (each a "Services Agreement") concurrent with the execution of this Agreement, for the provision of the human resources and services required by the Partnership to conduct its business.

7.04 Capital Opportunities

If, with respect to any Capital Opportunity, an Affirmative Construction Decision or an Affirmative Acquisition Decision (as applicable) is approved by the General Partner, the Capital Contributions required to fund such Capital Opportunity shall be requested from the Partners in accordance with Sections 4.02 and 4.03.

7.05 EPC Contractor

Notwithstanding any other provision of this Agreement, if SNC-Lavalin ATP Inc. ("SNC-ATP") is retained by the Partnership as EPC Contractor and if the AUC disallows any portion of the fees paid to SNC-ATP in respect of services provided by SNC-ATP to the Partnership on the specific basis of the non-arm's length affiliate relationship between SNC-ATP and AltaLink, L.P., the Partnership will be reimbursed in full by AltaLink Heartland for such disallowed costs.

ARTICLE 8
TAXES

8.01 Tax Information and Returns

The General Partner will send or cause to be sent to each Person who was a Limited Partner at any time in a particular Fiscal Year of the Partnership all information relating to such Fiscal Year which is necessary for such Limited Partner or former Limited Partner to prepare its Canadian

federal and provincial income tax returns. The General Partner shall file, on behalf of Limited Partners and former Limited Partners, any information returns required to be filed under the Tax Act and any other Applicable Law in respect of the Partnership's activities.

8.02 Computation of Income or Loss

The Partnership will, in computing its income or loss for the purposes of the Tax Act, claim all expenses, deductions and reserves to the maximum extent permitted by the Tax Act.

8.03 Tax Elections

The General Partner shall have the authority to act, and shall act with due diligence, for the Partnership for the purpose of making or executing any agreement, designation or elections on behalf of the Partners or Partnership pursuant to the Tax Act and all other relevant Taxes, and each Partner agrees to act reasonably and co-operatively with the other Partners for the purpose of making any tax elections which are required to be made jointly by all the Partners.

ARTICLE 9 BOOKS, RECORDS, REGISTER, REPORTS, AND BANK ACCOUNTS

9.01 Maintenance of Books

- (a) The General Partner shall keep or cause to be kept at the principal place of business of the Partnership in Alberta, or at such other location approved by the General Partner, the Register and complete and accurate books and records of the Partnership, supporting documentation of the transactions with respect to the conduct of the Partnership's business and minutes of the proceedings of its Partners, and any other books and records that are required to be maintained by Applicable Law.
- (b) The books of account of the Partnership shall be (i) maintained on the basis of the Fiscal Year of the Partnership, (ii) maintained on an accrual basis in accordance with Required Accounting Practice, and (iii) audited by the Chartered Accountants at the end of each Fiscal Year.

9.02 Reports

- (a) With respect to each Fiscal Year, the General Partner shall prepare and deliver to each Limited Partner:
 - (i) By the end of the 25th (twenty-fifth) calendar day following the end of such Fiscal Year, complete trial balances of the accounts of the Partnership.
 - (ii) By the end of the 45th (forty-fifth) calendar day following the end of such Fiscal Year, unaudited annual financial statements of the Partnership, prepared in accordance with GAAP.

- (iii) By the end of the 45th (forty-fifth) calendar day following the end of such Fiscal Year, various schedules supporting the unaudited annual financial statements of the Partnership. Each of the Limited Partners will provide the General Partner with a list of required schedules in advance of each Fiscal Year end.
- (b) With respect to each fiscal quarter end period, the General Partner shall prepare and deliver to each Limited Partner:
 - (i) By the end of the 3rd (third) working day following the end of the quarter, complete trial balances of the accounts of the Partnership.
 - (ii) By the end of the 8th (eighth) working day following the end of the quarter, unaudited financial statements of the Partnership, for the respective quarter and year-to-date periods ended, prepared in accordance with GAAP.
 - (iii) By the end of the 8th (eighth) working day following the end of the quarter, various schedules supporting the unaudited financial statements of the Partnership. Each of the Limited Partners will provide the General Partner with a list of required schedules in advance of each quarter end.
- (c) With respect to each month end period, the General Partner shall prepare and deliver to each Limited Partner:
 - (i) By the end of the 3rd (third) working day following the end of the month end period, complete trial balances of the accounts of the Partnership.
 - (ii) By the end of the 8th (eighth) working day following the end of the month end period, unaudited financial statements of the Partnership.
- (d) By September 30th of each year the General Partner will provide each Limited Partner with the Partnership's annual budget for the forthcoming Fiscal Year. Each of the Limited Partners will provide the General Partner with a list of their required information relative to the budget a reasonable period in advance of the September 30th deadline.
- (e) The General Partner will provide each Limited Partner, on an as required basis, quarterly forecasts of the Partnership's profitability for the current Fiscal Year. Each of the Limited Partners will provide the General Partner with a list of required information relative to the forecasts a reasonable period in advance of the date the information is required.

9.03 Bank Accounts

Funds of the Partnership shall be deposited in such banks or other depositories as shall be designated from time to time by the General Partner. All withdrawals from any such depository shall be made only as authorized by the General Partner or by the Operator pursuant to the Operations & Maintenance Agreement and shall be made only by cheque, wire transfer, debit memorandum or other written instruction.

9.04 Appointment of Registrar

The General Partner may engage a law firm, trust company or other qualified Person to be the Registrar of the Partnership and act as the registrar and transfer agent for Units of the Partnership upon such terms and conditions and at such remuneration as the General Partner considers appropriate. If the General Partner does not engage a law firm, trust company or other qualified Person to so act, the General Partner will act as the Registrar and transfer agent for Units of the Partnership.

9.05 Replacement of Registrar

The General Partner may from time to time terminate the engagement of a particular Registrar and make a new engagement.

9.06 Duties

It will be the duty of the Registrar to maintain the register of members of the Partnership (the "Register"), record issues and transfers of Units and to carry out such other formalities related to the registration and records of the Partnership as agreed between the Registrar and the General Partner and as may be required by the Act.

9.07 Offices

The Registrar will be considered in its capacity as Registrar as having an office only at such location in Alberta approved by the General Partner where the Register is maintained and as transfer agent as having offices only at such other locations as are approved by the General Partner from time to time and will not be required to transact any business concerning the registration or transfer of Units at any other office.

9.08 Vacancy

The General Partner will carry out all the functions of the Registrar during any period for which no Registrar is engaged.

9.09 Registered Holder of Units

No Unit may be subscribed for or registered in the name of a Person who is not an individual, corporation, limited partnership or body corporate or a trustee, executor, administrator or other legal representative.

9.10 Regulations Concerning Register

The General Partner may make such reasonable rules and regulations as it from time to time considers necessary or desirable in connection with the services to be performed by the Registrar, or in respect of the Register, including the form and content of the Register, the establishment of record dates for the giving of notice of and for the payment of distributions by the Partnership and, except as otherwise provided in this Agreement, the documentation required to record an assignment of a Unit and other matters.

9.11 Deemed Consent to Admission

Where an Assignee is entitled to become a Limited Partner pursuant to the provisions of Section 3.03 hereof, all Limited Partners will be deemed to consent to the admission of the Assignee to the Partnership as a Limited Partner without further act of the Partners.

9.12 Effective Date of Transfer

A transfer of a Unit complying with all the requirements of Section 3.03 or Article 10, as the case may be, will be effective as of the Day on which all such requirements have been satisfied and all distributions made after such effective date on account of the transferred Unit will be paid to the transferee.

9.13 Recording of Transfer

The Registrar will record the transfer and the General Partner will amend or cause to be amended the Register by showing the name of the Assignee as a Limited Partner and will make such filings and recordings as are required by Applicable Law.

9.14 Inspection of Register

Any Partner or an agent of a Partner duly authorized in writing may inspect and take extracts from the Register during normal business hours and, upon payment of a reasonable fee to the Registrar, may obtain a copy of the Register not more than ten (10) days after the date of delivery of his written request therefor to the Registrar.

9.15 No Obligation to See to Execution of Trust or Equity

Neither the Registrar nor the General Partner will be bound to recognize or see to the execution of any trust, whether express, implied or constructive, or any charge, pledge or equity, to which any Unit or any interest therein is subject, nor to ascertain or inquire whether any sale or transfer of any Unit or any interest therein by a Limited Partner or his personal representative is authorized by such trust, charge, pledge or equity, nor to recognize any Person as having any interest in a Unit other than the Person recorded on the Register as the holder of the Unit.

9.16 Receipt of Holder

The receipt of the Person in whose name any Unit is recorded on the Register, or his duly authorized agent, will be a sufficient discharge for all monies, securities and other property payable, issuable or deliverable in respect of the Unit and from all liability to see to the application thereof.

9.17 Delivery of Unit Certificates

A Unit Certificate may be sent through the mail by registered prepaid mail to the holder of the Unit evidenced thereby and neither the General Partner, the Partnership nor the Registrar will be liable for any loss by a holder that results from the loss of a Unit certificate by reason that it is so sent.

9.18 Lost Unit Certificates

If a Limited Partner claims that a Unit Certificate representing one or more Units recorded in his name has been defaced, lost, destroyed or wrongly taken, the General Partner will cause a new Unit Certificate to be issued in substitution for such Unit Certificate if the holder:

- (a) delivers to the Registrar the defaced Unit Certificate; or
- (b) delivers to the Registrar:
 - (i) a statutory declaration verifying such loss, destruction or wrongful taking and the entitlement of the holder; and
 - (ii) an indemnity bond in a form and in an amount satisfactory to the General Partner indemnifying and holding harmless each of the Registrar, the General Partner and the Partnership from every Claim suffered or incurred as a result of or arising out of the issue of the new Unit Certificate; and
- (c) satisfies such other requirements as are imposed by the General Partner or the Registrar.

9.19 Right to Audit

Each Limited Partner has the right to audit the books and records of the Partnership. The cost to perform such audits will be incurred by the Limited Partner conducting the audit. The Limited Partner requesting the audit will provide the General Partner with 60 days advance notice of its intention to conduct an audit. The cost of review pursuant to this Section 9.19 will be borne by the Partnership.

ARTICLE 10 WITHDRAWAL AND DEFAULT

10.01 No Right of Withdrawal

A Partner has no power or right to voluntarily Withdraw from the Partnership.

10.02 Default

A Limited Partner is deemed to be a defaulting partner ("**Defaulting Partner**") if the Limited Partner breaches any provision of this Agreement, and such breach continues uncured for a period of thirty (30) Days after the giving of notice by the General Partner, or any shareholder of the General Partner, or such longer period as may be approved by the General Partner, or any shareholder of the General Partner (the "**Cure Period**"), acting reasonably.

10.03 Consequence of Breach

If a Limited Partner is in breach of any provision of this Agreement and the Cure Period has not expired, such Limited Partner shall not be entitled to receive any distributions from the Partnership; provided, however, that if the Limited Partner subsequently cures its breach during the Cure Period, any distributions that were withheld from such Limited Partner shall be paid to it, without interest.

10.04 Consequences of Default

If a Limited Partner is a Defaulting Partner:

- (a) The Defaulting Partner shall not be entitled to receive any distributions from the Partnership, and it shall not be entitled to exercise any voting or consent rights in the Partnership. The Sharing Ratio of such Limited Partner shall not be taken into account in calculating the Sharing Ratios of the Limited Partners for any purpose; provided that if a Defaulting Partner cures its breach after the expiration of the Cure Period, then any distributions that were withheld from such Limited Partner shall be paid to it, without interest;
- (b) The Defaulting Partner must pay to the Partnership all amounts owed by it to the Partnership in its capacity as a Limited Partner;
- (c) The Defaulting Partner may not Dispose of its Partnership Interest without the unanimous consent of the General Partner and the non-defaulting Limited Partner(s); and
- (d) The Defaulting Partner is liable to pay interest at the Default Rate on any amount owing to the Partnership and remaining unpaid from time to time accruing from the due date(s) to the date of payment. No Units shall be issuable to a Defaulting Partner in respect of amounts paid by such Defaulting Partner for interest owing to the Partnership.

ARTICLE 11 DISPUTE RESOLUTION

11.01 Disputes

This Article 11 shall apply to any dispute arising under or related to this Agreement (whether arising in contract, tort or otherwise, and whether arising at law or in equity), including (a) any dispute regarding the construction, interpretation, performance, validity or enforceability of any

provision of this Agreement or whether any Person is in compliance with, or in breach of, any provisions of this Agreement, and (b) the applicability of this Article 11 to a particular dispute. Notwithstanding the foregoing, this Article 11 shall not apply to any matters that, pursuant to the provisions of this Agreement, are to be resolved by a vote of the Partners; provided, however, that if a vote, approval, consent, determination or other decision must, under the terms of this Agreement, be made (or withheld) in accordance with a standard other than sole discretion (such as a reasonableness standard), then the issue of whether such standard has been satisfied may be a dispute to which this Article 11 applies. Any dispute to which this Article 11 applies is referred to herein as a "Dispute." With respect to a particular Dispute, each Partner that is a party to such Dispute is referred to herein as a "Disputing Partner." The provisions of this Article 11 shall be the exclusive method of resolving Disputes.

11.02 Negotiation to Resolve

If a Dispute arises, the Disputing Partners shall attempt to resolve such Dispute through the following procedure:

- (a) first, any Disputing Partner shall prepare and issue a notice (the "Dispute Notice") to all other Disputing Partners summarizing, in reasonable detail, the pertinent information relating to the Dispute;
- (b) second, within 10 Days of the receipt of the Dispute Notice during the construction phase of the Project (and within 20 Days thereafter), a representative of each of the Disputing Partners shall promptly meet (whether by phone or in person) in a good faith attempt to resolve the Dispute;
- (c) third, if the Dispute remains unresolved ten (10) Days after the commencement of the discussions described in Section 11.02(b), then the chief executive officer or such other Person fulfilling a similar role or office (or his designate) of each Disputing Partner shall meet (whether by phone or in person but within five (5) Days after the ten (10) Days referred to in this Section 11.02(c)) in a good faith attempt to resolve the Dispute; and
- (d) fourth, if the Dispute remains unresolved after ten (10) Days following the commencement of the discussions described in Section 11.02(c), then any Disputing Partner may submit such Dispute to binding arbitration under this Article 11 by providing notice to the other Disputing Partners (an "Arbitration Notice") provided, however, that if such Dispute involves a monetary Claim by the Partnership against a Disputing Partner's Partnership Interest, the full amount of such Claim shall be paid to the General Partner to be held in trust pending resolution of the Dispute pursuant to the arbitration procedures set forth herein and if such payment is not made, any notice given under this Section 11.02(d) shall be deemed to be void *ab initio* and shall have no further force or effect.

11.03 Selection of Arbitrator

- (a) Any arbitration conducted under this Article 11 shall be heard by a sole arbitrator (the "Arbitrator") selected in accordance with this Section 11.03. Each Disputing Partner and the proposed Arbitrator shall disclose to the other Disputing Partners any business, personal or other relationship or affiliation that may exist between such Disputing Partner and such proposed Arbitrator, and any Disputing Partner may disapprove of such proposed Arbitrator on the basis of such relationship or affiliation.
- (b) The Disputing Partner that submits a Dispute to arbitration shall designate a proposed Arbitrator in its Arbitration Notice. If any other Disputing Partner objects to such proposed Arbitrator, it may, on or before the tenth (10th) Day following delivery of the Arbitration Notice, notify all of the other Disputing Partners of such objection. Where notice of objection to a proposed Arbitrator is made by any Disputing Partner, all of the Disputing Partners shall attempt to agree upon a mutually acceptable Arbitrator. If they are unable to do so within twenty (20) Days following delivery of the notice described above, any Disputing Partner may apply to the Court of Queen's Bench of Alberta to appoint the Arbitrator having regard to the need to appoint an arbitrator that is suitably qualified to render an informed decision on the Dispute. If the Arbitrator so chosen shall die, resign or otherwise fail or becomes unable to serve as Arbitrator, a replacement Arbitrator shall be chosen in accordance with this Section 11.03.

11.04 Conduct of Arbitration

The Arbitrator shall expeditiously (and, if possible, within ninety (90) Days after the Arbitrator's selection) hear and decide all matters concerning the Dispute. Any arbitration hearing shall be held in the City of Calgary, Alberta. The arbitration shall be final and binding on the Disputing Partners and shall be conducted in accordance with rules and procedures (including rules relating to the discovery process) (the "Arbitration Rules") determined and agreed to in advance by the Disputing Partners. Except as expressly provided to the contrary in this Agreement or in the Arbitration Rules, the Arbitrator shall have the power: (i) to gather such materials, information, testimony and evidence as it deems relevant to the dispute before it (and each Partner will provide such materials, information, testimony and evidence requested by the Arbitrator, except to the extent any information so requested is proprietary, subject to a third-party confidentiality restriction or is otherwise privileged) and (ii) to grant injunctive relief and enforce specific performance. If necessary, the Arbitrator may propose to the Disputing Partners that one or more other experts be retained to assist in resolving the Dispute. The retention of such other experts shall require the unanimous consent of the Disputing Partners, which shall not be unreasonably withheld. Each Disputing Partner, the Arbitrator and any proposed expert shall disclose to the other Disputing Partners any business, personal or other relationship or affiliation that may exist between such Disputing Partner (or the Arbitrator) and such proposed expert; and any Disputing Partner may disapprove of such proposed expert on the basis of such relationship or affiliation. The decision of the Arbitrator on the Dispute (which shall be rendered in writing) shall be final, non-appealable and binding upon the Disputing Partners and may be enforced in any court of competent jurisdiction; provided that the Partners agree that the Arbitrator and any court enforcing the award of the Arbitrator shall not have the right or authority to award punitive

or exemplary damages to any Disputing Partner. The responsibility for paying the costs and expenses of the arbitration, including the fees and expenses to the Arbitrator and any experts retained by the Arbitrator, shall be allocated among the Disputing Partners in a manner determined by the Arbitrator to be fair and reasonable under the circumstances. Each Disputing Partner shall be responsible for the fees and expenses of its respective counsel, consultants and witnesses, unless the Arbitrator determines that compelling reasons exist for allocating all or a portion of such costs and expenses to one or more of the other Disputing Partners.

ARTICLE 12 DISSOLUTION, WINDING-UP AND TERMINATION

12.01 Dissolution

The Partnership shall dissolve and its affairs shall be wound up on the first to occur of the following events (each a “**Dissolution Event**”):

- (a) if the condition set forth in Section 12.04(a) is not satisfied;
- (b) if any of the circumstances set forth in Sections 12.04(b) or 12.04(c) occurs;
- (c) the unanimous consent of the Partners to dissolve the Partnership;
- (d) the Disposition of all or substantially all of the Partnership’s business and assets;
- (e) thirty (30) days after the deemed resignation of the General Partner pursuant to Section 6.13 unless, within thirty (30) days after such resignation, a new General Partner is admitted to the Partnership; or
- (f) an event that makes it unlawful for the business of the Partnership to be carried on.

12.02 Winding-Up and Termination

- (a) On the occurrence of a Dissolution Event described in Section 12.04(c), the Parties acknowledge and agree that the AltaLink LP Group intends to pursue the design, development, construction, ownership, operation and maintenance of the Project Facilities without the EPCOR LP Group. Accordingly, rather than liquidate and distribute the Partnership’s assets pursuant to Section 12.02(b) below, the Partnership shall be dissolved by the AltaLink LP Group purchasing from the EPCOR LP Group, and the EPCOR LP Group selling to the AltaLink LP Group, all of the Units held by the EPCOR LP Group at a price equal to the issue price for such Units plus accrued interest, from the date of issue to the purchase date, at the rate for AFUDC then applicable to the AltaLink LP Group. Completion of such purchase and sale shall constitute a full and complete distribution to the EPCOR LP Group for the purposes of Section 12.02(c) below. Simultaneously with such purchase and sale the EPCOR LP Group shall cause its Affiliate that is a shareholder of the General Partner to transfer and convey such shares to the Affiliate of the AltaLink LP Group that is a shareholder of the General Partner, in order to give full effect to the intent of Section 3.3 of the Shareholders’ Agreement.

- (b) On the occurrence of a Dissolution Event, other than that described in Section 12.04(c), the General Partner shall act as liquidator; provided, however, that if a Dissolution Event described in Section 12.01(e) has occurred, the liquidator may be a Limited Partner selected by Ordinary Resolution of the Limited Partners or an arms-length third party selected by mutual agreement of the Limited Partners, or failing agreement, a court appointed liquidator. The liquidator shall proceed diligently to wind up the affairs of the Partnership and make final distributions as provided herein and in the Act. The costs of winding up shall be borne as a Partnership expense. Until the final distribution, the liquidator shall continue to operate the Partnership properties with all of the power and authority of the Partners. The steps to be accomplished by the liquidator are as follows:
- (i) as promptly as possible after the occurrence of a Dissolution Event and in particular, on the occurrence of a Dissolution Event described in Section 12.04(b), the liquidator shall seek reimbursement from the AESO or other Authorized Authority, on behalf of the Partnership, for all expenditures related to the Project and the preparation of the AUC Application, including Pre Effective Date Expenditures;
 - (ii) as promptly as possible after the occurrence of a Dissolution Event and again after final winding up, the liquidator shall cause a proper accounting to be made by the Chartered Accountants of the Partnership's assets, liabilities, and operations through the last Day of the month in which the Dissolution Event occurs or the final winding up is completed, as applicable;
 - (iii) the liquidator shall discharge from Partnership funds all of the Indebtedness of the Partnership (including all expenses incurred in winding up) or otherwise make adequate provision for payment and discharge thereof (including the establishment of a cash escrow fund for contingent liabilities in such amount and for such term as the liquidator may reasonably determine);
 - (iv) all Confidential Information shall be distributed to the Limited Partners subject to the provisions of Section 3.05; and
 - (v) all remaining assets of the Partnership shall be distributed to the Partners as follows:
 - (A) the liquidator shall sell any or all Partnership property, including to Partners, and any resulting gain or loss from each sale shall be computed;
 - (B) Partnership property (including cash) shall be distributed among the Partners in accordance with Section 5.02; and those distributions shall be made by the end of the Fiscal Year during which the liquidation of the Partnership occurs (or, if later, ninety (90) Days after the date of the liquidation); and

- (C) no Partner shall have any right to demand or receive any property other than cash or Confidential Information upon dissolution of the Partnership.
- (c) The distribution to a Partner in accordance with the provisions of this Section 12.02 shall constitute a complete return to the Partner of its Capital Contributions and a complete distribution to the Partner of its Partnership Interest and all the Partnership's property. To the extent that a Partner returns funds to the Partnership, it has no claim against any other Partner for those funds.
- (d) No dissolution or termination of the Partnership shall relieve a Partner from any obligation to the extent such obligation has accrued as of the date of such dissolution or termination. Upon such termination, any books and records of the Partnership that may be required in future shall be furnished to the General Partner, who shall keep such books and records (subject to review by any Person that was a Limited Partner at the time of dissolution) for a period of at least seven years. At such time as the General Partner no longer agrees to keep such books and records, it shall offer the Persons who were Limited Partners at the time of dissolution the opportunity to take over such custody, shall deliver such books and records to such Persons if they elect to take over such custody and may destroy such books and records if they do not so elect. Any such custody by such Persons shall be on such terms as they may agree upon among themselves.

12.03 Declaration of Dissolution

On completion of the distribution of Partnership assets as provided herein, the General Partner (or such other Person or Persons as the Act may require or permit) shall file a notice to cancel the Certificate under the Act, cancel any other filings made pursuant to Section 2.01, and take such other actions as may be necessary to terminate the existence of the Partnership. Upon the filing of such notice to cancel, the existence of the Partnership shall terminate (and the Term shall end), except as may be otherwise provided by the Act or other Applicable Law.

12.04 Project Conditions

- (a) If either or both of the boards of directors of the general partners of the initial Limited Partners do not grant their final approval of the Project on or before the date of submission of the Proposal to Provide Service to the AESO, or such later date as the shareholders of the General Partner may agree or may be reasonable in order for the approval of the respective boards of directors, a Dissolution Event shall be deemed to have occurred and the Partnership shall be dissolved in accordance with the provisions of this Article 12.
- (b) If:
 - (i) the AUC does not approve the AUC NID Application; or
 - (ii) the AESO does not direct assign the Project to the Partnership or jointly to the Affiliate of each Limited Partner that is an incumbent TFO; or
 - (iii) the AUC does not approve the AUC Facilities Application;

and in the case of (i) and (iii) above, the Partners or the AESO, as applicable, decide not to reapply to the relevant Authorized Authority and not to seek a reconsideration of, or an appeal from, the decision of the relevant Authorized Authority, a Dissolution Event shall be deemed to have occurred and the Partnership shall be dissolved in accordance with the provisions of this Article 12.

- (c) If the AUC Facilities Approval does not contain a route or routes for the proposed transmission facilities that are substantially within the TUC, such that the Partners' fundamental intent described in Section 2.18 cannot be satisfied, a Dissolution Event shall be deemed to have occurred and the Partnership shall be dissolved in accordance with the provisions of this Article 12.

12.05 Events Not Causing Dissolution

No event, other than a Dissolution Event, shall cause the Partnership to be dissolved. In particular, the Partnership will not be dissolved or terminated by the resignation, removal, death, incompetence, Bankruptcy, insolvency, dissolution, liquidation, winding-up or receivership of, or the admission, resignation or Withdrawal of, the General Partner or any Limited Partner.

ARTICLE 13 GENERAL PROVISIONS

13.01 Right of Offset

Whenever the Partnership is to pay any sum to any Partner, any amounts(s) that such Partner owes the Partnership may be deducted from that sum before payment is made.

13.02 Notices

- (a) Except as expressly set forth to the contrary in this Agreement, all notices, requests or consents provided for or permitted to be given under this Agreement ("Notices") must be in writing and must be delivered to the recipient in person, by courier or mail or by facsimile transmission.
- (b) Subject to Section 13.02(c) below, Notices given by personal or courier delivery are deemed received only on actual delivery. Notices given by facsimile transmission are deemed received only when successful transmission is confirmed to the sender.
- (c) Notices given by personal or courier delivery or by facsimile transmission on a day that is not a Business Day, or given after 4:30 pm on a Business Day, are deemed given at 9:00 am on the next following Business Day and deemed received in accordance with Section 13.02(b) above.

- (d) Notices given by mail must be given by first class registered mail, postage prepaid, and are deemed received at noon on the earlier of the actual date of receipt or the fourth (4th) Business Day following the mailing thereof. However, if postal service is, or is reasonably anticipated to be, interrupted or operating with unusual delay Notices shall not be served by such means during such interruption or period of delay.
- (e) All Notices to be sent to a Partner must be sent to or made at the address given for that Partner on Exhibit A or in the instrument described in Section 3.03(f)(iii)(A)(III), or such other address as that Partner may specify by Notice in writing to the other Partners. Any Notice to the Partnership must be given to all of the Partners. Whenever any Notice is required to be given by Applicable Law, the Certificate or this Agreement, a written waiver thereof, signed by the Person entitled to receive such Notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such Notice.

13.03 Entire Agreement; Superseding Effect

Subject to the provisions of the other Project Documents, this Agreement constitutes the entire agreement of the Partners and their Affiliates relating to the Partnership and the transactions contemplated hereby and supersedes all provisions and concepts contained in all prior contracts or agreements between the Partners or any of their Affiliates with respect to the Partnership and the transactions contemplated hereby, whether oral or written, including the MOU.

13.04 Effect of Waiver or Consent

Except as otherwise provided in this Agreement, a waiver or consent, express or implied, to or of any breach or default by any Partner in the performance by that Partner of its obligations with respect to the Partnership is not a consent or waiver to or of any other breach or default in the performance by that Partner of the same or any other obligations of that Partner with respect to the Partnership. Except as otherwise provided in this Agreement, failure on the part of a Partner to complain of any act of any Partner or to declare any Partner in default with respect to the Partnership, irrespective of how long that failure continues, does not constitute a waiver by that Partner of its rights with respect to that default until the applicable limitations period has run.

13.05 Amendment or Restatement

This Agreement may be amended or restated only by Extraordinary Resolution, provided that this Agreement may not be amended to affect the limited liability of the Limited Partners without the written consent of all Partners.

13.06 Binding Effect

Subject to the restrictions on Dispositions set forth in this Agreement, this Agreement is binding on and shall inure to the benefit of the Partners and their respective successors and assigns.

13.07 Governing Law; Severability

This Agreement is governed by and shall be construed in accordance with the laws of the Province of Alberta, excluding any conflict-of-laws rule or principle that might refer the governance or the construction of this Agreement to the law of another jurisdiction. In the event of a direct conflict between the provisions of this Agreement and any mandatory, non-waivable provision of the Act, such provision of the Act shall govern. If any provision of the Act may be varied or superseded in a limited partnership agreement (or otherwise by agreement of the Partners), such provision shall be deemed superseded and waived in its entirety if this Agreement contains a provision addressing the same issue or subject matter. If any provision of this Agreement or the application thereof to any Partner or circumstance is held invalid or unenforceable to any extent, (i) the remainder of this Agreement and the application of that provision to other Partners or circumstances is not affected thereby, and (ii) the Partners shall negotiate in good faith to replace that provision with a new provision that is valid and enforceable and that puts the Partners in substantially the same economic, business and legal position as they would have been in if the original provision had been valid and enforceable.

13.08 Attornment

Except to the extent inconsistent with an express provision of this Agreement to submit matters to an alternative forum for the resolution of Disputes, each Partner:

- (a) irrevocably and unconditionally submits to the jurisdiction of the courts of Alberta for determining any Dispute concerning this Agreement or the transactions contemplated hereby; and
- (b) waives any right it has to object to an action being brought in such courts, including claiming that the action has been brought in an inconvenient forum or that such courts do not have jurisdiction.

13.09 Further Assurances

In connection with this Agreement and the transactions contemplated hereby, each Partner shall execute and deliver any additional documents and instruments and perform any additional acts that may be necessary or appropriate to effectuate and perform the provisions of this Agreement and those transactions; provided, however, that this Section 13.08 shall not obligate a Limited Partner to furnish guarantees or other credit supports by such Limited Partner's Parent or other Affiliates.

13.10 Waiver of Certain Rights

Each Partner irrevocably waives any right it may have to maintain any action for dissolution of the Partnership or for partition of the property of the Partnership.

13.11 Counterparts

This Agreement may be executed in any number of counterparts with the same effect as if all signing parties had signed the same document. All counterparts shall be construed together and constitute the same instrument.

13.12 Endorsement of Unit Certificates

All unit certificates representing Units shall have endorsed thereon in bold type the following legend:

THE UNITS REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE PROVISIONS OF A LIMITED PARTNERSHIP AGREEMENT DATED MARCH 7, 2008 AND SUCH UNITS ARE NOT TRANSFERABLE ON THE BOOKS OF THE PARTNERSHIP EXCEPT IN COMPLIANCE WITH THE TERMS AND CONDITIONS OF SUCH AGREEMENT.

IN WITNESS WHEREOF, the Partners have executed this Agreement as of the date first set forth above.

GENERAL PARTNER:

Heartland Transmission Management Ltd.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

LIMITED PARTNERS:

**AltaLink Heartland Holdings, L.P., by its
General Partner, AltaLink Investment
Management Ltd.**

Per: _____
Name:
Title:

Per: _____
Name:
Title:

**EPCOR Transmission Development
(Heartland) Limited Partnership, by its
General Partner, 1340516 Alberta Ltd.**

Per: _____
Name:
Title:

Per: _____
Name:
Title:

EXHIBIT A

Initial Partners and Sharing Ratios

Partner Name and Address	Units Held	Initial Sharing Ratio
AltaLink Heartland Holdings, L.P. 2611 – 3rd Avenue S.E. Calgary, Alberta T2A 7W7 Fax: (403) 267-3484 Attn: Corporate Secretary	100	50%

Partner Name and Address	Units Held	Initial Sharing Ratio
EPCOR Transmission Development (Heartland) Limited Partnership 1800, 10065 Jasper Avenue Edmonton, Alberta T5J 3B1 Fax: (780) 412-2192 Attn: General Counsel	100	50%

Parents of Limited Partners

Limited Partner	Parent's Name and Address
AltaLink Heartland Holdings, L.P.	AltaLink, L.P. 2611 – 3 rd Avenue S.E. Calgary, Alberta T2A 7W7

Limited Partner	Parent's Name and Address
EPCOR Transmission Development (Heartland) Limited Partnership	Indirect: EPCOR Utilities Holding Inc. 1800, 10065 Jasper Avenue Edmonton, Alberta T5J 3B1

EXHIBIT B

UNIT CERTIFICATE

HEARTLAND TRANSMISSION, L.P.

(a limited partnership formed under the laws of the Province of Alberta)

Certificate No. _____

The interest in the Partnership of the Limited Partners is divided into an unlimited number of Units, having attached thereto the rights, benefits, obligations and restrictions set forth in a limited partnership agreement made as of March 7, 2008 with respect to the Partnership, as amended or supplemented from time to time (the "Limited Partnership Agreement").

THIS IS TO CERTIFY that _____ is the registered holder of _____ Units in HEARTLAND TRANSMISSION, L.P. This certificate and Units represented hereby are held subject to the conditions and restrictions contained in the Limited Partnership Agreement.

LIMITED PARTNERS MAY LOSE THE PROTECTION OF LIMITED LIABILITY IN CERTAIN CIRCUMSTANCES.

THE UNITS REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE PROVISIONS OF A LIMITED PARTNERSHIP AGREEMENT DATED MARCH 7, 2008 AND SUCH UNITS ARE NOT TRANSFERABLE ON THE BOOKS OF THE PARTNERSHIP EXCEPT IN COMPLIANCE WITH THE TERMS AND CONDITIONS OF SUCH AGREEMENT.

Capitalized terms used in this Certificate have the meaning ascribed to them in the Limited Partnership Agreement.

In witness whereof, the General Partner, Heartland Transmission Management Ltd., has caused this Unit Certificate to be signed by its duly authorized officers.

HEARTLAND TRANSMISSION
MANAGEMENT LTD.

Per: _____

Date: _____

EXHIBIT C

TUC MAP

