

GENERAL CONDITIONS OF SERVICE

1. AltaGas Utilities Inc.'s default rate tariff and distribution tariff are subject to change and approval by the Alberta Utilities Commission. Information about AUI's approved default rate and distribution tariffs is available on the AltaGas Utilities Inc. website at www.altagasutilities.com.
2. Service sites are subject to all applicable rate riders as approved by the Alberta Utilities Commission.
3. Service provided under a special contract is subject to the terms and conditions of that contract, unless the Alberta Utilities Commission orders a variance to those terms and conditions.
4. AUI requires at least one (1) month prior written notice for a customer-initiated request to transfer an account from one rate class to another (i.e. between Small General Service, Large General Service, or Demand General Service). AUI may not make the transfer if associated changes in service requirements make it unreasonable to do so. There may be charges for additions or modifications to lines and equipment to accommodate a change in service requirements.
5. A service site using natural gas as a fuel for pumping irrigation water is restricted to the Irrigation Pumping Service rate class.
6. An account will retain the same rate class in the event of a change in gas supply unless a rate class change is being performed pursuant to Part 6 of the Natural Gas Utility Service Rules.

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AltaGas Utilities Inc.

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**NATURAL GAS UTILITY
SERVICE RULES**

Effective: March 8, 2011

A Guide to These Rules

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AltaGas Utilities Inc. NATURAL GAS UTILITY SERVICE RULES

Part 1 What these Rules are about

We run the system that brings natural gas to you

1. We are AltaGas Utilities Inc. (AUI), a gas utility committed to providing our customers with safe, reliable, and economical natural gas *utility service*. Our *utility service* can be *gas distribution service*, by itself, or *gas distribution service* and *default supply* combined.

You need to know what type of services you can receive

2. It is important for you to know what type of services you can receive to understand these Rules. To start, you need to know who supplies your natural gas.
 - a) If you buy your natural gas from us, you are a *default supply* customer.
 - b) If you have a contract (written, verbal or electronic) to buy your natural gas from a retailer, you are a *retail supply* customer.
3. Regardless of who you purchase your natural gas from, the delivery of the gas (your *gas distribution service*) is done by us.
4. You are free to choose between *default supply* and *retail supply*. Receiving *gas distribution service* does not depend on who supplies your natural gas. For more information about natural gas suppliers and making energy supply choices, you should contact the Government of Alberta's Utilities Consumer Advocate. Their contact information is provided at the end of these Rules.
5. Unless specifically identified, these Rules apply to both *default supply* and *retail supply* customers.

Everyone on our system helps pay for it, so we need rules

6. All our customers help pay the costs of building, operating and maintaining *our system* – the things we install to provide *gas distribution service* to our customers, including you. The lower the costs are, the lower our rates can be. Keeping costs down, while maintaining safety and reliability, takes cooperation and rules.

These Rules govern the relationship between us

7. These are the rules for *our system*. They govern how we serve you and how you take service from us. They are part of every *service agreement* – the agreement between us, as the provider of *utility service*, and you, as our customer. We have a *service agreement* with you whether you sign a contract or we simply begin providing you with *utility service* on the basis of these Rules.
8. No agreement can waive or alter any part of these Rules unless it has been approved by the *Commission*.

These Rules are approved by the Alberta Utilities Commission

9. These Rules are approved by the Alberta Utilities *Commission* and cannot be changed without its approval. Once the *Commission* approves the Rules, they are legally binding on you and us.
10. If there is any conflict between these Rules and a specific direction in an Order of the *Commission*, the Order takes priority.

Italicized terms are defined at the end of these Rules

11. In these Rules some words are in italics and have special meanings. These terms are defined in a List of Definitions in Part 11 of these Rules.

Access to these Rules

12. These Rules are available on our website at www.altagasutilities.com or may be requested by using our General Inquiry contact information located at the end of these Rules.

Part 2 Signing up for gas distribution service

To get gas distribution service, you or your retailer has to sign up

1. If you are a *default supply* customer and want us to start providing you with *gas distribution service*, you have to tell us. We may not be able to provide service until you sign an application or give us written confirmation you accept responsibility for an account with us.
2. If you are a *retail supply* customer, whether you or your *retailer* contacts us will depend on your *service requirements*:

- If you require new *lines and equipment* or changes to the existing *gas distribution system* to meet your *service requirements*, you should contact us directly to discuss your requirements. Please use the General Inquiry contact information located at the end of these Rules.
 - If no changes are required to meet your *service requirements*, your *retailer* can sign up on your behalf as long as your *retailer* can provide the necessary information we require to properly serve you. We will use the information we receive to set up an account for you on *our system*.
3. Our ability to provide service will also depend on your *service requirements* and whether our *lines and equipment* are set up to serve you.

To provide proper service, we need to know you and your requirements

4. For us to provide the right service and charge the right rates, we will need some information about you when you, or your *retailer*, sign up for *gas distribution service*. For example, we will need to know the amount of gas you expect to use and how it will be used. We will also need emergency contact information and may need other information such as credit information.
5. Our ability to provide proper service relies on being aware of any changes to the information we have about you. If any of your information needs to be updated, it is your responsibility to provide the most current information as soon as reasonably possible.
- a) If you are a *default supply* customer, you need to contact us. To contact us, please use the General Inquiry contact information located at the end of these Rules.
 - b) If you are a *retail supply* customer and have a contract with a *retailer*, you must provide your *retailer* with your updated information. Your *retailer* is responsible for sending us your updated information.

Our agreement starts when we start providing gas distribution service

6. A *service agreement* is in place as soon as we are told to provide the service and one of the following occurs:
- We begin providing the *gas distribution service* to you; or
 - We start doing the things necessary to provide the *gas distribution service*.
7. If you are a *default supply* customer we do not have a *service agreement* or an obligation to serve you simply because you have given us an application form for installation of a new service or a cash deposit.

8. If you are a *retail supply* customer we do not have a *service agreement* or an obligation to serve you simply because you have signed an agreement with a *retailer*.

There is a fee to assume service

9. You may be able to receive *gas distribution service* from *our system* without us needing to install any new *lines and equipment*.
- a) If you are a *default supply* customer and assume *gas distribution service* at a *service site*, you must pay the Account Activation Fee to cover the cost of activating your account.
 - b) An account is required for all customers, both *default supply* and *retail supply* customers. Depending on the work required to activate a *retail supply* customer account, we may also charge the Account Activation Fee to a *retail supply* customer.
 - c) The Account Activation Fee does not apply if we are installing new *lines and equipment* to provide you with *gas distribution service*.
10. The amounts of the Account Activation Fee and other Special Charges are set out in the Special Charges Schedule located at the end of these Rules.

Special agreements may be required

11. Demand General Service customers are required to enter into a Demand General Service Contract with us.
12. Customers with special *service requirements* may be required to enter into a special agreement with us. The special agreement can identify additional responsibilities not included in these Rules and other information we may need to properly serve you.

These Rules always apply

13. In any case, however a *service agreement* is made, it includes these Rules as if they were in a paper contract we signed with you.

You let us use your land to serve you

14. To serve you, we need some rights to use the *service land* – the parcel of land where the *service site* is located. The *service site* is the building or thing we provide *gas distribution service* to under the *service agreement*. For example, for typical *gas distribution service* to a home, the *service site* would be the house and the *service land* would be the parcel of land where the house is built. If the *service agreement* is not clear, we are permitted to name anything as the *service site* fitting the general intent of the *service agreement*.

You may not charge us for using your land to serve you

15. When you make a *service agreement* with us, you are granting us, at no charge, all reasonable land-related rights we need to provide *gas distribution service* to your *service site* and to install and maintain all our *lines and equipment*. Those rights may include easements and utility rights-of-way on any of your land for *lines and equipment* required to serve your *service site*, even if it is not the *service land*. It also includes the right to enter the land and dig it up to install, repair, replace, maintain and inspect the *lines and equipment*. We will try our best to minimize the inconvenience to you and the damage to your property when we do this work and we will reasonably restore your land when we are finished. If someone other than you has to give us the right to use the land, we may ask for your help in getting the land rights needed to serve you. If we cannot acquire these land rights, we may not be able to serve you.

Part 3 Installing or changing your gas distribution service

3.1 Connecting you to our system

If someone else turned the gas off, we normally will not charge a reconnection fee

1. If your *service site* was temporarily disconnected from *our system* (the gas was turned off), you are not expected to pay a reconnection fee to have the gas turned back on – unless you are the customer who originally caused the disconnection. Please refer below to Part 6 – Service charges about temporarily disconnecting from *our system*.

We do all work on our system

2. When it comes to *our system*, we have a basic rule – only our employees or our agents can work on it. This includes installing, maintaining, or removing a service line, as well as doing extensions, replacements, changes, connections to, or disconnections from, *our system*. No one else can do any of this kind of work unless we have given them specific permission in writing. This rule is necessary because we are very concerned about safety.

You are responsible for getting permits and/or inspections

3. Municipal bylaws or provincial laws may require you to get permits and/or inspections before we can provide you with *gas distribution service* at a new *delivery point* or continue *gas distribution service* at a *delivery point* where there have been changes to your piping or appliances. Getting those permits and/or inspections is your responsibility and we may not be able to start work or provide *gas distribution service* until you have

them completed. We may also stop *gas distribution service* if you do not have a legally required permit.

Your application for installing your gas distribution service may be rejected

4. We may reject your application for *gas distribution service* for any of the following reasons:
 - a) You do not have *good payment history* with us;
 - b) You do not make a proper application for service;
 - c) You refuse to sign any special agreement required for the type of service you need; or
 - d) Your *service requirements* would prevent us from providing safe, reliable and economical service to you or to others.

We will schedule installation after all requirements have been met

5. We will schedule the installation of our *lines and equipment* after you have complied with our application and contribution requirements, have acquired all necessary permits, inspections and approvals, and we have accepted your application for *gas distribution service*.

We may not be able to provide gas distribution service right away

6. We will try to install our *lines and equipment* as soon as we can after you apply, but the installation may not be right away. For example, it may not make sense to try to bury pipe in frozen ground. In short, we will not start an installation until we think it makes sense.

You pay to install and remove temporary gas distribution service

7. If you want us to install *lines and equipment* we determine are unlikely to be permanent, you will have to provide payment in advance to cover installation and removal costs. In addition, if the service is expected to be for less than six months, you may be required to prepay an amount equal to our estimated cost of service.

We do not have to provide service if the costs are greater than the benefits

8. Because all our customers share the cost of building and operating *our system*, we will not provide service unless we think the benefit to *our system* of doing so justifies the cost. If we decide it does not make sense to serve you without an additional non-standard non-refundable contribution and you disagree, you can ask the *Commission* to order us to provide the *gas distribution service* to you.

3.2 Placing the lines and equipment

We decide where to place the lines and equipment

1. We are very concerned about safety and efficiency. Before we provide *gas distribution service*, we have to decide what *lines and equipment* will be installed, where they will be placed and how much clear space must be left around them.
2. If you cannot provide a suitable location for the *lines and equipment*, we cannot provide the *gas distribution service*.

We may allow a different location

3. You may want the *lines and equipment* put somewhere other than the location we have selected. We can only do that if we consider your proposed location safe and serviceable. The same applies for moving any part of the *lines and equipment* after they are installed.

We will pick the best place for the meter

4. We decide where to put the meter. Except in very unusual circumstances, the meter will be located on the outside of the *service site*. If you want the meter located inside, we will put it as close as possible to the point where the service line enters the building. You may be charged the extra cost of running the connecting pipe from where the service line enters the *service site* to the meter.

To get gas distribution service at more than one point takes a special agreement

5. Unless you make a special agreement with us, there is only one *delivery point* for your *service site* and that is the outlet of the meter installed at the *service site*. If you want more than one *delivery point* at the *service site*, we can put them in provided you pay the extra cost.

3.3 Charges for installing or changing the lines and equipment

You may have to pay a non-refundable contribution to get gas distribution service

1. To be fair to the other customers sharing the costs of *our system*, we may require you to pay a non-refundable contribution towards the cost of the *lines and equipment* we need to install to provide you with *gas distribution service*.

Non-refundable contributions can be standard or non-standard

2. A standard non-refundable contribution is the minimum contribution we require and the amount depends on the location of your *service site*. If the cost of providing *gas distribution service* to you exceeds the criteria for a standard non-refundable contribution, you must pay an additional non-standard non-refundable contribution amount.

The Commission approves the way we calculate non-refundable contributions

3. We submit our standard non-refundable contributions to the Commission when we set them and whenever we change them. You can get a current list of our standard non-refundable contributions through our website at www.altagasutilities.com or by telephone through our General Inquiry phone number.
4. We will calculate any required non-standard non-refundable contribution using the methods approved by the *Commission*. Our current method is described in the Special Charges Schedule attached to these Rules.

You have to pay according to what is in effect when you get gas distribution service

5. Our non-refundable contributions may change between the time you apply for *gas distribution service* and the time we install the *lines and equipment* to serve you. If they do, we will charge you the non-refundable contribution that is in effect **at the time of installation, not what was in effect at the time you applied** for *gas distribution service*.

We will notify you of the contribution required to install the service you request

6. We will advise you of the standard non-refundable contribution when you apply for *gas distribution service*. If you need to pay a non-standard non-refundable contribution to get *gas distribution service*, we will tell you in writing.

You will have to pay an additional contribution if we need to build or expand a gas main

7. If we have to build or expand a gas main to give you *gas distribution service*, you may be required to pay a contribution towards the cost of the main.

A portion of your contribution towards the cost of a gas main may be refundable

8. We will estimate the long-term costs of the new gas main and service lines expected to connect to the gas main. We will also estimate the long-term financial benefit we expect to get from the new mains and services. If the long-term benefit is greater than the costs, we may refund a portion of your contribution over time. If the costs are more than the benefits, your contribution will be non-refundable. We will ask you to sign an agreement that tells you how much you need to pay in advance and how much is eligible for a refund.

Should costs change, you will be advised

9. If we determine that we require an additional non-refundable or refundable contribution due to a change in our estimate of the cost of installing the *lines and equipment*, we will let you know in writing before we proceed. If we do this, you have the option of deferring, cancelling or proceeding with your *gas distribution service* request.

You must give us prior notice if there are changes to your service requirements

10. To serve you properly, we need to know your *service requirements*, for example how much gas you expect to use and how it will be used. You must not change your *service requirements* without giving us advance notice.
11. If you are currently a *default supply* customer, you can provide notice by using our General Inquiry contact information located at the end of these Rules.
12. If you are currently a *retail supply* customer, your *retailer*, or any other person properly authorized to act as your agent, may give us notice on your behalf.
13. We are not obliged to meet your *service requirements* if they are different than the ones in our *service agreement*. We will accept a change to your *service requirements* only if *our system* can safely, reliably and economically accommodate it. If the change requires you to pay additional costs, we will inform you before we do the work needed to accommodate the change. You must not change your *service requirements* until after we have given you our permission to do so and you are responsible for any damage to *our system* as a result of changing your *service requirements* without our permission.

We may contact you about changes in service requirements

14. If we notice a change in how much gas you use or need more information about your *service requirements*, we may contact you directly to learn more about the amount of gas you are using, how it is being used and any plans you may have regarding future usage that might affect *our system*. Doing so will help us properly operate and maintain *our system* and will also help us bill correctly.

If you want a different location, you pay the extra costs

15. If we agree to your request to install the *lines and equipment* in a location different than the one we have selected, you may have to pay extra installation costs.
16. After the *lines and equipment* are installed, if you need any part moved (like a meter) and we agree, you will have to pay the cost of moving it.

Part 4 Rights and responsibilities once gas distribution service begins

You are responsible for reporting problems and preventing waste

1. Once *gas distribution service* begins, you have a responsibility to make sure the natural gas is used properly and to help prevent waste. You must notify us immediately if you notice a natural gas leak on any of our *lines and equipment* or if you have other problems with the *gas distribution service*.

We will maintain our lines and equipment but you must help protect them

2. We will maintain the *lines and equipment* we put in, but you must take reasonable steps to protect them. In particular:
 - You must contact Alberta One-Call at least two full working days before you or anyone working for you does any excavation work on the *service land*. Contact information for Alberta One-Call is provided at the end of these Rules. Even if their contact information changes, you must still contact Alberta One-Call and tell them your plans.
 - You cannot start digging until we have had a chance to mark the approximate location of our *lines and equipment* in the area to be excavated. We will make reasonable efforts to have the lines marked within the time you have requested, provided you have met the minimum notification period. You must not dig until we have marked the lines, even if we have not marked the lines within the requested time.
 - You must let us know immediately if you or someone doing work for you damage the *lines or equipment*.

If one of our *lines or equipment* is damaged, call us immediately from a safe location using our emergency phone number (toll-free 1-866-222-2068 or direct 1-780-980-6701). Alternatively, call the fire department. Do not return to the location of the gas leak or allow any non-emergency personnel to do so.

You are not permitted to make changes to your land or site that interferes with our lines and equipment.

3. As long as the *lines and equipment* are in place, you need our written consent to do anything to the *service land* or *service site* that might make it difficult for us to maintain our *lines and equipment*. That includes, for example, placing a building, planting a tree, or digging a dugout, over or near the *lines and equipment*. If you put anything in the way, and we damage it trying to work on our *lines and equipment*, we are not responsible for

the damage. If you make changes to the *service land* or *service site* resulting in increases to the costs of operating, maintaining or repairing the *lines and equipment*, you may have to pay those extra costs.

We can enter when necessary and use force in an emergency

4. We can enter the *service land* or the *service site* at any reasonable time to do anything necessary to maintain, repair and operate *our system*. That includes reading meters, turning gas on or off, examining and repairing the *lines and equipment*, and checking to see how you are using the gas. We can also dig and do any other work necessary to fix *our system*.
5. At any time we think there is an emergency, we can use reasonable force, as required, to enter the *service land* or the *service site*.

We will try to provide you advance notice

6. When we can, we will provide advance notice we will be performing work on the *service land* or *service site*. Depending on the type of work we will be performing, we may contact you directly, in writing or we may inform you by other means such as newspaper ads or messages with your bill. We may not provide advance notice in an emergency or for routine activities, such as meter reading.

You pay for any damage that's not our fault

7. As long as the *lines and equipment* are in place, you must pay for any damage done to them through your negligence or your actions, or the actions of anyone working for you. That applies even if the work is being done off the *service land*. You are not responsible for normal wear and tear or for any damage caused by our actions or our negligence.

We own the lines and equipment

8. We own all the *lines and equipment* and our ownership continues until we give it up. We can remove any part at any time. When our *service agreement* with you ends, we do not need to remove the *lines and equipment*, provided we leave them in a safe condition.
9. Making a contribution or other payment to us for *gas distribution service* does not entitle you to ownership of any part of the *lines and equipment*.

Part 5 Measuring use and charges

We can use actual or estimated usage when determining our charges

1. Your bill will be based on an actual or estimated meter reading. If we estimate a meter reading, it will be based on any or all of the following:
 - The length of time covered by the estimate;
 - The amount of gas used previously in a similar period at the *service site*;
 - Weather during the period being estimated;
 - The type and energy-use rating of your gas-burning equipment; or
 - Other relevant information that may be available.

We will read the meter when necessary

2. We will read your meter as often as we think is necessary.

You pay for special meter readings

3. If we cannot access your meter when it is time for a meter reading, we will ask you to provide us with access when we are reading other meters in your area.
4. If we receive a request from you or your *retailer* to read the meter at any time other than when the meter is normally scheduled to be read, a special meter reading charge will apply.

You can provide us with a meter reading when we plan to estimate

5. If you don't want us to estimate your meter reading for a billing period, you may provide us with the actual meter reading by phone. If you want to do this, you need to tell us in advance and follow the schedule we set.

If the meter is not working properly, we will estimate the amount used and adjust your charges

6. If the meter stops working properly we will do our best to determine when that happened and then estimate the amount of gas you used while the meter was not working properly. The estimate will only be for the time we think the meter was not working properly. We may have to correct previous billings. If you are a *retail supply* customer your *retailer* may also adjust their charges to you, accordingly. If we cannot reasonably determine when the meter stopped working properly, we will determine your current billing or correct previous billings in compliance with applicable laws and *Commission* direction.

Disputes over our meter measurements can be taken to the federal government, but you or your retailer, may have to pay the cost

7. You or your *retailer* has the right, under the *Electricity and Gas Inspection Act* (R.S., 1985, c. E-4), to dispute our meter measurements. We have the same right. If you or your *retailer* registers a dispute with the federal government and our meter measurements are found to be within the limits of error allowed in the Act, you or your *retailer* will have to pay us the cost of removing the meter for testing. The amount is shown in the Special Charges Schedule. Payment for that cost is not required if it turns out our meter measurements are not within the limits of error in the Act. Neither you nor your *retailer* has to pay if we register the dispute with the federal government. No matter who questions it, if it turns out the meter measurements are not within the limits of error in the Act, your billing charge will be adjusted to comply with the Act.

Part 6 Service charges

The Commission decides all our rates and charges

1. All our rates and charges, including those in the Special Charges Schedule, are approved by the *Commission*. If you think any charge is unfair, you should advise us and we will try to resolve your concern. If you are not satisfied with our response, you can complain to the *Commission*.
2. If you purchase *retail supply*, the price for the natural gas is determined by a contract between you and your *retailer* and not by us or the *Commission*.

To change your gas distribution service rate class, talk to us

3. If we think you are not in the *gas distribution service* rate class best for you, we will let you know. We will only change the *gas distribution service* rate class you are in if you agree to it. If you ask us for help deciding on the best *gas distribution service* rate class for you, we will provide *gas distribution service* information to help you decide.
4. We will make one rate class change at your request in any consecutive twelve month period.

Using natural gas for irrigation pumping requires a special rate class

5. A *service site* using natural gas as a fuel for pumping irrigation water is restricted to the Irrigation Pumping Service rate class.

Demand General Service billing demands can change

6. You may or may not have a billing demand. The billing demand for the Demand General Service rate class can change. Our rate schedule describes how the billing demand is determined.

You begin paying within three months after lines and equipment are installed

7. You must begin paying the minimum charge no more than three months after we have installed the *lines and equipment* to serve you, whether you have started using gas or not.
8. If you are a *default supply* customer, you will be billed directly by us for these charges.
9. If you are a *retail supply* customer, you will be billed by your *retailer*.

If you want, we can turn your gas off temporarily, but charges will apply

10. If you want us to disconnect you from *our system* by turning your gas off temporarily, you need to give us notice according to Part 9 of these Rules. We don't have to turn your gas off if doing so would be in conflict with anything in these Rules. If we temporarily disconnect you from *our system* at your request or for any of the reasons set out in these Rules, the minimum charge still applies while the gas is turned off, to a maximum of twelve (12) months. This is because we must continue to operate and maintain *our system* whether you are using gas or not.

A temporary disconnection can become a permanent disconnection

11. A temporary disconnection becomes a permanent disconnection after twelve (12) months. At that point, we will stop applying the minimum charge.
12. If you want us to restore *gas distribution service* to a *service site* within three (3) years of when it was determined to be permanently disconnected, you will have to sign up for *gas distribution service* as described in Part 2 of these Rules. In addition, you will have to pay the costs of the original disconnection, any removal of our *lines and equipment* and the restoration of *gas distribution service*.
13. If you want us to restore *gas distribution service* to a *service site* more than three (3) years after it was determined to be permanently disconnected, we will treat it as a new application for service.

A temporary disconnection can extend for more than one year

14. There may be reasons why you do not want a temporary disconnection to become a permanent disconnection. If you want the disconnection to remain temporary for a period

greater than twelve (12) months, you need to tell us in advance. The minimum charge will apply for as long as you require the temporary disconnection.

There is a charge for turning your gas on if it has been temporarily turned off

15. If we temporarily turned your gas off because you or your *retailer* asked us to, or because you have not followed these Rules, you will have to pay a reconnection fee every time gas to the *service site* is turned on. You are also required to pay for other costs, such as costs to reinstall the meter and any other *lines and equipment* necessary to restore *gas distribution service*. Our fees are shown in the Special Charges Schedule. Until these charges and any other debts you owe us are paid, we may refuse to turn on the gas or provide other services.

Irrigation customers are charged a different fee for turning gas on and off

16. We do not charge a fee the first time we turn gas on at an irrigation *service site* at the start of each irrigation season. Also, we do not charge to turn gas off at an irrigation *service site* when each irrigation season ends. However, if you want your gas turned on or off at any other time for an irrigation *service site*, we will charge the irrigation disconnection/reconnection fee as shown in the Special Charges Schedule attached to these Rules.
17. The minimum charge still applies for the time your gas is temporarily turned off during the irrigation season. This is because we must continue to operate and maintain *our system* whether you are using gas or not.

Part 7 Paying your bills

Who you purchase your gas from will determine who bills you

1. If you are a *default supply* customer, we will directly bill you for *default supply* and *gas distribution service*.
2. If you are a *retail supply* customer, your *retailer* will bill you for *retail supply* and *gas distribution service*.

We bill you for contributions and alteration costs

3. We will directly bill you for installing new *lines and equipment* or altering the existing *gas distribution system*.

Payment terms depend on who bills you

4. **The following payment terms in Part 7 of these Rules only apply to you as a *default supply customer*.** Payment terms as a *retail supply* customer will depend on your *retail supply* contract.

Our budget payment plan allows equal monthly payments

5. Our *budget payment plan* is available to most *default supply* customers. If you want to be on our plan, you have to tell us. If we accept your request to join our *budget payment plan*, we will estimate your annual *utility service* costs from July until the following June. Our estimate will use our *Commission*-approved *gas distribution service* rates, historic weather information, current and forecast natural gas prices, and historic natural gas consumption at the *service site*, or similar *service site* if yours is new. Your monthly *budget payment plan* payment is calculated by dividing the estimated annual costs by eleven (11). We divide by eleven because the twelfth month of the plan is used to true up your account.
6. Our *budget payment plan* is not available to you if you are served under our Irrigation Pumping Service or Demand General Service rate classes.

We may re-estimate your costs and subsequently adjust your monthly budget payment plan amount

7. We will review your *budget payment plan* to determine if we need to adjust your monthly payment to avoid a large over or under-paid balance in June. First, we will calculate the difference between your actual cost for *utility service* and the payments you made since the start of the plan year. Second, we will estimate your costs for the remainder of the plan year, using factors such as forecast weather, rates and gas prices. Third, we will combine the difference we calculated in the first step with the re-estimate of costs for the remainder of the current plan year from the second step. Fourth, we will divide the result from the third step by the number of months remaining in the plan year less one. We divide by the number of months remaining in the plan year less one because the final month of the plan is used to true up your account. The result of the fourth step will be your new monthly *budget payment plan* payment amount.

We true up our budget payment plan accounts once a year

8. In June, the twelfth and final month of the plan year, we calculate the difference between your actual costs for *utility service* and payments you made. We will either charge or credit your June bill for the difference. Generally, we will refund credit balances only if they are large.

Customers can join our budget payment plan at any time

9. Even though our *budget payment plan* starts in July, customers can join the plan anytime. Your monthly payment will depend on when you join. No matter when you join, you will need to pay any balance owing before starting on the plan. If you want to be on the plan, you must tell us.

Your participation in our plan will end on certain conditions

10. Your participation in our budget payment plan will end if you:
 - Notify us at least five full working days before you want out of the plan;
 - Stop taking *utility service*;
 - Become a *retail supply* customer; or
 - Do not make your full monthly payments on time.

We bill regularly

11. We will send you a bill every month. The due date for current charges is 21 days from the statement date. If the bill has not been fully paid by the due date, you will have to pay a late payment charge on the unpaid amount. You should make sure your method of payment will allow enough time for your payment to reach us before the due date.
12. Your bill may include unpaid charges from a previous bill. Any payment you make to us will first be applied to unpaid balances.

We will apply a late payment charge to overdue amounts

13. Your current bill will include a late payment charge if you had any unpaid balance after the due date specified on your previous bill. The late payment charge is calculated as 1.5% of the unpaid balance, including unpaid previous late payment charges.

We may correct a previous bill

14. If we determine that we have incorrectly billed you, we will correct the error. We don't have to make corrections for bills more than two years old.

We may need to have a security deposit from you

15. We may require you to give us a security deposit or some other form of security we think is acceptable before we turn the gas on at your *service site*. If we turn the gas on after requiring a security deposit from you, and you do not pay a security deposit when we expect you to, we can turn the gas off as long as doing so does not conflict with these Rules.

16. We may also ask for a security deposit at any time after service has started if you do not have a *good payment history* or if we have had to turn your gas off for not paying your bill on time. What we mean by *good payment history* is explained in the definitions at the end of these Rules.

17. The amount of the security deposit will not be more than our estimate of the total of your three highest consecutive monthly bills in any 12-month billing period. It will be returned to you, with interest, when you have a *good payment history*. If you are in debt to us for any *utility service* we previously provided to you anywhere, we will require you pay that debt no matter how old it is, before we will turn your gas on.

We can use your security deposit to pay your unpaid bills

18. If you do not pay a bill on time, we can use the security deposit to pay it. If we do, you must immediately pay us enough to restore the security deposit to its full amount. If you stop *utility service* or become a *retail supply* customer, we will deduct anything you owe us from the security deposit and return any remaining security deposit with interest.

We pay interest on security deposits

19. We will pay interest on your security deposit. At a minimum, the interest rate will be the security deposit interest rates set by the provincial government for mobile home site tenants and residential tenants.

We pay you the interest on your security deposit when certain things happen

20. We will pay you the interest on your security deposit as soon as one of the following things happens:

- The security deposit is returned;
- The security deposit is applied to your account;
- We send notice to your last known address indicating the security deposit is no longer required;
- You stop taking *utility service*; or
- You become a *retail supply* customer.

You pay if there are problems with your payments

21. If you pay us by cheque and the bank does not honour the cheque, we will charge you a dishonoured payment charge. If your cheque needs to be certified, we will charge you a cheque certification charge. If you pay us through the bank using a pre-authorized payment plan and the bank does not honour the withdrawal, we will charge you a dishonoured payment charge. The amounts of these charges are shown in the Special Charges Schedule attached to these Rules.

We will not accept unusual forms of payment

22. We follow the Bank of Canada rules limiting the kinds of currency we accept. Payment by cheque must be on a normal bank cheque form. We will also accept payment by credit card. You can find out what credit cards we accept through our website at www.altagasutilities.com or by telephone through our toll-free General Inquiry number.

Part 8 Arranging your gas supply

Starting out, you may be a default supply customer or a retail supply customer

1. If you have not signed a contract with a *retailer* to become a *retail supply* customer, then, when you sign up for *gas distribution service*, your gas supply will initially be *default supply* and you will be a *default supply* customer.
2. If you have a contract with a *retailer* and your *retailer* has already arranged for *gas distribution service* to your *service site*, your gas supply will be *retail supply* and you will be a *retail supply* customer.

If you are a default supply customer, you must contact us if you are moving

3. If you plan to move to or from a *service site* on *our system* and you are a *default supply* customer, you must inform us of your moving plans. We need to know in advance if you are planning to move. To contact us, please use the General Inquiry contact information located at the end of these Rules.
4. If you want to end *utility service* at any *service site*, you must do so in accordance with Part 9 of these Rules.

If you are a retail supply customer you must contact your retailer if you are moving

5. If you plan to move to or from a *service site* on *our system* and you are a *retail supply* customer, you must inform your *retailer* of your moving plans. Your retailer will then *notify* us.

Whether a default supply or retail supply customer, additional time may be required to deliver your gas supply if new lines and equipment are required

6. If you plan to move to a *service site* where new *lines and equipment* are required, we may need extra time before we are able to deliver your gas supply.

If you change gas services providers, we need to know

7. If you are currently a *default supply* customer and want to become a *retail supply* customer, you must first have a contract with a *retailer*. Your *retailer* will notify us of your change in gas supply arrangements.
8. If you switch from one *retailer* to a different *retailer*, the *retailer* you are switching to will notify us of your change in gas supply providers.
9. If you are currently a *retail supply* customer and want to become a *default supply* customer, you must notify your *retailer*. Your *retailer* will notify us of the change in gas supply providers.

Disagreements about retailer services are between you and your retailer

10. Any disagreement about the *retail supply* service you receive is between you and your *retailer*. In most cases, we will not be involved if you have a disagreement with your *retailer*. It is important for you to fully understand the terms and conditions of the contract with your *retailer*.

Part 9 Stopping utility services or gas distribution service

Stopping gas distribution service for an emergency

1. If you need to stop *gas distribution service* for an emergency, contact us directly and immediately.

In an emergency, call us immediately from a safe location using our emergency phone number (toll-free 1-866-222-2068 or direct 1-780-980-6701). Alternatively, call the fire department.

If you are a default supply customer, you should notify us to stop taking utility services

2. If you are a *default supply* customer and want to stop receiving delivery of gas to your *service site*, you will need to tell us to stop providing *utility services* to that *service site*.
3. Unless you have a contract with us containing other termination provisions, you can terminate *utility service* at your *service site* by telling us when you want it stopped. We will terminate *utility service* to that *service site* on the date you specify or within five (5) working days after the date we get the notice, whichever is the latest.

4. *Utility services* may be stopped for a number of reasons, such as if you plan to move to a different location, ask us to relocate our *lines and equipment*, ask us to turn the gas off for *service site* renovations or ask us to permanently end gas use at the *service site*.
5. To provide notice to us, please use the General Inquiry contact information located at the end of these Rules.
6. Until we receive proper notice, you have all the responsibilities set out in these Rules or in any contract we have with you, whether you are actually taking gas or not. For example, if you move without telling us, you must continue to pay us for *utility service* provided at the *service site*, even if you did not personally receive it.

If you are a retail supply customer, depending on the circumstances, you should notify either your retailer or us to stop taking gas distribution service

7. If you are a *retail supply* customer and want to stop receiving delivery of gas to your *service site*, you or your *retailer*, if applicable, will need to tell us to stop providing *gas distribution services* to that *service site*.
8. Whether you or your *retailer* contacts us will depend upon the reason for terminating *gas distribution service*.
 - If you need to stop *gas distribution service* because you require our *lines and equipment* to be relocated, you are undertaking renovations at the *service site*, you plan to permanently end gas use at the *service site* or you have any other reason which may affect our *lines and equipment*, you should contact us directly. To provide notice to us, please use the General Inquiry contact information located at the end of these Rules.
 - If you need to stop *gas distribution service*, but it does not affect our *lines and equipment*, such as if you plan to move to a different location, you should contact your *retailer*. Your *retailer* will then notify us of your plans and provide us with the date for terminating *gas distribution service* according to standard industry rules and transactions.
9. Until we receive proper notice from your *retailer*, your *retailer* has all the responsibilities set out in these Rules or in any contract we have with your *retailer*, whether you are actually taking gas or not. For example, if you move without telling your *retailer*, your *retailer* must continue to pay us for *gas distribution service* provided at the *service site*, even if you did not personally receive it.

We continue to bill during a temporary disconnection

10. We will continue to bill during a temporary disconnection of *utility services* or *gas distribution service*. We will stop billing only if *utility services* or *gas distribution service* has been permanently stopped.

There will be a charge for terminating service on a non-working day

11. We will normally terminate *utility service* or *gas distribution service* on a working day. If we agree to terminate service on a day other than a working day, there will be a charge for the actual cost of performing the work.

You may request a permanent disconnection from our system

12. Unless you have a contract with us containing other termination provisions, you may ask us to permanently turn your gas off at the *service site*. We will, as long as doing so does not conflict with these Rules and you have provided proper notice. If you are not the owner of the *service site*, we will require permission in writing from the owner before we perform the disconnection. We don't have to remove our *lines and equipment* from the *service land* and *service site*, but we may choose to do so for safety or other reasons.
13. If you want us to restore *utility service* or *gas distribution service* to a *service site* within three (3) years of when it was determined to be permanently disconnected, you will have to pay the costs of the original disconnection, any removal of our *lines and equipment* and the restoration of *utility service* or *gas distribution service*. If you want us to restore *utility service* or *gas distribution service* to a *service site* more than three (3) years after it was determined to be permanently disconnected, we will treat it as a new application for service.

We can stop gas distribution service in emergencies

14. If we think it will be hazardous to continue delivering gas to the *service site*, we can immediately, without notice, stop *utility service* or *gas distribution service*. We can also do this if we think it is necessary to protect people or property in a fire, flood, or any other situation we consider an emergency.

We can stop gas distribution service for a number of other reasons

15. We can temporarily or permanently stop the service we provide you at any *service site* on forty-eight (48) hours notice for any of the following reasons:
 - Gas is not available, either temporarily or permanently;
 - We have to make repairs to *our system*;
 - You have not paid your bills on time;

- You have not paid a security deposit when asked to or have not made a payment necessary to restore the security deposit when some, or all, of it has been applied to your account;
- You are insolvent or have assigned essentially all your assets;
- You have used defective pipe, appliances or gas fittings or have insisted on a form of service we think is unsafe;
- The natural gas lines and equipment you own have not been installed and maintained according to federal, provincial, or municipal laws;
- You are using gas contrary to the terms of these Rules or to any contract we have with you;
- You have misrepresented what you are using gas for or how much you are using;
- You move from the *service site*;
- We cannot get to our meter at the *service site* for four or more consecutive months;
- Service has been terminated according to some other provision of these Rules;
- You stop using gas at the *service site*;
- You threaten or harass any of our employees or agents as they carry out their duties;
- You prevent us from doing anything we are entitled or obligated to do;
- You do not make a proper application for service; or
- It is necessary to protect people or property.

16. To be clear, if there is an emergency or if we think it will be hazardous to continue delivering gas to the *service site*, we can immediately, without notice, stop *utility service* or *gas distribution service*.

We can also stop service at the request of your retailer

17. If you are a *retail supply* customer, your *retailer* can ask us to terminate the service we provide you. We will comply with their request unless doing so would violate these Rules or our Retailer Distribution Service Rules.

When you stop gas distribution service, you may have to read the meter for us

18. If you are a *default supply* customer and you tell us you no longer want gas distribution service, we can ask you to take a final reading of the meter and report it to us

Notice of service interruption or termination

19. When we notify you about stopping *utility service* or *gas distribution service* or terminating your *service agreement*, it can be by mail, by facsimile (fax), by electronic mail (e-mail), in person, by telephone, on your bill or by a notice left at the *service site*.

Land use rights outlive the service

20. We can stop providing *utility service* or *gas distribution service* at a *service site* without losing our rights to use the related *service land* – they continue until terminated under these Rules.

Continuous supply

21. We will make all reasonable efforts to maintain a continuous supply of gas to you, but we cannot always guarantee it.

Part 10 Liability, responsibility and other legal matters

Alberta law governs our contract

1. These Rules are part of every *service agreement* and all our service agreements are governed by the laws of Alberta.

The gas is only for use at the service site

2. Unless you have our written consent, you cannot use, or allow anyone else to use, gas supplied to the *service site* in some other place and you may not resell the gas we deliver to you.

Verbal agreements don't apply

3. No employee or anyone else claiming to represent us can promise or agree to do anything inconsistent with these Rules and, if they do, the promise or agreement has no effect.

You need our consent to transfer your agreement

4. Your *service agreement* is yours alone, including anyone the law says stands in your place, and it cannot be assigned to anyone else without our written consent.

You are responsible for your property, and we are for ours

5. You are fully responsible for installing, maintaining and operating your property, as we are for ours. You must pay any costs we incur from a claim or demand for injury, death or damage resulting from the installation, presence, maintenance and operation of your property, so long as it is not caused by our negligence.

Neither of us has to pay for disruptions beyond our control

6. You have no claim against us for damages if we cannot distribute or supply gas to you because of an emergency or disruption beyond our control. For example: disruptions in supply caused by weather catastrophes, labour disputes, fires, accidents, pipeline or machinery breakdowns or repairs, shortages of gas supply or orders of a legislative body or other authority. Similarly, in such circumstances, we have no claim against you if you are unable to take gas. However, once the emergency or disruption ends, we will resume delivering gas to you, and you will resume taking it, as provided for in these Rules and our *service agreement*.

Part 11 List of definitions

In these Rules,

- *budget payment plan* means the plan set out in Part 7;
- *Commission* means the Alberta Utilities Commission;
- *default supply* means *gas services* provided by AltaGas Utilities Inc.;
- *delivery point* means the outlet of the meter at your *service site*;
- *Electricity and Gas Inspection Act* means the *Electricity and Gas Inspection Act (R.S., 1985, c. E-4)*, as amended from time to time;
- *gas distribution service* means the service required to deliver gas to our customers by means of our *gas distribution system* and includes any services AltaGas Utilities Inc. is required to provide by the *Commission* or is required to provide under the Act or regulations made thereunder;
- *gas distribution system* means all those facilities owned or used by AltaGas Utilities Inc. to deliver gas to our customers through a system of pipelines, works, plant and equipment and is primarily a low pressure system (including without limitation *lines and equipment*, valves, meters, regulators and machinery);
- *gas service(s)* as defined in the Act means:
 - i. The gas that is provided and delivered, and
 - ii. The services associated with the provision and delivery of the gas, including:
 - a) arranging for the exchange or purchase of the gas,

- b) making financial arrangements to manage the financial risk associated with the price of gas,
 - c) arranging for *gas distribution service*,
 - d) arranging for delivery of gas to the gas distributor's specified receipt points or points,
 - e) storage,
 - f) billing, collections and responding to customer billing inquiries,
 - g) maintaining information systems, and
 - h) any other services specified by the Minister by Order as *gas services*.
- *Gas Utilities Act* or *Act* means the *Gas Utilities Act (R.S.A. 2000, c. G-5)*, as amended from time to time;
 - *good payment history* means, at a particular time, your account has not been in 60-days arrears more than once, or 30-days arrears more than twice, in the previous 12 months;
 - *lines and equipment* means all the facilities of our *gas distribution system* leading up to the *delivery point* and anything else we own and install to provide you with *gas distribution service* – *lines and equipment* exclude gas appliances or secondary gas lines you own, whether or not we sold them to you or installed them for you;
 - *our system* means our *gas distribution system*;
 - *retail supply* means *gas services* provided by a *retailer*;
 - *retailer* means a person or company other than us that sells *gas services* directly to our customers and is entitled to enrol our customers for that purpose within our service area;
 - *service agreement* means the agreement between us, as the provider of *utility service*, and you, as our customer, whether the agreement is made by signing a contract or simply by providing you with *utility service* on the basis of these Rules;
 - *service land* means the parcel of land where the *service site* is located;
 - *service requirements* means any or all of the hourly or daily volume of gas, the energy content of the gas, and the pressure and temperature at which the gas is delivered, to provide the *utility service*
 - *service site* means the building or thing we deliver gas to, or provide *gas distribution service* at, under the *service agreement*;
 - *utility service* means *gas distribution service*, by itself, or *gas distribution service* and *default supply* together, as defined in the *Gas Utilities Act (R.S.A. 2000, c. G-5)*.

AltaGas Utilities Inc. Special Charges Schedule

In a number of places the Natural Gas Utility Service Rules refer to special charges for some services. Following is a list of the charges, as approved by the Alberta Utilities Commission, when initially established. However, for the most current list of our standard non-refundable contributions, please go to www.altagasutilities.com or contact us toll-free using our General Inquiry phone number to find current rates. For a current list of charges, please refer to our website at www.altagasutilities.com or contact us at the numbers provided at the end of these Rules:

Special Charge	Fee
Account Activation Fee.....	\$ 35
Remove and test meter - per meter:	
Residential	\$ 75
Other	Actual Cost
Special meter readings - each time.....	\$ 35
Reconnection Fee:	
Residential	\$ 50
Other (except Irrigation).....	Actual Cost
Irrigation Disconnection/Reconnection Fee:	
Each time (except normal season start and end)	\$ 75
Reinstallation of Meter/Regulator:	
Residential	\$ 75
Other	Actual Cost
Dishonoured payment charge (NSF cheque, etc.) - each time	\$ 25
Cheque certification charge - each time	\$ 10
Any other service at Customer's Request	Actual Cost
Late Payment Percentage	
Applied to any unpaid balance from previous bills.....	1.5%

Note: "Actual Cost", where referenced, means our direct costs for labour, materials, services and equipment plus applicable overheads.

AltaGas Utilities Inc. Special Charges Schedule (continued)

AUC Rule 003 – Service Quality and Reliability Performance Monitoring and Reporting for Regulated Rate Providers and Default Supply Providers

Service Guarantee for Customers Who Purchase Default Supply

We will credit your account with us for \$75 if:

- You were provided written notice of pending disconnection of service in error;
- You were provided written notice of pending referral to a credit agency in error;
- You were referred to a credit agency in error; or
- You experienced disconnection of service in error.

The \$75 credit will not be applied if the error was not made by us or if:

- Our written notice of pending disconnection or pending referral to a credit agency was not issued in error and our notice and your payment crossed in the mail;
- Our written notice of pending disconnection or pending referral to a credit agency was not issued in error and our notice was in mail transit at the time you made or attempted to make payment by visiting the premises of an authorized payment acceptance establishment, such as a bank, trust company or credit union;
- Our written notice of pending disconnection or pending referral to a credit agency was not issued in error and our notice was properly mailed, but you did not pick up the mail from locations, such as a post office, super mail box or home mail box;
- Our written notice of pending disconnection or pending referral to a credit agency was not issued in error and our notice was undelivered by the mail delivery service;
or
- You attempted to make payment to one of our employees or someone hired by us to disconnect your *service site* and the disconnection was not in error, but that person was not authorized to accept payment.

AltaGas Utilities Inc. Special Charges Schedule (continued)

Non-Refundable Contributions

Applications for service will require a non-refundable contribution. In most cases, a standard contribution is all that is required. Services uneconomic with a standard contribution will require an additional non-refundable contribution.

Standard Non-Refundable Contributions

Standard contributions are filed for acknowledgment with the Commission when they are initially established and, thereafter, whenever they are changed. For a current list of our standard non-refundable contributions, please go to www.altagasutilities.com or contact us toll-free using our General Inquiry phone number to find current rates.

Non-Standard Non-Refundable Contributions

Winter Construction – Should the service be requested for installation under winter construction conditions, the customer is responsible for the incremental frost charges.

Other – If it is not economic to consider an application for service under a standard contribution, it will be evaluated individually to determine a specific, non-refundable contribution.

Calculation of Specific Non-Refundable Contributions

The calculation of a specific non-refundable contribution will be based on a net present value analysis applying the following criteria:

- a) An estimate of the total capital costs of providing service;
- b) An estimate of the total annual operating costs of providing service;
- c) The *Commission*-approved return on common equity, interest rate, depreciation rates, income taxes and capital structure;
- d) An estimate of the expected net revenue that will accrue from the addition of the service.

The additional contribution will be the amount required to make the net present value of the revenue stream equal the revenue requirement stream.

AltaGas Utilities Inc. Special Charges Schedule (continued)

Additional Criteria:

- Rate 1/11 – Town – A *service site* located within an incorporated municipality, such as a village, town or city;
- Rate 1/11 – Rural Subdivision – A *service site* not defined as „Town’, but located in an AltaGas Utilities Inc. designated subdivision;
- Rate 1/11 – Rural Other – A *service site* which is neither defined as „Town’ nor „Rural Subdivision’
- Other – A *service site* which is served under any rate other than Rate 1/11.

AltaGas Utilities Inc. Contact Information

The following information was current at the time these Rules were prepared. Please refer to our website, your local telephone listings or other trustworthy source for updates to this information.

AltaGas Utilities Inc.

General Inquiry (toll-free).....1-866-222-2067
Credit & Collections (toll-free).....1-866-222-2069
Meter Reads (toll-free).....1-866-222-2070

24-HOUR EMERGENCY

Toll-Free1-866-222-2068
Direct.....1-780-980-6701

Websitewww.altagasutilities.com

Call Before You Dig!

Alberta One-Call

Toll-Free1-800-242-3447
Websitewww.alberta1call.com

Retail Market Inquiries

Utilities Consumer Advocate

Toll-Free In Alberta 310-4822
Outside of Alberta.....780-644-5130
Websitewww.ucahelps.gov.ab.ca

ALTAGAS UTILITIES INC.
DEMAND GENERAL SERVICE CONTRACT
for
Customer Served by Optional Rates 3 or 13

Contract Number

DEMAND GENERAL SERVICE CONTRACT
FOR CUSTOMERS SERVED BY OPTIONAL RATES 3 OR 13

THIS GAS DISTRIBUTION SERVICE CONTRACT
FOR CUSTOMERS SERVED BY OPTIONAL RATES 3 OR 13 (the Contract)

made as of _____, _____, _____
Month Day Year

BETWEEN:

[CUSTOMER]

a body corporate, carrying on business
in the Province of Alberta
(the Customer),

OF THE FIRST PART,

- and -

ALTAGAS UTILITIES INC.

a body corporate, carrying on business
in the Province of Alberta
(AUI),

OF THE SECOND PART

WHEREAS:

- a) AUI owns and operates a Gas Distribution System within the Province of Alberta; and
- b) The Customer and/or Customer's Retailer (the Retailer) has requested AUI provide Gas Distribution Service under Optional Rates 3 or 13 for the purpose of providing Gas Distribution Service to the Customer;

AUI and the Customer acknowledge and agree, in consideration of the following rights and obligations:

ARTICLE 1
DEFINITIONS

- 1.1 The words, terms, and phrases used in this Contract will, unless otherwise defined in the Contract or unless the context otherwise requires, have the meanings given to them in the *Gas Utilities Act, R.S.A. 2000, c. G-5* (the Act), the AUI Natural Gas Utility Service Rules (the Natural Gas Utility Service Rules) and the AUI Retailer Distribution Service Rules (the Retailer Distribution Service Rules).

ARTICLE 2
RATE SCHEDULE AND TERMS AND CONDITIONS

- 2.1 The Customer acknowledges receipt of a current copy of AUI's Rate Schedule (the Rate Schedule), attached to the Contract and marked as Schedule A, and agrees the Rate Schedule, as amended by AUI and approved by the Commission from time to time, is fully incorporated as an integral part of this Contract.
- 2.2 The Customer acknowledges receipt of a current copy of the Natural Gas Utility Service Rules and the Retailer Distribution Service Rules, attached to the Contract and marked as Schedule B, and agrees the Natural Gas Utility Service Rules and the Retailer Distribution Service Rules, as amended by AUI and approved by the Commission from time to time, are fully incorporated as an integral part of this Contract.

ARTICLE 3
TERM

- 3.1 AUI may terminate this Contract at any time:
- a) if any one or more of the conditions in Article 4 of this Contract has not been met or is not being complied with by the Customer; or
 - b) in accordance with the terms and conditions specified in the Natural Gas Utility Service Rules or Retailer Distribution Service Rules.
- 3.2 This Contract will terminate in accordance with, and on the terms and conditions prescribed by, any Order of the Commission pursuant to the Act.
- 3.3 Notwithstanding any other provision in this Contract, the obligations of the Customer and AUI set out in Articles 2, 3, 4, 5, 6 and 7 will be in effect at all times.

ARTICLE 4
CONDITIONS TO PROVISION OF GAS DISTRIBUTION SERVICE

- 4.1 The obligation of AUI to provide Gas Distribution Service to the Customer will be subject to the Customer satisfying all of the conditions prescribed by the Act, the Rate Schedule, the Natural Gas Utility Service Rules and the Retailer Distribution Service Rules.

ARTICLE 5
DELIVERY POINTS

5.1 Point of Delivery (complete as applicable):

Legal address: _____

Municipal address: _____

Street: _____

Municipality: _____

Province: _____

5.2 Customer Information:

Customer Name: _____

Account No.: _____

Site ID/Premise No.: _____

Contact Information:

Name: _____

Title: _____

Phone No.: _____

E-mail: _____

Contact Mailing Information:

Street: _____

Municipality: _____

Province: _____

Postal Code: _____

Customer:

Address: _____

City, Province: _____

Postal Code: _____

Attention: _____

Fax No.: _____

8.2 Any party may change the address for notification by giving written notice to the other.

ARTICLE 9 **GENERAL**

9.1 Neither party may disclose any Confidential Information obtained pursuant to this Contract to any person without the express prior written consent of the other party. As used in this Article, the term “Confidential Information” will include all business, financial and commercial information pertaining to parties, the customers of either party, suppliers of either party, personnel of either party, any trade secrets and/or information of a similar nature.

9.2 Notwithstanding the preceding paragraph, a receiving party may disclose Confidential Information to any governmental, judicial or regulatory authority requiring such Confidential Information pursuant to any applicable law, regulation, ruling or order, provided:

- a) such Confidential Information is submitted under the applicable provision, if possible, for confidential treatment by such governmental, judicial, or regulatory authority;
- b) prior to such disclosure, the other party is given prompt notice of the disclosure requirement; and
- c) prior to such disclosure, the other party is provided a reasonable opportunity to make submissions to the applicable governmental, judicial or regulatory authority concerning the appropriateness of having the confidential information disclosed, or the need to maintain the relevant information as confidential and/or such other submissions as the other party may consider reasonable and necessary in regards to the confidential information.

9.3 **This Contract will be binding upon and enure to the benefit of AUI and the Customer and their respective successors and permitted assigns.** The rights of the Customer under this Contract may not be assigned without the prior written consent of AUI. The rights of AUI under the Contract may be assigned at any time.

-
- 9.4 If any provision of this Contract is determined to be invalid, illegal or unenforceable in any respect, then, to the extent of such invalidity, illegality or unenforceability, such provision will be severed from this Contract and the Contract will be interpreted and construed without reference to the severed provision(s) and the validity, legality or enforceability of the remaining provisions contained in this Contract will not, in any way, be affected or impaired.
- 9.5 Except as provided in Articles 2.1, 2.2, and 9.7 of this Contract, no modification of, or amendment to, this Contract will be valid or binding unless in writing and duly executed by AUI and the Customer. A waiver of any default, breach or non-compliance under this Contract is not effective unless in writing and signed by the party to be bound by the waiver. No waiver will be inferred from, or implied by, any act or delay in acting by a party in respect of any default, breach or non-observance or by anything done or omitted to be done by the other party. The waiver by a party of any default, breach or non-compliance under this Contract will not operate as a waiver of that Party's rights under this Contract in respect of any continuing or subsequent default, breach or non-observance (whether of the same or any other nature).
- 9.6 This Contract will be governed by the laws of the Province of Alberta and the federal laws of Canada, as applicable, and is subject to all applicable legislation, including the *Gas Utilities Act* and the regulations made thereunder, and all applicable orders, rulings, regulations and decisions of the Commission or any other regulatory authority having jurisdiction over AUI.
- 9.7 This Contract may be signed in counterparts and each counterpart will constitute an original document and each counterpart, taken together, will constitute one and the same instrument. Counterparts may be executed either in original or facsimile form and the parties adopt any signatures received by a receiving fax machine or email transmission as original signatures of the parties.

IN WITNESS WHEREOF this Contract has been properly executed by the Customer and AUI effective as and from the date first written above.

ALTAGAS UTILITIES INC.

Per: Signature _____ Name _____
(Please Print)

Date _____
Year/Month/Day

Per: Signature _____ Name _____
(Please Print)

Date _____
Year/Month/Day

CUSTOMER

Per: Signature _____ Name _____
(Please Print)

Date _____
Year/Month/Day

Per: Signature _____ Name _____
(Please Print)

Date _____
Year/Month/Day

SCHEDULE A
RATE SCHEDULE
(see attached)

SCHEDULE B
TERMS AND CONDITIONS OF SERVICE
(see attached)

AltaGas Utilities Inc.
RETAILER DISTRIBUTION
SERVICE RULES

Effective: March 8, 2011

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ARTICLE 1 – Context

1.1. Application

These Retailer Distribution Service Rules are part of every Service Contract of AltaGas Utilities Inc.

1.2. Relationships

These Retailer Distribution Service Rules govern the relationship between AUI and the Retailer or any Agent acting on behalf of the Retailer. These Retailer Distribution Service Rules also govern the relationship between AUI and the Customer. These Retailer Distribution Service Rules complement AUI's Commission-approved Natural Gas Utility Service Rules, are part of AUI's Gas Distribution Tariff and must be approved by the Commission. They apply to every Retailer unless varied by an Order of, or agreement approved by, the Commission.

1.3. Customers and Agents

Where the Customer has appointed the Retailer to act on the Customer's behalf, the Retailer will act in place of the Customer. Notwithstanding the foregoing, where the Retailer requires AUI to bill for Gas Distribution Service separately, AUI reserves the right to bill the Customer directly and receive payments for Gas Distribution Service directly from the Customer. Under this arrangement, AUI's Natural Gas Utility Service Rules apply with respect to payment terms for the Customer.

1.4. Applicable Rate

When accepting a Service Contract, AUI will designate the rate to be applied to the service in accordance with the Natural Gas Utility Service Rules.

1.5. Definitions

The following words or terms, when used in these Retailer Distribution Service Rules, the Rate Schedule or in a Service Contract will, unless the context otherwise requires, have the following meanings:

“Act” means the *Gas Utilities Act – R.S.A. 2000 c.G-5*, as amended from time to time, and any legislative enactment in substitution or replacement thereof;

“Agent” means a person who performs functions on behalf of a Retailer, including, but not limited to, retailer transactions with AUI;

“AltaGas Utilities Inc.” or “AUI” means AltaGas Utilities Inc. or its successor;

“ATCO” means ATCO Gas and Pipelines Ltd., or its successors;

“AUC” means the Alberta Utilities Commission;

“AUI Emergency Phone Number” means AltaGas Utilities Inc.’s Emergency Phone Number as provided on AUI’s website at www.altagasutilities.com. At the time these Retailer Distribution Service Rules were prepared, the AUI Emergency Phone Number was 1-866-222-2068.

“AUI General Inquiry Phone Number” means AltaGas Utilities Inc.’s General Inquiry Phone Number as provided on AUI’s website at www.altagasutilities.com. At the time these Retailer Distribution Service Rules were prepared, the AUI General Inquiry Phone Number was 1-866-222-2067.

“Billing Commencement Date” means the commencement date for assessing the tariffs and charges set forth in these Retailer Distribution Service Rules or the Date of Initial Delivery, whichever date first occurs. However, the Billing Commencement Date may be adjusted by AUI if AUI is unable to commence Gas Distribution Service under the Service Contract on such date;

“Business Day” is any day other than Saturday, Sunday, or a holiday as defined in the *Interpretation Act, R.S.A. 2000, c 1-8*, as amended from time to time and any legislative enactment in substitution or replacement thereof;

“Code of Conduct Regulation” means the *Code of Conduct Regulation, A.R. 183/2003*, as amended from time to time and any legislative enactment in substitution or replacement thereof;

“Commission” means the Alberta Utilities Commission or AUC;

“Consumer” means a person who enters into a marketing contract to purchase less than 2500 gigajoules of gas per year as defined in the *Energy Marketing and Residential Heat Sub-Metering Regulation, A.R. 246/2005*, as amended from time to time, and any legislative enactment in substitution or replacement thereof;

“Contract Demand” means the maximum quantity of Gas in any consecutive twenty-four (24) hour period AUI is obligated to deliver to the Point of Delivery, as agreed between the parties to the Service Contract;

“Customer” means a person, firm, partnership, corporation or organization, served under Rates 11, 12, 13, or 14 pursuant to the Rate Schedule, consuming Gas in end-use at its location and is connected to the Gas Distribution System;

“Customer Billing Information” means the information required to be included in the Customer’s bill issued by the Retailer as required by the *Natural Gas Billing Regulation, A.R. 185/2003* and provided by AUI;

“Customer Information” means a Customer’s name, telephone number(s), mailing address, Site-specific contact information and other information required by AUI to provide a Customer with safe, reliable Gas Distribution Service;

“Customer Usage Information” means information regarding the historical consumption of a Customer as it applies to Article 4.2;

“Date of Initial Delivery” means the date AUI commenced Gas Distribution Service under the Service Contract;

“Day” means a period of twenty-four (24) consecutive hours, beginning and ending at eight hours (08:00), Mountain Standard Time;

“Defaulting Party” will have the meaning set out in Article 14;

“Gas” means all natural gas, both before and after it has been subjected to any treatment or process by absorption, purification, scrubbing or otherwise, and includes all fluid hydrocarbons;

“Gas Distribution Service” means the service required to deliver Gas to a Customer by means of the Gas Distribution System and includes any services AUI is required to provide by the Commission or under the Act or regulations made thereunder;

“Gas Distribution System” means all facilities owned or used by AUI to deliver Gas to a Customer through a system of pipelines, works, plant and equipment that is primarily a low pressure system, including, without limitation, valves, meters, regulators and machinery;

“Gas Distribution Tariff” means AUI’s distribution tariff, including its rates, tolls, charges and terms and conditions of service fixed by the Commission, as defined in the Act, and amended from time to time;

“Gas Services” as defined in the Act means:

- i. The Gas provided and delivered, and
- ii. The services associated with the provision and delivery of the Gas, including
 - a) Arranging for the exchange or purchase of the Gas;
 - b) Making financial arrangements to manage the financial risk associated with the price of gas;

- c) Arranging for Gas Distribution Service;
- d) Arranging for delivery of Gas to specified Point(s) of Receipt on the Gas Distribution System;
- e) Storage;
- f) Billing, collection and responding to customer billing inquiries;
- g) Maintaining information systems; and
- h) Any other services specified by the Minister by Order as Gas Services;

“GJ” means gigajoules or one billion (1,000,000,000) joules;

“Imbalance Account” has the meaning set out in Article 7.2;

“Imbalance Quantity” means the difference between the total number of GJ contained in the Gas received by AUI at the Point of Receipt, less Unaccounted-For-Gas, and the total number of GJ contained in the Gas AUI delivered to the Customer at the Point of Delivery;

“J” means joule;

“Month” means a period beginning at eight hours (08:00), Mountain Standard Time, on the first Day of a calendar month and ending at eight hours (08:00), Mountain Standard Time, on the first Day of the next succeeding calendar month;

“Monthly Imbalance Quantity” means the Imbalance Quantity for a Month;

A positive Monthly Imbalance Quantity or excess refers to a situation where the total number of GJs contained in the Gas received by AUI at the Point of Receipt in such Month is greater than the total number of GJ contained in the Gas AUI delivered to the Customer, plus Unaccounted-For-Gas, at the Point of Delivery in such Month.

A negative Monthly Imbalance Quantity or deficiency refers to a situation where the total number of GJs contained in the Gas received by AUI at the Point of Receipt in such Month is less than the total number of GJ contained in the Gas AUI delivered to the Customer, plus Unaccounted-For-Gas, at the Point of Delivery in such Month.

“Natural Gas Utility Service Rules” means the AUI Natural Gas Utility Service Rules, as amended by AUI and approved by the Commission, from time to time;

“Nomination” means a written or electronic request for Gas to flow at a Point of Receipt or a Point of Delivery at a specified rate of flow, commencing at a specified time; or, a specified quantity on a specified date;

“Nomination Quantity” has the meaning set out in Article 7.1;

“Non-Defaulting Party” has the meaning set out in Article 14;

“Notice of Non-Renewal” has the meaning set out in Article 11.2;

“Point of Delivery” means the point or points on AUI’s system where AUI delivers from the Gas Distribution System to the Customer the Gas delivered under the Service Contract;

“Point of Receipt” means the point on AUI’s system where the Gas to be delivered under the Service Contract first enters the Gas Distribution System;

“R3 Regulation” means the *Roles, Relationships and Responsibilities Regulation, A.R. 186/2003*, as amended from time to time and any legislative enactment in substitution or replacement thereof;

“Rate Schedule” means the Gas Distribution Tariff rate schedule, including the general conditions of service, any applicable gas distribution service rates and any applicable rate riders and/or such other rate schedule(s) as may be approved for AUI by the Commission, from time to time;

“Retailer” means a person or company other than AUI selling Gas and Gas Services directly to Customers and that is entitled to enrol Customers for that purpose within AUI’s service area. The term “Retailer” includes Self-Retailers and Agents acting on behalf of Retailers;

“Retailer Distribution Service Rules” means the AUI Retailer Distribution Service Rules;

“Retailer of Record” means the Retailer listed in AUI’s records through the procedures outlined in these Retailer Distribution Service Rules and recognized by AUI pursuant to these Retailer Distribution Service Rules as a particular Customer’s Retailer for a Site at a particular time;

“Retailer ID” means the unique identifier for each Retailer operating within Alberta, as referenced in Rule 004, Rule 010 and Rule 021;

“Rule 004” means AUC Rule 004 - Alberta Tariff Billing Code Rules, as set by the Commission and amended from time to time;

“Rule 010” means AUC Rule 010 - Rules on Standards for Requesting and Exchanging Site-Specific Historic Usage Information for Retail Electricity and Natural Gas Markets, as set by the Commission and amended from time to time;

“Rule 021” means AUC Rule 021 - Settlement System Code Rules, as set by the Commission and amended from time to time;

“Self-Retailer” means a Customer carrying out Retailer functions to obtain Gas solely for its own use;

“Service Contract” means the Retailer Distribution Service Contract between AUI and the Retailer, or between AUI and a Self-Retailer, including all schedules attached to the Contract and these Retailer Distribution Service Rules;

“Site” means a unique end-use Point of Delivery, being the finest level where settlement recognizes Retailer assignments and receives consumption data;

“Site ID” means a unique identification number assigned by AUI for each Site;

“Special Charges Schedule” means the Special Charges Schedule found in the AUI Natural Gas Utility Service Rules;

“Specific Facilities” means those facilities installed by AUI for the benefit of the Customer and required to deliver Gas;

“TCPL” means TransCanada Pipeline Ltd., including NOVA Gas Transmission Ltd. and their successor(s);

“Unaccounted-For Gas” means a Customer’s share of AUI’s line loss, unaccounted-for gas and compressor fuel at the Customer rates specified in the Rate Schedule;

“Year” means a period commencing on the Billing Commencement Date or anniversary of same and ending on the next succeeding anniversary of the Billing Commencement Date.

1.6. Conflict

If there is any conflict between a provision expressly set out in an Order of the AUC and these Retailer Distribution Service Rules, the Order of the AUC will govern.

1.7. Interpretation

- (1) In the interpretation of the Service Contract, words in the singular will be read and construed in the plural or words in the plural will be read and construed in the singular where the context so requires.
- (2) The headings used throughout the Service Contract are inserted for reference only and are not to be considered or taken into account in construing the terms or provisions of any article, clause or schedule nor are they to be deemed in any way to qualify, modify or explain the effect of any such provisions or terms.

- (3) The definitions of all units of measurement and their prefixes used throughout the Service Contract will be in accordance with the International System of Units.

ARTICLE 2 – General Provisions

2.1. Distribution Only

The Service Contract is solely for Gas Distribution Service and the Retailer and the Customer do not acquire any title or interest in the Gas Distribution System of AUI, nor does AUI acquire any title or interest in the Gas being delivered under the Service Contract.

2.2. New Gas Distribution System or Additional Services

AUI reserves the right to communicate directly with the Customer in respect of any requests made by the Customer or a party acting on the Customer's behalf for the construction of new Gas Distribution System facilities or additional services, as provided for in the *Natural Gas Billing Regulation, A.R. 185/2003*, as amended from time to time.

2.3. Gas Under AltaGas Utilities Inc. Control

Gas delivered to AUI by the Retailer for Gas Distribution Service will be under the exclusive control of AUI from the time such Gas is accepted at the Point of Receipt until delivered to the Point of Delivery.

2.4. AltaGas Utilities Inc. Determines Routing

AUI does not dedicate the Gas Distribution System or any segment of the Gas Distribution System for Gas Distribution Service for the Retailer or the Customer and, accordingly, the routing and facilities used for Gas Distribution Service for the Retailer will be at AUI's discretion and may change from time to time.

ARTICLE 3 – General Obligations of the Retailers

3.1. Timeliness and Due Diligence

- (1) The Retailer is required to exercise due diligence and use reasonable efforts in meeting its obligations under these Retailer Distribution Service Rules and perform its obligations in a timely manner.
- (2) The Retailer must adhere to all credit, deposit and security requirements specified in these Retailer Distribution Service Rules.

- (3) The Retailer is required to make every reasonable effort to ensure the Customer is aware of the provisions of these Retailer Distribution Service Rules and the Natural Gas Utility Service Rules.

3.2. Arrangements with the Customer

Unless otherwise stated in these Retailer Distribution Service Rules, the Retailer will be solely responsible for having appropriate contractual or other arrangements with the Customer necessary to provide service to the Customer. AUI is not responsible for monitoring, reviewing or enforcing such contracts or arrangements and is not liable for any loss, damages, cost, injury, expense or other liability, whether direct, indirect, consequential or special in nature, howsoever caused, as a result of the Retailer's failure to perform obligations to the Customer.

3.3. Responsibility for Gas Services

The Retailer will be solely responsible for the provision of Gas Services, including, without limitation, the purchase of Gas supply, delivery of such Gas to the Point of Receipt and arranging for Gas Distribution Service of such Gas to the Point of Delivery for the Customer, subject to these Retailer Distribution Service Rules.

3.4. Customer Authorization

The Retailer is responsible for obtaining the Customer's authorization to enrol the Customer for receipt of Gas Distribution Service. For the purpose of Gas Services, the Retailer is responsible for obtaining any consent(s) required under the Code of Conduct Regulation and the *Personal Information Protection Act SA 2003 c. P-6.5*, as amended, or any similar or replacement legislation.

3.5. Retailer ID

Any information exchange or communications between the Retailer and AUI under these Retailer Distribution Service Rules must include the Retailer's Retailer ID.

3.6. Single Retailer for Customers

AUI is not required to recognize and deal with more than one Retailer per Customer in respect of a Point of Delivery at any given time. Nothing in these Retailer Distribution Service Rules prohibits a Customer from entering into arrangements with multiple Retailers for a Point of Delivery provided a single Retailer is designated to be the Customer's Retailer for purposes of these Retailer Distribution Service Rules.

ARTICLE 4 – Customer Inquiries and Customer Information

4.1. Customer Inquiries Related to Emergency, Outage, Safety and Environmental Situations

The Retailer must ensure Customers contacting the Retailer regarding distribution emergency conditions, outages, safety or environmental situations related to the Gas Distribution System are immediately transferred to AUI using the AUI Emergency Phone Number. If the Retailer is unable to transfer a call to AUI, the Retailer will provide the AUI Emergency Phone Number to the Customer. At the time these Retailer Distribution Service Rules were prepared, the AUI Emergency Phone Number was 1-866-222-2068.

For continued quality customer care and for safety purposes, AUI may test or audit the time required by the Retailer to respond to such situations and communicate to the Retailer results considered by AUI to require corrective action by the Retailer.

4.2. Standard Requests for Customer Usage Information Pursuant to Rule 010

- (1) Requests for Customer Usage Information pursuant to Rule 010 will be processed accordingly, provided AUI has received a representation and warrant document signed by the Retailer in a form acceptable to AUI.

4.3. Non-Standard Requests for Customer Usage Information

- (1) Requests for Customer Usage Information not intended to conform to Rule 010 are considered non-standard.
- (2) Before AUI will process a non-standard Customer Usage Information request, AUI must receive a properly completed “Consent for Collection, Use, and Release of Customer Information” form (See Schedule A) signed by the Customer. Thereafter, AUI will process the request in accordance with the Code of Conduct Regulation.
- (3) The Customer Usage Information referenced in section 4.3 will be provided by AUI once per year, per Site, at no cost. AUI reserves the right to assess a charge at actual cost for requests for Customer Usage Information beyond the requirements of the Code of Conduct Regulation or additional requests within one year for the same Customer at the same Site.

4.4. Provision of Customer Information to AltaGas Utilities Inc.

- (1) The Retailer must notify AUI of any amendments to Customer Information, as AUI relies on this information to reasonably perform its service obligations to the Customer.

- (2) Such information must be provided pursuant to Rule 021, as soon as reasonably practical in the circumstance and in any event within five (5) Business Days of the Retailer becoming aware of the change.
- (3) For continued quality customer care and for safety purposes, at a minimum, the Customer Information transaction to be provided by the Retailer will include:
 - Customer name (first and last)
 - on Site contact name (if different than above, first and last)
 - contact phone number (land line and/or cell)
 - Site ID
 - critical to have gas (yes or no)
 - critical to have gas reason
- (4) AUI will not accept a Customer Information transaction failing to contain the minimum data requirements specified in section 4.4(3). Upon receipt of an unacceptable Customer Information transaction, AUI will notify the Retailer of the error pursuant to Rule 021. The Retailer will re-submit a corrected Customer Information transaction as soon as reasonably practical in the circumstance and in any event within five (5) Business Days of the Retailer being notified of the rejected transaction.
- (5) AUI is not liable for any loss, damages, cost, injury, expense or other liability, whether direct, indirect, consequential or special in nature, howsoever caused, as a result of the Retailer's failure to provide up-to-date and accurate Customer Information to AUI.
- (6) For continued quality customer care and for safety purposes, AUI may audit the Customer Information provided by the Retailer and communicate to the Retailer results considered by AUI to require corrective action by the Retailer.
- (7) AUI reserves the right to assess a charge for additional processing work undertaken by AUI as a result of inaccurate Customer Information provided by the Retailer.

ARTICLE 5 – Provision of Service

5.1. Request for Service

When the Retailer requests Gas Distribution Service from AUI, AUI must inform the Retailer of the conditions to be satisfied before a Service Contract can be accepted and service commenced. The Retailer must provide any information AUI reasonably requires to assess the request. AUI may reject the request if the Retailer wants non-standard conditions or if facilities are not available to provide safe and adequate service.

5.2. Qualification for Service

The Retailer must fulfill the following requirements to the satisfaction of AUI before AUI will provide Gas Distribution Service to the Retailer:

- (1) Submit to AUI a fully completed, executed Service Contract and credit application;
- (2) Satisfy the credit requirements of AUI as set forth in these Retailer Distribution Service Rules and the *Natural Gas Billing Regulation, A.R. 185/2003*, as amended from time to time;
- (3) For the Retailers providing Gas Services to Consumers, as defined in the *Energy Marketing Regulation, A.R. 246/2005*, furnish a certified copy of the license issued to it;
- (4) For all the Retailers providing Gas Services to Consumers, warrant in writing to AUI it will comply with the provisions of the *Fair Trading Act, R.S.A 2000 c. F-2*, and any regulations or policies made thereunder;
- (5) Meet any other requirements AUI, acting reasonably, may impose to provide Gas Distribution Service hereunder. If AUI determines additional requirements must be satisfied to qualify for Gas Distribution Service, the following process will apply:
 - a) Where AUI is confronted with a situation it, in its sole discretion, considers would materially alter the risk to AUI, or where AUI must impose additional requirements to comply with applicable legislation, AUI may implement the additional requirement and then apply to the Commission for approval of same; or,
 - b) Where AUI is not confronted with the circumstances outlined in (a) above, AUI will apply to the Commission for approval of the proposed additional requirement prior to implementing same.

5.3. Provision of Gas Distribution Service

Upon satisfaction of the requirements in Article 5.2, AUI will provide Gas Distribution Service to the Retailer, on behalf of the Customer, subject to these Retailer Distribution Service Rules and the Natural Gas Utility Service Rules. Subject to complying with all applicable laws, and the directions or requirements of any of those mentioned above, AUI reserves the right, upon giving the Retailer three (3) Business Days notice, acting reasonably, to discontinue Gas Distribution Service to the Retailer, if at any time the Retailer no longer fulfills the above requirements.

5.4. Specific Facilities

The Retailer may be required to pay a contribution towards AUI's cost of installing any Specific Facilities required to provide Gas Distribution Service.

5.5. Application for Enrolment

- (1) To initiate the provision of Gas Distribution Service, the Retailer must complete and provide a Service Contract to AUI. Where practicable, a single Service Contract between AUI and the Retailer will be used to serve all Customers under Rates 11, 12, 13, and 14.
- (2) Subject to the Retailer meeting the provisions of these Retailer Distribution Service Rules, AUI will accept an enrolment by the Retailer for provision of Gas Distribution Service.
- (3) Upon receipt of a valid enrolment from the Retailer, AUI may accept the enrolment of the Retailer and, if accepted, will recognize the Retailer as the Retailer of Record for that particular Site.
- (4) Enrolments will be processed by AUI in the order they are received.
- (5) Enrolments will be processed by AUI in accordance with Rule 004 and Rule 021.
- (6) AUI will normally estimate the meter reading for each Customer enrolled. If the Retailer requests a special off-cycle meter reading, AUI will make one attempt to read the meter and will assess a Special Meter Reading charge to the Retailer, as set forth in the Special Charges Schedule. If AUI cannot access the meter for a reading, AUI will estimate the meter reading. AUI will obtain or estimate the meter reading in accordance with the Natural Gas Utility Service Rules.
- (7) If more than one enrolment is received for a Site in one Day, AUI will accept only the first valid enrolment received that Day.
- (8) If a Retailer finds it has enrolled a Site in error, the Retailer must notify AUI as soon as reasonably possible of the error. Upon receiving notice from the Retailer, AUI will notify the previous Retailer of Record to re-enrol the Site.
- (9) If AUI determines the Customer who is enrolled with the Retailer is indebted to AUI, AUI reserves the right to disconnect Gas Distribution Service to the Customer, as set forth in these Retailer Distribution Service Rules and in accordance with the Natural Gas Utility Service Rules.

- (10) The Retailer will not be liable to AUI for any outstanding indebtedness of the Customer to AUI accruing prior to the receipt by the Retailer of Gas Distribution Service.

ARTICLE 6 – Measurement

6.1. Provision and Ownership

The meters used by AUI to assess the level of Gas Distribution Service charges to the Retailer will be the same meters used to provide the Customer Billing Information to the Retailer. AUI will provide and install all meters for each Point of Delivery in accordance with the Natural Gas Utility Service Rules. Each meter will remain the property of AUI.

6.2. Meter Reading

Billing will be based on actual or estimated usage, in accordance with the Natural Gas Utility Service Rules. AUI reserves the right to assess a Special Meter Reading charge for non-routine reads, as set out in the Natural Gas Utility Service Rules.

6.3. Statutory Standards Apply

All measurements, calculations and procedures used in determining the quantities of Gas delivered at the Point of Receipt or at the Point of Delivery must be in accordance with the *Electricity and Gas Inspection Act R.S. 1985 c.E-4*, as amended, and all applicable regulations issued pursuant thereto.

6.4. Measuring Equipment

All measuring equipment, devices and materials required to measure the Gas at the Point of Receipt or at the Point of Delivery must be installed, maintained and operated by AUI, its agents or third parties acceptable to AUI and must be of standard manufacture and type approved by Industry Canada. The Customer may install and operate check measuring equipment provided it does not interfere with the operation of AUI's equipment or system.

6.5. Testing Measuring Equipment

The accuracy of the measuring equipment must be verified by standard tests and methods acceptable to AUI or upon the reasonable request of the Retailer or the Customer. Tests of such measuring equipment will be made at AUI's expense, except the Retailer or the Customer will bear the expense of tests made at their request if the inaccuracy is found to be within the limits of error allowed in the *Electricity and Gas Inspection Act R.S. 1985 c.E-4*.

6.6. Facilities Interference

In the event the Customer's or the Retailer's facilities interfere with AUI's ability to provide accurate measurement at the Point of Receipt or the Point of Delivery, AUI may, immediately and without prior notice, cease to receive further deliveries of Gas at the Point of Receipt pending the remedying by the Customer or the Retailer of the cause of such interference to the satisfaction of AUI.

6.7. Use of TCPL/ATCO Measurements

Notwithstanding anything contained elsewhere in the Service Contract, AUI and the Retailer agree, at a Point of Delivery or at a Point of Receipt, being either a TCPL/AUI or ATCO/AUI system interconnection, where TCPL's or ATCO's measuring equipment is used or relied upon by AUI for measuring Gas delivered under the Service Contract (rather than AUI measuring equipment), TCPL's or ATCO's measurement and testing of Gas procedures will apply.

6.8. Forecast Quantities

The Retailer agrees to provide to AUI, for planning purposes, such forecasts of future quantities to be delivered under the Service Contract as AUI may request from time to time.

ARTICLE 7 – Gas Supply

7.1. Nominations

Subject to the other provisions of this Article, AUI agrees to receive from the Retailer the quantity of Gas the Retailer tenders for Gas Distribution Service, including the Retailer's share of AUI's Unaccounted-For Gas. This quantity of Gas will be aggregated with the Gas of all the Customers served by the same Retailer and will form the Nomination Quantity.

7.2. Imbalance Account

- (1) AUI will maintain an Imbalance Account for each Retailer.
- (2) AUI will determine the aggregated Monthly Imbalance Quantity for the Retailer, containing either the excess or deficiency, in gigajoules and record the same in the Imbalance Account.

- (3) The maintenance of the Imbalance Account by AUI will not relieve the Retailer of the Retailer's obligation to balance supply delivered at the Point of Receipt with takes at the Point of Delivery.
- (4) The Retailer is responsible for being informed of the Imbalance Account as recorded by AUI.

7.3. Settlement and Valuation of Imbalances

The Monthly Imbalance Quantity contained in the Imbalance Account will be settled by AUI purchasing from, or selling to, the Retailer the excess or deficiency at the prices and payment terms specified below.

- (1) The Monthly Imbalance Quantity is determined within a reasonable time after all deliveries for the Month have been billed by AUI.
- (2) The value of the Monthly Imbalance Quantity will be based on the corresponding Month's *Canadian Gas Price Reporter Rate 5A*.
- (3) The value of the Monthly Imbalance Quantity excess or deficiency, plus applicable taxes, will be paid by AUI or invoiced to the Retailer by the last Business Day of the second month following the said month of the Monthly Imbalance Quantity.
- (4) Corrections to imbalance quantities due to measurement errors or billing adjustments may be made in subsequent months.

7.4. Overriding Rights and Obligations

Notwithstanding anything contained elsewhere in this Article:

- (1) AUI reserves the right to restrict the flow of Gas at the Point of Delivery or the Point of Receipt to achieve a balance and/or correct any Imbalance Quantity, including, without limitation, situations where the Retailer repeatedly exceeds the Contract Demand without AUI's authorization; and
- (2) The provisions for settlement of the Monthly Imbalance Quantity do not relieve the Retailer of the Retailer's obligation to balance receipts and deliveries of the Customer's Gas into and out of AUI's Gas Distribution System. If the Retailer persistently fails to meet its obligation to balance, AUI may assess a charge to settle such imbalance(s).

7.5. Impaired Deliveries

- (1) If, by reason of the causes set out in Article 7.5(3), AUI is unable, in whole or in part, to deliver the quantities of Gas provided for in the Service Contract, then AUI will be relieved of liability for not delivering such quantities and AUI may curtail or discontinue deliveries of Gas under the Service Contract during the discontinuance and to the extent of the inability. However, AUI will endeavour to give reasonable notice of any curtailment or discontinuance of deliveries arising by virtue of such causes and will promptly endeavour to remedy the cause of any curtailment or discontinuance of deliveries as soon as reasonably possible.
- (2) Such notice will specify AUI's estimate of the duration of any such curtailment or discontinuance of deliveries under the Service Contract.
- (3) The causes referred to above are the necessity, in AUI's sole opinion, of making repairs, modifications or improvements to the Gas Distribution System. However, AUI will, when practicable, endeavour to effect such modifications or improvements, not emergency in nature, at a time and in a manner that does not unduly interfere with or interrupt deliveries of Gas.

ARTICLE 8 – Financial Matters

8.1. Retailer Pays Tariffs

- (1) Commencing on the Billing Commencement Date, the Retailer will pay AUI for those tariffs and charges set forth in the Service Contract as payable by the Retailer.
- (2) The Retailer will not be relieved by Force Majeure from the obligation to pay the charges set forth pursuant to this Article unless Force Majeure has been invoked by AUI.

8.2. Billing

- (1) AUI will render, on a cycle-by-cycle basis, a statement to the Retailer for the total charges payable for Gas Distribution Service and as required in accordance with Article 7 – Gas Supply, and a statement to the Retailer for imbalance settlement in accordance with Article 7.
- (2) AUI may include, in any statement, any adjustments to billings for prior Months. Neither AUI, nor the Customer, nor the Retailer will be entitled to interest on any adjustment.

- (3) AUI reserves the right to bill the Customer directly for any amounts required to be provided by the Customer for Specific Facilities.
- (4) The Retailer is required to provide the Customer with notification of an AUI Gas Distribution Tariff rate change in the billing envelope or through electronic billing at the time of the first charge to the Customer at the new rate. Notwithstanding the foregoing, AUI reserves the right to directly provide the Customer with information about its Gas Distribution Tariff. AUI also reserves the right to contact the Customer directly for comments and receive feedback about AUI's Gas Distribution Service and Gas Distribution Tariff.
- (5) Notwithstanding provisions contained in Article 7.3 – Settlement and Valuation of Imbalances, AUI reserves the right to correct for errors in a previous statement.
- (6) The Retailer will process the Customer payments and handle collection responsibilities. AUI will not assume any billing or collection obligations or responsibilities for, or on behalf of, the Retailer, unless agreed to by written contract between AUI and the Retailer. AUI may, at its sole discretion and in addition to any other remedies available to it, restrict enrolment or terminate Gas Transportation Service provided to the Retailer if the Retailer does not pay all outstanding amounts owed to AUI.

8.3. Payment

- (1) On or before the twenty-first (21st) Day following the rendering of a statement by AUI to the Retailer, the Retailer agrees to pay AUI the total amount payable. The Retailer will pay all amounts owed to AUI for any of the Gas Distribution Services provided by AUI regardless of whether the Customer has paid the Retailer.
- (2) Failure to receive a bill does not release the Retailer from the obligation to pay the amount owing for any of the Gas Distribution Services provided by AUI.
- (3) Each payment must be made in Canadian funds by cheque drawn in AUI's favour and delivered to AUI at the address stated in the Service Contract or by an agreed upon electronic funds transfer.

8.4. Unpaid Bills

- (1) If the Retailer defaults or is late in paying charges, AUI will provide the Retailer notice as required below in Article 8.4(3)(a). AUI will be entitled to draw on the credit facility of the Retailer if the Retailer's arrears are not paid within three (3) Business Days after the date of the notice. The Retailer must provide an additional deposit to replace the funds drawn down because of the default or late payment.

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- (2) AUI will assess the Retailer a late payment charge for any overdue amount, including previous late payment charges. The late payment percentage is set out in the Natural Gas Utility Service Rules. Any payments will first be applied to unpaid balances.
 - (3) If the Retailer defaults in its payments:
 - a) AUI must provide the Retailer with a notice in writing stating the Retailer is in default in its payments to AUI under AUI's terms and conditions of service and advising the Retailer that AUI may make a claim against the Retailer's security if the arrears are not paid within three (3) Business Days after the date of the notice;
 - b) If, after the expiry of the period set out in Article 8.4(3)(a), the Retailer's arrears remain unpaid, AUI may make a claim against the Retailer's security to cover the arrears;
 - c) If the Retailer has provided security in the form of a financial deposit, AUI may deduct from that deposit the amount of the unpaid arrears; and
 - d) If, in the opinion of AUI, the giving of notice in accordance with Article 8.4(3)(a) would impair AUI's ability to make a claim against the Retailer's security or to deduct the unpaid arrears from the Retailer's financial deposit, AUI may make the claim or deduct the unpaid arrears without notice.

8.5. Unauthorized Use

Where AUI determines there has been unauthorized use of Gas Distribution Service or the Gas Distribution System, including, but not limited to, meter or equipment tampering, unauthorized connection or reconnection, theft or fraud whereby AUI is denied full compensation for Gas Distribution Services provided, AUI will bill the Retailer for AUI's estimated Gas Distribution Service charges for such unauthorized use. AUI reserves the right to bill the Retailer for repairs of damage or reconstruction of AUI's Gas Distribution System. Nothing in this Article will limit any other rights or remedies AUI may have in connection with such unauthorized use.

8.6. Disputes

- (1) In the event the Retailer disputes any part of any statement, the Retailer will nevertheless pay to AUI the full amount of the statement when payment is due. Following resolution of any such dispute pursuant to Article 13 – Dispute Resolution, AUI will return any amount found owing to the Retailer.

- (2) The right or ability of the Retailer to dispute a charge for service provided under the Contract or these Retailer Distribution Service Rules will only apply to requests in writing and are limited to charges rendered up to two (2) years prior to the date of written notice of the dispute. AUI reserves the right to assess a charge to the Retailer for administration of a billing dispute raised by the Retailer in circumstances where AUI is not responsible for any error.

8.7. Failure to Pay

In the event the Retailer fails to pay the full amount of any statement within sixty (60) Days after payment is due, AUI, in addition to any other remedy it may have, may suspend Gas Distribution Service provided to the Retailer (upon 48 hours written notice) until full payment is made and such suspension will not terminate or otherwise affect the Retailer's obligations to AUI.

ARTICLE 9 – Discontinuance of Gas Distribution Service

This Article, as amended from time to time, specifies the processes for the transactions between AUI and the Retailer in relation to de-enrolment of a Site, including, without limitation, the circumstances when the Retailer chooses to discontinue Gas Distribution Service for the Customer, as set forth in Article 9.1 of these Retailer Distribution Service Rules, or when AUI discontinues Gas Distribution Service to the Retailer, as set forth in Article 9.2, or when the Retailer fails to provide supply or balance its Imbalance Account, as set forth in Article 9.3.

9.1. Discontinuance by the Retailer

- (1) To discontinue Gas Distribution Service, the Retailer must provide to AUI a notice of de-enrolment of service in accordance with Rule 021.
- (2) AUI will obtain or estimate the meter reading for each de-enrolment in accordance with the Natural Gas Utility Service Rules.
- (3) Notwithstanding the Retailer's responsibilities to provide updated Customer Information pursuant to Article 4 – Customer Inquiries and Customer Information, the Retailer must update Customer Information upon notice of de-enrolment.
- (4) The Retailer will provide AUI with updated Customer Information pursuant to sections 4.4(3) through 4.4(7), inclusive.
- (5) The Retailer is responsible to ensure the Customer is provided notice of the de-enrolment and the consequences of such de-enrolment, including the fact AUI will not be held liable for any disputes as between the Customer and the Retailer.

- (6) Upon receipt of a valid notice of de-enrolment, AUI will process the de-enrolment pursuant to Rule 021.
- (7) The Retailer will remain responsible for Gas Services to the Site until a replacement Retailer is enrolled and in place for the Site, default supply Gas Service is in place for the Site or the Site is permanently disconnected, whichever is earlier.

9.2. Discontinuance by AltaGas Utilities Inc.

- (1) AUI may discontinue or restrict Gas Distribution Service to the Retailer if any of the following occur:
 - a. The Retailer fails to meet its obligations under these Retailer Distribution Service Rules or the Service Contract with AUI,
 - b. The Retailer fails to meet its prudential requirements pursuant to Article 11, or
 - c. The Retailer's license is revoked by Alberta Government Services or another responsible authority.
- (2) Notification of discontinuance will be made electronically to the Retailer. AUI will provide the Retailer three (3) Business Days notice before AUI discontinues Gas Distribution Service to the Retailer. Upon discontinuance of Gas Distribution Service to the Retailer pursuant to this Article, AUI will assume provision of the affected service(s) it is reasonably capable of providing.

9.3. Failure of the Retailer to Provide Supply or Settle Account Imbalance

- (1) AUI may discontinue Gas Distribution Service to the Retailer if AUI, in its sole discretion, determines the Retailer has failed to manage its Imbalance Account in accordance with Article 7 – Gas Supply.
- (2) AUI, in its sole discretion, may discontinue or restrict Gas Distribution Service to the Retailer if the Retailer's nomination for Gas supply was refused in whole or in part by the entity the Retailer has nominated Gas supply from and the Retailer has failed to restore or replace this supply on the same Day the Retailer receives verbal notice from AUI to restore or replace this supply.
- (3) Notification of discontinuance will be made electronically to the Retailer. AUI will provide the Retailer one (1) Business Day notice before AUI discontinues Gas Distribution Service to the Retailer. Upon discontinuation of Gas Distribution Service pursuant to this Article, AUI will assume provision of the affected service(s) it is reasonably capable of providing.

ARTICLE 10 – Service Disconnects and Reconnect

This Article, as amended from time to time, specifies the processes for the transactions between AUI and the Retailer in relation to the physical disconnect of a Site.

10.1. Disconnection of Service

(1) Disconnection by AUI

- a) AUI reserves the right to temporarily or permanently disconnect the Customer from the Gas Distribution System in a number of circumstances, including, but not limited to, non-payment of AUI bills or any past due charges, evidence of safety violations, energy theft or fraud by the Customer, threats or harassment made against employees or agents of AUI, failure to provide access to the Service Site for meter readings or other necessary work or any other failure by the Customer to meet its obligations under the Natural Gas Utility Service Rules.
- b) If the disconnect is a result of a safety violation, AUI will reconnect the service only after the safety problem is resolved and the Customer has provided or paid AUI's costs of providing such devices or equipment as may be necessary to resolve such safety problem and to prevent such damage, interference or disturbance. AUI may assess a Reconnect Fee as set forth in the Special Charges Schedule.

(2) Disconnection at Request of the Retailer

- a) In accordance with the R3 Regulation, the Retailer will have the right to request AUI disconnect Gas Distribution Service to a Site where the Retailer is the Retailer of Record. AUI will process such requests in accordance with Rule 021.
- b) The Retailer of Record will remain responsible for all Gas Services to a Site until one of the following occurs:
 - the de-enrolment effective date in the de-enrolment file is reached;
 - the Site is de-energized;
 - default supply Gas Service is in place for the Site;
 - the Site is enrolled by another Retailer; or
 - the Site is permanently disconnected.
- c) AUI reserves the right to assess charges to the Retailer to disconnect Gas Distribution Service or attempt to disconnect service to the Customer at

actual cost, including, but not limited to, direct labour, materials, services and equipment, plus applicable overheads.

- d) AUI will notify the Retailer if a disconnect request was not successfully completed and include the reason why it was not successfully completed. If the Retailer still requires the Customer to be disconnected, the Retailer must re-issue a disconnect request.
- e) AUI will not be liable to any person for any damages, cost, expense, injury, loss or other liability of any kind, whatsoever or however caused, resulting directly or indirectly from its good faith performance of its responsibilities under the provisions of this Article.

(3) Disconnects Affecting Pipelines and Equipment

- a) If the purpose for a disconnect can be reasonably expected to affect the Gas Distribution System, the Retailer will instruct the Customer to notify AUI of the Customer's plans and provide the Customer with the AUI General Inquiry Phone Number. Such purposes include, but are not limited to, relocation of pipelines and equipment, service site renovations, service site demolition and permanent stoppage in the use of natural gas.
- b) At the time these Retailer Distribution Service Rules were prepared, the AUI General Inquiry Phone Number was 1-866-222-2067.

10.2. Reconnect Service

Before reconnecting or restoring service to a Site:

- a) The Retailer must provide AUI with sufficient notice pursuant to Rule 021 , to reconnect Gas Distribution Service.
- b) AUI reserves the right to assess, in accordance with these Retailer Distribution Service Rules and the Natural Gas Utility Service Rules, a Reconnection Fee and any other applicable charges set forth in the Rate Schedules.

ARTICLE 11 – Prudential Requirements

11.1. Setting of Prudential Requirements

The Retailer must fulfill the requirements set forth in this Article to the satisfaction of AUI before AUI will provide Gas Distribution Service to the Retailer.

- (1) Subject to review and reassessment of the prudential requirements of the Retailer by AUI, from time to time, the Retailer is required to meet and maintain such financial and other prudential requirements as set out in the *Natural Gas Billing Regulation, A.R. 185/2003*, to ensure the Retailer is, and remains, of sufficient financial standing to meet its ongoing financial obligations.
- (2) AUI, subject to review and reassessment, will establish the Retailer's security reduction in relation to its credit rating for each Retailer, affiliate or person who guarantees the financial obligations of the Retailer, subject to sections 6 and 7 of the *Natural Gas Billing Regulation, A.R. 185/2003*, and will notify the Retailer of its security requirement within 20 business days of the Retailer completing and delivering to AUI its application for service.
- (3) For purposes of calculating the amount of the Retailer's security deposit pursuant to section 5(2) of the *Natural Gas Billing Regulation, A.R. 185/2003*, the Retailer must project its payments under AUI's Rate Schedule over a period equal to the lesser of (A) 75 days, or (B) the total of (i) 20 days, plus (ii) the number of days between consecutive bills issued by AUI to the Retailer, plus (iii) the number of days from the issuance of a bill by AUI until payment is due from the Retailer.
- (4) Subject to section 6 of the *Natural Gas Billing Regulation, A.R., 185/2003*, the Retailer must provide security, in the form of a financial deposit, a bond, an irrevocable letter of credit or an irrevocable guarantee from a person, other than the Retailer, with a credit rating.
- (5) AUI will confirm the credit rating of the Retailer, affiliate or person guaranteeing the financial obligation of the Retailer. The credit rating will mean the bond rating according to Standard and Poor's Bond Rating Service or an equivalent bond rating from Dominion Bond Rating Service or Moody's Investors Service.

If the Retailer has obtained more than one credit rating, the lowest credit rating will be used in the assessment.

11.2. Maintaining Prudential Requirements

- (1) If the Retailer's actual outstanding charges under AUI's Rate Schedule are materially greater than the value projected by the Retailer under Article 11.1 of these Retailer Distribution Service Rules, AUI will update the projection and, if additional security is required based on the updated projection, require the Retailer to provide additional security within five (5) Business Days of AUI's request.
- (2) AUI requires Retailers to report any downgrading of their corporate bond rating to AUI within two (2) Business Days of said rating revisions, and must provide any

additional security required as a result of the downgrading within five (5) Business Days of the downgrading.

- (3) Subject to Article 8 of these Retailer Distribution Service Rules, if the Retailer fails to pay any amount billed AUI will apply all or any portion of the Retailer's security deposit to the unpaid amount. The Retailer will then be required to replenish the security deposit within five (5) Business Days.
- (4) Subject to Articles 8 and 9 of these Retailer Distribution Service Rules, if the Retailer fails to pay any amount billed or fails to present additional security as outlined herein, AUI reserves the right to suspend the provision of additional Gas Distribution Service to the Retailer or discontinue Gas Distribution Service entirely to the Retailer. AUI will provide the Retailer notice of discontinuance three (3) Business Days before AUI discontinues Gas Distribution Service to the Retailer.

Upon discontinuance of Gas Distribution Service to the Retailer pursuant to this Article, AUI will assume the provision of the affected service(s) AUI is reasonably capable of providing.

- (5) A Retailer required to provide security in accordance with the *Natural Gas Billing Regulation, A.R. 185/2003* and these Retailer Distribution Service Rules must maintain that amount of security until all obligations of the Retailer under AUI's Gas Distribution Tariff are satisfied. A Retailer providing security, other than by means of a financial deposit held by AUI, must either ensure its security has no expiry date and cannot be terminated or must, at all times, ensure its security is automatically extended from year to year for successive periods of a minimum of one year from any expiration date thereof, unless AUI is notified in writing by prepaid registered mail not less than thirty (30) Days prior to any expiration date, the security will not be renewed for any such additional period (Notice of Non-Renewal).
- (6) Upon receipt of a Notice of Non-Renewal, AUI will provide notice of same in writing to the Retailer advising the Retailer's failure to provide AUI with alternate security meeting the requirements set out in the *Natural Gas Billing Regulation, A.R. 185/2003* within three (3) Business Days after the date of the notice will constitute a breach of the Retailer's obligation to maintain its security in accordance with section 8 of the *Natural Gas Billing Regulation, A.R. 185/2003* and an event of default under Article 14.1 of these Retailer Distribution Service Rules. If, after three (3) Business Days, AUI is not in receipt of such alternate security, the full amount of the Retailer's security determined in accordance with Article 11 of these Retailer Distribution Service Rules will become due and payable to AUI and AUI will be entitled to make demand or claim against the Retailer's security in accordance with Article 8.4.

- (7) In the event of a default by the Retailer, AUI is entitled to recover, as part of the Gas Distribution Tariff, any costs not covered by a claim against the Retailer's security under section 9 of the *Natural Gas Billing Regulation A.R. 185/2003*, as amended from time to time.

11.3. Confidentiality

All information provided by the Retailer in relation to its financial standing and designated by the Retailer as confidential will be treated as such.

11.4. Costs

All costs associated with obtaining financial security and meeting prudential requirements under this Article are the responsibility of the Retailer.

11.5. Interest on Security Deposits

Interest on each Retailer's cash security deposit held by AUI will be calculated at the rate specified, from time to time, in the *Residential Tenancies Act, R.S.A. 2000, c.R-17*. Interest will be credited to the Retailer annually.

ARTICLE 12 – Force Majeure

12.1. Effect of Force Majeure on Breach

Subject to the other provisions of this Article, if either party to the Service Contract fails to observe or perform any of the covenants or obligations herein imposed upon it and such failure is occasioned by, or in connection with, or in consequence of Force Majeure, as hereinafter defined, such failure will be deemed not to be in a breach of such covenants or obligations.

12.2. Meaning of Force Majeure

For the purposes of the Service Contract, "Force Majeure" means any cause, other than financial, beyond the control of the party claiming suspension and the cause could not have been prevented or overcome by due diligence, including, but not limited to:

- a) acts of God, such as lightning, earthquakes, storms, floods, fires, landslides and washouts;
- b) strikes, lockouts or other industrial disturbances;
- c) acts of the Queen's enemy, sabotage, wars, blockades, insurrections, riots, epidemics, civil disturbances, arrests and restraints;

- d) explosions, breakages of or accidents to machinery or lines of pipe;
- e) hydrate obstructions of lines of pipe and equipment;
- f) temporary failures of Gas supply;
- g) freezing of wells or delivery facilities, well blowouts, and craterings; and
- h) the Orders of any court or governmental authority.

12.3. Exceptions to Force Majeure

- (1) Notwithstanding Section 12.2, a Decision, Direction, or Order made by the Commission in the normal course of it exercising its authority to establish the appropriate revenue requirement or rates of the parties to this agreement will not be considered an event of Force Majeure.
- (2) Neither party is entitled to the benefit of the provisions of Article 12.1 under any of the following circumstances:
 - a) to the extent the failure was caused by the sole negligence of the party claiming suspension;
 - b) to the extent the failure was caused by the party claiming suspension having failed to remedy the condition where it is within that party's ability, alone, to do so and to resume the performance of such covenants or obligations with reasonable dispatch;
 - c) if the failure was caused by lack of funds or with respect to the payment of any amount or amounts then due under the Service Contract; or
 - d) unless, as soon as possible after the happening of the occurrence relied upon or as soon as possible after determining the occurrence was in the nature of Force Majeure and would affect the claiming party's ability to observe or perform any of its covenants or obligations under the Service Contract, the party claiming suspension necessarily gives to the other party notice, either in writing or by electronic mail, advising that such party is unable, by reason of Force Majeure (the nature of which to be specified in the notice, to perform the particular covenants or obligations.

12.4. Notice of remedy

Likewise, the party claiming suspension must give notice, as soon as possible after the Force Majeure condition is remedied, that the condition is remedied and such party has

resumed, or is then in a position to resume, the performance of such covenants or obligations.

12.5. Labour Disputes

Notwithstanding anything to the contrary in this Article, expressed or implied, the parties agree the settlement of strikes, lockouts and other industrial disturbances will be entirely within the discretion of the particular party involved in the labour dispute and such party may make settlement of the labour dispute at such time and on such terms and conditions as it may deem advisable. No delay in making such settlement will deprive such party of the benefit of Article 12.1.

ARTICLE 13 – Dispute Resolution

13.1. Resolution by AUI and the Retailer

If any dispute between AUI and a Retailer arises at any time in connection with these Retailer Distribution Service Rules, AUI and the Retailer, acting reasonably and in good faith, will use all reasonable efforts to resolve the dispute as soon as possible in an amicable manner.

13.2. Resolution by Arbitration

If any dispute has not been resolved pursuant to Article 13.1 within thirty (30) Days after notice from AUI or the Retailer to the other of its desire to have the dispute resolved, then the dispute will be resolved pursuant to Articles 13.3 to 13.11 of these Retailer Distribution Service Rules. AUI and the Retailer will abide by the terms of any award rendered by the arbitrator(s) appointed pursuant to these Retailer Distribution Service Rules without delay.

13.3. Arbitrators

All disputes or differences between AUI and the Retailer in connection with these Retailer Distribution Service Rules will be referred (unless AUI and the Retailer concur in the appointment of a single arbitrator) to a board of arbitrators consisting of one (1) arbitrator to be appointed by each of AUI and the Retailer who will, in writing, appoint a third arbitrator immediately after they are, themselves, appointed. Notwithstanding the foregoing, any disputed matters between AUI and the Retailer relating to an Order or Direction made or approved by the Commission or falling within the exclusive jurisdiction of the Commission, will be referred to the Commission for resolution.

13.4. Failure to Concur

AUI and the Retailer will be deemed to have failed to concur in the appointment of a single arbitrator if such an arbitrator is not appointed within fifteen (15) Days after the serving by either AUI or the Retailer on the other of notice requesting it to concur in the appointment of such an arbitrator.

13.5. Refusal to Appoint an Arbitrator

If either AUI or the Retailer neglect or refuse to appoint an arbitrator within fifteen (15) Days after the other party (provided such other party has appointed its arbitrator) has served AUI or the Retailer, as the case may be, with notice to make the appointment, the party who has appointed its arbitrator will be entitled to apply, upon notice to the other party, to a Justice of the Court of Queen's Bench of Alberta to appoint an arbitrator for the party in default.

13.6. Failure to Appoint a Third Arbitrator

If the arbitrators appointed by AUI and the Retailer have not, within fifteen (15) Days after their appointment or the appointment of the arbitrator last appointed, as the case may be, appointed a third arbitrator, either AUI or the Retailer will be entitled to apply upon notice to the other party to a Justice of the Court of Queen's Bench of Alberta to appoint such an arbitrator.

13.7. Technical Competence

Any arbitrator appointed under the provisions of this Article, whether by concurrence of AUI and the Retailer, by either party, by the arbitrators or by a Justice of the Court of Queen's Bench of Alberta, will, in the opinion of the persons making such appointment, be possessed of such technical or other qualifications as may be reasonably necessary to enable that arbitrator to properly adjudicate upon the dispute or difference.

13.8. Compensations of Arbitrators

Each party will be responsible for the costs of the arbitrator appointed by it pursuant to these Retailer Distribution Service Rules. The costs of the third arbitrator will be divided evenly between AUI and the Retailer.

13.9. Application of the Arbitration Act (Alberta)

Except as herein modified, the provisions of the *Arbitration Act, R.S.A., 2000, c.A-43*, as amended from time to time, will apply to any arbitration proceeding.

13.10. Decisions Binding

A decision of the single arbitrator or the majority of the three arbitrators named or appointed will be final and binding upon each of the parties to the dispute or difference.

13.11. Continuity of Service

All performance and payments requirements under these Retailer Distribution Service Rules by AUI and the Retailer will continue during the dispute resolution proceedings contemplated by this Article provided, in the case of any such proceedings pertaining to amounts payable under these Retailer Distribution Service Rules, any payments or reimbursements required as a result of the proceedings will be effective as of a date to be determined in such proceedings and interest will be paid on those amounts by the party required to make the payment or reimbursement on the amount at the rate specified from time to time in the *Residential Tenancies Act, R.S.A. 2000, c.R.-17*, but not less than 2.5% from the date so determined until paid.

ARTICLE 14 – Termination on Default

14.1. Events of Default

An event of default under these Retailer Distribution Service Rules and the Service Contract will occur if either AUI or the Retailer (for purposes of this provision, the Defaulting Party):

- a) is the subject of a bankruptcy, insolvency or similar proceeding;
- b) makes an assignment for the benefit of its creditors;
- c) applies for, seeks, consents to, or acquiesces in the appointment of a receiver, custodian, trustee, liquidator or similar official to manage all or a substantial portion of its assets;
- d) fails to pay the other party (Non-Defaulting Party) when payment is due, or to satisfy any other material obligation under these Retailer Distribution Service Rules or the Service Contract including, without limiting the generality of the foregoing, fulfilling the prudential requirements as set forth in Article 11 in accordance with these Retailer Distribution Service Rules and fails to remedy the failure or satisfy the obligation, as the case may be, within three (3) Business Days after the receipt of written notice of the default or breach from the Non-Defaulting Party.

14.2. Rights Upon Default

In an event of default, the Non-Defaulting Party will, subject to these Retailer Distribution Service Rules and any applicable regulatory requirements, be entitled to pursue any and all available legal and equitable remedies and terminate the Service Contract. Where the Defaulting Party is AUI or the Retailer and the Non-Defaulting Party elects to terminate, the Service Contract is terminated without any liability or responsibility whatsoever, except for obligations arising prior to the date of termination. The Non-Defaulting Party will provide written notice to the Defaulting Party advising as to the nature of any default and of its intention to terminate service under the Service Contract and these Retailer Distribution Service Rules.

14.3. Recourse to Security Upon the Retailer Default

In addition to any other rights and remedies set out in these Retailer Distribution Service Rules, in an event of default by the Retailer, other than a default in payment addressed under section 9 of *Natural Gas Billing Regulation, A.R. 185/2003*, the full amount of the Retailer's security determined in accordance with Article 11 of these Retailer Distribution Service Rules will become due and payable to AUI and AUI will be entitled to make demand or claim against the Retailer's security for the full amount secured. All funds received by AUI in respect of such claim will be retained by AUI and applied against the Retailer's obligations until such time as all of the Retailer's obligations have been determined and satisfied. Any balance remaining after satisfaction of the Retailer's obligations will be returned to the issuing party of the security for the benefit of the Retailer.

ARTICLE 15 – Notice

15.1. Notice in Writing

Unless otherwise stated herein, every notice, request, statement or bill provided for or by the Service Contract or any notice either AUI or the Retailer may desire to give to the other must be in writing directed to the party to whom it is given and made or delivered at such party's address as stated in the Service Contract.

15.2. Delivery of Notice

- (1) Any notice may be given by mailing the same, postage prepaid, in an envelope properly addressed to the person to whom the notice is given and will be deemed to be received four (4) Business Days after the mailing of the notice.
- (2) Any notice may also be given by prepaid facsimile or other means of electronic transmission addressed to the person to whom such notice is given, at such

person's address for notice and any such notice so served will be deemed to have been given one (1) Business Day after transmission.

- (3) Any notice may also be delivered by hand to the person, or his representative, to whom such notice is given at such person's address for notice and such notice will be deemed to have been given when received by such person or his representative.
- (4) Any notice may also be given by telephone followed immediately by letter, facsimile or other means of electronic transmission. Any notice so given will be deemed to have been given of the date and time of the telephone notice.

15.3. Disruption of Mail

In the event of disruption of regular mail, every payment will be delivered and every notice, demand, statement or bill will be given by one of the alternative means set out in this Article.

ARTICLE 16 – Miscellaneous Matters

16.1. Indemnity

- (1) The Retailer agrees to indemnify and save AUI harmless from and against any and all claims, demands, suits, actions, debts, accounts, damages, costs, losses, liabilities and expenses of whatever nature or kind however and by whosoever made or incurred arising out of or in any way connected, either directly or indirectly, with any act, omission or default on the part of the Retailer under the Service Contract.
- (2) AUI agrees to indemnify and save the Retailer harmless from and against all claims, demands, suits, actions, debts, accounts, damages, costs, losses, liabilities and expenses of whatever nature or kind however and by whosoever made or incurred arising out of the gross negligence or wilful misconduct of AUI under the Service Contract.
- (3) Notwithstanding Article 16.1(2), in no event, whether as a result of alleged negligence on the part of AUI or otherwise, will AUI be liable to the Customer or the Retailer for loss of profits or revenues, cost of capital, loss for failure to deliver Gas, cost of purchased or replacement Gas, claims of Customer(s)'s for failure to deliver Gas, cancellation of permits, termination of contracts or other similar special or consequential damages or claims.

16.2. Retailer Distribution Service Rules Prevail

No representation or commitment inconsistent with these Retailer Distribution Service Rules has any effect unless approved by the Commission.

16.3. General Laws Apply

The Retailer Distribution Service Rules and the Service Contract are subject to all applicable present and future laws, rules, regulations and orders of any legislative body or duly instituted authority now or hereafter having jurisdiction.

16.4. No Waiver

No waiver by AUI or the Retailer of any default by the other under the Retailer Distribution Service Rules or Service Contract will operate as a waiver of a future default whether of a like or different character.

16.5. No Assignment

Neither AUI nor the Retailer may assign any of its rights or obligations under these Retailer Distribution Service Rules or the Service Contract without obtaining (a) any necessary regulatory approval(s); and (b) the prior written consent of the non-assigning party, which consent may not be unreasonably withheld. No assignment will relieve the assigning party of any of its obligations under these Retailer Distribution Service Rules or the Service Contract until such obligations have been assumed by the assignee. Any assignment in violation of this Article will be void. However, AUI may assign any or all of its rights and obligations under these Retailer Distribution Service Rules and the Service Contract, without the Retailer's consent, to any entity succeeding to all, or substantially all, of the assets of AUI, if the assignee agrees, in writing, to be bound by the terms of the Retailer Distribution Service Rules and Service Contract and if any necessary regulatory approvals are obtained.

16.6. Applicable Laws

The Service Contract and Retailer Distribution Service Rules will be construed in accordance with the laws of the Province of Alberta and the laws of Canada, as applicable.

Schedule A
Consent for Collection, Use, and Release of Customer Information



AltaGas Utilities Inc.
5509 45 Street main 780.986.5215
Leduc AB T9E 6T6 fax 780.986.5220

Consent for Collection, Use and Release of Customer Information

"Customer Information" means personal information like your name, address, contact information, identifying numbers, and payment and usage information.

This form is needed in order for AltaGas Utilities to collect and use your Customer Information for the purposes of natural gas service and billing, and to allow AltaGas Utilities to release your Customer Information to persons you allow like a retailer or other person.

Section 1 - AltaGas Utilities Inc. Customer Account Information

(As per Customer's AltaGas Utilities bill)

Site ID/Premise: 0 0 7 0 _____

Customer Name: _____

*Operating as (if different from above): _____

Service Address: _____

*Only required for business/commercial accounts

Additional Information:

Telephone: () _____ Fax: () _____

E-mail: _____

Section 2 - Content of Customer Information To Be Released

AltaGas Utilities Inc. is authorized to disclose Customer Information in regards to the account shown in Section 1 of this document, as well as the following Customer Information:

Consumption History (12 months) Yes / No (please circle your response)

Payment History (12 months) Yes / No (please circle your response)

Billing Information (\$) (12 months) Yes / No (please circle your response)

Other (please specify): _____

Section 3 - Authorized Recipient of Customer Information

AltaGas Utilities Inc. may disclose and release the Customer Information, listed in Sections 1 and 2 to the following parties:

Retailer (please specify): _____

Energy Management Company (please specify): _____

Other (please specify): _____

Section 4 - Customer Information Release Date to Specified Persons

AltaGas Utilities Inc. may release my Customer Information to the persons specified in section 3 from

(yyyy-mm-dd) up to and including (yyyy-mm-dd)

(Please note that Section 4 is for the time period that this Consent form is valid NOT the consumption history period.)

Section 5 - Customer Authorization

The Customer agrees and consents to the collection, and use by AltaGas Utilities Inc. of Customer Information, and to the disclosure and release of the Customer Information to the listed parties, for the time period, and under the conditions set out above.

Name (please print): _____ Signature: _____

Title (if business account): _____ Date: _____
(yyyy-mm-dd)

PLEASE PRINT CLEARLY

Please fax completed form to the attention of Regulatory Affairs at (780) 986-5220.

Version 1.3

ALTAGAS UTILITIES INC.
RETAILER DISTRIBUTION
SERVICE CONTRACT

Contract No. _____

RETAILER DISTRIBUTION SERVICE CONTRACT

THIS RETAILER DISTRIBUTION SERVICE CONTRACT
(Contract)

made as of _____, _____, _____
Month Day Year

BETWEEN:

[RETAILER], a body corporate, carrying on business
in the Province of Alberta (hereinafter called the Retailer),

OF THE FIRST PART,

- and -

ALTAGAS UTILITIES INC.
a body corporate, carrying on business
in the Province of Alberta,
(hereinafter referred to as AUI),

OF THE SECOND PART,

WHEREAS:

- a) AUI owns and operates a Gas Distribution System within the Province of Alberta;
and
- b) The Retailer, on behalf of itself and each Customer, has requested AUI to provide Gas Distribution Service for the purpose of serving each Customer,

in consideration of the rights and obligations of AUI and the Retailer (the Parties) set forth in this Contract, the Parties covenant and agree:

ARTICLE 1
RATE SCHEDULE AND
RETAILER DISTRIBUTION SERVICE RULES

- 1.1 The Retailer acknowledges receipt of a current copy of AUI's Rate Schedule, attached as Schedule A to this Contract, and agrees the Rate Schedule, as amended from time to time and approved by the Alberta Utilities Commission (the Commission), forms an integral part of this Contract.
- 1.2 The Retailer acknowledges receipt of a current copy of AUI's Retailer Distribution Service Rules, attached as Schedule B to this contract, and agrees the Retailer Distribution Service Rules, as amended from time to time and approved by the Commission, forms an integral part of this Contract

ARTICLE 2
DEFINITIONS

- 2.1 The words, terms, and phrases used in this Contract will, unless the context otherwise requires, have the meanings given to them in the *Gas Utilities Act R.S.A. 2000 c. G-5* and the Retailer Distribution Service Rules.

ARTICLE 3
RETAILER REPRESENTATIONS

- 3.1 The Retailer represents, covenants and warrants, to and with AUI, at all relevant times during the term of this Contract:
 - 3.1.1 The Retailer is, and has been, complying with each of the conditions set forth in Article 4 of this Contract;
 - 3.1.2 Except where a Customer is a signatory to this Contract (a Self-Retailer), each Customer has appointed the Retailer as its retailer under an agency agreement in accordance with the *Gas Utilities Act* and, as such, the Retailer has full power and authority to take responsibility for all matters relating to the Customer's Gas Services arrangements and, without limiting the generality thereof, to negotiate, establish, document, implement, operate, perform, terminate and amend all matters relating to the Customer's Gas Services arrangements on behalf of the Customer;
 - 3.1.3 The Retailer has entered into all contracts, agreements and arrangements necessary to secure the Gas Services necessary to satisfy the Retailer's obligations under this Contract;

- 3.1.4 In the event of a disruption of any Gas supply, the Retailer will immediately cause an alternative supply to be available;
- 3.1.5 A failure by the Retailer to supply Gas in accordance with the Retailer Distribution Service Rules is subject to the terms and conditions of the Retailer Distribution Service Rules.

ARTICLE 4 CONDITIONS

- 4.1 AUI has no obligation to provide Gas Distribution Service if, and to the extent, the Retailer fails to comply with all the conditions prescribed by the *Gas Utilities Act*, the Retailer Distribution Service Rules and each of the following conditions:
 - 4.1.1 The Retailer is responsible for providing accurate and timely Customer Information to AUI in an electronic format pursuant to Rule 021.
 - 4.1.2 Should the Retailer become aware of any change in Customer Information during the term of this Contract, the Retailer is responsible for informing AUI of the change, pursuant to Rule 021, as soon as reasonably practical in the circumstance and in any event within five (5) Business Days of the Retailer becoming aware of the change.
 - 4.1.3 The Retailer understands and agrees Gas Distribution Service provided under this Contract is provided solely for the Retailer's use and for the Customers identified to AUI in accordance with this Article 4.1. The Retailer may not use the Gas Distribution Service provided by AUI for any other purpose;
 - 4.1.4 If the Retailer becomes aware, at any time, of any Customer using Gas Services provided by the Retailer or Gas Distribution Service provided by AUI in a manner inconsistent with the Retailer Distribution Service Rules, and/or potentially creating safety, health or environmental concerns or damage to the Gas Distribution System, the Retailer must immediately notify AUI of such circumstances;
 - 4.1.5 In providing service to any Customer, the Retailer may not damage or interfere with, or otherwise disturb, alter or tamper with the Gas Distribution System. The Retailer must notify AUI immediately of any problem or defect relating to the Gas Distribution System the Retailer discovers or has brought to its attention;
 - 4.1.6 The Retailer understands and agrees AUI will not perform billing or collections activities on its behalf, unless specified by separate contract. The Retailer agrees to pay all amounts due and owing to AUI in accordance with the Retailer

Distribution Service Rules, regardless of any billing or collection disputes the Retailer may have with any Customer;

- 4.1.7 The Retailer agrees to comply with all prudential requirements pursuant to the Retailer Distribution Service Rules and the *Natural Gas Billing Regulation A.R. 185/2003*, as amended;
- 4.1.8 The Retailer agrees to comply with all billing requirements, including displaying AUI's emergency contact phone number on Customer bills, pursuant to the *Natural Gas Billing Regulation A.R. 185/2003*, as amended; and
- 4.1.9 The Retailer will continue to satisfy all conditions prescribed by the *Gas Utilities Act* and this Article 4.1 for Gas Services arrangements.

ARTICLE 5 RECEIPT POINTS

- 5.1 The Point of Receipt for Gas delivered by the Retailer to AUI pursuant to this Contract must be (check only one):
 - via a TCPL (NOVA) Inventory Transfer (NIT); or
 - via an ATCO Pipelines Account Transfer.
- 5.2 AUI will determine receipt locations by consultation with the Retailer if anything other than a NIT or an ATCO Pipelines Account Transfer is utilized.

ARTICLE 6 GAS SUPPLY

- 6.1 The Retailer will, at all times, have the obligation to comply with Gas balancing requirements specified in the Retailer Distribution Service Rules.

ARTICLE 7 PRICE

- 7.1 AUI will invoice the Retailer or Self-Retailer, who is a signatory to this Contract, for all applicable rates, tolls, charges and federal and provincial taxes as specified in AUI's Rate Schedule, as amended from time to time and approved by the Commission, and the Retailer agrees to pay such invoices in accordance with the Retailer Distribution Service Rules.
- 7.2 Payment terms will be as specified in the Retailer Distribution Service Rules.

The Retailer: [the Retailer or Self-Retailer]
Address
City, Province
Postal Code

Attention:
The Retailer ID No.:
Telephone: ()
Fax: ()

9.3 Either party may change its address by giving written notice to the other.

ARTICLE 10 GENERAL

- 10.1 Neither party may disclose any Confidential Information obtained pursuant to this Contract to any person, without the express prior written consent of the other party. As used in this Article, the term “Confidential Information” will include all business, financial and commercial information pertaining to the Parties, Customers of either Party, suppliers of either Party, personnel of either Party and any trade secrets and other information of a similar nature.
- 10.2 Notwithstanding the preceding paragraph, a receiving party may disclose Confidential Information to any governmental, judicial or regulatory authority requiring such Confidential Information pursuant to any applicable law, regulation, ruling or order, provided:
- (a) such Confidential Information is submitted under the applicable provision, if available and permitted, for confidential treatment by such governmental, judicial or regulatory authority; and
 - (b) prior to such disclosure, the other party is given prompt notice of the disclosure requirement and an opportunity to make representations, to the extent permissible, to the relevant governmental, judicial or regulatory authority concerning the confidential nature of the information and/or the requirement for such information to remain confidential.
- 10.3 This Contract will bind and enure to the Parties’ respective successors and assigns. However, any assignment will not release either Party from such Party’s obligations under this Contract without the written consent of the other Party to such release. Consent to such release may not be unreasonably withheld.

-
- 10.4 If any provision of this Contract, or the application thereof, is, to any extent, held invalid or unenforceable, the remainder of this Contract and the application thereof, other than those provisions held invalid or unenforceable, will remain unaffected and will continue in full force and effect and will be enforceable to the fullest extent permitted by law or in equity.

IN WITNESS WHEREOF this Contract has been properly executed by the Retailer (or Self-Retailer) and AUI as of the date first written above.

ALTAGAS UTILITIES INC.

Per: Signature _____ Name _____
(Please Print)

Title _____ Date _____
(Please Print) *Year/Month/Day*

Per: Signature _____ Name _____
(Please Print)

Title _____ Date _____
(Please Print) *Year/Month/Day*

[RETAILER or SELF-RETAILER]

Per: Signature _____ Name _____
(Please Print)

Title _____ Date _____
(Please Print) *Year/Month/Day*

Per: Signature _____ Name _____
(Please Print)

Title _____ Date _____
(Please Print) *Year/Month/Day*

SCHEDULE A
ALTAGAS UTILITIES INC.
RATE SCHEDULE

SCHEDULE B
ALTAGAS UTILITIES INC.
RETAILER DISTRIBUTION SERVICE RULES

AltaGas Utilities Inc.

PRODUCER TRANSPORTATION SERVICE RULES

Effective: March 8, 2011

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ARTICLE 1 – Context

1.1. Application

These Producer Transportation Service Rules are part of every Transportation Contract of AUI.

1.2. Relationships

These Producer Transportation Service Rules govern the relationship between AUI and a Producer. They are part of AUI's Gas Distribution Tariff and as such must be approved by the Commission. They apply to every Producer unless varied by an agreement approved by the Commission.

1.3. Applicable Rate

When accepting a Transportation Contract, AUI will designate the rate to be applied to the service.

1.4. Definitions

The following words or terms when used in these Producer Transportation Service Rules, the Rate Schedule or in a Transportation Contract will, unless the context otherwise requires, have the meanings given below:

“10³m³” means one thousand (1,000) cubic metres of Gas;

“Act” means the *Gas Utilities Act – R.S.A. 2000 c.G-5*, as amended from time to time, and any legislative enactment in substitution or replacement thereof;

“Allocation Method” means the procedure used to assign portions of the Gas flows at a Point of Receipt or Point of Delivery to the various Transportation Contracts moving gas at the location;

“AltaGas Utilities Inc.” or “AUI” or “the Company” means AltaGas Utilities Inc. or its successor;

“Billing Commencement Date” means the commencement date for assessing the tariffs and charges as set forth in these Producer Transportation Service Rules; provided however that the Billing Commencement Date will be adjusted by AUI if AUI is unable to commence Transportation Service under the Transportation Contract on such date;

“Commission” means the Alberta Utilities Commission;

“Contract Demand” means the maximum quantity of Gas in any consecutive twenty-four (24) hour period that AUI will be obligated to receive at the Point of Receipt, as agreed between the parties to the Transportation Contract;

“cubic metre of Gas” or “m³” means the quantity of Gas which at a temperature of fifteen degrees Celsius (15°C) and at a pressure of one hundred one and three hundred twenty-five one-thousandths (101.325) kPa absolute occupies one (1) cubic metre;

“Date of Initial Delivery” means the date AUI commenced Transportation Service under the Transportation Contract;

“Day” means a period of twenty-four (24) consecutive hours, beginning and ending at eight hours (08:00), Mountain Standard Time;

“Gas” means all natural gas both before and after it has been subjected to any treatment or process by absorption, purification, scrubbing or otherwise, and includes all fluid hydrocarbons;

“Gas Distribution Tariff” means the rates, tolls, charges and terms and conditions of service fixed by the Commission, as defined in the Act, as amended from time to time;

“Gas Pipeline System” means all those facilities, including the Specific Facilities, owned or used by AUI in the receipt, transportation, measurement, testing and delivery of Gas;

“GJ” means gigajoules or one billion (1,000,000,000) joules;

“Gross Heating Value” means the number of megajoules obtained from the combustion of a cubic metre of Gas at a temperature of fifteen degrees Celsius (15°C), with the Gas free of water vapour, and at a pressure of one hundred one and three hundred twenty five one-thousandths (101.325) kPa absolute and with the products of combustion cooled to the initial temperature of the Gas and the water formed by the combustion condensed to the liquid state;

“J” means joule;

“kPa” means kilopascals of pressure gauge unless otherwise specified;

“Maximum Contract Pressure” has the meaning given in Article 5;

“MJ” means megajoules or one million (1,000,000) joules;

“Minimum Contract Pressure” has the meaning given in Article 5;

“Month” means a period beginning at eight hours (08:00), Mountain Standard Time, on the first Day of a calendar month and ending at eight hours (08:00), Mountain Standard Time, on the first Day of the next succeeding calendar month;

“Nomination” means a written or electronic request for Gas to flow at a Point of Receipt or a Point of Delivery: 1) at a specified rate of flow, commencing at a specified time, or 2) a specified quantity on a specified date;

“Point of Delivery” means the point on AUI’s system at which AUI delivers from the Gas Pipeline System to a Producer the Gas that has been transported under the Transportation Contract;

“Point of Receipt” means the point on AUI’s system at which the Gas to be transported under the Transportation Contract first enters the Gas Pipeline System;

“Producer Transporter” or “Producer” means a person, firm, partnership, corporation or organization that is an owner of natural gas requiring Transportation Service for transporting Gas through AUI’s Gas Pipeline System, served under the Rate 10 class of rates, pursuant to AUI’s Rate Schedule;

“Rate Schedule” means the Gas Distribution Tariff rate schedule, including the general terms and conditions of service and any applicable rate riders, for the rate specified in and applicable to the Transportation Contract, or such other rate schedule in replacement thereof, as approved by the Commission and determined by AUI to be in effect from time to time;

“Specific Facilities” means those facilities installed by AUI for the benefit of a Producer and required to transport Gas;

“Standard Conditions” means Standard Temperature and Standard Pressure;

“Standard Pressure” means

- (a) in the International system of units, an absolute pressure equal to 101.325 kPa, and
- (b) in the Imperial system of units,
 - (i) 14.73 psia, or
 - (ii) 30 in. of mercury at 32°F;

“Standard Temperature” means a temperature that is equal to

- (a) 15°C in the International system of units, or
- (b) 60°F in the Imperial system of units;

“Transportation Contract” means the transportation contract between AUI and a Producer and includes all schedules attached thereto and these Producer Transportation Service Rules;

“Transportation Service” means the service of transporting Gas through AUI’s Gas Pipeline System or other facilities;

“TCPL” means TransCanada Pipelines Ltd., including any facilities operated under Nova Gas Transmission Ltd., or their successor(s);

“Year” means a period commencing on the Billing Commencement Date or anniversary of same and ending on the next succeeding anniversary of the Billing Commencement Date.

1.5. Interpretation

- (1) In the interpretation of the Transportation Contract, words in the singular will be read and construed in the plural or words in the plural will be read and construed in the singular where the context so requires.
- (2) The headings used throughout the Transportation Contract are inserted for reference purposes only, and are not to be considered or taken into account in construing the terms or provisions of any article, clause or schedule or to be deemed in any way to qualify, modify or explain the effect of any such provisions or terms.
- (3) The definitions of all units of measurement and their prefixes used throughout the Transportation Contract will be in accordance with the International System of Units.

ARTICLE 2 – General Provisions

2.1. Transportation Only

The Transportation Contract is solely for Transportation Service and a Producer will not acquire any title or interest in the Gas Pipeline System of AUI and AUI will not acquire any title or interest in the Gas being transported under the Transportation Contract.

2.2. Request for Service

When a Producer requests Transportation Service from AUI, AUI must inform the Producer of the conditions to be satisfied before a Transportation Contract may be accepted and service commenced. A Producer must provide any information AUI reasonably requires to assess the request. AUI retains the right to refuse a Producer’s request for Transportation Service.

2.3. Need for a Contract

Every Producer must sign a Transportation Contract to receive Transportation Service.

2.4. Land Use

A Producer must ensure, with respect to property owned or controlled by the Producer, AUI is provided, at no cost, with any land use rights required to provide and maintain the service.

2.5. Right of Entry

- (1) AUI has the right to enter the installation or complex of the Producer at any reasonable time:
 - (a) to install, maintain, or remove its facilities,
 - (b) to read, inspect, repair, or remove its metering devices, or
 - (c) to do anything else incidental to providing or discontinuing the Transportation Service.
- (2) If any of AUI's equipment is situated within the Producer's installation or complex, the Producer must ensure AUI can obtain access to the equipment when necessary.

2.6. Gas Under AUI Control

Gas delivered to AUI by a Producer for Transportation Service will be under the exclusive control of AUI from the time such Gas is accepted for Transportation Service at the Point of Receipt until delivered at the Point of Delivery.

2.7. AUI Determines Routing

AUI does not dedicate the Gas Pipeline System or any segment thereof for Transportation Service for a Producer and, accordingly, the routing and facilities used for Transportation Service for a Producer will be at AUI's discretion and may change from time to time.

2.8. Gas May be Commingled

- (1) AUI may, in the course of transporting Gas in the Gas Pipeline System, commingle with, or exchange for, Gas owned by, or transported for, others or remove certain hydrocarbon components present in the Gas.
- (2) As commingling, exchanging or the removal of certain hydrocarbon components may alter the Gross Heating Value or constituent parts of the Gas between the Point of Receipt and the Point of Delivery, AUI will not be required to deliver, at

the Point of Delivery, Gas with the same Gross Heating Value or containing the same constituent parts as Gas delivered at the Point of Receipt and AUI will make whatever compensating adjustments to volume and Gross Heating Value as may be warranted.

- (3) In the event, and to the extent any hydrocarbon components in the Gas delivered at the Point of Receipt are absent from the Gas delivered at the Point of Delivery as the result of commingling, exchanging or removal of such hydrocarbon components in the course of transporting the Gas, title to such hydrocarbon components will, notwithstanding anything to the contrary otherwise contained in the Transportation Contract, be deemed conclusively to have passed to AUI at the Point of Receipt.

2.9. Producer Confirms Right to Transport

The Producer and AUI acknowledge and agree the Producer will have the right to transport all Gas delivered under the Transportation Contract to AUI at the Point of Receipt.

2.10. Commitment to Maintain Systems

AUI and the Producer mutually undertake to operate and maintain their respective pipeline systems and equipment safely and in such a manner as not to interfere with the system or equipment owned by the other party and, in particular, AUI and the Producer each undertake and agree to consult with the other before commencing construction or operation of any new equipment or facilities which AUI or the Producer reasonably expects may interfere with, or affect, the operation of the other party's pipeline system or equipment and to make modifications to the design or construction of any such equipment or facilities, as practically may be requested, to minimize any such interference.

2.11. Specific Facilities

A Producer may be required to pay a contribution for any incremental facilities ("Specific Facilities") required to provide the service.

ARTICLE 3 – Quality of Gas

3.1. Gas Must be of Merchantable Quality

- (1) All Gas tendered for Transportation Service must be of merchantable quality and, without restricting the generality of the foregoing:

-
- (a) must not contain sand, dust, gums, crude oil, impurities and other substances which may be injurious to pipelines or which may interfere with its transmission through pipelines or its commercial utilization;
 - (b) must not have a hydrocarbon dew point in excess of minus ten degrees Celsius (-10°C) at an absolute pressure of five thousand five hundred (5500) kPa;
 - (c) must not contain more than six milligrams per cubic metre (6 mg/m³) of hydrogen sulphide;
 - (d) must not contain more than five milligrams per cubic metre (5 mg/m³) of mercaptan sulphur;
 - (e) must not contain more than twenty-three milligrams per cubic metre (23 mg/m³) of total sulphur;
 - (f) must not contain more than two percent (2%) by volume of carbon dioxide;
 - (g) must not contain more than sixty-four milligrams per cubic metre (64 mg/m³) of water vapour;
 - (h) must not exceed fifty degrees Celsius (50°C) in temperature;
 - (i) must be as free of oxygen as can be achieved through the exercise of all reasonable precautions and must not, in any event, contain more than four-tenths percent (0.4%) by volume of oxygen; and,
 - (j) must have a Gross Heating Value of not less than thirty-six and five-tenths megajoules per cubic metre (36.5 MJ/m³). However, with the prior written consent of AUI, Gas of a lower Gross Heating Value may be delivered.
- (2) If, in AUI's sole opinion, Gas received by AUI at the Point of Receipt fails to be of merchantable quality or fails to meet any one or more of the quality specifications set forth in this Article, AUI may, at any time, from time to time, immediately and/or without prior notice, cease to receive further deliveries of Gas at the Point of Receipt pending the remedying by the Producer of such failure to the satisfaction of AUI. AUI may install, at the Producer's expense, such Specific Facilities, including any Gas quality control, monitoring and/or shutdown equipment deemed necessary, in AUI's sole opinion, to ensure Gas received by AUI at the Point of Receipt meets the quality specifications set forth in this Article.

3.2. Quality on Delivery

All Gas delivered by AUI to a Producer at the Point of Delivery will have the Gross Heating Value and quality that results from the Gas having been commingled in AUI's system.

3.3. Notice on Change in Input Quality

The Producer will notify AUI as soon as practicable in the event of any adverse change in Gas quality determinable by the Producer and which may be delivered into the Gas Pipeline System at the Point of Receipt.

3.4. Notice on Change in Output Quality

AUI will notify the Producer as soon as practicable in the event of any adverse changes in Gas quality determined by AUI and which may be delivered from the Gas Pipeline System at the Point of Delivery.

ARTICLE 4 – Measurement

4.1. Statutory Standards Apply

All measurements, calculations and procedures used in determining the quantities of Gas delivered at the Point of Receipt or at the Point of Delivery, will be in accordance with the *Electricity and Gas Inspection Act R.S. 1985 c.E-4*, as amended, and all applicable regulations issued pursuant thereto.

4.2. Measuring Equipment

All measuring equipment, devices and materials required to measure the Gas at the Point of Receipt or at the Point of Delivery will be installed, maintained and operated by AUI, its agents or third parties acceptable to AUI and will be of standard manufacture and type approved by Industry Canada, Electricity and Gas. The Producer may install and operate check measuring equipment; provided it does not interfere with the operation of AUI's equipment or system.

4.3. Testing of Measuring Equipment

The accuracy of the measuring equipment will be verified by tests in accordance with Industry Canada guidelines and at other times at the initiative of AUI or upon the reasonable request of the Producer. Notice of the time and nature of each test will be given by AUI to the Producer sufficiently in advance to permit a representative of the Producer to be present. If, after notice, the Producer fails to have a representative present, the results of the test and adjustment, if any, made by AUI or its agents will nevertheless

be accepted until the next test. All tests of such measuring equipment will be made at AUI's expense, except the Producer will bear the expense of tests made at its request if the inaccuracy is found to be two percent (2%) or less.

4.4. Inspection of Records and Equipment

AUI and the Producer will have the right to inspect the charts, measurement or test data and measuring equipment installed or furnished by the other under this Article and Article 3, at all times during business hours. However, readings, calibration and adjustment of such measuring equipment will be done only by the party furnishing the measuring equipment. Unless the parties otherwise agree, each party will preserve all original test data, charts and other similar records in their possession for a period of at least six (6) years.

4.5. Units Used

- (1) Unit of Measurement: The unit of volume for purposes of measurement will be one (1) cubic metre of Gas. AUI will mathematically convert measurement information into International system of units where metering is performed using the Imperial system of units.
- (2) Unit of Billing/Payment: For the purpose of determining the amount to be billed by AUI and paid by the Producer for Transportation Service under the Transportation Contract, the Gross Heating Value of each cubic metre of Gas transported will be determined in accordance with this Article and AUI will, on the basis of such measurement, bill the Producer and the Producer will pay AUI the applicable charges for each GJ of Gas transported.
- (3) Atmospheric Pressure: For the purposes of measurement, the atmospheric pressure at the Point of Receipt and at the Point of Delivery will be determined in accordance with this Article and will be rounded to the nearest one-hundredth (1/100) of a kPa and deemed to be constant.

4.6. Method of Measurement

In determining the quantities of Gas delivered at the Point of Receipt or at the Point of Delivery, the following practices will prevail:

- (1) Metering
 - (a) The gas to be metered at the Point of Receipt and at the Point of Delivery will be metered by one or more metering devices approved by Industry Canada and adopted by AUI.

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- (b) Measurement by orifice meters will be in accordance with the methods prescribed in “Orifice Metering of Natural Gas and Other Related Hydrocarbon Fluids”, American Gas Association Report No. 3/ANSI/API 2530, or any subsequent revisions approved by Industry Canada and adopted by AUI.
 - (c) Measurement by turbine meter will be in accordance with the methods prescribed in “Measurement of Fuel Gas by Turbine Meters”, American Gas Association Committee Report No. 7, or any subsequent revisions approved by Industry Canada and adopted by AUI.
 - (d) Correction will be made for the deviation of the Gas from the Standard Conditions at the pressure and temperature at which the Gas is metered in accordance with the methods prescribed in the “Manual for the Determination of Supercompressibility Factors for Natural Gas” based on PAR Research Project NXi 9 completed December 1962, as published by the American Gas Association and any subsequent revision or amendment or as prescribed in “Compressibility and Supercompressibility for Natural Gas and Other Hydrocarbon Gases”, American Gas Association Transmission Measurement Committee Report No. 8 or any subsequent revision thereof or any other method approved by Industry Canada and adopted by AUI. To determine the factors for such corrections a quantitative analysis of the Gas will be made at reasonable intervals.
- (2) Gas Sampling
- (a) Gas samples will be representative of the Gas being metered at the time such samples are taken and may be either spot samples or samples taken over a period of time.
 - (b) Samples will be taken at reasonable intervals by AUI or its agents. However, AUI will take additional samples when reasonably requested to do so by the Producer.
 - (c) The Gas characteristics determined by any test will apply to the Gas metered from the date the spot sample was taken or from the commencement date of a sample taken over a period of time, as the case may be, until the next test.
- (3) Temperature
- (a) The flowing temperature of the Gas being metered will be determined by means of a temperature transmitter or recording thermometer installed and maintained in accordance with the specifications as published by Industry

Canada or any subsequent revisions thereof adopted by AUI, whichever is appropriate.

- (b) Real time Gas temperature will be used in computing the quantities of Gas metered during such Day.
- (4) Correction and Adjustment
- (a) If, at any time, any of the measuring equipment is found to be registering inaccurately by an amount exceeding two percent (2%) or such other amount as mutually agreed upon by the Producer and AUI at a reading corresponding to the average hourly rate of flow over one hour, it will be immediately adjusted to read as accurately as possible and the readings of such equipment will be adjusted to zero error for any period definitely known or agreed upon, If the period is not so known or agreed upon, the adjustment will be for a period of sixteen (16) Days or one-half (1/2) of the elapsed time since the last test, whichever is shorter.
 - (b) If the measuring equipment is found to be not registering, the quantity of Gas delivered during such period will be determined:
 - i. by using the data recorded by any check measuring equipment registering accurately; or
 - ii. if such check measuring equipment is not registering accurately, but the percentage of error is ascertainable by a calibration test, by using the data recorded and adjusted to zero error; or
 - iii. if neither of the methods provided in (i) or (ii) above can be used, by estimating the quantity delivered by reference to deliveries under similar conditions during a period when AUI's equipment was registering accurately.

4.7. Gross Heating Value

Tests to determine the Gross Heating Value of Gas transported will be established by the use of a Gas chromatograph, recording calorimeter or any other device approved by Industry Canada and adopted by AUI and will be used in the calculation of the number of gigajoules transported under the Transportation Contract.

4.8. Composition

- (1) The composition of the Gas transported will be determined by tests of representative samples of Gas so transported and conducted by AUI or its agents utilizing a chromatograph of standard manufacture.

- (2) Such tests will be done once per Month or at such other intervals as may be justified by the consistency of previous tests of the composition of the Gas.
- (3) The results of any such test will be used during the period commencing on the Day the sample is taken or, if a sample is taken over a period of time, from the commencement date, as the case may be, until the next test. AUI and the Producer agree the results of the first such test will be used from the Date of Initial Delivery of Gas until the second test.

4.9. Gas Characteristics

- (1) The Gas characteristics, including, without limiting the generality of the foregoing, Gross Heating Value, relative density, nitrogen and carbon dioxide content of the Gas, will be determined by continuous recording equipment or by laboratory equipment.
- (2) The Gas samples to be tested will be representative of the Gas delivered at the time such samples are taken and may be either spot samples or samples taken over a period of time.
- (3) If continuous recording equipment is used, the arithmetic average of the recordings for each Day will be used to determine Gas characteristics.
- (4) If spot samples are taken or a spot sampler is used, Gas characteristics will be determined from the analysis of the samples using laboratory equipment.

4.10. Pulsation Dampening

If there are any compression facilities upstream of the Point of Receipt or downstream of the Point of Delivery, the Producer will cause to be provided sufficient pulsation dampening equipment to ensure the compression facilities do not interfere with the operation of AUI's facilities.

4.11. Facilities Interference

In the event the Producer's facilities interfere with AUI's ability to provide accurate measurement at the Point of Receipt or the Point of Delivery, AUI may immediately and without prior notice cease to receive further deliveries of Gas at the Point of Receipt pending the remedying by the Producer of the cause of such interference to the satisfaction of AUI.

4.12. Use of TCPL or Other Measurements

Notwithstanding anything contained elsewhere in the Transportation Contract, AUI and the Producer agree, at a Point of Delivery or a Point of Receipt which is a TCPL/AltaGas Utilities Inc. system interconnection, where TCPL's measuring equipment is used or relied on by AUI for measuring Gas transported under the Transportation Contract, TCPL's measurement and testing of Gas procedures will apply. At a Point of Delivery or at a Point of Receipt which is not a system interconnection with TCPL, measurement and testing will be based on procedures agreeable to AUI and the Producer.

4.13. Forecast Volumes

The Producer agrees to provide to AUI, for planning purposes, such forecasts of future volumes per Month to be transported under the Transportation Contract as AUI may reasonably request from time to time.

ARTICLE 5 – Gas Delivery

5.1. Matching Receipts and Deliveries

Subject to the other provisions of this Article, AUI agrees to receive from the Producer at the Point of Receipt the quantity of Gas which the Producer tenders for transportation up to the Contract Demand. However, AUI will not be required to accept at the Point of Receipt a quantity of Gas in any hour greater than 1/20th of the Contract Demand, unless otherwise specified on the applicable Rate Schedule. AUI agrees to tender for transportation to the Producer and the Producer will receive at the Point of Delivery, a volume of Gas containing the equivalent number of joules as are contained in the volume of Gas tendered by the Producer at the Point of Receipt less the Producer's share of AUI's Unaccounted-For-Gas and compressor fuel.

5.2. Overriding Rights and Obligations

Notwithstanding anything contained elsewhere in this Article, AUI reserves the right to restrict the flow of Gas at the Point of Receipt or the Point of Delivery to achieve a balance, to correct any imbalance or in the event the Producer repeatedly exceeds the Contract Demand without AUI's authorization.

5.3. Inability to Exchange

- (1) Notwithstanding anything contained elsewhere in the Transportation Contract, if a Point of Delivery is an interconnection with a pipeline system of a third party ("Other System") the Producer recognizes and agrees AUI's ability to deliver Gas may be dependent upon an exchange with volumes of Gas which would normally be delivered into the Gas Pipeline System.

- (2) The Producer further recognizes and agrees changes in such incoming volumes of Gas or changes in either the capacity of the interconnection with the Other System or the capacity of the Gas Pipeline System may occur from time to time.
- (3) In the event AUI, at an interconnection with the Other System, is unable to continue to exchange volumes of Gas at the Point of Delivery with volumes of Gas which would normally be delivered into the Gas Pipeline System at the Point of Delivery or there are changes in incoming Gas volumes or capacity, this will constitute an event of Force Majeure and AUI will serve written notice to the Producer advising of its inability to continue to provide Transportation Service under the Transportation Contract by the exchange of volumes of Gas which would normally be delivered into the Gas Pipeline System.
- (4) The notice under Clause 5.3(3) will specify:
 - (a) The Producer's proportionate share of the additional costs associated with the capital improvements required to maintain Transportation Service at that Point of Delivery;
 - (b) The volume of Gas AUI is able to receive and transport to that Point of Delivery if no capital improvements are made; and
 - (c) The location of alternate Points of Delivery where AUI can continue Transportation Service at the then current level.
- (5) In the event the Producer receives notice pursuant to Clause 5.3(3), the Producer will, within thirty (30) Days after the receipt of such notice, provide written notice to AUI indicating which of the options set out in such notice the Producer intends to exercise.
- (6) In the event none of the options provided by AUI are acceptable to the Producer, the Producer may terminate the Transportation Contract effective on the date such notice is received by the Producer. However, in the event the Producer chooses to terminate the Transportation Contract, the Producer will reimburse AUI for the Producer's share of the undepreciated book value of the Specific Facilities at the effective date of termination, together with all costs of abandoning or removing such facilities.

5.4. Minimum and Maximum Contract Pressures

- (1) The Minimum Contract Pressure and Maximum Contract Pressure of the Gas at the Point of Receipt will be as specified by AUI for that location.

- (2) AUI, at its sole discretion, may grant relief from the Minimum Contract Pressure at the Point of Receipt to permit delivery of Gas at a reduced pressure and such relief will continue until AUI provides written notice to revise the reduced pressure then in effect to a pressure not in excess of the Maximum Contract Pressure.
- (3) Subject to Clause 5.4(2), the Producer will deliver the Gas, or cause the Gas to be delivered, to AUI at the Point of Receipt at such pressures as AUI may require from time to time at the Point of Receipt up to the Maximum Contract Pressure.
- (4) AUI will deliver the Gas, or cause the Gas to be delivered, to the Producer at the Point of Delivery at such pressures as are available in the Gas Pipeline System from time to time.

5.5. Lost Gas

Subject to Clause 10.1(3), AUI will not be responsible for Gas lost by pipeline rupture, explosion, fire or other similar calamity, but will maintain and provide to the Producer a record of the Producer's proportionate share of any such loss and cooperate with all reasonable requests of the Producer's insurers or their agents during the course of an investigation of any claim arising from any such loss.

5.6. Allocations

- (1) For the purpose of administering Transportation Contracts, Gas flows will be allocated to determine the daily flow under each agreement.
- (2) The Producer and AUI will agree on an Allocation Method prior to the flow of Gas and it will be confirmed in a letter agreement. In the event the Producer and AUI are unable to agree on an acceptable Allocation Method, AUI reserves the right to decide on the Allocation Method to be used.
- (3) One of the following allocation methods may be used or a mutually acceptable alternative method may be determined:
 - (a) Allocation prorated to Nomination;
 - (b) Allocation equal to Nomination for all Transportation Contracts but one, which is allocated the difference between total Nomination and physical flow;
 - (c) Allocation by entitlement (allocation of deliveries based on actual receipts); or,
 - (d) Allocation based on preset priority (first-next).

- (4) At locations where a portion of the Gas flowing belongs to parties other than the Producer and AUI, all parties must agree in writing on the Allocation Method used between those parties at that location.
- (5) A request for change in Allocation Method must be made by either the Producer or AUI, thirty (30) days prior to the requested change date. The Producer and AUI will agree on the revised Allocation Method prior to the change and it will be confirmed in a letter agreement.
- (6) In the event the Producer and AUI are unable to agree on an acceptable revised Allocation Method, AUI reserves the right to decide on the revised Allocation Method to be used.

5.7. Impaired Transportation

- (1) If, by reason of the causes set out in Clause 5.7(3), AUI is unable, in whole or in part, to transport the quantities of Gas provided for in the Transportation Contract, then AUI will be relieved of liability for not transporting such quantities and AUI may curtail or discontinue Transportation Service under the Transportation Contract during the continuance and to the extent of the inability to transport. However, AUI will endeavour to give reasonable notice of any curtailment or discontinuance of Transportation Service arising by virtue of such causes and will promptly endeavour to remedy the cause of any curtailment or discontinuance of Transportation Service as soon as reasonably possible.
- (2) Such notice will specify AUI's estimate of the duration of any such curtailment or discontinuance of Transportation Service under the Transportation Contract.
- (3) The causes referred to in 5.7(1) are the necessity, in AUI's sole opinion, of making repairs, modifications or improvements to the Gas Pipeline System. However, AUI will, when practicable, endeavour to effect such modifications or improvements, which are not emergency in nature, at a time and in a manner which will not unduly interfere with or interrupt transportation of Gas.

ARTICLE 6 – Financial Matters

6.1. Producer Pays Tariffs

- (1) Commencing on the Billing Commencement Date, the Producer will pay to AUI, for Transportation Service provided under the Transportation Contract, the charges set forth in the Transportation Contract.

- (2) The Producer will not be relieved from the obligation to pay the charges set forth pursuant to this Article unless Force Majeure has been invoked by AUI, as described in Article 7 of these Producer Transportation Service Rules.

6.2. Billing

- (1) On or before the twenty fifth (25th) Day of each Month, AUI may render to the Producer a statement with respect to Gas transported for the Producer during the preceding Month for:
 - (a) the amount payable by the Producer calculated in accordance with this Article, and
 - (b) the volume, Gross Heating Value and total energy of the Gas measured or estimated at the Point of Receipt.
- (2) AUI will make corrections to prior statements, as may be required, and will present the corrections to the Producer as soon as reasonably possible.

6.3. Payment

- (1) On or before the twenty first (21st) Day following the rendering of the statement by AUI to the Producer, the Producer agrees to pay AUI the total amount payable by the Producer, as set forth in the statement.
- (2) Each such payment will be made in Canadian funds through an agreed upon electronic transfer of funds to AUI or by cheque drawn in AUI's favour and delivered to AUI at the address stated in the Transportation Contract.

6.4. Unpaid Bills

AUI will assess a late payment charge calculated as 1.5% of any unpaid balance from a previous Month's statement, including unpaid previous late payment charges. Any unpaid balance from a previous Month's statement is considered past due. All payments will first be applied to unpaid balances.

6.5. Disputes

In the event the Producer disputes any part of any statement, the Producer will nevertheless pay to AUI the full amount of the statement when payment is due.

6.6. Failure to Pay

In the event the Producer fails to pay the full amount of any statement within sixty (60) Days after payment is due, AUI, in addition to any other remedy it may have, may

suspend the receipt and delivery of Gas until full payment is made and such suspension will not terminate or otherwise affect the Producer's obligations to AUI.

6.7. Letter of Credit

- (1) The Producer will provide AUI with any financial information AUI reasonably requests to establish the Producer's credit worthiness.
- (2) AUI may require the Producer to provide, and at all times maintain, an irrevocable letter of credit in favour of AUI issued by a financial institution acceptable to AUI in an amount equal to the sum of the maximum amount payable by the Producer under this Transportation Contract for ninety (90) Days of service plus the installation cost of Specific Facilities.
- (3) Where AUI requires the Producer to provide a letter of credit and the Producer is able to provide alternative security acceptable to AUI, AUI will accept such security in lieu of a letter of credit.
- (4) AUI may, in any Month, draw on the letter of credit in an amount necessary to satisfy the charges due for the previous Month where the Producer has not paid such charges within the time and manner provided for in Clause 6.3.
- (5) AUI will return the letter of credit within thirty (30) Days after termination of the Transportation Contract less any amounts outstanding and unpaid at that time.

ARTICLE 7 – Force Majeure

7.1. Effect of Force Majeure on Breach

Subject to the other provisions of this Article, if either party to the Transportation Contract fails to observe or perform any of the covenants or obligations herein imposed upon it and such failure is occasioned by, in connection with or in consequence of Force Majeure, as hereinafter defined, such failure will be deemed not to be in a breach of such covenants or obligations.

7.2. Meaning of Force Majeure

For the purposes of the Transportation Contract, "Force Majeure" means any cause, other than financial, beyond the control of the party claiming suspension and which the party could not have prevented or overcome by due diligence, including, but not limited to:

- (a) acts of God, such as lightning, earthquakes, storms, floods, fires, landslides and washouts,

- (b) strikes, lockouts or other industrial disturbances,
- (c) acts of the Queen's enemy, sabotage, wars, blockades, insurrections, riots, epidemics, civil disturbances, arrests and restraints,
- (d) explosions, breakages of or accidents to machinery or lines of pipe,
- (e) hydrate obstructions of lines of pipe or equipment,
- (f) temporary failure of Gas supply,
- (g) freezing of wells or delivery facilities, well blowouts and craterings, and
- (h) the orders of any court or governmental authority.

7.3. Exceptions to Force Majeure

Notwithstanding Section 7.2(h), a decision, direction or order made by the Commission in the normal course of it exercising its authority to establish the appropriate revenue requirement or rates of the parties to this agreement will not be considered an event of Force Majeure.

Neither party is entitled to the benefit of the provisions of Clause 7.1 of this Article under any of the following circumstances:

- (a) to the extent the failure was caused by the sole negligence of the party claiming suspension;
- (b) to the extent the failure was caused by the party claiming suspension having failed to remedy the condition where it is within that party's ability, alone, to do so and to resume the performance of such covenants or obligations with reasonable dispatch;
- (c) if the failure was caused by lack of funds or with respect to the payment of any amount or amounts then due under the Transportation Contract; or,
- (d) unless, as soon as possible after the happening of the occurrence relied upon or as soon as possible after determining the occurrence was in the nature of Force Majeure and would affect the claiming party's ability to observe or perform any of its covenants or obligations under the Transportation Contract, the party claiming suspension will have given to the other party notice, either in writing or electronically, to the effect such party is unable, by reason of Force Majeure (the nature of which to be specified in the notice), to perform the particular covenants or obligations.

7.4. Notice of Remedy

The party claiming suspension will likewise give notice, as soon as possible after the Force Majeure condition is remedied, to the effect the same is remedied and that party has resumed, or is then in a position to resume, the performance of such covenants or obligations.

7.5. Labour Disputes

Notwithstanding anything to the contrary in this Article, expressed or implied, AUI and the Producer agree the settlement of strikes, lockouts and other industrial disturbances will be entirely within the discretion of the particular party involved in the labour dispute and such party may make settlement of that dispute at such time and on such terms and conditions as it may deem to be advisable. No delay in making such a settlement will deprive a party of the benefit of Clause 7.1 of this Article.

ARTICLE 8 – Termination on Default

8.1. Non-Defaulting Party May Terminate

If either party fails to perform any of the covenants or obligations imposed upon it under, and by virtue of, the Transportation Contract (the “Defaulting Party”), then the other party (the “Non-Defaulting Party”) may, at its option, terminate the Transportation Contract by proceeding as set out in this Article.

8.2. Notice of Intent

The Non-Defaulting Party will cause a notice in writing to be given to the Defaulting Party advising as to the nature of the default and declaring it to be the intention of the Non-Defaulting Party to terminate the Transportation Contract.

8.3. Time to Remedy

The Defaulting Party will have ninety (90) Days after receiving any such notice to remedy the default specified and if, within the said period of ninety (90) Days, the Defaulting Party remedied any such default to the satisfaction of the Non-Defaulting Party, then the notice given pursuant to Clause 8.2 of this Article will be deemed to be withdrawn and the Transportation Contract will continue in full force and effect.

8.4. Producer’s Failure to Remedy

(1) In the event the Producer does not remedy any default of which it has been given notice by AUI to the reasonable satisfaction of AUI within the said ninety (90) Day period, then AUI may terminate the Transportation Contract after the said

ninety (90) Day period and the appropriate charges for all Specific Facilities, as well as the present value of all system tariffs in effect until the termination of the Transportation Contract, discounted at a rate equal to AUI's after-tax weighted average cost of capital as approved by the Commission and in effect on the date the Transportation Contract is terminated by such default, will become due and payable.

- (2) All other rights and obligations of the parties under the Transportation Contract will cease upon termination of the Transportation Contract. However, any such termination will not affect any other remedy AUI may have at law or in equity.

8.5. AUI's Failure to Remedy

- (1) In the event AUI does not remedy any default of which it has been given notice by the Producer to the reasonable satisfaction of the Producer within the said ninety (90) Day period, then the Producer may terminate the Transportation Contract.
- (2) All other rights and obligations of the parties under the Transportation Contract and these Producer Transportation Service Rules will cease upon the termination of the Transportation Contract. However, any such termination will not effect any other remedy the Producer may have at law or in equity.

ARTICLE 9 – Notice

9.1. Notice in Writing

Every notice, request, statement or bill provided for by the Transportation Contract or any notice either AUI or the Producer may desire to give to the other will be in writing, directed to the party to whom it is given and delivered at such party's address as stated in the Transportation Contract.

9.2. Delivery of Notice

- (1) Any notice may be given by mailing the same, postage prepaid, in an envelope properly addressed to the person to whom the notice is being given and will be deemed to be given four (4) business days after the mailing thereof, Saturdays, Sundays and statutory holidays excepted.
- (2) Any notice may also be given by facsimile at the facsimile number designated in the Transportation Contract. Any such notice served by facsimile will be deemed to have been given twenty-four (24) hours after transmission of the same, Saturdays, Sundays and statutory holidays excepted.

- (3) Any notice may also be delivered by hand to the person or their representative to whom such notice is to be given at such person's address for notice and such notice will be deemed to have been given when received by such person or representative.
- (4) Any notice may also be given by telephone or other electronic means followed immediately by letter or facsimile and any notice so given will be deemed to have been given as at the date and time of the telephone notice.

9.3. Disruption of Mail

In the event of disruption of regular mail every payment will be personally delivered and every notice, demand, statement or bill will be given by one of the alternative means set out in Clause 9.2 of this Article.

ARTICLE 10 – Miscellaneous Matters

10.1 Indemnity

- (1) The Producer agrees to indemnify and save AUI harmless from and against any and all claims, demands, suits, actions, debts, accounts, damages, costs, losses, liabilities and expenses of whatsoever nature or kind and howsoever and by whosoever made or incurred arising out of or in any way connected, either directly or indirectly, with any act, omission or default on the part of the Producer under the Transportation Contract;
- (2) Notwithstanding subsection 10.1(1), in no event, whether as a result of alleged negligence on the part of the Producer or otherwise, will the Producer be liable to AUI for loss of profits or revenues, cost of capital, loss for failure to deliver Gas, cost of purchased or replacement Gas, claims of AUI's customers for failure to deliver Gas, cancellation of permits, termination of contracts or other similar special or consequential damages or claims.
- (3) AUI agrees to indemnify and save the Producer harmless from and against all claims, demands, suits, actions, debts, accounts, damages, costs, losses, liabilities and expenses of whatsoever nature or kind and howsoever and by whosoever made or incurred arising out of the gross negligence or wilful misconduct of AUI under the Transportation Contract.
- (4) Notwithstanding subsection 10.1(3), in no event, whether as a result of alleged gross negligence on the part of AUI or otherwise, will AUI be liable to the Producer for loss of profits or revenues, cost of capital, loss for failure to deliver Gas, cost of purchased or replacement Gas, claims of the Producer's customers

for failure to deliver Gas, cancellation of permits, termination of contracts or other similar special or consequential damages or claims.

10.2 Producer Transportation Service Rules Prevail

No representation or commitment inconsistent with these Producer Transportation Service Rules has any effect unless approved by the Commission.

10.3 General Laws Apply

The Transportation Contract and the rights and obligations of the parties to the Transportation Contract are subject to all applicable present and future laws, rules, regulations and orders of any legislative body or duly instituted authority now or hereafter having jurisdiction.

10.4 Commitment to Performance

AUI and the Producer will, from time to time and at all times, do all such further acts and execute and deliver all such further deeds and documents as will be reasonably required to fully perform and carry out the terms of the Transportation Contract and these Producer Transportation Service Rules.

10.5 No Waiver

No waiver by AUI or the Producer of any default by the other under the Transportation Contract and these Producer Transportation Service Rules will operate as a waiver of a future default, whether of a like or different character.

10.6 Application to All Receipt Points

The Transportation Contract and these Producer Transportation Service Rules will apply mutatis mutandis to each Point of Receipt and corresponding Point of Delivery.

10.7 Application to Successors

The Transportation Contract will bind and enure to AUI and the Producer's respective successors and assigns. However, no assignment will release either party from such party's obligations under the Transportation Contract without the written consent of the other party to such release. Such consent may not be unreasonably withheld.

10.8 Use as Security

Nothing contained in the Transportation Contract or these Producer Transportation Service Rules will prevent either party from pledging or mortgaging its rights under the Transportation Contract as security for its indebtedness.

10.9 Applicable Laws

The Transportation Contract will be construed in accordance with the laws of the Province of Alberta and the laws of Canada, as applicable.