



**ATCO Gas, a division of ATCO Gas and Pipelines
Ltd.**

**2017 Annual Performance-Based Regulation Rate Adjustment
Filing**

December 21, 2016

Alberta Utilities Commission

Decision 21981-D01-2016

ATCO Gas, a division of ATCO Gas and Pipelines Ltd.

2017 Annual Performance-Based Regulation Rate Adjustment Filing

Proceeding 21981

December 21, 2016

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1 Introduction

1. On September 9, 2016, ATCO Gas, a division of ATCO Gas and Pipelines Ltd. (ATCO Gas or AG) submitted its 2017 annual performance-based regulation (PBR) rate adjustment filing, requesting approval of its rates, effective January 1, 2017 on an interim basis.¹ ATCO Gas included a copy of its 2015 Rule 005² filings and an attestation signed by a senior officer of the company as part of its application in accordance with Commission directions found at Section 13.1 of Decision 2012-237.³

2. On September 12, 2016, the Commission issued a notice of application that required interested parties to submit a statement of intent to participate (SIP) by September 19, 2016. In their SIPs, parties were to indicate whether they supported or objected to the application, state reasons for their position, and identify any perceived need for further process along with supporting rationale. The Commission received SIPs by the specified deadline from the Consumers' Coalition of Alberta (CCA), The City of Calgary and the Office of the Utilities Consumer Advocate (UCA).

3. After reviewing the application and the SIPs, the Commission determined that the application would be considered by way of a *basic written process*, as outlined in Commission Bulletin 2015-09,⁴ and on September 21, 2016, issued the following schedule for this proceeding:⁵

Process step	Deadline
Information requests (IRs) issued to ATCO Gas	October 4, 2016
ATCO Gas response to IRs	October 18, 2016
Submissions on the need for further process	October 20, 2016
Argument (if required)	October 25, 2016
Reply argument (if required)	November 1, 2016

4. On October 20, 2016, the Commission received letters from ATCO Gas, Calgary, the CCA and the UCA regarding further process. ATCO Gas indicated that there was no need for any further process but supported the current dates for argument and reply argument should the

¹ Exhibits 21981-X0001 to 21981-X0006, application, supporting schedules, rate schedules and terms and conditions.

² Rule 005: *Annual Reporting Requirements of Financial and Operational Results*.

³ Decision 2012-237: Rate Regulation Initiative, Distribution Performance-Based Regulation, Proceeding 566, Application 1606029-1, September 12, 2012.

⁴ Bulletin 2015-09, Performance standards for processing rate-related applications, March 26, 2015.

⁵ Exhibit 21981-X0013.

Commission decide there is need for further process. Both Calgary and the CCA requested the opportunity to file argument and reply argument. The UCA advised that it might not file argument and had no objection to the remaining steps of the currently approved process or to one of similar effect.

5. On October 21, 2016, the Commission advised that the application would now be considered by way of a *minimal written process*, as outlined in Commission Bulletin 2015-09, and revised the schedule as follows:⁶

Process step	Revised deadline
Argument	October 26, 2016
Reply argument	November 2, 2016

6. On November 2, 2016, parties filed their reply argument. By letter dated November 4, 2016, the Commission determined that it required further information and issued an additional IR to ATCO Gas. The deadline for ATCO Gas's response was set as November 8, 2016.

7. The Commission considers the record for this proceeding to have closed on November 8, 2016, when ATCO Gas filed its responses to the Commission information request.

8. In reaching the determinations set out within this decision, the Commission has considered all relevant materials comprising the record of this proceeding. Accordingly, reference in this decision to specific parts of the record are intended to assist the reader in understanding the Commission's reasoning relating to a particular matter and should not be taken as an indication that the Commission did not consider all relevant portions of the record with respect to a particular matter.

2 Background

9. On September 12, 2012, the Commission issued Decision 2012-237, approving PBR plans for certain distribution utilities in Alberta (companies), including ATCO Gas. The PBR plans were approved for a five-year term commencing January 1, 2013. PBR replaces traditional cost-of-service regulation as the annual rate-setting mechanism for distribution utility rates.

10. As set out in Decision 2012-237, the PBR framework provides a formula mechanism for the annual adjustment of rates. In general, the companies' rates are adjusted annually by means of an indexing mechanism that tracks the rate of inflation (I) relevant to the prices of inputs less an offset (X) to reflect productivity improvements that the companies can be expected to achieve during the PBR plan period. As a result, with the exception of specified adjustments, a utility's revenues are no longer linked to its costs. Companies subject to a PBR regime must manage their businesses and service obligations with the revenues derived under the PBR indexing mechanism and adjustments provided for in the formula. The PBR framework is intended to create efficiency incentives similar to those in competitive markets.

11. In addition, a company may apply for approval of certain rate adjustments to enable the recovery of specific costs where it can be demonstrated that the costs cannot be recovered under

⁶ Exhibit 21981-X0035.

the I-X mechanism and where certain other criteria have been satisfied. These possible adjustments include an adjustment for certain flow-through costs that should be recovered from, or refunded to, customers directly (a Y factor), and an adjustment to account for the effect of material exogenous events for which the company has no other reasonable cost recovery or refund mechanism within the PBR plan (a Z factor). In addition, the Commission determined that a rate adjustment mechanism to fund certain capital-related costs may be required under the approved PBR plans. This supplemental funding mechanism was referred to in Decision 2012-237 as a “capital tracker” with the revenue requirement associated with approved amounts to be collected from ratepayers by way of a “K factor” adjustment to the annual PBR rate setting formula. Since the commencement of PBR in 2013, the K factor adjustment has represented a significant component of the companies’ annual PBR rate adjustments.

12. Also in Decision 2012-237, the Commission established that the companies must submit their PBR rate adjustment filings to the Commission by September 10 of each year in order to facilitate annual implementation of rates by January 1 of the upcoming year. Decision 2013-072⁷ and Decision 2013-270,⁸ dealt, respectively, with the first and second 2012 PBR compliance filings to establish the 2013 PBR rates for the companies. The Commission approved ATCO Gas’s 2014 and 2015 PBR rate adjustments in Decision 2013-460⁹ and Decision 2014-363,¹⁰ respectively. The Commission approved ATCO Gas’s 2016 PBR rate adjustment in Decision 20820-D01-2015.¹¹

3 Issues

3.1 2017 I factor and the resulting I-X index for 2017

13. As set out at paragraph 251 of Decision 2012-237, the I factor in ATCO Gas’s PBR plan is calculated as a weighted average, of which 55 per cent is based on the Alberta average weekly earnings (AWE) index and 45 per cent is based on the Alberta consumer price index (CPI) for the previous July through June period.

14. In the 2014 annual PBR rate adjustment proceedings, it was brought to the Commission’s attention that the Statistics Canada Table 281-0028, which Decision 2012-237 approved as a source of the AWE data, had been terminated. In Decision 2013-460, the Commission determined that data vector v79311387 from Statistics Canada Table 281-0063 would be used to obtain the Alberta AWE series in ATCO Gas’s future annual PBR rate adjustment filings.¹²

⁷ Decision 2013-072: 2012 Performance-Based Regulation Compliance Filings, AltaGas Utilities Inc., ATCO Electric Ltd., ATCO Gas and Pipelines Ltd., EPCOR Distribution & Transmission Inc. and FortisAlberta Inc., Proceeding 2130, Application 1608826-1, March 4, 2013.

⁸ Decision 2013-270: 2012 Performance-Based Regulation Second Compliance Filings, AltaGas Utilities Inc., ATCO Electric Ltd., ATCO Gas and Pipelines Ltd., EPCOR Distribution & Transmission Inc. and FortisAlberta Inc., Proceeding 2477, Application 1609367-1, July 19, 2013.

⁹ Decision 2013-460: ATCO Gas and Pipelines Ltd., 2014 Annual PBR Rate Adjustment Filing, Proceeding 2826, Application 1609915-1, December 19, 2013.

¹⁰ Decision 2014-363: ATCO Gas, 2015 Annual PBR Rate Adjustment Filing, Proceeding 3407, Application 1610837, December 19, 2014.

¹¹ Decision 20820-D01-2015: ATCO Gas and Pipelines Ltd., 2016 Annual Performance-Based Regulation Rate Adjustment Filing, Proceeding 20820, December 21, 2015.

¹² Decision 2013-460, paragraph 39.

15. In response to a Commission IR, AG-AUC-2016OCT04-002, ATCO Gas confirmed that it calculated the I factor using the data vector v79311387 to obtain the Alberta AWE series and using the data vector v41692327 to obtain the Alberta CPI series.¹³

16. In the application, ATCO Gas followed the Commission's directions set out in Decision 2012-237 and Decision 2013-460, and calculated an inflation factor of (0.76) per cent for use in its 2017 PBR rate adjustment formula.¹⁴ Together with the X factor of 1.16 per cent approved in Decision 2012-237,¹⁵ this I factor results in an I-X index value of (1.92) per cent for 2017.¹⁶

17. No party objected to ATCO Gas's calculations of the 2017 I factor and the resulting I-X index for 2017.

Commission findings

18. The Commission has reviewed ATCO Gas's calculations of the 2017 I factor and finds them to be both reasonable and consistent with the methodology set out in Decision 2012-237. The Commission also verified that ATCO Gas used the correct Statistics Canada data. Therefore, the Commission approves the 2017 I factor of (0.76) per cent calculated by ATCO Gas.¹⁷ Together with the X factor of 1.16 per cent approved in Decision 2012-237,¹⁸ this I factor results in an I-X index value of (1.92) per cent for 2017.

19. ATCO Gas is reminded that, in accordance with the Commission's direction at paragraph 249 of Decision 2012-237, the Alberta AWE and Alberta CPI from July 2015 to June 2016 should be the same unrevised values filed in this proceeding. For convenience, these values are provided in [Appendix 3](#) to this decision.

3.2 Y factor adjustment

20. In Decision 2012-237, the Commission approved categories of costs for Y factor treatment for ATCO Gas which included Alberta Utilities Commission (AUC), UCA and intervener costs, and its deferred capital immediately deductible for income taxes. Additionally, certain of ATCO Gas's Y factor cost components, such as the deferral account for production abandonment costs approved in Decision 2013-460 have specifically been approved for Y factor treatment.¹⁹

21. In this application, ATCO Gas applied for the following 2017 Y factor amounts, resulting in an aggregate refund of \$13,828,000.

¹³ Exhibit 21981-X0021, AG-AUC-2016OCT04-002(a) and (b).

¹⁴ Exhibit 21981-X0006, application, paragraph 7, Schedule 2.2.

¹⁵ Decision 2012-237, paragraph 515.

¹⁶ Exhibit 21981-X0006, application, paragraph 8, Schedule 2.3.

¹⁷ Exhibit 21981-X0006, application, paragraph 7, Schedule 2.2.

¹⁸ Decision 2012-237, paragraph 515.

¹⁹ Decision 2013-460.

Table 1. 2017 Y factors

Y factor	North	South	Total
			(\$000)
2017 Deferral account placeholders			
Deferred capital immediately deductible for income taxes	(9,520)	(7,780)	(17,300)
Deferred AUC costs	2,200	2,200	4,400
Deferred intervener costs	250	250	500
Deferred UCA costs	600	600	1,200
Deferred production abandonment costs	100	600	700
	(6,370)	(4,130)	(10,500)
Deferral accounts true-ups			
Deferred capital immediately deductible for income taxes	(2,105)	(1,668)	(3,793)
Deferred hearing (combined AUC and intervener)	(219)	(218)	(437)
Deferred UCA costs	98	97	195
Deferred production abandonment costs	828	508	1,336
Carrying charges	(54)	(43)	(97)
	(1,441)	(1,355)	(2,796)
Other proceeding true-ups			
Total to be refunded – ATCO Utilities Evergreen II Compliance Filing Decision 3378-D01-2016 ²⁰	(13,829)	(13,794)	(27,623)
Previously refunded – 2016 Annual PBR rate Adjustment Filing Decision 20820-D01-2015	13,549	13,542	27,094
	(280)	(252)	(532)
Y factor revenue to be collected (refunded) in 2017	(8,091)	(5,737)	(13,828)

22. Paragraph 718 of Decision 2012-237 requires that the “Y factor portion of the annual PBR rates adjustment filings will be comprised of two parts, the first being a provision for the Y factor amounts to be included in rates for the upcoming year, and the second being a true-up between the provision included in rates for the Y factor in the prior year and the actual amounts incurred in the prior year.” Consistent with this requirement, in addition to 2017 forecast amounts, ATCO Gas included the true-up of its AUC, UCA and intervener costs, deferred production abandonment costs, and deferred capital immediately deductible for income taxes, addressing amounts included in rates for the Y factor in the prior year and the actual amounts incurred from August 1, 2015 to July 31, 2016.

23. For 2017, ATCO Gas calculated Y factor carrying charges in accordance with Rule 023²¹ requirements. ATCO Gas proposed carrying charges of \$97,000 to be refunded over the period of January 1, 2017 to December 31, 2017, and provided details of the calculations in Schedule 3.4.2(f)²² of its application.

24. In its application, ATCO Gas provided details of its forecasting methodology for 2017 for deferred AUC, UCA and intervener costs, deferred capital immediately deductible for income taxes and deferred production abandonment costs. Because of the difficulty in forecasting these amounts, ATCO Gas has carried forward the 2016 placeholder amounts for 2017 for each of

²⁰ Decision 3378-D01-2016: ATCO Utilities (ATCO Gas, ATCO Pipelines and ATCO Electric Ltd.), Evergreen II Application, Compliance Filing to Decision 2014-169 (Errata), Proceeding 3378, March 4, 2016.

²¹ Rule 023: *Rules Respecting Payment of Interest*.

²² Exhibit 21981-X0005.

these items, with the exception of the deferred capital immediately deductible for income tax costs.

25. ATCO Gas provided calculations related to its true-up of the Y factor adjustment items in schedules 2.4.2 of its application.²³

Commission findings

26. In Decision 2012-237, the Commission approved certain types of costs for Y factor treatment. The approved categories of costs included:

- Certain transmission-related costs including: Alberta Electric System Operator flow-through items, volume variances included in transmission access charge deferral accounts, transmission flow-through amounts for gas utilities, and farm transmission costs.
- Costs that arise from Commission actions, including: AUC assessment fees; effects of regulatory decisions, hearing costs, AUC tariff billing and load settlement initiatives, and UCA assessment fees.
- Costs, which by their nature, are deemed meet Y factor criteria, including: municipal fees, load balancing amounts, weather deferral amounts, production abandonment amounts, and impacts of changes in income tax and other taxation rates.

27. To the extent that a company has requested Y factor treatment in 2017 for costs that it has demonstrated are properly included in one of the above referenced categories, the Commission is not required, in this decision, to engage in an examination of such costs with a view to determining whether those costs also satisfy the general criteria for Y factor treatment identified at paragraph 631 of Decision 2012-237.

28. However, if a company applies for Y factor treatment for costs that are not of the type already approved for Y factor treatment in Decision 2012-237, the Commission is required, in this decision, to assess those costs against the Y factor criteria established at paragraph 631 of Decision 2012-237 to determine whether the applied-for costs are eligible for Y factor treatment. ATCO Gas has not applied for Y factor treatment for any costs that are not of the type already approved for Y factor treatment in Decision 2012-237.

29. The Commission has reviewed the calculations provided in Schedules 2.4.2 of the application for the 2015 true-up amounts for deferred AUC, UCA and intervener costs, deferred capital immediately deductible for income taxes and deferred production abandonment costs. The Commission finds that they have been properly calculated and have been adequately supported for the purpose of this decision.

30. With respect to the true-up associated with deferred production abandonment costs, for its next annual filings, the Commission directs ATCO Gas to provide a breakdown of the amounts incurred in the true-up period relating to production abandonments. ATCO Gas should separately identify each production abandonment project undertaken, including a description of each project and why it was required, and identify the component costs for each project. ATCO

²³ Exhibit 21981-X0005, application.

Gas should also provide evidence that these costs have not already been collected from customers through net salvage provisions that were collected during the time period when the associated production assets were in use.

31. With respect to the forecasting methodologies for the 2017 placeholder amounts for deferred AUC, UCA and intervener costs, deferred capital immediately deductible for income taxes and deferred production abandonment costs provided in the application, the Commission finds the methodologies to be reasonable and consistent with the methodologies used in previous PBR annual filings. Accordingly, the Commission approves ATCO Gas's 2017 Y factor for deferred AUC, UCA and intervener costs, deferred capital immediately deductible for income taxes and deferred production abandonment costs.

32. The Commission has also reviewed ATCO Gas's proposed Y factor carrying charges, and has determined that they are consistent with Rule 023 requirements and the carrying charges are therefore, approved.

3.2.1 Production abandonment

33. In Decision 20820-D01-2015, the Commission directed ATCO Gas to provide a breakdown of the amounts incurred in the true-up period relating to production abandonments and to provide evidence that these costs have not been collected from customers through net salvage provisions that were collected during the time period when the associated production assets were in use. ATCO Gas provided a schedule²⁴ in its application which provided a detailed breakdown of the production abandonment costs. ATCO Gas noted that in Decision 2013-417 the Commission approved the continued inclusion of production abandonment costs in revenue requirement.²⁵

34. The Commission has reviewed the production abandonment detail provided in this application and finds that they continue to qualify as a Y factor. The Commission directs ATCO Gas to continue to provide a similar level of detail of these costs in future applications.

3.2.2 Evergreen II compliance adjustment

35. In this application, ATCO Gas applied for a true-up in relation to the Evergreen II compliance decision (Decision 3378-D01-2016).²⁶

Table 2. Other proceeding true-ups

	Total	North	South
	(\$000)		
Total to be refunded – ATCO Utilities Evergreen II Compliance Filing Decision 3378-D01-2016	(27,623)	(13,829)	(13,794)
Previously refunded – 2016 Annual PBR Rate Adjustment Filing Decision 20820-D01-2015	27,091	13,549	13,542
Other proceeding true up – ATCO Utilities Evergreen II	(532)	(280)	(252)

²⁴ Exhibit 21981-X0006, Schedule 2.4.2(e).

²⁵ Exhibit 21981-X0038, paragraph 13.

²⁶ Decision 3378-D01-2016.

36. The \$532,000 refund included carrying costs which are to the benefit of ratepayers. In order to calculate the carrying charges owed to customers ATCO Gas used the Rule 023 interest rate for the amounts related to operating and maintenance (O&M) and the weighted average cost of capital (WACC) for the amounts related to capital.²⁷ ATCO Gas argued that paragraph 983 of Decision 2012-237 states that Rule 023 be used in order to calculate the carrying charges related to Y factor adjustments.

37. Both Calgary and the CCA disagreed with use of Rule 023 for the calculation of the carrying charges on the O&M amounts related to this adjustment. Both interveners cited the following order from Decision 3378-D01-2016:

188. It is hereby ordered that:

...

- (3) The ATCO Utilities will use the weighted average cost of capital in determining carrying charges for any of the placeholder amounts determined in Decision 2014-169,^[28] Decision 2014-169 (Errata) and this decision.

38. Calgary stated that ATCO Gas was engaging in an out-of-time review and variance of the orders issued in Decision 3378-D01-2016 through its substitution of the Rule 023 interest rate in the calculation of the carrying charges.²⁹ Calgary submitted that the bifurcation of carrying cost treatment as between O&M and capital amounts was recently rejected by the Commission in Decision 21515-D01-2016. Calgary noted that the difference was not immaterial because the use of WACC to calculate the carrying charges relating to O&M would result in an additional \$2 million being refunded to ratepayers in the North and South.

39. The CCA submitted that the order in Decision 3378-D01-2016 is clear, and that the annual filing process should not be used to vary prior AUC decisions.³⁰

40. ATCO Gas replied that Calgary's assertions fail to take into account the different regulatory framework applicable to PBR utilities relative to those regulated under the cost-of-service approach. ATCO Gas indicated that the Commission, in paragraph 983 of Decision 2012-237, determined that carrying charges on Y factors would be determined using Rule 023. In ATCO Gas's view, the exception identified in paragraph 983 did not apply because Decision 2014-169 and Decision 3378-D01-0216 were issued during the current PBR term.

41. In reply argument, ATCO Gas argued that awarding carrying charges on collections from or refunds to customers arising from Commission decisions during the PBR term, that are subject to Y factor treatment, on any other basis than Rule 023 is inconsistent with repeated specific rulings by the Commission. ATCO Gas cited several decisions,³¹ where the Commission

²⁷ Exhibit 21981-X0026, AG-CAL-2016OCT04-002(i).

²⁸ Decision 2014-169: ATCO Utilities (ATCO Gas, ATCO Pipelines and ATCO Electric Ltd.), 2010 Evergreen Proceeding for Provision of Information Technology and Customer Care and Billing Services Post 2009 (2010 Evergreen Application), Proceeding 240, Application 1605338-1, June 13, 2014. Decision 2014-169 (Errata) issued February 6, 2015.

²⁹ Exhibit 21981-X0044, paragraph 6.

³⁰ Exhibit 21981-X0041, CCA reply argument.

³¹ Decision 2013-460; Decision 2013-461: ATCO Electric Ltd., 2014 Annual PBR Rate Adjustment Filing, Proceeding 2824, Application 1609913-1, December 20, 2013; Decision 2014-354: ATCO Electric Ltd., 2015 Annual PBR Rate Adjustment Filing, Proceeding 3404, Application 1610835, December 17, 2014; Decision 20822-D01-2015: ATCO Electric Ltd., 2016 Annual Performance-Based Regulation Rate Adjustment

approved the use of Rule 023 to determine carrying charges for Y factor adjustments. ATCO Gas advised that “the treatment applicable to non-PBR utilities should not be viewed as determinative for PBR utilities particularly where ... the Commission has repeatedly stipulated the appropriate approach.”³² In addition, ATCO Gas observed that calculating the Evergreen II refund carrying charges using WACC for capital related amounts and Rule 023 for O&M related amounts appears inconsistent with the determinations made in Decision 2012-237. In hindsight, ATCO Gas submitted the following;

... The carrying charges, therefore, should have been determined using Rule 023 Bank of Canada plus 1½ per cent for both O&M and capital related amounts. The impact for this correction is an increase to carrying charges of approximately \$120,000 due to the fact that the capital related amount is a recovery from customers as can be seen in Schedule 2.4.3(a) of the Application. As such, the final Evergreen II true up to customers should be \$654,000 (\$338,000 North and \$316,000 South) instead of the \$532,000 (\$280,000 North and \$252,000 South) noted in the Application.³³

Commission findings

42. In Proceeding 240 (which resulted in Decision 2014-169), the ATCO Utilities (consisting of ATCO Gas, ATCO Pipelines, ATCO Electric – Distribution and ATCO Electric – Transmission) filed an application seeking various orders and approvals for the provision of information technology (IT) and customer care and billing services post 2009, referred to as the 2010 Evergreen application. As noted by the Commission in Decision 2014-169, “[t]he historical and procedural background pertaining to the matters in the 2010 Evergreen proceeding has been lengthy and complex.”³⁴ Additional information, a list of related decisions, and a brief summary of the key findings in those decisions, can be found in Section 2 of that decision. The Commission ultimately ordered that the ATCO Utilities were to provide a compliance filing, including “a proposal on how the ATCO Utilities intended to fund the overcharges to ratepayers from and including 2010.”³⁵

43. In Proceeding 3378, the ATCO Utilities submitted a compliance application based on the directions issued in Decision 2014-169.³⁶ In Decision 3378-D01-2016, the Commission held the following with respect to carrying charges for the Evergreen IT costs:

Views of the Commission

160. The Commission considers that while Rule 023 has been used extensively in the past to determine carrying charges, the use of WACC to make such determinations is not otherwise precluded in this case.

161. The Commission also notes that the ATCO Utilities did not present their position on the use of Rule 023 versus WACC in their application notwithstanding the fact the issue was to be reviewed in this proceeding.

Filing, Proceeding 20822, December 17, 2015; Decision 20351-D01-2015: FortisAlberta Inc., 2013-2015 Capital Tracker Compliance Filing, Proceeding 20351, September 23, 2015.

³² Exhibit 21981-X0043, paragraph 4.

³³ Exhibit 21981-X0043, paragraph 9.

³⁴ Decision 2014-169, paragraph 17.

³⁵ Decision 2014-169, paragraph 474.

³⁶ Decision 3378-D01-2016, paragraph 1.

162. In the present case, final approved pricing was applied to both O&M and capital projects and the resulting adjustments by the ATCO Utilities were all in the form of refunds to customers. Consequently, the use of WACC to determine carrying costs would not be unreasonable in the circumstances. Calgary's argument that the ATCO Utilities had earned a return on projects incorporating MSA [master service agreements] pricing prior to their approval or adjustment in Decision 2014-169 (Errata) is also of some merit.

163. The Commission is satisfied that in these specific circumstances, the ATCO Utilities' use of WACC to calculate the carrying charges is acceptable. Accordingly, the ATCO Utilities are directed to calculate these amounts using WACC.

44. In the current proceeding, ATCO Gas argued that the carrying charges at issue should be determined using Rule 023 in accordance with paragraph 983 of Decision 2012-237. Paragraph 983 of Decision 2012-237 states as follows:

983. Carrying charges on balances that are subject to true up will be calculated using an interest rate equal to the Bank of Canada's Bank Rate plus 1½ per cent, subject to any previously approved Commission procedure for awarding interest on accounts that existed prior to implementation of PBR. This interest rate is consistent with AUC Rule 023....

45. The Commission is not persuaded by ATCO Gas's arguments that the findings in paragraphs 162 and 163 of Decision 3378-D01-2016 are not determinative for ATCO Gas. The Commission considers that the wording in paragraphs 162 and 163 of Decision 3378-D01-2016 clearly relates to calculating carrying costs for both the O&M and capital amounts of the Evergreen IT costs. In addition, the Commission's findings apply to the "ATCO Utilities", which includes ATCO Gas. The interpretation that the Commission in Decision 3378-D01-2016 intended for its findings in paragraph 162 and 163 to apply to ATCO Gas is reinforced by the fact that the Commission made a distinction between PBR utilities and cost-of-service utilities in some parts of Decision 3378-D01-2016 (e.g., Section 5.1 "PBR utilities (ATCO Electric Distribution and ATCO Gas)" and Section 5.2 "Cost-of-Service utilities (ATCO Electric Transmission and ATCO Pipelines)"), but not others (e.g., Section 6 "Carrying charges").

46. While paragraph 983 of Decision 2012-237 sets out the general rule for calculating carrying costs on Y factor amounts, the Commission made a specific direction in Decision 3378-D01-2016 for ATCO Gas to use WACC to calculate carrying costs for the Evergreen IT costs. The Commission in Decision 3378-D01-2016 acknowledged that the unique circumstances surrounding the Evergreen IT costs was considered in making its decision, when it stated "[t]he Commission is satisfied that in these specific circumstances, the ATCO Utilities' use of WACC to calculate the carrying charges is acceptable ..." (emphasis added).

47. Accordingly, the Commission approves ATCO Gas's Evergreen-related Y factor carrying charges using WACC, both for the O&M and capital amounts, resulting in a carrying cost adjustment Y factor refund to customers of \$2.146 million in the North and \$2.137 million³⁷ in the South.

³⁷ Exhibit 21981-0049, AG-AUC-2016NOV04-001(a) Attachment, Schedule 2.4.3(a) Revised.

3.3 K factor placeholder

48. For 2017, ATCO Gas requested a K factor placeholder in the amount of \$35.9 million for the North and \$25.2 million for the South.³⁸ This amount is equal to 100 per cent of the forecast 2017 K factor amount of \$61.1 million, which the Commission approved in Decision 21606-D01-2016.³⁹

49. ATCO Gas noted that the 2017 K factor placeholder amount does not include the incremental K factor associated with the 2017 Steel Mains Replacement (SMR) program forecast update applied for in the 2015 capital tracker true-up and 2017 SMR forecast update application, currently before the Commission in Proceeding 21843.⁴⁰

Commission findings

50. No party objected to a 100 per cent K factor placeholder. In determining the K factor placeholder for 2017, the Commission has considered rate stability, avoidance of rate shock, intergenerational equity issues and providing timely funding to the utility. The Commission considers that a 100 per cent placeholder amount provides a reasonable level of funding to ATCO Gas on a timely basis and reduces the potential for customer rate shock in future periods.

51. The Commission considers that a K factor placeholder equal to 100 per cent of the proposed amount is reasonable for 2017. Accordingly, the Commission approves a 2017 K factor amount of \$61.1 million, comprising \$35.9 million in the North and \$25.2 million in the South, to be included in ATCO Gas's 2017 PBR rates. This approved 2017 K factor placeholder amount is subject to true-up in subsequent capital tracker proceedings.

3.4 Z factor adjustments

52. In accordance with paragraph 540 of Decision 2012-237, on May 13, 2016, ATCO Gas notified the Commission that it expected to file a Z factor application related to the recent wildfires experienced in the municipality of Wood Buffalo and other northern Alberta areas.⁴¹ On May 17, 2016, the Commission issued a letter of acknowledgement⁴² and directed ATCO Gas to file its Z factor application under Proceeding 21608.

53. ATCO Gas explained that it had incurred significant costs as a result of the Alberta wildfires, and because the full scope of the rebuilding process has not been determined to date, it is not able to file a Z factor application at this time. To account for the costs and lost revenues it has incurred and expected to incur in 2016, ATCO Gas requested approval for an interim deferral account to record these costs, pending the outcome of a Z factor application.⁴³

Commission findings

54. The Commission has reviewed the submissions of the parties regarding the interim deferral account requested by ATCO Gas in order to track costs related to the Alberta wildfires. Given that Proceeding 21608 has been created to consider ATCO Gas's Z factor application, and

³⁸ Exhibit 21981-X0006, application, paragraph 30.

³⁹ Decision 21606-D01-2016: ATCO Gas and Pipelines Ltd., 2014 True-Up and 2016-2017 Forecast PBR Capital Trackers Compliance Filing, Proceeding 21606, August 25, 2016, paragraph 86.

⁴⁰ Exhibit 21981-X0006, application, paragraph 31.

⁴¹ Exhibit 21608-X0001.

⁴² Exhibit 21608-X0003.

⁴³ Exhibit 21981-X0006, application, paragraphs 35-36.

that the wildfire related costs to date are potentially significant, the Commission approves the implementation of an interim deferral account for these costs. In approving the interim deferral account, the Commission is not making a determination on whether the wildfire-related costs will qualify for a Z factor adjustment and has not evaluated the costs against the Z factor criteria. For clarity, no Alberta wildfire-related costs will be included in rates on a final basis as a result of the approval of the interim deferral account, unless and until such time as the Commission approves a Z factor with respect to these costs.

3.5 2017 billing determinants forecast

55. In Decision 2012-237, the Commission stated the following regarding the required annual forecast of billing determinants:

995. Companies will be expected to utilize forecasting methodologies that are logical and easy to understand, and in most cases this will involve the continued use of forecasting methodologies utilized prior to PBR. Companies should utilize consistent billing determinant forecasting methodologies during the PBR term unless the Commission orders otherwise.⁴⁴

56. ATCO Gas noted that its forecast 2017 billing determinants were based on a forecasting methodology that was used and approved to forecast its billing determinants in its previous annual PBR rate adjustment filings, including its 2016 application, which was determined in Decision 20820-D01-2015. ATCO Gas mentioned that its forecast includes an adjustment made in the second half of 2017 for the anticipated building of new residences as a result of the 2016 Wood Buffalo region wildfire.⁴⁵

57. Detailed calculations of the 2017 billing determinants forecast were provided in Schedule 3.0 through Schedule 3.3 of the application.⁴⁶

58. In Decision 20820-D01-2015, the Commission directed ATCO Gas to provide information on any variances from forecast to actual billing determinants by rate class and identify the cause of variances larger than \pm five per cent on an annual basis.⁴⁷

59. In Appendix E of the application, ATCO Gas provided explanations for the variances between the forecast and actual billing determinants for 2015 that were larger than \pm five per cent on an annual basis. It explained that the variances for the demand throughput and irrigation throughput were caused by weather. The variance for the low use rate class throughput was due to higher usage per customer. The variance in the number of irrigation customers was due to a higher number of active customers than forecast.⁴⁸

Commission findings

60. The Commission has reviewed ATCO Gas's forecast 2017 billing determinants and finds that ATCO Gas has used a forecasting methodology that is consistent with its previous PBR-related applications, and that the resulting forecast billing determinants are reasonable. The 2017

⁴⁴ Decision 2012-237, paragraph 995.

⁴⁵ Exhibit 21981-X0006, 20167 ATCO Gas PBR application, paragraphs 38-43.

⁴⁶ Exhibit 21981-X0005, Appendix B, 2017 PBR Schedule, Schedule 3.0-3.3.

⁴⁷ Decision 20820-D01-2015, paragraph 74.

⁴⁸ Exhibit 21981-X0006, application, Appendix E.

forecast billing determinants set out in Schedule 3.0 through Schedule 3.3 of the application are approved as filed.

61. The Commission reminds ATCO Gas to continue to provide annual and monthly forecasts of billing determinants in future annual PBR rate adjustment filings as well as in its application to comply with directions from the next generation PBR Proceeding 20414, which will request rate adjustments for 2018.

62. In response to a Commission direction from paragraph 74 of Decision 20820-D01-2015, ATCO Gas explained that the variances between the forecast and actual billing determinants for 2015 were caused by such factors as higher than historical low use rate class usage per customer, higher than forecast active irrigation customers, and weather. The Commission considers that variances from forecasts resulting from circumstances such as those described above may reasonably be expected. Such occurrences do not generally call into question the predictive value of the methodology used to generate such forecasts. Consequently, the Commission finds that ATCO Gas has complied with the direction at paragraph 74 of Decision 20828-D01-2015.

63. Subject to any determinations made in any proceedings subsequent to the next generation PBR Proceeding 20414, which may include the proceeding dealing with rebasing and establishment of going-in rates, ATCO Gas is directed to continue to provide information concerning variances from forecast to actual number of customers by rate class in each completed prior year of the PBR term, as well as to identify the causes of variances larger than \pm five per cent on an annual basis. ATCO Gas is directed to provide this variance analysis for 2016 in its application to comply with directions from the next generation PBR Proceeding 20414, which will request rate adjustments for 2018.

3.6 Utilization of rate riders

64. In Decision 20820-D01-2015, the Commission approved the following riders for use outside of ATCO Gas's PBR formula in 2016:⁴⁹

Table 3. ATCO Gas's rate riders approved for 2016 in Decision 20820-D01-2015

Rider	Description
Rider A	Municipal franchise fee, a flow-through of franchise fees charged to the utilities by municipalities.
Rider B	Municipal property tax and specific costs, a flow-through of property taxes charged to the utilities by municipalities.
Rider D	Unaccounted-for gas (UFG), an assessment UFG charged to customers "in-kind."
Rider E	Deemed value for gas, used in the calculation of municipal franchise fees for customers in municipalities designated as Method C. The deemed value is an amount equal to the default supply Rider F.
Rider L	Load balancing rate rider, a refund or recovery of value in the load balancing account.
Rider T	Transmission, a flow-through of NOVA Gas Transmission Ltd. (NGTL) transmission charges.
Rider W	Weather deferral account, a refund or recovery of value in the weather deferral account.

65. In Decision 20820-D01-2015, the Commission stated that it would review the continued need for these riders when it considered ATCO Gas's 2017 annual rate adjustment filing. The

⁴⁹ Decision 20820-D01-2015, paragraph 85.

Commission directed ATCO Gas to address the continuing need for each of the riders in this proceeding.⁵⁰

66. ATCO Gas did not apply for any new rate riders in 2017. Consistent with the Commission's prior direction, ATCO Gas addressed the continuing need for the use of its existing riders under PBR. ATCO Gas included a description of each of its current rate riders, and the justification for their continued use, in the application.⁵¹

67. No party objected to ATCO Gas's continued use of the existing rate riders in 2017.

Commission findings

68. In Decision 2012-237, the Commission recognized the need to recover some approved flow-through items through separate riders because these items do not correspond to the timing of the annual PBR rate adjustment proceeding:

984. As discussed in Section 7.4.3, flow-through items currently collected by way of separate rider will be collected using the existing methodology and rider mechanism outside of the annual PBR rate adjustment filing process to recognize that these flow-through items are currently processed throughout the year. As a result, applications related to flow-through items may be submitted throughout the year.⁵²

69. The Commission has reviewed the riders proposed by ATCO Gas for use in 2017. Having considered the information provided by ATCO Gas with respect to the purposes and amounts of the proposed riders, the Commission finds that these riders are necessary to address flow-through or Commission-directed items (i.e., items relating to Y factors) approved for inclusion in ATCO Gas's PBR plan. Accordingly, the Commission approves the use of the riders identified in Table 3 above, for 2017.

70. Subject to determinations in any proceeding subsequent to the next generation PBR Proceeding 20414, which may include the proceeding dealing with rebasing and establishment of going-in rates, the Commission will review the continuing need for all approved riders at the time of ATCO Gas's future annual PBR rate adjustment filings. Accordingly, unless directed otherwise by the Commission, ATCO Gas is to address the continuing need for each of these riders in its application to comply with directions from the next generation PBR Proceeding 20414, which will consider rate adjustments for 2018, as well as future annual PBR rate adjustment filings.

3.7 Financial reporting requirements and senior officer attestation

71. In Section 13 of Decision 2012-237, the Commission directed the companies to provide certain financial information in their annual PBR rate adjustment applications. Specifically, each company was directed to provide a copy of its Rule 005 filing and an attestation signed by a senior officer of the company. The attestations and certifications required to be made by a senior officer of each company are to provide the following:

- confirm the reported ROE [return on equity] used to determine if a re-opener exists, either actual or weather normalized

⁵⁰ Decision 20820-D01-2015, paragraph 86.

⁵¹ Exhibit 21981-X0006, application, paragraphs 60-66.

⁵² Decision 2012-237, paragraph 984.

- describe any changes in accounting methods, including assumptions respecting capitalization of labour and overhead and associated impacts
- describe any changes in the depreciation parameters and associated impacts
- describe any changes in the allocation of shared services costs and associated impacts
- confirm the inflation parameters used, including calculation and application of the rates formula to rates
- confirm the calculation of flow-through costs (Y factors) and associated riders conform to Commission directions
- confirm the calculation of exogenous (Z factor) adjustments and associated riders conform to Commission directions
- confirm the calculation of capital trackers (K factor) and associated riders conform to Commission directions
- identify any material changes in the components of costs or revenues
- confirm that the numbers, assumptions and presentation of the numbers in the application are accurate, complete, and proper
- confirm that the numbers, assumptions and proposed rates are reasonable, fair and accurate⁵³

72. ATCO Gas provided its 2015 Rule 005 filings in Appendix F of the application.⁵⁴ An attestation signed by a senior officer of the company was provided in Appendix H.⁵⁵

73. In Decision 2012-237, the Commission also determined that, in order to maintain transparency and consistency, disallowed costs should continue to be identified and excluded from a company's return on equity calculation. Accordingly, the Commission directed each company to include in its annual PBR rate adjustment filing a schedule that includes two tables, one providing a reconciliation of financial and utility returns and a second providing a summary of costs found to be inappropriate, or otherwise disallowed.⁵⁶ ATCO Gas provided the two tables in Appendix G of the application.⁵⁷

Commission findings

74. The Commission has reviewed ATCO Gas's Rule 005 filings provided in Appendix F of the application,⁵⁸ the attestation signed by a senior officer of the company provided in Appendix H,⁵⁹ and the two summary tables provided in Appendix G.⁶⁰ The Commission is satisfied that ATCO Gas has complied with the directions found at Section 13 of Decision 2012-237.

4 2017 PBR rates

75. In previous sections of this decision, the Commission approved individual components of the PBR rate formula, including the I-X index, Y factor amount and K factor placeholder, all of which result in annual adjustments to ATCO Gas's PBR rates. The Commission also approved

⁵³ Decision 2012-237, paragraph 862.

⁵⁴ Exhibit 21981-X0006, Appendix F.

⁵⁵ Exhibit 21981-X0006, Appendix H.

⁵⁶ Decision 2012-237, paragraphs 855 and 861.

⁵⁷ Exhibit 21981-X0006, Appendix G.

⁵⁸ Exhibit 21981-X0006, Appendix F.

⁵⁹ Exhibit 21981-X0006, Appendix H.

⁶⁰ Exhibit 21981-X0006, Appendix G.

ATCO Gas's proposed billing determinants forecast. The resulting PBR rates for 2017 are as follows:

Table 4. ATCO Gas's 2017 PBR revenue

		2017 base revenue = 2016 base revenue * (1+(I-X))	K factor adjustment	Y factor adjustment	2017 PBR revenue
		(\$000)			
1	ATCO Gas North	300,424	35,882	(8,091)	328,215
2	ATCO Gas South	249,117	25,174	(5,737)	268,554
3	ATCO Gas total	549,541	61,056	(13,828)	596,769

Source: Exhibit 21981-X0005, Appendix B, 2017 PBR Schedule, Schedule 2.1.

Table 5. ATCO Gas's 2017 PBR rates by rate class

	Rate class / rate description	Revenue (\$000)	Forecast average customers	Forecast annual throughput (GJs)	Forecast demand throughput (GJs)	2017 PBR rates (\$)
1	ATCO Gas North					
2	Low Use					
3	Fixed	209,739	590,753			0.973
4	Variable	72,676		80,332,237		0.905
5	Mid Use					
6	Fixed	3,314	9,333			0.973
7	Variable	24,026		4,482,977		0.981
8	High Use					
9	Fixed	2,967	1,426			5.700
10	Demand	14,013		27,877,470	2,464,629	0.187
11	ATCO Gas South					
12	Low Use					
13	Fixed	174,324	580,274			0.823
14	Variable	60,314		74,795,045		0.806
15	Mid Use					
16	Fixed	2,051	6,826			0.823
17	Variable	15,048		18,658,445		0.807
18	High Use					
19	Fixed	2,345	1,300			4.942
20	Demand	12,585		31,404,170	2,560,066	0.162
21	Irrigation					
22	Fixed	183	390			1.285
23	Variable	223		184,441		1.209

Source: Exhibit 21981-X00002, Appendix B, schedules 4.1.2 and 4.2.2.

76. In its application, ATCO Gas provided bill impact schedules reflecting the proposed rates shown in Table 5 above.

77. Table 6 provides sample bill amounts for each rate class for each of 2016 and 2017, based on typical usage, and calculates the expected impact of the proposed 2017 PBR rates on customer bills.

Table 6. Bill impacts of ATCO Gas's proposed 2017 PBR rates

Rate class description	A		B		C	D
	2016 current interim rates		Changes to current rates effective January 2017		Bill change \$ (B-A) 2015 vs. 2016	Bill change % (B/A)-1 2015 vs. 2016
	(\$)					(%)
	Fixed	Variable	Fixed	Variable		
ATCO Gas North						
Low Use	0.964 \$/day	1.694 \$/GJ	0.013 \$/day	0.029 \$/GJ	8	1.0
Mid Use	0.964 \$/day	1.716 \$/GJ	0.013 \$/day	(0.030) \$/GJ	94	0.8
High Use	5.634 \$/day	0.404 \$/GJ/day	0.093 \$/day	(0.010) \$/GJ/day	570	0.9
ATCO Gas South						
Low Use	0.815 \$/day	1.576 \$/GJ	0.013 \$/day	0.049 \$/GJ	11	1.5
Mid Use	0.815 \$/day	1.529 \$/GJ	0.013 \$/day	0.042 \$/GJ	131	1.2
High Use	4.902 \$/day	0.373 \$/GJ/day	0.063 \$/day	0.016 \$/GJ/day	873	1.4
Irrigation	1.283 \$/day	1.379 \$/GJ	0.016 \$/day	(0.170) \$/GJ	(32)	-3.7

Source: Exhibit 21981-X0005, Appendix B, 2017 PBR Schedule, Schedule 5.0.

78. In response to a Commission IR,⁶¹ ATCO Gas updated its 2017 PBR rates, but did not provide updated bill impacts associated with the new rates.

Commission findings

79. The Commission has reviewed the typical bill impacts from 2016 to 2017, as provided by ATCO Gas, in its assessment of the likelihood of rate shock resulting from the proposed 2017 PBR rates. In the past, the Commission has generally considered 10 per cent to be a threshold potentially indicative of rate shock. As shown in Table 6, the overall change in customer bills is under 10 per cent for all rate classes. Consequently, the Commission finds that the overall impact to rate classes falls within a reasonable range and is not expected to cause rate shock.

80. The Commission has also reviewed ATCO Gas's 2017 PBR rate calculations. Having done so, it finds that the proposed January 1, 2017 PBR rates were calculated in accordance with the provisions of the company's Commission-approved PBR plan. Accordingly, the Commission approves ATCO Gas's 2017 PBR rates, as set out in [Appendix 4](#) for the North and [Appendix 5](#) for the South, on an interim basis, effective January 1, 2017.

81. These rates shall remain interim until the approved levels of all remaining placeholders have been determined by the Commission. These 2017 rates will be finalized following such approvals and any required true-up adjustments will be made in accordance with directions subsequently provided by the Commission.

⁶¹ Exhibit 21981-X0051 AG-AUC-2016NOV04-001(b) Attachment, schedules 4.1.2 and 4.2.2.

5 Terms and conditions

82. In this application ATCO Gas applied for certain changes to its terms and conditions (T&C's) to more accurately reflect current practice.

83. ATCO Gas proposed a number of changes to both its retailer and customer T&Cs for gas distribution service. These included:

Customer terms and conditions of service

- Changes to the definition of “Standard Service” to reflect the current practice of standard service not including equipment to elevate the operating pressure in the pipeline.⁶²

Retailer terms and conditions of service

- Changes to the requirements in “Section 4.5 Retailer or DSP Identification” to require the Retailer or DEP to specify the “Operating As” business name in order for ATCO Gas to know the business names of the retailers operating in its service area.⁶³
- Changes to “Schedule B – Disconnect Customer Site” to remove repetitive wording.⁶⁴
- Changes to “Schedule D – Imbalance Purchase/Sale Charges” to ensure proper terminology and more accurate definitions were used. ATCO Gas also updated the Natural Gas Exchange (NGX) price indices and the link to the NGX price indices website.⁶⁵

84. ATCO Gas also applied to revise Schedule D of its customer T&Cs. Specifically, ATCO Gas added wording to Section 3.0 of Schedule D to clarify that customers will be required to pay the remaining value of the specific facilities under the agreement if the customer terminates service during the term of the agreement. As well ATCO Gas applied to revise the definition of revenue in Section 3.0 as it is used in the context of the provision of custom service.⁶⁶ As part of its requested changes to Schedule D, ATCO Gas applied for a clarification applicable to its high use customers whereby if a customer's actual billing demand exceeds its contract billing demand, the customer will pay the actual billing demand.⁶⁷ ATCO Gas advised that none of its current customers will be impacted by this change as it does not currently have any customer service agreements in place.⁶⁸

85. The CCA did not object to the substance of the proposed changes in Schedule D of ATCO Gas's customer T&Cs, but argued that ATCO Gas failed to provide appropriate notice of the change.⁶⁹ ATCO Gas countered that the CCA's concern regarding proper notice lacks merit as notice was provided in the usual fashion by ATCO Gas filing its application and the Commission issuing its typical public notice.⁷⁰ ATCO Gas stated that since parties have not identified any substantive concerns the changes should approved as filed.

⁶² Exhibit 21981-X0006, PDF page 292.

⁶³ Exhibit 21981-X0006, PDF page 154.

⁶⁴ Exhibit 21981-X0006, PDF page 202.

⁶⁵ Exhibit 21981-X0006, PDF page 206.

⁶⁶ Exhibit 21981-X006, PDF pages 326-327.

⁶⁷ Exhibit 21981-X0006, PDF pages 99 and 128.

⁶⁸ Exhibit 21981-X0028, AG-CCA-2016OCT04-009(b).

⁶⁹ Exhibit 21981-X0039, paragraph 11.

⁷⁰ Exhibit 21981-X0043, paragraph 23.

Commission findings

86. The Commission finds that ATCO Gas's proposed changes to Schedule D of its customer T&Cs may have significant consequences for future customers that should be considered further. Accordingly, the Commission considers the proposed revisions are beyond the scope of an annual PBR rate adjustment proceeding. Consequently, the Commission declines to issue a decision with respect to ATCO Gas's proposed revisions regarding Schedule D of its customer T&Cs at this time. Therefore, the proposed changes to the definition of Billing Demand as it pertains to Custom Service Contract Demand⁷¹ and the changes to the Schedule D – Customer Service Letter Agreement⁷² are not approved at this time.

87. The Commission has reviewed the other proposed changes to ATCO Gas's T&Cs and finds them to be reasonable. Accordingly, these requested changes are approved, as filed.

88. In light of the above, the Commission approves ATCO Gas's customer T&Cs and retailer T&Cs, without the above-mentioned changes to Schedule D of ATCO Gas's customer T&Cs. The final approved versions of the customer T&Cs and retailer T&Cs are attached as [Appendix 6](#) and [Appendix 7](#), respectively.

6 Order

89. It is hereby ordered that:

- (1) ATCO Gas's 2017 performance-based regulation rates as set out in Appendix 4 for the North and Appendix 5 for the South, are approved as filed on an interim basis effective January 1, 2017. These rates shall remain interim until otherwise directed by the Commission.
- (2) ATCO Gas's customer terms and conditions for gas distribution service and retailer terms and conditions for gas distribution service set out in Appendix 6 and Appendix 7, respectively, of this decision are approved effective January 1, 2017.

Dated on December 21, 2016.

Alberta Utilities Commission

(original signed by)

Mark Kolesar
Vice-Chair

⁷¹ Exhibit 21981-X0006, PDF pages 99 and 128.

⁷² Exhibit 21981-X0006, PDF pages 326-327.

Appendix 1 – Proceeding participants

Name of organization (abbreviation) Company name of counsel or representative
ATCO Gas, a division of ATCO Gas and Pipelines Ltd. (ATCO Gas or AG)
Consumers' Coalition of Alberta (CCA)
The City of Calgary McLennan Ross Barristers & Solicitors
Office of the Utilities Consumer Advocate (UCA) Brownlee LLP

Alberta Utilities Commission
Commission panel
M. Kolesar Vice-Chair
Commission staff
J. Graham (Commission counsel)
B. Whyte
A. Corsi
C. Runge
E. Deryabina
J. Bezuidenhout
N. Mahbub
P. Howard
P. Genderka
A. Spurrell

Appendix 2 – Summary of Commission directions

This section is provided for the convenience of readers. In the event of any difference between the directions in this section and those in the main body of the decision, the wording in the main body of the decision shall prevail.

1. With respect to the true-up associated with deferred production abandonment costs, for its next annual filings, the Commission directs ATCO Gas to provide a breakdown of the amounts incurred in the true-up period relating to production abandonments. ATCO Gas should separately identify each production abandonment project undertaken, including a description of each project and why it was required, and identify the component costs for each project. ATCO Gas should also provide evidence that these costs have not already been collected from customers through net salvage provisions that were collected during the time period when the associated production assets were in use. Paragraph 30
2. The Commission has reviewed the production abandonment detail provided in this application and finds that they continue to qualify as a Y factor. The Commission directs ATCO Gas to continue to provide a similar level of detail of these costs in future applications. Paragraph 34
3. Subject to any determinations made in any proceedings subsequent to the next generation PBR Proceeding 20414, which may include the proceeding dealing with rebasing and establishment of going-in rates, ATCO Gas is directed to continue to provide information concerning variances from forecast to actual number of customers by rate class in each completed prior year of the PBR term, as well as to identify the causes of variances larger than \pm five per cent on an annual basis. ATCO Gas is directed to provide this variance analysis for 2016 in its application to comply with directions from the next generation PBR Proceeding 20414, which will request rate adjustments for 2018..... Paragraph 63

Appendix 3 - Inflation indexes used in the 2017 I factor calculation

([return to text](#))

Date	Alberta CPI CANSIM 326-0020 v41692327 (2002=100)	Alberta AWE CANSIM 281-0063 v79311387 \$	Average		Year over year		2017 I factor %
			July to June		% change		
			AB CPI (2002=100)	AB AWE \$	AB CPI %	AB AWE %	
July 2014	132.90	1154.79					
August 2014	132.70	1158.56					
September 2014	132.90	1152.87					
October 2014	133.20	1165.69					
November 2014	132.10	1158.34					
December 2014	131.50	1157.93					
January 2015	131.00	1168.73					
February 2015	132.00	1158.87					
March 2015	133.00	1156.52					
April 2015	133.10	1156.35					
May 2015	133.60	1152.13					
June 2015	134.50	1149.61	132.71	1157.53			
July 2015	134.60	1137.44					
August 2015	135.00	1129.18					
September 2015	134.60	1137.37					
October 2015	135.10	1135.36					
November 2015	134.70	1132.07					
December 2015	133.50	1146.60					
January 2016	133.70	1114.88					
February 2016	133.80	1122.92					
March 2016	135.00	1128.57					
April 2016	135.10	1119.81					
May 2016	135.60	1100.62					
June 2016	136.30	1118.86	134.75	1126.97	1.54	-2.64	-0.76

Source:

July 2014 to June 2015 data: Decision 20820-D01-2015, Appendix 3.

July 2015 to June 2016 data: Statistics Canada website (<http://www.statcan.gc.ca>) accessed on September 12, 2016.

Appendix 4 – North rate schedules

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Appendix 4 - North
rate schedules

(consists of 14 pages)

Appendix 5 – South rate schedules

[\(return to text\)](#)



Appendix 5 - South
rate schedules

(consists of 15 pages)

Appendix 6 – Customer terms and conditions for gas distribution service

[\(return to text\)](#)



Appendix 6 -
Customer TandCs

(consists of 47 pages)

Appendix 7 – Retailer terms and conditions for gas distribution service

[\(return to text\)](#)



Appendix 7 - Retailer
TandCs

(consists of 73 pages)

ATCO GAS AND PIPELINES LTD.

ATCO GAS NORTH

RATE SCHEDULES

January 1, 2017

Effective January 1, 2017

**ATCO GAS AND PIPELINES LTD. - NORTH
RATE SCHEDULES**

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The Company's Terms and Conditions apply to all retailers and customers provided with System and/or Distribution Access Service by the Company. The Terms and Conditions are available at ATCO Gas offices during normal working hours or on the website www.atcogas.com.

Effective January 1, 2016 by Decision 20820-D01-2015
This Replaces General Conditions
Previously Effective March 1, 2013

ATCO GAS AND PIPELINES LTD. - NORTH GENERAL CONDITIONS

1. **Approval of Alberta Utilities Commission (AUC):**

Changes in Rates from time to time are subject to approval by the AUC for the Province of Alberta.

2. **Special Contracts:**

Unless varied by the AUC, service to Customers under Special Contracts shall be subject to the terms and conditions thereof.

3. **Specific Facilities Conditions:**

The Rates do not include extra costs incurred by the Company and payable by the Customer for Special Facilities or conditions requested by the Customer at the Point of Delivery.

4. **Winter Period - Summer Period:**

The winter period is the five calendar months from November 1 to March 31, and the summer period is the seven calendar months from April 1 to October 31.

5. **Late Payment Charge:**

When accounts are not paid in full on or before the due date within 15 business days of statement date, the Company will apply a 1% penalty on the amount due. If the payment is not received by the next billing cycle, a 1% penalty will be applied to the balance carried forward (including prior penalties).

6. **Terms and Conditions:**

The Company's Customer and Retailer Terms and Conditions for Gas Distribution Service apply to all Customers and form part of these Rate Schedules.

7. **DSP Rider F:**

The words "DSP Rider "F" " as they appear on the Rate Schedules, shall mean the Default Supply Provider's Regulated Services Gas Cost Flow-Through Rate for ATCO Gas.

Effective March 1, 2016 by AUC Disposition 21257-D01-2016

This Replaces Rider "A"

Previously Effective February 1, 2016

ATCO GAS AND PIPELINES LTD. – NORTH RIDER "A" TO ALL RATES AND ANY OTHER RIDERS THERETO

All charges under the Rates, including any charges under other Riders, to Customers situated within the communities listed on this Rider "A" are subject to the addition of the percentage shown. The percentage shown is to be applied as an addition to the billings calculated under the Rates including charges as allowed under other Riders in effect.

Method A. - Applied to gross revenues*.

Method C. - Applied to gross revenues* and Rider "E".

<u>Municipalities – Method A</u>	<u>%</u>	<u>Effective Date yymmdd</u>	<u>Municipalities – Method A</u>	<u>%</u>	<u>Effective Date yymmdd</u>	<u>Municipalities – Method A</u>	<u>%</u>	<u>Effective Date yymmdd</u>
Alberta Beach	6.91	10/09/07	Hardisty	20.00	04/10/07	Sexsmith	25.00	07/04/24
Alix	20.00	06/04/01	Hines Creek	30.00	05/08/02	Sherwood Park	22.00	10/07/01
Amisk	9.10	00/04/18	Hinton ***	14.60	12/01/01	Silver Beach	20.00	05/03/24
Argentia Beach	0.00	10/07/09	Holden	3.50	14/01/01	Slave Lake	24.50	10/01/01
Bashaw	15.00	04/03/18	Hughenden	10.98	00/07/18	Spirit River	24.00	01/06/18
Beaverlodge	10.00	11/07/13	Innisfree	25.00	08/09/08	St. Albert	18.80	11/05/10
Bentley	10.00	14/01/01	Irma	20.00	04/10/15	Stony Plain	25.00	16/02/01
Berwyn	20.00	04/11/18	Itaska	12.00	04/09/21	Swan Hills	0.00	07/09/12
Bittern Lake	5.00	11/06/03	Jasper Muni	17.10	06/09/01	Sylvan Lake	23.00	16/02/01
Blackfalds	35.00	10/01/01	Jasper Ntl Pk	17.10	06/09/01	Thorsby	20.00	14/01/01
Bon Accord	25.00	04/11/01	Kitscoty	10.00	05/09/15	Tofield	10.00	04/05/04
Breton	12.47	01/06/19	Lacombe	22.00	04/06/02	Vegreville	33.00	04/10/12
Bruderheim	15.00	16/01/01	Lamont	35.00	04/05/10	Vermilion	15.00	04/04/07
Camrose	25.00	16/01/01	Lavoy	16.61	09/10/23	Veteran	4.00	16/01/01
Caroline	25.00	15/01/01	Legal	16.60	06/09/12	Viking	21.51	04/09/26
Chipman	0.00	06/05/12	Lloydminster	25.00	08/02/01	Warburg	10.00	09/01/01
Clive	16.17	04/05/17	Lougheed	15.00	12/09/17	Wembley	25.00	08/07/01
Clyde	9.46	10/05/04	Mannville	20.00	04/11/02	Wetaskiwin	35.00	07/12/17
Cold Lake	13.00	05/11/01	Mayerthorpe	10.00	15/01/01	Whitecourt ***	21.00	14/01/01
Consort	22.00	04/05/07	McLennan	24.00	05/05/19			
Coronation	10.05	09/07/14	Millet	22.00	08/01/01			
Czar	11.84	00/04/27	Minburn	16.61	16/01/01			
Donnelly	30.00	05/09/06	Mirror	12.60	06/07/13			
Drayton Valley***	22.00	04/10/22	Mundare	22.00	15/12/01	<u>Municipalities – Method C</u>	<u>%</u>	<u>Effective Date yymmdd</u>
Eckville	20.00	16/03/01	Nampa	16.84	04/04/22	Andrew	9.00	99/11/25
Edgerton	18.00	14/01/01	Onoway	5.00	04/06/02	Eaglesham	5.26	05/06/08
Edmonton	32.90	11/01/01	Oyen	30.00	08/01/17	Fort McMurray	8.70	06/07/04
Edson***	20.00	06/04/18	Peace River	29.00	15/01/01	Hythe	8.70	07/02/26
Entwistle	17.32	10/02/22	Point Alison	15.00	07/10/12	Spruce Grove	10.70	12/03/05
Fairview	17.31	15/10/01	Ponoka	17.00	04/08/13			
Falher	16.00	16/01/01	Provost	22.00	13/01/01			
Fox Creek	12.93	01/06/11	Red Deer	34.00	12/01/01			
Ft. Saskatchewan	0.00	04/09/28	Rimbey	25.00	16/01/01			
Gibbons	30.00	05/10/01	Rocky Mtn. House	30.00	15/01/01			
Girouxville	24.00	15/01/01	Rycroft	30.00	16/02/10			
Golden Days	25.00	04/06/15	Ryley	10.00	16/02/01			
Grande Prairie	25.00	06/03/07	Seba Beach	20.00	10/06/03			
Grimshaw	30.00	12/02/15						

* Gross Revenues are ATCO Gas total charges, less GST.

*** Includes a \$10,000 maximum annual allowable assessment (Max) on any individual metered account.

The Company's Terms and Conditions apply to all retailers and customers provided with System and/or Distribution Access Service by the Company. The Terms and Conditions are available at ATCO Gas offices during normal working hours or on the website www.atcogas.com.

Effective March 1, 2016 by AUC Disposition 21346-D01-2016

This Replaces Rider "B"

Previously Effective February 1, 2016

ATCO GAS AND PIPELINES LTD. – NORTH RIDER "B" TO ALL RATES AND ANY OTHER RIDERS THERETO

This Rider is applicable to Customers resident in municipalities that receive a property tax under the Municipal Government Act or receive payment for specific costs which are not generally incurred by the Company. This Rider is the estimated percentage of gross revenue required to provide for the tax payable or specific cost incurred each year. To the extent that this percentage may be more or less than that required to pay the tax or specific cost, the percentage of gross revenue provided in the Rider will be adjusted on the 1st of February each year.

The percentage is to be applied as an addition to the billings calculated under the Rates including charges as allowed under other Riders in effect with respect to the following municipalities:

<u>Municipalities –</u> <u>Method A</u>	<u>%</u>	<u>Effective</u> <u>Date</u> <u>yymmdd</u>	<u>Municipalities –</u> <u>Method A</u>	<u>%</u>	<u>Effective</u> <u>Date</u> <u>yymmdd</u>	<u>Municipalities –</u> <u>Method A</u>	<u>%</u>	<u>Effective</u> <u>Date</u> <u>yymmdd</u>
Alberta Beach	3.40	16/02/01	Innisfree	5.60	16/02/01	Stony Plain	2.20	16/02/01
Argentia Beach	2.80	16/02/01	Irma	0.00	16/02/01	Stony Plain Indian Reserve	4.20	16/02/01
Bashaw	4.00	16/02/01	Itaska Beach	1.70	16/02/01	Swan Hills	7.20	16/02/01
Beaverlodge	3.80	16/02/01	Jarvis Bay	1.50	16/02/01	Sylvan Lake	2.50	16/02/01
Bentley	4.10	16/02/01	Jasper, Town	3.00	16/02/01	Thorsby	8.00	16/02/01
Berwyn	9.10	16/02/01	Kitscoty	6.90	16/02/01	Tofield	8.90	16/02/01
Bittern Lake	13.10	16/02/01	Lacombe	2.80	16/02/01	Vegreville	4.80	16/02/01
Blackfalds	2.70	16/02/01	Lakeview	1.90	16/02/01	Vermilion	3.30	16/02/01
Bon Accord	5.00	16/02/01	Lamont	4.70	16/02/01	Veteran	7.60	16/02/01
Breton	4.10	16/02/01	Lavoy	3.80	16/02/01	Viking	6.10	16/02/01
Bruderheim	3.10	16/02/01	Legal	5.40	16/02/01	Wabamun	6.30	16/02/01
Camrose	3.10	16/02/01	Lloydminster	2.00	16/02/01	Warburg	5.50	16/02/01
Caroline	3.40	16/02/01	Lougheed	7.90	16/02/01	Wembley	2.30	16/02/01
Clive	3.40	16/02/01	Mannville	5.70	16/02/01	Wetaskiwin	5.80	16/02/01
Clyde	6.60	16/02/01	Mayerthorpe	5.40	16/02/01	Whitecourt	2.70	16/02/01
Cold Lake	3.10	16/02/01	McLennan	0.00	16/02/01	Wood Buffalo (Ft. McMurray)	1.50	16/02/01
Consort	6.00	16/03/01	Millet	3.50	16/02/01			
Coronation	6.30	16/02/01	Minburn	0.00	16/02/01			
Eckville	3.70	16/03/01	Mundare	5.10	16/02/01			
Edgerton	3.70	16/02/01	Nampa	5.30	16/02/01			
Edmonton	4.10	16/02/01	Norglenwold	1.50	16/02/01			
Edson	5.10	16/02/01	Onoway	7.30	16/02/01			
Entwistle	0.80	16/02/01	Oyen	3.40	16/02/01			
Fairview	3.40	16/02/01	Paul Band First Nation	21.90	16/02/01			
Falher	6.80	16/02/01	Point Alison	2.30	16/02/01			
Ft McMurray 468 First Nation	4.60	16/02/01	Ponoka	3.50	16/02/01			
Ft. Saskatchewan	3.10	16/02/01	Provost	4.70	16/02/01			
Gibbons	3.00	16/03/01	Red Deer	3.70	16/02/01			
Girouxville	6.00	16/02/01	Rimbey	0.00	16/02/01			
Golden Days	1.50	16/02/01	Rocky Mtn. House	0.00	16/02/01			
Grande Prairie	4.20	16/02/01	Rycroft	8.50	16/02/01			
Grimshaw	3.70	16/02/01	Ryley	12.00	16/02/01			
Hardisty	4.90	16/02/01	Seba Beach	1.50	16/02/01			
Hines Creek	22.90	16/02/01	Silver Beach	1.20	16/02/01			
Hinton	3.20	16/02/01	Slave Lake	2.90	16/02/01			
Holden	15.60	16/02/01	Spirit River	6.90	16/02/01			

The Company's Terms and Conditions apply to all retailers and customers provided with System and/or Distribution Access Service by the Company. The Terms and Conditions are available at ATCO Gas offices during normal working hours or on the website www.atcogas.com.

Effective November 1, 2016 to October 31, 2017 by Decision 21905-D01-2016
This Replaces Rider "D"
Previously Effective November 1, 2015

**ATCO GAS AND PIPELINES LTD.
ATCO GAS RIDER "D" TO DISTRIBUTION ACCESS SERVICE CUSTOMERS
FOR THE RECOVERY OF
UNACCOUNTED FOR GAS (UFG)**

All Retailer and Default Supply Provider Customers utilizing Distribution Access Service for delivering gas off the ATCO Gas distribution systems will be assessed a distribution UFG charge of 1.161% at the Point of Delivery. The UFG assessment will be made up "In-Kind" from each Customer Account.

The Company's Terms and Conditions apply to all retailers and customers provided with System and/or Distribution Access Service by the Company. The Terms and Conditions are available at ATCO Gas offices during normal working hours or on the website www.atcogas.com.

Effective September 1, 2007 by Decision 2007-059
This Replaces Rider "E"
Previously Effective April 1, 2002

**ATCO GAS AND PIPELINES LTD. - NORTH
RIDER "E" TO DELIVERY SERVICE RATES
FOR THE DETERMINATION OF THE "DEEMED VALUE OF NATURAL GAS"
FOR CALCULATION OF MUNICIPAL FRANCHISE FEE PAYABLE**

A Deemed Value of Natural Gas Rate will be applied to the energy delivered to Delivery Service Customers for the determination of municipal franchise fee payable by Customers in municipalities designated as Method "C" municipalities on Rider "A" of these Rate Schedules.

FOR ALL RATES:

The "Deemed Value" is an amount equal to the Gas flow Through Rate specified on the DSP Rider "F".

Effective March 1, 2016 by Decision 21248-D01-2016
This Replaces Rider "T"
Previously Effective March 1, 2015

**ATCO GAS AND PIPELINES LTD.
RIDER "T" TRANSMISSION SERVICE CHARGE**

To be applied to Low Use, Mid Use and High Use customers unless otherwise specified by specific contracts or the AUC, effective March 1, 2016.

Low Use Delivery Rate	\$0.814 per GJ
Mid Use Delivery Rate	\$0.760 per GJ
High Use Delivery Rate	\$0.226 per GJ per Day of 24 Hr. Billing Demand

The Company's Terms and Conditions apply to all retailers and customers provided with System and/or Distribution Access Service by the Company. The Terms and Conditions are available at ATCO Gas offices during normal working hours or on the website www.atcogas.com.

Effective July 1, 2016 by Decision 21584-D01-2016

**ATCO GAS AND PIPELINES LTD. - NORTH
RIDER "W" WEATHER DEFERRAL ACCOUNT RIDER**

To be applied to the Low Use and Mid Use customers unless otherwise specified by specific contracts or AUC, effective July 1, 2016 to April 30, 2017.

Low Use Delivery Rate \$0.294 per GJ

Mid Use Delivery Rate \$0.280 per GJ

The Company's Terms and Conditions apply to all retailers and customers provided with System and/or Distribution Access Service by the Company. The Terms and Conditions are available at ATCO Gas offices during normal working hours or on the website www.atcogas.com.

Effective January 1, 2017 by Decision 21981-D01-2016
This Replaces Mid Use Delivery Service
Previously Effective January 1, 2016

ATCO GAS AND PIPELINES LTD. - NORTH LOW USE DELIVERY SERVICE

Available to all Customers using 1,200 GJ per year or less, except those customers who utilize the Company's facilities for emergency service only.

CHARGES:

Fixed Charge:	\$0.973 per Day
Variable Charge:	\$0.905 per GJ
Transmission Service Charge:	Rider "T"
Weather Deferral Account Rider:	Rider "W"

RATE SWITCHING:

A Low Use customer that consumes more than 1,200 GJ of natural gas annually but no more than 8,000 GJ annually for two consecutive years will automatically be switched to the Mid Use rate group without notice. ATCO Gas will notify the customers' retailers of any such rate switches.

The Company's Terms and Conditions apply to all retailers and customers provided with System and/or Distribution Access Service by the Company. The Terms and Conditions are available at ATCO Gas offices during normal working hours or on the website www.atcogas.com.

Effective January 1, 2017 by Decision 21981-D01-2016
This Replaces Mid Use Delivery Service
Previously Effective January 1, 2016

ATCO GAS AND PIPELINES LTD. - NORTH MID USE DELIVERY SERVICE

Available to all Customers using more than 1,200 GJ per year but no more than 8,000 GJ annually, except those customers who utilize the Company's facilities for emergency service only.

CHARGES:

Fixed Charge:	\$0.973 per Day
Variable Charge:	\$0.981 per GJ
Transmission Service Charge:	Rider "T"
Weather Deferral Account Rider:	Rider "W"

RATE SWITCHING:

A Mid Use customer that consumes less than 1,201 GJ of natural gas annually for two consecutive years will automatically be switched to the Low Use rate group without notice. ATCO Gas will notify the customers' retailers of any such rate switches.

The Company's Terms and Conditions apply to all retailers and customers provided with System and/or Distribution Access Service by the Company. The Terms and Conditions are available at ATCO Gas offices during normal working hours or on the website www.atcogas.com.

Effective January 1, 2017 by Decision 21981-D01-2016
This Replaces Mid Use Delivery Service
Previously Effective January 1, 2016

ATCO GAS AND PIPELINES LTD. - NORTH HIGH USE DELIVERY SERVICE

Available to all Customers using more than 8,000 GJ per year except those customers who utilize the Company's facilities for emergency service only.

CHARGES:

Fixed Charge:	\$5.700 per Day
Variable Charge:	\$0.000 per GJ
Demand Charge:	\$0.187 per GJ per Day of 24 Hr. Billing Demand
Transmission Service Charge:	Rider "T"
Customer Service Charge (if Applicable):	As per Schedule D Customer Service Letter Agreement

DETERMINATION OF BILLING DEMAND:

The Billing Demand for each billing period shall be the greatest amount of gas in GJ delivered in any Gas Day (i.e. 8:00 am to 8:00 am) during the current and preceding eleven billing periods provided that the greatest amount of gas delivered in any Gas Day in the summer period shall be divided by 2.

Provided that for a Customer who elects to take service only during the summer period, the Billing Demand for each billing period shall be the greatest amount of gas in GJ in any Gas Day in that billing period.

In the first contract year, the Company shall estimate the Billing Demand from information provided by the Customer.

CUSTOM SERVICE CONTRACT DEMAND:

For Customers that have executed a Custom Service Letter Agreement of the form of Schedule D of the Customer Terms and Conditions for Gas Distribution Service, the Billing Demand as noted above will be equal to the Contract Demand as specified in the Custom Service Letter Agreement.

RATE SWITCHING

Once a customer is billed under the High Use rate schedule, they will only be switched back to the Low or Mid Use rate schedule at the request of the customer. Only one switch per year will be allowed, and the effective date for the switch will be determined by ATCO Gas.

The Company's Terms and Conditions apply to all retailers and customers provided with System and/or Distribution Access Service by the Company. The Terms and Conditions are available at ATCO Gas offices during normal working hours or on the website www.atcogas.com.

Effective September 1, 2007 by Decision 2007-059
This Replaces Rate 8
Previously Effective January 1, 2006

**ATCO GAS AND PIPELINES LTD. - NORTH
EMERGENCY DELIVERY SERVICE**

CHARGES:

AUTHORIZED:

Fixed Charge: \$15.00 per Day

Variable Charge: Variable Charge of Low Use Delivery Service

Gas Cost Recovery: Highest cost of Gas purchased by the DSP on the Day of Sale, with a minimum price of the DSP Rider "F".

UNAUTHORIZED:

Fixed Charge: \$125.00 per Day

Gas Cost Recovery: Five (5) times the DSP Rider "F", with a minimum price of the highest cost of Gas purchased by the DSP on the Day of Sale.

The Company's Terms and Conditions apply to all retailers and customers provided with System and/or Distribution Access Service by the Company. The Terms and Conditions are available at ATCO Gas offices during normal working hours or on the website www.atcogas.com.

Effective September 1, 2007 by Decision 2007-059
This Replaces Rate 9
Previously Effective January 1, 2006

**ATCO GAS AND PIPELINES LTD. - NORTH
UNMETERED GAS LIGHT SERVICE**

Applicable to all Customers with Company installed and approved gas lights.

CHARGES:

Fixed Charge: \$0.090 per Mantle per Day

The Company's Terms and Conditions apply to all retailers and customers provided with System and/or Distribution Access Service by the Company. The Terms and Conditions are available at ATCO Gas offices during normal working hours or on the website www.atcogas.com.

ATCO GAS AND PIPELINES LTD.
ATCO GAS SOUTH
RATE SCHEDULES
January 1, 2017

Effective January 1, 2017

ATCO GAS AND PIPELINES LTD. - SOUTH RATE SCHEDULES

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The Company's Terms and Conditions apply to all retailers and customers provided with System and/or Distribution Access Service by the Company. The Terms and Conditions are available at ATCO Gas offices during normal working hours or on the website www.atcogas.com.

Effective January 1, 2016 by Decision 20820-D01-2015
This Replaces General Conditions
Previously Effective March 1, 2013

ATCO GAS AND PIPELINES LTD. - SOUTH GENERAL CONDITIONS

1. **Approval of Alberta Utilities Commission (AUC):**

Changes in Rates from time to time are subject to approval by the AUC for the Province of Alberta.

2. **Special Contracts:**

Unless varied by the AUC, service to Customers under Special Contracts shall be subject to the terms and conditions thereof.

3. **Specific Facilities Conditions:**

The Rates do not include extra costs incurred by the Company and payable by the Customer for Special Facilities or conditions requested by the Customer at the Point of Delivery.

4. **Winter Period - Summer Period:**

The winter period is the five calendar months from November 1 to March 31, and the summer period is the seven calendar months from April 1 to October 31.

5. **Late Payment Charge:**

When accounts are not paid in full on or before the due date within 15 business days of the statement date, the Company will apply a 1% penalty on the amount due. If the payment is not received by the next billing cycle, a 1% penalty will be applied to the balance carried forward (including prior penalties).

6. **Terms and Conditions:**

The Company's Customer and Retailer Terms and Conditions for Gas Distribution Service apply to all Customers and form part of these Rate Schedules.

7. **DSP Rider F:**

The words "DSP Rider "F" " as they appear on the Rate Schedules, shall mean the Default Supply Provider's Regulated Services Gas Cost Flow-Through Rate for ATCO Gas.

Effective September 1, 2016 by AUC Disposition 21816-D01-2016

This Replaces Rider "A"

Previously Effective May 1, 2016

ATCO GAS AND PIPELINES LTD. - SOUTH RIDER "A" TO ALL RATES AND ANY OTHER RIDERS THERETO

All charges under the Rates, including any charges under other Riders, to Customers situated within the communities listed on this Rider "A" are subject to the addition of the percentage shown. The percentage shown is to be applied as an addition to the billings calculated under the Rates including charges as allowed under other Riders in effect.

Method A. - Applied to gross revenues excluding Rider "G" and the Market Value portion of Rider "H".

Method C. - Applied to gross revenues and Rider "E".

<u>Effective</u>			<u>Effective</u>			<u>Effective</u>		
<u>Municipalities –</u>	<u>%</u>	<u>Date</u>	<u>Municipalities –</u>	<u>%</u>	<u>Date</u>	<u>Municipalities –</u>	<u>%</u>	<u>Date</u>
<u>Method A</u>	<u>%</u>	<u>yymmdd</u>	<u>Method A</u>	<u>%</u>	<u>yymmdd</u>	<u>Method C</u>	<u>%</u>	<u>yymmdd</u>
Acme	20.00	04/03/10	Elnora	16.00	04/05/27	Calgary**	11.11	91/01/01
Airdrie	29.60	07/10/01	Foremost	21.00	04/01/21	Glenwood	5.26	94/10/01
Banff	31.20	06/03/24	Fort Macleod	12.50	01/10/02	Okotoks	5.25	75/09/08
Banff Ntl Park	23.00	15/01/01	Granum	12.00	13/01/01	Vauxhall	5.50	10/01/19
Barnwell	13.00	01/01/18	High River	13.00	04/10/15			
Barons	14.97	00/08/21	Hill Spring	5.00	10/03/25			
Bassano	25.00	13/01/01	Hussar	25.00	12/02/17			
Beiseker	15.00	10/06/14	Innisfail	23.00	12/12/17			
Big Valley	12.00	16/03/01	Irricana	11.18	99/12/06			
Black Diamond	15.00	14/01/01	Lethbridge	27.00	12/02/15			
Bow Island	10.50	03/09/23	Linden	15.23	04/07/09			
Bowden	22.00	07/02/16	Lomond	25.00	15/12/01			
Brooks	18.00	04/09/13	Longview	20.00	16/01/01			
Burdett	12.00	04/09/08	Magrath	15.00	10/01/18			
Canmore	27.00	16/02/01	Milk River	30.00	04/12/14			
Carbon	15.07	00/09/18	Nanton	15.00	12/01/01			
Cardston	15.00	07/10/04	Nobleford	0.00	06/10/04			
Carmangay	15.00	10/03/02	Olds	30.00	12/01/01			
Carstairs	25.00	07/08/01	Picture Butte	18.00	16/09/01			
Champion	15.00	10/03/02	Penhold	18.00	08/07/13			
Chestermere	17.00	14/01/01	Raymond	12.00	16/01/01			
Clareholm	10.00	05/05/05	Rockyford	30.00	12/01/01			
Coaldale	13.00	15/01/01	Rosemary	16.00	16/05/01			
Coalhurst	10.00	14/01/01	Standard	11.34	00/12/13			
Cochrane	20.00	16/01/01	Stavely	10.00	10/02/03			
Coutts	20.00	08/09/09	Stirling	10.00	14/01/01			
Cowley	13.79	02/08/23	Strathmore	11.18	10/02/17			
Cremona	25.00	15/09/01	Taber	20.00	10/05/21			
Crossfield	17.00	10/05/07	Taber*	35.00	10/05/21			
Crowsnest Pass	25.00	13/01/17	Trochu	20.00	15/12/01			
Delburne	21.60	07/04/10	Turner Valley	15.00	15/10/05			
Didsbury	25.00	10/01/01	Vulcan	35.00	14/01/01			
Duchess	12.67	01/05/17						

* Applied to High Use.

** Exemption available on Rider "E" portion of natural gas feedstock quantities used by an electrical generation plant whose primary fuel source is natural gas, for the commercial sale of electricity or used by a district energy plant for combined heat and power production, if deemed by the City of Calgary to be a qualifying facility.

The Company's Terms and Conditions apply to all retailers and customers provided with System and/or Distribution Access Service by the Company. The Terms and Conditions are available at ATCO Gas offices during normal working hours or on the website www.atcogas.com.

Effective September 1, 2016 by AUC Disposition 21896-D01-2016

This Replaces Rider "B"

Previously Effective March 1, 2016

ATCO GAS AND PIPELINES LTD. – SOUTH RIDER "B" TO ALL RATES AND ANY OTHER RIDERS THERETO

This Rider is applicable to Customers resident in municipalities that receive a property tax under the Municipal Government Act or receive payment for specific costs which are not generally incurred by the Company. This Rider is the estimated percentage of gross revenue required to provide for the tax payable or specific cost incurred each year. To the extent that this percentage may be more or less than that required to pay the tax or specific cost, the percentage of gross revenue provided in the Rider will be adjusted on the 1st of February each year.

The percentage is to be applied as an addition to the billings calculated under the Rates including charges as allowed under other Riders in effect with respect to the following municipalities:

<u>Municipalities</u>	<u>%</u>	<u>Effective Date yymmdd</u>	<u>Municipalities</u>	<u>%</u>	<u>Effective Date yymmdd</u>
Airdrie	2.50	16/02/01	Nobleford	1.10	16/02/01
Banff, Municipality	0.00	16/02/01	Olds	2.60	16/02/01
Banff, Nat Park	0.00	16/02/01	Picture Butte	3.80	16/09/01
Bassano	4.20	16/02/01	Penhold	3.00	16/02/01
Big Valley	5.50	16/03/01	Raymond	4.10	16/02/01
Bow Island	3.80	16/02/01	Redwood Meadows (Siksika)	8.80	16/02/01
Brooks	4.50	16/02/01	Rockyford	3.10	16/03/01
Canmore	2.20	16/02/01	Rosemary	4.10	16/02/01
Cardston	3.90	16/02/01	Stavely	3.20	16/02/01
Carmangay	5.80	16/02/01	Stirling	3.20	16/02/01
Carstairs	2.80	16/02/01	Strathmore	2.00	16/02/01
Champion	6.60	16/02/01	Taber	3.50	16/02/01
Chestermere	2.40	16/02/01	Trochu	6.00	16/02/01
Claresholm	4.90	16/02/01	Turner Valley	4.90	16/02/01
Coaldale	2.90	16/02/01	Vulcan	4.50	16/02/01
Cochrane	1.70	16/02/01			
Coutts	5.50	16/02/01			
Crowsnest Pass	4.60	16/02/01			
Cremona	0.00	16/02/01			
Didsbury	2.60	16/02/01			
Duchess	4.50	16/02/01			
Elnora	4.80	16/02/01			
Foremost	4.00	16/02/01			
Fort Macleod	4.80	16/02/01			
Granum	8.10	16/02/01			
Hill Spring	14.70	16/02/01			
Lethbridge	5.40	16/02/01			
Linden	6.70	16/02/01			
Lomond	3.30	16/02/01			
Milk River	6.50	16/02/01			
Nanton	4.20	16/02/01			

The Company's Terms and Conditions apply to all retailers and customers provided with System and/or Distribution Access Service by the Company. The Terms and Conditions are available at ATCO Gas offices during normal working hours or on the website www.atcogas.com.

Effective November 1, 2016 to October 31, 2017 by Decision 21905-D01-2016
This Replaces Rider "D"
Previously Effective November 1, 2015

**ATCO GAS AND PIPELINES LTD.
ATCO GAS RIDER "D" TO DISTRIBUTION ACCESS SERVICE CUSTOMERS
FOR THE RECOVER OF
UNACCOUNTED FOR GAS (UFG)**

All Retailer and Default Supply Provider Customers utilizing Distribution Access Service for delivering gas off the ATCO Gas distribution system will be assessed a distribution UFG charge of 1.161% at the Point of Delivery. The UFG assessment will be made up "In-Kind" from each Customer Account.

Effective September 1, 2007 by Decision 2007-059
This Replaces Rider "E"
Previously Effective May 4, 2004

**ATCO GAS AND PIPELINES LTD. - SOUTH
RIDER "E" TO DELIVERY SERVICE RATES
FOR THE DETERMINATION OF THE "DEEMED VALUE OF NATURAL GAS"
FOR CALCULATION OF MUNICIPAL FRANCHISE FEE PAYABLE**

A Deemed Value of Natural Gas Rate will be applied to the energy delivered to Delivery Service Customers for the determination of municipal franchise fee payable by Customers in municipalities designated as Method "C" municipalities on Rider "A" of these Rate Schedules.

FOR ALL RATES:

The "Deemed Value" is an amount equal to the Gas Cost flow Through Rate specified on the DSP Rider "F".

Effective March 1, 2016 by Decision 21248-D01-2016
This Replaces Rider "T"
Previously Effective March 1, 2015

**ATCO GAS AND PIPELINES LTD.
RIDER "T" TRANSMISSION SERVICE CHARGE**

To be applied to the Low Use, Mid Use and High Use customers unless otherwise specified by specific contracts or AUC, effective March 1, 2016.

Low Use Delivery Rate	\$0.814 per GJ
Mid Use Delivery Rate	\$0.760 per GJ
High Use Delivery Rate	\$0.226 per Day per GJ of 24 Hr. Billing Demand

The Company's Terms and Conditions apply to all retailers and customers provided with System and/or Distribution Access Service by the Company. The Terms and Conditions are available at ATCO Gas offices during normal working hours or on the website www.atcogas.com.

Effective September 1, 2016 by Decision 21584-D01-2016
This replaces Rider "W" as approved in Decision 21584-D01-2016
Previously Effective July 1, 2016 to August 31, 2016

**ATCO GAS AND PIPELINES LTD. - SOUTH
RIDER "W" WEATHER DEFERRAL ACCOUNT RIDER**

To be applied to the Low Use and Mid Use customers unless otherwise specified by specific contracts or AUC, effective September 1, 2016 to April 30, 2017.

Low Use Delivery Rate	\$0.269 per GJ
Mid Use Delivery Rate	\$0.252 per GJ

The Company's Terms and Conditions apply to all retailers and customers provided with System and/or Distribution Access Service by the Company. The Terms and Conditions are available at ATCO Gas offices during normal working hours or on the website www.atcogas.com.

Effective January 1, 2017 by Decision 21981-D01-0216
This Replaces Irrigation Delivery Service
Previously Effective January 1, 2016

ATCO GAS AND PIPELINES LTD. – SOUTH LOW USE DELIVERY SERVICE

Available to all customers using 1,200 GJ per year or less, except those customers who utilize the Company's facilities for emergency service only.

CHARGES:

Fixed Charge:	\$0.823 per Day
Variable Charge:	\$0.806 per GJ
Transmission Service Charge:	Rider "T"
Weather Deferral Account Rider:	Rider "W"

RATE SWITCHING:

A Low Use customer that consumes more than 1,200 GJ of natural gas annually but no more than 8,000 GJ annually for two consecutive years will automatically be switched to the Mid Use rate group without notice. ATCO Gas will notify the customers' retailers of any such rate switches.

Effective January 1, 2017 by Decision 21981-D01-0216
This Replaces Irrigation Delivery Service
Previously Effective January 1, 2016

ATCO GAS AND PIPELINES LTD. – SOUTH MID USE DELIVERY SERVICE

Available to all customers using more than 1,200 GJ per year but no more than 8,000 GJ annually, except those customers who utilize the Company's facilities for emergency service only.

CHARGES:

Fixed Charge:	\$0.823 per Day
Variable Charge:	\$0.807 per GJ
Transmission Service Charge:	Rider "T"
Weather Deferral Account Rider:	Rider "W"

RATE SWITCHING:

A Mid Use customer that consumes less than 1,201 GJ of natural gas annually for two consecutive years will automatically be switched to the Low Use rate group without notice. ATCO Gas will notify the customers' retailers of any such rate switches.

Effective January 1, 2017 by Decision 21981-D01-0216
This Replaces Irrigation Delivery Service
Previously Effective January 1, 2016

ATCO GAS AND PIPELINES LTD. - SOUTH HIGH USE DELIVERY SERVICE

Available to all customers using more than 8,000 GJ per year except those customers who utilize the Company's facilities for emergency service only.

CHARGES:

Fixed Charge:	\$4.942 per Day
Variable Charge:	\$0.00 per GJ
Demand Charge:	\$0.162 per Day per GJ of 24 Hr. Billing Demand
Transmission Service Charge:	Rider "T"
Customer Service Charge (if Applicable):	As per Schedule D Customer Service Letter Agreement

DETERMINATION OF BILLING DEMAND:

The Billing Demand for each billing period shall be the greatest amount of gas in GJ delivered in any Gas Day (i.e. 8:00 am to 8:00 am) during the current and preceding eleven billing periods provided that the greatest amount of gas delivered in any Gas Day in the summer period shall be divided by 2.

Provided that for a Customer who elects to take service only during the summer period, the Billing Demand for each billing period shall be the greatest amount of gas in GJ in any Gas Day in that billing period.

In the first contract year, the Company shall estimate the Billing Demand from information provided by the Customer.

CUSTOM SERVICE CONTRACT DEMAND:

For Customers that have executed a Custom Service Letter Agreement of the form of Schedule D of the Customer Terms and Conditions for Gas Distribution Service, the Billing Demand as noted above will be equal to the Contract Demand as specified in the Custom Service Letter Agreement.

RATE SWITCHING

Once a customer is billed under the High Use rate schedule, they will only be switched back to the Low or Mid Use rate schedule at the request of the customer. Only one switch per year will be allowed, and the effective date for the switch will be determined by ATCO Gas.

Effective January 1, 2017 by Decision 21981-D01-0216
This Replaces Irrigation Delivery Service
Previously Effective January 1, 2016

ATCO GAS AND PIPELINES LTD. - SOUTH IRRIGATION DELIVERY SERVICE

Available to all customers who use natural gas as a fuel for engines pumping irrigation water between April 1 and October 31.

CHARGES:

Fixed Charge:	\$1.285 per Day
Variable Charge:	\$1.209 per GJ

The Company's Terms and Conditions apply to all retailers and customers provided with System and/or Distribution Access Service by the Company. The Terms and Conditions are available at ATCO Gas offices during normal working hours or on the website www.atcogas.com.

Effective September 1, 2007 by Decision 2007-059
This Replaces Rate 7
Previously Effective January 1, 2006

**ATCO GAS AND PIPELINES LTD. - SOUTH
EMERGENCY DELIVERY SERVICE**

CHARGES:

AUTHORIZED:

Fixed Charge: \$15.00 per Day

Variable Charge: Variable Charge of Low Use Delivery Service

Gas Cost Recovery: Highest cost of Gas purchased by the DSP on the Day of Sale,
with a minimum price of the DSP Rider "F".

UNAUTHORIZED:

Fixed Charge: \$125.00 per Day

Gas Cost Recovery: Five (5) times the DSP Rider "F", with a minimum price of the
highest cost of Gas purchased by the DSP on the Day of Sale.

Effective September 1, 2007 by Decision 2007-059
This Replaces Rate 8
Previously Effective January 1, 2006

**ATCO GAS AND PIPELINES LTD. - SOUTH
UNMETERED GAS LIGHT SERVICE**

Applicable to all Customers with Company installed and approved gas lights.

Fixed Charge: \$0.090 per Mantle per Day



**CUSTOMER TERMS AND CONDITIONS
FOR
GAS DISTRIBUTION SERVICE**

AUC Decision: 21981-D01-2016

Effective: January 1, 2017



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ARTICLE 1 – PREAMBLE

In accordance with the provisions of the Gas Utilities Act (“GUA”) and the Regulations made there under (“Regulations”), ATCO Gas an operating division of ATCO Gas & Pipelines Ltd. (“ATCO Gas”) in its role as a pipe owner will carry out the functions necessary to furnish natural gas facilities to Customers in its service area to enable Customers to purchase natural gas for that person's own use from a Retailer or Default Supply Provider (“DSP”). These Terms and Conditions are intended to govern the relationship between ATCO Gas and Customer(s) that require a Service Connection to the Company's Gas Pipeline System. These Terms and Conditions will also govern the relationship between ATCO Gas and Retailer(s), DSP's or any other person whom the Customer has assigned to act on its behalf in its dealings with ATCO Gas, regarding the provision of Gas Distribution Service on its Gas Pipeline System.

These Terms and Conditions serve as a companion to the Retailer Terms and Conditions for Gas Distribution Service which are intended to enable Retailers/DSP's to acquire access to the Company's Gas Pipeline System for the purposes of allowing them to sell natural gas directly to Customers. A Customer may also act as a Self-Retailer by carrying out Retailer functions to obtain Gas Services solely for its own use.

The service provided by ATCO Gas hereunder is regulated by the Alberta Utilities Commission (“AUC”) and parties having any inquiries or complaints regarding these Terms and Conditions may direct such inquiries or complaints directly to ATCO Gas or to the AUC. These Terms and Conditions have been approved by the AUC.



ARTICLE 2 – DEFINITIONS AND INTERPRETATION

2.1 Definitions

The following words and phrases, whenever used in these Terms and Conditions, the Company's Natural Gas Rate Schedules or an application, contract or agreement for service, shall have the meanings set forth below:

"*Act*" means the *Gas Utilities Act*, R.S.A. 2000, c.G-5, as amended from time to time;

"*Agent*" means a person who performs functions on behalf of a Self-Retailer, Retailer, or DSP including, but not limited to, retailer transactions with the Company;

"*AUC*" means the Alberta Utilities Commission established under the *Alberta Utilities Commission Act*, S.A 2007. c. A-37.2, as amended from time to time;

"Automated Meter Reading Device" means a device attached to the meter used to collect meter readings from the meter. No customer information is collected through this device.

"*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;

"*Company*" means ATCO Gas, an operating division of ATCO Gas and Pipelines Ltd. or its successor;

"*Connected Load*" means the sum of the capacities or ratings of the Energy consuming apparatus connected to a supplying system or any part of such system;

"*Custom Service*" means Gas Distribution Service that is not Standard Service;



"Customer" means a person, firm, partnership, corporation, organization or association (including, without limitation, individual members of any unincorporated entity) who consumes Gas in end-use at its location and is connected to the Company Gas Pipeline System;

"Customer Contribution" means the amount that the Customer must pay to the Company to install the Specific Facilities and/or Gas Pipeline Systems necessary to provide a Service Connection to the Customer;

"Customer Information" means the data specified in the Natural Gas Settlement System Code and includes without limitation Site Customer name, Site Customer telephone number, Site Customer mailing address, Site Contact name, Site Contact phone number and other safety related information required to provide safe Gas Distribution Service to Customers;

"Customer Usage Information" means information regarding the historical natural gas consumption as specified in Article 4.8.3 for Site Customers or AUC Rule 10 for Retailers/DSP

"Default Supply Provider" or "DSP" means a Gas Distributor or a person authorized by a Gas Distributor who provides Gas Services to Customers under rates, tolls or charges fixed by the AUC and terms or conditions fixed by the AUC;

"Distribution Access Service" means the service required to transport Gas to Customer(s) by means of a Gas distribution system. This service enables a Customer to obtain Gas supply service through Self-Retailing, from a Retailer or the DSP and is governed by the Retailer Terms and Conditions for Gas Distribution Service;

"Energy" means natural gas energy (expressed in joules or sub-multiples or multiples thereof);



"Force Majeure" means circumstances not reasonably within the control of the Company, including acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, pandemics, epidemics, landslides, lightning, earthquakes, fires, storms, floods, high water, washouts, inclement weather, orders or acts of civil or military authorities, civil disturbances, explosions, breakdown or accident to equipment, mechanical breakdowns, temporary failures of gas supply, the intervention of federal, provincial, state or local government or from any of their agencies or AUC, excluding decisions and/or orders made by the AUC in the normal course of it exercising its authority to establish the revenue requirement of the parties to this agreement, the order or direction of any court, and any other cause, whether of the kind herein enumerated or otherwise;

"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 Distributor" means the owner, operator, manager or lessee of a gas distribution system as defined in the *Act*;

"Gas Distribution Service" means the service required to transport Gas to Customer(s) by means of a Gas Pipeline System and includes any services the Gas Distributor is required to provide by the AUC or is required to provide under the *Act* or Regulations made thereunder;

"Gas Distribution Tariff" means the rates, tolls or charges fixed by the AUC and the terms and conditions fixed by the AUC, for Gas Distribution Service;

"Gas Pipeline System" means all those facilities owned or used by Company in the receipt, delivery, transportation, measurement and testing of Gas, (including, without limitation, transmission and distribution lines, regulators, meters, equipment and machinery);



"Gas Services" 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 Point(s) of Receipt,
 - (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;

"Load" means the amount of natural Gas delivered or required to be delivered at any specific point or points in the Gas Pipeline System;

"Lots" means two or more contiguous lots or parcels of land;

"Multiple Dwelling" means a residential dwelling unit in a building containing more than one residential dwelling unit, all of which share common services or facilities;

"Municipality" means a city, town, village, summer village, municipal district or specialized municipality, a town under the *Park Towns Act, R.S.A. 2000, c.P-2*, or a municipality formed by special Act, and includes a Metis Settlement;

"Natural Gas Service Agreement" means an agreement for the provision of a Service Connection pursuant to these Terms and Conditions, made between the Company and a Customer;



"Point of Delivery", for service by the Company to the Customer, means, unless otherwise specified in a Natural Gas Service Agreement, the outlet side of a meter;

"R3 Regulation" means the *Roles, Relationships and Responsibilities Regulation, A.R. 186/2003*, as amended from time to time;

"Rate Schedule" means a natural gas rate schedule prepared by the Company and approved by the AUC, as amended from time to time;

"Retailer" means a person who sells or provides retail Gas Services directly to Customers and who is entitled to enroll Customers for Distribution Access Service under the Company's Retailer Terms and Conditions for Gas Distribution Service and includes Self-Retailers;

"Retailer Guide" means the guide prepared by the Company which describes the business processes for the transactions between the Company and the Retailer/DSP in relation to the provision of service under the Retailer Terms and Conditions for Gas Distribution Service;

"Self-Retailer" means a person carrying out Retailer functions to obtain Gas solely for its own use;

"Service Connection (Service Line or Extension of Service)" means the Specific Facilities required to physically connect the Customer's facilities to the Company's Gas Pipeline System to permit the Customer to obtain Gas Distribution Service;

"Service Line" means the section of the Gas Pipeline System from the boundary of the Customer's property which abuts the street or right of way in which the Company's distribution main is or will be situated to the meter on the Customer's premise;



"Single Family Dwelling" means a private residence provided with sleeping and cooking facilities intended for domestic use and in which the occupants live as a single housekeeping unit that is not part of a Multiple Dwelling;

"Site" means a unique end-use Point of Delivery, being the finest level at which settlement recognizes Retailer and DSP assignments, and receives consumption data;

"Site ID" means a unique identification number assigned by the Company for each unique end-use Point of Delivery;

"Specific Facilities" means those facilities installed by the Company for the benefit of a particular Customer/Retailer/DSP which are connected to the Gas Pipeline System and are required to transport Gas.

"Standard Delivery Pressure" is 1.72 kPa

"Standard Service" is Gas Distribution Service whereby:

- (i) the Gas is delivered to the Customer at Standard Delivery Pressure, or at the Company's sole discretion, the prevailing operating pressure in the Gas Pipeline System at the Customer Site but with no guarantee of pressure greater than Standard Delivery Pressure,
- (ii) no additional Specific Facilities are required beyond those that would otherwise be required to accommodate the Customer Load at Standard Delivery Pressure, with the exception of the equipment described in Article 8.8, and
- (iii) annual consumption is less than 500,000 GJ .

2.2 Conflicts

- (a) If there is any conflict between a provision expressly set out in an Order of the AUC and these Terms and Conditions, the Order of the AUC shall govern.



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- (b) If there is any conflict between a provision expressly set out in these Terms and Conditions, as may be amended from time to time, and a Natural Gas Service Agreement, the express provision of these Terms and Conditions shall govern, as of their effective date.

2.3 Headings

The division of these Terms and Conditions into Articles, subsections and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of these Terms and Conditions.

2.4 Schedules and Appendices

The following schedules and appendices are attached to and form part of these Terms and Conditions:

- Schedule C – Non-Discretionary Charges
- Schedule D – Custom Service Letter Agreement

ARTICLE 3 – GENERAL PROVISIONS

3.1 AUC Approval

These Terms and Conditions have been approved by the AUC. The Company may amend these Terms and Conditions by filing a notice of amendment with the AUC. Included in the notice of amendment to the AUC shall be notification of which Customer groups are affected by the amendment and an explanation of how affected Customers will be notified of the amendment. Any amendment to the Terms and Conditions will take effect 60 days after such notice is filed, unless the AUC otherwise directs.



3.2 Gas Distribution Tariff

The Gas Distribution Tariff is available for public inspection during normal business hours at the business offices of the Company and at the offices of the AUC and can be accessed at the Company's website at: www.atcogas.com. These Terms and Conditions form part of the Gas Distribution Tariff.

3.3 Effective Date

These Terms and Conditions come into force as per the Effective Date shown on the cover page. Whenever the Company files a notice of amendment to these Terms and Conditions, or when the AUC approves an amendment to these Terms and Conditions, revisions will be issued, with the effective date of the amendments indicated thereon.

3.4 Application of Terms and Conditions

- (a) These Terms and Conditions, as amended from time to time, apply to the Company and to every Customer to which the Company provides a Service Connection. These Terms and Conditions also govern the relationship between the Company and Retailer/DSP, Agent or any other person whom the Customer has assigned to act on its behalf in its dealings with the Company regarding the provision of Gas Services on its Gas Pipeline System.
- (b) The application for a Service Connection, the entering into a Natural Gas Service Agreement, the use by the Customer of a Service Connection to obtain Gas Services or the payment by the Customer of an account rendered by the Company in relation to a Service Connection shall constitute acceptance by the Customer of these Terms and Conditions whether or not the Customer has signed an application or contract for service.
- (c) No agreement can provide for the waiver or alteration of any part of these Terms and Conditions unless such agreement is first filed with and approved by the AUC.



3.5 Ownership of Facilities

- (a) The Company remains the owner of all segments of the Gas Pipeline System and Specific Facilities necessary to provide a Service Connection to the Customer, unless an agreement between the Company and Customer specifically provides otherwise.

- (b) Payment made by Customers for costs incurred by the Company in installing any segment of the Gas Pipeline System and Specific Facilities does not entitle Customers to ownership of any such segment of the Gas Pipeline System and Specific Facilities or any intellectual property, engineering, design, or other information or data, or any other rights relating to or in respect to such Facilities unless an agreement between the Company and the Customer specifically provides otherwise.

3.6 Fees and Other Charges

The Company will provide all standard service and custom service hereunder pursuant to the Gas Distribution Tariff. All additional, supplementary or extra non-discretionary services provided by the Company to a Customer will be charged a separate rate or fee, such as those included, without limitation, in Schedule C and D herein. Payment for these services shall be in accordance with the provisions of these Terms and Conditions.

ARTICLE 4 – ESTABLISHMENT OF SERVICE

4.1 Application for Service Connection

- (a) To enable the Company to provide the requested Gas Distribution Service, applicants for service shall supply information regarding the location of the premises to be served; the Customer's Connected Load and preferred supply



conditions; the manner in which the Service Connection will be utilized; prepayment; and, any other information that may be required by the Company.

- (b) Upon receipt of the required information, the Company will advise the applicant of the type and character of the Service Connection it will furnish to the Customer, and any special conditions that must be satisfied.

4.2 Method of Application

4.2.1 Form and Acceptance of Application

- (a) All Customers must be of legal age to contract for service with the Company. The Company reserves the right to verify the identity of the Customer and the accuracy of the information provided and to require the Customer to execute an application in the form provided by the Company. If a Customer is not of legal age, a person of legal age may be required to accept responsibility for the Gas Distribution Service on the Customer's behalf.
- (b) For commercial and industrial Customers, written acceptance specifying the Customer has agreed to these Terms and Conditions must be received by the Company before construction of the Service Connection will proceed.

4.2.2 Application by Retailer/DSP or Other Person

A Retailer/DSP or any other person acting as an Agent of a Customer may apply for a Service Connection on behalf of the Customer. The Retailer/DSP or Agent must provide the Company, in a form acceptable to the Company, verifiable authorization from the Customer to make the application.



4.3 Payment for Service Connection

- (a) Customers applying for Service Connections are required to prepay the charge / estimate.
- (b) The Customer will be required to pay the complete cost upon completion of the work, including where prepayment was based on an estimate.
- (c) Customers owing money to the Company will be required to make full payment of all outstanding balances plus meet the conditions of (a) and (b) above.

4.4 Rejection of Application

The Company may, without limitation, reject any applicant's request for a Service Connection:

- (a) when the Customer does not have currently in force all permits or other authorizations that may be required for the installation of the Service Connection as defined in section 4.6; or
- (b) when the Company determines that a previous account held by the Customer is in arrears with the Company; or
- (c) when the Customer fails to provide a payment as specified in Article 4.3; or
- (d) when the Company determines that the form of the Natural Gas Service Agreement is not appropriate for the Service Connection due to its unique nature and the Customer refuses to enter into an alternate form of agreement acceptable to the Company; or
- (e) when any representation made by the applicant or the Customer to the Company for the purpose of obtaining a Service Connection is, in the Company's opinion, fraudulent, untruthful or misleading; or



-
- (f) when the Customer has not, when requested by the Company to do so, provided a signed written application for a Service Connection or a signed Natural Gas Service Agreement; or
 - (g) when the proposed Loads, in the Company's opinion, have unusual characteristics that might adversely affect the quality of service supplied to other Customers, the public safety, or the safety of the Company's personnel or the Company's Gas Pipeline System or equipment; or
 - (h) for any other reason rejection of the application is deemed necessary by the Company.

4.5 Natural Gas Service Agreement

- (a) A Customer may be required by the Company to sign a Natural Gas Service Agreement in respect of a Service Connection. The Natural Gas Service Agreement shall be signed by the Customer and not by its Agent.
- (b) In the absence of a signed Natural Gas Service Agreement, the supplying of a Service Connection by the Company and the acceptance thereof by the Customer shall be deemed to constitute an agreement by and between the Company and the Customer for delivery, receipt and payment for Gas Distribution Service under the Company's applicable Rate Schedules and Terms and Conditions.
- (c) If any provision of the Customer's Natural Gas Service Agreement, or the application thereof, is to any extent held invalid or unenforceable, the remainder of its Natural Gas Service Agreement and the application thereof, other than those provisions which have been held invalid or unenforceable, shall not be affected and shall continue in full force and effect and shall be enforceable to the fullest extent permitted by law or in equity.



- (d) A contract for service is not assignable by the Customer without the prior written consent of the Company, which consent shall not be unreasonably or arbitrarily withheld.

4.6 Approvals

The Customer for a new, altered or relocated Service Connection shall be responsible for obtaining all permits, certificates, licenses, inspections, reports, and other authorizations necessary for the installation and operation of the Service Connection. The Company shall not be required to commence or continue installation or operation of a Service Connection unless and until the Customer has complied with the requirements of all permits, certificates, licenses, inspections, reports and other authorizations, and all right-of-way agreements, and all Company requirements applicable to the installation and operation of the Service Connection.

4.7 Temporary Service

- (a) Where the Company reasonably believes that a requested service will be temporary, it may require the Customer requesting the service to pay the Company in advance of a Service Connection, the estimated cost of Specific Facilities plus the estimated cost of installation and removal of Specific Facilities necessary for the desired service, less the value of the salvaged material.
- (b) Where the duration of service is to be less than one month, the Customer may be required to advance a sum of money equal to the estimated bill for service.

4.8 Information and Requirements for Service

4.8.1 Distribution Service Connections

Upon request, the Company shall provide to the Customer, information on the method and manner of making Service Connections. Such information may



include a description of the Service Connection available, the location of entrance facilities and metering equipment, and Customer and Company responsibilities for installation of Specific Facilities including Customer responsibility for Retailer/DSP enrollment prior to meter installation.

4.8.2 *Distribution Access Service*

For Customers requesting information on Distribution Access Service, the Company will:

- (a) make available notification and informational materials about competition and consumer choices;
- (b) make available the Company's Retailer Terms and Conditions for Gas Distribution Service;
- (c) direct Customers to an external source where they may obtain information about customer choice. The Company is under no obligation to assure the accuracy of this information.

4.8.3 *Customer Usage Information*

- (a) The Company shall provide Customer Usage Information to a Customer upon request in relation to:
 - (1) the 12-month period preceding the date of the request, or
 - (2) for any shorter period for which the Company has collected that information for the requesting customer.
- (b) An Agent or consultant, acting on behalf of a Customer, may request Customer Usage Information by obtaining and submitting to the Company the authorization from the Customer in a form as set out in the Retailer Guide.



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- (c) The Customer shall submit requests for Customer Usage Information by referencing the Site ID. All such requests shall be in writing and may be delivered via electronic mail (e-mail), facsimile (fax) or by standard mail.
 - (d) The Company will normally process requests within five (5) Business Days of receiving notification from the Customer. If the Company determines that it cannot process the request within five (5) Business Days, the Company shall notify the Customer of the approximate delivery date.
 - (e) The information referred to in section (a) above will be provided by the Company at no cost for requests made once per year per account. The Company will assess a charge for additional Customer Usage Information requests as set forth in Schedule C hereof.

4.9 Application of Rate Schedules

- (a) The Company will make Customers aware of the various Rate Schedules under which the Company provides service to different Customer rate classes. The Company will endeavor to apply the applicable Rate Schedule which is most favorable to the Customer, providing the Rate Schedule applies to the service requested by the Customer, the Customer is eligible for the requested service, and that application of the requested Rate Schedule does not have an adverse impact on other Customers of the Company. The Company shall not be required to refund the difference in charges under different Rate Schedules for any past period during which the Customer did not request service under an alternate Rate Schedule that may have been available to such Customer.
- (b) Various riders and options are also applicable to the Gas Distribution Service as specified in the Rate Schedule approved from time to time by the AUC.



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- (c) Subject to the above, where the Customer's service requirements change so that some other Rate Schedule(s), riders and options may apply to the service, upon the receipt of a written request from the Customer, the Company will advise the Customer of its eligibility for service under the alternate Rate Schedule, and the Company will change the Customer's billing accordingly.
 - (d) In each circumstance, the Company may perform an investment contribution calculation to determine whether any adjustments are required to the Customer's Contribution, as specified in Article 7, to recognize the different levels of company investment which apply to each Rate Schedule.
 - (e) In addition to payments for Gas Distribution Service, the Customer (or Retailer/DSP) is required to pay the Company the amount of any tax or assessment levied by any tax authority on Gas Distribution Service provided to the Customer.
 - (f) Should a dispute arise between the Company and a Customer with regards to the Customer's eligibility to switch rates, the Company will normally bring the dispute before the AUC for resolution. This does not preclude the Customer from bringing the same dispute before the AUC. Switching will not be allowed before the AUC renders a decision.

ARTICLE 5 – SERVICE REQUIREMENTS AND FACILITIES

After the Customer has complied with the Company's application and payment requirements and has been accepted for Gas Distribution Service by the Company, has obtained all required permits and/or inspections indicating that the Customer's facilities comply with local construction, safety standards or regulations, and the Company has received Retailer/DSP enrollment, the Company shall schedule that Site for Service Connection.



5.1 Customer Provided Facilities and Requirements

5.1.1 *Protection of the Company's Specific Facilities and Gas Pipeline Systems*

The Customer shall furnish and maintain, at no cost to the Company, the necessary space, housing, fencing, barriers, and foundations for the protection of the Specific Facilities and Gas Pipeline Systems to be installed upon the Customer's premises which may or may not include a dedicated meter room and an active telecommunications line for measurement equipment. If the Customer refuses, the Company may at its option furnish and maintain, and charge the Customer for furnishing and maintaining, the necessary protection. Such space, housing, fencing, barriers and foundations shall be in conformity with all applicable laws and regulations and shall be subject to the Company's specifications and approval.

5.1.2 *Compliance with Requirements and Use of Service Connection*

The Customer will ensure that its facilities comply with the applicable requirements and with any technical guidelines that may be issued from time to time by the Company or the applicable authority having jurisdiction.

5.1.3 *Extensions*

A Customer shall not, without the prior written consent of the Company, sell or otherwise permit any other person to use such Gas Distribution Service nor shall a Customer extend or permit the extension of facilities connected to the Company's distribution system beyond property owned or occupied by that Customer for any Point of Delivery.

ARTICLE 6 – RIGHTS OF WAY AND ACCESS TO GAS PIPELINE SYSTEM

6.1 Easements

By accepting Gas Distribution Service, the Customer is deemed to have granted to the Company, without cost to the Company, such easements or rights-of-way over, upon or



under the property owned or controlled by the Customer as the Company reasonably requires for the construction, installation, maintenance, repair, and operation of the Gas Pipeline System required for a Service Connection to the Customer and extensions thereof and the performance of all other obligations required to be performed by the Company hereunder.

6.2 Right of Entry

The Company's employees, agents and other representatives shall have the right to enter a Customer's property at all reasonable times for the purpose of installing, maintaining, replacing, testing, monitoring, reading, de-energizing at request of Retailer/DSP, or removing the Company's Gas Pipeline System and for any other purpose incidental to the provision of a Service Connection and the Customer shall not prevent or hinder the Company's entry. In the event that any of the Company's Gas Pipeline System is situated within a Customer's premises, the Company may require that Customer to provide to it a key for the purpose of gaining access to such Gas Pipeline System. The Company will endeavor to provide reasonable notice to the Customer when the Company requires entry to the Customer's property for planned maintenance or repairs to the Company's Facilities.

6.3 Vegetation Management

The Customer shall permit the Company to manage vegetation on the property owned or controlled by the Customer to maintain proper clearances, reduce the risk of contact with, and allow access to the Company's Gas Pipeline System. The Company shall make reasonable efforts to notify the Customer before such work is performed.

6.4 Interference with Company's Gas Pipeline System

The Customer shall not install or allow to be installed on property owned or controlled by the Customer any temporary or permanent structures that could interfere with the proper and safe operation of the Company's Gas Pipeline System or result in non-compliance with applicable statutes, regulations, standards and codes. The Company shall not be



liable for any damage to any structure or improvement erected, installed or placed in contravention of these Terms and Conditions resulting from the maintenance of such gas line or service line.

ARTICLE 7 – EXTENSION OF SERVICE

The Company shall, in accordance with these Terms and Conditions, extend its Gas Pipeline System for the purpose of providing permanent Gas Distribution Service to an applicant who qualifies for Gas Distribution Service hereunder if the following conditions, or such of them as are applicable, are satisfied.

- (a) The applicant shall pay to the Company the costs set out in Schedule C (the Customer Contribution) for the service line from the boundary of the applicant's property which abuts the street or right of way in which the Company's distribution main is or will be situated to the meter on the applicant's premises ("service line").
- (b) Subject to clause (a) hereof, if the applicant's premises are situated in a Municipality which has a subsisting franchise agreement with the Company, the Company shall, without charges other than those payable under the applicable Rate Schedule, extend its Gas Pipeline System for the purpose of providing permanent Gas Distribution Service to the applicant provided that:
 - i. the Municipality has, at its expense, extended or will concurrently extend its water and sewer services to serve the premises of such applicant, and
 - ii. the Gas Distribution Service being requested by the applicant is Standard Service as defined by these Terms and Conditions.
- (c) In any case where clause (b) (i) hereof does not apply and clause (b) (ii) does apply, but subject always to clause (a) hereof, the Company shall extend its Gas Pipeline System for the purpose of providing Gas Distribution Service to an applicant subject to the following conditions:



- (i) The extension required to the Company's Gas Pipeline System, excluding the service line, does not exceed 50 metres in length, and an easement or right of way satisfactory to the Company is provided, or

- (ii) If the aforesaid extension exceeds 50 metres in length, the applicant has paid to the Company the amount, if any by which the total estimated costs of such extension exceed the amount which the Company estimates it will receive from the applicant for the first three years of Gas Distribution Service to the applicant excluding, however, amounts to be received in respect of revenue tax, property tax, federal excise tax, or any other federal or provincial tax other than income tax; provided that the Company may, at its option, accept in lieu of such payment the written undertaking of the applicant to pay such amount in such manner, upon such terms and over such period of time as is specified by the Company.

- (d) (1) If an applicant requests that the Company extend its Gas Pipeline System for the purpose of providing permanent Gas Distribution Service to two or more contiguous lots or parcels of land (hereinafter called "Lots"), and if clause (b) (i) hereof does not apply thereto, the Company shall, in accordance with these Terms and Conditions, extend its Gas Pipeline System as requested provided that:
 - (i) the applicant pays in respect of each Lot the costs referred to in clause (a) hereof; and
 - (ii) the applicant pays the estimated costs of such extension (which payment, for the purposes of clause (c) (ii) hereof, shall be divided by the number of such Lots to determine the Individual Lot Payment).



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- (2) If permanent Gas Distribution Service to any such Lot commences to be taken within five years of such service being available, the Company shall, upon application by the applicant or his assignee, refund the Individual Lot Payment less any amount which would have been payable if clause (c) or (d) hereof would have otherwise applied.
- (e) In any case where clause (b) (ii) does not apply, but subject always to clause (a) hereof, the Company shall extend its Gas Pipeline System for the purpose of providing Gas Distribution Service to an applicant subject to the Applicant executing a Custom Service Letter Agreement in the form attached to these Terms and Conditions as Schedule D.

ARTICLE 8 – SERVICE CONNECTION

8.1 Company Responsibility and Liability

8.1.1 Continuous Supply

The Company shall make all reasonable efforts to maintain continuity of Gas Distribution Service to its Customers, but the Company cannot guarantee an uninterrupted natural gas supply.

8.1.2 Interruption

Without liability of any kind to the Company, the Company shall have the right to disconnect or otherwise curtail, interrupt or reduce service to Customers:

- (a) whenever the Company reasonably determines that such a disconnection, curtailment, interruption or reduction is necessary to facilitate construction, installation, maintenance, repair, replacement or inspection of any of the Company's Facilities;



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- (b) to maintain the safety and reliability of the Company's distribution system;
or,
 - (c) due to any other reason related to dangerous or hazardous circumstances including emergencies, forced outages or Force Majeure.

8.1.3 *Reasonable Efforts*

The Company shall use reasonable efforts to minimize any scheduled curtailment, interruption or reduction to the extent reasonably practicable under the circumstances, to provide the Customer with prior notification of any such curtailment, interruption or reduction to the extent reasonably practicable, and to resume the Customer's Service Connection as promptly as reasonably practicable.

8.1.4 *Company Liability*

Notwithstanding anything to the contrary contained in these Terms and Conditions, the Company shall not be liable for any loss, injury, damage, expense, charge, cost or liability of any kind, whether of direct, indirect, special or consequential nature, (excepting only direct physical loss, injury or damage to a Customer or a Customer's property, resulting from the negligent acts or omissions of the Company, its employees or agents) arising out of or in any way connected with any failure, defect, fluctuation, reduction or interruption in the provision of service by the Company to its Customers. For the purpose of the foregoing and without otherwise restricting the generality thereof, "direct physical loss, injury or damage" shall not include loss of revenue, loss of profits, loss of earnings, loss of production, loss of contract, cost of purchased or replacement capacity and energy, cost of capital, and loss of use of any facilities or property, or any other similar damage or loss whatsoever.



8.1.5 *Force Majeure*

Should the Company be unable, because of an event of Force Majeure, to provide a continuous supply of Energy to a Customer, the Company's responsibilities, so far as they are affected by the Force Majeure, shall be relieved and suspended during the duration of such circumstances and the Company shall not be liable for any failure to perform any term of these Terms and Conditions to the extent that and when such failure is due to, or is a consequence of, an event of Force Majeure. Where practical, the Company shall give notice to the affected Customers of such Force Majeure.

8.1.6 *Provision of Customer Information to the Retailer*

The Company will notify the Retailer/DSP of customer information and/or activities in situations where it is known or suspected that the customer is vulnerable or where the Company and/or the Retailer/DSP are being adversely affected by the customer's actions.

8.2 **Customer Responsibility and Liability**

8.2.1 *Customer Responsibility for Facilities*

The Customer shall be responsible for the installation and condition of all facilities on the Customer's side of the Point of Delivery, except Specific Facilities owned by the Company. The Customer shall be responsible for any destruction of or damage to the Company's Specific Facilities located on the Customer's premises where the destruction or damage is caused by a negligent act or omission or willful misconduct of the Customer or anyone permitted by the Customer to be on the premises.

8.2.2 *Customer Liability*

The Customer shall be solely responsible for and comply with the regulations regarding the installation, condition and maintenance of all piping, equipment,



and apparatus on the Customer's side of the Point of Delivery, and the Customer shall indemnify and save harmless the Company from and against any claim or demand for injury to persons or damage to property arising out of or in any way connected with piping, equipment and apparatus on the customer's side of the Point of Delivery and the use made by the Customer of gas supplied by the Company, so long as such injury or damage is not caused by the negligence of the Company.

8.2.3 *Service Calls*

The Company may require a Customer to pay the actual costs of a service call if the source of the problem is the Customer's own facilities.

8.3 **Interference with the Company's Property**

No one other than an employee or authorized agent of the Company shall be permitted to remove, energize, operate, or maintain meters, equipment and other facilities owned by the Company without Company permission. The Customer shall not interfere with or alter the meter, seals, or other facilities or permit the same to be done by any person other than the authorized agents or employees of the Company.

8.4 **Unauthorized Use**

Where the Company determines that there has been unauthorized use of the Service Connection including, but not limited to, meter or equipment tampering, unauthorized connection or reinstatement, theft, fraud, intentional or unintentional use of Energy whereby the Company is denied full compensation for Gas Distribution Services provided, the Company will bill the Retailer/DSP for the Company's estimate of energy for such unauthorized use and require Customer prepayment for any repairs, damages and reconstruction of Company Facilities. Nothing in this section shall limit any other rights or remedies that the Company may have in connection with such unauthorized use.



8.5 Termination by Company

- (a) If a Customer violates any of these Terms and Conditions, or tampers with any of the Company's Gas Pipeline System or permits its service piping, or equipment connected thereto to become, in the opinion of the Company, hazardous, or neglects to pay the charges for Gas Distribution Service due to the Company at any of the times fixed for the payment thereof, or refuses to provide entry for company meter readings, or violates the provision of any contract or Rate Schedule applicable , or increases its Customer Load without the permission of the Company, or makes fraudulent use of the Company's Gas Distribution Service, the Company, or anyone acting under its authority, may, without prejudice to any other right or remedy which it may have against the Customer, on giving forty-eight (48) hours notice to the customer, disconnect the Gas Distribution Service from its system. Notwithstanding the foregoing, if, in the opinion of the Company, the condition of the Customer's piping or equipment attached thereto is so hazardous as not to safely permit the giving of notice, no notice shall be required. The Customer shall, notwithstanding the discontinuance of Gas Distribution Service, be liable for and pay to the Company all charges for Gas Distribution Service supplied up to the time of such discontinuance
- (b) When a contract for service is terminated by a Customer and a new application for service has not been received by the Company, the Company shall discontinue the Gas Distribution Service to the premises.
- (c) If the piping or equipment described in (a) above is found to be hazardous or non-compliant, the Company, at its discretion, may choose to disconnect or shut off only that portion or piece of equipment which is in violation, in order to maintain Gas Distribution Service to the remaining Customer facilities. The Company will report these incidences to the Authority having jurisdiction as per the Regulations made under the Act.



8.6 Multiple Dwellings

- (a) Each individual unit within a multiple dwelling will be served as a separate Point of Delivery, unless the Company agrees otherwise.
- (b) Where the Company and a Customer have agreed that Gas Distribution Service to a Multiple Dwelling shall be delivered through a single Point of Delivery, the applicable Rate Schedule will apply to the Gas Distribution Service in which case resale shall be permitted only under and subject to a contract in writing entered into between the Company and the Customer.

8.7 Mobile Homes

- (a) Service shall normally be provided to mobile homes through separate Points of Delivery, based on the applicable Rate Schedule.
- (b) Service provided to common use areas (e.g. laundry facilities) in a mobile home park shall be separately metered and billed at the applicable Rate Schedule.
- (c) In mobile home parks or trailer courts where the Company reasonably believes homes are temporary, the Company may elect to provide Gas Distribution Service only through the Point of Delivery billed to the mobile home park or trailer court.

8.8 Standard Delivery Pressure

Customer requests for service beyond the standard utilization pressure of 1.72 kPa may be required to pay a non-refundable contribution for the installation, administration and maintenance of the equipment required to comply with the request. The Company will meet the peak flow requirements of the Customer (as signed up) at the standard delivery pressure.



ARTICLE 9 – METERS

9.1 General Requirements

The Customer shall authorize the Company to connect, verify, maintain and exchange automated meter reading and/or monitoring equipment for the purpose of transmitting and collecting meter reading information. The Customer shall permit the Company to perform meter reading using automated monitoring equipment. The Company shall comply with the regulations of the authority having jurisdiction with regard to measurement equipment and devices. If Customer requests removal of automated monitoring equipment, the Company will charge the fee as per Schedule C.

9.2 Installation and Maintenance of Meters

The Company shall provide, install and maintain all necessary regulators and meters necessary for measuring the natural gas supplied to each Customer. Unless impractical, meters shall be installed on the outside of the premises, and in any case the location shall be subject to the approval of the Company so as to permit safe and convenient access, such approval not to be unreasonably withheld.

9.3 Meter Test and Adjustments

- (a) The Company may inspect and test a meter at any reasonable time.
- (b) At the request of Measurement Canada or an accredited agency as may, from time to time, be designated for this purpose, the Company shall arrange for a meter to be removed and tested by an official designated for that purpose. The Company will direct customers wishing to dispute the meter to Measurement Canada.
- (c) If a test determines that the meter is not accurate within the limits set by government standards, the Retailer's/DSP bill will be adjusted accordingly. Where it is impossible to determine when the error commenced, it shall be deemed to have commenced three (3) months before the test or the date of the



meter installation, whichever occurred later. The Company shall not be liable to the Customer or Retailer/DSP for any additional costs that are associated with such metering or meter reading errors.

- (d) The Company reserves the right to assess a charge to the Customer or Customer's Retailer/DSP at the time of a meter test. This charge is reimbursed in circumstances when the meter tested is found to be faulty.

- (e) If any appliance of a Customer connected to the Company's Gas Distribution Service prevents or impedes the meter from accurately recording the total amount of Energy supplied, the Company may forthwith disconnect the Gas Distribution Service, or disconnect such appliance from the Gas Distribution Service and shall, in either case, estimate the amount of Energy consumed and not registered, as accurately as it is able to do so, together with any costs incurred by the Company in disconnecting such Gas Distribution Service, or appliance, and repair any damage to the Company's Gas Pipeline System as the case may be. The Retailer's/DSP bill will be adjusted accordingly for the estimated amount of energy.

ARTICLE 10 – RENDERING AND PAYMENT OF BILLS

10.1 Meter Reading and Estimates

Meter Reading:

- (i) The Company shall determine the method of meter reading collection for its meters and equipment.

- (ii) Where the Company has determined the method of collection is through an automated meter reading device and the Customer refuses to allow installation, the Company will attempt Company meter readings approximately every six months. The Customer will be charged for each



meter reading attempt as stated in Schedule C through the monthly tariff bill sent to the Retailer/DSP.

- (iii) Where the Customer requests the removal of an automated meter reading device, the Company will remove the device and will apply the appropriate fee as stated in Schedule C. In addition, the Company will attempt Company meter readings approximately every six months. The Customer will be charged for each meter reading attempt as stated in Schedule C through the monthly tariff bill sent to the Retailer/DSP.
- (iv) In any event the Company will require a meter reading twice per year or as directed by Measurement Canada or such other Regulatory requirement.
- (v) In the event that there is a discrepancy between the mounted meter index and a meter monitoring or automated meter reading device, the mounted meter index reading will be deemed to be correct.
- (vi) The Company will assess a charge to the Customer or Customer's Retailer/DSP for additional reads above the Company's standard practices as well as in situations where a Customer has refused to allow an automated meter reading device to be installed. This charge is defined in Schedule C hereof.
- (vii) The Company shall keep an accurate record of all meter readings for the purpose of billing the Gas Distribution Services provided.
- (viii) The Company may elect to change the meter reading schedule for a site, providing advance notice to the Retailer/DSP as defined by Rule 004.
- (ix) The Company is not required to accept Customer meter readings. Where Customer meter readings are provided, the Company reserves the right



to decline the use of the Customer meter reading based on specific criteria.

10.2 Billing Delivery Charges to Retailer/DSP

- (i) Billing to the Retailer/DSP will be based on meter readings made by the Company or on estimates for those billing periods when the meter is not read. The Company will issue billing to the Retailer/DSP in accordance with Rule 004.
- (ii) Bills shall be rendered in accordance with the Rule 004..
- (iii) Failure to receive a bill shall not release the Customer or the Retailer/DSP from its obligation to pay the same.

10.3 Payment of Customer directly to the Company

- (a) The payments for service provided to the Customer under the Rate Schedule and these Terms and Conditions (and collected by the Retailer, if applicable) shall commence on the earlier of the first billing date after the date upon which the Customer commences taking service, or thirty (30) days after the date that service is made available to the Customer.
- (b) The Customer shall pay all amounts required to be paid under these Terms and Conditions upon receipt of a bill for such amounts. Bills shall be deemed rendered and other notices duly given when delivered to the Customer at the address provided by the Customer or Retailer/DSP for service. Failure to receive such bill from the Company will not entitle the Customer to any delay in the settlement of each account, or to any extension of the date after which a late payment charge becomes applicable. Any bill rendered to a Customer for which valid payment has not been received by the date indicated on the bill shall be



considered past due. The Company reserves the right to assess a late payment charge as set forth in the Rate Schedule.

- (c) The Customer shall pay to the Company, on or before the 15th Business Day following the statement date, the amount invoiced by the Company and payable not later than the day shown upon the bill as the “due date”.
- (d) The Company may refuse to accept payment on a Customer's account when payment by cheque is drawn on a form other than a bank cheque form. In the event the Company accepts payment by cheque drawn on any other form, the Customer shall be liable for and pay to the Company all charges and costs incurred to process the cheque. The Company follows the Bank of Canada rules and regulations of currency acceptance limitations.

10.4 Late Payment Charge

Any amount owing for service and not paid by the due date shown on the bill shall be subject to a late payment charge in accordance with the Rate Schedule, all of which will be due and payable forthwith after the due date.

10.5 Dishonored Cheque Fee

The Company reserves the right to assess a service charge to the Customer, or the Customer's Retailer/DSP, in respect of any cheque returned by the Customer's bank for any reason as defined in Schedule C hereto.

10.6 Adjustment of Bills

10.6.1 Billing Error

Should the Customer or the Retailer/DSP dispute any amount owing, the Customer or Retailer/DSP shall nonetheless pay such disputed amount and submit the dispute for resolution in accordance with these Terms and Conditions. Following resolution of any such dispute, the Company will return any amount



found owing, without interest, to the Customer or Retailer/DSP forthwith. The right or ability of either party to dispute a bill for service provided hereunder shall only apply to bills rendered during a period of two (2) years prior to the date of a written notice of such dispute. The Company may assess a charge to the Customer or Retailer/DSP for reviewing billing disputes, in circumstances where the Company has not been responsible for any billing error as established in Schedule C hereof.

ARTICLE 11 – CHANGE IN SERVICE CONNECTION

11.1 Prior Notice by Customer

- (a) A Customer shall give to the Company reasonable written notice prior to any change in Gas Distribution Service requirements, including any change in Load to enable the Company to determine whether or not it can supply such revised Gas Distribution Service without changes to its Gas Pipeline System. A Retailer/DSP, or any other person acting as Agent for a Customer, who provides the Company with verifiable authorization from the Customer, may give such notice to the Company on the Customer's behalf. If the Company receives such notice from a Retailer/DSP or Agent, the Company may, at its option, require such notice directly from the Customer. The Company shall not be obligated to supply to any Customer any Load in excess of that originally agreed to by the Company.

- (b) The Customer shall not change its requirement for a Gas Distribution Service without the Company's written permission. The Customer shall be responsible for all damage caused to the Company's Gas Pipeline System as the result of the Customer changing its requirements for a Gas Distribution Service without the Company's permission.



11.2 Changes to Company Facilities

If a change in a Customer's Load would require changes to the Company's Gas Pipeline System, that Customer may be required to pay the Company's costs of such changes other than those costs which the Company would have borne upon accepting an application to serve an increased Load in the first instance. In any event, that Customer shall pay the Company's capital cost, less depreciation, of existing Specific Facilities which would be removed as a result of such Load change, together with the estimated cost of removing the same less the estimated salvage value, if any, thereof.

11.3 Relocation of Company Facilities

In any case in which the Company is requested to relocate any of its Gas Pipeline System, including service lines, regulators and meters, or to install a remote meter index or automated meter reading device, the person requesting such relocation or installation may be required to pay the costs set out in Schedule C for so doing, and shall, if requested by the Company, pay the same in advance of the Company undertaking such relocation or installation. Any relocation shall be subject to the provisions of these Terms and Conditions. Any installation of a remote meter index or meter monitoring device shall be subject to these Terms and Conditions. The Company reserves the right, at its expense, to relocate regulators or meters for operating convenience.

ARTICLE 12 – SERVICE DISCONNECTS, REINSTATEMENT AND REMOVAL

12.1 Disconnection

12.1.1 Termination by Customer

Unless precluded by contract or industry rules from so doing, the Customer and/or Retailer /DSP may, at any time, give to the Company five (5) Business Days notice of termination of Gas Distribution Service. Upon receipt of such notice, the Company may read the meter attached to such Gas Distribution Service, and Customer and or Retailer/DSP shall pay for all Gas Distribution Service supplied prior to such reading. In the event that Company is unable to



read the meter upon receipt of Customer or Retailer/DSP notice of termination, the charge for Gas Distribution service supplied shall be based on an estimated meter reading which will be prorated from the time of an actual meter reading.

12.1.1A *Temporary Disconnection*

Upon the request of the Customer and or Retailer/DSP, the Company shall temporarily disconnect any Service Connection provided:

- (a) Upon the Retailer/DSP request to restore service the Customer or the Customer's Retailer/DSP will be responsible for and pay any applicable charges outlined under Article 12.2.
- (b) If the Service Connection remains disconnected for greater than six (6) months, the facilities located downstream of the meter outlet are subject to retest as prescribed by the authority having jurisdiction.
- (c) After six (6) months of service disconnection, ATCO Gas reserves the right to remove the meter.
- (d) If the Service Connection remains disconnected for greater than twelve (12) months, it will be considered permanently disconnected and administered as per Article 12.1.1B herein.

12.1.1B *Permanent Disconnection*

- (a) If the Customer requests the Service Connection to be permanently disconnected, the Customer or Retailer/DSP billing for that service will be finalized. At the discretion of the Company, the Retailer/DSP will be allowed to remove the Customer from the account and the Gas Pipeline System provided by the Company may be removed.



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- (b) If within three (3) years of permanent disconnection the Customer requests the Service Connection be restored, the Customer or the Customer's Retailer/DSP must pay all the costs associated with the original disconnection, removal of the Gas Pipeline System and restoration of service.

12.1.2 Disconnection at Request of Retailer/DSP

In accordance with sub-section 5(1) of the R3 Regulation and the NGSSC, the Retailer/DSP shall have the right to request that the Company disconnect service to a particular Customer and/or Site, and Company shall comply with that request, unless such action is inconsistent with Schedule B of the Company's Retailer Terms and Conditions for Gas Distribution Service.

12.1.3 Disconnection by the Company

- (a) The Company reserves the right to disconnect Gas Distribution Service to the Site in a number of circumstances, including, but not limited to: failure to provide access at least once per year for meter reading; threats or harassment of employees or agents of the Company; non-payment of the Company bills or any past due charges by the Customer; evidence of safety violations, Energy theft, or fraud by the Customer; refusal of the Customer to allow change in facilities or equipment, or the Customer failing to meet its obligations under these Terms and Conditions or the Natural Gas Service Agreement.

If a Customer notifies the Company to remove the meter, or permanently disconnect service, the Company will complete the request and subsequently notify the Customer's Retailer/DSP.

- (b) If the disconnect is a result of a safety violation, the Company will reinstate the service when the safety problem is resolved and when the Customer has prepaid all costs associated with repair, damage or



restoration of service, and addressed prevention of such damage, interference or disturbance and upon receipt of Retailer/DSP authorization where required. The Company may assess a reinstatement charge to the Retailer/DSP as set forth in Schedule C hereof.

12.2 Reinstatement Service

This section applies when the Company is asked to reinstate or restore Gas Distribution Service to a Customer whose Gas Distribution Service was discontinued (whether or not at the request of the Customer, the Customer's Retailer/DSP or the Company).

Before reinstating or restoring service, the Customer or the Customer's Retailer/DSP must ensure facilities downstream of the meter conform to the requirements of the authority having jurisdiction and shall pay:

- (a) any amount owing to the Company including written off accounts;
- (b) any damages or replacement costs owed to the Company
- (c) a reinstatement charge as defined in Schedule C.

12.3 Removal of Facilities

Upon termination of Gas Distribution Service, the Company shall be entitled to remove any of its Gas Pipeline System or Specific Facilities located upon the property of the Customer and to enter upon the Customer's property for that purpose. The Customer may be required to pay the actual cost of removal.



SCHEDULE C – Non-Discretionary CHARGES

1.0 APPLICABILITY

Applicable to every Customer and Retailer/DSP within the Company's service area. The service charges outlined herein are also outlined in the Company's Retailer Terms and Conditions for Gas Distribution Service. This is done to ensure the Customer (or Retailer/DSP) is aware of the charges that may apply whether they are reviewing this set of Terms and Conditions or the other. However, the listing of these charges in both sets does not entitle the Company to recovery of these charges under each Terms and Conditions.

2.0 SCHEDULE OF CHARGES

All charges and provisions of the Customer's applicable price schedule shall apply in addition to the following charges for the service being provided:



SCHEDULE C
NON DISCRETIONARY CHARGES
Effective January 1, 2017

1. **SERVICE LINES:** Applicable to all services except those eligible for grants under the Rural Gas Act.

1.1 Pipe Installation:

ATCO Gas (North)		
Service Line Diameter	Summer	Winter
15.9 mm or 26 mm (up to and including 15 metres)	\$893	\$1,151
Linear charge for length over 15 metres	\$49/metre	\$67/metre
42.2 mm or 60.3 mm (up to 15 metres)	\$1,184	\$1,547
Linear charge for length over 15 metres	\$69/metre	\$92/metre
Greater than 60 mm	Contract Price	Contract Price
Credit for provision of service line trench in 4-party installation	\$41	\$208

ATCO Gas (South)		
Service Line Diameter	Summer	Winter
15.9 mm or 26 mm (up to and including 15 metres)	\$644	\$841
Linear charge for length over 15 metres	\$31/metre	\$45/metre
42.2 mm or 60.3 mm (up to 15 metres)	\$1,184	\$1,547
Linear charge for length over 15 metres	\$69/metre	\$92/metre
Greater than 60 mm	Contract Price	Contract Price
Credit for provision of service line trench in 4-party installation	\$41	\$208

Service Line Notes:

1. Winter and Summer conditions are determined by the ATCO Gas representative on site. Typically winter conditions are 150mm or more of frozen ground conditions and / or 300mm or more of snow cover. If construction occurs within the winter construction season as determined by ATCO Gas, winter construction rates will apply.
2. The customer will be charged for the Primary Service line from the property line to the Gas Meter location when the main is located outside the customer's property.
3. The customer will be charged for the Primary Service line from the edge of easement to the Gas Meter location when the main is located in an easement within the customer's property.

:



1.2 Mobilization Charge: A mobilization charge of \$208.00 will be levied for each additional site visit required when a site with an inspector confirmed site ready date does not meet ATCO Gas requirements for service line installations upon arrival of the service installation crew

1.3 Pavement and Concrete Breaks: Contract Price. Applicant responsible for settlement and permanent repair

1.4 Crossings: Including highway, railroad, road, pipeline, canal - Contract Price

1.5 Compaction: Contract Price

1.6 Shallow Utility Crossings: Contract Price

1.7 Waste Removal: Contract Price

2. COMPANY RURAL INVESTMENT: "three times net revenue"

3. REINSTATEMENT CHARGE:

a. Residential (not before 8am of the next business day) - \$120.00

b. Residential (before 8am of the next business day) - \$281.00

c. Non-Residential (not before 8am of the next business day) - Contract Price (minimum \$120.00)

d. Non-Residential- (before 8am of the next business day) - Contract Price (minimum \$281.00)

4. AMR REMOVAL FEE:

a. Residential (not before 8am of the next business day) - \$120.00

b. Non-Residential (not before 8am of the next business day) - Contract Price (minimum \$120.00)

5. METER RELOCATIONS:

5.1 Single Family Dwelling: Inside to outside – No direct ATCO Gas charges if viewed as required by ATCO Gas. Customer may be responsible for permitting fees and site clean up. All other moves at Contract Price.

5.2 Other: Contract Price

6. ALTERATIONS, RELOCATIONS AND REPLACEMENT: Contract Price

7. DAMAGE OR PROBLEMS CAUSED BY CUSTOMERS: Contract Price including estimated cost of lost gas

8. TEMPORARY SERVICE: Contract Price

9. SPECIAL METER READ FEE: \$109.00

10. METER DISPUTE FEE:

a. Residential - \$115.00

b. Non-Residential - Contract Price (minimum \$115.00)

c. Customer Usage Information Fee will apply as required.

11. DISHONOURED CHEQUES: \$30.00

12. CUSTOMER USAGE INFORMATION: Contract Price

13. PROVISION OF CUSTOMER INFORMATION TO THE COMPANY: Contract Price

14. BILLING ERROR: Contract Price

Notes:

1. All charges in Schedule C are subject to GST except the "Dishonored Cheque" charge.

2. The contract price charged to customers may be based on actual costs, or it may be based on an agreed upon price. In most cases, the customer will be required to sign a contract and pay the agreed upon price. Where pre-payment is based on an estimate, the Customer will be required to pay the actual cost upon completion of the work.



SCHEDULE D - CUSTOM SERVICE LETTER AGREEMENT

Date _____

Attention: _____

Dear _____:

Re: Custom Service Request for _____

Further to the Custom Service request submitted by _____ to the location described below, ATCO Gas confirms its ability to provide such Custom Service subject to the conditions contained in this Agreement.

1.0 Location

Custom Service is to be provided at the following location _____

2.0 Custom Service Requested

_____ confirms that the Custom Service requested is as following:

Maximum Daily Volume (GJ) _____

Minimum Delivery Pressure (kPa) _____

Maximum Hourly Flow Rate (GJ/hr) _____

Other _____

3.0 ATCO Gas Investment

The amount of ATCO Gas Investment for the Specific Facilities is contingent on the Customer's Contract Demand, the applicable High Use Rate and the Term of this Agreement. ATCO Gas Investment will be no greater than to the net present value of the revenue during the Term of this Agreement discounted at a rate equal to ATCO Gas' weighted average costs of capital (WACC).

Where "revenue" is defined as the revenue per customer as determined by the approved PBR formula for the corresponding rate group, while the company is operating under an approved PBR Plan. Should the company be operating under cost of service regulation, revenue is defined as the revenue generated by existing rates based on expected customer usage or demand.



For the purposes of this Custom Service Letter Agreement and based on the Contract Demand of _____ and the Term of the Agreement as specified below, the ATCO Gas Investment is as shown below.

4.0 Specific Facilities

The following facilities (the "Specific Facilities") are required to provide Custom Service as specified in Section 2.0 of this Agreement at the location specified in Section 1.0 of this Agreement:

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.

Total Estimated Cost of Specific Facilities: \$_____

5.0 Term of Agreement

_____ agrees that the term of this Agreement will be for _____ years commencing on _____.

6.0 Customer Contribution

Customer Contribution is defined as the difference between the estimated costs of the Specific Facilities as specified in Section 4.0 of this Agreement and any amount of ATCO Gas Investment as specified in Section 3.0 of this Agreement.

_____ agrees that the Customer Contribution for the Custom Service requested is as shown below.

7.0 Payment of Customer Contribution

Option 1

_____ agrees to pay for the Customer Contribution of _____ by _____. _____ agrees that no work shall commence until ATCO Gas has received the 50% of the Customer Contribution amount. The remaining 50% is due upon completion of the work, and prior to the commencement of Gas Distribution Service.



Option 2

Subject to credit approval by ATCO Gas, _____ agrees to pay for the Customer Contribution amount on a monthly basis over the Term of the Agreement. The monthly payment will include return, income tax and depreciation costs.

_____ agrees to pay ATCO Gas on a monthly basis over the Term of the agreement the following amount shown below.

8.0 Prudential Requirements

_____ agrees to provide and comply with the prudential requirements specified by ATCO Gas below.

9.0 Rate Schedule and Customer Terms and Conditions for Gas Distribution Service

_____ agrees to pay for its Gas Distribution Service in accordance with the Company's Rate Schedules and Customer Terms and Conditions for Gas Distribution Service as approved by the Alberta Utilities Commission.

10.0 Acceptance of Agreement

Upon receipt of an executed original of this Agreement and compliance with the terms of this Agreement, ATCO Gas will proceed with all required engineering design work, purchase of materials, construction work and installation of the facilities as outlined herein.

This agreement is subject to all applicable regulatory approvals and ATCO management approvals.

Sincerely,

ATCO Gas

ATCO Gas Representative

AGREED TO AND ACCEPTED
THIS _____ DAY OF _____

PER: _____

TITLE: _____

Customer Terms and Conditions for Gas Distribution Service



**RETAILER TERMS AND CONDITIONS
FOR
GAS DISTRIBUTION SERVICE**

AUC Decision: 21981-D01-2016

Effective: January 1, 2017



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ARTICLE 1 – PREAMBLE

In accordance with the provisions of the Gas Utilities Act ("GUA") and the Regulations made thereunder ("Regulations"), ATCO Gas an operating division of ATCO Gas and Pipelines Ltd. ("ATCO Gas") will, for certain Customers, act solely as a Gas Distribution Service provider and will not be responsible for providing Gas directly to Customers or for billing delivery charges to Customers. In its role as a Gas Distribution Service provider, ATCO Gas will enable Retailers and the Default Supply Provider ("DSP") to acquire access to its Gas Pipeline System for the purposes of allowing them to sell Gas directly to Customers. A Customer may also act as a Self-Retailer by carrying out retailer functions to obtain Gas Services solely for its own use.

These Terms and Conditions are intended to apply to the relationship between ATCO Gas, as a Gas Distribution Service provider and all Retailers, the DSP, or any party who will be acting as an Agent on behalf of the Retailer/DSP for transactions governed by these Terms and Conditions. These Terms and Conditions will also govern the relationship between ATCO Gas and Customer(s) for whom the Retailer/DSP or any other party is acting as an Agent in its dealings with ATCO Gas. These Terms and Conditions serve as a companion to the Customer Terms and Conditions for Gas Distribution Service which are intended to govern the relationship between ATCO Gas and Customer(s), or any other person whom the Customer has assigned to act on its behalf in its dealings with ATCO Gas, regarding the provision of Gas Distribution Service on its Gas Pipeline System.

These Terms and Conditions outline the rules that Retailers, the DSP, and Agents must follow to engage in Retailer transactions with the Company.

The service provided by ATCO Gas hereunder is regulated by the Alberta Utilities Commission ("AUC"), and parties having any inquiries or complaints regarding these Terms and Conditions may direct such inquiries or complaints directly to ATCO Gas or to the AUC. These Terms and Conditions have been approved by the AUC.



ARTICLE 2 – DEFINITIONS AND INTERPRETATION

2.1 Definitions

The following words and phrases, whenever used in these Terms and Conditions, the Company's Natural Gas Rate Schedules, Company's Retailer Guide or a Distribution Access Service Agreement, shall have the meanings set forth below:

"*Account*" means a record maintained by ATCO Gas which contains receipts, deliveries, Rider D, Imbalance Purchase and Imbalance Sale, and adjustments applicable to each Retailer/DSP providing Gas Services to Customers on the Gas Pipeline System;

"*Account Balancing*" means the process of managing Gas receipts and/or deliveries in an Account in order to keep the difference, net of adjustments, within the tolerance specified by the Imbalance Window;

"*Account on the Transmission System*" means the account held by the Company on NOVA Gas Transmission Ltd.

"*Act*" means the *Gas Utilities Act, R.S.A. 2000, c.G-5*, as amended from time to time;

"*Agency Appointment Agreement*" means an agreement between a Retailer/Self-Retailer or DSP and another party wherein the other party is appointed as Agent for that Retailer/Self-Retailer, or DSP;

"*Agent*" means a person who performs functions on behalf of a Self-Retailer, Retailer, or DSP including, but not limited to, retailer transactions with the Company;

"*AUC*" means the Alberta Utilities Commission established under the *Alberta Utilities Commission Act, S.A. 2007, c.A-37.2*, as amended from time to time;

"*Backcast*" means an estimate of Customer Load prepared for the current Gas Day as described in the Retailer Guide;

"*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;



"Company" means ATCO Gas, an operating division of ATCO Gas and Pipelines Ltd. or its successor;

"Customer" means a person, firm, partnership, corporation, organization or association (including without limitation, individual members of any unincorporated entity) who consumes Gas in end-use at its location and is connected to the Company Gas Pipeline System;

"Customer Billing Information" means the information required to be included on the Customer's bill issued by the Retailer/DSP as required by the Natural Gas Billing Regulation, A.R. 185/2003, or Default Gas Supply Regulation, A.R. 184/2003 respectively, as amended from time to time, and provided by the Company;

"Customer Information" means the data specified in the Natural Gas Settlement System Code and includes without limitation Site Customer name, Site Customer telephone number, Site Customer mailing address, Site Contact name, Site Contact phone number, site owner and alternate contact information and other safety related information required to provide safe Gas Distribution Service to Customers;

"Customer Usage Information" means information regarding the historical Gas consumption as specified in AUC Rule 10.

"Day" means a period of twenty-four (24) consecutive hours;

"Default Supply Provider" or "DSP" means a Gas Distributor or a person authorized by a Gas Distributor, who provides Gas Services to Customers under rates, tolls or charges fixed by the AUC and terms or conditions fixed by the AUC;

"Distribution Access Service" means the service required to transport Gas to Customer(s) by means of a Gas distribution system. This service enables a Customer to obtain Gas supply service through Self-Retailing, from a Retailer or the DSP and is governed by these Terms and Conditions;



"Distribution Access Service Agreement" means an agreement for the provision of Distribution Access Service pursuant to these Terms and Conditions between the Company and a Retailer/DSP, in the form attached as Schedule A hereto;

"Fair Trading Act" means the *Fair Trading Act, R.S.A. 2000, c.F-2*, as amended from time to time;

"Final Monthly Settlement" means the last Gas Settlement performed for a Retailer/DSP's Sites(s) for a Month, as described in the Natural Gas Settlement System Code;

"Forecast" means an estimate of Customer Load prepared for the current or next Gas Day and includes forecast F1, F2, and F3 as described in the Retailer Guide;

"Force Majeure" means circumstances not reasonably within the control of the Company, including acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, pandemics, epidemics, landslides, lightning, earthquakes, fires, storms, floods, high water, washouts, inclement weather, orders or acts of civil or military authorities, civil disturbances, explosions, breakdown or accident to equipment, mechanical breakdowns, temporary failures of gas supply, the intervention of federal, provincial, state or local government or from any of their agencies or boards excluding decisions and/or orders made by the AUC in the normal course of it exercising its authority to establish the revenue requirement of the parties to this agreement, the order or direction of any court, and any other cause, whether of the kind herein enumerated or otherwise;

"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 Day" means a Day beginning at eight hours (08:00), Mountain Standard Time;

"Gas Distribution Service" means the service required to transport Gas to Customers by means of a Gas Pipeline System, and includes any services the Gas Distributor is



required to provide by the AUC or is required to provide under the *Act* or Regulations made thereunder;

"*Gas Distributor*" means the owner, operator, manager or lessee of a gas distribution system as defined in the *Act*;

"*Gas Distribution Tariff*" means the rates, tolls or charges fixed by the AUC and the terms and conditions fixed by the AUC, for Gas Distribution Service;

"*Gas Pipeline System*" means all those facilities owned or used by the Company in the receipt, delivery, transportation, measurement and testing of Gas, (including, without limitation, transmission and distribution lines, regulators, meters, equipment and machinery);

"*Gas Services*" 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 Point(s) of Receipt,
 - (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;

"*Gas Settlement*" means any or all of Initial Monthly Settlement, Interim Monthly Settlement and/or Final Monthly Settlement as defined in the Natural Gas Settlement System Code;



"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 vapor, and at a pressure of 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;

"Imbalance" means the difference between energy quantities of Gas received and Gas delivered, net of adjustments, in an Account each Gas Day;

"Imbalance Window" means a range of Imbalances within which an Account is considered to be in balance without action being taken to adjust receipts into or deliveries from that Account;

"Imbalance Purchase/Sale" means the removal from, by Imbalance Purchase, or addition to, by Imbalance Sale the daily Account Imbalance energy quantity outside the nearest Account daily Imbalance Window boundary, as the case may be, in a Retailer/DSP Account by ATCO Gas which will be settled financially;

"Intercontinental Exchange" means Intercontinental Exchange, Inc., an electronic trading platform that may be used by market participants for transactions related to, among others, natural gas energy purchase or sale;

"J" or "joule" means the amount of work done when the point of application of a force of one (1) newton is displaced a distance of one (1) metre in the direction of the force;

"kPa" means kilopascals of pressure gauge unless otherwise specified;

"Load" means the amount of natural Gas delivered or required to be delivered at any specific point or points in the Gas Pipeline System;

"LBDA" means the Company's load balancing deferral account that is used to record certain revenues and expenses associated with load balancing the Gas Pipeline System, including without limitation balancing purchase/sales and Imbalance Purchase/Sales;



"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;

"NGX" means Natural Gas Exchange Inc., an exchange for the trading and clearing of natural gas and electricity contracts that operates in a North American Technology and Physical Clearing Alliance with Intercontinental Exchange, Inc.;

"Natural Gas Service Agreement" means an agreement for the provision of a Service Connection pursuant to the Terms and Conditions for Distribution Service Connection, between the Company and a Customer;

"NGSSC" means the Natural Gas Settlement System Code that governs the standards for determining and communicating retail natural gas consumption for the purpose of load settlement;

"Nomination" means a request in electronic or other written or verbal form for Gas to flow at a Point of Receipt, a Point of Delivery or for receipt into or delivery out of an Account at a specified quantity on a specified date(s);

"Point of Delivery" for service by the Company to the Customer, means, unless otherwise specified in a Natural Gas Service Agreement, the outlet side of a meter;

"Point of Receipt" means the point on Company's system at which Retailer/DSP delivers Gas to the Gas Pipeline System under the Distribution Access Service Agreement. For clarity, this is usually indicated by Company's acceptance of a receipt Nomination into the Retailer/DSP's Account;

"R3 Regulation" means the *Roles, Relationships and Responsibilities Regulation, A.R. 186/2003*, as amended from time to time;

"Rate Schedule" means the natural gas rate schedule prepared by the Company and approved by the AUC, as amended from time to time;



"Retailer" means a person who sells or provides retail Gas Services directly to Customers and who is entitled to enroll Customers for Distribution Access Service under these Terms and Conditions and includes Self-Retailers;

"Retailer Business Function Identification" means the 2 character identification that describes the Retailer's/DSP's business function as a Retailer or a DSP as is specified in the Company's Retailer Guide.

"Retailer/DSP Account" means an Account held by a Retailer or the DSP;

"Retailer Guide" means the guide prepared by the Company which describes the business processes between the Company and the Retailer/DSP in relation to the provision of service under these Terms and Conditions and the NGSSC;

"Retailer Identification" means the 9 digit number that uniquely represents each Retailer/DSP operating within Alberta;

"Retailer of Record" means the Retailer or DSP who is listed in the Company's records through the procedures outlined in these Terms and Conditions, Gas Settlement System Code and Retailer Guide and thereby recognized by the Company, as a particular Customer's Retailer or DSP for a Point of Delivery at a particular time;

"Rider D" means a rate rider, expressed as a percentage, approved by the AUC applicable to Retailer/DSP Accounts for the recovery in kind of Unaccounted For Gas;

"Same Day Market" means the intra-Alberta natural gas market that is generally available during trading hours on a calendar Day for transactions applicable to the Gas Day commencing on the same calendar Day;

"Self-Retailer" means a person carrying out Retailer functions to obtain Gas solely for its own use;

"Service Connection" shall have the meaning ascribed thereto in Company's Customer Terms and Conditions for Gas Distribution Service;



"Single Family Dwelling" means a private residence provided with sleeping and cooking facilities intended for domestic use and in which the occupants live as a single housekeeping unit that is not part of a multiple dwelling;

"Site" means a unique end-use Point of Delivery, being the finest level at which settlement recognizes Retailer and DSP assignments, and receives ATCO consumption data;

"Site ID" means a unique identification number assigned by the Company for each unique end-use Point of Delivery;

"Specific Facilities" means those facilities installed by the Company for the benefit of a particular Customer/Retailer/DSP which are connected to the Gas Pipeline System and are required to transport Gas;

"Tariff Bill File" means a physical electronic file containing site-specific tariff charges, usage and demand information for given tariff bill periods; it may also contain applicable site-specific one time charges. The tariff bill file rules are contained in AUC Rule 004 Alberta Tariff Billing Code;

"Transmission System" means all those facilities owned or operated by ATCO Pipelines and NOVA Gas Transmission Ltd. in the receipt, delivery, transportation, measurement and testing of Gas (including, without limitation, transmission lines, regulators, meters, equipment and machinery);

"Unaccounted For Gas" means Retailer's and DSP's share of Company's unaccounted for Gas, as specified in rate Rider D of the Company's Rate Schedule;

"Yesterday Market" means the intra-Alberta natural gas market that is generally available during trading hours on a calendar Day for transactions applicable to the Gas Day commencing on the previous calendar Day;

2.2 Conflicts

- (a) If there is any conflict between a provision expressly set out in an Order of the AUC and these Terms and Conditions, the Order of the AUC shall govern.



-
- (b) If there is any conflict between a provision expressly set out in these Terms and Conditions, as may be amended from time to time, and a Distribution Access Service Agreement, the express provision of these Terms and Conditions shall govern, as of their effective date.

2.3 Headings

The division of these Terms and Conditions into Articles, subsections and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of these Terms and Conditions.

2.4 Schedules and Appendices

The following schedules and appendices are attached to and form part of these Terms and Conditions:

- Schedule A - Distribution Access Service Agreement
- Schedule B - Disconnect Customer Site
- Schedule C - Non-Discretionary Charges
- Schedule D - Imbalance Purchase/Sales Charges

ARTICLE 3 – GENERAL PROVISIONS

3.1 AUC Approval

These Terms and Conditions have been approved by the AUC. The Company may amend these Terms and Conditions by filing a notice of amendment with the AUC. Included in the notice to the AUC shall be notification of which Retailers/DSP are affected by the amendment and an explanation of how affected Retailers/DSP will be notified of the amendments. Any amendment to the Terms and Conditions will take effect 60 days after such notice is filed, unless the AUC otherwise directs.



3.2 Gas Distribution Tariff

The Gas Distribution Tariff is available for public inspection during normal business hours at the business offices of the Company and at the offices of the AUC and can be accessed at ATCO Gas's website at: www.atcogas.com. These Terms and Conditions form part of the Gas Distribution Tariff.

3.3 Effective Date

These Terms and Conditions come into force as per the Effective Date shown on the cover page. Whenever the Company files notice of an amendment to these Terms and Conditions, or when the AUC approves an amendment to these Terms and Conditions, revisions will be issued, with the effective date of the amendments indicated thereon.

3.4 Application of Terms and Conditions

- (a) These Terms and Conditions, as amended from time to time, apply to the Company, to each Retailer and DSP. These Terms and Conditions also govern the relationship between the Company and Customer(s) for whom the Retailer/DSP is acting as an Agent in its dealings with the Company.
- (b) These Terms and Conditions also apply to any party appointed as Agent for a Retailer pursuant to an executed Agency Appointment Agreement, as set out in the Retailer Guide.
- (c) No agreement can provide for the waiver or alteration of any part of these Terms and Conditions unless such agreement is first filed with and approved by the AUC.

3.5 Retailer Guide

The Company has developed the Retailer Guide to help Retailers/DSP and Customers understand the normal practices of the Company. The Retailer Guide is available on the Company website at www.atcogas.com. The Retailer Guide will be updated, from time to time, to reflect changes to the Gas utility industry, or the changing needs of the Retailers, DSP or Customers. The Company is committed to follow practices in the



Retailer Guide. However, as these practices cannot cover every situation that arises, it may be necessary to deviate from the Retailer Guide in certain circumstances.

3.6 Ownership of Gas Pipeline System

- (a) The Company remains the owner of all segments of the Gas Pipeline System, unless an agreement between the Company and the Retailer, DSP, or Customer specifically provides otherwise.

- (b) Payment made by Retailers/DSP or Customers for costs incurred by the Company in installing any segment of the Gas Pipeline System does not entitle Retailers/DSP or Customers to ownership of any such segment or any intellectual property, engineering, design, or other information or data, or any other rights relating to or in respect to such Facilities unless an agreement between the Company and the Retailer, DSP or Customer specifically provides otherwise.

3.7 New Gas Pipeline System Segments, Specific Facilities and Service Additions

The Company reserves the right to communicate directly with the Customer in respect of any requests made by the Customer, or a party acting on its behalf, for the construction of new Gas Pipeline System segments, Specific Facilities or additional services as provided for in the *Natural Gas Billing Regulation, A.R. 185/2003*, as may be amended from time to time. The Company reserves the right to charge the Customer directly for any amounts required to be provided by the Customer under the Customer Terms and Conditions for Gas Distribution Service.

3.8 Title or Interest in Gas

The Company shall not acquire any title or interest in the Gas being transported under the Distribution Access Service Agreement.



3.9 Exclusive Control of Gas

Gas delivered to the Company by Retailer or DSP for transportation shall be under the exclusive control of the Company from the time such Gas is accepted for transportation at the Point of Receipt until delivered at the Point of Delivery.

3.10 Routing and Facilities

The Company does not dedicate the Gas Pipeline System or Specific Facilities to transport Gas for Retailers or DSP, and accordingly the routing and facilities used in the transportation of Gas through the Gas Pipeline System for Retailers and DSP shall be at the Company's sole discretion and may change from time to time.

3.11 Commingling or Exchange

The Company may in the course of transporting Gas through the Gas Pipeline System commingle with or exchange Gas owned by or transported for others, or remove certain hydrocarbon components present in the Gas. 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, the Company shall 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 the Company shall make whatever compensating adjustments to volume and Gross Heating Value as may be warranted. In the event, and to the extent, that 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 shall, notwithstanding anything to the contrary otherwise contained in the Distribution Access Service Agreement, be deemed conclusively to have passed to the Company.



3.12 Right to Transport

Retailer/DSP covenants with the Company that Retailer/DSP shall have the right to transport all Gas delivered under the Distribution Access Service Agreement to Company at the Point of Receipt.

ARTICLE 4 – GENERAL OBLIGATIONS OF RETAILERS, DEFAULT SUPPLY PROVIDER

4.1 Timeliness, Due Diligence and Security Requirements

- (a) The Retailer/DSP shall exercise due diligence and use reasonable efforts in meeting its obligations hereunder, and perform same in a timely manner.
- (b) The Retailer shall adhere to all credit, deposit and security requirements specified in these Terms and Conditions.
- (c) The Retailer/DSP shall make every effort to ensure that its Customers are aware of the provisions of these Terms and Conditions that may affect the Customer(s).

4.2 Arrangements with Customers

Unless otherwise stated herein, the Retailer shall be solely responsible for having appropriate contractual or other arrangements with Customer(s) necessary to provide service to Customers. The Company shall not be responsible for monitoring, reviewing or enforcing such contracts or arrangements and shall not be 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 its obligations to its Customer(s).

4.3 Responsibility for Gas Purchases

The Retailer/DSP will be solely responsible for the purchase of Gas supply for the Customer(s) it provides Gas Services to and for arranging the delivery of such Gas to the Point of Delivery for the Customer(s), subject to these Terms and Conditions.



4.4 Retailer Authorization

The Retailer shall be responsible for obtaining authorization from each Customer authorizing the enrollment of the Customer for receipt of Distribution Access Service by such Retailer.

4.5 Retailer and DSP Identification

Any information exchange or communications between the Retailer or DSP and the Company under these Terms and Conditions shall employ Retailer Identification. The Retailer or DSP is required to specify the "Operating As" business name for each Retailer Identification.

4.6 Single Retailer/DSP for Customer

The Company shall not be required to recognize and deal with more than one Retailer and/or DSP in respect of a Point of Delivery at any given time. Nothing in these Terms and Conditions shall prohibit a Customer from entering into arrangements with multiple Retailers and/or DSP for a Point of Delivery, provided that a single Retailer/DSP is designated to be the Customer's Retailer/DSP for the purposes of these Terms and Conditions.

4.7 Fees and Other Charges

The Company will provide all standard services hereunder pursuant to the Gas Distribution Tariff. All additional, supplementary or extra non-discretionary services provided by the Company to a Retailer/DSP or Customer where applicable will be charged a separate rate or fee, such as those included, without limitation, in Schedule C. Payment for these services shall be in accordance with the provisions of these Terms and Conditions.

ARTICLE 5 – CUSTOMER INQUIRIES AND CUSTOMER INFORMATION

5.1 Customer Inquiries

For Customers requesting information about retailer choice, the Company shall:



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- (a) make available notification and informational materials to consumers about competition and consumer choices;
 - (b) direct Customers to an external source where they may obtain information about consumer choice. The Company is under no obligation to assure the accuracy of this information.

5.2 Customer Inquiries Related to Emergency Situations and Outages

Retailers/DSP shall make every effort to ensure Customers contacting the Retailer/DSP regarding distribution emergency conditions, outages, safety or environment situations related to the Company's distribution system are referred directly to the Company immediately. The Company reserves the right, without providing notice to the Retailer/DSP, to test or audit the response time of the Retailer/DSP. The Company will communicate any unacceptable patterns to the Retailer/DSP to be corrected.

5.3 Customer Information

5.3.1 Provision of Customer Usage Information to a Retailer/DSP

The provision of Customer Usage Information to a Retailer/DSP will be as specified in AUC Rule 10.

5.3.2 Provision of Customer Information to the Company

The Retailer/DSP must notify the Company as promptly as reasonably practical of any changes to Customer Information, as the Company relies on this information to reasonably perform its Gas Distribution Service obligations to Customers. Such information shall be provided in a form that is compliant with the NGSSC and the Retailer Guide. The Company shall not be 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/DSP's failure to provide up-to-date and accurate Customer Information to the Company. The Company reserves the right to assess a charge to recover the costs incurred by the Company for additional work undertaken by the Company as a result of inaccurate



Customer Information provided by the Retailer/DSP, as set forth in Schedule C hereof.

5.3.3 Provision of Customer Information to the Retailer

The Company will notify the Retailer/DSP of customer information and/or activities in situations where it is known or suspected that the customer is vulnerable or where the Company and/or the Retailer/DSP are being adversely affected by the customer's actions.

ARTICLE 6 – PROVISION OF SERVICE

6.1 Qualification for Service

6.1.1 Qualification for Service

The Retailer/DSP must fulfill the following requirements to the satisfaction of the Company before the Company will provide Distribution Access Service to that Retailer/DSP:

- (a) submit to the Company a fully completed, executed Distribution Access Service Agreement (Schedule A) and a Retailer of Record and Credit Application Form as set out in the Retailer Guide;
- (b)
 - (1) for Retailers, providing Gas Services to Customers whose annual consumption is less than or equal to 2500 GJ of gas per year, furnish a certified copy of the license issued to it and warrant in writing to the Company that it is licensed pursuant to and will comply with the provisions of the Fair Trading Act, and any regulations or policies made thereunder;
 - (2) for Retailers providing Gas Service to Customers whose annual consumption is greater than 2500 GJ of gas per year, warrant in writing to the Company that it will comply with the provisions of the Fair Trading Act, and any regulations or policies made thereunder.



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- (c) the Retailer (excluding the DSP) must satisfy the credit requirements of the Company as set forth in Article 11 hereof;
 - (d) warrant in writing to the Company that it will comply with the guidelines established in the Retailer Guide;
 - (e) meet the compliance testing protocol of the Company in respect of information exchange, which protocol is set forth in the Retailer Guide;
 - (f) meet any other requirements that the Company, acting reasonably, may impose in order to provide Distribution Access Service hereunder. If the Company determines that additional requirements must be satisfied in order to qualify for Distribution Access Service, the following process will apply:
 - (1) where the Company is confronted with a situation which the Company, in its sole discretion, considers would materially alter the risk to the Company, or where the Company must impose additional requirements in order to comply with applicable legislation, the Company may implement the additional requirement and then apply to the AUC for approval of same; or,
 - (2) where the Company is not confronted with the circumstances outlined in (1), above, the Company shall apply to the AUC for approval of the proposed additional requirement prior to implementing same.

6.1.2 *Provision of Distribution Access Service*

Upon satisfaction of the above requirements and ability of Retailer to meet processes specified in the Retailer Guide, the Company will provide Distribution Access Service to the Retailer/DSP, subject to these Terms and Conditions. Subject to complying with all applicable laws, and the directions or requirements of any of those mentioned above, the Company reserves the right upon giving the Retailer/DSP ten (10) Business Days notice, acting reasonably, to discontinue Distribution Access Service to the Retailer/DSP if at any time the



Retailer/DSP no longer fulfills the above requirements, subject to the provisions of Article 7.3, Article 11.2(d), Article 13 and Article 14.1(d) herein.

6.2 Application for Site Enrollment

- (a) In order to initiate the provision of Distribution Access Service by the Company, the Retailer/DSP shall complete and provide to the Company an enrollment for Distribution Access Service in the form and manner set out in the NGSSC. The Retailer/DSP shall provide updated Customer Information with each enrollment.
- (b) The Company will, subject to the Retailer/DSP meeting the provisions of these Terms and Conditions and in compliance with the NGSSC, accept an enrollment by a Retailer/DSP for provision of Distribution Access Service hereunder. The Company reserves the right to verify the identity of the Customer and the accuracy of the Customer Information.
- (c) Upon receipt of a valid enrollment from a Retailer/DSP in the form and manner set out in the NGSSC, the Company will recognize the Retailer/DSP as the Retailer of Record for that particular Site.
- (d) Enrollments will be processed for Retailers by the Company on a first-come, first-served basis, followed by the DSP at the end of business day. Each enrollment will be time and date-stamped when received by the Company.
- (e) Enrollments will be accepted by Company from a Retailer/DSP on a daily basis. Once the enrollment is accepted or rejected, the Company will provide the Retailer/DSP, in electronic form, a status notification. If an enrollment is accepted, the effective date of the acceptance and the commencement of Distribution Access Service will be in accordance with the NGSSC and will be confirmed in the response to the Retailer/DSP. If an enrollment is rejected, the Company will provide reasons for the rejection in accordance with the NGSSC.
- (f) In accordance with Article 12 of these Terms and Conditions, the Company will obtain meter reads from time to time. The Company does not obtain a company



meter reading at the time of enrollment; the Company will estimate a meter read. At the request of the Retailer/DSP, the Company shall obtain an actual off-cycle meter read and assess a charge to the Retailer/DSP as set forth in Schedule C hereof.

- (g) If more than one Retailer enrollment is received for a Site while an earlier Retailer enrollment is pending, only the first valid Retailer enrollment received by the Company shall be processed in that period.
- (h) If a Retailer finds that it has enrolled an incorrect Site, that Retailer/DSP shall notify the Company as soon as reasonably possible. Upon receiving notice from the Retailer/DSP, the Company will notify the previous Retailer/DSP to enroll the Site.
- (i) The Retailer/DSP will not be liable to the Company for any outstanding indebtedness of the Customer to the Company, which accrued prior to the receipt by the Retailer/DSP of Distribution Access Service hereunder.

ARTICLE 7 – BILLING & PAYMENT

7.1 Retailer/DSP Billing

The Company will bill the Retailer/DSP for Distribution Access Services provided to the Retailer/DSP in accordance with the Tariff Billing Code (Rule 4) billing procedures set out as follows:

- (a) For the purpose of determining the amount to be billed by the Company and paid by the Retailer/DSP for the transportation of Gas under the Distribution Access Service Agreement, the unit to be used shall be one (1) GJ.
- (b) The Company will invoice the Retailer/DSP each billing cycle for Distribution Access Service provided by the Company for the period prior to the billing cycle; including the Imbalance Purchase/Sale amount, if any, as stipulated in Article 7.2(b) and Article 13.3 herein. The Company also reserves the right to perform off-cycle billings.



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- (c) The Company will not assume any billing or collection obligations or responsibilities for or on behalf of the Retailer/DSP. The Retailer/DSP shall process Customer payments and handle collection responsibilities.
 - (d) The Company reserves the right to bill the Customer directly for any amounts required to be provided by the Customer under the Customer Terms and Conditions for Gas Distribution Service. The Retailer/DSP shall refer to Schedule C – with respect to these services.
 - (e) Retailers, DSP, or any party acting as an Agent on behalf of Retailers/DSP are required to provide Customers with notification of a Company distribution rate change in the billing envelope or through the electronic billing and payment process that accompanies the first charge to the Customer at the new rate.

7.2 Payment and Collection Terms

- (a) The Retailer/DSP shall pay to the Company, on or before the 15th Business Day following the Business Day on which the Retailer/DSP was invoiced, the amount invoiced by the Company for the preceding period.
- (b) Company shall invoice, and Retailer/DSP shall pay, the monthly net Imbalance Purchase/Sale amount, if any, on the next available billing cycle following the date on which the Imbalance Purchase/Sale amount was authorized by the Company;
- (c) The Company will establish an electronic billing and payment procedure for the payment of services hereunder. Notwithstanding, the Company will accept payment by cash or certified cheque if agreed to by the Company.
- (d) The Company has established two electronic billing options for Retailers/DSP electing to send and receive payments electronically. The Preauthorized Payment Agreement ("Authorization") and the Electronic Payment Transfer Agreement, as set out in the Retailer Guide, set forth the terms and conditions for making payments and providing remittance information electronically.



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- (e) The Retailer/DSP shall pay all amounts owed to the Company for any of the Distribution Access Services (which includes Imbalance Purchase/Sale) provided by the Company whether or not the Customer has paid the Retailer/DSP.
 - (f) Failure to receive a bill does not release a Retailer/DSP from the obligation to pay the amount owing for any of the Distribution Access Services provided by the Company.
 - (g) The Company shall charge interest on the late payment as set forth in the Company's Rate Schedule.

7.3 Late or Unpaid Bills

- (a) If a Retailer defaults or is late in paying charges, subject to (b)(4) below, the Company will provide the Retailer notice as required below in (b)(1), and will be entitled to draw on the security of the Retailer if the Retailer's arrears are not paid within (3) three 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 as stipulated in Article 11.2 herein.
- (b)
 - (1) If a Retailer defaults in its payments the Company must provide the Retailer with a notice in writing stating that the Retailer is in default in its payments to the Company under the Company's Rate Schedule and these Terms and Conditions, and advising that the Company may make a claim against the Retailer's security if the arrears are not paid within (3) three Business Days after the date of the notice.
 - (2) If after the expiry of the period set out in (b)(1) the Retailer's arrears remain unpaid, the Company may make a claim against the Retailer's security to cover the arrears. The Company may also discontinue or restrict Distribution Access Service to the Retailer with three (3) Business Day's notice if in its opinion not doing so could impair its ability to use the Retailer's security for



continuing arrears or amounts that have not been billed but are owed to ATCO Gas.

- (3) If the Retailer has provided security in the form of a financial deposit, the Company may deduct from that deposit the amount of the unpaid arrears.
 - (4) If in the opinion of the Company the giving of notice in accordance with (b)(1) would impair the Company's ability to make a claim against a Retailer's security or to deduct the unpaid arrears from a Retailer's financial deposit, the Company may make the claim or deduct the unpaid arrears without notice.
- (c) The Company may, at its sole discretion and in addition to any other remedies available to it, restrict enrollment or terminate Distribution Access Service to the Retailer/DSP, if such Retailer/DSP does not pay all outstanding bills in accordance with these Terms and Conditions.

7.4 Adjustment of Bills

7.4.1 Billing Error

Should the Retailer/DSP dispute any amount owing, the Retailer/DSP shall nonetheless pay such disputed amount and submit the dispute for resolution in accordance with these Terms and Conditions. Following resolution of any such dispute, the Company will return any amount found owing, without interest, to the Retailer/DSP forthwith. The right or ability of either party to dispute a bill for service provided hereunder shall only apply to requests in writing and are limited to a period where electronic cancel and recharge may occur. The Company may assess a charge to the Retailer/DSP for reviewing billing disputes, in circumstances where the Company has not been responsible for any billing error.

7.4.2 Unauthorized Use

Where the Company determines that there has been unauthorized use of Gas Services including, but not limited to, meter or equipment tampering, unauthorized connection or reinstatement, theft or fraud whereby the Company is denied full



compensation for Distribution Access Services provided, the Company will bill the Retailer/DSP for the Company's estimated delivery charges of such unauthorized use. Nothing in this Article shall limit any other rights or remedies that the Company may have in connection with such unauthorized use.

ARTICLE 8 – DISTRIBUTION ACCESS SERVICE INTERRUPTION

8.1 Continuous Supply

The Company shall make all reasonable efforts to maintain a continuous Gas supply to the Retailer's/DSP's Customers, but the Company cannot guarantee an uninterrupted Gas supply.

8.2 Interruption

Without liability of any kind to the Company, the Company shall have the right to disconnect or otherwise curtail, interrupt or reduce service to the Retailer/DSP (and the Retailer's/DSP's Customers):

- (a) whenever the Company reasonably determines that such a disconnection, curtailment, interruption or reduction is necessary to facilitate construction, installation, maintenance, repair, replacement or inspection of any segment of the Gas Pipeline System;
- (b) to maintain the safety and reliability of the Gas Pipeline System; or,
- (c) due to any other reason related to dangerous or hazardous circumstances including emergencies, forced outages, potential overloading of the Gas Pipeline System or Force Majeure.

8.3 Reasonable Efforts

The Company shall use reasonable efforts to minimize any scheduled curtailment, interruption or reduction to the extent reasonably practicable under the circumstances, to provide the Customer with prior notification of any such curtailment, interruption or



reduction to the extent reasonably practicable, and to resume Distribution Access Service as promptly as reasonably practicable.

ARTICLE 9 – DISCONTINUANCE OF DISTRIBUTION ACCESS SERVICE

This Article, as amended from time to time, describes the relationship between the Company and the Retailer/DSP in relation to de-enrollment of a Site, which includes, without limitation, the circumstances when a Retailer chooses not to arrange for Distribution Access Service to the Customer as set forth in Article 9.1, or when the Company discontinues Distribution Access Service to the Retailer/DSP as set forth in Article 9.2 herein, or when Retailer/DSP fails to provide supply or balance its Account as set forth in Article 13 herein. This Article does not cover the provisions under which a Customer requests its meter be removed or service line to be disconnected.

9.1 Discontinuance by the Retailer

- (a) To discontinue Distribution Access Service, a Retailer shall complete and provide to the Company an electronic de-enrollment in the form and manner set out in the NGSSC.
- (b) In accordance with Article 12 of these Terms and Conditions, the Company will obtain meter reads from time to time. If the Company does not obtain an actual read at the time of the de-enrollment, the Company will estimate a meter read. At the request of the Retailer, the Company shall obtain an actual off-cycle meter read and assess a charge to the Retailer as set forth in Schedule C hereof.
- (c) The Company will accept or reject the Retailer's de-enrollment in accordance with the NGSSC.
- (d) The Retailer is responsible to ensure that its Customers are provided notice of the de-enrollment, and the consequences thereof, and that the Company will not be held liable for any Customer disputes with the Retailer.



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- (e) Upon receipt of a successful de-enrollment from a Retailer in the form and manner set out in the NGSSC, the Company will notify the Default Supply Provider of the pending enrollment. If the site is not enrolled by a replacement Retailer within the period set out in the NGSSC, the Company will notify the DSP to enroll the site.
 - (f) The Retailer shall remain responsible for Gas Services to the Site until the de-enrollment effective date, a replacement Retailer/DSP is enrolled for the Site or the site is salvaged.
 - (g) The Retailer may revoke a notification to de-enroll a Site as set out in the NGSSC.

9.2 Discontinuance by the Company

9.2.1 Discontinuance of DSP

The Company may discontinue or restrict Distribution Access Service to the DSP if any of the following occur:

- (a) the DSP has failed to meet its obligations under these Terms and Conditions or the Distribution Access Service Agreement with the Company.

9.2.2 Discontinuance of Retailer

The Company may discontinue or restrict Distribution Access Service to the Retailer if any of the following occur:

- (a) the Retailer has failed to meet its obligations under these Terms and Conditions or the Distribution Access Service Agreement with the Company,
or
- (b) the Retailer has failed to meet its credit requirements pursuant to Article 11,
or
- (c) the Retailer has failed to meet its obligations pursuant to Article 13,
or
- (d) the Retailer's license has been revoked by Service Alberta .



9.2.3 *Notice of Discontinuance*

Notification of discontinuance will be made electronically to the Retailer/DSP. The Company will provide the Retailer/DSP notice before the Company discontinues Distribution Access Service to the Retailer/DSP, subject to the provisions of these Terms and Conditions. Upon discontinuance of Distribution Access Service to a Retailer pursuant to this Article, the provision of the affected service(s) will be assumed by the DSP.

ARTICLE 10 – SERVICE DISCONNECTS AND REINSTATEMENT

This Article, as amended from time to time, describes the relationship between the Company and the Retailer/DSP in relation to the physical disconnect of a Point of Delivery.

10.1 Disconnection of Service

10.1.1 Disconnection by the Company

- (a) The Company reserves the right to disconnect Gas Distribution Service to the site in a number of circumstances, including but not limited to non-payment of the Company bills or any past due charges by the Customer; evidence of safety violations or fraud at the site; threats or harassment of employees or agents of the Company, failure to provide access for meter readings, or the Customer failing to meet its obligations under the Customer Terms and Conditions for Gas Distribution Service.
- (b) If the disconnect is a result of a safety violation, the Company will reinstate the service when the safety problem is resolved and when the Customer has paid all of the Company's costs related to addressing damage, interference or disturbance, including installation of devices or equipment as necessary. The Company may assess a reinstatement charge to the Retailer/DSP as set forth in Schedule C hereof.



10.1.2 Disconnection at Request of Retailer/DSP

- (a) In accordance with subsection 5(1) of the R3 Regulation, the Retailer/DSP shall have the right to request that the Company disconnect service to a particular Site.
- (b) The Retailer/DSP shall remain responsible for all Gas Services to the Site until the Company has completed the disconnection.
- (c) The Company will notify the Retailer/DSP if a disconnect request was not successfully completed and include the reason why it was not successfully completed. If the Retailer/DSP still requires a disconnect, the Retailer/DSP must re-issue a disconnect request.
- (d) The Company shall 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.

10.2 Reinstate Service

Before reinstating or restoring service to a particular Site:

- (a) the Retailer/DSP must provide the Company with authorization to reinstate service;
- (b) if the reason for the reinstatement request is to resume access service after a Site was Cut Off for Non-Payment ("CONP"), and the Customer Information on the reinstatement request matches the Customer Information on the original CONP disconnect request, then the Company will not reinstate until such time as a site lock release is received by the Company from the Retailer/DSP that issued the disconnect request. Such release shall be sent to the Company within 24 hours of the Retailer/DSP receiving payment.
- (c) the Retailer/DSP or Customer must provide proof of compliance with Article 12 of the Customer Terms and Conditions for Gas Distribution Service.



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- (d) the Company reserves the right to assess a reinstatement charge for all attempts to reinstate service as set forth in Schedule C hereof, pursuant to this Article.

ARTICLE 11 – PRUDENTIAL REQUIREMENTS

In circumstances where the Retailer has multiple Retailer Identification numbers, the review, setting and maintaining of prudential requirements shall be based on the Retailer Business Function Identification level.

11.1 Setting of Prudential Requirements

- (a) The Retailer must fulfill the requirements as set forth in this Article to the satisfaction of the Company before the Company will provide Distribution Access Service to that Retailer.
- (b) Subject to review and reassessment of the Prudential Requirements of a Retailer by the Company from time to time, a Retailer shall meet and maintain such financial and other Prudential Requirements as set out in the Natural Gas Billing Regulation, A.R. 185/2003, as amended from time to time, to ensure that the Retailer is and remains of sufficient financial standing to meet its ongoing financial obligations.
- (c) The Company will confirm the credit rating of the Retailer, affiliate or person which guarantees 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.

The minimum credit rating that will qualify a Retailer for a reduction in security or allowing a person to provide an irrevocable guarantee of the Retailer's financial obligation is BBB-, as set out in Section 6(3) of the Natural Gas Billing Regulation A.R 185/2003 as amended from time to time.



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

- (d) Subject to review and reassessment, the Company shall determine the amount of the security reduction available for each Retailer, and the maximum amount of any guarantee required from the person guaranteeing the financial obligations of the Retailer, subject to sections 5, 6 and 7 of the Natural Gas Billing Regulation, A.R. 185/2003, as amended from time to time. The Company shall notify the Retailer of its security requirement within 20 (twenty) Business Days from the receipt of the Retailer's complete application for service.
- (e) For the 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, as amended from time to time, the Retailer must project its payments under the Company'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 the Company to the Retailer, plus (iii) the number of days from the issuance of a bill by the Company until payment is due from the Retailer.
- (f) For the purposes of calculating the amount of the Retailer's security deposit required, the Retailer will add an additional 20 days of projected payments (the Load Balancing Security) under the Company's Rate Schedule to the amount of security deposit required under the Natural Gas Billing Regulation A.R. 185/2003, as amended from time to time as identified in part (e) above which shall serve as separate security in respect of any Imbalance Sales that ATCO Gas may be required to charge the Retailer in order to balance their accounts.
- (g) Subject to section 6 of the Natural Gas Billing Regulation, A.R., 185/2003, as amended from time to time, the Retailer shall provide security in the manner set out in the Retailer Guide, in the form of a financial deposit, a bond, an irrevocable letter of credit from a financial institution acceptable to the Company, or an irrevocable guarantee. An irrevocable guarantee may only be provided from a



person acceptable to the Company, other than the Retailer, with a qualifying credit rating.

11.2 Maintaining Prudential Requirements

- (a) If a Retailer's actual outstanding charges under the Company's Rate Schedule and these Terms and Conditions are materially greater than the value projected by the Retailer under Article 11.1 of these Terms and Conditions, the Company 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 the Company's request.
- (b) The Company requires Retailers to report any downgrading of their corporate bond rating to the Company 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.
- (c) If a Retailer fails to pay any amount billed, subject to Article 7.3 of these Terms and Conditions, the Company will apply all or any portion of that Retailer's security deposit to the unpaid amount. The Retailer will then be required to replenish the security deposit within five (5) Business Days.
- (d) If the Retailer fails to maintain its prudential requirements in accordance with Article 11 the Company reserves the right to suspend the provision of additional Distribution Access Service to the Retailer, or discontinue Distribution Access Service to the Retailer. The Company will provide the Retailer notice of discontinuance three (3) Business Day before the Company discontinues Distribution Access Service to the Retailer. Upon discontinuance of Distribution Access Service to a Retailer pursuant to this Article, provision of the affected service(s) will be assumed by the DSP.
- (e) A Retailer that is required to provide security in accordance with the *Natural Gas Billing Regulation*, AR 185/2003, as amended from time to time, and these Terms and Conditions must maintain that amount of security until all obligations of the



Retailer under the Company's Distribution Tariff are satisfied. A Retailer who provides security other than by means of a financial deposit held by the Company, must either ensure that its security has no expiry date and cannot be terminated, or must at all times ensure that its security is automatically extended from year to year, for successive periods of a minimum of one year from any expiration date thereof, unless the Company is notified in writing by prepaid registered mail not less than 30 days prior to any expiration date that the security will not be renewed for any such additional period ("Notice of Non-Renewal").

- (f) Upon receipt of a Notice of Non-Renewal, the Company shall provide notice of same in writing to the Retailer advising that the Retailer's failure to provide the Company with alternate security meeting the requirements set out in the *Natural Gas Billing Regulation*, AR 185/2003, within 3 business days after the date of the notice shall be in breach of the Retailer's obligation to maintain its security in accordance with s.8 of the *Natural Gas Billing Regulation*, AR 185/2003, and an event of default under Article 14.1(d) of these Terms and Conditions. If after 3 business days the Company is not in receipt of such alternate security, the full amount of the Retailer's security determined in accordance with Article 11.1 of these Terms and Conditions shall become due and payable to the Company and the Company shall be entitled to make demand or claim against the Retailer's security in accordance with Article 14.3.
- (g) In the event of a default by a Retailer, the Company 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 AR 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 under the Confidentiality Agreement between the Retailer and the Company. The terms and conditions of the Confidentiality Agreement are set out in the Retailer Guide.



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 the Company will be calculated at the rate specified from time to time in the *Residential Tenancies Act, S.A. 2004, C.R-17.1*. Interest will be paid to the Retailer annually.

ARTICLE 12 – METERING

12.1 Provision and Ownership

The meters used by the Company to assess the level of Distribution Access Service charges to the Retailer/DSP will be the same meters used to provide regular site billing Information to the Retailer/DSP. The Company will provide and install all meters for each Point of Delivery at a site enrolled by the Retailer/DSP in accordance with the Company's Customer Terms and Conditions for Gas Distribution Service. Each meter shall remain the property of the Company.

12.2 Meter Reading

Billing will be based on meter readings made by the Company from time to time or on estimates for those billing periods when the meter is not read. The Company reserves the right to assess a charge to the Retailer/DSP for additional reads above the Company's standard practices as set forth in Schedule C hereof.

12.3 Changes to Metering Equipment

- (a) Notwithstanding Article 3.7, should a Retailer/DSP request or consent to a Customer request for new metering equipment beyond the basic service, the Company shall provide, install, test and maintain the required metering equipment. The metering equipment must be requested or consented to in writing by the



Customer and meet the Company's requirements. The Customer shall bear the cost of providing and installing the metering equipment, and ongoing operating costs as set forth in Schedule C hereof.

The metering equipment will remain the property of the Company and will be maintained by the Company. The Company shall complete installation of the metering equipment within thirty (30) days of delivery from the supplier. The Company may require prepayment prior to installation. In any event, the Customer shall pay the Company in full as per the terms stated on the invoice. If payment is not received as per the terms stated on the invoice, the Company shall charge interest on the late payment as per the terms stated on the invoice. Article 7.3 herein will also apply in the event of late or unpaid bills.

(b) Notwithstanding Article 3.7, should a Customer request to return the metering equipment to its previous basic form, the Customer shall bear the cost of removal and installation of the metering equipment.

(c)At the request of a Retailer/DSP, or with the Retailer's/DSP's consent, the Company may provide other metering services, above standard metering service, in its discretion, acting reasonably, and may charge separate fees for such services.

(c) The Company reserves the right to bill costs related to requests for changes in metering made by the Customer or Retailer/DSP to the Retailer/DSP.

12.4 Meter Reading and Estimates

Meter Reading:

- (i) The Company shall determine the method of meter reading collection for its meters and equipment.
- (ii) Where the Company has determined the method of collection is through an automated meter reading device and the Customer refuses to allow installation, the Company will attempt Company meter readings



approximately every six months. The Customer will be charged for each meter reading attempt as stated in Schedule C through the monthly tariff bill sent to the Retailer/DSP.

- (iii) Where the Customer requests the removal of an automated meter reading device, the Company will remove the device and will apply the appropriate fee as stated in Schedule C. In addition, the Company will attempt Company meter readings approximately every six months. The Customer will be charged for each meter reading attempt as stated in Schedule C through the monthly tariff bill sent to the Retailer/DSP.
- (iv) In any event the Company will require a meter reading twice per year or as directed by Measurement Canada or such other Department as may from time to time be charged with such responsibility.
- (v) In the event that there is a discrepancy between the mounted meter index and a meter monitoring or automated meter reading device, the mounted meter index reading will be deemed to be correct.
- (vi) The Company will assess a charge to the Customer or Customer's Retailer/DSP for additional reads above the Company's standard practices as well as in situations where a Customer has refused to allow an automated meter reading device to be installed. This charge is defined in Schedule C hereof.
- (vii) The Company shall keep an accurate record of all meter readings for the purpose of billing the Gas Distribution Services provided.
- (viii) The Company may elect to change the meter reading schedule for a site, providing advance notice to the Retailer/DSP as defined by Rule 004..
- (ix) The Company is not required to accept Customer meter readings. Where Customer meter readings are provided, the Company reserves the right



to decline the use of the Customer meter reading based on specific criteria.

12.5 Meter Test and Adjustments

- (a) The Company may inspect and test a meter at any reasonable time.
- (b) The Company shall arrange for a meter to be removed and tested by an official designated for that purpose by Measurement Canada or an accredited agency as may, from time to time, be designated for this purpose in the event of a Customer initiated meter test.
- (c) If a test determines that the meter is not accurate within the limits set by government standards, the Retailer's/DSP's bill will be adjusted accordingly. Where it is impossible to determine when the error commenced, it shall be deemed to have commenced three (3) months before the test or the date of the meter installation, whichever occurred later. The Company shall not be liable to the Retailer/DSP or Customer for any additional costs that are associated with such metering or meter reading errors.
- (d) The Company reserves the right to assess a charge to the Customer or Customer's Retailer/DSP for a meter test, in circumstances where the Company has not been responsible for any metering error, as set forth in Schedule C hereof. This charge does not apply to circumstances when the meter tested is found to be faulty.
- (e) If any appliance of a Customer connected to the Gas Pipeline System prevents or impedes the meter from accurately recording the total amount of energy supplied, the Company may forthwith disconnect the Customer, or disconnect such appliance from the Gas Pipeline System and shall, in either case, estimate the amount of energy consumed and not registered, as accurately as it is able to do so and charge the Retailer/DSP.



ARTICLE 13 – ACCOUNT BALANCING

13.1 Retailer/DSP Account

- (a) The Retailer/DSP Account shall be accumulated and recorded by Company each Day and, without limitation, shall include such items as Gas supply Nominations, Retailer Load, Imbalance quantity, opening Imbalance quantity, previous Month(s) true-up quantity(ies), Retailer/DSP's share of Company's Unaccounted For Gas and/or other adjustment quantity(ies) deemed appropriate as determined by the Company from time to time.
- (b) Each Day the Company shall Forecast and Backcast Retailer's Load according to the practices specified in the Company's Retailer Guide.
- (c) The Retailer/DSP shall provide in kind Unaccounted For Gas each Day at the rate specified in Rider D.
- (d) The Company shall make the Account available to the Retailer/DSP in the manner described in the Retailer Guide.
- (e) The Retailer/DSP shall be required to hold one Account for each of the north zone and south zone corresponding to Retailer/DSP's aggregate north zone and aggregate south zone Customers, as applicable.

13.2 Exchange of Gas

- (a) The Retailer/DSP warrants that it will make its Gas supply available in an Account on the Transmission System and that the Company will make that Gas available in the Retailer/DSP's Account by means of an exchange with that Account on the Transmission System and the Company's Account on the Transmission System, subject to the procedures described in the Retailer Guide.

13.3 Daily Retailer/DSP Account Balance

- (a) For each Gas Day, the energy quantity of the Retailer/DSP Account Imbalance Window shall be calculated by multiplying the daily Backcast by the \pm Imbalance



Window percentage specified on Schedule D and rounded to the nearest GJ, provided that the resultant is not less than the minimum energy Imbalance Window specified on Schedule D.

- (b) The Retailer/DSP shall at all times endeavor to maintain its daily Account Imbalance energy within the quantity specified by the daily Imbalance Window.
- (c) For each Gas Day, in the event the absolute value of the Retailer/DSP Account daily Imbalance energy is greater than the absolute value of the quantity specified by the daily Imbalance Window, the difference quantity shall be settled by Imbalance Purchase/Sale at the price specified on Schedule D.
- (d) The net quantity and dollars resulting from the Imbalance Purchase and Imbalance Sales transactions in (c), if any, will be invoiced to Retailer/DSP once per Month as specified in Article 7.

13.4 Retailer/DSP Account Monitoring Rules

The Company shall perform monitoring of the Retailer/DSP's Account according to the following:

- (a) Step 1
 - i. If there is no evidence of a Nomination in the Retailer's Account by 10:00 a.m. local time of the current Gas Day (Gas Day 1), which has not been pre-authorized by the Company, the Company will attempt to contact the Retailer for an explanation. If the Retailer indicates in writing (by email or FAX) that it intends to balance the Account within the Account Balancing timeline specified in the Retailer Guide, then the Company will take no further action at Step 1. For the purposes of this clause, "balance the Account" means the Retailer provided sufficient gas supply for Gas Day 1 such that the resulting Account Imbalance on Gas Day 1 was within the Imbalance Window and no Imbalance Purchase/Sale was triggered.
 - ii. If at (a)(i) above:



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1. the Company, with reasonable effort by telephone and email, is unable to contact the Retailer by the time of the release of the F3 Forecast for Gas Day 1, or
 2. the Retailer has indicated an inability to make Nominations to its Account for Gas Day 1, or
 3. there continues to be no evidence of a Nomination in the Retailer's Account by the time of the release of the F3 Forecast for Gas Day 1,

then the Company will transact on the Same Day Market based on the F3 Forecast for Gas Day 1. The transaction(s) will be recorded in the Company's Account on the Transmission System, not the Retailer's Account, and charged to the LBDA. The Retailer's Account will be closed for the remainder of Gas Day 1 and the rules related to Imbalance Purchase/Sale as stipulated in these Terms & Conditions will be in effect for the Retailer's Account on Gas Day 1.

(b) Step 2

- i. If there is no evidence of a Nomination in the Account by 10:00 a.m. local time of the Gas Day following Gas Day 1 (i.e. Gas Day 2), which has not been pre-authorized by the Company, the Company will attempt to contact the Retailer for an explanation. This rule will also apply to those Retailers who made a commitment to balance their Account in Step 1, but did not fulfill that commitment, even if a nomination was made for Gas Day 1. The Retailer will be required to nominate gas supply equal to the F3 Forecast for Gas Day 2 no later than one half ($\frac{1}{2}$) hour after the F3 Forecast has been issued.
- ii. If at (b)(i) above
 1. the Company, with reasonable effort by telephone and email, is unable to contact the Retailer by the time of one half ($\frac{1}{2}$) hour after the release of the F3 Forecast for Gas Day 2, or
 2. the Retailer has indicated an inability to make the Nominations to its Account for Gas Day 2, or



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3. the gas supply in the Retailer's Account does not equal the F3 Forecast energy by the time of one half ($\frac{1}{2}$) hour after the release of the F3 Forecast for Gas Day 2,

then the Company will transact on the Same Day Market based on the F3 Forecast for Gas Day 2. The transaction(s) will be recorded in Company's Account on the Transmission System, not the Retailer's Account, and charged to the LBDA. The Retailer's Account will be closed for the remainder of Gas Day 2 and the rules related to Imbalance Purchase/Sale as stipulated in these Terms & Conditions will be in effect for the Retailer's Account on Gas Day 2.

The Company will also provide electronic notice to the Retailer indicating that unless the Retailer takes action to provide gas supply to its Account sufficient to alleviate Company's concerns by 10:00 a.m. local time of the next Gas Day (i.e. Gas Day 3), the Company intends to permanently close the Retailer's Account during Gas Day 3.

(c) Step 3

If there is no evidence of a Nomination in the Retailer's Account by 10:00 a.m. local time of the current Gas Day (Gas Day 3), which has not been pre-authorized by the Company, the Company will provide electronic notice to the Retailer that its Account is permanently closed. The Company will commence de-enrollment of Sites associated with the Retailer's Account during Gas Day 3 to first take effect on Gas Day 4.

The Company will transact on the Same Day Market based on the F3 Forecast for Gas Day 3. The transaction(s) will be recorded in the Company's Account on the Transmission System, not the Retailer's Account, and charged to the LBDA. The rules related to Imbalance Purchase/Sale as stipulated in these Terms & Conditions will be in effect for the Retailer's Account.

(d) Step 4



The Company will continue to transact in the Same Day Market based on the F3 Forecast for the Retailer who has defaulted until all the Retailer's Sites have been de-enrolled and successfully re-enrolled with the DSP. The transaction(s) will be recorded in the Company's Account on the Transmission System, not the Retailer's Account and the rules related to Imbalance Purchase/Sale as stipulated in these Terms & Conditions will be in effect. When all of the defaulting Retailer's Sites have been successfully enrolled with the DSP, the termination of Distribution Access Service will be complete and Company will not undertake any further transactions on behalf of the defaulting Retailer. The Company will continue to apply the rules related to Imbalance Purchase/Sale to the Retailer's Account as a result of adjustments related to settlement or other matters which occur after the Retailer's Account has been permanently closed.

(e) Step 5

In the event of non-payment on the part of the Retailer, and without limiting the Company's rights or remedies at law or in equity, the Company shall have the right to recover any charges to a Retailer by claiming against the Retailer's or Agent's performance bond (as stipulated in Article 11 of these Terms and Conditions) which exists to secure due performance by the Retailer or Agent of its obligation under the Distribution Access Service Agreement.

(f) The Account monitoring rules described above will also be used to monitor the DSP Account to provide early detection of issues that may result in obligations under the terms specified in the commercial arrangements between the Company and the DSP.

(g) In the event that the Company is notified by the Retailer in writing (by email or FAX) or in the event that the Company becomes aware that the Retailer has declared itself or has been declared to be insolvent prior to the full three days of Account monitoring described in this section, the Company shall have the right to discontinue Distribution Access Service with one (1) Business Day's notice.



13.5 Termination of Retailer Service

- (a) These Terms and Conditions shall continue in force until all the Retailer's Sites have been de-enrolled and Final Monthly Settlement for the Retailer's Account has been completed, whereupon Company shall terminate the Retailer's Account. The Company will continue to transact in the Same Day Market based on the F3 Forecast for the Retailer who has defaulted until all the Retailer's Sites have been de-enrolled and successfully re-enrolled with the DSP. The transaction(s) will be recorded in the Company's Account on the Transmission System, not the Retailer's Account and the rules related to Imbalance Purchase/Sale as stipulated in these Terms & Conditions will be in effect.
- (b) Notwithstanding the provisions of (a), upon mutual agreement, the Retailer and the Company may enter into an arrangement to settle the outstanding energy amounts in the Retailer's terminating Account, including without limitation, the Account closing Imbalance and adjustments to the Account from Gas Settlement, in a manner that is different than is normally required under the provisions of these Terms and Conditions and/or the Retailer Guide.

13.6 Request for Additional Information

A Retailer may request additional settlement information above the basic service provisions specified in the Retailer Guide or information previously provided by the Company if:

- (a) the Retailer provides a written request to the Company outlining the purpose for the additional settlement information; and
- (b) the additional settlement information applies only to the Customers of the Retailer.

Upon satisfaction of the above requirements, the Company will advise the Retailer in a written proposal of the type of work, time of delivery and charges necessary to provide the additional settlement information to the Retailer.



13.7 Liability

The Company shall 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. No express or implied warranties of any kind shall apply to information or services provided by the Company to any person as part of such good faith performance, including without limitation implied warranties of fitness for a particular purpose.

ARTICLE 14 – DEFAULT

14.1 Events of Default

An event of default under these Terms and Conditions and the Distribution Access Service Agreement will occur if either the Company, the DSP or the Retailer (“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 Terms and Conditions or the Distribution Access Service Agreement including, without limiting the generality of the foregoing, fulfilling the prudential requirements as set forth in Article 11, in accordance with these Terms and Conditions, and fails to remedy the failure or satisfy the obligation, as the case may be, within three (3) Business Days after receipt of written notice thereof from the Non-Defaulting Party;
- (e) fails to balance its Account in accordance with Article 13.



14.2 Rights Upon Default

In an event of default, the Non-Defaulting Party shall, subject to these Terms and Conditions and any applicable regulatory requirements, be entitled to pursue any and all available legal and equitable remedies and terminate the Distribution Access Service Agreement. Where the Defaulting Party is the Company or the Retailer and the Non-Defaulting Party elects to terminate, the Distribution Access Service Agreement is terminated without any liability or responsibility whatsoever, except for obligations arising prior to the date of termination. The Non-Defaulting Party shall provide written notice to the Defaulting Party of its intention to terminate Distribution Access Service hereunder.

14.3 Recourse to Security Upon Retailer Default

In addition to any other rights and remedies set out herein, in an event of default by the Retailer, other than a default in payment addressed under section 9 of *Natural Gas Billing Regulation*, AR 185/2003, the full amount of the Retailer's security determined in accordance with article 11.1 of these terms and conditions shall become due and payable to the Company and the Company shall be entitled to make demand or claim against the Retailer's security for the full amount secured thereunder. All funds received by the Company in respect of such claim shall be retained by the Company and applied against the Retailer's obligations hereunder 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 shall be returned to the issuing party of the security for the benefit of the Retailer.

14.4 Termination on Default

If any one or more of the parties to the Distribution Access Service Agreement fails to perform any of the covenants or obligations imposed upon it under and by virtue of the Distribution Access Service Agreement (the "Defaulting Party"), then in any such event, the other party or parties to the Distribution Access Service Agreement (the "Non-Defaulting Party") may at its option terminate the Distribution Access Service Agreement insofar and only insofar as the Distribution Access Service Agreement pertains to the Defaulting Party by proceeding as follows:



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- (a) The Non-Defaulting Party shall cause a notice in writing or fax to be given to the Defaulting Party advising as to the nature of any default and declaring it to be the intention of the Non-Defaulting Party to terminate the Distribution Access Service Agreement.

ARTICLE 15 – IMPAIRED DELIVERIES

15.1 Impaired Deliveries

If by reason of the causes set forth in this Article, the Company is unable, in whole or in part, to deliver the quantities of Gas provided for in the Distribution Access Service Agreement, then the Company shall be relieved of liability for not delivering such quantities, and the Company may curtail or discontinue deliveries of Gas under the Distribution Access Service Agreement during the continuance and to the extent of the inability; provided however that the Company shall endeavor to give reasonable notice of any curtailment or discontinuance of deliveries arising by virtue of such causes and shall promptly endeavor to remedy the cause of any curtailment or discontinuance of deliveries as soon as reasonably possible. Such notice shall specify the Company's estimate of the duration of any such curtailment or discontinuance of deliveries under the Distribution Access Service Agreement. The causes above referred to shall be:

- (a) the necessity, in the Company's sole opinion, of making modifications or improvements to the Gas Pipeline System; provided however that the Company shall, when practicable, endeavor to effect such modifications or improvements, which are not emergency in nature, at a time and in a manner which shall not unduly interfere with or interrupt deliveries of Gas; or
- (b) the necessity of making repairs to the Gas Pipeline System.



ARTICLE 16 – LIABILITY AND INDEMNITY

16.1 Indemnity

- (a) Each party (as applicable, the "Indemnitor") will indemnify and hold harmless the other party and its directors, officers, employees, agents and representatives ("Indemnitee(s)") from and against any direct damages, injuries, losses and other liabilities claimed against the Indemnitee or any of them, and all related costs and expenses (including reasonable legal fees) suffered or incurred by any of them in relation to any claim, cause of action, action, suit or proceeding by a third party ("Claim") which arises from damage to property or injury to or death of persons resulting from the Indemnitor's failure to perform its obligations under these Terms and Conditions which failure is caused by the negligence or willful act of the Indemnitor or any of its directors, officers, employees, agents or representatives acting within the scope of their authority or employment. The indemnity under this Article will be limited to an amount in proportion to the degree to which the Indemnitor or its directors, officers, employees, agents or representatives acting within the scope of their authority or employment are at fault. For the purpose of this Article "willful act" means any act or omission which is an intentional tort or an intentional breach of any obligations under these Terms and Conditions.
- (b) In the event that an Indemnitee is entitled to and desires to assert its right to indemnification from an Indemnitor under this Article 16.1 such Indemnitee will give the Indemnitor prompt notice of the Claim, which shall describe the Claim in reasonable detail and shall indicate the estimated amount, if practicable, of the indemnifiable loss that has been or may be sustained by the Indemnitee. The failure to promptly notify the Indemnitor hereunder shall not relieve the Indemnitor of its obligations hereunder, except to the extent that the Indemnitor is actually and materially prejudiced by the failure to so notify promptly.
- (c) Subject to Article 16.1(d) hereof, if the Indemnitor delivers to the Indemnitee a written acknowledgement of its unconditional and irrevocable obligation to indemnify the Indemnitee under Article 16.1(a) in respect of:



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- (1) all of the damages, injuries, losses, liabilities, costs and expenses that may be claimed against, or suffered or incurred by, the Indemnitee in respect of the Claim within 10 days following the Indemnitor's receipt of the Indemnitee's notice of such Claim and if the existence of such obligation to indemnify is made known by the Indemnitor to the third party claimant (and, if applicable, to the court or other tribunal determining the Claim), the Indemnitee shall make available to the Indemnitor all information in its possession or to which it has access, other than information that has been designated as confidential by the provider of such information, which is or may be relevant to the particular Claim and the Indemnitor shall be entitled, at its option, to take carriage of the defense of the Claim by its own counsel and, if it elects to do so, the Indemnitee shall cooperate with the Indemnitor to the fullest reasonable extent in the defense, settlement or compromise of the Claim; or
 - (2) some, but less than all, of the damages, injuries, losses, liabilities, costs and expenses that may be claimed against, or suffered or incurred by, the Indemnitee in respect of the Claim within 10 days following the Indemnitor's receipt of the Indemnitee's notice of such Claim and if the Indemnitee is of the opinion that the Indemnitor's interests are not in conflict with its own, the Indemnitee shall make available to the Indemnitor all information in its possession or to which it has access, other than information that has been designated as confidential by the provider of such information, which is or may be relevant to that portion of the Claim in respect of which the Indemnitor has an obligation to indemnify the Indemnitee and consult with the Indemnitor in respect thereof.

The Indemnitee shall not make any admission of the liability regarding, or settle or compromise, that portion of the Claim in respect of which the Indemnitor has acknowledged its obligation to indemnify the Indemnitee without the written consent of the Indemnitor, which consent shall not be unreasonably withheld.



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- (d) The provisions of Article 16.1(a) hereof shall not apply in respect of any Claim to which the Indemnitor is, or may reasonably be expected to be, a party and where the Indemnitee is asserting legal defenses in relation to the Claim that conflict with legal defenses being asserted by the Indemnitor.
- (e) Except to the extent to which either party is required to indemnify the other party (and those other persons specified in this Article 16) by the express terms of Article 16, neither party, nor its directors, officers, agents, employees, and representatives, will be liable to the other party for any damages, costs, expenses, injuries, losses, or liabilities suffered or incurred by the other party, its directors, officers, employees, agents and representatives howsoever and whenever caused, and each party, for itself and as agent for its directors, officers, agents, employees and representatives hereby forever releases the other party, its directors, officers, agents, employees and representatives from any liability or obligation in respect thereof. For greater certainty, neither party shall be limited in a claim against the other for specific performance or other equitable relief in relation thereto, or direct damages only and related costs and expenses (including reasonable legal fees), arising from a breach of these Terms and Conditions.

16.2 Consequential Loss

Notwithstanding anything to the contrary contained in these Terms and Conditions, neither party will be liable to the other party, and the Company shall not be liable to the Customer with respect to matters for which the party is acting as agent for the Customer, for any damage, cost, expense, injury, loss or other liability of an indirect, special or consequential nature suffered by the other party or claimed by any third party against the other party which arises due to such party's failure to perform its obligations under these Terms and Conditions or for any other reason (including negligence on its part or on the part of any person for whose acts it is responsible), howsoever and whensoever caused, and whether arising in contract, negligence or other tort liability, strict liability or otherwise; and without limiting the generality of the foregoing, damage, injury or loss of an indirect or consequential nature shall include loss of revenue, loss of profits, loss of



production, loss of earnings, loss of contract, cost of purchased or replacement capacity and energy, cost of capital and loss of the use of any segment of the Gas Pipeline System or property owned, operated, leased or used by the other party.

ARTICLE 17 – FORCE MAJEURE

17.1 Force Majeure Relief

The Company or Retailer/DSP, as the case may be, is relieved of its obligations hereunder, and shall not be liable for any failure to perform any term of these Terms and Conditions to the extent that and when such failure is due to, or is a consequence of, any event of Force Majeure.

Retailer/DSP shall not be relieved by Force Majeure as described in this Article 17 from the obligation to pay the charges set forth pursuant to this Article unless Force Majeure has been invoked by the Company.

17.2 Exclusions

Notwithstanding the definition of Force Majeure, lack of funds shall not be an event of Force Majeure.

17.3 Notice

The party claiming relief from liability under the provisions of this Article 17 shall promptly give the other party notice of the Force Majeure including full particulars thereof and shall promptly give the other party notice when the Force Majeure event ceases to prevent performance pursuant to these Terms and Conditions.

17.4 Obligation to Remedy

The party claiming relief from liability under the provisions of this Article 17 shall promptly remedy the cause and effect of the Force Majeure insofar as it is reasonably able to do so.



17.5 Strikes and Lockouts

Notwithstanding any other provision of these Terms and Conditions the settlement of any strike, lockout or other industrial disturbance shall be wholly in the discretion of the party claiming relief from liability and such party may settle such strike, lockout or industrial disturbance at such time and on such terms and conditions as it may deem appropriate and no failure or delay in settling such strike, lockout or industrial disturbance shall constitute a cause or event within the control of such party or deprive such party of the benefits of this Article 17.

ARTICLE 18 – DISPUTE RESOLUTION

18.1 Resolution by Company and Retailer/DSP

If any dispute between the Company and a Retailer/DSP arises at any time in connection with these Terms and Conditions, the Company and the Retailer/DSP acting reasonably and in good faith, shall use all reasonable efforts to resolve the dispute as soon as possible in an amicable manner.

18.2 Resolution by Arbitration

If any dispute has not been resolved pursuant to Article 18.1 hereof within 30 days after notice from the Company or the Retailer/DSP to the other of its desire to have the dispute resolved, then the dispute shall be resolved pursuant to Articles 18.3 to 18.11 hereof. The Company and the Retailer/DSP shall abide by the terms of any award rendered by the arbitrator(s) appointed hereunder without delay.

18.3 Arbitrators

All disputes or differences between the Company and a Retailer/DSP in connection with these Terms and Conditions shall be referred (unless the Company and the Retailer/DSP concur in the appointment of a single arbitrator) to a board of arbitrators consisting of one (1) arbitrator to be appointed by each of the Company and the Retailer/DSP who shall, by instrument in writing, appoint a third arbitrator immediately after they are themselves appointed. Notwithstanding the foregoing, any disputed



matters between the Company and a Retailer/DSP relating to an order or direction made or approved by the AUC or falling within the exclusive jurisdiction of the AUC, shall be referred to the AUC for resolution.

18.4 Failure to Concur

The Company and a Retailer/DSP shall be deemed to have failed to concur in the appointment of a single arbitrator if such an arbitrator shall not have been appointed within fifteen (15) days after the serving by either the Company or the Retailer/DSP on the other of notice requesting it to concur in the appointment of such an arbitrator.

18.5 Refusal to Appoint an Arbitrator

If either the Company or the Retailer/DSP shall 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 the Company or the Retailer/DSP, as the case may be, with notice to make the appointment, the party who has appointed its arbitrator shall 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.

18.6 Failure to Appoint a Third Arbitrator

If the arbitrators appointed by the Company and the Retailer/DSP 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 the Company or the Retailer/DSP shall 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.

18.7 Technical Competence

Any arbitrator appointed under the provisions of this Article whether by concurrence of the Company and the Retailer/DSP, by either party, by the arbitrators, or by a Justice of the Court of Queen's Bench of Alberta shall, in the opinion of the persons making such appointment, be possessed of such technical or other qualifications as may be



reasonably necessary to enable him to properly adjudicate upon the dispute or difference.

18.8 Compensation of Arbitrators

Each party shall be responsible for the costs of the arbitrator appointed by it hereunder. The costs of the third arbitrator shall be divided evenly between the parties.

18.9 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, shall apply to any arbitration proceeding.

18.10 Decisions Binding

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

18.11 Continuity of Service

All performance required under these Terms and Conditions by the Company and the Retailer/DSP and payment therefore shall continue during the dispute resolution proceedings contemplated by this Article 18, provided that in the case of any such proceedings pertaining to amounts payable under these Terms and Conditions, any payments or reimbursements required as a result of the proceedings shall be effective as of a date to be determined in such proceedings and interest shall be paid thereon by the party required to make the payment or reimbursement on the amount thereof at the rate specified from time to time in the Residential Tenancies Act, S.A. 2004, C.R-17.1.

ARTICLE 19 – MISCELLANEOUS

19.1 Compliance with Applicable Legal Authorities

The Company, DSP and the Retailer are subject to, and shall comply with, all existing or future applicable federal, provincial and local laws, all existing or future orders or other actions of governmental authorities having applicable jurisdiction. The Company will not



violate, directly or indirectly, or become a party to a violation of any requirement of any applicable federal, provincial or local statute, regulation, bylaw, rule or order in order to provide Distribution Access Service to the Retailer/DSP (or a Customer of the Retailer/DSP). The Company's obligation to provide Distribution Access Service is subject to the condition that all requisite governmental and regulatory approvals for the provision of such Distribution Access Service will have been obtained and will be maintained in force during such period of Distribution Access Service.

19.2 No Assignment

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

19.3 No Waiver

The failure of either party to insist on strict performance of any provisions of these Terms and Conditions or a Distribution Access Service Agreement, or to take advantage of any of its rights hereunder, shall not be construed as a waiver of any such provisions or the relinquishment of any such right or any other right hereunder, which shall remain in full force and effect. No term or condition of these Terms and Conditions or a Distribution Access Service Agreement shall be deemed to have been waived and no breach excused unless such waiver or consent to excuse is in writing and signed by the party claimed to have waived or consented to excuse.



19.4 Law

These Terms and Conditions and the Distribution Access Service Agreement between the Company and the Retailer/DSP shall be governed by the laws of the Province of Alberta and the federal laws of Canada applicable in the Province of Alberta, without regard to principles of conflicts of law. Any lawsuit arising in connection with these Terms and Conditions and the Distribution Access Service Agreement shall be brought in the courts of the Province of Alberta.

ARTICLE 20 – NOTICE

Unless otherwise stated herein, all notices, demands or requests required or permitted under these Terms and Conditions or a Distribution Access Service Agreement shall be in writing and shall be personally delivered or sent by courier-service or electronic transmission addressed as follows:

- (a) If to the Retailer/DSP, to the address and the addressee set out in the Distribution Access Service Agreement between the Retailer/DSP and the Company.
- (b) If to the Company to: ATCO Gas
10035 - 105 Street, Edmonton, Alberta, T5J 2V6
Attention: Senior Manager, Client Services and Customer Care
Fax: (780) 420-3123

Notice received after the close of the Business Day shall be deemed received on the next Business Day.



SCHEDULE A – DISTRIBUTION ACCESS SERVICE AGREEMENT

MEMORANDUM OF AGREEMENT made the (day) of (month), (year)

BETWEEN: **(RETAILER/DSP NAME)**

Operating As: **(RETAILER/DSP OPERATING AS BUSINESS NAME)**

(address)

(hereinafter called the "Retailer"/"DSP")

- and -

ATCO Gas and Pipelines LTD., a body corporate with its Head Office in the City of Edmonton in the Province of Alberta ("ATCO Gas" or "Company")

WHEREAS the Retailer/DSP has requested the Company to provide the Retailer/DSP with Distribution Access Service for the purpose of serving its Gas customer(s) ("the Customer"):

The Retailer/DSP and the Company agree as follows:

1. The Retailer/DSP is solely responsible for the provision of accurate and timely Customer Information to the Company. The Retailer/DSP agrees to provide the following information by electronic form to the Company, and represents and warrants that such information is true and accurate:
 - (a) Retailer Identification No(s).: Refer to Appendix A
 - (b) Customer Information, in a form acceptable to the Company, for each Customer of the Retailer/DSP.

Should any of the Customer Information change during the term of this Distribution Access Service Agreement, the Retailer/DSP shall advise the Company of the change,



by electronic means as soon as is reasonably practicable in the circumstance, and in any event within (5) Business Days of the Retailer becoming aware of the change. The company reserves the right to request the Retailer/DSP provide Customer Information update.

2. This Distribution Access Service Agreement is subject to the Company's Retailer Terms and Conditions for Gas Distribution Service ("Terms and Conditions"), as amended from time to time, which are approved by the Alberta Utilities Commission ("AUC").
3. The Retailer/DSP acknowledges that it has been offered a copy of the Company's Terms and Conditions, has reviewed and understands these Terms and Conditions and agrees to be bound by them, and any amendments thereto, in all transactions with the Company or its Customers.
4. No person, whether an employee or agent of the Company or otherwise, can agree to change, alter, vary or waive any provision of the Terms and Conditions without the express approval of the AUC.
5. The Retailer/DSP acknowledges that it has been offered a copy of the Company's Retailer Guide and is aware of the policies and business practices of the Company detailed therein.
6. This Distribution Access Service Agreement shall be effective on the date first noted herein, and thereafter shall remain in effect until terminated by either party in accordance with Article 9 or Article 11, as applicable, of the Terms and Conditions; or for the reasons set out in Article 14 of the Terms and Conditions.
7. The Retailer/DSP understands and agrees that the Distribution Access Service provided hereunder is provided solely for the Retailer's/DSP's use at the locations and for the Customers identified to the Company in accordance with paragraph 1 hereof. The Retailer/DSP shall not use the Distribution Access Service provided by the Company for any other purpose.



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8. If the Retailer/DSP, at any time, becomes aware that any Customer is using the service(s) provided by the Retailer/DSP or the Company in a manner which is inconsistent with the Terms and Conditions, which could potentially create safety, health or environment concerns or damage the Company's Distribution System or Gas Pipeline System, the Retailer/DSP shall immediately notify Company of such circumstances.
 9. In providing service to its Customer, the Retailer/DSP shall not, in any way, damage or interfere with or otherwise disturb, alter or tamper with the Gas Pipeline System of the Company. The Retailer/DSP shall notify the Company immediately of any problem or defect relating to Company's Gas Pipeline System, which is discovered by or brought to the attention of the Retailer/DSP.
 10. The Retailer/DSP agrees to pay all rates, charges, invoices or fees levied or billed to it by the Company in accordance with Article 7 of the Terms and Conditions.
 11. The Retailer/DSP acknowledges, understands and agrees that the Company will not perform any billing or collection activities on its behalf. The Retailer/DSP agrees to pay all amounts due and owing to the Company in accordance with Article 7 of the Terms and Conditions, regardless of any billing or collection disputes the Retailer/DSP may have with its Customer(s).
 12.
 - (a) The Retailer agrees to comply with the Company's Prudential Requirements established pursuant to Article 11 of the Terms and Conditions for purposes of enabling the Company to assess the Retailer's credit risk and required security.
 - (b) The Company shall be entitled to access the financial security provided by the Retailer/DSP in any event of default including late payment or default on any invoices or bills of the Company, in accordance with Articles 7, 11 and 14 of the Terms and Conditions.
 13. This Distribution Access Service Agreement is subject to all applicable legislation, including the *Gas Utilities Act, R.S.A. 2000, c.G-5*, as amended from time to time, and the Regulations made thereunder, and all applicable orders, rulings, regulations and



decisions of the AUC or any other regulatory authority having jurisdiction over the Company or the matters addressed herein.

14. This Distribution Access Service Agreement shall enure to the benefit of and be binding and enforceable by the parties hereto and their respective executors, administrators, successors and, where permitted, assigns.
15. If any provision of this Distribution Access Service Agreement, or the application thereof, is to any extent held invalid or unenforceable, the remainder of this Distribution Access Service Agreement and the application thereof, other than those provisions which have been held invalid or unenforceable, shall not be affected and shall continue in full force and effect and shall be enforceable to the fullest extent permitted by law or in equity.
16. Neither Party may disclose any Confidential Information obtained pursuant to this Distribution Access Service Agreement to any third Party, without the express prior written consent of the other Party. As used herein, the term "Confidential Information" shall include all business, financial, and commercial information pertaining to the Parties, Customers of either Party, suppliers for either Party, personnel of either Party, any trade secrets and other information of a similar nature, whether written or otherwise that is marked "proprietary" or "confidential" with the appropriate owner's name.

Notwithstanding the preceding, 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, providing that:

- (a) such Confidential Information is submitted under the applicable provision, if any, 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 so that it may take whatever action it deems appropriate, including intervention in any proceeding and the seeking of any injunction to prohibit such disclosure.



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17. All notices required hereunder shall be in writing and may be given personally, by facsimile or prepaid registered mail addressed to the party for which the notice is intended to its address designated hereunder or to such other address as may be substituted therefore from time to time.

The Retailer's address for notice is:

The Corporation's address for notice is:

Retailer Name

ATCO Gas and Pipelines Ltd

Retailer Operating As Business Name

Retailer Address

10035 – 105 Street

P.O. Box 2426

Edmonton, Alberta, T5J 2V6

Attention:

Attention: Manager, Client Service and
Customer Care

Facsimile:

Facsimile: (780) 420-3123



APPENDIX "A"

MEMORANDUM OF AGREEMENT made the (day) of (month), (year)

APPENDIX "A" to the Retail Service Agreement between <RETAILER NAME> and **ATCO Gas**.

RETAILER IDENTIFICATION NUMBERS

The following Retailer Identification numbers have been assigned to the Retailer noted above as of the effective date noted herein:

(1)

(2)

(3)

The Retailer must notify the Company as promptly as reasonably practical of any additions or changes to the Retailer Identification Numbers. This Appendix "A" supercedes the Appendix "A" made the (day) of (month), (year).

IN WITNESS WHEREOF the Parties have executed this Agreement as of the day first above mentioned.

[RETAILER/DSP NAME]

ATCO Gas and Pipelines LTD.

**[RETAILER/DSP OPERATING AS
BUSINESS NAME]**

Per: _____

Per: _____

Name: _____

Name: _____

Title: _____

Title: _____

ATCO Gas and Pipelines LTD.

Per: _____

Name: _____

Title: _____



SCHEDULE B – DISCONNECT CUSTOMER SITE

The Company's policy (as approved in these Terms and Conditions) with respect to disconnecting Customers is set out below. The same policies shall apply to all Retailers/DSP.

1. Where a Retailer/DSP requests the Company to disconnect a Customer for non-payment, the Retailer/DSP shall provide to the Company updated Customer Information, the proof of payment amount the Retailer/DSP will accept in the event the Customer provides ability of payment, the date the Customer was provided 10 days written notice and a direct phone number to the Retailer's/DSP's collection department for circumstances when the Customer is required to contact the Retailer/DSP immediately to resolve payment issues. The Company will not assume any billing or collection obligations or responsibilities for or on behalf of the Retailer/DSP.
2. A Retailer/DSP that submits a disconnect for non-payment, must submit a disconnect release to the Company within 24 hours of receiving the Customer payment.
3. Disconnection by Company or at request of Retailer/DSP (including Cut Off For Non-Payment "CONP" activity) will commence for residential and commercial residential property sites on April 15th of each year. Residential and commercial residential, including multi-family, property sites will not be disconnected during the winter season defined as November 1st to April 14th, or between April 15th and October 31st when the overnight temperature is forecast to drop below zero (0) degrees Celsius in the 24 hour period immediately following the proposed disconnect, unless there is written notification to the Retailer/DSP from the property owner requesting the disconnection. The notification must state that the property owner accepts full responsibility for protecting the property against damage that may be caused by the ending of gas service and that ATCO Gas will not be held liable for any damage or loss. The Retailer/DSP will forward a copy of the property owner's written request to the Company before the Company will schedule field work.



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4. CONP activity will be scheduled during regular business hours on weekdays of Monday, Tuesday, Wednesday and Thursday. No CONP activity will be scheduled on Friday, Saturday and Sunday or any statutory holiday or any day prior to a statutory holiday observed in the service area.
 5. The Company will not disconnect a Customer if the Retailer/DSP has not provided the Customer with a written notice at least 10 Business Days in advance of the proposed disconnect. The Company must be provided with a copy of such notice upon request.
 7. The Company may, upon visiting the Site, delay the disconnection until the Company is satisfied that all conditions for disconnection are met. Reasons for delay include, but are not limited to:
 - (a) Customer Information does not match Customer Information provided by the Retailer/DSP.
 - (b) Customer has proof of payment in hand at site in the amount as specified in Part 1 of this Schedule B.
 - (c) Immediate danger may exist to the occupants or the companies' representatives.
 - (d) Disconnecting the service will adversely affect other Customers who are not to have their service disconnected.
 - (e) Where meters are located inside or on another Customer's property and access to the meter cannot be obtained. These situations will require additional distribution requirements including construction arrangements to disconnect elsewhere on the service line.



SCHEDULE C – NON-DISCRETIONARY CHARGES

1.0 APPLICABILITY

Applicable to every Retailer/DSP participating in Distribution Access Service within the Company's service area.

The service charges outlined herein are also outlined in the Company's Customer Terms and Conditions for Gas Distribution Service. This is done to ensure the Customer (or Retailer/DSP) is aware of the charges that may apply whether they are reviewing this set of Terms and Conditions or the other. For greater clarity, the listing of these charges in both sets of T & C's does not entitle the Company to recover charges under both sets of T & C's.

2.0 SCHEDULE OF CHARGES

All charges and provisions of the Customer's applicable price schedule shall apply in addition to the following charges for the service being provided.



SCHEDULE C
NON DISCRETIONARY CHARGES
Effective January 1, 2017

1. **SERVICE LINES:** Applicable to all services except those eligible for grants under the Rural Gas Act.

1.1 Pipe Installation:

ATCO Gas (North)		
Service Line Diameter	Summer	Winter
15.9 mm or 26 mm (up to and including 15 metres)	\$893	\$1,151
Linear charge for length over 15 metres	\$49/metre	\$67/metre
42.2 mm or 60.3 mm (up to 15 metres)	\$1,184	\$1,547
Linear charge for length over 15 metres	\$69/metre	\$92/metre
Greater than 60 mm	Contract Price	Contract Price
Credit for provision of service line trench in 4-party installation	\$41	\$208

ATCO Gas (South)		
Service Line Diameter	Summer	Winter
15.9 mm or 26 mm (up to and including 15 metres)	\$644	\$841
Linear charge for length over 15 metres	\$31/metre	\$45/metre
42.2 mm or 60.3 mm (up to 15 metres)	\$1,184	\$1,547
Linear charge for length over 15 metres	\$69/metre	\$92/metre
Greater than 60 mm	Contract Price	Contract Price
Credit for provision of service line trench in 4-party installation	\$41	\$208

Service Line Notes:

1. Winter and Summer conditions are determined by the ATCO Gas representative on site. Typically winter conditions are 150mm or more of frozen ground conditions and / or 300mm or more of snow cover. If construction occurs within the winter construction season as determined by ATCO Gas, winter construction rates will apply.
2. The customer will be charged for the Primary Service line from the property line to the Gas Meter location when the main is located outside the customer's property.
3. The customer will be charged for the Primary Service line from the edge of easement to the Gas Meter location when the main is located in an easement within the customer's property.



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- 1.2 Mobilization Charge:** A mobilization charge of \$208.00 will be levied for each additional site visit required when a site with an inspector confirmed site ready date does not meet ATCO Gas requirements for service line installations upon arrival of the service installation crew
- 1.3 Pavement and Concrete Breaks:** Contract Price. Applicant responsible for settlement and permanent repair
- 1.4 Crossings:** Including highway, railroad, road, pipeline, canal - Contract Price
- 1.5 Compaction:** Contract Price
- 1.6 Shallow Utility Crossings:** Contract Price
- 1.7 Waste Removal:** Contract Price
- 2. COMPANY RURAL INVESTMENT:** "three times net revenue"
- 3. REINSTATEMENT CHARGE:**
- a. Residential (not before 8am of the next business day) - \$120.00
 - b. Residential (before 8am of the next business day) - \$281.00
 - c. Non-Residential (not before 8am of the next business day) - Contract Price (minimum \$120.00)
 - d. Non-Residential- (before 8am of the next business day) - Contract Price (minimum \$281.00)
- 4. AMR REMOVAL FEE:**
- a. Residential (not before 8am of the next business day) - \$120.00
 - b. Non-Residential (not before 8am of the next business day) - Contract Price (minimum \$120.00)
- 5. METER RELOCATIONS:**
- 5.1 Single Family Dwelling:** Inside to outside – No direct ATCO Gas charges if viewed as required by ATCO Gas. Customer may be responsible for permitting fees and site clean up. All other moves at Contract Price.
 - 5.2 Other:** Contract Price
- 6. ALTERATIONS, RELOCATIONS AND REPLACEMENT:** Contract Price
- 7. DAMAGE OR PROBLEMS CAUSED BY CUSTOMERS:** Contract Price including estimated cost of lost gas
- 8. TEMPORARY SERVICE:** Contract Price
- 9. SPECIAL METER READ FEE:** \$109.00
- 10. METER DISPUTE FEE:**
- a. Residential - \$115.00
 - b. Non-Residential - Contract Price (minimum \$115.00)
 - c. Customer Usage Information Fee will apply as required.
- 11. DISHONOURED CHEQUES:** \$30.00
- 12. CUSTOMER USAGE INFORMATION:** Contract Price
- 13. PROVISION OF CUSTOMER INFORMATION TO THE COMPANY:** Contract Price
- 14. BILLING ERROR:** Contract Price

Notes:

- 1. All charges in Schedule C are subject to GST except the "Dishonored Cheque" charge.
- 2. The contract price charged to customers may be based on actual costs, or it may be based on an agreed upon price. In most cases, the customer will be required to sign a contract and pay the agreed upon price. Where pre-payment is based on an estimate, the Customer will be required to pay the actual cost upon completion of the work.



SCHEDULE D – IMBALANCE PURCHASE/SALE CHARGES

1.0 Imbalance Window Percentage

The daily Imbalance Window percentage applicable to each Retailer/DSP Account is $\pm 5\%$.

2.0 Minimum Energy Imbalance Window

The daily minimum energy Imbalance Window applicable to each Retailer/DSP Account for each Day is:

- (a) When the daily Backcast is less than or equal to 5,000 GJ the daily minimum energy Imbalance Window quantity shall be ± 500 GJ;
- (b) When the daily Backcast is greater than 5,000 GJ the daily minimum energy Imbalance Window quantity shall be $\pm 1,000$ GJ.

3.0 Imbalance Purchase/Sale Price

The Imbalance Purchase/Sale price applicable to each Retailer/DSP Account is:

- (a) For Imbalance Purchase, the price used by the Company will be the lowest Same Day Market or Yesterday Market trade price that occurs on the NGX for the Gas Day as reported by the NGX as the “NGX AB-NIT Same Day Index “ and “NGX AB-NIT Yesterday Index” obtained from the “NGX Price Indices” webpage http://www.ngx.com/?page_id=235
- (b) For Imbalance Sale, the price used by the Company will be the highest Same Day Market or Yesterday Market trade price that occurs on the NGX for the Gas Day as reported by the NGX as the “NGX AB-NIT Same Day Index “ and “NGX AB-NIT Yesterday Index” obtained from the “NGX Price Indices” webpage http://www.ngx.com/?page_id=235



4.0 Change to Imbalance Window Percentage and Minimum Energy Imbalance Window

In the event that the Transmission System determines the Pipeline Tolerance Level needs to be increased or decreased and the Transmission Balance Zone is changed the Company will change the daily Imbalance Window percentage and the daily minimum energy Imbalance Window for Retailer/DSP Accounts to the following:

<u>Transmission Balance Zone</u>		<u>ATCO Gas Imbalance Window</u>			
<u>-%</u>	<u>+%</u>	<u>-%</u>	<u>+%</u>	<u>5,000 GJ or Less</u>	<u>Greater than 5,000 GJ</u>
-4%	+4%	-5%	+5%	-500 GJ to +500 GJ	-1,000 GJ to +1,000 GJ
-3%	+4%	-3%	+5%	-300 GJ to +500 GJ	-600 GJ to +1,000 GJ
-2%	+4%	-2%	+5%	-200 GJ to +500 GJ	-400 GJ to +1,000 GJ
-1%	+4%	-1%	+5%	-100 GJ to +500 GJ	-200 GJ to +1,000 GJ
0%	+4%	0%	+5%	0 GJ to +500 GJ	0 GJ to +1,000 GJ
-4%	+3%	-5%	+3%	-500 GJ to +300 GJ	-1,000 GJ to +600 GJ
-4%	+2%	-5%	+2%	-500 GJ to +200 GJ	-1,000 GJ to +400 GJ
-4%	+1%	-5%	+1%	-500 GJ to +100 GJ	-1,000 GJ to +200 GJ
-4%	0%	-5%	0%	-500 GJ to 0 GJ	-1,000 GJ to 0 GJ

The change to the daily Imbalance Window percentage and daily minimum energy Imbalance Window for Retailer/DSP Accounts will be in effect for the same gas days as the Transmission Balance Zone change.