



ATCO Gas

2005-2007 General Rate Application Phase II
Compliance Filing to Decision 2007-026

July 31, 2007

ALBERTA ENERGY AND UTILITIES BOARD

Decision 2007-059: ATCO Gas
2005-2007 General Rate Application Phase II
Compliance Filing to Decision 2007-026
Application No. 1513143

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ALBERTA ENERGY AND UTILITIES BOARD

Calgary Alberta

ATCO GAS

**2005-2007 GENERAL RATE APPLICATION PHASE II
COMPLIANCE FILING PER DECISION 2007-026**

**Decision 2007-059
Application No. 1513143**

1 INTRODUCTION

The Alberta Energy and Utilities Board (Board) issued Decision [2007-026](#)¹ which dealt with Application 1475249 from ATCO Gas, a division of ATCO Gas and Pipelines Ltd. (ATCO Gas) on April 26, 2007.

In compliance with a direction² in Decision 2007-026, ATCO Gas filed this Application with the Board on May 25, 2007.

The Board received comments on the Application from the Consumers Coalition of Alberta (CCA) on June 13, 2007 and reply comments from ATCO Gas on June 18, 2007. ATCO Gas filed an updated schedule on July 12, 2007. Accordingly, the Board considers the record on this Application to be closed July 12, 2007.

2 DISCUSSION OF APPLICATION

This section deals with the Board directions to ATCO Gas in Decision 2007-026.

Board Direction 2, p. 14

There were no objections to the new Irrigation Rate Group and the Board approves it as submitted. However, while the Board notes the new group is essentially the existing Rate 5, the Board also notes that the companion Rate 18 was not discussed. The Board directs ATCO Gas to provide an explanation in the Compliance Filing of its proposal with respect to Rate 18.

The Board has reviewed the CCA submission and ATCO Gas' explanation. In responding to this Board Direction, ATCO Gas addressed its intentions with respect to Rate 18 in the Application. ATCO Gas proposed to combine Rate 18 and Rate 5 into the new Irrigation Delivery Service. Although the CCA indicated that it did not find the explanation regarding Rate 18 satisfactory, the Board is prepared to accept this explanation and considers that ATCO Gas is in compliance with the Board's direction.

Board Direction 3, p. 15

Accordingly, the Board directs ATCO Gas to discuss the details of the proposed administration of the UFG Rider D for the Low Use, High Use and Irrigation Rate

¹ Decision 2006-026 – ATCO Gas 2003-2004 General Rate Application Phase II Cost of Service Study Methodology and Rate Design and 2005-2007 General Rate Application Phase II

² Decision 2007-026, Direction 20, p. 99

Groups in the short term as well as subsequent to the transition of load balancing activities from the DSP to ATCO Gas in the Compliance Filing to assist the Board with respect to the practicality of immediately eliminating the existing rates differentiating between default supply and competitive gas supply.

The Board has reviewed the CCA submission and ATCO Gas' explanation.

Historically, there had been a basis for differentiating between Rates 1 and 11 and Rates 3 and 13. For example, existing rates for Rate 3 and Rate 13 customers differ slightly. This difference resulted when gas supply related expenses like production/gathering were removed from the Rate 13 costs with the result that transportation customers did not have to pay gas system supply costs when they were sourcing their own gas supply. These historic differences do not continue to be applicable as ATCO Gas is no longer providing a merchant function. Moving to a common rate for Low Use and High Use at this time will remove these historic rate design differences that do not continue to be applicable.

With respect to Rider D,³ Rider D is currently collected only from customers obtaining gas supply from retailers and not from customers of the DSP. DSP customers through the gas cost flow-through rate, however, absorb any deviation between the amount of actual UFG/fuel gas and the amount recovered through Rider D. Until such time as Retailer Service is implemented, ATCO Gas has proposed to continue with the status quo. Accordingly, in the short term, although Rates 1 and 11 and Rates 3 and 13 would be combined into the new Low Use and High Use rate classes respectively, ATCO Gas would continue the status quo practice of recovering UFG/fuel gas from customers obtaining their gas supply from retailers but not from those customers obtaining gas supply from the DSP. ATCO Gas indicated that it intends to modify the rate schedules to recover Rider D from both DSP and retailer supplied customers subsequent to implementation of Retailer Service.

While the Board ordinarily would not permit rate or rider differentiation among customers of a single class, given the circumstances of the present situation, including the short term nature of the differentiation; the fact that there will be no change with respect to UFG/fuel cost allocation; and the Board's approval of the principle of moving to a Low Use, High Use and Irrigation rate class structure, the Board approves the ATCO proposal. This approval, however, should not be considered as a precedent with respect to cost differentiation among members of the same rate class.

The Board is satisfied that the revised rate schedules provide the necessary information for customers to clarify the administration of UFG/fuel gas via Rider D in compliance with the Board's direction.

Additionally, the Board notes the CCA concern that DSP customers will continue to provide load balancing services to competitive supply customers prior to the implementation of Retailer Service, which ATCO Gas currently contemplates being extended to November 2008. As noted in a Board letter of May 30, 2007,⁴ the Board also shares this concern, but notes that testing of the DFSS system associated with Retailer Service continues to be underway with the expectation

³ A rate rider expressed as a percentage for the recovery in kind of unaccounted for gas (UFG) and fuel gas.

⁴ Application 1482246 Retailer Service - Board confirmation that ATCO Gas should continue to treat the DFSS system as work-in-progress until the implementation of Retailer Service attached as [Appendix 4](#).

of the one-year test to be completed in fall 2007. Subsequently, the results will be assessed by interested parties and the Board. Consequently, the Board considers this CCA concern will be further addressed in due course.

Board Direction 4, p. 15

Additionally the Board directs ATCO Gas to discuss the conceptual approach of the proposed administration of load balancing and account balancing practices for the Low Use, High Use and Irrigation Rate Groups in the short term as well as the transition process envisioned in association with the Retailer Service process in the Compliance Filing to assist the Board with respect to the practicality of immediately eliminating the existing rates differentiating between default supply and competitive gas supply.

The Board has reviewed the CCA submission and ATCO Gas' explanation. The CCA reiterated its position that, as discussed in Board Direction 3, DSP customers continue to provide load balancing services to competitive supply customers pending the implementation of Retailer Service. As referenced above, although the Board continues to be concerned that DSP customers continue to effectively load balance the distribution system by balancing ATCO Gas' FSU accounts on ATCO Pipelines, the Board approved the extended time frame for testing of the DFSS system in its letter of May 30, 2007.

The Board also notes that ATCO Gas has revised its Terms and Conditions for Distribution Access Service (DAS) and Terms and Conditions for Distribution Services Connections (DSC) to be consistent with and applicable to the appropriate rate groups. The CCA did not express concerns regarding the proposed Terms and Conditions. The Board considers that the modifications to the Terms and Conditions proposed by ATCO Gas appropriately capture the concept that the existing account balancing and load balancing practices will continue until such time as new procedures associated with Retailer Service may be approved. The Board concurs with ATCO Gas that implementing the High Use group change will allow ATCO Gas to directly bill the current Rate 13 customers using the ATCO-CIS system thereby alleviating the necessity for a Board exemption related to Directive 12 of the Alberta Tariff Billing Code, Item 2.2. Currently the Rate 13 retailers have daily information for their accounts administered by ATCO Pipelines, as agent for ATCO Gas; consequently these customers are not billed in the ATCO-CIS system and have required an exemption. Additionally, ATCO Gas has identified that this change in billing processes would assist in DFSS testing to include those customers who are not currently billed using the ATCO-CIS system. The Board is satisfied with ATCO Gas' explanation and that it is in compliance with the Board's direction. The Board also considers that the changes to the DAS Terms and Conditions are appropriately consistent with the change in billing procedures proposed for Rate 13 customers.

The Board notes that ATCO Gas appropriately updated the definitions for *Customer Usage Information* in both the DAS and DSC Terms and Conditions consistent with the transition in terminology to use Low Use, High Use and Irrigation customer classifications.

Board Direction 5, p. 17

Notwithstanding ATCO Gas' assertion that the functions were established in previous proceedings, the Board notes that the Customer Service function is new. The Board also observes that previously Load Balancing and Load Settlement had been combined as one function. Also the functions of Customer Enrollment and Customer Information System were identified in the unbundling process, but have not been carried forward as separate

functions. Further, the Board notes that there are no costs associated with the Gas Supply function and therefore questions its continued purpose. Finally, in the same way Distribution Meters are considered a separate function, could Services and Distribution Mains be considered separate functions? The Board directs ATCO Gas to provide the rationales that address these matters when it files a Compliance Filing to this Decision.

The Board has reviewed the CCA submission and ATCO Gas' explanation. The Board accepts ATCO Gas' explanation that it is not currently feasible or beneficial from a rate making perspective to separate the functions associated with Customer Enrollment and Customer Information System. With respect to separating mains and services in the next Phase II application as contemplated by the CCA, the Board notes that ATCO Gas would have difficulty in assuring the operating and maintenance expenses could be accurately assigned between mains and services, consequently the Board is not prepared to direct ATCO Gas to incur the associated costs. The Board is satisfied that ATCO Gas is in compliance with the Board's direction.

Board Direction 6, p. 17

Upon review of the filed material it appears to the Board that ATCO Gas has not filed a summary as directed in Decision [2003-108](#),⁶¹ which stated as follows:

The Board therefore directs ATCO Gas to add to its COSS a summary of the costs of each of the functions in a rate format.⁶²

ATCO Gas is directed to file the summary in the Compliance filing.

⁶¹ Decision 2003-108 – ATCO Gas 2003 Gas Rae Unbundling (Application 1303682) (Released: Dec 18, 2003)

⁶² Decision 2003-108, Direction 3, p. 54

The Board has reviewed comments of the parties and the summary of proposed rates broken down by cost function for each of the proposed Rate Groups. The Board is satisfied that ATCO Gas is in compliance with the Board's direction.

Board Direction 10, p. 69

No party expressed concern with the fact that ATCO Gas used North service line installation and disconnection data as a surrogate for the South, and at this time, the Board is prepared to accept this approach for the purposes of this proceeding. However, in order to determine whether this surrogate approach will be accepted in the future, ATCO Gas is directed, as part of the Compliance Filing, to provide an estimate of the cost to gather the necessary historical South data (number of service lines by pipe size) required to perform the Services Minimum Plant OD Method separately for the South.

The Board notes that as outlined in Decision 2007-026,⁵ ATCO Gas used north service line data (pipe size and number of installations) as a surrogate for the South because the data necessary to perform the South analysis was not readily available. This data was required to perform the Services Minimum Plant OD Method which was used to determine the amount of distribution service costs for account 473 that should be classified to the customer and demand components.

⁵ Page 60, footnote #149

ATCO Gas proposed three alternatives for addressing the historical number of service lines by pipe size for the South. Alternative 1 would determine the number of services by pipe size by going through each service work order and it was estimated that this alternative would take 40,250 hours to complete at a cost of over \$1 million. Alternative 2 would estimate the number of services by pipe size by using a sampling process on service work orders with a sample sized as such to ensure that a significant level of confidence could be placed on the results and it was estimated that this alternative would take about 800 hours to complete at a cost of about \$20,000. Alternative 3 was to continue using the North information as a surrogate for the South and to use a review process to assess the continued applicability and accuracy.

ATCO Gas indicated that it believed that either of Alternatives 2 or 3 were reasonable alternatives. In the event that ATCO Gas is required to incur any incremental costs associated with performing this work, ATCO Gas suggested that it should be able to recover those costs either through the incorporation of a forecast in its upcoming 2008-2009 GRA, or through the use of a deferral account.

The Board notes the CCA considered that the Board should make the determination regarding the value of the information.

While the Board considers that Alternative 1 would provide the most accurate results, the Board does not consider it appropriate that ATCO Gas incur the estimated costs associated with this alternative in order to obtain data for the purpose of classifying costs, especially when the difference between the actual South findings and actual North data is unknown.

The Board considers that the sampling process described in Alternative 2 represents a cost effective compromise and directs ATCO Gas to proceed in that fashion and report the findings in its next Phase II GRA application. The Board understands that the sample will include a random selection of service lines from all service locations, vintages and sizes. The Board considers that the associated costs will not reflect a material amount and that the costs can be absorbed as part of operating expenses without the need for incremental funds. If the results of the sampling process confirm that the North service line information can effectively be used as a surrogate for the South, the Board concurs with ATCO Gas that the North service line information could continue to be used as a surrogate for the South, subject to a similar review process as outlined by ATCO Gas in Board Direction 10 Attachment 1.⁶ This verification review process should demonstrate that recent South installations and North installations continue to be similar.

While ATCO Gas suggested that a sampling process ought to be undertaken for the South each time a Phase II application is prepared, if the sample results do not support use of the North service line information as a surrogate for the South, the Board considers it reasonable that a new South sampling process only needs to be completed for the purposes of a Phase II application if the previous sampling process was conducted more than five years previously or if the mix of pipe sizes in recent service line installations is materially different than the historical mix.

The Board notes from Attachment 1 in Board Direction 10 that ATCO Gas has been collecting service installations by size for the South since 2003. To facilitate any verification review

⁶ ATCO Gas provided an example of a review process where the number of service installations (less disconnects) by pipe size were compared between the North and South for the most recent four year period (2003-2006).

process and to develop a data base the Board directs ATCO Gas to continue to collect relevant data on a going forward basis for the South to document installations by size.

Board Direction 11, p. 73

The Board directs ATCO Gas to utilize the average customer numbers approved in the Phase I proceeding in its refileing.

The Board notes ATCO Gas' explanation that the difference in average customer numbers is related to the removal of Fort Mackay from the forecast as directed in Phase I. The Board is satisfied that ATCO Gas is in compliance with the Board's direction.

Board Direction 12, p. 73

The Board directs ATCO Gas to utilize the throughput approved in the Phase I proceeding in its refileing.

The Board notes ATCO Gas' explanation that the difference in throughput is related to the removal of Fort Mackay from the forecast as directed in Phase I. The Board is satisfied that ATCO Gas is in compliance with the Board's direction.

Board Direction 13, p. 85

Given the Board's conclusion that an adjustment to the ATCO Gas methodology to better reflect diversity in the allocation of demand related costs as it relates to temperature sensitive customers is appropriate and the Board's concerns that the Calgary proposal lacks sufficient evidentiary support to support a 10% adjustment, the Board has determined to utilize the Calgary proxy approach but to make adjustment using -36°C rather than -34°C. Accordingly, the Board will require an adjustment to the allocation of the demand component of costs by directing ATCO to incorporate the temperature of -36°C into its NCP determination for temperature-sensitive customers in its refileing for both the North and the South. The Board cautions that this adjustment is solely for the purpose of determining the NCP for cost allocation purposes and notes that it is not proposing in this Decision any adjustment to the one hour design temperature of -40°C for the purposes of system design criteria.

The Board has reviewed the Application and notes that the CCA considers ATCO Gas to have complied with the direction. The Board considers that ATCO Gas is in compliance with the Board's direction.

Board Direction 17, p. 96

The Board directs ATCO Gas to limit the Low Use and Irrigation fixed charge to 90% of the level determined in the updated COSS in its refileing.

The Board notes that ATCO Gas provided rates based on the Low Use and Irrigation Fixed Charge set to recover 90% of the allocated Customer costs derived by the revised COSS filed in accordance with Board Direction 13 using a Revenue to Cost ratio of 100%.

ATCO Gas also calculated 2007 shortfall amounts for the North and South in order to true-up the revenue requirement deficiency associated with the 2007 months prior to approval of final 2007 rates. In addition to this revenue requirement true-up, ATCO Gas calculated adjustments

assuming that riders would align the collections by rate group to the COSS retroactively to January 1, 2007. The 2007 shortfall amounts calculated by ATCO Gas in association with a September 1, 2007 implementation are shown in Table 1.

Table 1. 2007 Revenue Shortfall (Refund) for Rider Recovery

	North (\$000)	South (\$000)
2007 shortfall associated with rate true-up for period prior to September 1, 2007 ⁷	1306	(778)

Additionally the rider calculations incorporate other outstanding adjustments previously approved by the Board as described in Table 2 below.

Table 2. Other Revenue Shortfall (Refund) for Rider Recovery

	North (\$000)	South (\$000)
Shortfall relating to 2005 and 2006 in 2005-2007 GRA ⁸	(113)	1,003
Outstanding Adjustments from 2003-2004 GRA ⁹	(324)	(16)
Return of Stores Block Proceeds ¹⁰		419
South FSC Deferred Account ¹¹		(790)
South OPD Deferred Account ¹²		2,511
Benchmarking Contracts ¹³	425	425
Total	(12)	3,552

The combined total shortfall and proposed riders calculated by ATCO Gas by rate group based on the 2007 COSS allocated costs are shown in Table 3 for ATCO Gas North.

⁷ Application Attachment G North Zone – 2007 Rider Calculation and Attachment H South Zone – 2007 Rider Calculation

⁸ Decision [2007-036](#) – 2005-2007 General Rate Application – Phase I Third Compliance Filing to Decision 2006-004 Part B (Application 1502769) (Released: May 15, 2007) Schedule A-2(A), page 3 of 6, line 15 and Schedule A-2(B), page 4 of 6, line 15

⁹ Decision 2007-036, Schedule A-2(A), page 3 of 6, line 16, Schedule A-2(B) page 4 of 6, line 16 and Application 1502769 Third Compliance Filing to Decision 2006-133, Reply Submission Attachment 1, Schedule A, March 27, 2007, line 50

¹⁰ Decision 2007-036, p. 5

¹¹ Decision [2006-095](#) – ATCO Pipelines 2006 Other Pipeline Receipt Deferred Account (Application 1458812) (Released: September 26, 2006), p. 14

¹² Decision [2007-007](#) – ATCO Pipelines 2006 Other Pipeline Delivery Deferral Accounts (Application 1465142) (Released: January 30, 2007), p. 23

¹³ Order [U2007-111](#), ATCO Electric Ltd., ATCO Gas and ATCO Pipelines Application for Approval of the Contracts, Cost and Allocation of the Costs Associated with the Benchmarking of Information Technology (Application 1509540) (Released: April 23, 2007)

Table 3. ATCO Gas North 2007 Rider Calculation

Rate Group	Total Shortfall (\$000)	September 1, 2007 Rider
Low	1,193	1.622%
High	101	1.848%
	1,294	

The combined total shortfall and proposed riders calculated by ATCO Gas by rate group based on the 2007 COSS allocated costs are shown in Table 4 for ATCO Gas South.

Table 4. ATCO Gas South 2007 Rider Calculation

Rate Group	Total Shortfall (\$000)	September 1, 2007 Rider
Low	3,259	5.025%
High	(487)	-7.786%
Irrigation	2	2.198%
	2,774	

The Board notes that the CCA considered ATCO Gas to have complied with the direction of the Board. In the circumstances of this application, including the timing of the proposed implementation of rates and the amounts of the proposed rider adjustments, the Board considers it appropriate to implement final rate changes as soon as possible. The Board also considers that it is desirable to implement true-up riders as soon as possible to facilitate recovery of the approved 2007 revenue requirement but in a manner consistent with Decision 2007-026 where the Board indicated the following:¹⁴

The Board continues to view it as appropriate, absent unusual circumstances, that rate adjustments should be made prospectively even when the utility has been operating under interim rates. The Board continues to hold the view as expressed in Decision 2006-062 that any additional rate adjustments ought to be confined to the final year of the 2005-2007 GRA test period. Accordingly, the rates for 2005 and 2006 are hereby made final. Rates for 2007 will be addressed in the decision to the refiling application which would anticipate a rider to true up any revenue requirement deficiency associated with the 2007 months prior to approval of final 2007 rates.

The referenced rider is a true-up for the revenue requirement deficiency but also incorporated a retroactive adjustment to align collections by rate group to the COSS for the time period from January 1, 2007 until the implementation of the new rates. The Board considers this second adjustment to be inconsistent with the practice ordinarily adopted by the Board and referred to in the above quote which is to prospectively adjust rates. Accordingly, the Board directs ATCO Gas to refile the rate rider calculations and rate schedules to collect the approved revenue requirements and Table 2 adjustments, such that the rate rider will prospectively realign rates at the time of implementation on September 1, 2007. The Board does not consider these adjustments will warrant additional process or comments, and does not anticipate the adjustments will defer the implementation. Other than this adjustment, the Board is satisfied that ATCO Gas is in compliance with the Board's direction.

¹⁴ Decision 2007-026, p. 98

Board Direction 18, p. 96

The Board directs ATCO Gas to include interactive sensitivity assessments illustrating utilization of a 95/105% target tolerance, as well as its proposed 100% recovery, in its compliance filing.

The Board notes that the CCA considered ATCO Gas to have complied with the direction of the Board. The Board notes ATCO Gas' comment that the analysis demonstrates that a small variation in the Revenue to Cost Ratio for the Low Use Rate Group from 100% of the revenue to cost ratio will have a significant impact on recovery of revenue requirement allocated to that class given that this Rate Group represents over 90% of the allocated revenue requirement for ATCO Gas. ATCO Gas continues to recommend the use of 100% recovery from all Rate Groups. After reviewing the results of the sensitivity studies provided by ATCO Gas, the Board considers that there is no compelling need in the circumstances of this application to adjust the revenue to cost ratios from the 100% recovery proposed by ATCO Gas. The Board is satisfied that ATCO Gas is in compliance with the Board's direction.

Board Direction 19, p. 97

The Board would be assisted by an assessment in the compliance filing that includes, as a minimum, comparisons of annual costs for typical customers in each rate class associated with the rates that were approved as of January 1, 2005; current interim rates with and without riders; and the refiled rates proposed in association with the 2005-2007 GRA at varying revenue to cost ratios, and directs ATCO Gas to provide this in its compliance filing.

The Board notes that the CCA considered ATCO Gas to have complied with the direction of the Board. The Board considers that it is informative to review the impact of the proposed rate changes to assess if the proposed implementation may create excessive rate shock to any rate group. Complete sensitivity comparisons of annual costs for all rate groups at different consumption levels were provided by ATCO Gas and are attached in [Appendix 3](#).

Based upon the data in Appendix 3, the Board has prepared Table 5 for the North and Table 6 for the South to provide a summary of annual costs and percentage rate changes comparing the current rates and proposed rates for each customer class for 2007.

Table 5. ATCO Gas North 2007 Comparison of Existing Interim Rates which Reflect Adjustment Riders and Proposed Annual Cost and % Adjustment for Typical Consumption by Rate Class Summarized by the Board

Rate Group	Annual Consumption (GJ)	Existing Rates Including Riders ¹⁵ (\$)	Proposed Rates (\$)	Change (%)
Low Use/Rate 1/11	130	343	345	0.6
High Use/Rate 3	15,000	14,387	14,405	0.1
High Use/Rate 13	100,000	42,146	43,895	4.2

¹⁵ Including Rider G

Table 6. ATCO Gas South 2007 Comparison of Existing Interim Rates which Reflect Adjustment Riders and Proposed Annual Cost and % Adjustment for Typical Consumption by Rate Class Summarized by the Board

Rate Group	Annual Consumption (GJ)	Existing Rates Including Riders ¹⁶ (\$)	Proposed Rates (\$)	Change (%)
Low Use/Rate 1/11	130	334	337	0.9
High Use/Rate 3	15,000	14,645	13,908	(5.0)
High Use/Rate 13	100,000	52,473	50,275	(4.2)
Irrigation/Rate 5/18	1,000	1,253	1,282	2.3

While the Board notes that the adjustment in rate rider calculations discussed in Direction 17 will create a minor shift in the proposed rates and percentage changes illustrated in Tables 5 and 6, the Board does not consider that the comparisons reflect undue rate shock compared to current rates including riders on an annual basis to any customer rate group. The Board is satisfied that ATCO Gas is in compliance with the Board's direction.

3 COMPLIANCE FILING AS A WHOLE

The Board refers to Professor Bonbright's criteria or rate structure attributes¹⁷ which were summarized and commented on by the Board in Decision U96055¹⁸ and in Decision 2004-079¹⁹ in the following words:

¹⁶ Including Rider J

¹⁷ Principles of Public Utility Rates (2ed), James C. Bonbright, Albert L. Danielsen and David R. Kamerschen Public Utilities Reports, Inc., 1988 at P 383-384

Revenue-related Attributes:

1. Effectiveness in yielding total revenue requirements under the fair-return standard without any socially undesirable expansion of the rate base or socially undesirable level of product quality and safety.
2. Revenue stability and predictability, with a minimum of unexpected changes seriously adverse to utility companies.
3. Stability and predictability of the rates themselves, with a minimum of unexpected changes seriously adverse to rate-payers and with a sense of historical continuity. (Compare "The best tax is an old tax.")

Cost-related Attributes:

4. Static efficiency of the rate classes and rate blocks in discouraging wasteful use of service while promoting all justified types and amounts of use:
 - (a) in the control of the total amounts of service supplied by the company;
 - (b) in the control of the relative uses of alternative types of service by ratepayers (on-peak versus off-peak service or higher quality versus lower quality service).
5. Reflection of all of the present and future private and social costs and benefits occasioned by a service's provision (i.e., all internalities and externalities).
6. Fairness of the specific rates in the apportionment of total costs of service among the different ratepayers so as to avoid arbitrariness and capriciousness and to attain equity in three dimensions: (1) horizontal (i.e., equals treated equally); (2) vertical (i.e., unequals treated unequally); and (3) anonymous (i.e., no ratepayer's demands can be diverted away uneconomically from an incumbent by a potential entrant).
7. Avoidance of undue discrimination in rate relationships so as to be, if possible, compensatory (i.e., subsidy free with no intercustomer burdens).

The Board agrees with parties that the basic attributes of an appropriate rate design include simplicity, understandability and public acceptability; freedom from controversy; effectiveness in achieving revenue sufficiency and in providing revenue and rate stability; fairness in the apportionment of total costs and avoidance of undue discrimination; and the encouragement of efficiency. The weight to be given to each of these characteristics will depend largely on the desired balance between various goals, objectives and interests. The Board does not believe that there exists a rate design which will accommodate all interests and satisfy each and every individual shipper.

Professor Bonbright acknowledged, however, that his list of criteria is ambiguous, overlapping and fails to offer any rules of priority in the event of conflict.²⁰ There is a need to strike a balance in order to meet the interests of all stakeholders. The Board also recognizes that the circumstances for each application are different from other applications and therefore, the weighting and prioritization for the criteria may vary for each application.

With respect to this Application, the Board considers that the rates proposed by ATCO Gas strike an appropriate balance when assessed against Professor Bonbright's criteria. In particular, the Board notes the criteria of rate stability, rate predictability, fairness in the apportionment of costs and effectiveness in achieving revenue sufficiency have all been demonstrated by the proposed rates.

Other than the minor adjustment to the rate rider calculations as directed in Direction 17, the Board is satisfied that the filing is in compliance with the Board's Directions. The Board directs ATCO Gas to refile the rate schedules incorporating the adjustments to the rate riders within 5 business days of the issuance of this decision. The Board notes that ATCO Gas has indicated that for the proposed rates to be in place by September 1, 2007 a Decision must be received by August 1, 2007. Since this Decision is being released on July 31, 2007 the Board hereby approves rates to commence effective September 1, 2007, subject to receipt and Board approval of the refiled rate schedules adjusting the riders. The summary of final rates for North and South (not including riders) is shown in [Appendix 1](#).

The Board has reviewed the DAS and DSC Terms and Conditions of Service and notes that no parties expressed concerns with the proposed amendments to the Terms and Conditions that were approved in Decision 2006-075.²¹ The Board approves the revised Terms and Conditions as

8. Dynamic efficiency in promoting innovation and responding economically to changing demand and supply patterns.

Practical-related Attributes:

9. The related, practical attributes of simplicity, certainty, convenience of payment, economy in collection, understandability, public acceptability, and feasibility of application.

10. Freedom from controversies as to proper interpretation.

¹⁸ Decision U96055 NOVA Gas Transmission Ltd. 1995 General Rate Application - Phase II (File 16003) (Released: June 12, 1996) p. 24

¹⁹ Decision 2004-079 ATCO Pipelines 2004 General Rate Application – Phase II (Application 1315997) (Released: September 24, 2004) p. 49

²⁰ Principles of Public Utility Rates (2ed), James C. Bonbright, Albert L. Danielsen and David R. Kamerschen Public Utilities Reports, Inc., 1988, p. 384

²¹ 2003-2004 General Rate Application Phase II, Part 2 Terms and Conditions of Service, dated July 27, 2006

submitted in the Compliance Filing and discussed in the sections dealing with Board Directions 3 and 4. The approved Terms and Conditions are attached in [Appendix 2](#).

4 ORDER

IT IS HEREBY ORDERED THAT:

- (1) ATCO Gas adjust the rate rider calculations to implement the COSS adjustments among rate groups on a prospective basis commencing September 1, 2007, and file the adjusted rate schedules and riders with the Board within 5 business days of receipt of this Decision.
- (2) The Terms and Conditions as attached in Appendix 2 are approved as final for ATCO Gas effective on and after September 1, 2007.

Dated in Calgary, Alberta on July 31, 2007.

ALBERTA ENERGY AND UTILITIES BOARD

(original signed by)

B. T. McManus, Q.C.
Presiding Member

(original signed by)

J. I. Douglas, FCA
Member

(original signed by)

Gordon J. Miller
Member

APPENDIX 1 – SUMMARY OF FINAL RATES

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Appendix 1 -
Summary of Final Rat

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APPENDIX 2 – TERMS AND CONDITIONS

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Appendix 2 - DAS
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(Consists of 70 pages)



Appendix 2 - DSC
Tand C

(Consists of 42 pages)

APPENDIX 3 – COMPARISON OF ANNUAL COSTS FOR TYPICAL CUSTOMERS AT VARIOUS RATES

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Appendix 3 - North
Annual Cost Compari

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Appendix 3 - South
Annual Cost Compari

(Consists of 9 pages)

APPENDIX 4 – BOARD LETTER OF MAY 30 2007 DFSS COSTS

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Appendix 4 - Board
Letter May 30 2007 D

(Consists of 2 pages)

EUB Decision 2007-026
Board Direction #17

ATCO Gas South
Proposed COSS Methodology & New Rate Structure
2007 Costs and Revenues (\$000)

Rate	Customers	Throughput (GJ)	Billing Demand GJ/yr	Distribution Rates			Production & Storage	Revenue Proposed Rates					AGS Total Costs	Revenue to Cost Ratio
				Fixed \$/mo	Energy \$/GJ	Demand \$/GJ/mo		Fixed Revenue	Energy Revenue	Demand Revenue	Total Revenue	% of Revenue		
Low	485,291	84,051,000		16.906	0.877		0.116	98,452	83,463	-	181,915	90.5%	181,910	100.0%
High	1,079	27,918,000	2,038,000	18.999	0.000	7.233	0.116	246	3,238	14,741	18,225	9.1%	18,229	100.0%
Irrig	<u>671</u>	<u>627,000</u>	<u>-</u>	28.390	0.787		0.116	<u>229</u>	<u>566</u>	<u>-</u>	<u>795</u>	<u>0.4%</u>	<u>795</u>	<u>100.0%</u>
	<u>487,041</u>	<u>112,596,000</u>	<u>2,038,000</u>					<u>98,927</u>	<u>87,267</u>	<u>14,741</u>	<u>200,935</u>	<u>100.0%</u>	<u>200,934</u>	<u>100.0%</u>
								Rate Design Shortfall/(Over Recovery)			(1)			
								Income Credits			5,887			
								Deferred Storage - net			(194)			
								Schedule C Changes			228			
								Franchise Fees			81,405			
								Total Utility Revenue Requirement			<u>288,260</u>			

**EUB Decision 2007-026
Board Direction #17**

**ATCO Gas North
Proposed COSS Methodology & New Rate Structure
2007 Costs and Revenues (\$000)**

Rate	Customers	Throughput (GJ)	Billing Demand GJ/yr	Distribution Rates			Revenue Proposed Rates					AGN Total Costs	Revenue to Cost Ratio
				Fixed \$/mo	Energy \$/GJ	Demand \$/GJ/mo	Fixed Revenue	Energy Revenue	Demand Revenue	Total Revenue	% of Revenue		
Low	485,429	94,180,000		18.404	1.012	0.000	107,206	95,310	-	202,516	92.2%	202,522	100.0%
High	1,148	25,276,000	1,974,000	20.398	0.000	8.509	281	-	16,797	17,078	7.8%	17,072	100.0%
Irrig	-	-		-	-	-	-	-	-	-	0.0%	-	0.0%
	<u>486,577</u>	<u>119,456,000</u>	<u>1,974,000</u>				<u>107,487</u>	<u>95,310</u>	<u>16,797</u>	<u>219,594</u>	<u>100.0%</u>	<u>219,594</u>	<u>100.0%</u>
Rate Design Shortfall/(Over Recovery)										0			
Income Credits										8,585			
Deferred Storage - net										-			
Schedule C Changes										248			
Franchise Fees										54,059			
Total Utility Revenue Requirement										<u>282,486</u>			

APPENDIX 2 – DISTRIBUTION ACCESS SERVICE TERMS AND CONDITIONS

**TERMS AND CONDITIONS
FOR
DISTRIBUTION ACCESS SERVICE**

EFFECTIVE SEPTEMBER 1, 2007

Effective September 1, 2007

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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 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 distribution system for the purposes of allowing them to sell Gas directly to end-use Customers. An end-use 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, including, but not limited to, Retailer/DSP billing and load settlement. 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 Terms and Conditions for Distribution Service Connections 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 distribution 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 Energy and Utilities Board ("EUB"), 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 EUB. These Terms and Conditions have been approved by the EUB.

Effective September 1, 2007

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 and Pipelines Ltd. which contains the daily and cumulative quantity(ies) of Gas received from each Shipper/Retailer/DSP and/or its designated supplier(s), the daily delivery(ies) to the end-use location(s) to which that Shipper/Retailer/DSP is entitled to deliver, and any applicable adjustments;

"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 Settlement" means the processes identified in Article 13 of these Terms and Conditions;

"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, nominations, account management and balancing and payment of invoices;

"ATCO Gas Account" means a transportation Account held by the Company on ATCO Pipelines' Transmission System which is used to manage the delivery of Gas to Distribution Interconnections;

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"ATCO Pipelines" means the operating division of ATCO Gas and Pipelines Ltd. that is responsible for the operation and management of the Transmission System;

"Board" or *"EUB"* means the Alberta Energy and Utilities Board established under the *Alberta Energy and Utilities Board Act*, R.S.A., 2000, c. A-17, as amended from time to time;

"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;

"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 ATCO Gas and Pipelines Ltd. 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, and provided by the Company;

"Customer Information" means Customer name, Customer telephone number, Customer mailing address, Site contact name, Site contact phone number and other safety related information required to provide safe Gas Distribution Service to Customers;

Effective September 1, 2007

"*Customer Usage Information*" means information regarding the historical Gas consumption of a Customer and includes:

Low Use & Irrigation Customers

- Site ID;
- annual normalized Energy by Month (GJ);

High Use Customers

- Site ID;
- actual Daily Energy by Month (GJ) or
- actual peak Energy by Month (GJ); and
annual normalized Energy by Month (GJ);

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

"*Default Supply Provider*" 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 Board and terms or conditions fixed by the Board;

"*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;

"*Distribution Interconnection*" means a location where ATCO Pipelines' Transmission System connects to Company's distribution system;

"*DSP*" means Default Supply Provider;

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

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"Forecast" means an estimate of Customer Load prepared for the current or future Day using, without limitation, forecast temperature in the calculation;

"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, 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 AEUB 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;

"Fuel Gas" means Retailer's/DSP's share of Company's distribution fuel gas;

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

"Gas Distribution Service" means the service required to transport Gas to Customers by means of a Gas Pipeline System, and includes any services the gas distributor is required to provide by the Board or is required to provide under the Act or Regulations made thereunder;

"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);

Effective September 1, 2007

"Gas Services" 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;

"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 quantities of Gas received and Gas delivered, net of adjustments. Imbalance is usually expressed on the basis of a Day or Month (as the sum of Imbalances each Day in the Month) or may be expressed as a percentage of Gas deliveries;

"Imbalance Account" shall have the meaning ascribed thereto in Article 13.1.1(b) of these Terms and Conditions;

Effective September 1, 2007

"Imbalance Window" means the percentage of total daily delivery, as specified in Company's Rate Schedules, that an Account Imbalance is allowed to deviate from zero without action being taken to adjust receipts into or deliveries from that Account;

"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;

"Load Balancing" means the process each Day, or within each Day, of managing receipts in order to meet the physical operating requirements of a pipeline network at any point in time;

"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;

"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;

"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 1) a specified rate of flow commencing at a specified time, or 2) a specified quantity on a specified date;

"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;

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"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 Retailer/DSP 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 EUB, as amended from time to time;

"Retailer" means a person who sells or provides 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 regular Retailer or a DSP as is specified in the Company's Customer Choice 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 for the transactions between the Company and the Retailer/DSP in relation to the provision of service under these Terms and Conditions;

"Retailer Identification" means the 9 digit number that uniquely represents each Retailer/DSP operating within Alberta. The Canada Revenue Agency business number will be used as the Retailer Identification or as amended in the Company's Retailer Guide;

"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, and thereby recognized

Effective September 1, 2007

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 EUB applicable to Retailer/DSP Accounts for the recovery in kind of Unaccounted For Gas;

"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 Terms and Conditions for Distribution Service Connections;

"Shipper" means an entity that holds firm or interruptible transportation service on ATCO Pipelines' Transmission System. For clarity, the Company is a Shipper and holds service on behalf of all of its Retailers/DSP (see "ATCO Gas Account");

"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 the Customer/Retailer/DSP which are connected to the Gas Pipeline System and are required to transport Gas;

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

Terms and Conditions for Distribution Access Service

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"Transmission Transportation Service" means a service provided by ATCO Pipelines to transport certain quantity(ies) of Gas to or from a specific location(s) on behalf of a Shipper, which is subject to ATCO Pipelines' Transportation Service Regulations and Business Policy and Practices;

"Unaccounted For Gas" means Customer's share of Company's Unaccounted for Gas, as specified in rate Rider D of the Company's Rate Schedule.

2.2 Conflicts

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

Effective September 1, 2007

ARTICLE 3 – GENERAL PROVISIONS

3.1 Board Approval

These Terms and Conditions have been approved by the Board. The Company may amend these Terms and Conditions by filing a notice of amendment with the Board. Included in the notice to the Board 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. The Board will acknowledge the notice of the amendment to the Terms and Conditions within 60 days after such notice is filed, or the Board will direct a further process to deal with the requested change as the Board deems to be appropriate.

3.2 Rate Schedule

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

3.3 Effective Date

These Terms and Conditions come into force on August 1, 2006. Whenever the Company files notice of an amendment to these Terms and Conditions, or when the Board 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.

Effective September 1, 2007

- (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 Board.

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 Gas Pipeline Systems necessary to provide Distribution Access Service, 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 a Gas Pipeline System does not entitle Retailers/DSP or Customers to ownership of any such Gas Pipeline System, unless an agreement between the Company and the Retailer, DSP or Customer specifically provides otherwise.

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3.7 New Gas Pipeline System, 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 Systems, 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 Terms and Conditions for Distribution Service Connections.

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 for Gas owned by or transported for others, or remove certain hydrocarbon components present in the Gas. As commingling, exchanging, or

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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, 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 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 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 the Natural Gas Billing Regulation A.R. 185/2003, as amended from time to time and 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).

Terms and Conditions for Distribution Access Service

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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 and for arranging the delivery of such Gas to the Point of Delivery for Customers, 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.

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

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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 Rate Schedule. All additional, supplementary or extra non-discretionary services provided by the Company to a Retailer/DSP 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 on Distribution Access Service, the Company shall:

- (a) make available notification and informational materials to consumers about competition and consumer choices;
- (b) direct Customers to a source where they may obtain the current list of licensed Retailers maintained in accordance with the Fair Trading Act. The Company is under no obligation to assure the accuracy of this list.

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

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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*

- (a) The Company shall provide Customer Usage Information to a Retailer or DSP that has a Distribution Access Service Agreement in place with the Company upon request and upon receiving consent from the Customer 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.
- (b) A Retailer may request Customer Usage Information prior to an application for enrollment by obtaining and submitting to the Company the authorization from the Customer in a form as set out in the Retailer Guide.
- (c) A Retailer shall submit written electronic requests for Customer Usage Information based on Site ID.
- (d) The Company will normally process requests within five (5) Business Days of receiving notification from the Retailer. If the Company determines that it cannot process the request within five (5) Business Days, the Company shall notify the Retailer 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

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Company reserves the right to assess a charge for additional Customer Usage Information requests as set forth in Schedule C hereof.

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 acceptable to the Company, as agreed to by the Company and the Retailer/DSP. 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 for additional processing work undertaken by the Company as a result of inaccurate Customer Information provided by the Retailer/DSP, as set forth in Schedule C hereof.

ARTICLE 6 – PROVISION OF SERVICE

6.1 Qualification for Service

6.1.1 Qualification for Service for DSP

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

- (a) submit to the Company a fully completed, executed Distribution Access Service Agreement and a Retailer of Record and Credit Application Form as set out in the Retailer Guide;
- (b) warrant in writing to the Company that it will comply with the guidelines established in the Retailer Guide;

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- (c) meet the compliance testing protocol of the Company in respect of information exchange, which protocol is set forth in the Retailer Guide;
- (d) 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 Board 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 Board for approval of the proposed additional requirement prior to implementing same.

6.1.2 Qualification for Service for Retailers

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

- (a) the requirements set out in 6.1.1 (a) through (d) above;
- (b) satisfy the credit requirements of the Company as set forth in Article 11 hereof and the Natural Gas Billing Regulation A.R. 185/2003, as amended from time to time;

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- (c) (1) for Retailers, providing Gas Services to core Customers, 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 non-core consumers (as defined within the Natural Gas Direct Marketing Regulation A.R. 186/99) 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.

6.1.3 *Provision of Distribution Access Service*

Upon satisfaction of the above requirements, 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.

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 Retailer Guide. The Retailer/DSP shall provide updated Customer Information with each application for Site Enrollment where applicable.
- (b) The Company will, subject to the Retailer/DSP meeting the provisions of these Terms and Conditions, accept an enrollment by a Retailer/DSP for provision of Distribution Access Service hereunder. The Company reserves the right to verify

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the identity of the Customer and the accuracy of the Customer Information. The Company may reject the enrollment if any information required in the application, including the Customer Information and Retailer Business Function Identification, provided by the Retailer/DSP is false, incomplete or inaccurate in any respect.

- (c) Upon receipt of a valid enrollment from a Retailer/DSP in the form and manner set out in the Retailer Guide, the Company will recognize the Retailer/DSP as the Retailer of Record for that particular Site.
- (d) Enrollments will be processed by the Company on a first-come, first-served basis. Each enrollment will be time and date-stamped when received by the Company.
- (e) Enrollments will be accepted by Company from Retailer/DSP on a daily basis. Once the enrollment is submitted, the Company will exercise reasonable efforts to provide the Retailer/DSP, in electronic form, within (2) Business Days, a status notification informing the Retailer/DSP whether the enrollment has been accepted or rejected. If an enrollment is accepted, the effective date of the acceptance and the commencement of Distribution Access Service will be in accordance with the Retailer Guide and will be confirmed in the response to the Retailer/DSP. If an enrollment is rejected, the Company will provide reasons for the rejection.
- (f) 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 schedule an actual read at the time of the enrollment, the Company will estimate a meter read. At the request of the Retailer/DSP, or with the Retailer's/DSP's consent, 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 enrollment is received for a Site while an earlier enrollment is pending, only the first valid enrollment received by the Company shall be processed in that period.

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- (h) If a Retailer finds that it has enrolled an incorrect Site, that Retailer shall notify the Company as soon as reasonably possible. Upon receiving notice from the Retailer, the Company will notify the previous Retailer to enroll the Site.
- (i) If the Company determines that the Site (Customer) who has been enrolled with the Retailer/DSP is indebted to the Company, the Company reserves the right to disconnect Gas Distribution Service to that Customer as set forth in Article 10 hereof.
- (j) 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 Retail/DSP Billing

The Company will bill the Retailer/DSP for Distribution Access Services provided to the Retailer/DSP in accordance with the 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.
- (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. 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

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Retailer/DSP, if such Retailer/DSP does not pay all outstanding bills in accordance with these Terms and Conditions.

- (d) The Company reserves the right to bill the Customer directly for any amounts required to be provided by the Customer under the Terms and Conditions for Distribution Service Connections. 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 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 13th Business Day following the Business Day on which the Retailer/DSP was invoiced, the amount invoiced by the Company for the preceding period.
- (b) 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.
- (c) 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.
- (d) The Retailer/DSP shall pay all amounts owed to the Company for any of the Distribution Access Services provided by the Company whether or not the Customer has paid the Retailer/DSP.

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- (e) 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.
- (f) 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, the Company will provide the Retailer notice as required below in (b)(1), and will be entitled to draw on the credit facility 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.
- (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 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.
 - (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

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financial deposit, the Company may make the claim or deduct the unpaid arrears without notice.

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 subject 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 to the 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 Retailer/DSP for reviewing billing disputes, in circumstances where the Company has not been responsible for any billing error and a meter test was required, as established in Schedule C hereof.

7.4.2 Unauthorized Use

Where the Company determines that there has been unauthorized use of Gas Services including, but not limited to, meter 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 including repairs of damage or reconstruction of Company's Gas Pipeline System. Nothing in this Article shall limit any other rights or remedies that the Company may have in connection with such unauthorized use.

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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 of the Company's Gas Pipeline System;
- (b) to maintain the safety and reliability of the Company's Gas Pipeline System; or,
- (c) due to any other reason related to dangerous or hazardous circumstances including emergencies, forced outages, potential overloading of the Company's 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.

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ARTICLE 9 – DISCONTINUANCE OF DISTRIBUTION ACCESS SERVICE

This Article, as amended from time to time, specifies the processes for the transactions 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 9.3 herein. This Article does not cover the provisions under which a Customer requests its service to be salvaged.

9.1 Discontinuance by the Retailer

- (a) To discontinue Distribution Access Service, a Retailer shall complete and provide to the Company a notice of de-enrollment of service in the form and manner set out in the Retailer Guide. Such notice shall clearly specify the Retailer's reason(s) for seeking to de-enroll the Site (Customer).
- (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 schedule an actual read at the time of the de-enrollment, the Company will estimate a meter read. At the request of the Retailer or with the Retailer's consent, 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 may reject the notice from the Retailer to the de-enrollment of any Customer if any information provided in the notice, including the Customer Information, provided by the Retailer is false, incomplete or inaccurate in any respect.
- (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 valid notice of de-enrollment of Distribution Access Service from a Retailer in the form and manner set out in the Retailer Guide, the Company will accept the de-enrollment request of the Retailer and will notify the Customer of the pending transaction. If the site is not enrolled by a replacement Retailer within the period set out in the Retailer Guide, the Company will notify the DSP to enroll the site.
- (f) The Retailer shall remain responsible for Gas Services to the Customer Site until a replacement Retailer/DSP is enrolled and in place for the Customer Site.
- (g) The Retailer may revoke a notification to de-enroll a Customer Site as set out in the Retailer Guide.

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

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- (b) the Retailer has failed to meet its credit requirements pursuant to Article 11, or
- (c) the Retailer's license has been revoked by Alberta Government Services.

9.2.3 *Notice of Discontinuance*

Notification of discontinuance will be made electronically to the Retailer/DSP. The Company will provide the Retailer/DSP ten (10) Business Days notice before the Company discontinues Distribution Access Service to the Retailer/DSP. 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 Default Supply Provider.

9.3 **Failure of Retailer to Provide Supply**

The Company may discontinue or restrict Distribution Access Service to Retailer if the Company, in its sole discretion, determines that Retailer has failed to manage its Account in accordance with Article 13 of these Terms and Conditions.

The Company, in its sole discretion, may discontinue or restrict Distribution Access Service to Retailer if Retailer's nomination for Gas supply was refused in whole or in part by the entity which Retailer has nominated Gas supply from and Retailer has failed to restore or replace this supply on the same Day that verbal notice is received from the Company to restore or replace this supply.

Notification of discontinuance will be made electronically to the Retailer. The Company will provide the Retailer notice of one (1) Business Day before the Company discontinues Distribution Access Service to the Retailer. Upon discontinuation of Distribution Access Service pursuant to this Article, the provision of the affected service(s) will be assumed by the DSP.

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ARTICLE 10 – SERVICE DISCONNECTS AND REINSTATEMENT

This Article, as amended from time to time, specifies the processes for the transactions 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 Customer 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 by the Customer; or the Customer failing to meet its obligations under the Terms and Conditions for Distribution Service Connections or any of the terms of the Customer's Natural Gas Service Agreement. If a Customer notifies the Company to 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 provided, or paid the Company's costs of providing, such devices or equipment as may be necessary to resolve such safety problem and to prevent such damage, interference or disturbance. 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 Customer, and the Company shall comply with that request, unless such action is inconsistent with the Company's approved policies contained in Schedule B to these Terms and Conditions.

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- (b) The Retailer/DSP shall remain responsible for all Gas Services to the Customer until a replacement Retailer/DSP has enrolled the Customer at the Site.
- (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 the following Business Day.
- (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 Customer:

- (a) the Retailer/DSP must provide the Company with sufficient notice 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") to the Customer's Retailer/DSP, and the Customer Information on the reinstatement request matches Customer Information on the original CONP disconnect request, then the Company will not reinstate until such time as a disconnect 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 Terms and Conditions for Distribution Service Connections.

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- (d) the Company reserves the right to assess a reinstatement charge 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, 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.

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- (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. 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, 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) Subject to section 6 of the Natural Gas Billing Regulation, A.R., 185/2003, 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 or an irrevocable guarantee. An irrevocable guarantee may only be provided from a person, 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 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,

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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) Subject to Articles 7.3 and 9.2 of these Terms and Conditions, if the Retailer fails to pay any amount billed or fails to present additional security as outlined herein, the Company reserves the right to suspend the provision of additional Distribution Access Service to the Retailer, or discontinue Distribution Access Service entirely 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 these Terms and Conditions must maintain that amount of security until all obligations of the Retailer under the Company's Rate Schedule are satisfied.
- (f) In the event of a default by a Retailer, the Company is entitled to recover as part of its gas distribution tariff any costs not covered by a claim against the Retailer's security under section 9 of the Natural Gas Billing Regulation A.R 185/2003 as amended from time to time.

11.3 Confidentiality

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

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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, R.S.A. 2000, c.R-17, but not less than 2.5% per annum. 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 Customer Billing Information to the Retailer/DSP. The Company will provide and install all meters for each Point of Delivery of a Customer of the Retailer/DSP in accordance with the Company's Terms and Conditions for Distribution Service Connections. 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

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Company shall provide, install, test and maintain the required metering equipment. The metering equipment must be requested or consented to in writing by the Retailer/DSP and meet the Company's requirements. The Retailer/DSP shall bear the cost of providing and installing the metering equipment, and ongoing operating costs as set forth in Schedule C, (4) hereof.

The metering equipment shall become 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 shall bill the Retailer/DSP upon installation, and the Retailer/DSP shall pay the Company in full within thirteen (13) Business Days of receipt thereof. If payment is not received within thirteen (13) Business Days, the Company shall charge interest on the late payment as set forth in the Company's Rate Schedule.

- (b) Notwithstanding Article 3.7, should a Retailer/DSP request or consent to a Customer request to return the metering equipment to its previous basic form, the Retailer/DSP shall bear the cost of removal and installation of the metering equipment.
- (c) At the request by the 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.

12.4 Meter Test and Adjustments

- (a) The Company may inspect and test a meter at any reasonable time. At the request of a Retailer/DSP, the Company shall arrange for on-site meter verification and if necessary, shall arrange for a meter to be 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.

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- (b) 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 for any additional costs that are associated with such metering or meter reading errors.
- (c) The Company reserves the right to assess a charge to the 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, (3) hereof. This charge does not apply to circumstances when the meter tested is found to be faulty.
- (d) If any appliance of a Customer connected to the Company's 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 its 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.

ARTICLE 13 – ACCOUNT BALANCING

13.1 Low Use and Irrigation Delivery Service

The following account balancing procedures apply to Retailers who provide gas services to Low Use and Irrigation Delivery Service customers.

- (a) Subject to the other provisions of this Article, Retailer agrees to tender for transportation at the Point of Receipt the quantity of Retailer's Load, including Retailer's share of the Company's Unaccounted For Gas. The Nomination quantity each Day in each Month shall be determined based on the Company's forecast of Retailer's monthly Load, plus Retailer's share of Unaccounted For

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Gas, plus any applicable adjustment determined in (c), divided by the number of days in the month.

- (b) Imbalance Account: The Company shall maintain an Imbalance Account for each Agreement for each Retailer. Each Imbalance Account shall contain the excess or deficiency, in GJ, between the cumulative Nomination quantities for the Agreement, less Retailer's share of Unaccounted For Gas, and the sum of the cumulative Point of Delivery billing quantities for all Customer's served by Retailer.
- (c) Settlement of Imbalances: At the end of each month, or at such other time as Company updates the Imbalance Account, the excess or deficiency, in GJ, contained in the Imbalance Account shall be settled by Retailer either supplying the deficiency, or by Company reducing subsequent daily nomination quantities. The timing, duration, and rate at which the excess or deficiency is settled shall be by mutual agreement or, failing such agreement, at a constant rate over a 30 day period following the determination of the excess or deficiency. At the time of termination of the Distribution Access Service Agreement, the excess or deficiency, in GJ, contained in the Imbalance Account shall be settled on the same basis as described above. The settlement procedure described in this Article shall be completed no later than three (3) months following the end of each contract year. If, at the end of this time there still exists an amount in the Imbalance Account for the Distribution Access Service Agreement, the excess or deficiency in the Imbalance Account shall be settled by the Company purchasing from or selling to the Retailer the excess or deficiency at the Company's purchase price in effect as of the last day of the three month period.
- (d) Failure of Supply: In the event of a failure of Retailer's supply at the Point of Receipt, as evidenced by Retailer not supplying at the Point of Receipt a quantity of Gas equal to the nomination quantity, then the Retailer shall be charged the Company's Emergency Delivery Service Rate or such other rate as approved by the Board. Without limiting the Company's rights or remedies at law or in equity, the Company shall have the right to recover such charges by claiming against

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the Retailer's or Agent's performance bond which exists to secure due performance by the Retailer or Agent of its obligation under the Distribution Access Service Agreement.

13.2 High Use Delivery Service

The following account balancing procedures apply to Retailers who provide gas services to High Use Delivery Service customers.

- (a) Retailer Account(s) shall be accumulated and recorded by Company, inclusive of the Daily Imbalance Quantity and Cumulative Imbalance Quantity, and made available to Retailer.
- (b) Retailer shall at all times endeavor to maintain the Account Daily Imbalance Quantity at zero, and the Account Cumulative Imbalance Quantity trending toward zero.
- (c) Company has the right to require Retailer to take corrective action to balance the Account Daily Imbalance Quantity to zero, or trend the Cumulative Imbalance Quantity toward zero, and Retailer shall, upon receiving notice from Company, promptly comply with such request.
- (d) In the event the Retailer does not take corrective action provided for in this Article, Company may take any reasonable action whatsoever to restrict or curtail the quantity of Gas received at the Point of Receipt or delivered at the Point of Delivery, to zero the Daily Imbalance Quantity or trend the Cumulative Imbalance Quantity to zero by restricting receipts into, or deliveries out of, the Retailer's Account(s).
- (e) In the event the Account Estimated Cumulative Imbalance Quantity for the Month exceeds the monthly limit, as specified on the applicable Rate Schedule, the amount that exceeds the monthly limit shall be settled by Company purchasing from or selling to Retailer the excess or deficiency at the prices specified on the applicable Rate Schedule. At the time of termination of the Agreement, the outstanding Account Cumulative Imbalance Quantity shall be settled by the Retailer transferring the outstanding Account Cumulative Imbalance Quantity to

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another Account or by Company purchasing from or selling to Retailer the outstanding Account Cumulative Imbalance Quantity at the prices specified on the applicable Rate Schedule.

- (f) In the event Company has provided notice to Retailer to restrict or curtail the quantity of Gas received at the Point of Receipt or delivered at the Point of Delivery, or has provided notice to Retailer to take corrective action to zero the Daily Imbalance Quantity, and Retailer does not comply with such notice(s), Company may serve Retailer with notice of Non-Compliance.
- (g) In the event Retailer is in Non-Compliance, Company shall, at its sole discretion, take any reasonable action whatsoever to restrict or curtail the quantity of Gas received at the Point of Receipt or delivered at the Point of Delivery, or to zero the Daily Imbalance Quantity by restricting receipts into, or deliveries out of, the Account(s).
- (h) Retailer shall pay to Company charges in accordance with Company's Unauthorized Services as set out in the Rate Schedules and is applicable to the Non-Compliance Quantity as incurred during the Non-Compliance Period.

13.3 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.

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13.4 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 Default Supply Provider 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 creditworthiness requirements as set forth in Article 11, in accordance with these Terms and Conditions, and fails to remedy the

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failure or satisfy the obligation, as the case may be, within ten (10) Business Days after receipt of written notice thereof from the Non-Defaulting Party.

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 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 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:

- (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.
- (b) The Defaulting Party shall have ninety (90) days after receiving any such notice to remedy the default specified and if, within the said period of ninety (90) days, the Defaulting Party does remedy any such default to the satisfaction of the Non-Defaulting Party then the notice given pursuant to Article 14.3(a) of this Article

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shall be deemed to be withdrawn and the Distribution Access Service Agreement shall continue in full force and effect.

- (c) In the event that the Retailer/DSP does not remedy any default of which it has been given notice by the Company to the reasonable satisfaction of the Company within the said ninety (90) day period, then the Distribution Access Service Agreement shall thereafter terminate as to such Retailer/DSP after the said ninety (90) day period and the appropriate charges for all Specific Facilities, as well as the present value of all system tariffs that would be in effect until the termination of the Distribution Access Service Agreement, discounted at a rate equal to the Company's weighted average cost of capital as approved by the Board and in effect on the date the Distribution Access Service Agreement is terminated by such default, shall become due and payable. All rights of and obligations to such Retailer/DSP under the Distribution Access Service Agreement shall cease upon termination of the Distribution Access Service Agreement; provided however that any such termination shall not affect any other remedy the Company may have at law or in equity.
- (d) In the event that the Company does not remedy any default of which it has been given notice by the Retailer/DSP to the reasonable satisfaction of the Retailer/DSP within the said ninety (90) day period, then Retailer/DSP shall have the right to terminate the Distribution Access Service Agreement. All other rights and obligations of the parties hereunder shall cease upon the termination of the Distribution Access Service Agreement; provided however that any such termination shall not effect any other remedy the Retailer/DSP may have at law or in equity.
- (e) Except as provided in this Article, the Distribution Access Service Agreement shall remain in force among the remaining Non-Defaulting Parties.

ARTICLE 15 – IMPAIRED DELIVERIES

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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 used to transport Gas.

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

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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:
 - (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

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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.

- (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,

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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 release 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 Gas Pipeline System or property owned, operated, leased or used by the other party.

ARTICLE 17 – FORCE MAJEURE

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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

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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

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or approved by the Board or falling within the exclusive jurisdiction of the Board, shall be referred to the Board 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

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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, R.S.A. 2000, c.R.-17, but not less than 2.5% from the date so determined until paid.

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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

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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 facsimile transmission (with the original transmitted by any of the other aforementioned delivery methods) 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.

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(b) If to the Company to: ATCO Gas

10035 - 105 Street, Edmonton, Alberta, T5J 2V6

Attention: Chief Regulatory Officer

Fax: (780) 420-5098

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

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SCHEDULE A – DISTRIBUTION ACCESS SERVICE AGREEMENT

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

BETWEEN: **(RETAILER/DSP 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): _____.

(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,

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by electronic means, as soon as is reasonably practicable in the circumstance, and in any event within five (5) Business Days of the Retailer/DSP becoming aware of the change.

2. This Distribution Access Service Agreement is subject to the Company's Terms and Conditions for Distribution Access Service ("Terms and Conditions"), as amended from time to time, which are approved by the Alberta Energy and Utilities Board ("EUB").
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 EUB.
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 10, 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 and the Natural Gas Billing Regulation, A.R. 185/2003, 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 the event of late payment or default on any invoices or bills of the Company, in accordance with Articles 7 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*, and the Regulations made thereunder, and all applicable orders, rulings, regulations and decisions of the EUB or

Terms and Conditions for Distribution Access Service

Effective September 1, 2007

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

14. This Distribution Access Service Agreement shall ensure 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 Address

10035 – 105 Street

P.O. Box 2426

Edmonton, Alberta, T5J 2V6

Attention:

Attention: Customer Care Services

Facsimile:

Facsimile: (780) 420-3839

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

[RETAILER/DSP NAME]

ATCO Gas and Pipelines LTD.

Per:

Per:

Name:

Name:

Title:

Title:

Effective September 1, 2007

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, 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 accounts on April 15th of each year. Between April 15th and November 30th when the overnight temperature is forecast to drop below zero (0) degrees Celsius in the 24 hour period immediately following the proposed disconnect within the Company service area the Company will not disconnect a residential or commercial residential property. Residential and commercial residential, including multi-family, property accounts will not be disconnected during the winter season defined as December 1st to April 14th, unless there is written notification to the Retailer/DSP from the property owner requesting the disconnection. 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.
6. The Company will not disconnect if the Customer produces a receipt showing it has paid the most current bill or the amount specified in part 1 of this agreement.
7. The Company will provide to a previous Retailer of Record at the Site the right to request a disconnect for a period of 8 months since that Retailer/DSP last provided Distribution Access Service at the Site. When this occurs, the Company will comply with a request to energize from the current or new Retailer only after the Retailer requesting the CONP has issued a release. See Terms and Conditions for Distribution Access Service Article 10.2(b).
8. 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 the Site and is prepared to meet payment conditions set by the Retailer/DSP
 - (c) Immediate danger may exist to the occupants or the companies' representatives.
 - (d) Disconnecting the service will adversely affect other Customer's 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.

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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 Terms and Conditions for Distribution Service Connections. 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.

Effective September 1, 2007

**SCHEDULE C
 NON DISCRETIONARY CHARGES
 Effective September 1, 2007**

- 1. REINSTATEMENT CHARGE:**
 - a. Residential (not before 8am of the next business day) - \$65.00
 - b. Residential (before 8am of the next business day) - \$125.00
 - c. Non-Residential (not before 8am of the next business day) - Contract Price (minimum \$65.00)
 - d. Non-Residential- (before 8am of the next business day) - Contract Price (minimum \$170.00)

- 2. SPECIAL METER READ FEE:** \$35.00

- 3. METER HANDLING FEE:**
 - a. Residential - \$60.00
 - b. Non-Residential - Contract Price (minimum \$60.00)
 - c. Customer Usage Information Fee will apply as required.

- 4. DISHONOURED CHEQUES:** \$20.00

- 5. CUSTOMER USAGE INFORMATION:** Contract Price

- 6. PROVISION OF CUSTOMER INFORMATION TO THE COMPANY:** Contract Price

- 7. BILLING ERROR:** Contract Price

**SCHEDULE C
 CHARGES FOR SERVICE LINES AND METER RELOCATIONS**

- 1. SERVICE LINES:** Applicable to all services except those eligible for grants under the Rural Gas Act.
 - 1.1 Basic Charge:** A basic charge of \$100.00 will be levied for each point of delivery.
 - 1.2 Pipe Installation:**

ATCO Gas (North)		
Service Line Diameter	Summer	Winter
15.9 mm or 26 mm (up to and including 15 metres)	\$340	\$590
Linear charge for length over 15 metres	\$28/metre	\$50/metre
42.2 mm or 60.3 mm (up to 15 metres)	\$510	\$860
Linear charge for length over 15 metres	\$43/metre	\$72/metre
Greater than 60 mm	Contract Price	Contract Price
Credit for provision of service line trench in 4-party installation	\$40	\$200

Note:

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 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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ATCO Gas (South)		
Service Line Diameter	Summer	Winter
15.9 mm or 26 mm (up to and including 15 metres)	\$240	\$430
Linear charge for length over 15 metres	\$21/metre	\$36/metre
42.2 mm or 60.3 mm (up to 15 metres)	\$510	\$860
Linear charge for length over 15 metres	\$43/metre	\$72/metre
Greater than 60 mm	Contract Price	Contract Price
Credit for provision of service line trench in 4-party installation	\$40	\$200

Note:

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 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.

1.3 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. METER RELOCATIONS

3.1 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.

3.2 Other: Contract Price

4. INSTALLATION OF AUTOMATIC METER READING OR REMOTE METER READING DEVICE - \$150.00

5. ALTERATIONS, RELOCATIONS AND REPLACEMENT - Contract Price

6. SERVICE CALL FOR PROBLEMS CAUSED BY CUSTOMERS - Contract Price including estimated cost of lost gas.

7. TEMPORARY SERVICE – Contract Price

NOTE: All charges in Schedule C are subject to GST except the "Dishonoured Cheque" charge.

Terms and Conditions for Distribution Access Service

**APPENDIX 2 – DISTRIBUTION SERVICE CONNECTIONS TERMS AND
CONDITIONS**

**TERMS AND CONDITIONS
FOR
DISTRIBUTION SERVICE CONNECTIONS**

EFFECTIVE SEPTEMBER 1, 2007

Effective September 1, 2007

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ARTICLE 1 – PREAMBLE

In accordance with the provisions of the Gas Utilities Act and the Regulations made thereunder, 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 end-use 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 natural gas distribution 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 pipe service on its natural gas distribution system.

These Terms and Conditions serve as a companion to the Terms and Conditions for Distribution Access Service which are intended to enable Retailers/DSP's to acquire access to the Company's natural gas distribution system for the purposes of allowing them to sell natural gas directly to end-use Customers. An end-use 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 Energy and Utilities Board ("EUB"), 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 EUB. These Terms and Conditions have been approved by the EUB and supercede the Company's Natural Gas Sales Service Regulations.

Effective September 1, 2007

ARTICLE 2 – DEFINITIONS AND INTERPRETATION

2.1 Definitions

The following words and phrases, whenever used in these Terms and Conditions, the Rate Schedule 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 or Retailer including, but not limited to, retailer transactions with the Company, nominations, account management and balancing and payment of invoices;

"Board" or *"EUB"* means the Alberta Energy and Utilities Board established under the *Alberta Energy and Utilities Board Act*, R.S.A., 2000, c .A-17, as amended from time to time;

"Business Day" means any day other than Saturday, Sunday or a holiday as defined in the *Interpretation Act*, R.S.A. 2000, c.1-8;

"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;

"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 ATCO Gas and Pipelines Ltd. system;

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"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 Customer name, Customer telephone number, 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 of a Customer and includes;

Low Use & Irrigation Customers

- Site ID;
- annual normalized Energy by Month (GJ);

High Use Customers

- Site ID;
- actual Daily Energy by Month (GJ) or
- actual peak Energy by Month (GJ); and
- annual normalized Energy by Month (GJ)

"Default Supply Provider" 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 Board and terms or conditions fixed by the Board;

"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 Default Service Provider and is governed by the Terms and Conditions for Distribution Access Service;

"DSP" means Default Supply Provider;

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

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"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, 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 AEUB 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 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 Board or is required to provide under the Act or Regulations made thereunder;

"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);

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"Gas Services" means:

- (i) the gas that is provided and delivered, and
- (ii) the services associated with the provision and delivery of the gas, including:
 - (A) arranging for the exchange or purchase of the gas,
 - (B) making financial arrangements to manage the financial risk associated with the price of gas,
 - (C) arranging for gas distribution service,
 - (D) arranging for delivery of gas to the gas distributor's specified receipt point or points,
 - (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;

Effective September 1, 2007

"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 Board;

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

"Self-Retailer" means a person carrying out Retailer functions to obtain Gas Services 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 distribution 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;

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"*Site*" means a unique end-use Point of Delivery, being the finest level at which settlement recognizes retailer 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 the Customer/Retailer/DSP which are connected to the Gas Pipeline System and are required to transport Gas.

2.2 Conflicts

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

Effective September 1, 2007

ARTICLE 3 – GENERAL PROVISIONS

3.1 Board Approval

These Terms and Conditions have been approved by the Board. The Company may amend these Terms and Conditions by filing a notice of amendment with the Board. Included in the notice of amendment to the Board 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. The Board will acknowledge the notice of the amendment to the Terms and Conditions within 60 days after such notice is filed, or the Board will direct a further process to deal with the requested change as the Board deems to be appropriate.

3.2 Rate Schedule

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

3.3 Effective Date

These Terms and Conditions come into force on August 1, 2006. Whenever the Company files a notice of amendment to these Terms and Conditions, or when the Board 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

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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 Board.

3.5 Ownership of Facilities

- (a) The Company remains the owner of all 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 Gas Pipeline System and Specific Facilities does not entitle Customers to ownership of any such Gas Pipeline System and Specific 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 services hereunder pursuant to the Rate Schedule. 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

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included, without limitation, in Schedule C 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; the Customer's credit history or references if necessary; 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 deposit may be required in order to obtain Gas Distribution Service, and in addition, 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

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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 the outstanding balance plus meet the conditions of (a) and (b) above.

4.4 Rejection of Application

The Company may 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 provided 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

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- (c) when the Customer fails to provide a security deposit or letter of credit from a suitable financial institution in a form acceptable to the Company; 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

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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.

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- (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.

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 Terms and Conditions for Distribution Access Service;
- (c) direct Customers to a source where they may obtain the current list of licensed Retailers maintained in accordance with the *Fair Trading Act, R.S.A. 2000, c.F-2*. The Company is under no obligation to assure the accuracy of this list.

4.8.3 *Customer Usage Information*

- (a) The Company shall provide standard Customer Usage Information to a Customer upon request in relation to:

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- (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.
- (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.
- (c) The Customer shall submit requests for Customer Usage Information by referring to the Site ID. All such requests shall be in writing and may be delivered via electronic mail (e-mail) 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 reserves the right to 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

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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 Alberta Energy and Utilities Board (EUB).
- (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 Board for resolution. This does not preclude the Customer from bringing the same dispute before the Board. Switching will not be allowed before the Board renders a decision.

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ARTICLE 5 – SERVICE REQUIREMENTS AND FACILITIES

After the Customer has complied with the Company's application and deposit 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 has enrolled with a Retailer/DSP, the Company shall schedule that Customer 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

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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

At the request of the Company, the Customer shall grant, or cause to be 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 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 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.

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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 the Municipality has, at its expense, extended or will concurrently extend its water and sewer services to serve the premises of such applicant.

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- (c) In any case where clause (b) hereof 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 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) 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

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by the number of such Lots to determine the Individual Lot Payment).

- (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.

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;
- (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.

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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

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consequence of, an event of Force Majeure. Where practical, the Company shall give notice to the affected Customers of such Force Majeure.

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 Customer requested service call if the source of the problem is the Customer's own facilities.

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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, 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 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 Customer (or Retailer/DSP) for the Company's estimate of such unauthorized use including repairs of damage or 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 his 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 violates the provision of any contract or Rate Schedule applicable to him, or increases his 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.

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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 general service (non-residential) 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.

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8.7 Mobile Homes

- (a) Service shall normally be provided to mobile homes through separate Points of Delivery, based on the applicable residential 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 general service 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 0.25 psi 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 automated meter monitoring equipment to the Customer's telephone line for the purpose of transmitting 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.

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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. In newly constructed premises, the Customer may be required to provide suitable inside telephone wiring to facilitate automated meter reading.

9.3 Meter Test and Adjustments

- (a) The Company may inspect and test a meter at any reasonable time. At the request of the Customer or the Customer's Retailer/DSP, the Company shall arrange for on-site meter verification and if necessary, shall arrange for a meter to be 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.
- (b) 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.
- (c) 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 (a) hereof. This charge will not apply in circumstances where the meter has been tested to be faulty.

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- (d) 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 its 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 Reading and Estimates

Time of Meter Reading and Billing

- (i) The Company shall keep an accurate record of all meter readings for the purpose of billing the Gas Distribution Services provided.
- (ii) 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. In any event the Company will require a meter reading by a Company representative at least once per year or as directed by Measurement Canada or such other Department as may from time to time be charged with such responsibility.
- (iii) Bills shall be rendered monthly based upon meter readings or estimates, as the case may be, provided that if the billing for any one or more billing period(s) is based upon an estimate, the same shall be adjusted in the next billing based upon a meter reading. The Company will use reasonable efforts to read meters within five (5) Business Days of the

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same date in each billing period in which bills are rendered upon the basis of meter readings.

- (iv) Failure to receive a bill shall not release the Customer or Customer's Retailer/DSP from its obligation to pay the same.
- (v) In the event that there is a discrepancy between the mounted meter index and a meter monitoring device, the mounted meter index reading will be deemed to be correct.
- (vi) The Company reserves the right to assess a charge to the Customer or Customer's Retailer/DSP for additional reads above the Company's standard practices as defined in Schedule C hereof.

10.2 Proration of Bills

- (a) The amount of any initial and final charges, other than consumption-based charges, may be prorated, based upon the ratio of the number of days that service was provided to a Customer in the billing period to the total number of days in the billing period.
- (b) The Company may elect to change a Customer's meter reading schedule.
- (c) Where a meter reading schedule is changed, any charges other than consumption-based charges, during the transition period between the old and new meter reading schedule, may be prorated based upon the ratio of the number of days that service was provided to a Customer in the transition period to the total number of days in a normal billing period (thirty (30) days).
- (d) For all new accounts, the Company may add the charges for service provided during the initial period to the bill for the following billing period.

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10.3 Payment

- (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 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) Bills for Gas Distribution Service are due upon receipt and payable not later than the day shown upon the bill as the "due date". The Company shall not earlier than 15 days from the due date, but subject always to Article 8.5 exercise its right to discontinue service to that Customer by reason of non-payment of such bill.
- (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.

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10.4 Late Payment Charge

Any amount owing for service in a billing period 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 Retailer/DSP shall nonetheless pay such disputed amount and subject 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 to the 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 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

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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, 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

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installation of a remote meter index or meter monitoring device shall be subject to these Terms and Conditions and to the Company's supply of such devices. 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 from so doing, the Customer 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 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 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, the Company shall temporarily disconnect any Service Connection provided:

- (a) Upon the 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.

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- (c) 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 billing for that service will be finalized. At the discretion of the Company, the Gas Pipeline System provided by the Company may be removed.
- (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, the Retailer/DSP shall have the right to request that the Company disconnect service to a particular Customer, and Company shall comply with that request, unless such action is inconsistent with Schedule B of the Company's Terms and Conditions for Distribution Access Service.

12.1.3 Disconnection by the Company

- (a) The Company has the right to disconnect Gas Distribution Service to the Customer in a number of circumstances, including, but not limited to: failure to provide access at least once per year for meter reading; 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; or the Customer failing to meet its obligations under these Terms and Conditions or the Natural Gas Service Agreement. If a Customer notifies

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the Company to disconnect service and is enrolled with a Retailer/DSP, 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 provided, or paid the Company's costs of providing, such devices or equipment as may be necessary to resolve such safety problem and to prevent such damage, interference or disturbance. 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 or the Customer's Retailer/DSP).

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) 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.

Effective September 1, 2007

SCHEDULE C – NON-DISCRETIONARY CHARGES

1.0 APPLICABILITY

Applicable to every Customer within the Company's service area.

The service charges outlined herein are also outlined in the Company's Terms and Conditions for Distribution Access 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:

Effective September 1, 2007

SCHEDULE C
NON DISCRETIONARY CHARGES
Effective September 1, 2007

- 1. REINSTATEMENT CHARGE:**
 - a. Residential (not before 8am of the next business day) - \$65.00
 - b. Residential (before 8am of the next business day) - \$125.00
 - c. Non-Residential (not before 8am of the next business day) - Contract Price (minimum \$65.00)
 - d. Non-Residential- (before 8am of the next business day) - Contract Price (minimum \$170.00)
- 2. SPECIAL METER READ FEE: \$35.00**
- 3. METER HANDLING FEE:**
 - a. Residential - \$60.00
 - b. Non-Residential - Contract Price (minimum \$60.00)
 - c. Customer Usage Information Fee will apply as required.
- 4. DISHONOURED CHEQUES: \$20.00**
- 5. CUSTOMER USAGE INFORMATION: Contract Price**
- 6. PROVISION OF CUSTOMER INFORMATION TO THE COMPANY: Contract Price**
- 7. BILLING ERROR: Contract Price**

SCHEDULE C
CHARGES FOR SERVICE LINES AND METER RELOCATIONS

- 1. SERVICE LINES:** Applicable to all services except those eligible for grants under the Rural Gas Act.
 - 1.1 Basic Charge:** A basic charge of \$100.00 will be levied for each point of delivery.
 - 1.2 Pipe Installation:**

ATCO Gas (North)		
Service Line Diameter	Summer	Winter
15.9 mm or 26 mm (up to and including 15 metres)	\$340	\$590
Linear charge for length over 15 metres	\$28/metre	\$50/metre
42.2 mm or 60.3 mm (up to 15 metres)	\$510	\$860
Linear charge for length over 15 metres	\$43/metre	\$72/metre
Greater than 60 mm	Contract Price	Contract Price
Credit for provision of service line trench in 4-party installation	\$40	\$200

Note:

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 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.

Terms and Conditions for Distribution Service Connections

Effective September 1, 2007

ATCO Gas (South)		
Service Line Diameter	Summer	Winter
15.9 mm or 26 mm (up to and including 15 metres)	\$240	\$430
Linear charge for length over 15 metres	\$21/metre	\$36/metre
42.2 mm or 60.3 mm (up to 15 metres)	\$510	\$860
Linear charge for length over 15 metres	\$43/metre	\$72/metre
Greater than 60 mm	Contract Price	Contract Price
Credit for provision of service line trench in 4-party installation	\$40	\$200

Note:

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 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.

1.3 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. METER RELOCATIONS

3.1 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.

3.2 Other: Contract Price

4. INSTALLATION OF AUTOMATIC METER READING OR REMOTE METER READING DEVICE - \$150.00

5. ALTERATIONS, RELOCATIONS AND REPLACEMENT - Contract Price

6. SERVICE CALL FOR PROBLEMS CAUSED BY CUSTOMERS - Contract Price including estimated cost of lost gas.

7. TEMPORARY SERVICE – Contract Price

NOTE: All charges in Schedule C are subject to GST except the "Dishonoured Cheque" charge.

Terms and Conditions for Distribution Service Connections

ATCO GAS NORTH

Summary of Board Direction #19 - Comparison of Annual Costs for Typical Customers at Various Rates

REVISED JULY 12, 2007

Rate Group	Annual Consumption GJ	Annual Charge					
		High Use 95%	High Use 105%	Proposed Rates	Existing Rates with Rider G	Existing Rates without Rider G	Jan-05 Rates
Low Use/Rate 1/11	130	346	343	345	NO CHANGE 343	NO CHANGE 305	NO CHANGE 299
Low Use/Rate 1/11	1,000	1,311	1,297	1,304	1,339	1,192	1,273
Low Use/Rate 1/11	8,000	9,051	8,946	8,997	9,354	8,332	9,113
High Use/Rate 3	15,000	13,668	15,158	14,405	14,387	12,818	14,898
High Use/Rate 3	100,000	43,007	47,941	45,448	44,480	39,626	56,658
High Use/Rate 13	15,000	13,315	14,804	14,052	13,862	12,349	15,426
High Use/Rate 13	100,000	41,454	46,387	43,895	42,146	37,545	45,132

95% REVENUE TO COST RATIO FOR HIGH USE FIXED CHARGE @ 90% OF CUSTOMERS COSTS FOR LOW USE

		2007 - REVENUE												
	RATE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	TOTAL
Low Use - 130 GJ's														
Average Monthly Consumption		21	18	16	9	6	3	3	3	5	10	16	20	130
VARIABLE CHARGE (\$/GJ)	1	\$ 1.145	\$ 1.145	\$ 1.145	\$ 1.145	\$ 1.145	\$ 1.145	\$ 1.145	\$ 1.145	\$ 1.045	\$ 1.045	\$ 1.045	\$ 1.045	
VARIABLE CHARGE (\$)	1	\$ 24	\$ 21	\$ 18	\$ 10	\$ 7	\$ 3	\$ 3	\$ 3	\$ 5	\$ 10	\$ 17	\$ 21	142
FIXED CHARGE	1	\$ 16.129	\$ 16.129	\$ 16.129	\$ 16.129	\$ 16.129	\$ 16.129	\$ 16.129	\$ 16.129	\$ 18.828	\$ 18.828	\$ 18.828	\$ 18.828	204
REVENUE	1	\$ 40.129	\$ 37.129	\$ 34.129	\$ 26.129	\$ 23.129	\$ 19.129	\$ 19.129	\$ 19.129	\$ 23.828	\$ 28.828	\$ 35.828	\$ 39.828	346
Low Use - 1000 GJ's														
Average Monthly Consumption		165	135	121	73	43	26	22	24	38	74	126	153	1,000
VARIABLE CHARGE (\$/GJ)	1	\$ 1.145	\$ 1.145	\$ 1.145	\$ 1.145	\$ 1.145	\$ 1.145	\$ 1.145	\$ 1.145	\$ 1.045	\$ 1.045	\$ 1.045	\$ 1.045	
VARIABLE CHARGE (\$)	1	\$ 189	\$ 155	\$ 139	\$ 84	\$ 49	\$ 30	\$ 25	\$ 27	\$ 40	\$ 77	\$ 132	\$ 160	1,107
FIXED CHARGE	1	\$ 16.129	\$ 16.129	\$ 16.129	\$ 16.129	\$ 16.129	\$ 16.129	\$ 16.129	\$ 16.129	\$ 18.828	\$ 18.828	\$ 18.828	\$ 18.828	204
REVENUE	1	\$ 205.129	\$ 171.129	\$ 155.129	\$ 100.129	\$ 65.129	\$ 46.129	\$ 41.129	\$ 43.129	\$ 58.828	\$ 95.828	\$ 150.828	\$ 178.828	1,311
Low Use - 8000 GJ's														
Average Monthly Consumption		1,316	1,078	964	582	344	206	179	194	302	591	1,005	1,239	8,000
VARIABLE CHARGE (\$/GJ)	1	\$ 1.145	\$ 1.145	\$ 1.145	\$ 1.145	\$ 1.145	\$ 1.145	\$ 1.145	\$ 1.145	\$ 1.045	\$ 1.045	\$ 1.045	\$ 1.045	
VARIABLE CHARGE (\$)	1	\$ 1,507	\$ 1,234	\$ 1,104	\$ 666	\$ 394	\$ 236	\$ 205	\$ 222	\$ 316	\$ 618	\$ 1,050	\$ 1,295	8,847
FIXED CHARGE	1	\$ 16.129	\$ 16.129	\$ 16.129	\$ 16.129	\$ 16.129	\$ 16.129	\$ 16.129	\$ 16.129	\$ 18.828	\$ 18.828	\$ 18.828	\$ 18.828	204
REVENUE	1	\$ 1,523.129	\$ 1,250.129	\$ 1,120.129	\$ 682.129	\$ 410.129	\$ 252.129	\$ 221.129	\$ 238.129	\$ 334.828	\$ 636.828	\$ 1,068.828	\$ 1,313.828	9,051
High Use/R3 15,000 GJ's Annually														
Average Monthly Consumption	3	2,099	1,773	1,634	1,125	858	629	591	597	788	1,169	1,742	1,995	15,000
DEMAND GJ	3	137	137	137	137	137	137	137	137	137	137	137	137	
VARIABLE CHARGE (\$/GJ)	3	\$ 0.027	\$ 0.027	\$ 0.027	\$ 0.027	\$ 0.027	\$ 0.027	\$ 0.027	\$ 0.027	\$ -	\$ -	\$ -	\$ -	
VARIABLE CHARGE (\$)	3	\$ 57	\$ 48	\$ 44	\$ 30	\$ 23	\$ 17	\$ 16	\$ 16	\$ -	\$ -	\$ -	\$ -	251
FIXED CHARGE	3	\$ 173.411	\$ 173.411	\$ 173.411	\$ 173.411	\$ 173.411	\$ 173.411	\$ 173.411	\$ 173.411	\$ 18.522	\$ 18.522	\$ 18.522	\$ 18.522	1,461
DEMAND CHARGE (\$/GJ)	3	\$ 7.239	\$ 7.239	\$ 7.239	\$ 7.239	\$ 7.239	\$ 7.239	\$ 7.239	\$ 7.239	\$ 7.334	\$ 7.334	\$ 7.334	\$ 7.334	
DEMAND CHARGE (\$)	3	\$ 992	\$ 992	\$ 992	\$ 992	\$ 992	\$ 992	\$ 992	\$ 992	\$ 1,005	\$ 1,005	\$ 1,005	\$ 1,005	11,956
REVENUE	3	\$ 1,222.411	\$ 1,213.411	\$ 1,209.411	\$ 1,195.411	\$ 1,188.411	\$ 1,182.411	\$ 1,181.411	\$ 1,181.411	\$ 1,023.522	\$ 1,023.522	\$ 1,023.522	\$ 1,023.522	13,668
High Use/R3 100,000 GJ's Annually														
Average Monthly Consumption	3	13,990	11,820	10,890	7,500	5,720	4,190	3,940	3,980	5,250	7,790	11,610	13,320	100,000
DEMAND GJ	3	457	457	457	457	457	457	457	457	457	457	457	457	
VARIABLE CHARGE (\$/GJ)	3	\$ 0.027	\$ 0.027	\$ 0.027	\$ 0.027	\$ 0.027	\$ 0.027	\$ 0.027	\$ 0.027	\$ -	\$ -	\$ -	\$ -	
VARIABLE CHARGE (\$)	3	\$ 378	\$ 319	\$ 294	\$ 203	\$ 154	\$ 113	\$ 106	\$ 107	\$ -	\$ -	\$ -	\$ -	1,674
FIXED CHARGE	3	\$ 173.411	\$ 173.411	\$ 173.411	\$ 173.411	\$ 173.411	\$ 173.411	\$ 173.411	\$ 173.411	\$ 18.522	\$ 18.522	\$ 18.522	\$ 18.522	1,461
DEMAND CHARGE (\$/GJ)	3	\$ 7.239	\$ 7.239	\$ 7.239	\$ 7.239	\$ 7.239	\$ 7.239	\$ 7.239	\$ 7.239	\$ 7.334	\$ 7.334	\$ 7.334	\$ 7.334	
DEMAND CHARGE (\$)	3	\$ 3,308	\$ 3,308	\$ 3,308	\$ 3,308	\$ 3,308	\$ 3,308	\$ 3,308	\$ 3,308	\$ 3,352	\$ 3,352	\$ 3,352	\$ 3,352	39,872
REVENUE	3	\$ 3,859.411	\$ 3,800.411	\$ 3,775.411	\$ 3,684.411	\$ 3,635.411	\$ 3,594.411	\$ 3,587.411	\$ 3,588.411	\$ 3,370.522	\$ 3,370.522	\$ 3,370.522	\$ 3,370.522	43,007
High Use/R13 15,000 GJ's Annually														
Average Monthly Consumption	13	2,099	1,773	1,634	1,125	858	629	591	597	788	1,169	1,742	1,995	15,000
DEMAND GJ	13	137	137	137	137	137	137	137	137	137	137	137	137	
VARIABLE CHARGE (\$/GJ)	13	\$ 0.027	\$ 0.027	\$ 0.027	\$ 0.027	\$ 0.027	\$ 0.027	\$ 0.027	\$ 0.027	\$ -	\$ -	\$ -	\$ -	
VARIABLE CHARGE (\$)	13	\$ 57	\$ 48	\$ 44	\$ 30	\$ 23	\$ 17	\$ 16	\$ 16	\$ -	\$ -	\$ -	\$ -	251
FIXED CHARGE	13	\$ 194.180	\$ 194.180	\$ 194.180	\$ 194.180	\$ 194.180	\$ 194.180	\$ 194.180	\$ 194.180	\$ 18.522	\$ 18.522	\$ 18.522	\$ 18.522	1,628
DEMAND CHARGE (\$/GJ)	13	\$ 6.768	\$ 6.768	\$ 6.768	\$ 6.768	\$ 6.768	\$ 6.768	\$ 6.768	\$ 6.768	\$ 7.334	\$ 7.334	\$ 7.334	\$ 7.334	
DEMAND CHARGE (\$)	13	\$ 927	\$ 927	\$ 927	\$ 927	\$ 927	\$ 927	\$ 927	\$ 927	\$ 1,005	\$ 1,005	\$ 1,005	\$ 1,005	11,436
REVENUE	13	\$ 1,178.180	\$ 1,169.180	\$ 1,165.180	\$ 1,151.180	\$ 1,144.180	\$ 1,138.180	\$ 1,137.180	\$ 1,137.180	\$ 1,023.522	\$ 1,023.522	\$ 1,023.522	\$ 1,023.522	13,315
High Use/R13 100,000 GJ's Annually														
Average Monthly Consumption	13	13,990	11,820	10,890	7,500	5,720	4,190	3,940	3,980	5,250	7,790	11,610	13,320	100,000
DEMAND GJ	13	457	457	457	457	457	457	457	457	457	457	457	457	
VARIABLE CHARGE (\$/GJ)	13	\$ 0.027	\$ 0.027	\$ 0.027	\$ 0.027	\$ 0.027	\$ 0.027	\$ 0.027	\$ 0.027	\$ -	\$ -	\$ -	\$ -	
VARIABLE CHARGE (\$)	13	\$ 378	\$ 319	\$ 294	\$ 203	\$ 154	\$ 113	\$ 106	\$ 107	\$ -	\$ -	\$ -	\$ -	1,674
FIXED CHARGE	13	\$ 194.180	\$ 194.180	\$ 194.180	\$ 194.180	\$ 194.180	\$ 194.180	\$ 194.180	\$ 194.180	\$ 18.522	\$ 18.522	\$ 18.522	\$ 18.522	1,628
DEMAND CHARGE (\$/GJ)	13	\$ 6.768	\$ 6.768	\$ 6.768	\$ 6.768	\$ 6.768	\$ 6.768	\$ 6.768	\$ 6.768	\$ 7.334	\$ 7.334	\$ 7.334	\$ 7.334	
DEMAND CHARGE (\$)	13	\$ 3,093	\$ 3,093	\$ 3,093	\$ 3,093	\$ 3,093	\$ 3,093	\$ 3,093	\$ 3,093	\$ 3,352	\$ 3,352	\$ 3,352	\$ 3,352	38,152
REVENUE	13	\$ 3,665.180	\$ 3,606.180	\$ 3,581.180	\$ 3,490.180	\$ 3,441.180	\$ 3,400.180	\$ 3,393.180	\$ 3,394.180	\$ 3,370.522	\$ 3,370.522	\$ 3,370.522	\$ 3,370.522	41,454

105% REVENUE TO COST RATIO FOR HIGH USE FIXED CHARGE @ 90% OF CUSTOMERS COSTS FOR LOW USE

		2007 - REVENUE												
	RATE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	TOTAL
Low Use - 130 GJ's														
Average Monthly Consumption		21	18	16	9	6	3	3	3	5	10	16	20	130
VARIABLE CHARGE (\$/GJ)	1 \$	1.145	1.145	1.145	1.145	1.145	1.145	1.145	1.145	1.012	1.012	1.012	1.012	
VARIABLE CHARGE (\$)	1 \$	24	21	18	10	7	3	3	3	5	10	16	20	140
FIXED CHARGE	1 \$	16.129	16.129	16.129	16.129	16.129	16.129	16.129	16.129	18.571	18.571	18.571	18.571	203
REVENUE	1 \$	40.129	37.129	34.129	26.129	23.129	19.129	19.129	19.129	23.571	28.571	34.571	38.571	343
Low Use - 1000 GJ's														
Average Monthly Consumption		165	135	121	73	43	26	22	24	38	74	126	153	1,000
VARIABLE CHARGE (\$/GJ)	1 \$	1.145	1.145	1.145	1.145	1.145	1.145	1.145	1.145	1.012	1.012	1.012	1.012	
VARIABLE CHARGE (\$)	1 \$	189	155	139	84	49	30	25	27	38	75	128	155	1,094
FIXED CHARGE	1 \$	16.129	16.129	16.129	16.129	16.129	16.129	16.129	16.129	18.571	18.571	18.571	18.571	203
REVENUE	1 \$	205.129	171.129	155.129	100.129	65.129	46.129	41.129	43.129	56.571	93.571	146.571	173.571	1,297
Low Use - 8000 GJ's														
Average Monthly Consumption		1,316	1,078	964	582	344	206	179	194	302	591	1,005	1,239	8,000
VARIABLE CHARGE (\$/GJ)	1 \$	1.145	1.145	1.145	1.145	1.145	1.145	1.145	1.145	1.012	1.012	1.012	1.012	
VARIABLE CHARGE (\$)	1 \$	1,507	1,234	1,104	666	394	236	205	222	306	598	1,017	1,254	8,743
FIXED CHARGE	1 \$	16.129	16.129	16.129	16.129	16.129	16.129	16.129	16.129	18.571	18.571	18.571	18.571	203
REVENUE	1 \$	1,523.129	1,250.129	1,120.129	682.129	410.129	252.129	221.129	238.129	324.571	616.571	1,035.571	1,272.571	8,946
High Use/R3 15,000 GJ's Annually														
Average Monthly Consumption	3	2,099	1,773	1,634	1,125	858	629	591	597	788	1,169	1,742	1,995	15,000
DEMAND GJ	3	137	137	137	137	137	137	137	137	137	137	137	137	
VARIABLE CHARGE (\$/GJ)	3 \$	0.027	0.027	0.027	0.027	0.027	0.027	0.027	0.027	-	-	-	-	
VARIABLE CHARGE (\$)	3 \$	57	48	44	30	23	17	16	16	-	-	-	-	251
FIXED CHARGE	3 \$	173.411	173.411	173.411	173.411	173.411	173.411	173.411	173.411	22.864	22.864	22.864	22.864	1,479
DEMAND CHARGE (\$/GJ)	3 \$	7.239	7.239	7.239	7.239	7.239	7.239	7.239	7.239	10.023	10.023	10.023	10.023	
DEMAND CHARGE (\$)	3 \$	992	992	992	992	992	992	992	992	1,373	1,373	1,373	1,373	13,428
REVENUE	3 \$	1,222.411	1,213.411	1,209.411	1,195.411	1,188.411	1,182.411	1,181.411	1,181.411	1,395.864	1,395.864	1,395.864	1,395.864	15,158
High Use/R3 100,000 GJ's Annually														
Average Monthly Consumption	3	13,990	11,820	10,890	7,500	5,720	4,190	3,940	3,980	5,250	7,790	11,610	13,320	100,000
DEMAND GJ	3	457	457	457	457	457	457	457	457	457	457	457	457	
VARIABLE CHARGE (\$/GJ)	3 \$	0.027	0.027	0.027	0.027	0.027	0.027	0.027	0.027	-	-	-	-	
VARIABLE CHARGE (\$)	3 \$	378	319	294	203	154	113	106	107	-	-	-	-	1,674
FIXED CHARGE	3 \$	173.411	173.411	173.411	173.411	173.411	173.411	173.411	173.411	22.864	22.864	22.864	22.864	1,479
DEMAND CHARGE (\$/GJ)	3 \$	7.239	7.239	7.239	7.239	7.239	7.239	7.239	7.239	10.023	10.023	10.023	10.023	
DEMAND CHARGE (\$)	3 \$	3,308	3,308	3,308	3,308	3,308	3,308	3,308	3,308	4,581	4,581	4,581	4,581	44,788
REVENUE	3 \$	3,859.411	3,800.411	3,775.411	3,684.411	3,635.411	3,594.411	3,587.411	3,588.411	4,603.864	4,603.864	4,603.864	4,603.864	47,941
High Use/R13 15,000 GJ's Annually														
Average Monthly Consumption	13	2,099	1,773	1,634	1,125	858	629	591	597	788	1,169	1,742	1,995	15,000
DEMAND GJ	13	137	137	137	137	137	137	137	137	137	137	137	137	
VARIABLE CHARGE (\$/GJ)	13 \$	0.027	0.027	0.027	0.027	0.027	0.027	0.027	0.027	-	-	-	-	
VARIABLE CHARGE (\$)	13 \$	57	48	44	30	23	17	16	16	-	-	-	-	251
FIXED CHARGE	13 \$	194.180	194.180	194.180	194.180	194.180	194.180	194.180	194.180	22.864	22.864	22.864	22.864	1,645
DEMAND CHARGE (\$/GJ)	13 \$	6.768	6.768	6.768	6.768	6.768	6.768	6.768	6.768	10.023	10.023	10.023	10.023	
DEMAND CHARGE (\$)	13 \$	927	927	927	927	927	927	927	927	1,373	1,373	1,373	1,373	12,908
REVENUE	13 \$	1,178.180	1,169.180	1,165.180	1,151.180	1,144.180	1,138.180	1,137.180	1,137.180	1,395.864	1,395.864	1,395.864	1,395.864	14,804
High Use/R13 100,000 GJ's Annually														
Average Monthly Consumption	13	13,990	11,820	10,890	7,500	5,720	4,190	3,940	3,980	5,250	7,790	11,610	13,320	100,000
DEMAND GJ	13	457	457	457	457	457	457	457	457	457	457	457	457	
VARIABLE CHARGE (\$/GJ)	13 \$	0.027	0.027	0.027	0.027	0.027	0.027	0.027	0.027	-	-	-	-	
VARIABLE CHARGE (\$)	13 \$	378	319	294	203	154	113	106	107	-	-	-	-	1,674
FIXED CHARGE	13 \$	194.180	194.180	194.180	194.180	194.180	194.180	194.180	194.180	22.864	22.864	22.864	22.864	1,645
DEMAND CHARGE (\$/GJ)	13 \$	6.768	6.768	6.768	6.768	6.768	6.768	6.768	6.768	10.023	10.023	10.023	10.023	
DEMAND CHARGE (\$)	13 \$	3,093	3,093	3,093	3,093	3,093	3,093	3,093	3,093	4,581	4,581	4,581	4,581	43,068
REVENUE	13 \$	3,665.180	3,606.180	3,581.180	3,490.180	3,441.180	3,400.180	3,393.180	3,394.180	4,603.864	4,603.864	4,603.864	4,603.864	46,387

100% REVENUE TO COST RATIO FIXED CHARGE @ 90% OF CUSTOMERS COSTS FOR LOW USE

2007 - REVENUE														
	RATE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	TOTAL
Low Use - 130 GJ's														
Average Monthly Consumption		21	18	16	9	6	3	3	3	5	10	16	20	130
VARIABLE CHARGE (\$/GJ)	1 \$	1.145	1.145	1.145	1.145	1.145	1.145	1.145	1.145	1.028	1.028	1.028	1.028	
VARIABLE CHARGE (\$)	1 \$	24	21	18	10	7	3	3	3	5	10	16	21	141
FIXED CHARGE	1 \$	16.129	16.129	16.129	16.129	16.129	16.129	16.129	16.129	18.703	18.703	18.703	18.703	204
REVENUE	1 \$	40.129	37.129	34.129	26.129	23.129	19.129	19.129	19.129	23.703	28.703	34.703	39.703	345
Low Use - 1000 GJ's														
Average Monthly Consumption		165	135	121	73	43	26	22	24	38	74	126	153	1,000
VARIABLE CHARGE (\$/GJ)	1 \$	1.145	1.145	1.145	1.145	1.145	1.145	1.145	1.145	1.028	1.028	1.028	1.028	
VARIABLE CHARGE (\$)	1 \$	189	155	139	84	49	30	25	27	39	76	130	157	1,100
FIXED CHARGE	1 \$	16.129	16.129	16.129	16.129	16.129	16.129	16.129	16.129	18.703	18.703	18.703	18.703	204
REVENUE	1 \$	205.129	171.129	155.129	100.129	65.129	46.129	41.129	43.129	57.703	94.703	148.703	175.703	1,304
Low Use - 8000 GJ's														
Average Monthly Consumption		1,316	1,078	964	582	344	206	179	194	302	591	1,005	1,239	8,000
VARIABLE CHARGE (\$/GJ)	1 \$	1.145	1.145	1.145	1.145	1.145	1.145	1.145	1.145	1.028	1.028	1.028	1.028	
VARIABLE CHARGE (\$)	1 \$	1,507	1,234	1,104	666	394	236	205	222	310	608	1,033	1,274	8,793
FIXED CHARGE	1 \$	16.129	16.129	16.129	16.129	16.129	16.129	16.129	16.129	18.703	18.703	18.703	18.703	204
REVENUE	1 \$	1,523.129	1,250.129	1,120.129	682.129	410.129	252.129	221.129	238.129	328.703	626.703	1,051.703	1,292.703	8,997
High Use/R3 15,000 GJ's Annually														
Average Monthly Consumption	3	2,099	1,773	1,634	1,125	858	629	591	597	788	1,169	1,742	1,995	15,000
DEMAND GJ	3	137	137	137	137	137	137	137	137	137	137	137	137	
VARIABLE CHARGE (\$/GJ)	3 \$	0.027	0.027	0.027	0.027	0.027	0.027	0.027	0.027	-	-	-	-	
VARIABLE CHARGE (\$)	3 \$	57	48	44	30	23	17	16	16	-	-	-	-	251
FIXED CHARGE	3 \$	173.411	173.411	173.411	173.411	173.411	173.411	173.411	173.411	20.775	20.775	20.775	20.775	1,470
DEMAND CHARGE (\$/GJ)	3 \$	7.239	7.239	7.239	7.239	7.239	7.239	7.239	7.239	8.666	8.666	8.666	8.666	
DEMAND CHARGE (\$)	3 \$	992	992	992	992	992	992	992	992	1,187	1,187	1,187	1,187	12,684
REVENUE	3 \$	1,222.411	1,213.411	1,209.411	1,195.411	1,188.411	1,182.411	1,181.411	1,181.411	1,207.775	1,207.775	1,207.775	1,207.775	14,405
High Use /R3 100,000 GJ's Annually														
Average Monthly Consumption	3	13,990	11,820	10,890	7,500	5,720	4,190	3,940	3,980	5,250	7,790	11,610	13,320	100,000
DEMAND GJ	3	457	457	457	457	457	457	457	457	457	457	457	457	
VARIABLE CHARGE (\$/GJ)	3 \$	0.027	0.027	0.027	0.027	0.027	0.027	0.027	0.027	-	-	-	-	
VARIABLE CHARGE (\$)	3 \$	378	319	294	203	154	113	106	107	-	-	-	-	1,674
FIXED CHARGE	3 \$	173.411	173.411	173.411	173.411	173.411	173.411	173.411	173.411	20.775	20.775	20.775	20.775	1,470
DEMAND CHARGE (\$/GJ)	3 \$	7.239	7.239	7.239	7.239	7.239	7.239	7.239	7.239	8.666	8.666	8.666	8.666	
DEMAND CHARGE (\$)	3 \$	3,308	3,308	3,308	3,308	3,308	3,308	3,308	3,308	3,960	3,960	3,960	3,960	42,304
REVENUE	3 \$	3,859.411	3,800.411	3,775.411	3,684.411	3,635.411	3,594.411	3,587.411	3,588.411	3,980.775	3,980.775	3,980.775	3,980.775	45,448
High Use/R13 15,000 GJ's Annually														
Average Monthly Consumption	13	2,099	1,773	1,634	1,125	858	629	591	597	788	1,169	1,742	1,995	15,000
DEMAND GJ	13	137	137	137	137	137	137	137	137	137	137	137	137	
VARIABLE CHARGE (\$/GJ)	13 \$	0.027	0.027	0.027	0.027	0.027	0.027	0.027	0.027	-	-	-	-	
VARIABLE CHARGE (\$)	13 \$	57	48	44	30	23	17	16	16	-	-	-	-	251
FIXED CHARGE	13 \$	194.180	194.180	194.180	194.180	194.180	194.180	194.180	194.180	20.775	20.775	20.775	20.775	1,637
DEMAND CHARGE (\$/GJ)	13 \$	6.768	6.768	6.768	6.768	6.768	6.768	6.768	6.768	8.666	8.666	8.666	8.666	
DEMAND CHARGE (\$)	13 \$	927	927	927	927	927	927	927	927	1,187	1,187	1,187	1,187	12,164
REVENUE	13 \$	1,178.180	1,169.180	1,165.180	1,151.180	1,144.180	1,138.180	1,137.180	1,137.180	1,207.775	1,207.775	1,207.775	1,207.775	14,052
High Use/R13 100,000 GJ's Annually														
Average Monthly Consumption	13	13,990	11,820	10,890	7,500	5,720	4,190	3,940	3,980	5,250	7,790	11,610	13,320	100,000
DEMAND GJ	13	457	457	457	457	457	457	457	457	457	457	457	457	
VARIABLE CHARGE (\$/GJ)	13 \$	0.027	0.027	0.027	0.027	0.027	0.027	0.027	0.027	-	-	-	-	
VARIABLE CHARGE (\$)	13 \$	378	319	294	203	154	113	106	107	-	-	-	-	1,674
FIXED CHARGE	13 \$	194.180	194.180	194.180	194.180	194.180	194.180	194.180	194.180	20.775	20.775	20.775	20.775	1,637
DEMAND CHARGE (\$/GJ)	13 \$	6.768	6.768	6.768	6.768	6.768	6.768	6.768	6.768	8.666	8.666	8.666	8.666	
DEMAND CHARGE (\$)	13 \$	3,093	3,093	3,093	3,093	3,093	3,093	3,093	3,093	3,960	3,960	3,960	3,960	40,584
REVENUE	13 \$	3,665.180	3,606.180	3,581.180	3,490.180	3,441.180	3,400.180	3,393.180	3,394.180	3,980.775	3,980.775	3,980.775	3,980.775	43,895

ATCO GAS NORTH
Board Direction #19 - Comparison of Annual Costs for Typical Customers at Various Rates

Current Rates As of January, 2007 (includes Rider G)

		<u>Fixed Charge</u>	<u>Demand Charge \$/GJ</u>	<u>Energy Charge \$/GJ</u>		
	Rate 1/11	16.129	-	1.145		
	Rate 3	173.411	7.239	0.027		
	Rate 13	194.180	6.768	0.027		
Rate	Average Annual Consumption GJ's/Cust	Monthly Billing Demand GJ's	Fixed Charge \$'s	Demand Charge \$'s	Energy Charge \$'s	Total Annual Charge \$'s
1/11	130	-	194	-	149	343
1/11	1,000	-	194	-	1,145	1,339
1/11	8,000	-	194	-	9,160	9,354
3	15,000	137	2,081	11,901	405	14,387
3	100,000	457	2,081	39,699	2,700	44,480
13	15,000	137	2,330	11,127	405	13,862
13	100,000	457	2,330	37,116	2,700	42,146

ATCO GAS NORTH
Board Direction #19 - Comparison of Annual Costs for Typical Customers at Various Rates

Current Rates as of January, 2007 (excludes Rider G)

		<u>Fixed Charge</u>	<u>Demand Charge \$/GJ</u>	<u>Energy Charge \$/GJ</u>		
	Rate 1/11	14.370	-	1.020		
	Rate 3	154.500	6.450	0.024		
	Rate 13	173.000	6.030	0.024		
Rate	Average Annual Consumption GJ's/Cust	Monthly Billing Demand GJ's	Fixed Charge \$'s	Demand Charge \$'s	Energy Charge \$'s	Total Annual Charge \$'s
1/11	130	-	172	-	133	305
1/11	1,000	-	172	-	1,020	1,192
1/11	8,000	-	172	-	8,160	8,332
3	15,000	137	1,854	10,604	360	12,818
3	100,000	457	1,854	35,372	2,400	39,626
13	15,000	137	2,076	9,913	360	12,349
13	100,000	457	2,076	33,069	2,400	37,545

ATCO GAS NORTH
Board Direction #19 - Comparison of Annual Costs for Typical Customers at Various Rates

<u>Rates as of January, 2005</u>						
		<u>Fixed Charge</u>	<u>Demand Charge \$/GJ</u>	<u>Energy Charge \$/GJ</u>		
	Rate 1/11	12.770	-	1.120		
	Rate 3	289.990	4.190	0.302		
	Rate 13	330.810	6.430	0.059		
Rate	Average Annual Consumption GJ's/Cust	Monthly Billing Demand GJ's	Fixed Charge \$'s	Demand Charge \$'s	Energy Charge \$'s	Total Annual Charge \$'s
1/11	130	-	153	-	146	299
1/11	1,000	-	153	-	1,120	1,273
1/11	8,000	-	153	-	8,960	9,113
3	15,000	137	3,480	6,888	4,530	14,898
3	100,000	457	3,480	22,978	30,200	56,658
13	15,000	137	3,970	10,571	885	15,426
13	100,000	457	3,970	35,262	5,900	45,132

ATCO GAS SOUTH

Summary of Board Direction #19 - Comparison of Annual Costs for Typical Customers at Various Rates

REVISED JULY 12, 2007

Rate Group	Annual Charge								
	Annual Consumption GJ	High Use 95%	High Use 105%	Proposed Rates	Current Rates	Current Rates excluding Rider J	Jan-05 Rates	Irrigation 95%	Irrigation 105%
Low Use/Rate 1/11	130	338	334	337	334	NO CHANGE 328	NO CHANGE 304	337	337
Low Use/Rate 1/11	1,000	1,232	1,216	1,224	1,220	1,199	1,294	1,224	1,224
Low Use/Rate 1/11	8,000	8,426	8,304	8,365	8,346	8,206	9,260	8,365	8,365
High Use/Rate 3	15,000	13,195	14,620	13,908	14,645	14,332	13,902	13,944	13,879
High Use/Rate 3	100,000	48,483	53,645	51,078	53,703	52,579	53,736	51,224	50,993
High Use/Rate 13	15,000	13,463	14,888	14,175	15,045	14,737	15,829	14,212	14,147
High Use/Rate 13	100,000	47,681	52,843	50,275	52,473	51,417	52,557	50,422	50,191
IRRIGATION/Rate 5/18	1,000	1,282	1,282	1,282	1,253	1,212	1,181	1,200	1,359

95% REVENUE TO COST RATIO FOR HIGH USE FIXED CHARGE @ 90% OF CUSTOMER COST FOR LOW USE & IRRIGATION

		2007 - REVENUE												
	RATE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	TOTAL
Low Use - 130 GJ's														
Average Monthly Consumption		20	17	16	10	7	4	3	3	6	10	15	19	130
VARIABLE CHARGE (\$/GJ)	1 \$	1.001	1.001	1.001	1.001	1.001	1.038	1.038	1.038	1.063	1.063	1.063	1.063	
VARIABLE CHARGE (\$)	1 \$	20	17	16	10	7	4	3	3	6	11	16	20	133
FIXED CHARGE	1 \$	16.486	16.486	16.486	16.486	16.486	17.094	17.094	17.094	17.903	17.903	17.903	17.903	205
REVENUE	1 \$	36.486	33.486	32.486	26.486	23.486	21.094	20.094	20.094	23.903	28.903	33.903	37.903	338
Low Use - 1000 GJ's														
Average Monthly Consumption		154	131	123	80	51	30	25	26	43	74	118	145	1,000
VARIABLE CHARGE (\$/GJ)	1 \$	1.001	1.001	1.001	1.001	1.001	1.038	1.038	1.038	1.063	1.063	1.063	1.063	
VARIABLE CHARGE (\$)	1 \$	154	131	123	80	51	31	26	27	46	79	125	154	1,027
FIXED CHARGE	1 \$	16.486	16.486	16.486	16.486	16.486	17.094	17.094	17.094	17.903	17.903	17.903	17.903	205
REVENUE	1 \$	170.486	147.486	139.486	96.486	67.486	48.094	43.094	44.094	63.903	96.903	142.903	171.903	1,232
Low Use - 8000 GJ's														
Average Monthly Consumption		1,230	1,050	984	642	410	240	199	210	346	589	947	1,153	8,000
VARIABLE CHARGE (\$/GJ)	1 \$	1.001	1.001	1.001	1.001	1.001	1.038	1.038	1.038	1.063	1.063	1.063	1.063	
VARIABLE CHARGE (\$)	1 \$	1,231	1,051	985	643	410	249	207	218	368	626	1,007	1,226	8,221
FIXED CHARGE	1 \$	16.486	16.486	16.486	16.486	16.486	17.094	17.094	17.094	17.903	17.903	17.903	17.903	205
REVENUE	1 \$	1,247.486	1,067.486	1,001.486	659.486	426.486	266.094	224.094	235.094	385.903	643.903	1,024.903	1,243.903	8,426
Irrigation - 1000 GJ's														
Average Monthly Consumption		-	-	-	-	19	171	338	398	86	(12)	-	-	1,000
VARIABLE CHARGE (\$/GJ)	1 \$	0.981	0.981	0.981	0.981	0.981	1.017	1.017	1.017	0.923	0.923	0.923	0.923	
VARIABLE CHARGE (\$)	1 \$	-	-	-	-	19	174	344	405	79	11	-	-	1,010
FIXED CHARGE	1 \$	19.223	19.223	19.223	19.223	19.223	19.923	19.923	19.923	29.014	29.014	29.014	29.014	272
REVENUE	1 \$	19.223	19.223	19.223	19.223	38.223	193.923	363.923	424.923	108.014	18.014	29.014	29.014	1,282
High Use/R3 15,000 GJ's Annually														
Average Monthly Consumption	3	1,881	1,578	1,620	1,103	1,002	780	740	731	912	1,197	1,610	1,846	15,000
DEMAND GJ	3	137	137	137	137	137	137	137	137	137	137	137	137	
VARIABLE CHARGE (\$/GJ)	3 \$	0.171	0.171	0.171	0.171	0.171	0.177	0.177	0.177	0.094	0.094	0.094	0.094	
VARIABLE CHARGE (\$)	3 \$	322	270	277	189	171	138	131	129	86	113	151	174	2,151
FIXED CHARGE	3 \$	134.594	134.594	134.594	134.594	134.594	139.552	139.552	139.552	15.456	15.456	15.456	15.456	1,153
DEMAND CHARGE (\$/GJ)	3 \$	6.175	6.175	6.175	6.175	6.175	6.418	6.418	6.418	5.519	5.519	5.519	5.519	
DEMAND CHARGE (\$)	3 \$	846	846	846	846	846	879	879	879	756	756	756	756	9,891
REVENUE	3 \$	1,302.594	1,250.594	1,257.594	1,169.594	1,151.594	1,156.552	1,149.552	1,147.552	857.456	884.456	922.456	945.456	13,195
High Use/R3 100,000 GJ's Annually														
Average Monthly Consumption	3	12,540	10,520	10,800	7,350	6,680	5,200	4,930	4,870	6,080	7,980	10,730	12,320	100,000
DEMAND GJ	3	457	457	457	457	457	457	457	457	457	457	457	457	
VARIABLE CHARGE (\$/GJ)	3 \$	0.171	0.171	0.171	0.171	0.171	0.177	0.177	0.177	0.094	0.094	0.094	0.094	
VARIABLE CHARGE (\$)	3 \$	2,144	1,799	1,847	1,257	1,142	920	873	862	572	750	1,009	1,158	14,333
FIXED CHARGE	3 \$	134.594	134.594	134.594	134.594	134.594	139.552	139.552	139.552	15.456	15.456	15.456	15.456	1,153
DEMAND CHARGE (\$/GJ)	3 \$	6.175	6.175	6.175	6.175	6.175	6.418	6.418	6.418	5.519	5.519	5.519	5.519	
DEMAND CHARGE (\$)	3 \$	2,822	2,822	2,822	2,822	2,822	2,933	2,933	2,933	2,522	2,522	2,522	2,522	32,997
REVENUE	3 \$	5,100.594	4,755.594	4,803.594	4,213.594	4,098.594	3,992.552	3,945.552	3,934.552	3,109.456	3,287.456	3,546.456	3,695.456	48,483
High Use/R 13 15,000 GJ's Annually														
Average Monthly Consumption	13	1,881	1,578	1,620	1,103	1,002	780	740	731	912	1,197	1,610	1,846	15,000
DEMAND GJ	13	137	137	137	137	137	137	137	137	137	137	137	137	
VARIABLE CHARGE (\$/GJ)	13 \$	0.171	0.171	0.171	0.171	0.171	0.177	0.177	0.177	0.094	0.094	0.094	0.094	
VARIABLE CHARGE (\$)	13 \$	322	270	277	189	171	138	131	129	86	113	151	174	2,151
FIXED CHARGE	13 \$	224.290	224.290	224.290	224.290	224.290	232.580	232.580	232.580	15.456	15.456	15.456	15.456	1,881
DEMAND CHARGE (\$/GJ)	13 \$	5.767	5.767	5.767	5.767	5.767	5.980	5.980	5.980	5.519	5.519	5.519	5.519	
DEMAND CHARGE (\$)	13 \$	790	790	790	790	790	819	819	819	756	756	756	756	9,431
REVENUE	13 \$	1,336.290	1,284.290	1,291.290	1,203.290	1,185.290	1,189.580	1,182.580	1,180.580	857.456	884.456	922.456	945.456	13,463
High Use/R13 100,000 GJ's Annually														
Average Monthly Consumption	13	12,540	10,520	10,800	7,350	6,680	5,200	4,930	4,870	6,080	7,980	10,730	12,320	100,000
DEMAND GJ	13	457	457	457	457	457	457	457	457	457	457	457	457	
VARIABLE CHARGE (\$/GJ)	13 \$	0.171	0.171	0.171	0.171	0.171	0.177	0.177	0.177	0.094	0.094	0.094	0.094	
VARIABLE CHARGE (\$)	13 \$	2,144	1,799	1,847	1,257	1,142	920	873	862	572	750	1,009	1,158	14,333
FIXED CHARGE	13 \$	224.290	224.290	224.290	224.290	224.290	232.580	232.580	232.580	15.456	15.456	15.456	15.456	1,881
DEMAND CHARGE (\$/GJ)	13 \$	5.767	5.767	5.767	5.767	5.767	5.980	5.980	5.980	5.519	5.519	5.519	5.519	
DEMAND CHARGE (\$)	13 \$	2,636	2,636	2,636	2,636	2,636	2,733	2,733	2,733	2,522	2,522	2,522	2,522	31,467
REVENUE	13 \$	5,004.290	4,659.290	4,707.290	4,117.290	4,002.290	3,885.580	3,838.580	3,827.580	3,109.456	3,287.456	3,546.456	3,695.456	47,681

105% REVENUE TO COST RATIO FOR HIGH USE FIXED CHARGE @ 90% OF CUSTOMER COST FOR LOW USE & IRRIGATION

		2007 - REVENUE												
	RATE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	TOTAL
Low Use - 130 GJ's														
Average Monthly Consumption		20	17	16	10	7	4	3	3	6	10	15	19	130
VARIABLE CHARGE (\$/GJ)	1 \$	1.001	1.001	1.001	1.001	1.001	1.038	1.038	1.038	1.023	1.023	1.023	1.023	
VARIABLE CHARGE (\$)	1 \$	20	17	16	10	7	4	3	3	6	10	15	19	130
FIXED CHARGE	1 \$	16.486	16.486	16.486	16.486	16.486	17.094	17.094	17.094	17.606	17.606	17.606	17.606	204
REVENUE	1 \$	36.486	33.486	32.486	26.486	23.486	21.094	20.094	20.094	23.606	27.606	32.606	36.606	334
Low Use - 1000 GJ's														
Average Monthly Consumption		154	131	123	80	51	30	25	26	43	74	118	145	1,000
VARIABLE CHARGE (\$/GJ)	1 \$	1.001	1.001	1.001	1.001	1.001	1.038	1.038	1.038	1.023	1.023	1.023	1.023	
VARIABLE CHARGE (\$)	1 \$	154	131	123	80	51	31	26	27	44	76	121	148	1,012
FIXED CHARGE	1 \$	16.486	16.486	16.486	16.486	16.486	17.094	17.094	17.094	17.606	17.606	17.606	17.606	204
REVENUE	1 \$	170.486	147.486	139.486	96.486	67.486	48.094	43.094	44.094	61.606	93.606	138.606	165.606	1,216
Low Use - 8000 GJ's														
Average Monthly Consumption		1,230	1,050	984	642	410	240	199	210	346	589	947	1,153	8,000
VARIABLE CHARGE (\$/GJ)	1 \$	1.001	1.001	1.001	1.001	1.001	1.038	1.038	1.038	1.023	1.023	1.023	1.023	
VARIABLE CHARGE (\$)	1 \$	1,231	1,051	985	643	410	249	207	218	354	603	969	1,180	8,100
FIXED CHARGE	1 \$	16.486	16.486	16.486	16.486	16.486	17.094	17.094	17.094	17.606	17.606	17.606	17.606	204
REVENUE	1 \$	1,247.486	1,067.486	1,001.486	659.486	426.486	266.094	224.094	235.094	371.606	620.606	986.606	1,197.606	8,304
Irrigation - 1000 GJ's														
Average Monthly Consumption		-	-	-	-	19	171	338	398	86	(12)	-	-	1,000
VARIABLE CHARGE (\$/GJ)	1 \$	0.981	0.981	0.981	0.981	0.981	1.017	1.017	1.017	0.923	0.923	0.923	0.923	
VARIABLE CHARGE (\$)	1 \$	-	-	-	-	19	174	344	405	79	11	-	-	1,010
FIXED CHARGE	1 \$	19.223	19.223	19.223	19.223	19.223	19.923	19.923	19.923	29.014	29.014	29.014	29.014	272
REVENUE	1 \$	19.223	19.223	19.223	19.223	38.223	193.923	363.923	424.923	108.014	18.014	29.014	29.014	1,282
High Use/R3 15,000 GJ's Annually														
Average Monthly Consumption	3	1,881	1,578	1,620	1,103	1,002	780	740	731	912	1,197	1,610	1,846	15,000
DEMAND GJ	3	137	137	137	137	137	137	137	137	137	137	137	137	
VARIABLE CHARGE (\$/GJ)	3 \$	0.171	0.171	0.171	0.171	0.171	0.177	0.177	0.177	0.118	0.118	0.118	0.118	
VARIABLE CHARGE (\$)	3 \$	322	270	277	189	171	138	131	129	108	141	190	218	2,284
FIXED CHARGE	3 \$	134.594	134.594	134.594	134.594	134.594	139.552	139.552	139.552	19.398	19.398	19.398	19.398	1,169
DEMAND CHARGE (\$/GJ)	3 \$	6.175	6.175	6.175	6.175	6.175	6.418	6.418	6.418	7.847	7.847	7.847	7.847	
DEMAND CHARGE (\$)	3 \$	846	846	846	846	846	879	879	879	1,075	1,075	1,075	1,075	11,167
REVENUE	3 \$	1,302.594	1,250.594	1,257.594	1,169.594	1,151.594	1,156.552	1,149.552	1,147.552	1,202.398	1,235.398	1,284.398	1,312.398	14,620
High Use/R3 100,000 GJ's Annually														
Average Monthly Consumption	3	12,540	10,520	10,800	7,350	6,680	5,200	4,930	4,870	6,080	7,980	10,730	12,320	100,000
DEMAND GJ	3	457	457	457	457	457	457	457	457	457	457	457	457	
VARIABLE CHARGE (\$/GJ)	3 \$	0.171	0.171	0.171	0.171	0.171	0.177	0.177	0.177	0.118	0.118	0.118	0.118	
VARIABLE CHARGE (\$)	3 \$	2,144	1,799	1,847	1,257	1,142	920	873	862	717	942	1,266	1,454	15,223
FIXED CHARGE	3 \$	134.594	134.594	134.594	134.594	134.594	139.552	139.552	139.552	19.398	19.398	19.398	19.398	1,169
DEMAND CHARGE (\$/GJ)	3 \$	6.175	6.175	6.175	6.175	6.175	6.418	6.418	6.418	7.847	7.847	7.847	7.847	
DEMAND CHARGE (\$)	3 \$	2,822	2,822	2,822	2,822	2,822	2,933	2,933	2,933	3,586	3,586	3,586	3,586	37,253
REVENUE	3 \$	5,100.594	4,755.594	4,803.594	4,213.594	4,098.594	3,992.552	3,945.552	3,934.552	4,322.398	4,547.398	4,871.398	5,059.398	53,645
High Use/R13 15,000 GJ's Annually														
Average Monthly Consumption	13	1,881	1,578	1,620	1,103	1,002	780	740	731	912	1,197	1,610	1,846	15,000
DEMAND GJ	13	137	137	137	137	137	137	137	137	137	137	137	137	
VARIABLE CHARGE (\$/GJ)	13 \$	0.171	0.171	0.171	0.171	0.171	0.177	0.177	0.177	0.118	0.118	0.118	0.118	
VARIABLE CHARGE (\$)	13 \$	322	270	277	189	171	138	131	129	108	141	190	218	2,284
FIXED CHARGE	13 \$	224.290	224.290	224.290	224.290	224.290	232.580	232.580	232.580	19.398	19.398	19.398	19.398	1,897
DEMAND CHARGE (\$/GJ)	13 \$	5.767	5.767	5.767	5.767	5.767	5.980	5.980	5.980	7.847	7.847	7.847	7.847	
DEMAND CHARGE (\$)	13 \$	790	790	790	790	790	819	819	819	1,075	1,075	1,075	1,075	10,707
REVENUE	13 \$	1,336.290	1,284.290	1,291.290	1,203.290	1,185.290	1,189.580	1,182.580	1,180.580	1,202.398	1,235.398	1,284.398	1,312.398	14,888
High Use/R13 100,000 GJ's Annually														
Average Monthly Consumption	13	12,540	10,520	10,800	7,350	6,680	5,200	4,930	4,870	6,080	7,980	10,730	12,320	100,000
DEMAND GJ	13	457	457	457	457	457	457	457	457	457	457	457	457	
VARIABLE CHARGE (\$/GJ)	13 \$	0.171	0.171	0.171	0.171	0.171	0.177	0.177	0.177	0.118	0.118	0.118	0.118	
VARIABLE CHARGE (\$)	13 \$	2,144	1,799	1,847	1,257	1,142	920	873	862	717	942	1,266	1,454	15,223
FIXED CHARGE	13 \$	224.290	224.290	224.290	224.290	224.290	232.580	232.580	232.580	19.398	19.398	19.398	19.398	1,897
DEMAND CHARGE (\$/GJ)	13 \$	5.767	5.767	5.767	5.767	5.767	5.980	5.980	5.980	7.847	7.847	7.847	7.847	
DEMAND CHARGE (\$)	13 \$	2,636	2,636	2,636	2,636	2,636	2,733	2,733	2,733	3,586	3,586	3,586	3,586	35,723
REVENUE	13 \$	5,004.290	4,659.290	4,707.290	4,117.290	4,002.290	3,885.580	3,838.580	3,827.580	4,322.398	4,547.398	4,871.398	5,059.398	52,843

100% REVENUE TO COST RATIO FIXED CHARGE @ 90% OF CUSTOMER COST FOR LOW USE & IRRIGATION

		2007 - REVENUE												
	RATE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	TOTAL
Low Use - 130 GJ's														
Average Monthly Consumption		20	17	16	10	7	4	3	3	6	10	15	19	130
VARIABLE CHARGE (\$/GJ)	1 \$	1.001	1.001	1.001	1.001	1.001	1.038	1.038	1.038	1.043	1.043	1.043	1.043	
VARIABLE CHARGE (\$)	1 \$	20	17	16	10	7	4	3	3	6	10	16	20	132
FIXED CHARGE	1 \$	16.486	16.486	16.486	16.486	16.486	17.094	17.094	17.094	17.756	17.756	17.756	17.756	205
REVENUE	1 \$	36.486	33.486	32.486	26.486	23.486	21.094	20.094	20.094	23.756	27.756	33.756	37.756	337
Low Use - 1000 GJ's														
Average Monthly Consumption		154	131	123	80	51	30	25	26	43	74	118	145	1,000
VARIABLE CHARGE (\$/GJ)	1 \$	1.001	1.001	1.001	1.001	1.001	1.038	1.038	1.038	1.043	1.043	1.043	1.043	
VARIABLE CHARGE (\$)	1 \$	154	131	123	80	51	31	26	27	45	77	123	151	1,019
FIXED CHARGE	1 \$	16.486	16.486	16.486	16.486	16.486	17.094	17.094	17.094	17.756	17.756	17.756	17.756	205
REVENUE	1 \$	170.486	147.486	139.486	96.486	67.486	48.094	43.094	44.094	62.756	94.756	140.756	168.756	1,224
Low Use - 8000 GJ's														
Average Monthly Consumption		1,230	1,050	984	642	410	240	199	210	346	589	947	1,153	8,000
VARIABLE CHARGE (\$/GJ)	1 \$	1.001	1.001	1.001	1.001	1.001	1.038	1.038	1.038	1.043	1.043	1.043	1.043	
VARIABLE CHARGE (\$)	1 \$	1,231	1,051	985	643	410	249	207	218	361	614	988	1,203	8,160
FIXED CHARGE	1 \$	16.486	16.486	16.486	16.486	16.486	17.094	17.094	17.094	17.756	17.756	17.756	17.756	205
REVENUE	1 \$	1,247.486	1,067.486	1,001.486	659.486	426.486	266.094	224.094	235.094	378.756	631.756	1,005.756	1,220.756	8,365
Irrigation - 1000 GJ's														
Average Monthly Consumption		-	-	-	-	19	171	338	398	86	(12)	-	-	1,000
VARIABLE CHARGE (\$/GJ)	1 \$	0.981	0.981	0.981	0.981	0.981	1.017	1.017	1.017	0.923	0.923	0.923	0.923	
VARIABLE CHARGE (\$)	1 \$	-	-	-	-	19	174	344	405	79	-11	-	-	1,010
FIXED CHARGE	1 \$	19.223	19.223	19.223	19.223	19.223	19.923	19.923	19.923	29.014	29.014	29.014	29.014	272
REVENUE	1 \$	19.223	19.223	19.223	19.223	38.223	193.923	363.923	424.923	108.014	18.014	29.014	29.014	1,282
High use 15,000 GJ's Annually														
Average Monthly Consumption	3	1,881	1,578	1,620	1,103	1,002	780	740	731	912	1,197	1,610	1,846	15,000
DEMAND GJ	3	137	137	137	137	137	137	137	137	137	137	137	137	
VARIABLE CHARGE (\$/GJ)	3 \$	0.171	0.171	0.171	0.171	0.171	0.177	0.177	0.177	0.107	0.107	0.107	0.107	
VARIABLE CHARGE (\$)	3 \$	322	270	277	189	171	138	131	129	98	128	172	198	2,223
FIXED CHARGE	3 \$	134.594	134.594	134.594	134.594	134.594	139.552	139.552	139.552	17.520	17.520	17.520	17.520	1,162
DEMAND CHARGE (\$/GJ)	3 \$	6.175	6.175	6.175	6.175	6.175	6.418	6.418	6.418	6.670	6.670	6.670	6.670	
DEMAND CHARGE (\$)	3 \$	846	846	846	846	846	879	879	879	914	914	914	914	10,523
REVENUE	3 \$	1,302.594	1,250.594	1,257.594	1,169.594	1,151.594	1,156.552	1,149.552	1,147.552	1,029.520	1,059.520	1,103.520	1,129.520	13,908
High Use 100,000 GJ's Annually														
Average Monthly Consumption	3	12,540	10,520	10,800	7,350	6,680	5,200	4,930	4,870	6,080	7,980	10,730	12,320	100,000
DEMAND GJ	3	457	457	457	457	457	457	457	457	457	457	457	457	
VARIABLE CHARGE (\$/GJ)	3 \$	0.171	0.171	0.171	0.171	0.171	0.177	0.177	0.177	0.107	0.107	0.107	0.107	
VARIABLE CHARGE (\$)	3 \$	2,144	1,799	1,847	1,257	1,142	920	873	862	651	854	1,148	1,318	14,815
FIXED CHARGE	3 \$	134.594	134.594	134.594	134.594	134.594	139.552	139.552	139.552	17.520	17.520	17.520	17.520	1,162
DEMAND CHARGE (\$/GJ)	3 \$	6.175	6.175	6.175	6.175	6.175	6.418	6.418	6.418	6.670	6.670	6.670	6.670	
DEMAND CHARGE (\$)	3 \$	2,822	2,822	2,822	2,822	2,822	2,933	2,933	2,933	3,048	3,048	3,048	3,048	35,101
REVENUE	3 \$	5,100.594	4,755.594	4,803.594	4,213.594	4,098.594	3,992.552	3,945.552	3,934.552	3,716.520	3,919.520	4,213.520	4,383.520	51,078
Rate 13 15,000 GJ's Annually														
Average Monthly Consumption	13	1,881	1,578	1,620	1,103	1,002	780	740	731	912	1,197	1,610	1,846	15,000
DEMAND GJ	13	137	137	137	137	137	137	137	137	137	137	137	137	
VARIABLE CHARGE (\$/GJ)	13 \$	0.171	0.171	0.171	0.171	0.171	0.177	0.177	0.177	0.107	0.107	0.107	0.107	
VARIABLE CHARGE (\$)	13 \$	322	270	277	189	171	138	131	129	98	128	172	198	2,223
FIXED CHARGE	13 \$	224.290	224.290	224.290	224.290	224.290	232.580	232.580	232.580	17.520	17.520	17.520	17.520	1,889
DEMAND CHARGE (\$/GJ)	13 \$	5.767	5.767	5.767	5.767	5.767	5.980	5.980	5.980	6.670	6.670	6.670	6.670	
DEMAND CHARGE (\$)	13 \$	790	790	790	790	790	819	819	819	914	914	914	914	10,063
REVENUE	13 \$	1,336.290	1,284.290	1,291.290	1,203.290	1,185.290	1,189.580	1,182.580	1,180.580	1,029.520	1,059.520	1,103.520	1,129.520	14,175
Rate 13 100,000 GJ's Annually														
Average Monthly Consumption	13	12,540	10,520	10,800	7,350	6,680	5,200	4,930	4,870	6,080	7,980	10,730	12,320	100,000
DEMAND GJ	13	457	457	457	457	457	457	457	457	457	457	457	457	
VARIABLE CHARGE (\$/GJ)	13 \$	0.171	0.171	0.171	0.171	0.171	0.177	0.177	0.177	0.107	0.107	0.107	0.107	
VARIABLE CHARGE (\$)	13 \$	2,144	1,799	1,847	1,257	1,142	920	873	862	651	854	1,148	1,318	14,815
FIXED CHARGE	13 \$	224.290	224.290	224.290	224.290	224.290	232.580	232.580	232.580	17.520	17.520	17.520	17.520	1,889
DEMAND CHARGE (\$/GJ)	13 \$	5.767	5.767	5.767	5.767	5.767	5.980	5.980	5.980	6.670	6.670	6.670	6.670	
DEMAND CHARGE (\$)	13 \$	2,636	2,636	2,636	2,636	2,636	2,733	2,733	2,733	3,048	3,048	3,048	3,048	33,571
REVENUE	13 \$	5,004.290	4,659.290	4,707.290	4,117.290	4,002.290	3,885.580	3,838.580	3,827.580	3,716.520	3,919.520	4,213.520	4,383.520	50,275

CURRENT RATES AS OF JUNE 1 2007 INCLUDING RIDER G

		2007 - REVENUE												
	RATE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	TOTAL
Rate 1 - 130 GJ's														
Average Monthly Consumption		20	17	16	10	7	4	3	3	6	10	15	19	130
VARIABLE CHARGE (\$/GJ)	1	\$ 1.001	\$ 1.001	\$ 1.001	\$ 1.001	\$ 1.001	\$ 1.038	\$ 1.038	\$ 1.038	\$ 1.038	\$ 1.038	\$ 1.038	\$ 1.038	
VARIABLE CHARGE (\$)	1	\$ 20	\$ 17	\$ 16	\$ 10	\$ 7	\$ 4	\$ 3	\$ 3	\$ 6	\$ 10	\$ 16	\$ 20	\$ 132
FIXED CHARGE	1	\$ 16.486	\$ 16.486	\$ 16.486	\$ 16.486	\$ 16.486	\$ 17.094	\$ 17.094	\$ 17.094	\$ 17.094	\$ 17.094	\$ 17.094	\$ 17.094	\$ 202
REVENUE	1	\$ 36.486	\$ 33.486	\$ 32.486	\$ 26.486	\$ 23.486	\$ 21.094	\$ 20.094	\$ 20.094	\$ 23.094	\$ 27.094	\$ 33.094	\$ 37.094	\$ 334
Rate 1 - 1000 GJ's														
Average Monthly Consumption		154	131	123	80	51	30	25	26	43	74	118	145	1,000
VARIABLE CHARGE (\$/GJ)	1	\$ 1.001	\$ 1.001	\$ 1.001	\$ 1.001	\$ 1.001	\$ 1.038	\$ 1.038	\$ 1.038	\$ 1.038	\$ 1.038	\$ 1.038	\$ 1.038	
VARIABLE CHARGE (\$)	1	\$ 154	\$ 131	\$ 123	\$ 80	\$ 51	\$ 31	\$ 26	\$ 27	\$ 45	\$ 77	\$ 122	\$ 151	\$ 1,018
FIXED CHARGE	1	\$ 16.486	\$ 16.486	\$ 16.486	\$ 16.486	\$ 16.486	\$ 17.094	\$ 17.094	\$ 17.094	\$ 17.094	\$ 17.094	\$ 17.094	\$ 17.094	\$ 202
REVENUE	1	\$ 170.486	\$ 147.486	\$ 139.486	\$ 96.486	\$ 67.486	\$ 48.094	\$ 43.094	\$ 44.094	\$ 62.094	\$ 94.094	\$ 139.094	\$ 168.094	\$ 1,220
Rate 1 - 8000 GJ's														
Average Monthly Consumption		1,230	1,050	984	642	410	240	199	210	346	589	947	1,153	8,000
VARIABLE CHARGE (\$/GJ)	1	\$ 1.001	\$ 1.001	\$ 1.001	\$ 1.001	\$ 1.001	\$ 1.038	\$ 1.038	\$ 1.038	\$ 1.038	\$ 1.038	\$ 1.038	\$ 1.038	
VARIABLE CHARGE (\$)	1	\$ 1,231	\$ 1,051	\$ 985	\$ 643	\$ 410	\$ 249	\$ 207	\$ 218	\$ 359	\$ 611	\$ 983	\$ 1,197	\$ 8,144
FIXED CHARGE	1	\$ 16.486	\$ 16.486	\$ 16.486	\$ 16.486	\$ 16.486	\$ 17.094	\$ 17.094	\$ 17.094	\$ 17.094	\$ 17.094	\$ 17.094	\$ 17.094	\$ 202
REVENUE	1	\$ 1,247.486	\$ 1,067.486	\$ 1,001.486	\$ 659.486	\$ 426.486	\$ 266.094	\$ 224.094	\$ 235.094	\$ 376.094	\$ 628.094	\$ 1,000.094	\$ 1,214.094	\$ 8,346
Rate 5 - 1000 GJ's														
Average Monthly Consumption		-	-	-	-	19	171	338	398	86	(12)	-	-	1,000
VARIABLE CHARGE (\$/GJ)	1	\$ 0.981	\$ 0.981	\$ 0.981	\$ 0.981	\$ 0.981	\$ 1.017	\$ 1.017	\$ 1.017	\$ 1.017	\$ 1.017	\$ 1.017	\$ 1.017	
VARIABLE CHARGE (\$)	1	\$ -	\$ -	\$ -	\$ -	\$ 19	\$ 174	\$ 344	\$ 405	\$ 87	\$ 12	\$ -	\$ -	\$ 1,017
FIXED CHARGE	1	\$ 19.223	\$ 19.223	\$ 19.223	\$ 19.223	\$ 19.223	\$ 19.923	\$ 19.923	\$ 19.923	\$ 19.923	\$ 19.923	\$ 19.923	\$ 19.923	\$ 236
REVENUE	1	\$ 19.223	\$ 19.223	\$ 19.223	\$ 19.223	\$ 38.223	\$ 193.923	\$ 363.923	\$ 424.923	\$ 106.923	\$ 7.923	\$ 19.923	\$ 19.923	\$ 1,253
Rate 3 15,000 GJ's Annually														
Average Monthly Consumption	3	1,881	1,578	1,620	1,103	1,002	780	740	731	912	1,197	1,610	1,846	15,000
DEMAND GJ	3	137	137	137	137	137	137	137	137	137	137	137	137	
VARIABLE CHARGE (\$/GJ)	3	\$ 0.171	\$ 0.171	\$ 0.171	\$ 0.171	\$ 0.171	\$ 0.177	\$ 0.177	\$ 0.177	\$ 0.177	\$ 0.177	\$ 0.177	\$ 0.177	
VARIABLE CHARGE (\$)	3	\$ 322	\$ 270	\$ 277	\$ 189	\$ 171	\$ 138	\$ 131	\$ 129	\$ 161	\$ 212	\$ 285	\$ 327	\$ 2,612
FIXED CHARGE	3	\$ 134.594	\$ 134.594	\$ 134.594	\$ 134.594	\$ 134.594	\$ 139.552	\$ 139.552	\$ 139.552	\$ 139.552	\$ 139.552	\$ 139.552	\$ 139.552	\$ 1,650
DEMAND CHARGE (\$/GJ)	3	\$ 6.175	\$ 6.175	\$ 6.175	\$ 6.175	\$ 6.175	\$ 6.418	\$ 6.418	\$ 6.418	\$ 6.418	\$ 6.418	\$ 6.418	\$ 6.418	
DEMAND CHARGE (\$)	3	\$ 846	\$ 846	\$ 846	\$ 846	\$ 846	\$ 879	\$ 879	\$ 879	\$ 879	\$ 879	\$ 879	\$ 879	\$ 10,383
REVENUE	3	\$ 1,302.594	\$ 1,250.594	\$ 1,257.594	\$ 1,169.594	\$ 1,151.594	\$ 1,156.552	\$ 1,149.552	\$ 1,147.552	\$ 1,179.552	\$ 1,230.552	\$ 1,303.552	\$ 1,345.552	\$ 14,645
Rate 3 100,000 GJ's Annually														
Average Monthly Consumption	3	12,540	10,520	10,800	7,350	6,680	5,200	4,930	4,870	6,080	7,980	10,730	12,320	100,000
DEMAND GJ	3	457	457	457	457	457	457	457	457	457	457	457	457	
VARIABLE CHARGE (\$/GJ)	3	\$ 0.171	\$ 0.171	\$ 0.171	\$ 0.171	\$ 0.171	\$ 0.177	\$ 0.177	\$ 0.177	\$ 0.177	\$ 0.177	\$ 0.177	\$ 0.177	
VARIABLE CHARGE (\$)	3	\$ 2,144	\$ 1,799	\$ 1,847	\$ 1,257	\$ 1,142	\$ 920	\$ 873	\$ 862	\$ 1,076	\$ 1,412	\$ 1,899	\$ 2,181	\$ 17,412
FIXED CHARGE	3	\$ 134.594	\$ 134.594	\$ 134.594	\$ 134.594	\$ 134.594	\$ 139.552	\$ 139.552	\$ 139.552	\$ 139.552	\$ 139.552	\$ 139.552	\$ 139.552	\$ 1,650
DEMAND CHARGE (\$/GJ)	3	\$ 6.175	\$ 6.175	\$ 6.175	\$ 6.175	\$ 6.175	\$ 6.418	\$ 6.418	\$ 6.418	\$ 6.418	\$ 6.418	\$ 6.418	\$ 6.418	
DEMAND CHARGE (\$)	3	\$ 2,822	\$ 2,822	\$ 2,822	\$ 2,822	\$ 2,822	\$ 2,933	\$ 2,933	\$ 2,933	\$ 2,933	\$ 2,933	\$ 2,933	\$ 2,933	\$ 34,641
REVENUE	3	\$ 5,100.594	\$ 4,755.594	\$ 4,803.594	\$ 4,213.594	\$ 4,098.594	\$ 3,992.552	\$ 3,945.552	\$ 3,934.552	\$ 4,148.552	\$ 4,484.552	\$ 4,971.552	\$ 5,253.552	\$ 53,703
Rate 13 15,000 GJ's Annually														
Average Monthly Consumption	13	1,881	1,578	1,620	1,103	1,002	780	740	731	912	1,197	1,610	1,846	15,000
DEMAND GJ	13	137	137	137	137	137	137	137	137	137	137	137	137	
VARIABLE CHARGE (\$/GJ)	13	\$ 0.171	\$ 0.171	\$ 0.171	\$ 0.171	\$ 0.171	\$ 0.177	\$ 0.177	\$ 0.177	\$ 0.177	\$ 0.177	\$ 0.177	\$ 0.177	
VARIABLE CHARGE (\$)	13	\$ 322	\$ 270	\$ 277	\$ 189	\$ 171	\$ 138	\$ 131	\$ 129	\$ 161	\$ 212	\$ 285	\$ 327	\$ 2,612
FIXED CHARGE	13	\$ 224.290	\$ 224.290	\$ 224.290	\$ 224.290	\$ 224.290	\$ 232.580	\$ 232.580	\$ 232.580	\$ 232.580	\$ 232.580	\$ 232.580	\$ 232.580	\$ 2,750
DEMAND CHARGE (\$/GJ)	13	\$ 5.767	\$ 5.767	\$ 5.767	\$ 5.767	\$ 5.767	\$ 5.980	\$ 5.980	\$ 5.980	\$ 5.980	\$ 5.980	\$ 5.980	\$ 5.980	
DEMAND CHARGE (\$)	13	\$ 790	\$ 790	\$ 790	\$ 790	\$ 790	\$ 819	\$ 819	\$ 819	\$ 819	\$ 819	\$ 819	\$ 819	\$ 9,683
REVENUE	13	\$ 1,336.290	\$ 1,284.290	\$ 1,291.290	\$ 1,203.290	\$ 1,185.290	\$ 1,189.580	\$ 1,182.580	\$ 1,180.580	\$ 1,212.580	\$ 1,263.580	\$ 1,336.580	\$ 1,378.580	\$ 15,045
Rate 13 100,000 GJ's Annually														
Average Monthly Consumption	13	12,540	10,520	10,800	7,350	6,680	5,200	4,930	4,870	6,080	7,980	10,730	12,320	100,000
DEMAND GJ	13	457	457	457	457	457	457	457	457	457	457	457	457	
VARIABLE CHARGE (\$/GJ)	13	\$ 0.171	\$ 0.171	\$ 0.171	\$ 0.171	\$ 0.171	\$ 0.177	\$ 0.177	\$ 0.177	\$ 0.177	\$ 0.177	\$ 0.177	\$ 0.177	
VARIABLE CHARGE (\$)	13	\$ 2,144	\$ 1,799	\$ 1,847	\$ 1,257	\$ 1,142	\$ 920	\$ 873	\$ 862	\$ 1,076	\$ 1,412	\$ 1,899	\$ 2,181	\$ 17,412
FIXED CHARGE	13	\$ 224.290	\$ 224.290	\$ 224.290	\$ 224.290	\$ 224.290	\$ 232.580	\$ 232.580	\$ 232.580	\$ 232.580	\$ 232.580	\$ 232.580	\$ 232.580	\$ 2,750
DEMAND CHARGE (\$/GJ)	13	\$ 5.767	\$ 5.767	\$ 5.767	\$ 5.767	\$ 5.767	\$ 5.980	\$ 5.980	\$ 5.980	\$ 5.980	\$ 5.980	\$ 5.980	\$ 5.980	
DEMAND CHARGE (\$)	13	\$ 2,636	\$ 2,636	\$ 2,636	\$ 2,636	\$ 2,636	\$ 2,733	\$ 2,733	\$ 2,733	\$ 2,733	\$ 2,733	\$ 2,733	\$ 2,733	\$ 32,311
REVENUE	13	\$ 5,004.290	\$ 4,659.290	\$ 4,707.290	\$ 4,117.290	\$ 4,002.290	\$ 3,885.580	\$ 3,838.580	\$ 3,827.580	\$ 4,041.580	\$ 4,377.580	\$ 4,864.580	\$ 5,146.580	\$ 52,473

ATCO GAS SOUTH
Board Direction #19 - Comparison of Annual Costs for Typical Customers at Various Rates

Current Rates Effective June 1, 2007 excluding Rider G

		<u>Fixed Charge</u>	<u>Demand Charge \$/GJ</u>	<u>Energy Charge \$/GJ</u>		
	Rate 1/11	16.486	-	1.001		
	Rate 3	134.594	6.175	0.171		
	RATE 13	224.290	5.767	0.171		
	Rate 5/18	19.223	-	0.981		
Rate	Average Annual Consumption GJ's/Cust	Monthly Billing Demand GJ's	Fixed Charge \$'s	Demand Charge \$'s	Energy Charge \$'s	Total Annual Charge \$'s
1/11	130	-	198	-	130	328
1/11	1,000	-	198	-	1,001	1,199
1/11	8,000	-	198	-	8,008	8,206
3	15,000	137	1,615	10,152	2,565	14,332
3	100,000	457	1,615	33,864	17,100	52,579
13	15,000	137	2,691	9,481	2,565	14,737
13	100,000	457	2,691	31,626	17,100	51,417
5/18	1,000	-	231	-	981	1,212

ATCO GAS SOUTH
Board Direction #19 - Comparison of Annual Costs for Typical Customers at Various Rates

Rates as of January, 2005

		<u>Fixed Charge</u>	<u>Demand Charge \$/GJ</u>	<u>Energy Charge \$/GJ</u>		
	Rate 1/11	13.010	-	1.138		
	Rate 3	282.830	3.600	0.306		
	RATE 13	304.640	5.890	0.166		
	Rate 5/18	19.870	-	0.943		
Rate	Average Annual Consumption GJ's/Cust	Monthly Billing Demand GJ's	Fixed Charge \$'s	Demand Charge \$'s	Energy Charge \$'s	Total Annual Charge \$'s
1/11	130	-	156	-	148	304
1/11	1,000	-	156	-	1,138	1,294
1/11	8,000	-	156	-	9,104	9,260
3	15,000	137	3,394	5,918	4,590	13,902
3	100,000	457	3,394	19,742	30,600	53,736
13	15,000	137	3,656	9,683	2,490	15,829
13	100,000	457	3,656	32,301	16,600	52,557
5/18	1,000	-	238	-	943	1,181

95% REVENUE TO COST RATIO FOR IRRIGATION FIXED CHARGE @ 90% OF CUSTOMER COST FOR LOW USE

		2007 - REVENUE												
	RATE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	TOTAL
Low Use - 130 GJ's														
Average Monthly Consumption		20	17	16	10	7	4	3	3	6	10	15	19	130
VARIABLE CHARGE (\$/GJ)	1	\$ 1.001	\$ 1.001	\$ 1.001	\$ 1.001	\$ 1.001	\$ 1.038	\$ 1.038	\$ 1.038	\$ 1.043	\$ 1.043	\$ 1.043	\$ 1.043	
VARIABLE CHARGE (\$)	1	\$ 20	\$ 17	\$ 16	\$ 10	\$ 7	\$ 4	\$ 3	\$ 3	\$ 6	\$ 10	\$ 16	\$ 20	\$ 132
FIXED CHARGE	1	\$ 16.486	\$ 16.486	\$ 16.486	\$ 16.486	\$ 16.486	\$ 17.094	\$ 17.094	\$ 17.094	\$ 17.757	\$ 17.757	\$ 17.757	\$ 17.757	\$ 205
REVENUE	1	\$ 36.486	\$ 33.486	\$ 32.486	\$ 26.486	\$ 23.486	\$ 21.094	\$ 20.094	\$ 20.094	\$ 23.757	\$ 27.757	\$ 33.757	\$ 37.757	\$ 337
Low Use - 1000 GJ's														
Average Monthly Consumption		154	131	123	80	51	30	25	26	43	74	118	145	1,000
VARIABLE CHARGE (\$/GJ)	1	\$ 1.001	\$ 1.001	\$ 1.001	\$ 1.001	\$ 1.001	\$ 1.038	\$ 1.038	\$ 1.038	\$ 1.043	\$ 1.043	\$ 1.043	\$ 1.043	
VARIABLE CHARGE (\$)	1	\$ 154	\$ 131	\$ 123	\$ 80	\$ 51	\$ 31	\$ 26	\$ 27	\$ 45	\$ 77	\$ 123	\$ 151	\$ 1,019
FIXED CHARGE	1	\$ 16.486	\$ 16.486	\$ 16.486	\$ 16.486	\$ 16.486	\$ 17.094	\$ 17.094	\$ 17.094	\$ 17.757	\$ 17.757	\$ 17.757	\$ 17.757	\$ 205
REVENUE	1	\$ 170.486	\$ 147.486	\$ 139.486	\$ 96.486	\$ 67.486	\$ 48.094	\$ 43.094	\$ 44.094	\$ 62.757	\$ 94.757	\$ 140.757	\$ 168.757	\$ 1,224
Low Use - 8000 GJ's														
Average Monthly Consumption		1,230	1,050	984	642	410	240	199	210	346	589	947	1,153	8,000
VARIABLE CHARGE (\$/GJ)	1	\$ 1.001	\$ 1.001	\$ 1.001	\$ 1.001	\$ 1.001	\$ 1.038	\$ 1.038	\$ 1.038	\$ 1.043	\$ 1.043	\$ 1.043	\$ 1.043	
VARIABLE CHARGE (\$)	1	\$ 1,231	\$ 1,051	\$ 985	\$ 643	\$ 410	\$ 249	\$ 207	\$ 218	\$ 361	\$ 614	\$ 988	\$ 1,203	\$ 8,160
FIXED CHARGE	1	\$ 16.486	\$ 16.486	\$ 16.486	\$ 16.486	\$ 16.486	\$ 17.094	\$ 17.094	\$ 17.094	\$ 17.757	\$ 17.757	\$ 17.757	\$ 17.757	\$ 205
REVENUE	1	\$ 1,247.486	\$ 1,067.486	\$ 1,001.486	\$ 659.486	\$ 426.486	\$ 266.094	\$ 224.094	\$ 235.094	\$ 378.757	\$ 631.757	\$ 1,005.757	\$ 1,220.757	\$ 8,365
Irrigation - 1000 GJ's														
Average Monthly Consumption		-	-	-	-	19	171	338	398	86	(12)	-	-	1,000
VARIABLE CHARGE (\$/GJ)	1	\$ 0.981	\$ 0.981	\$ 0.981	\$ 0.981	\$ 0.981	\$ 1.017	\$ 1.017	\$ 1.017	\$ 0.490	\$ 0.490	\$ 0.490	\$ 0.490	
VARIABLE CHARGE (\$)	1	\$ -	\$ -	\$ -	\$ -	\$ 19	\$ 174	\$ 344	\$ 405	\$ 42	\$ 6	\$ -	\$ -	\$ 978
FIXED CHARGE	1	\$ 19.223	\$ 19.223	\$ 19.223	\$ 19.223	\$ 19.223	\$ 19.223	\$ 19.223	\$ 19.223	\$ 16.587	\$ 16.587	\$ 16.587	\$ 16.587	\$ 222
REVENUE	1	\$ 19.223	\$ 19.223	\$ 19.223	\$ 19.223	\$ 38.223	\$ 193.923	\$ 363.923	\$ 424.923	\$ 58.587	\$ 10.587	\$ 16.587	\$ 16.587	\$ 1,200
High Use/R3 15,000 GJ's Annually														
Average Monthly Consumption	3	1,881	1,578	1,620	1,103	1,002	780	740	731	912	1,197	1,610	1,846	15,000
DEMAND GJ	3	137	137	137	137	137	137	137	137	137	137	137	137	
VARIABLE CHARGE (\$/GJ)	3	\$ 0.171	\$ 0.171	\$ 0.171	\$ 0.171	\$ 0.171	\$ 0.177	\$ 0.177	\$ 0.177	\$ 0.108	\$ 0.108	\$ 0.108	\$ 0.108	
VARIABLE CHARGE (\$)	3	\$ 322	\$ 270	\$ 277	\$ 189	\$ 171	\$ 138	\$ 131	\$ 129	\$ 98	\$ 129	\$ 174	\$ 199	\$ 2,227
FIXED CHARGE	3	\$ 134.594	\$ 134.594	\$ 134.594	\$ 134.594	\$ 134.594	\$ 139.552	\$ 139.552	\$ 139.552	\$ 17.629	\$ 17.629	\$ 17.629	\$ 17.629	\$ 1,162
DEMAND CHARGE (\$/GJ)	3	\$ 6.175	\$ 6.175	\$ 6.175	\$ 6.175	\$ 6.175	\$ 6.418	\$ 6.418	\$ 6.418	\$ 6.729	\$ 6.729	\$ 6.729	\$ 6.729	
DEMAND CHARGE (\$)	3	\$ 846	\$ 846	\$ 846	\$ 846	\$ 846	\$ 879	\$ 879	\$ 879	\$ 922	\$ 922	\$ 922	\$ 922	\$ 10,555
REVENUE	3	\$ 1,302.594	\$ 1,250.594	\$ 1,257.594	\$ 1,169.594	\$ 1,151.594	\$ 1,156.552	\$ 1,149.552	\$ 1,147.552	\$ 1,037.629	\$ 1,068.629	\$ 1,113.629	\$ 1,138.629	\$ 13,944
High Use/R3 100,000 GJ's Annually														
Average Monthly Consumption	3	12,540	10,520	10,800	7,350	6,680	5,200	4,930	4,870	6,080	7,980	10,730	12,320	100,000
DEMAND GJ	3	457	457	457	457	457	457	457	457	457	457	457	457	
VARIABLE CHARGE (\$/GJ)	3	\$ 0.171	\$ 0.171	\$ 0.171	\$ 0.171	\$ 0.171	\$ 0.177	\$ 0.177	\$ 0.177	\$ 0.108	\$ 0.108	\$ 0.108	\$ 0.108	
VARIABLE CHARGE (\$)	3	\$ 2,144	\$ 1,799	\$ 1,847	\$ 1,257	\$ 1,142	\$ 920	\$ 873	\$ 862	\$ 657	\$ 862	\$ 1,159	\$ 1,331	\$ 14,853
FIXED CHARGE	3	\$ 134.594	\$ 134.594	\$ 134.594	\$ 134.594	\$ 134.594	\$ 139.552	\$ 139.552	\$ 139.552	\$ 17.629	\$ 17.629	\$ 17.629	\$ 17.629	\$ 1,162
DEMAND CHARGE (\$/GJ)	3	\$ 6.175	\$ 6.175	\$ 6.175	\$ 6.175	\$ 6.175	\$ 6.418	\$ 6.418	\$ 6.418	\$ 6.729	\$ 6.729	\$ 6.729	\$ 6.729	
DEMAND CHARGE (\$)	3	\$ 2,822	\$ 2,822	\$ 2,822	\$ 2,822	\$ 2,822	\$ 2,933	\$ 2,933	\$ 2,933	\$ 3,075	\$ 3,075	\$ 3,075	\$ 3,075	\$ 35,209
REVENUE	3	\$ 5,100.594	\$ 4,755.594	\$ 4,803.594	\$ 4,213.594	\$ 4,098.594	\$ 3,992.552	\$ 3,945.552	\$ 3,934.552	\$ 3,749.629	\$ 3,954.629	\$ 4,251.629	\$ 4,423.629	\$ 51,224
High Use/R13 15,000 GJ's Annually														
Average Monthly Consumption	13	1,881	1,578	1,620	1,103	1,002	780	740	731	912	1,197	1,610	1,846	15,000
DEMAND GJ	13	137	137	137	137	137	137	137	137	137	137	137	137	
VARIABLE CHARGE (\$/GJ)	13	\$ 0.171	\$ 0.171	\$ 0.171	\$ 0.171	\$ 0.171	\$ 0.177	\$ 0.177	\$ 0.177	\$ 0.108	\$ 0.108	\$ 0.108	\$ 0.108	
VARIABLE CHARGE (\$)	13	\$ 322	\$ 270	\$ 277	\$ 189	\$ 171	\$ 138	\$ 131	\$ 129	\$ 98	\$ 129	\$ 174	\$ 199	\$ 2,227
FIXED CHARGE	13	\$ 224.290	\$ 224.290	\$ 224.290	\$ 224.290	\$ 224.290	\$ 232.580	\$ 232.580	\$ 232.580	\$ 17.629	\$ 17.629	\$ 17.629	\$ 17.629	\$ 1,890
DEMAND CHARGE (\$/GJ)	13	\$ 5.767	\$ 5.767	\$ 5.767	\$ 5.767	\$ 5.767	\$ 5.980	\$ 5.980	\$ 5.980	\$ 6.729	\$ 6.729	\$ 6.729	\$ 6.729	
DEMAND CHARGE (\$)	13	\$ 790	\$ 790	\$ 790	\$ 790	\$ 790	\$ 819	\$ 819	\$ 819	\$ 922	\$ 922	\$ 922	\$ 922	\$ 10,095
REVENUE	13	\$ 1,336.290	\$ 1,284.290	\$ 1,291.290	\$ 1,203.290	\$ 1,185.290	\$ 1,189.580	\$ 1,182.580	\$ 1,180.580	\$ 1,037.629	\$ 1,068.629	\$ 1,113.629	\$ 1,138.629	\$ 14,212
High Use/R13 100,000 GJ's Annually														
Average Monthly Consumption	13	12,540	10,520	10,800	7,350	6,680	5,200	4,930	4,870	6,080	7,980	10,730	12,320	100,000
DEMAND GJ	13	457	457	457	457	457	457	457	457	457	457	457	457	
VARIABLE CHARGE (\$/GJ)	13	\$ 0.171	\$ 0.171	\$ 0.171	\$ 0.171	\$ 0.171	\$ 0.177	\$ 0.177	\$ 0.177	\$ 0.108	\$ 0.108	\$ 0.108	\$ 0.108	
VARIABLE CHARGE (\$)	13	\$ 2,144	\$ 1,799	\$ 1,847	\$ 1,257	\$ 1,142	\$ 920	\$ 873	\$ 862	\$ 657	\$ 862	\$ 1,159	\$ 1,331	\$ 14,853
FIXED CHARGE	13	\$ 224.290	\$ 224.290	\$ 224.290	\$ 224.290	\$ 224.290	\$ 232.580	\$ 232.580	\$ 232.580	\$ 17.629	\$ 17.629	\$ 17.629	\$ 17.629	\$ 1,890
DEMAND CHARGE (\$/GJ)	13	\$ 5.767	\$ 5.767	\$ 5.767	\$ 5.767	\$ 5.767	\$ 5.980	\$ 5.980	\$ 5.980	\$ 6.729	\$ 6.729	\$ 6.729	\$ 6.729	
DEMAND CHARGE (\$)	13	\$ 2,636	\$ 2,636	\$ 2,636	\$ 2,636	\$ 2,636	\$ 2,733	\$ 2,733	\$ 2,733	\$ 3,075	\$ 3,075	\$ 3,075	\$ 3,075	\$ 33,679
REVENUE	13	\$ 5,004.290	\$ 4,659.290	\$ 4,707.290	\$ 4,117.290	\$ 4,002.290	\$ 3,885.580	\$ 3,838.580	\$ 3,827.580	\$ 3,749.629	\$ 3,954.629	\$ 4,251.629	\$ 4,423.629	\$ 50,422

105% REVENUE TO COST RATIO FOR IRRIGATION FIXED CHARGE @ 90% OF CUSTOMER COST FOR LOW USE

		2007 - REVENUE												
	RATE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	TOTAL
Low Use - 130 GJ's														
Average Monthly Consumption		20	17	16	10	7	4	3	3	6	10	15	19	130
VARIABLE CHARGE (\$/GJ)	1	\$ 1.001	\$ 1.001	\$ 1.001	\$ 1.001	\$ 1.001	\$ 1.038	\$ 1.038	\$ 1.038	\$ 1.043	\$ 1.043	\$ 1.043	\$ 1.043	
VARIABLE CHARGE (\$)	1	\$ 20	\$ 17	\$ 16	\$ 10	\$ 7	\$ 4	\$ 3	\$ 3	\$ 6	\$ 10	\$ 16	\$ 20	\$ 132
FIXED CHARGE	1	\$ 16.486	\$ 16.486	\$ 16.486	\$ 16.486	\$ 16.486	\$ 17.094	\$ 17.094	\$ 17.094	\$ 17.757	\$ 17.757	\$ 17.757	\$ 17.757	\$ 205
REVENUE	1	\$ 36.486	\$ 33.486	\$ 32.486	\$ 26.486	\$ 23.486	\$ 21.094	\$ 20.094	\$ 20.094	\$ 23.757	\$ 27.757	\$ 33.757	\$ 37.757	\$ 337
Low Use - 1000 GJ's														
Average Monthly Consumption		154	131	123	80	51	30	25	26	43	74	118	145	1,000
VARIABLE CHARGE (\$/GJ)	1	\$ 1.001	\$ 1.001	\$ 1.001	\$ 1.001	\$ 1.001	\$ 1.038	\$ 1.038	\$ 1.038	\$ 1.043	\$ 1.043	\$ 1.043	\$ 1.043	
VARIABLE CHARGE (\$)	1	\$ 154	\$ 131	\$ 123	\$ 80	\$ 51	\$ 31	\$ 26	\$ 27	\$ 45	\$ 77	\$ 123	\$ 151	\$ 1,019
FIXED CHARGE	1	\$ 16.486	\$ 16.486	\$ 16.486	\$ 16.486	\$ 16.486	\$ 17.094	\$ 17.094	\$ 17.094	\$ 17.757	\$ 17.757	\$ 17.757	\$ 17.757	\$ 205
REVENUE	1	\$ 170.486	\$ 147.486	\$ 139.486	\$ 96.486	\$ 67.486	\$ 48.094	\$ 43.094	\$ 44.094	\$ 62.757	\$ 94.757	\$ 140.757	\$ 168.757	\$ 1,224
Low Use - 8000 GJ's														
Average Monthly Consumption		1,230	1,050	984	642	410	240	199	210	346	589	947	1,153	8,000
VARIABLE CHARGE (\$/GJ)	1	\$ 1.001	\$ 1.001	\$ 1.001	\$ 1.001	\$ 1.001	\$ 1.038	\$ 1.038	\$ 1.038	\$ 1.043	\$ 1.043	\$ 1.043	\$ 1.043	
VARIABLE CHARGE (\$)	1	\$ 1,231	\$ 1,051	\$ 985	\$ 643	\$ 410	\$ 249	\$ 207	\$ 218	\$ 361	\$ 614	\$ 988	\$ 1,203	\$ 8,160
FIXED CHARGE	1	\$ 16.486	\$ 16.486	\$ 16.486	\$ 16.486	\$ 16.486	\$ 17.094	\$ 17.094	\$ 17.094	\$ 17.757	\$ 17.757	\$ 17.757	\$ 17.757	\$ 205
REVENUE	1	\$ 1,247.486	\$ 1,067.486	\$ 1,001.486	\$ 659.486	\$ 426.486	\$ 266.094	\$ 224.094	\$ 235.094	\$ 378.757	\$ 631.757	\$ 1,005.757	\$ 1,220.757	\$ 8,365
Irrigation - 1000 GJ's														
Average Monthly Consumption		-	-	-	-	19	171	338	398	86	(12)	-	-	1,000
VARIABLE CHARGE (\$/GJ)	1	\$ 0.981	\$ 0.981	\$ 0.981	\$ 0.981	\$ 0.981	\$ 1.017	\$ 1.017	\$ 1.017	\$ 1.363	\$ 1.363	\$ 1.363	\$ 1.363	
VARIABLE CHARGE (\$)	1	\$ -	\$ -	\$ -	\$ -	\$ 19	\$ 174	\$ 344	\$ 405	\$ 117	\$ -	\$ -	\$ -	\$ 1,043
FIXED CHARGE	1	\$ 19.223	\$ 19.223	\$ 19.223	\$ 19.223	\$ 19.223	\$ 19.923	\$ 19.923	\$ 19.923	\$ 40.045	\$ 40.045	\$ 40.045	\$ 40.045	\$ 316
REVENUE	1	\$ 19.223	\$ 19.223	\$ 19.223	\$ 19.223	\$ 38.223	\$ 193.923	\$ 363.923	\$ 424.923	\$ 157.045	\$ 24.045	\$ 40.045	\$ 40.045	\$ 1,359
High Use/R3 15,000 GJ's Annually														
Average Monthly Consumption	3	1,881	1,578	1,620	1,103	1,002	780	740	731	912	1,197	1,610	1,846	15,000
DEMAND GJ	3	137	137	137	137	137	137	137	137	137	137	137	137	
VARIABLE CHARGE (\$/GJ)	3	\$ 0.171	\$ 0.171	\$ 0.171	\$ 0.171	\$ 0.171	\$ 0.177	\$ 0.177	\$ 0.177	\$ 0.107	\$ 0.107	\$ 0.107	\$ 0.107	
VARIABLE CHARGE (\$)	3	\$ 322	\$ 270	\$ 277	\$ 189	\$ 171	\$ 138	\$ 131	\$ 129	\$ 98	\$ 128	\$ 172	\$ 198	\$ 2,223
FIXED CHARGE	3	\$ 134.594	\$ 134.594	\$ 134.594	\$ 134.594	\$ 134.594	\$ 139.552	\$ 139.552	\$ 139.552	\$ 17.445	\$ 17.445	\$ 17.445	\$ 17.445	\$ 1,161
DEMAND CHARGE (\$/GJ)	3	\$ 6.175	\$ 6.175	\$ 6.175	\$ 6.175	\$ 6.175	\$ 6.418	\$ 6.418	\$ 6.418	\$ 6.623	\$ 6.623	\$ 6.623	\$ 6.623	
DEMAND CHARGE (\$)	3	\$ 846	\$ 846	\$ 846	\$ 846	\$ 846	\$ 879	\$ 879	\$ 879	\$ 907	\$ 907	\$ 907	\$ 907	\$ 10,495
REVENUE	3	\$ 1,302.594	\$ 1,250.594	\$ 1,257.594	\$ 1,169.594	\$ 1,151.594	\$ 1,156.552	\$ 1,149.552	\$ 1,147.552	\$ 1,022.445	\$ 1,052.445	\$ 1,096.445	\$ 1,122.445	\$ 13,879
High Use/R3 100,000 GJ's Annually														
Average Monthly Consumption	3	12,540	10,520	10,800	7,350	6,680	5,200	4,930	4,870	6,080	7,980	10,730	12,320	100,000
DEMAND GJ	3	457	457	457	457	457	457	457	457	457	457	457	457	
VARIABLE CHARGE (\$/GJ)	3	\$ 0.171	\$ 0.171	\$ 0.171	\$ 0.171	\$ 0.171	\$ 0.177	\$ 0.177	\$ 0.177	\$ 0.107	\$ 0.107	\$ 0.107	\$ 0.107	
VARIABLE CHARGE (\$)	3	\$ 2,144	\$ 1,799	\$ 1,847	\$ 1,257	\$ 1,142	\$ 920	\$ 873	\$ 862	\$ 651	\$ 854	\$ 1,148	\$ 1,318	\$ 14,815
FIXED CHARGE	3	\$ 134.594	\$ 134.594	\$ 134.594	\$ 134.594	\$ 134.594	\$ 139.552	\$ 139.552	\$ 139.552	\$ 17.445	\$ 17.445	\$ 17.445	\$ 17.445	\$ 1,161
DEMAND CHARGE (\$/GJ)	3	\$ 6.175	\$ 6.175	\$ 6.175	\$ 6.175	\$ 6.175	\$ 6.418	\$ 6.418	\$ 6.418	\$ 6.623	\$ 6.623	\$ 6.623	\$ 6.623	
DEMAND CHARGE (\$)	3	\$ 2,822	\$ 2,822	\$ 2,822	\$ 2,822	\$ 2,822	\$ 2,933	\$ 2,933	\$ 2,933	\$ 3,027	\$ 3,027	\$ 3,027	\$ 3,027	\$ 35,017
REVENUE	3	\$ 5,100.594	\$ 4,755.594	\$ 4,803.594	\$ 4,213.594	\$ 4,098.594	\$ 3,992.552	\$ 3,945.552	\$ 3,934.552	\$ 3,695.445	\$ 3,898.445	\$ 4,192.445	\$ 4,362.445	\$ 50,993
High Use/R13 15,000 GJ's Annually														
Average Monthly Consumption	13	1,881	1,578	1,620	1,103	1,002	780	740	731	912	1,197	1,610	1,846	15,000
DEMAND GJ	13	137	137	137	137	137	137	137	137	137	137	137	137	
VARIABLE CHARGE (\$/GJ)	13	\$ 0.171	\$ 0.171	\$ 0.171	\$ 0.171	\$ 0.171	\$ 0.177	\$ 0.177	\$ 0.177	\$ 0.107	\$ 0.107	\$ 0.107	\$ 0.107	
VARIABLE CHARGE (\$)	13	\$ 322	\$ 270	\$ 277	\$ 189	\$ 171	\$ 138	\$ 131	\$ 129	\$ 98	\$ 128	\$ 172	\$ 198	\$ 2,223
FIXED CHARGE	13	\$ 224.290	\$ 224.290	\$ 224.290	\$ 224.290	\$ 224.290	\$ 232.580	\$ 232.580	\$ 232.580	\$ 17.445	\$ 17.445	\$ 17.445	\$ 17.445	\$ 1,889
DEMAND CHARGE (\$/GJ)	13	\$ 5.767	\$ 5.767	\$ 5.767	\$ 5.767	\$ 5.767	\$ 5.980	\$ 5.980	\$ 5.980	\$ 6.623	\$ 6.623	\$ 6.623	\$ 6.623	
DEMAND CHARGE (\$)	13	\$ 790	\$ 790	\$ 790	\$ 790	\$ 790	\$ 819	\$ 819	\$ 819	\$ 907	\$ 907	\$ 907	\$ 907	\$ 10,035
REVENUE	13	\$ 1,336.290	\$ 1,284.290	\$ 1,291.290	\$ 1,203.290	\$ 1,185.290	\$ 1,189.580	\$ 1,182.580	\$ 1,180.580	\$ 1,022.445	\$ 1,052.445	\$ 1,096.445	\$ 1,122.445	\$ 14,147
High Use/R13 100,000 GJ's Annually														
Average Monthly Consumption	13	12,540	10,520	10,800	7,350	6,680	5,200	4,930	4,870	6,080	7,980	10,730	12,320	100,000
DEMAND GJ	13	457	457	457	457	457	457	457	457	457	457	457	457	
VARIABLE CHARGE (\$/GJ)	13	\$ 0.171	\$ 0.171	\$ 0.171	\$ 0.171	\$ 0.171	\$ 0.177	\$ 0.177	\$ 0.177	\$ 0.107	\$ 0.107	\$ 0.107	\$ 0.107	
VARIABLE CHARGE (\$)	13	\$ 2,144	\$ 1,799	\$ 1,847	\$ 1,257	\$ 1,142	\$ 920	\$ 873	\$ 862	\$ 651	\$ 854	\$ 1,148	\$ 1,318	\$ 14,815
FIXED CHARGE	13	\$ 224.290	\$ 224.290	\$ 224.290	\$ 224.290	\$ 224.290	\$ 232.580	\$ 232.580	\$ 232.580	\$ 17.445	\$ 17.445	\$ 17.445	\$ 17.445	\$ 1,889
DEMAND CHARGE (\$/GJ)	13	\$ 5.767	\$ 5.767	\$ 5.767	\$ 5.767	\$ 5.767	\$ 5.980	\$ 5.980	\$ 5.980	\$ 6.623	\$ 6.623	\$ 6.623	\$ 6.623	
DEMAND CHARGE (\$)	13	\$ 2,636	\$ 2,636	\$ 2,636	\$ 2,636	\$ 2,636	\$ 2,733	\$ 2,733	\$ 2,733	\$ 3,027	\$ 3,027	\$ 3,027	\$ 3,027	\$ 33,487
REVENUE	13	\$ 5,004.290	\$ 4,659.290	\$ 4,707.290	\$ 4,117.290	\$ 4,002.290	\$ 3,885.580	\$ 3,838.580	\$ 3,827.580	\$ 3,695.445	\$ 3,898.445	\$ 4,192.445	\$ 4,362.445	\$ 50,191



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Electronic Notification

May 30, 2007

To: Interested Parties

**ATCO GAS
RETAILER SERVICE MODULE 3
APPLICATION NO. 1482246
DFSS COSTS**

The Board received a letter, dated May 22, 2007, from ATCO Gas with respect to its proposed treatment of the Daily Forecasting and Settlement System (DFSS) costs in its General Rate Application (GRA) revenue requirements.

In this letter ATCO Gas referenced its current expectation that the DFSS system would not be implemented effective November 1, 2007, but instead might more realistically be implemented October 1, 2008.

In Decision 2006-098 Errata, the Board indicated the following:

In a letter of October 12, 2006, ATCO Gas requested clarification of the Board's Decision regarding the treatment of operating costs in the amount of \$76,000 per month that had been proposed by ATCO Gas in association with the DFSS capital costs of \$2.012 million.

The Board responded to ATCO Gas in a letter of October 19, 2006. In that letter, the Board indicated the following:

The Board had intended that the operating costs would be reviewed in either the compliance process associated with Decision 2006-004 (the ATCO Gas 2005-2007 Phase I GRA) or in the process associated with Decision 2006-098, following a determination regarding the capital costs of the DFSS. Given that ATCO Gas' second compliance filing to the GRA has been filed prior to the issuance of Decision 2006-098 and the evidence in respect of the amount of the operating costs was considered in the Board's deliberations in respect of Decision 2006-098, which approved the DFSS capital costs, it would appear that in order to dovetail these two processes in the most expeditious manner, the operating costs should be dealt with through an Errata to Decision 2006-098. The Board does consider the operating costs to be prudent and that they should be recovered.

In this regard, the Board considers that the costs of \$76,000 per month would properly be treated as testing and commissioning costs to be capitalized, in addition to the \$2.012 million of costs that the Board has already approved, up to

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the time that DFSS capital costs are added to rate base. To assist the Board in this respect, the Board requests ATCO Gas to provide schedules to the Board summarizing the year-by-year financial implications for the 2005-2007 GRA period by October 31, 2006.

On October 31, 2006, ATCO Gas provided the requested schedule of 2005-2007 revenue requirement impacts. On November 1, 2006 ATCO Gas filed a correction to the revenue requirement schedule, which is attached as Appendix 1. The Board notes from the ATCO Gas filing that there would be no revenue requirement impact in 2005 or 2006, and that the net 2007 revenue requirement impact would be a credit to ATCO Gas South customers of \$110,000 and a credit to ATCO Gas North customers of \$113,000.

The Board approves these 2005-2007 revenue requirement adjustments and directs ATCO Gas to incorporate them into the next placeholder finalization or refile that may be required in association with the 2005-2007 GRA.

The Board notes that the calculations referenced in Decision 2006-098 Errata were determined on the assumption that DFSS would go into rate base service effective November 1, 2007. ATCO Gas does not currently consider that the DFSS testing and analysis process will be finalized in 2007 and instead is expected to be delayed, possibly as late as September 2008.

The ATCO Gas letter of May 22, 2007 requests Board confirmation that it should continue to treat the DFSS system as work-in-progress until the implementation of Retailer Service. The Board confirms that approach remains consistent with the intended treatment associated with Decision 2006-098 Errata. It follows that if DFSS is not implemented in 2007, it would be appropriate to eliminate the 2007 revenue requirement impact associated with the prior timing assumption. Accordingly, the Board concurs that it would be appropriate for ATCO Gas to eliminate the 2007 revenue requirement provision previously identified in Decision 2006-098 Errata. The Board considers that this could be achieved effectively by carrying the 2007 revenue requirement adjustment, including AFUDC, into the subsequent 2008 GRA.

The Board is concerned that the Default Supply Provider continues to provide load balancing for both competitive and default supply customers pending implementation of Retailer Service and encourages ATCO Gas and parties to endeavour to work expeditiously to test and validate the DFSS system so that process can be resolved.

Please contact the undersigned at (403) 297-3266 with any questions.

Yours truly,

<Sent by email>

Brian Shand
Application Officer