



AltaGas Utilities Inc.

**Application Requesting Revisions to Terms and Conditions of
Service for Compliance with AUC Rule 028**

October 30, 2013

The Alberta Utilities Commission

Decision 2013-392: AltaGas Utilities Inc.

Application Requesting Revisions to Terms and Conditions of Service for Compliance with
AUC Rule 028

Application No. 1609810

Proceeding ID No. 2754

October 30, 2013

Published by

The Alberta Utilities Commission

Fifth Avenue Place, Fourth Floor, 425 First Street S.W.

Calgary, Alberta

T2P 3L8

Telephone: 403-592-8845

Fax: 403-592-4406

Website: www.auc.ab.ca

Contents

1	Introduction	1
2	Background	2
2.1	Natural gas settlement system.....	2
2.2	T&Cs applications.....	3
3	AUI's RDSR	4
3.1	Imbalance window	4
3.2	Data accuracy and reciprocity clauses in AUI's RDSRs for retailers.....	5
4	Commission findings	6
5	Order	7
	Appendix 1 – Proceeding participants	9
	Appendix 2 – Summary of Commission directions	10
	Appendix 3 – Terms and conditions of service, retailer distribution service rules	11

1 Introduction

1. On July 31, 2013, AltaGas Utilities Inc. (AUI) filed an application with the Alberta Utilities Commission (the AUC or the Commission) for approval of revisions to the retailer distribution service rules (RDSR) in its terms and conditions of service (T&Cs) to support compliance with the daily settlement processes prescribed in AUC [Rule 028: Natural Gas Settlement System Code Rules](#) (AUC Rule 028). AUI requested that the revised T&Cs take effect to correspond with changes to its natural gas settlement system, which are to be in place by November 1, 2013.

2. The approval sought in this application is one of three required for AUI to achieve compliance with AUC Rule 028. The two related applications are Proceeding ID No. 2772, load balancing deferral account and Rate Rider L; and Proceeding ID No. 2721, new Rate Rider H (unaccounted-for gas). Rate Rider H was recently approved in Decision [2013-367](#).¹ The timing of the implementation of the revised T&Cs must coincide with the implementation of AUI's electronic interface (NPortal). The purpose of the NPortal is to enable retailers to monitor imbalances, perform account balancing and submit nominations.

3. On August 2, 2013, the Commission issued a notice of application on AUI's request for approval of revisions to its T&Cs. Any party who wished to intervene in this proceeding was required to submit a statement of intent to participate (SIP) to the Commission by August 12, 2013. A SIP was received from ENMAX Energy Corporation (EEC) on August 14, 2013, and an updated SIP was received on August 16, 2013. In its updated SIP, EEC stated:

EEC is concerned about potential impacts from AUI's Phase Two implementation of its Natural Gas Settlement System Code project. The transition to and integration of any new IT system requires sufficient testing to properly evaluate and ensure a level of confidence in the accuracy of the output data. The quality of this output data has the potential to have a direct and material impact on retailers. EEC intends to actively participate in this proceeding to determine the impacts of the system integration on retailers and how AUI is mitigating the aforementioned risk.²

¹ Decision 2013-367: AltaGas Utilities Inc. Application Requesting a New Rate Rider H (Unaccounted-for Gas)

² Exhibit 10.01, EEC updated SIP.

4. By letter dated August 19, 2013, the Commission implicitly accepted EEC as an intervener and established the following process and schedule:

Process step	Deadline date
Information requests to AUI	August 26, 2013
Responses to information requests from AUI	September 3, 2013
Argument	September 10, 2013
Reply argument	September 17, 2013

5. Information requests were submitted by the Commission and EEC. Both EEC and AUI filed argument. The response to an information request in Proceeding ID No. 2687, AUI's 2013-2017 Performance-Based Regulation Phase II application, was filed in this proceeding on September 13, 2013, pursuant to the Commission's direction. AUI filed reply argument on September 17, 2013. The Commission considers the record of this proceeding closed on September 17, 2013.

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

2 Background

2.1 Natural gas settlement system

7. In AUC Bulletin 2011-11,³ issued on April 1, 2011, the Commission announced the approval of AUC Rule 028 which came into effect on April 4, 2011. All natural gas market participants operating in Alberta are required to comply with AUC Rule 028. However, in Bulletin 2011-11, the Commission temporarily delayed enforcement of AUI's compliance with certain sections of AUC Rule 028 and directed AUI to file an application for any required exemptions. In decisions 2011-346,⁴ 2012-189,⁵ 2013-072,⁶ 2013-084,⁷ and 2013-339,⁸ the Commission approved exemptions for AUI and extensions to AUI's exemptions.

³ Bulletin 2011-11, AUC Rule 028 (Version 1.0) *Natural Gas Settlement System Code Rules*, April 1, 2011.

⁴ Decision 2011-346: AltaGas Utilities Inc., Natural Gas Settlement System Code Rules Exemption Application, Application No. 1607324, Proceeding ID No. 1236, August 23, 2011.

⁵ Decision 2012-189: AltaGas Utilities Inc., Application for a Further Exemption from the Requirements of AUC Rule 028 Pursuant to Alberta Utilities Commission Decision 2011-346, Application No. 1608205, Proceeding ID No. 1746, July 18, 2012.

⁶ Decision 2013-072: 2012 Performance-Based Regulation Compliance Filings, AltaGas Utilities Inc., ATCO Electric Ltd., ATCO Gas and Pipelines Ltd., EPCOR Distribution & Transmission Inc. and FortisAlberta Inc., Application No. 1608826, Proceeding ID No. 2130, March 4, 2013.

⁷ Decision 2013-084: AltaGas Utilities Inc., Compliance Filing to AUC Decision 2012-189 and Application for a Further Exemption from the Requirements of AUC Rule 028 Pursuant to AUC Decision 2011-346, Application No. 1609176, Proceeding ID No. 2335, March 13, 2013.

⁸ Decision 2013-339: AltaGas Utilities Inc., Application for Extension to Exemption from Compliance with AUC Rule 028, Application No. 1609741, Proceeding ID No. 2700, September 10, 2013.

8. AUI stated that the proposed changes to its RDSR component of its T&Cs will support compliance with the daily settlement processes prescribed in AUC Rule 028 and, to the extent appropriate, reflected industry standards as set out in ATCO Gas's T&Cs for distribution access service effective February 13, 2013.⁹ This approach provides consistency with practices and procedures currently in use by industry participants for compliance with AUC Rule 028. AUI submitted that the RDSR are the only component of its T&Cs that requires amending in order to allow for daily settlement, as required under AUC Rule 028.

2.2 T&Cs applications

9. AUI's T&Cs were approved on an interim basis in decisions [2013-112](#)¹⁰ and [2013-270](#).¹¹

10. On June 28, 2013, AUI filed an application requesting approval of its 2013-2017 Performance-Based Regulation Phase II, including proposed changes to its T&Cs. In that application, AUI submitted:

AUI's T&Cs were last reviewed and amended as part of AUI's 2008-2009 GRA Phase II. Final approval was given in Decision 2011-073,¹² dated March 8, 2011. Subsequent to this approval AUI's T&Cs were revised in accordance with Decision 2011-217.¹³ Since then, events have occurred requiring AUI to propose amendments to its existing T&Cs. The amendments can be attributed to:

- 1) Enhanced customer service and AUI business practices and processes; and
- 2) Separation of the Special Charges Schedule from the Natural Gas Utility Service Rules.

As further revisions to the T&Cs related to compliance with AUC Rule 028 - Natural Gas Settlement System Code will be filed under separate application at a later date, AUI is requesting only interim approval of the T&Cs included in this Application.¹⁴

11. As previously noted, AUI filed a response to an information request from Proceeding ID No. 2687 in this proceeding. In the response, AUI clarified that the revisions requested in this application relate only to the RDSR. Changes to T&Cs which affect rates or charges to customers will be addressed in Proceeding ID No. 2687. Based on the timelines and the nature of the changes proposed in Proceeding ID No. 2687 and this proceeding, the T&Cs revisions in the two proceedings can be reviewed separately. AUI suggested that a final version of its T&Cs, incorporating the changes from both proceedings, be submitted in a compliance filing upon completion of Proceeding ID No. 2687.

⁹ Exhibit 5, application, paragraphs 11 and 12.

¹⁰ Decision 2013-112: 2012 Performance-Based Regulation Second Compliance Filings April 1, 2013 Interim Distribution Rates for each of AltaGas Utilities Inc., ATCO Electric Ltd., ATCO Gas and Pipelines Ltd., EPCOR Distribution & Transmission Inc. and FortisAlberta Inc., Application No. 1609367, Proceeding ID No. 477, March 22, 2013.

¹¹ Decision 2013-270: 2012 Performance-Based Regulation Second Compliance Filings AltaGas Utilities Inc., ATCO Electric Ltd., ATCO Gas and Pipelines Ltd., EPCOR Distribution & Transmission Inc. and FortisAlberta Inc., Application No. 1609367, Proceeding ID No. 2477, July 19, 2013.

¹² Decision [2011-073](#): AltaGas Utilities Inc., 2008-2009 General Rate Application – Phase II Negotiated Settlement, Application No. 1606230, Proceeding ID No. 651, March 8, 2011.

¹³ Decision [2011-217](#): ATCO Gas, AltaGas Utilities Inc., Direct Energy Regulated Services Interim Decision Amended Terms and Conditions of Service - Disconnection of Gas Services, Application No. 1607327, May 17, 2011.

¹⁴ Application No. 1609722, Proceeding ID No. 2687, paragraphs 98 and 99.

3 AUI's RDSR

12. AUI used the T&Cs referenced in Appendix 1, Part B of Decision 2013-112 as the starting point for its proposed changes related to AUC Rule 028, applied for in this proceeding. The most significant changes to the RDSR were related to the balancing process, as AUI previously used financial settlement.

13. EEC also had concerns regarding data accuracy and reciprocity of terms.

3.1 Imbalance window

14. AUI defines imbalance as the “difference between energy quantities of Gas received and Gas delivered, net of adjustments in an Account [retailer account] each Gas Day.” AUI defines imbalance window as the “range of Imbalances within which an Account is considered to be in balance without action being taken to adjust receipts into or deliveries from that Account.”

15. The proposed amendments to AUI's RDSRs require each retailer to endeavour to maintain its daily account imbalance energy within the daily imbalance window.¹⁵ If a retailer fails to maintain its daily account imbalance energy within the daily imbalance window, the difference is to be settled by an imbalance purchase or sale at the price specified in Schedule A.¹⁶ AUI's current RDSRs are based on its existing monthly financial settlement model which does not require daily gas balancing.

16. There were distinct differences between AUI's proposed retailer imbalance window calculations and ATCO Gas's approved imbalance window calculations. Specifically, ATCO Gas has two thresholds while AUI, with smaller tolerance limits imposed on it by TransCanada Pipeline Limited, has multiple thresholds with smaller ranges. This requires retailers to monitor their balances on AUI's system more closely and make more refined adjustments to nominations. AUI's responses to questions regarding the differences between AUI and ATCO Gas are reproduced below:

a) Provide the rationale for the differences in the imbalance window calculations

The majority of gas supplied to AUI's gas distribution system comes off TransCanada Pipeline Ltd.'s (TCPL) system. Therefore, AUI's Imbalance Window is based on the tolerance limits imposed by TCPL on AUI. TCPL requires daily balancing to within a minimum tolerance of +/-2,000 GJ (subject to tolerance changes imposed by TCPL) to avoid penalties. Given the fact AUI's throughput is significantly less than ATCO Gas', and TCPL's minimum constraint regularly applies to AUI, AUI has developed proposed Schedule A based on the TCPL minimum tolerance. Since ATCO Gas' throughput is many times greater than AUI, TCPL's minimum tolerance is not relevant to ATCO Gas.

b) Explain any impacts the differences in the imbalance calculations will have on retailers

For retailers, AUI believes its smaller Imbalance Window will require retailers to monitor their balances on AUI's system more closely and make more refined adjustments to nominations to maintain Account Imbalances within tolerance limits.¹⁷

¹⁵ AltaGas Utilities Inc., Retailer Distribution Service Rules, Article 13.3(2).

¹⁶ Ibid., 13.3(2).

¹⁷ Exhibit 12.01, AUI response to AUC-AUI-1(a) and (b).

3.2 Data accuracy and reciprocity clauses in AUI's RDSRs for retailers

17. Article 5.5 of AUI's applied for RDSR requires that retailers must notify AUI as promptly as reasonably practicable of any changes to customer information. There is a disclaimer of liability to retailers for any direct, indirect, consequential or special losses, damages or other liabilities arising as a result of a retailer's failure to provide up-to-date and accurate customer information. However, AUI reserves the right to assess a charge at actual cost for additional processing work undertaken as a result of inaccurate information provided by a retailer.

18. EEC asked AUI if there was an existing section in AUI's RDSRs or if AUI had considered revisions to Article 5.5 that would provide reciprocity for retailers if AUI fails to supply up-to-date and accurate information or if a retailer incurs costs as a result of inaccurate information received from AUI. AUI responded:

AUI has not, nor is it appropriate to include a provision on retailers' liability and risk in its Terms and Conditions (T&Cs). AUI's application to amend the Retailer Distribution Service Rules, is consistent and compliant with the Gas Utilities Act, Regulation 186/2003 Roles, Responsibilities and Relationships Regulation and AUC Rule 028 Natural Gas Settlement System Code (NGSSC or Rule 028).

Further, Section 2.9 of Rule 028 provides guidance on responsibilities on the estimation and liability for settlement and states:

...Distributors are not liable for the financial consequences of errors in estimates developed and provided to interested parties as part of their good-faith performance of these tasks.

In addition, Section 5 of Rule 028 provides general and specific procedures for settlement error correction related to settlement calculations. Specifically, Section 5.2 outlines the formal mechanism for the pre-final error correction (PFEC) process and Section 5.3 outlines the procedures for a dispute resolution process.

Within AUI's Retailer Distribution Service Rules, Article 18 provides the process for dispute resolution between AUI and retailers.¹⁸

19. AUI stated that ATCO Gas does not include any reciprocal clauses for retailers in its T&Cs, and AUI is not aware of any such provisions related to the electric retail market.¹⁹

20. In argument, EEC requested that the AUC direct AUI to provide additional information during implementation and for twelve months following implementation. EEC submitted:

...that the AUC direct AUI to provide additional reporting data, in line with Rule 028, Section 10.3, Table 33, for the duration of the NPortal implementation, as well as 12 months post-implementation. Specifically, ENMAX requests comparisons between S1 and B1 and S2 and B1, on a monthly basis, in addition to the existing requirements. In ENMAX's opinion, the additional comparisons during the transition period will enable all parties to more accurately monitor and respond to any potential data accuracy issues. (ENMAX notes that the current reporting requirement is based on final settlement, and therefore will not begin until the fifth month out after implementation.)²⁰

¹⁸ Exhibit 14.01, responses to EEC-AUI-1(d).

¹⁹ Exhibit 17.01, AUI argument, paragraph 10.

²⁰ Exhibit 16.01, EEC argument, PDF page 3.

21. AUI argued that the issues raised by EEC are not within the scope of this proceeding. AUI submitted, "...Recognizing data concerns are an issue for all retailers, as well as AUI, AUI agrees to bring forward ENMAX's concern for discussion as part of its ongoing Market Interaction for NGSSC."²¹

4 Commission findings

22. The Commission has reviewed the changes proposed by AUI to the retailer distribution service rules component of its T&Cs. The Commission accepts AUI's explanation with respect to the differences between its imbalance window thresholds and those approved for ATCO Gas. The Commission is satisfied that the substantive changes to the RDSRs will support compliance with the daily settlement processes prescribed under AUC Rule 028.

23. For the reasons discussed above, the Commission approves AUI's applied-for revisions to its RDSRs on an interim basis. AUI is directed to implement the changes to its RDSRs by November 1, 2013, to coincide with the effective date of the implementation of phase two of its natural gas settlement system.

24. The Commission acknowledges AUI's suggestion that it submit a compliance filing combining the amendments from both the current proceeding and the 2013-2017 Performance-Based Regulation Phase II proceeding. However, given the timing of this decision relative to Proceeding ID No. 2687, if it is more efficient for AUI to update the T&Cs filed in that proceeding to reflect the findings of this decision, the Commission directs AUI to do so. If it is not more efficient, and subject to any other Commission directions in Proceeding ID No. 2687, AUI is directed to file a final set of T&Cs in a compliance filing to that proceeding.

25. The Commission finds the data accuracy and reciprocity issues raised by EEC are not within the scope of this proceeding. The dispute resolution section of AUC Rule 028 and the articles found in AUI's T&Cs address the issues of settlement error correction and the process for dispute resolution. There is merit in EEC's request for additional reporting to monitor the accuracy of AUI's settlement data for the first 12 months after implementation of its settlement system. AUI agreed to discuss EEC's concern as part of its ongoing market interaction for implementation of its settlement system.

²¹ Exhibit 19.01, AUI reply argument, paragraph 3.

5 Order

26. It is hereby ordered that:

- (1) AltaGas Utilities Inc.'s proposed changes to its retailer distribution service rules are approved. AltaGas Utilities Inc. shall implement the changes to its retailer distribution service rules by November 1, 2013, to coincide with the effective date of the implementation of phase two of its natural gas settlement system.

Dated on October 30, 2013.

The Alberta Utilities Commission

(original signed by)

Kay Holgate
Commission Member

Appendix 1 – Proceeding participants

Name of organization (abbreviation) counsel or representative
AltaGas Utilities Inc. (AUI)
ENMAX Energy Corporation (EEC) D. Crippen T. Carle J. Schlauch

The Alberta Utilities Commission (AUC)
Commission Panel K. Holgate, Commission Member
Commission Staff A. Sabo (Commission counsel) P. Howard

Appendix 2 – Summary of Commission directions

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

1. For the reasons discussed above, the Commission approves AUI's applied-for revisions to its RDSRs on an interim basis. AUI is directed to implement the changes to its RDSRs by November 1, 2013, to coincide with the effective date of the implementation of phase two of its natural gas settlement system. Paragraph 23
2. The Commission acknowledges AUI's suggestion that it submit a compliance filing combining the amendments from both the current proceeding and the 2013-2017 Performance-Based Regulation Phase II proceeding. However, given the timing of this decision relative to Proceeding ID No. 2687, if it is more efficient for AUI to update the T&Cs filed in that proceeding to reflect the findings of this decision, the Commission directs AUI to do so. If it is not more efficient, and subject to any other Commission directions in Proceeding ID No. 2687, AUI is directed to file a final set of T&Cs in a compliance filing to that proceeding. Paragraph 24

Appendix 3 – Terms and conditions of service, retailer distribution service rules



Appendix 3 - Retailer
distribution service ru

(consists of 50 pages)

AltaGas Utilities Inc.
RETAILER DISTRIBUTION
SERVICE RULES

Effective: October 30, 2013

- Table of Contents -

ARTICLE 1 – Context	4
1.1. Application.....	4
1.2. Relationships.....	4
1.3. Customers and Agents	4
ARTICLE 2 – Definitions.....	4
2.1. Definitions.....	4
2.2. Conflict	11
2.3. Interpretation.....	11
ARTICLE 3 – General Provisions	11
3.1. AUC Approval.....	11
3.2. Gas Distribution Tariff.....	11
3.3. Effective Date	12
3.4. Waiver or Alteration	12
3.5. Retailer Handbook	12
3.6. Ownership of the Gas Distribution System	12
3.7. New Gas Distribution System Segments, Specific Facilities and Service Additions...	12
3.8. Title or Interest in the Gas	13
3.9. Gas Under AUI Control	13
3.10. AUI Determines Routing.....	13
3.11. Commingling or Exchange	13
3.12. Right to Transport.....	13
ARTICLE 4 – General Obligations of the Retailers.....	14
4.1. Timeliness and Due Diligence	14
4.2. Arrangements with the Customer	14
4.3. Responsibility for Gas Services.....	14
4.4. Customer Authorization.....	14
4.5. Retailer ID.....	14
4.6. Single Retailer for Customers.....	15
4.7. Fees and Other Charges	15
ARTICLE 5 – Customer Inquiries and Customer Information	15
5.1. Customer Inquiries.....	15
5.2. Customer Inquiries Related to Emergency, Outage, Safety and Environmental Situations.....	15
5.3. Standard Requests for Customer Usage Information Pursuant to Rule 010.....	16
5.4. Non-Standard Requests for Customer Usage Information	16
5.5. Providing Customer Information to AUI.....	16
ARTICLE 6 – Provision of Service	16
6.1. Request for Service.....	16
6.2. Qualification for Service.....	17
6.3. Provision of Gas Distribution Service	18
6.4. Application for Enrolment	18
ARTICLE 7 – Financial Matters.....	19
7.1. Retailer Pays Tariffs	19

7.2.	Billing	19
7.3.	Payment.....	20
7.4.	Unpaid Bills	20
7.5.	Unauthorized Use.....	21
7.6.	Disputes.....	22
7.7.	Failure to Pay	22
ARTICLE 8 – Gas Distribution Service Interruption.....		22
8.1.	Continuous Supply.....	22
8.2.	Interruption	22
8.3.	Reasonable Efforts	23
ARTICLE 9 – Discontinuance of Gas Distribution Service.....		23
9.1.	Discontinuance by the Retailer	23
9.2.	Discontinuance by AltaGas Utilities Inc.....	24
ARTICLE 10 – Service Disconnects and Reconnect		25
10.1.	Disconnection of Service	25
10.2.	Reconnect Service.....	26
ARTICLE 11 – Prudential Requirements		26
11.1.	Setting of Prudential Requirements	26
11.2.	Maintaining Prudential Requirements	28
11.3.	Confidentiality	29
11.4.	Costs.....	29
11.5.	Interest on Security Deposits	29
ARTICLE 12 – Measurement.....		30
12.1.	Provision and Ownership.....	30
12.2.	Meter Reading.....	30
12.3.	Changes to Metering Equipment	30
12.4.	Statutory Standards Apply	30
12.5.	Measuring Equipment.....	31
12.6.	Testing Measuring Equipment.....	31
12.7.	Facilities Interference.....	31
12.8.	Use of TCPL Measurements.....	31
12.9.	Forecast Quantities.....	31
ARTICLE 13 – Account Balancing.....		32
13.1.	Retailer’s Account	32
13.2.	Exchange of Gas	32
13.3.	Daily Retailer’s Account Imbalance.....	32
13.4.	Retailer’s Account Monitoring Rules	33
13.5.	Termination of Retailer Service.....	35
13.6.	Request for Additional Information.....	36
13.7.	Liability.....	36
ARTICLE 14 – Termination on Default.....		36
14.1.	Events of Default	36
14.2.	Rights Upon Default	37
14.3.	Recourse to Security Upon the Retailer Default.....	37
14.4.	Termination on Default.....	38

ARTICLE 15 – Impaired Deliveries.....	38
15.1. Impaired Deliveries.....	38
ARTICLE 16 – Liability and Indemnity.....	39
16.1. Indemnity.....	39
16.2. Consequential Loss.....	41
ARTICLE 17 – Force Majeure.....	41
17.1. Effect of Force Majeure on Breach.....	41
17.2. Meaning of Force Majeure.....	41
17.3. Exceptions to Force Majeure.....	42
17.4. Notice of remedy.....	43
17.5. Obligation to Remedy.....	43
17.6. Labour Disputes.....	43
ARTICLE 18 – Dispute Resolution.....	43
18.1. Resolution by AUI and the Retailer.....	43
18.2. Resolution by Arbitration.....	43
18.3. Arbitrators.....	43
18.4. Failure to Concur.....	44
18.5. Refusal to Appoint an Arbitrator.....	44
18.6. Failure to Appoint a Third Arbitrator.....	44
18.7. Technical Competence.....	44
18.8. Compensation of Arbitrators.....	44
18.9. Application of the Arbitration Act (Alberta).....	45
18.10. Decisions Binding.....	45
18.11. Continuity of Service.....	45
ARTICLE 19 – Miscellaneous Matters.....	45
19.1. Retailer Distribution Service Rules Prevail.....	45
19.2. General Laws Apply.....	45
19.3. No Waiver.....	46
19.4. No Assignment.....	46
19.5. Applicable Laws.....	46
ARTICLE 20 – Notice.....	47
20.1. Notice in Writing.....	47
20.2. Delivery of Notice.....	47
20.3. Disruption of Mail.....	47
Schedule A – Imbalance Purchase/Sale Charges.....	48
1.0 Imbalance Window Percentage.....	48
2.0 Imbalance Windows.....	48
3.0 Imbalance Purchase/Sale Price.....	48
4.0 Change to Imbalance Window Percentage and Minimum Energy Imbalance Window	48

ARTICLE 1 – Context

1.1. Application

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

1.2. Relationships

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

1.3. Customers and Agents

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

ARTICLE 2 – Definitions

2.1. Definitions

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

“Account” means a record maintained by AUI containing receipts, deliveries, Unaccounted-For Gas, Imbalance Purchases, Imbalance Sales and adjustments applicable to each Retailer providing Gas Services to Customers served by the Gas Distribution System;

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

“Account on the Transmission System” means the account held by AUI on TCPL;

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

“Agency Agreement” means an agreement between a Retailer and another party wherein the other party is appointed as Agent for that Retailer;

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

“Alberta Utilities Commission”, “AUC” or “Commission” means the Alberta Utilities Commission or its successor;

“AltaGas Utilities Inc.” or “AUI” means AltaGas Utilities Inc. or its successor;
“AUI Emergency Phone Number” means AltaGas Utilities Inc.’s Emergency Phone Number as provided on AUI’s website at www.altagasutilities.com.

“AUI General Inquiry Phone Number” means AltaGas Utilities Inc.’s General Inquiry Phone Number as provided on AUI’s website at www.altagasutilities.com.

“Backcast” means an estimate of Customer Load prepared for the current Gas Day (B1) as described in the Retailer Handbook;

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

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

“Consent for Collection, Use and Release of Customer Information Form” means the form used to obtain historical site information outside of Rule 010:

“Consumer” means a person who enters into a marketing contract to purchase less than 2,500 gigajoules of gas per year as defined in the *Energy Marketing and Residential Heat Sub-Metering Regulation, A.R. 246/2005*, as amended from time to time, and any legislative enactment in substitution or replacement thereof;

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

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

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

“Customer Usage Information” means historical Gas consumption information as specified in AUC Rule 010;

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

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

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

“Final Settlement” means the final calculation of settlement (S3) performed for the settlement Month, as described in the Natural Gas Settlement System Code;

“Forecast” means an estimate of Customer Load prepared for a Gas Day and includes forecasts F1, F2 and F3 as described in the Retailer Handbook;

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

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

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

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

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

“Gas Services” as defined in the *Act* means:

- i. The Gas provided and delivered, and
- ii. The services associated with the provision and delivery of the Gas, including
 - a) Arranging for the exchange or purchase of the Gas;
 - b) Making financial arrangements to manage the financial risk associated with the price of gas;
 - c) Arranging for Gas Distribution Service;
 - d) Arranging for delivery of Gas to specified Point(s) of Receipt on the Gas Distribution System;
 - e) Storage;
 - f) Billing, collection and responding to customer billing inquiries;
 - g) Maintaining information systems; and
 - h) Any other services specified by the Minister by Order as Gas Services;

“Gas Settlement” means Initial Monthly Settlement, Interim Settlement and/or Final Settlement as defined in the Natural Gas Settlement System Code;

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

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

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

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

“Imbalance Purchase” means the removal of an energy quantity outside the positive Imbalance Window from the Account Imbalance and financial settlement of that quantity;

“Imbalance Sale” means the removal of an energy quantity outside the negative Imbalance Window from the Account Imbalance and financial settlement of that quantity;

“Initial Monthly Settlement” means the first calculation of settlement (S1) performed for the settlement Month, as described in the Natural Gas Settlement System Code;

“Intercontinental Exchange” means Intercontinental Exchange, Inc., an electronic trading platform market participants may use for transactions related to, amongst others, Gas purchase or sale;

“Interim Settlement” means the second calculation of settlement (S2) performed for the settlement Month, as described in the Natural Gas Settlement System Code;

“International System of Units” means a system of units based on the metric system and developed and refined by international convention especially for scientific work;

“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 Gas delivered or required to be delivered at any specific point or points on the Gas Distribution System;

“LBDA” means AUI’s Load Balancing Deferral Account used to record certain revenues and expenses associated with load balancing the Gas Distribution System, including without limitation load balancing purchase/sales and Imbalance Purchase/Sales;

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

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

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

“NGSSC” or “Rule 028” means the AUC’s Natural Gas Settlement System Code Rules governing the standards for determining and communicating retail Gas consumption for the purpose of load settlement;

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

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

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

“Point of Delivery” for service by AUI to the Customer, means, unless otherwise specified in a Retailer Distribution Service Contract or other service agreement, the outlet side of a meter;

“Point of Receipt” means the point where the Retailer delivers Gas to the Gas Distribution System under the Retailer Distribution Service Contract. This is usually indicated by AUI’s acceptance of a receipt Nomination into the Retailer’s Account;

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

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

“Retailer” means a person or company other than AUI selling Gas and Gas Services directly to Customers, entitled to enrol Customers for that purpose within AUI’s service area and having completed a credit application as set out in the Retailer Handbook and meeting any prudential requirements set forth in in these Retailer Distribution Service Rules. The term “Retailer” includes Self-Retailers and Agents;

“Retailer Distribution Service Contract” means the Retailer Distribution Service Contract between AUI and the Retailer, including all attached schedules and these Retailer Distribution Service Rules;

“Retailer Distribution Service Rules” means the AUI Retailer Distribution Service Rules, as amended by AUI and approved by the Commission, from time to time ;

“Retailer Handbook” means the guide prepared by AUI describing the business processes between AUI and the Retailer in relation to the provision of service under these Retailer Distribution Service Rules and the NGSSC;

“Retailer Identification” means the 9-digit number uniquely representing each Retailer operating within Alberta;

“Retailer of Record” means the Retailer who is listed in AUI’s records through the procedures outlined in these Retailer Distribution Service Rules, the Natural Gas Settlement System Code and Retailer Handbook and thereby recognized by AUI as a particular Customer’s Retailer for a Point of Delivery at a particular time;

“Rider H” means a rate rider, expressed as a percentage, approved by the AUC applicable to Retailer’s Account for the recovery in-kind of Unaccounted-For Gas;

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

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

“Rule 028” means *AUC Rule 028 – Natural Gas Settlement System Code Rules*, as set by the Commission and amended from time to time;

“Same Day Market” means the intra-Alberta Gas market generally available during trading hours on a calendar Day for transactions applicable to the Gas Day commencing on the same calendar Day;

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

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

“Site ID” means a unique identification number assigned by AUI for each unique end-use Point of Delivery;

“Special Charges Schedule” means the AUI Special Charges Schedule, as amended by AUI and approved by the Commission, from time to time;

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

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

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

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

2.2. Conflict

- (1) If there is any conflict between a provision expressly set out in an Order of the AUC and these Retailer Distribution Service Rules, the Order of the AUC will govern.
- (2) If there is any conflict between a provision expressly set out in these Retailer Distribution Service Rules, as may be amended from time to time, and a Retailer Distribution Service Contract, the express provision of these Retailer Distribution Service Rules, will govern, as of their effective date.

2.3. Interpretation

- (1) In the interpretation of the Retailer Distribution Service Contract or these Retailer Distribution Service Rules, words in the singular will be read and construed in the plural or words in the plural will be read and construed in the singular where the context so requires.
- (2) The headings used throughout the Retailer Distribution Service Contract or these Retailer Distribution Service Rules are inserted for reference only and are not to be considered or taken into account in construing the terms or provisions of any article, clause or schedule nor are they to be deemed in any way to qualify, modify or explain the effect of any such provisions or terms.
- (3) The definitions of all units of measurement and their prefixes used throughout the Retailer Distribution Service Contract or these Retailer Distribution Service Rules will be in accordance with the International System of Units.

ARTICLE 3 – General Provisions

3.1. AUC Approval

These Retailer Distribution Service Rules have been approved by the AUC. The Company may amend these Retailer Distribution Service Rules by filing a notice of amendment with the AUC. Included in the notice to the AUC will be identification of the Retailers affected by the amendment and an explanation of how the affected Retailers will be notified of the amendments. Any amendment to the Retailer Distribution Service Rules will take effect 60 days after such notice is filed, unless the AUC otherwise directs.

3.2. Gas Distribution Tariff

The AUI Gas Distribution Tariff is available to the public during normal business hours at AUI's head office and at the offices of the AUC, and can also be accessed at AltaGas Utilities Inc.'s website at www.altagasutilities.com.

3.3. Effective Date

These Retailer Distribution Service Rules come into force as per the effective date shown on the cover page. Whenever AUI files notice of an amendment to these Retailer Distribution Service Rules, or when the AUC approves an amendment to these Retailer Distribution Service Rules, revisions will be issued, with the effective date of the amendments indicated thereon.

3.4. Waiver or Alteration

No agreement can provide for the waiver or alteration of any part of these Retailer Distribution Service Rules unless such agreement is first filed with, and approved by, the AUC.

3.5. Retailer Handbook

AUI has developed the Retailer Handbook to help Retailers and Customers understand the normal practices of AUI. The Retailer Handbook is available on AUI's website at www.altagasutilities.com. The Retailer Handbook will be updated, from time to time, to reflect industry changes, or the changing needs of Retailers and/or Customers. AUI is committed to follow practices in the Retailer Handbook. However, as these practices cannot cover every situation that may arise, it may be necessary to deviate from the Retailer Handbook in certain circumstances.

3.6. Ownership of the Gas Distribution System

- (1) AUI remains the owner of all segments of the Gas Distribution System, unless an agreement between AUI and the Retailer or Customer specifically provides otherwise.
- (2) Payment made by Retailers or Customers for costs incurred by AUI in installing any segment of the Gas Distribution System does not entitle Retailers or Customers to ownership of any such segment, unless an agreement between AUI and the Retailer or Customer specifically provides otherwise.

3.7. New Gas Distribution System Segments, Specific Facilities and Service Additions

AUI 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 Distribution System segments, Specific Facilities or additional services as provided for in the *Natural Gas Billing Regulation, A.R. 185/2003*, and amended from time to time. AUI reserves the right to charge the Customer directly for any amounts required to be provided by the Customer under AUI's Gas Distribution Tariff.

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

3.8. Title or Interest in the Gas

AUI will not acquire any title or interest in the Gas being transported under the Retailer Distribution Service Contract.

3.9. Gas Under AUI Control

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

3.10. AUI Determines Routing

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

3.11. Commingling or Exchange

In the course of transporting Gas through the Gas Distribution System, AUI may commingle or exchange Gas owned by, or transported for, others or remove certain hydrocarbon components present in the Gas. As commingling, exchanging or the removal of certain hydrocarbon components may alter the Gross Heating Value or constituent parts of the Gas between the Point of Receipt and the Point of Delivery, AUI will not be required to deliver at the Point of Delivery, Gas with the same Gross Heating Value or containing the same constituent parts as Gas delivered at the Point of Receipt. AUI will make whatever compensating adjustments to volume and Gross Heating Value as may be warranted. In the event, and to the extent, any hydrocarbon components in the Gas delivered at the Point of Receipt are absent from the Gas delivered at the Point of Delivery as the result of commingling, exchanging or removal of such hydrocarbon components in the course of transporting the Gas, title to such hydrocarbon components will, notwithstanding anything to the contrary otherwise contained in the Retailer Distribution Service Contract, be deemed conclusively to have passed to AUI.

3.12. Right to Transport

The Retailer covenants with AUI the Retailer has the right to transport all Gas delivered under the Retailer Distribution Service Contract to AUI at the Point of Receipt.

ARTICLE 4 – General Obligations of the Retailers

4.1. Timeliness and Due Diligence

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

4.2. Arrangements with the Customer

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

4.3. Responsibility for Gas Services

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

4.4. Customer Authorization

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

4.5. Retailer ID

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

4.6. Single Retailer for Customers

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

4.7. Fees and Other Charges

AUI will provide all standard services hereunder pursuant to AUI's Gas Distribution Tariff. All additional, supplementary or extra non-discretionary services provided by AUI to a Retailer or Customer, where applicable, will be charged a separate rate or fee, such as those included, without limitation, in AUI's Special Charges Schedule. Payment for these services will be in accordance with the provisions of these Retailer Distribution Service Rules.

ARTICLE 5 – Customer Inquiries and Customer Information

5.1. Customer Inquiries

For Customers requesting information about retailer choice, AUI will:

- (1) make available notification and informational materials to Customers about competition and consumer choices;
- (2) direct Customers to an external source where they may obtain information about consumer choice. AUI is under no obligation to ensure the accuracy of the information provided by the external source.

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

The Retailer must ensure Customers contacting the Retailer regarding distribution emergency conditions, outages, safety or environmental situations related to the Gas Distribution System are immediately transferred to AUI using the AUI Emergency Phone Number. If the Retailer is unable to transfer a call to AUI, the Retailer will provide the AUI Emergency Phone Number to the Customer.

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

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

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

5.4. Non-Standard Requests for Customer Usage Information

- (1) Requests for Customer Usage Information not intended to conform to Rule 010 are considered non-standard.
- (2) Before AUI will process a non-standard Customer Usage Information request, AUI must receive a properly completed “Consent for Collection, Use and Release of Customer Information” form signed by the Customer. Thereafter, AUI will process the request in accordance with the Code of Conduct Regulation.
- (3) The Customer Usage Information referenced in Article 5 will be provided by AUI once per year, per Site, at no cost. AUI reserves the right to assess a charge at actual cost for requests for Customer Usage Information beyond the requirements of the Code of Conduct Regulation or additional requests within one year for the same Customer at the same Site.

5.5. Providing Customer Information to AUI

The Retailer must notify AUI as promptly as reasonably practical of any changes to Customer Information, as AUI relies on this information to reasonably perform its Gas Distribution Service obligations to Customers. Such information will be provided in a form compliant with the NGSSC and the Retailer Handbook. AUI will 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 provide up-to-date and accurate Customer Information to AUI. AUI reserves the right to assess a charge at actual cost for additional processing work undertaken by AUI as a result of inaccurate Customer Information provided by the Retailer.

ARTICLE 6 – Provision of Service

6.1. Request for Service

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

6.2. Qualification for Service

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

- (1) To initiate the provision of Gas Distribution Service, the Retailer must complete and provide a Retailer Distribution Service Contract to AUI. Where practicable, a single Retailer Distribution Service Contract between AUI and the Retailer will be used to serve all Customers under Rates 11, 12, 13 and 14;
- (2) Satisfy the credit requirements of AUI as set forth in these Retailer Distribution Service Rules and the *Natural Gas Billing Regulation, A.R. 185/2003*, as amended from time to time;
- (3) For the Retailers providing Gas Services to Consumers, as defined in the *Energy Marketing Regulation, A.R. 246/2005*, furnish a certified copy of the license issued to it;
- (4) For all the Retailers providing Gas Services to Customers using 2,500 GJ or more of gas per year, warrant in writing to AUI it will comply with the provisions of the *Fair Trading Act, R.S.A 2000 c. F-2*, and any regulations or policies made thereunder;
- (5) Warrant in writing to AUI, the Retailer will comply with the guidelines established in the Retailer Handbook;
- (6) Meet the compliance testing protocol of AUI in respect of information exchange, as set forth in the Retailer Handbook;
- (7) Meet any other requirements AUI, acting reasonably, may impose to provide Gas Distribution Service hereunder. If AUI determines additional requirements must be satisfied to qualify for Gas Distribution Service, the following process will apply:
 - a) Where AUI is confronted with a situation it, in its sole discretion, considers would materially alter the risk to AUI, or where AUI must impose additional requirements to comply with applicable legislation, AUI may implement the additional requirement and then apply to the Commission for approval of same; or,
 - b) Where AUI is not confronted with the circumstances outlined in (a) above, AUI will apply to the Commission for approval of the proposed additional requirement prior to implementing same.

6.3. Provision of Gas Distribution Service

Upon satisfaction of the requirements in Article 6.2, AUI will provide Gas Distribution Service to the Retailer, on behalf of the Customer, subject to these Retailer Distribution Service Rules and the Natural Gas Utility Service Rules. Subject to complying with all applicable laws, and the directions or requirements of any of those mentioned above, AUI reserves the right, upon giving the Retailer ten (10) Business Days' notice, acting reasonably, to discontinue Gas Distribution Service to the Retailer, if at any time the Retailer no longer fulfills the above requirements.

6.4. Application for Enrolment

- (1) To initiate the provision of Gas Distribution Service by AUI, the Retailer will complete and provide to AUI an enrolment for Gas Distribution Service in the form and manner set out in the NGSSC. The Retailer will provide updated Customer Information with each enrolment.
- (2) Subject to the Retailer meeting the provisions of these Retailer Distribution Service Rules, AUI will accept an enrolment by the Retailer for provision of Gas Distribution Service. AUI reserves the right to verify the identity of the Customer and the accuracy of the Customer Information.
- (3) Upon receipt of a valid enrolment from the Retailer in the form and manner set out in the NGSSC, AUI will recognize the Retailer as the Retailer of Record for that particular Site.
- (4) Enrolments will be processed for Retailers by AUI on a first-come, first-served basis. Each enrolment will be time and date-stamped when received by AUI.
- (5) Enrolments will be processed by AUI in accordance with Rule 004 and Rule 028.
- (6) AUI will normally estimate the meter reading for each Customer enrolled. If the Retailer requests a special off-cycle meter reading, AUI will make one attempt to read the meter and will assess a Special Meter Reading charge to the Retailer, as set forth in the Special Charges Schedule. If AUI cannot access the meter for a reading, AUI will estimate the meter reading.
- (7) If more than one Retailer enrolment is received for a Site while an earlier Retailer enrolment is pending, only the first valid Retailer enrolment received by AUI will be processed in that period.
- (8) If a Retailer finds it has enrolled a Site in error, the Retailer must notify AUI as soon as reasonably possible of the error. Upon receiving notice from the Retailer, AUI will notify the previous Retailer of Record to re-enrol the Site.

- (9) If AUI determines the Customer who is enrolled with the Retailer is indebted to AUI, AUI reserves the right to disconnect Gas Distribution Service to the Customer, as set forth in Article 10 of these Retailer Distribution Service Rules.
- (10) The Retailer will not be liable to AUI for any outstanding indebtedness of the Customer to AUI accruing prior to the Retailer receiving Gas Distribution Service.

ARTICLE 7 – Financial Matters

7.1. Retailer Pays Tariffs

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

7.2. Billing

AUI will bill the Retailer for Gas Distribution Service provided in accordance with the AUC Rule 004 billing procedures set out as follows:

- (1) For the purpose of determining the variable amount to be billed by AUI and paid by the Retailer for the transportation of Gas under the Retailer Distribution Service Contract, the unit to be used will be gigajoules.
- (2) AUI will invoice the Retailer each billing cycle for Gas Distribution Service provided by AUI for the period prior to the billing cycle. AUI reserves the right to perform off-cycle billings.
- (3) AUI may include, in any statement, any adjustments to billings for prior Months. Neither AUI, nor the Customer, nor the Retailer will be entitled to interest on any adjustment.
- (4) AUI reserves the right to bill the Customer directly for any amounts required to be provided by the Customer for Specific Facilities.
- (5) The Retailer is required to provide the Customer with notification of an AUI Gas Distribution Tariff rate change in the billing envelope or through electronic billing at the time of the first charge to the Customer at the new rate. Notwithstanding the foregoing, AUI reserves the right to directly provide the Customer with information about its Gas Distribution Tariff. AUI also reserves the right to

contact the Customer directly for comments and receive feedback about AUI's Gas Distribution Service and Gas Distribution Tariff.

- (6) AUI reserves the right to correct for errors in a previous statement.
- (7) The Retailer will process the Customer payments and handle collection responsibilities. AUI will not assume any billing or collection obligations or responsibilities for, or on behalf of, the Retailer, unless agreed to by written contract between AUI and the Retailer. AUI may, at its sole discretion and in addition to any other remedies available to it, restrict enrolment or terminate Gas Distribution Service provided to the Retailer if the Retailer does not pay all outstanding amounts owed to AUI.

7.3. Payment

- (1) The Retailer will pay to AUI, on or before the 21st Business Day following the Business Day on which the Retailer was invoiced, the amount invoiced by AUI for the preceding period.
- (2) AUI will invoice, and the Retailer will pay, the monthly net Imbalance Purchase/Sale amount, if any, on the next available billing cycle following the date on which the Imbalance Purchase/Sale amount was authorized by AUI;
- (3) AUI will establish an electronic billing and payment procedure for the payment of services hereunder. Notwithstanding, AUI will accept payment by cash or cheque drawn in AUI's favour if agreed to by AUI.
- (4) AUI has established two electronic billing options for Retailers electing to send and receive payments electronically. The Preauthorized Payment Agreement (Authorization) and the Electronic Payment Transfer Agreement, as set out in the Retailer Handbook, set forth the terms and conditions for making payments and providing remittance information electronically.
- (5) The Retailer will pay all amounts owed to AUI for any of the Gas Distribution Services provided by AUI regardless of whether the Customer has paid the Retailer.
- (6) Failure to receive a bill does not release the Retailer from the obligation to pay the amount owing for any of the Gas Distribution Services provided by AUI.

7.4. Unpaid Bills

- (1) If the Retailer defaults or is late in paying charges, subject to (3)(d) below, AUI will provide the Retailer notice as required in (3)(a) below. AUI will be entitled to draw on the credit facility of the Retailer if the Retailer's arrears are not paid

within three (3) Business Days after the date of the notice. The Retailer must provide an additional deposit to replace the funds drawn down because of the default or late payment.

- (2) AUI will assess the Retailer a late payment charge for any overdue amount, including previous late payment charges. The late payment percentage is set out in the Special Charges Schedule. Any payments will first be applied to unpaid balances.
- (3) If the Retailer defaults in its payments:
 - a) AUI must provide the Retailer with a notice in writing stating the Retailer is in default in its payments to AUI under these Retailer Distribution Service Rules and advising the Retailer AUI may make a claim against the Retailer's security if the arrears are not paid within three (3) Business Days after the date of the notice;
 - b) If, after the expiry of the period set out in (3)(a) above, the Retailer's arrears remain unpaid, AUI may make a claim against the Retailer's security to cover the arrears;
 - c) If the Retailer has provided security in the form of a financial deposit, AUI may deduct from that deposit the amount of the unpaid arrears; and
 - d) If, in the opinion of AUI, the giving of notice in accordance with (3)(a) above would impair AUI's ability to make a claim against the Retailer's security or to deduct the unpaid arrears from the Retailer's financial deposit, AUI may make the claim or deduct the unpaid arrears without notice.
- (4) AUI may, at its sole discretion and in addition to any other remedies available to it, restrict enrolment or terminate Gas Distribution Service to the Retailer, if such Retailer does not pay all outstanding bills in accordance with these Retailer Distribution Service Rules.

7.5. Unauthorized Use

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

7.6. Disputes

- (1) In the event the Retailer disputes any amount owing, the Retailer will nevertheless pay to AUI the full disputed amount when payment is due and subject the dispute for resolution in accordance with these Retailer Distribution Service Rules. Following resolution of any such dispute pursuant to Article 18 – Dispute Resolution, AUI will return any amount found owing to the Retailer.
- (2) The right or ability of the Retailer to dispute a charge for service provided under the Retailer Distribution Service Contract or these Retailer Distribution Service Rules will only apply to requests in writing and are limited to charges rendered up to two (2) years prior to the date of written notice of the dispute. AUI reserves the right to assess a charge to the Retailer for administration of a billing dispute raised by the Retailer in circumstances where AUI is not responsible for any error.

7.7. Failure to Pay

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

ARTICLE 8 – Gas Distribution Service Interruption

8.1. Continuous Supply

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

8.2. Interruption

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

- (1) whenever AUI reasonably determines such a disconnection, curtailment, interruption or reduction is necessary to facilitate construction, installation, maintenance, repair, replacement or inspection of any segment of the Gas Distribution System;
- (2) to maintain the safety and reliability of the Gas Distribution System; or,

- (3) due to any other reason related to dangerous or hazardous circumstances including emergencies, forced outages, potential overloading of the Gas Distribution System or Force Majeure.

8.3. Reasonable Efforts

AUI will 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 Gas Distribution Service as promptly as reasonably practicable.

ARTICLE 9 – Discontinuance of Gas Distribution Service

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

9.1. Discontinuance by the Retailer

- (1) To discontinue Gas Distribution Service, the Retailer must provide to AUI an electronic notice of de-enrolment in accordance with Rule 028. Upon receipt of a valid notice of de-enrolment, AUI will process the de-enrolment pursuant to Rule 028.
- (2) In accordance with Article 12 of these Retailer Distribution Service Rules, AUI will obtain meter reads on a monthly basis. If AUI does not obtain an actual read at the time of the de-enrolment, AUI will estimate a meter read. At the request of the Retailer, AUI will obtain an actual off-cycle meter read and assess a charge to the Retailer as set forth in the Special Charges Schedule.
- (3) AUI will accept or reject the Retailer's de-enrolment in accordance with Rule 028.
- (4) Notwithstanding the Retailer's responsibilities to provide updated Customer Information pursuant to Article 5 – Customer Inquiries and Customer Information, the Retailer must update Customer Information upon notice of de-enrolment.
- (5) The Retailer will provide AUI with updated Customer Information pursuant to Article 5.

- (6) The Retailer is responsible to ensure the Customer is provided notice of the de-enrolment and the consequences of such de-enrolment, including the fact AUI will not be held liable for any disputes as between the Customer and the Retailer.
- (7) Upon receipt of a successful de-enrolment from a Retailer in the form and manner set out in the NGSSC, and if the Site is not subsequently enrolled by a replacement Retailer within the period set out in the NGSSC, the Site will be enrolled for default supply Gas Service.
- (8) The Retailer will remain responsible for Gas Services to the Site until a replacement Retailer is enrolled and in place for the Site, default supply Gas Service is in place for the Site or the Site is permanently disconnected, whichever is earlier.
- (9) The Retailer may revoke a notification to de-enrol a Site as set out in the NGSSC.

9.2. Discontinuance by AltaGas Utilities Inc.

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

ARTICLE 10 – Service Disconnects and Reconnect

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

10.1. Disconnection of Service

- (1) Disconnection by AUI
 - a) AUI reserves the right to temporarily or permanently disconnect the Customer from the Gas Distribution System in a number of circumstances, including, but not limited to, non-payment of AUI bills or any past due charges, evidence of safety violations, energy theft or fraud by the Customer, threats or harassment made against employees or agents of AUI, failure to provide access to the service Site for meter readings or other necessary work or any other failure by the Customer to meet its obligations under the Natural Gas Utility Service Rules or Retailer Distribution Service Rules.
 - b) If the disconnect is a result of a safety violation, AUI will reconnect the service only after the safety problem is resolved and the Customer has provided or paid AUI's costs of providing such devices or equipment as may be necessary to resolve such safety problem and to prevent such damage, interference or disturbance. AUI may assess a Reconnect Fee as set forth in the Special Charges Schedule.
- (2) Disconnection at Request of the Retailer
 - a) In accordance with the R3 Regulation, the Retailer will have the right to request AUI disconnect Gas Distribution Service to a Site where the Retailer is the Retailer of Record. AUI will process such requests in accordance with Rule 028.
 - b) The Retailer will remain responsible for all Gas Services to the Site until AUI has completed the disconnection.
 - c) AUI reserves the right to assess charges to the Retailer to disconnect Gas Distribution Service or attempt to disconnect service to the Customer at actual cost, including, but not limited to, direct labour, materials, services and equipment, plus applicable overheads.
 - d) AUI will notify the Retailer if a disconnect request was not successfully completed and include the reason why it was not successfully completed. If the Retailer still requires the Customer to be disconnected, the Retailer must re-issue a disconnect request.

- e) AUI will not be liable to any person for any damages, cost, expense, injury, loss or other liability of any kind, whatsoever or however caused, resulting directly or indirectly from its good faith performance of its responsibilities under the provisions of this Article.
- (3) Disconnects Affecting Pipelines and Equipment
- a) If the purpose for a disconnect can be reasonably expected to affect the Gas Distribution System, the Customer is expected to notify AUI of the Customer's plans *prior to* a disconnect. The Retailer will provide the Customer with the AUI General Inquiry Phone Number. Such purposes include, but are not limited to, relocation of pipelines and equipment, service site renovations, service site demolition and permanent stoppage in the use of Gas.

10.2. Reconnect Service

Before reconnecting or restoring service to a Site:

- a) For a disconnect initiated by a Retailer, the Retailer must provide AUI with authorization to reconnect service.
- b) The Retailer or Customer must comply with AUI's Natural Gas Utility Service Rules and these Retailer Distribution Service Rules.
- c) AUI reserves the right to assess, in accordance with these Retailer Distribution Service Rules and the Natural Gas Utility Service Rules, a Reconnection Fee and any other applicable charges set forth in the Special Charges Schedule.

ARTICLE 11 – Prudential Requirements

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

11.1. Setting of Prudential Requirements

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

- (1) Subject to review and reassessment of the prudential requirements of the Retailer by AUI, from time to time, the Retailer is required to meet and maintain such financial and other prudential requirements as set out in the *Natural Gas Billing*

Regulation, A.R. 185/2003, to ensure the Retailer is, and remains, of sufficient financial standing to meet its ongoing financial obligations.

- (2) AUI will confirm the credit rating of the Retailer, affiliate or person guaranteeing the financial obligation of the Retailer. The credit rating will mean the bond rating according to Standard and Poor's Bond Rating Service or an equivalent bond rating from Dominion Bond Rating Service or Moody's Investors Service.

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

- (3) Subject to review and reassessment, AUI will determine the amount of the security reduction available for each Retailer, and the maximum amount of any guarantee required from the person guaranteeing the financial obligations of the Retailer, subject to sections 5, 6 and 7 of the *Natural Gas Billing Regulation, A.R. 185/2003*, as amended from time to time. AUI will notify the Retailer of its security requirement within 20 (twenty) Business Days from the receipt of the Retailer's complete application for service.
- (4) For purposes of calculating the amount of the Retailer's security deposit pursuant to section 5(2) of the *Natural Gas Billing Regulation, A.R. 185/2003*, the Retailer must project its payments under AUI's Rate Schedule over a period equal to the lesser of (A) 75 days, or (B) the total of (i) 20 days, plus (ii) the number of days between consecutive bills issued by AUI to the Retailer, plus (iii) the number of days from the issuance of a bill by AUI until payment is due from the Retailer.
- (5) For the purposes of calculating the amount of the Retailer's security deposit required, the Retailer will add an additional 20 days of projected payments (the Load Balancing Security) under AUI's Rate Schedule to the amount of security deposit required under the *Natural Gas Billing Regulation A.R. 185/2003*, as amended from time to time as identified in part (4) above, which will serve as separate security in respect of any Imbalance Sales AUI may be required to charge the Retailer in order to balance Retailer's Account.
- (6) Subject to section 6 of the *Natural Gas Billing Regulation, A.R., 185/2003*, as amended from time to time, the Retailer will provide security in the manner set out in the Retailer Handbook, in the form of a financial deposit, a bond, an irrevocable letter of credit from a financial institution acceptable to AUI, or an irrevocable guarantee. An irrevocable guarantee may only be provided from a

person(s) acceptable to AUI, other than the Retailer, with a qualifying credit rating.

11.2. Maintaining Prudential Requirements

- (1) If the Retailer's actual outstanding charges under AUI's Rate Schedule are materially greater than the value projected by the Retailer under Article 11.1 of these Retailer Distribution Service Rules, AUI will update the projection and, if additional security is required based on the updated projection, require the Retailer to provide additional security within five (5) Business Days of AUI's request.
- (2) AUI requires Retailers to report any downgrading of their corporate bond rating to AUI within two (2) Business Days of said rating revisions, and must provide any additional security required as a result of the downgrading within five (5) Business Days of the downgrading.
- (3) Subject to Article 7 of these Retailer Distribution Service Rules, if the Retailer fails to pay any amount billed AUI will apply all or any portion of the Retailer's security deposit to the unpaid amount. The Retailer will then be required to replenish the security deposit within five (5) Business Days.
- (4) Subject to Articles 7 and 11 of these Retailer Distribution Service Rules, if the Retailer fails to pay any amount billed or fails to present additional security as outlined herein, AUI reserves the right to suspend the provision of additional Gas Distribution Service to the Retailer or discontinue Gas Distribution Service entirely to the Retailer. AUI will provide the Retailer notice of discontinuance three (3) Business Days before AUI discontinues Gas Distribution Service to the Retailer.

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

- (5) A Retailer required to provide security in accordance with the *Natural Gas Billing Regulation, A.R. 185/2003* and these Retailer Distribution Service Rules must maintain that amount of security until all obligations of the Retailer under AUI's Gas Distribution Tariff are satisfied. A Retailer providing security, other than by means of a financial deposit held by AUI, must either ensure its security has no expiry date and cannot be terminated or must, at all times, ensure its security is automatically extended from year to year for successive periods of a minimum of one year from any expiration date thereof, unless AUI is notified in writing by prepaid registered mail not less than thirty (30) Days prior to any expiration date, the security will not be renewed for any such additional period (Notice of Non-Renewal).

- (6) Upon receipt of a Notice of Non-Renewal, AUI will provide notice of same in writing to the Retailer advising the Retailer's failure to provide AUI with alternate security meeting the requirements set out in the *Natural Gas Billing Regulation, A.R. 185/2003* within three (3) Business Days after the date of the notice will constitute a breach of the Retailer's obligation to maintain its security in accordance with section 8 of the *Natural Gas Billing Regulation, A.R. 185/2003* and an event of default under Article 14 of these Retailer Distribution Service Rules. If, after three (3) Business Days, AUI is not in receipt of such alternate security, the full amount of the Retailer's security determined in accordance with Article 11 of these Retailer Distribution Service Rules will become due and payable to AUI and AUI will be entitled to make demand or claim against the Retailer's security in accordance with Article 14.3.
- (7) In the event of a default by the Retailer, AUI is entitled to recover, as part of the Gas Distribution Tariff, any costs not covered by a claim against the Retailer's security under section 9 of the *Natural Gas Billing Regulation A.R. 185/2003*, as amended from time to time.

11.3. Confidentiality

All information provided by the Retailer in relation to its financial standing and designated by the Retailer as confidential will be treated as such under the Confidentiality Agreement between the Retailer and AUI. The terms and conditions of the Confidentiality Agreement are set out in the Retailer Handbook.

Notwithstanding the preceding paragraph, pursuant to section 10(3) of the *Code of Conduct Regulation*, a receiving party may disclose confidential information to any governmental, judicial or regulatory authority requiring such confidential information in the reasonable exercise of its duties.

11.4. Costs

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

11.5. Interest on Security Deposits

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

ARTICLE 12 – Measurement

12.1. Provision and Ownership

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

12.2. Meter Reading

- (1) Billing will be based on actual or estimated usage. AUI reserves the right to assess a Special Meter Reading charge for non-routine reads, as set out in the Special Charges Schedule.
- (2) In any event AUI will require a meter reading twice per year or as directed by Measurement Canada or such other Department as may from time to time be charged with such responsibility.
- (3) AUI will keep an accurate record of all meter readings for the purpose of billing the Gas Distribution Services provided.
- (4) AUI may elect to change the meter reading schedule for a site, providing advance notice to the Retailer as defined by Rule 004.
- (5) AUI is not required to accept Customer meter readings. Where Customer meter readings are provided, AUI reserves the right to decline the use of the Customer meter reading based on specific criteria.

12.3. Changes to Metering Equipment

Notwithstanding Article 3.7, should a Retailer request or consent to a Customer request for new metering equipment beyond the basic service, AUI will provide, install, test and maintain the required metering equipment. The metering equipment must be requested or consented to in writing by the Customer and meet AUI's requirements. The Customer will bear the cost of providing and installing the metering equipment and ongoing operating costs as set forth in the Special Charges Schedule.

12.4. Statutory Standards Apply

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

12.5. Measuring Equipment

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

12.6. Testing Measuring Equipment

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

12.7. Facilities Interference

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

12.8. Use of TCPL Measurements

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

12.9. Forecast Quantities

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

ARTICLE 13 – Account Balancing

13.1. Retailer’s Account

- (1) The Retailer’s Account will be accumulated and recorded by AUI each Day and, without limitation, will include such items as Gas supply Nominations, Retailer Load, Imbalance quantity, opening Imbalance quantity, previous Month true-up quantity, Retailer’s share of Unaccounted-For Gas and/or other adjustment quantities deemed appropriate as determined by AUI from time to time.
- (2) Each Day AUI will Forecast and Backcast Retailer’s Load according to the practices specified in AUI’s Retailer Handbook.
- (3) The Retailer will provide in kind, Unaccounted-For Gas each Day at the rate specified in Rider H.
- (4) AUI will make the Account available to the Retailer in the manner described in the Retailer Handbook.

13.2. Exchange of Gas

The Retailer warrants it will make its Gas supply available in an account on TCPL and AUI will make that Gas available in the Retailer’s Account by means of an exchange with said account on TCPL and AUI’s Account on the Transmission System, subject to the procedures described in the Retailer Handbook.

13.3. Daily Retailer’s Account Imbalance

- (1) For each Gas Day, the Imbalance Window applicable to each Retailer’s Account Imbalance will be determined as specified on Schedule A.
- (2) The Retailer will, at all times, endeavor to maintain its daily Account Imbalance energy within the daily Imbalance Window.
- (3) For each Gas Day, in the event the value of the Retailer’s Account daily Imbalance energy is greater than/less than the value of the quantity specified by the positive/negative Imbalance Window, the difference will be settled by Imbalance Purchase/Sale at the price specified on Schedule A.
- (4) The net quantity and dollars resulting from the Imbalance Purchase and Imbalance Sales transactions in Article 13.3(3), if any, will be invoiced to Retailer once per Month.

13.4. Retailer's Account Monitoring Rules

AUI will perform monitoring of the Retailer's Account according to the following:

(1) Step 1

- a) If there is no evidence of a Nomination in the Retailer's Account by 10:00 a.m. MST of the current Gas Day (Gas Day 1), which has not been pre-authorized by AUI, AUI will attempt to contact the Retailer for an explanation. If the Retailer indicates in writing (by e-mail) it intends to balance the Account within the Account Balancing timeline specified in the Retailer Handbook, then AUI will take no further action at Step 1. For this purpose, "balance the Account" means the Retailer provided sufficient Gas supply for Gas Day 1, whereby the resulting Account Imbalance on Gas Day 1 was within the Imbalance Window and no Imbalance Purchase/Sale was triggered.
- b) If at (1)(a) above:
 - i) AUI, with reasonable effort by telephone and e-mail, is unable to contact the Retailer by the time of the release of the F3 Forecast for Gas Day 1; or
 - ii) the Retailer has indicated an inability to make Nominations to its Account for Gas Day 1; or
 - iii) there continues to be no evidence of a Nomination in the Retailer's Account by the time of the release of the F3 Forecast for Gas Day 1;

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

(2) Step 2

- a) If there is no evidence of a Nomination in the Account by 10:00 a.m. MST of the Gas Day following Gas Day 1 (Gas Day 2), which has not been pre-authorized by AUI, AUI will attempt to contact the Retailer for an explanation. This rule will also apply to those Retailers who made a commitment to balance their Account in Step 1, but did not fulfill that

commitment, even if a nomination was made for Gas Day 1. The Retailer will be required to nominate gas supply equal to the F3 Forecast for Gas Day 2 no later than one half ($\frac{1}{2}$) hour after the F3 Forecast has been issued.

- b) If at (2)(a) above
 - i) AUI, with reasonable effort by telephone and e-mail, is unable to contact the Retailer by the time of one half ($\frac{1}{2}$) hour after the release of the F3 Forecast for Gas Day 2; or
 - ii) the Retailer has indicated an inability to make the Nominations to its Account for Gas Day 2; or
 - iii) the Gas supply in the Retailer's Account does not equal the F3 Forecast energy by the time of one half ($\frac{1}{2}$) hour after the release of the F3 Forecast for Gas Day 2;

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

AUI will also provide electronic notice to the Retailer indicating the Retailer must take action to provide gas supply to its Account sufficient to alleviate AUI's concerns by 10:00 a.m. MST of the next Gas Day (Gas Day 3), AUI intends to permanently close the Retailer's Account during Gas Day 3.

(3) Step 3

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

AUI will transact on the Same Day Market based on the F3 Forecast for Gas Day 3. The transaction will be recorded in AUI's Account on the Transmission System, not the Retailer's Account, and charged to the LBDA. The rules related

to Imbalance Purchase/Sale as stipulated in these Retailer Distribution Service Rules will be in effect for the Retailer's Account.

(4) Step 4

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

(5) Step 5

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

- (6) In the event AUI is notified by the Retailer in writing or by e-mail, or in the event AUI becomes aware the Retailer has declared itself or has been declared to be insolvent prior to the full three (3) days of Account monitoring described in this Article, AUI will have the right to discontinue Gas Distribution Service with one (1) Business Day's notice.

13.5. Termination of Retailer Service

- (1) These Retailer Distribution Service Rules will continue in force until all the Retailer's Sites have been de-enrolled and Final Settlement for the Retailer's Account has been completed, whereupon AUI will terminate the Retailer's Account. AUI will continue to transact in the Same Day Market based on the F3 Forecast for the Retailer who has defaulted until all the Retailer's Sites have been de-enrolled and successfully re-enrolled with the default supply provider. The transaction will be recorded in AUI's Account on the Transmission System, not the Retailer's Account and the rules related to Imbalance Purchase/Sale as stipulated in these Retailer Distribution Service Rules will be in effect.

- (2) Notwithstanding the provisions of Article 13.5(1) above, upon mutual agreement, the Retailer and AUI may enter into an arrangement to settle the outstanding energy amounts in the Retailer's terminating Account, including without limitation, the closing Account Imbalance and adjustments to the Account from Gas Settlement, in a manner different than is normally required under the provisions of these Retailer Distribution Service Rules and/or the Retailer Handbook.

13.6. Request for Additional Information

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

- a) the Retailer provides a written request to AUI 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, AUI will advise the Retailer in a written proposal of the type of work, time of delivery and charges necessary to provide the additional settlement information to the Retailer.

13.7. Liability

AUI will not be liable to any person for any damages, cost, expense, injury, loss or other liability of any kind whatsoever, or however caused, resulting directly or indirectly from its good faith performance of its responsibilities under the provisions of this Article. No express or implied warranties of any kind will apply to information or services provided by AUI to any person as part of such good faith performance, including without limitation implied warranties of fitness for a particular purpose.

ARTICLE 14 – Termination on Default

14.1. Events of Default

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

- a) is the subject of a bankruptcy, insolvency or similar proceeding;
- b) makes an assignment for the benefit of its creditors;

- c) applies for, seeks, consents to, or acquiesces in the appointment of a receiver, custodian, trustee, liquidator or similar official to manage all or a substantial portion of its assets;
- d) fails to pay the other party (Non-Defaulting Party) when payment is due, or to satisfy any other material obligation under these Retailer Distribution Service Rules or the Retailer Distribution Service Contract including, without limiting the generality of the foregoing, fulfilling the prudential requirements as set forth in Article 11 in accordance with these Retailer Distribution Service Rules and fails to remedy the failure or satisfy the obligation, as the case may be, within three (3) Business Days after the receipt of written notice of the default or breach from the Non-Defaulting Party.
- e) fails to balance its Account in accordance with Article 13.

14.2. Rights Upon Default

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

14.3. Recourse to Security Upon the Retailer Default

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

14.4. Termination on Default

If any one or more of the parties to the Retailer Distribution Service Contract fails to perform any of the covenants or obligations imposed upon it under and by virtue of the Retailer Distribution Service Contract (the Defaulting Party), then in any such event, the other party to the Retailer Distribution Service Contract (the Non-Defaulting Party) may, at its option, terminate the Retailer Distribution Service Contract insofar, and only insofar, as the Retailer Distribution Service Contract pertains to the Defaulting Party. To terminate the Retailer Distribution Service Contract pursuant to this provision, the Non-Defaulting Party will cause a notice in writing or e-mail 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 Retailer Distribution Service Contract.

ARTICLE 15 – Impaired Deliveries

15.1. Impaired Deliveries

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

ARTICLE 16 – Liability and Indemnity

16.1. Indemnity

- (1) Each party (as applicable, the Indemnitor) will indemnify and hold harmless the other party and its directors, officers, employees, agents and representatives (Indemnitee(s)) from and against any direct damages, injuries, losses and other liabilities claimed against the Indemnitee or any of them, and all related costs and expenses (including reasonable legal fees) suffered or incurred by any of them in relation to any claim, cause of action, action, suit or proceeding by a third party (Claim) which arises from damage to property or injury to or death of persons resulting from the Indemnitor's failure to perform its obligations under these Retailer Distribution Service Rules 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 Retailer Distribution Service Rules.
- (2) In the event that an Indemnitee is entitled to and desires to assert its right to indemnification from an Indemnitor under this Article such Indemnitee will give the Indemnitor prompt notice of the Claim, which will describe the Claim in reasonable detail and will 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 will 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.
- (3) Subject to Article 16.1(4) 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(1) in respect of:
 - (a) 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 will make available to the Indemnitor all information in its possession or to which it has access, other than information that has been designated as confidential by the provider of such information, which is or may be relevant to the particular Claim and the Indemnitor will 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 will cooperate with the Indemnitor to the fullest reasonable extent in the defense, settlement or compromise of the Claim; or

- (b) 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 will 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 will 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 will not be unreasonably withheld.

- (4) The provisions of Article 16.1(1) hereof will 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.
- (5) Except to the extent to which either party is required to indemnify the other party (and those other persons specified in this Article 16 by the express terms of Article 16, neither party, nor its directors, officers, agents, employees, and representatives, will be liable to the other party for any damages, costs, expenses, injuries, losses, or liabilities suffered or incurred by the other party, its directors, officers, employees, agents and representatives howsoever and whenever caused, and each party, for itself and as agent for its directors, officers, agents, employees and representatives hereby forever releases the other party, its directors, officers, agents, employees and representatives from any liability or obligation in respect thereof. For greater certainty, neither party will 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 Retailer Distribution Service Rules, neither party will be liable to the other party, and AUI will 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 Retailer Distribution Service Rules 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 will include loss of revenue, loss of profits, loss of production, loss of earnings, loss of contract, cost of purchased or replacement capacity and energy, cost of capital and loss of the use of any segment of the Gas Distribution System or property owned, operated, leased or used by the other party.

ARTICLE 17 – Force Majeure

17.1. Effect of Force Majeure on Breach

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

Retailer will 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 AUI.

17.2. Meaning of Force Majeure

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

- a) acts of God, such as lightning, earthquakes, storms, floods, fires, landslides and washouts;
- b) strikes, lockouts or other industrial disturbances;

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

17.3. Exceptions to Force Majeure

- (1) Notwithstanding Article 17.2, a Decision, Direction, or Order made by the Commission in the normal course of it exercising its authority to establish the appropriate revenue requirement or rates of the parties to this agreement will not be considered an event of Force Majeure.
- (2) Neither party is entitled to the benefit of the provisions of Article 12.1 under any of the following circumstances:
 - a) to the extent the failure was caused by the sole negligence of the party claiming suspension;
 - b) to the extent the failure was caused by the party claiming suspension having failed to remedy the condition where it is within that party's ability, alone, to do so and to resume the performance of such covenants or obligations with reasonable dispatch;
 - c) if the failure was caused by lack of funds or with respect to the payment of any amount or amounts then due under the Retailer Distribution Service Contract; or
 - d) unless, as soon as possible after the happening of the occurrence relied upon or as soon as possible after determining the occurrence was in the nature of Force Majeure and would affect the claiming party's ability to observe or perform any of its covenants or obligations under the Retailer Distribution Service Contract, the party claiming suspension necessarily gives to the other party notice, either in writing or by electronic mail, advising that such party is unable, by reason of Force Majeure (the nature of which to be specified in the notice, to perform the particular covenants or obligations.

17.4. Notice of remedy

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

17.5. Obligation to Remedy

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

17.6. Labour Disputes

Notwithstanding anything to the contrary in this Article, expressed or implied, the parties agree the settlement of strikes, lockouts and other industrial disturbances will be entirely within the discretion of the particular party involved in the labour dispute and such party may make settlement of the labour dispute at such time and on such terms and conditions as it may deem advisable. No delay in making such settlement will deprive such party of the benefit of this Article 17.

ARTICLE 18 – Dispute Resolution

18.1. Resolution by AUI and the Retailer

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

18.2. Resolution by Arbitration

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

18.3. Arbitrators

All disputes or differences between AUI and a Retailer in connection with these Retailer Distribution Service Rules will be referred (unless AUI and the Retailer concur in the appointment of a single arbitrator) to a board of arbitrators consisting of one (1) arbitrator

to be appointed by each of AUI and the Retailer who will, by instrument in writing, appoint a third arbitrator immediately after they are themselves appointed. Notwithstanding the foregoing, any disputed matters between AUI and a Retailer relating to an order or direction made or approved by the AUC or falling within the exclusive jurisdiction of the AUC, will be referred to the AUC for resolution.

18.4. Failure to Concur

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

18.5. Refusal to Appoint an Arbitrator

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

18.6. Failure to Appoint a Third Arbitrator

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

18.7. Technical Competence

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

18.8. Compensation of Arbitrators

Each party will be responsible for the costs of the arbitrator appointed by it hereunder. The costs of the third arbitrator will 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, will 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 will be final and binding upon each of the parties to the dispute or difference.

18.11. Continuity of Service

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

ARTICLE 19 – Miscellaneous Matters

19.1. Retailer Distribution Service Rules Prevail

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

19.2. General Laws Apply

The Retailer Distribution Service Rules and the Retailer Distribution Service Contract are subject to all applicable present and future laws, rules, regulations and orders of any legislative body or duly instituted authority now or hereafter having jurisdiction. AUI 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 to provide Retailer Distribution Service to the Retailer (or a Customer of the Retailer). AUI's obligation to provide Retailer Distribution Service is subject to the condition all requisite governmental and regulatory approvals for the provision of such Retailer Distribution Service will have been obtained and will be maintained in force during such period of Retailer Distribution Service.

19.3. No Waiver

The failure of either party to insist on strict performance of any provisions of these Retailer Distribution Service Rules or a Retailer Distribution Service Contract, or to take advantage of any of its rights hereunder, will not be construed as a waiver of any such provisions or the relinquishment of any such right or any other right hereunder, which will remain in full force and effect. No term or condition of these Retailer Distribution Service Rules or a Retailer Distribution Service Contract will 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. No Assignment

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

19.5. Applicable Laws

The Retailer Distribution Service Rules and the Retailer Distribution Service Contract between AUI and the Retailer will 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 Retailer Distribution Service Rules and the Retailer Distribution Service Contract will be brought in the courts of the Province of Alberta.

ARTICLE 20 – Notice

20.1. Notice in Writing

Unless otherwise stated herein, all notices, demands or requests required or permitted under these Retailer Distribution Service Rules or a Retailer Distribution Service Contract will be in writing and will be personally delivered or sent by courier-service or electronic transmission addressed as follows:

- (a) If to the Retailer, to the address and the addressee set out in the Retailer Distribution Retailer Distribution Service Contract between the Retailer and AUI.
- (b) If to AUI to:
AltaGas Utilities Inc.
5509-45 Street, Leduc, AB T9E 6T6
Attention: VP, Regulatory and Legal Affairs
Fax: (780) 986-5220

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

20.2. Delivery of Notice

- (1) Any notice may be given by mailing the same, postage prepaid, in an envelope properly addressed to the person to whom the notice is given and will be deemed to be received four (4) Business Days after the mailing of the notice.
- (2) Any notice may also be given by prepaid facsimile or other means of electronic transmission addressed to the person to whom such notice is given, at such person's address for notice and any such notice so served will be deemed to have been given one (1) Business Day after transmission.
- (3) Any notice may also be delivered by hand to the person, or his representative, to whom such notice is given at such person's address for notice and such notice will be deemed to have been given when received by such person or his representative.
- (4) Any notice may also be given by telephone followed immediately by letter, facsimile or other means of electronic transmission. Any notice so given will be deemed to have been given of the date and time of the telephone notice.

20.3. Disruption of Mail

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

Schedule A – Imbalance Purchase/Sale Charges

1.0 Imbalance Window Percentage

The percentage used to calculate each Retailer's Account Imbalance Window is $\pm 4\%$.

2.0 Imbalance Windows

The daily Imbalance Window for each Gas Day, applicable to each Retailer's Account Imbalance, is based on the result of multiplying the Retailer's daily Backcast by the absolute value of the Imbalance Window percentage (Imbalance Window determinant):

- a) If the result is 0 (zero), the daily Imbalance Window quantity will be 0 GJ;
- b) If the result is greater than 0, and less than or equal to 50, the daily Imbalance Window quantity will be ± 50 GJ;
- c) If the result is greater than 50, and less than or equal to 100, the daily Imbalance Window quantity will be ± 100 GJ;
- d) If the result is greater than 100, and less than or equal to 150, the daily Imbalance Window quantity will be ± 150 GJ;
- e) If the result is greater than 150, and less than or equal to 200, the daily Imbalance Window quantity will be ± 200 GJ;
- f) If the result is greater than 200, the daily Imbalance Window quantity will be ± 400 GJ.

3.0 Imbalance Purchase/Sale Price

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

- a) For an Imbalance Purchase, the price used by AUI will be the lowest Same Day Market or Yesterday Market trade price occurring on the NGX for the Gas Day, as reported by the NGX as the "AECO "C" and N.I.T Same Day Price" and "NGX Alberta Yesterday Price" obtained from the NGX "Trading Reports" website.
- b) For an Imbalance Sale, the price used by AUI will be the highest Same Day Market or Yesterday Market trade price occurring on the NGX for the Gas Day, as reported by the NGX as the "AECO "C" and N.I.T Same Day Price" and "NGX Alberta Yesterday Price" obtained from the NGX "Trading Reports" website.

4.0 Change to Imbalance Window Percentage and Minimum Energy Imbalance Window

In the event TCPL determines its pipeline tolerance level needs be increased or decreased and as a result, the TCPL transmission balance zone is changed, AUI will revise the daily Imbalance Window as follows:

TCPL Balance Zone		AUI Account Tolerance on TCPL		Imbalance Window Determinant > 0 and <= 50		Imbalance Window Determinant > 50 and <= 100		Imbalance Window Determinant > 100 and <= 150		Imbalance Window Determinant > 150 and <= 200		Imbalance Window Determinant > 200	
-4%	+4%	-2,000	2,000	-50	50	-100	100	-150	150	-200	200	-400	400
-3%	+4%	-1,500	2,000	-38	50	-75	100	-113	150	-150	200	-300	400
-2%	+4%	-1,000	2,000	-25	50	-50	100	-75	150	-100	200	-200	400
-1%	+4%	-500	2,000	-13	50	-25	100	-38	150	-50	200	-100	400
0%	+4%	0	2,000	0	50	0	100	0	150	0	200	0	400
-4%	+3%	-2,000	1,500	-50	38	-100	75	-150	113	-200	150	-400	300
-4%	+2%	-2,000	1,000	-50	25	-100	50	-150	75	-200	100	-400	200
-4%	+1%	-2,000	500	-50	13	-100	25	-150	38	-200	50	-400	100
-4%	0%	-2,000	0	-50	0	-100	0	-150	0	-200	0	-400	0

A change to the Imbalance Window as a result of a change in the Imbalance Window percentage and/or change in the AUI account tolerance on TCPL will be in effect for the same Gas Days as the corresponding TCPL Balance Zone change.