



ATCO Gas and Pipelines Ltd.

2014 Annual PBR Rate Adjustment Filing

December 19, 2013



The Alberta Utilities Commission

Decision 2013-460: ATCO Gas and Pipelines Ltd.

2014 Annual PBR Rate Adjustment Filing

Application No. 1609915

Proceeding ID No. 2826

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1 Introduction and background

1. On September 12, 2012, the Alberta Utilities Commission (AUC or Commission) issued Decision [2012-237](#),¹ approving performance-based regulation (PBR) plans for the distribution utility services of each of AltaGas Utilities Inc. (AltaGas), ATCO Electric Ltd. (ATCO Electric), ATCO Gas and Pipelines Ltd. (ATCO Gas or AG), EPCOR Distribution & Transmission Inc. (EDTI) and FortisAlberta Inc. (Fortis), jointly referred to as the companies. The PBR plans were approved for a five-year term commencing January 1, 2013. PBR replaces traditional cost-of-service regulation as the annual rate-setting mechanism for distribution utility rates.

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

3. Decision 2012-237 directed each of the companies to make a 2012 PBR compliance filing.

4. On March 4, 2013, the Commission issued Decision [2013-072](#),² dealing with the initial 2012 PBR compliance filings of each of the companies. The decision directed the companies to make a second compliance filing by March 18, 2013. The second compliance filings were to include proposed distribution rates to be effective April 1, 2013.

5. In accordance with the directions in Decision 2013-072, on March 18, 2013, the companies submitted their respective 2012 PBR second compliance filing applications, which included proposed distribution rates to be effective April 1, 2013. On March 22, 2013, the Commission issued Decision [2013-112](#),³ approving the proposed April 1, 2013 rates on an interim basis, subject to a subsequent process.

¹ Decision 2012-237: Rate Regulation initiative Distribution Performance-Based Regulation, Application No, 1606029, Proceeding ID No. 566, September 12, 2012.

² 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.

³ 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.,

6. On July 19, 2013, the Commission issued Decision [2013-270](#),⁴ reviewing the 2012 PBR second compliance filing applications. The Commission directed the utilities to continue to use the April 1, 2013, interim rates for the remainder of the year, or until otherwise directed by the Commission.

7. Decision 2012-237 required the companies to submit their respective PBR annual rate adjustment applications on or before September 10th annually for implementation January 1st in the following year.⁵

8. On September 10, 2013, AG filed an application with the Commission to request approval of its 2014 PBR rate adjustments, pursuant to Decision 2012-237, to be effective January 1, 2014. AG also requested approval of amended terms and conditions for distribution access service and the terms and conditions for distribution service connections. As part of the application, AG included a copy of the 2013 AUC [Rule 005](#)⁶ filings and an attestation signed by a senior officer of the company, in accordance with the Commission directions in Section 13.1 of Decision 2012-237.

9. On September 11, 2013, the Commission issued a notice of application that required interested parties to submit a statement of intent to participate (SIP) by September 18, 2013. In their SIPs, parties were asked to indicate whether they supported or objected to the application and the reasons for their position, as well as the need for further process and the supporting rationale.

10. The Commission received SIPs by the specified deadline from the following parties:

- The Office of the Utilities Consumer Advocate (UCA)
- The Consumers' Coalition of Alberta (CCA)
- AltaGas Utilities Ltd. (AUI)
- ATCO Electric Ltd. (AE)
- FortisAlberta Inc. (Fortis)

11. In its SIP, the CCA requested the opportunity to test the application with a process of written information requests (IRs), argument and reply argument. The UCA indicated an intention to file IRs, after which it would assess the need to file intervenor evidence. Fortis stated that it does not object to the application, but is interested in staying informed. AUI anticipated that it will only be monitoring the proceeding at this time. AE did not comment on the anticipated extent of its participation in the proceeding.

EPCOR Distribution & Transmission Inc. and FortisAlberta Inc., Application No. 1609367, Proceeding ID No. 2477, March 22, 2013.

⁴ 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.

⁵ Decision 2012-237, paragraph 962.

⁶ AUC Rule 005: *Annual Reporting Requirements of Financial and Operational Results*.

12. The Commission determined that the application would be considered by way of a minimal written process described in 2010-16,⁷ and issued the following process schedule on September 19, 2013:

Process step	Deadline dates
Information requests to AG	October 3, 2013, 4 p.m.
Responses to information requests from AG	October 17, 2013, 4 p.m.
Argument	October 31, 2013, 4 p.m.
Reply argument	November 14, 2013, 4 p.m.

13. On September 30, 2013, the Commission received a letter from the CCA requesting a deadline extension for submitting IRs to AG.⁸ The Commission considered the request and granted an extension of the deadline to file IRs until October 4, 2013. IRs were filed by the UCA and the Commission on October 3, 2013, and by the CCA on October 4, 2013. AG issued responses to all parties on October 17, 2013.

14. On October 25, 2013, the Commission received a letter from the UCA indicating its intention to submit evidence on each of the 2014 Annual PBR rate adjustment filing applications. In a subsequent letter, submitted October 28, 2013, the UCA clarified that it intended to utilize the evidence of Mr. Russ Bell which was previously filed on the record in Proceeding ID No. 2131, and proposed to make reference to that proceeding rather than filing new evidence. The UCA also requested a one-week extension to the October 31, 2013, deadline for argument.⁹

15. On October 30, 2013, the Commission responded to the UCA's request, granting:

5. ...all parties the opportunity to make reference to the record of Proceeding ID No. 2131 in argument and reply argument. These references will be limited to the evidence filed by Russ Bell, and all associated information request responses, rebuttal or supplementary evidence responding thereto, and transcript references.

6. The Commission agrees to extend the deadline for argument by a week for all parties, from October 31, 2013 to November 7, 2013...¹⁰

16. The October 30, 2013 letter also extended the date for the filing of reply argument to November 21, 2013.

17. On November 7, 2013, the Commission received argument from AG, the UCA, and the CCA. The CCA later filed a letter, dated November 19, 2013, clarifying their argument. On November 21, 2013, AG, the UCA, and the CCA all filed reply argument.

18. The Commission considers the record for this proceeding to have closed on November 21, 2013. In reaching the determinations set out within this decision, the Commission has considered all relevant materials comprising the record of this proceeding and the portions of the record in Proceeding ID No. 2131 referred to in paragraph 15. Accordingly, references in this

⁷ Bulletin 2010-16, Performance Standards for Processing Rate-Related Applications, April 26, 2010.

⁸ Exhibit 19.01, CCA correspondence dated September 30, 2013.

⁹ Exhibit 27.01, UCA comments on evidence, and Exhibit 28.01, 2013-10-28 letter to AUC.

¹⁰ Exhibit 30.01, AUC letter, UCA comments on intervenor evidence.

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 Discussion of issues

2.1 Going-in revenue adjustment

19. As a result of the Commission's findings in Decision 2013-293,¹¹ AG identified an adjustment to the calculation of its going-in revenue and its 2013 PBR revenue. AG's application also reflected the need for a one-time Y factor in 2014.

20. In Decision 2013-293, the Commission approved a 2012 allocation of ATCO corporate costs to AG of \$10.0 million, which finalized a placeholder amount of \$8.6 million. At the direction of the Commission, AG had included an \$8.6 million placeholder amount in the calculation of its going-in revenue and in the calculation of its 2013 PBR revenue. In this application, AG applied to make the necessary adjustments to the going-in revenue amount and to the 2013 PBR revenue amount.

21. AG described the revenue adjustment process as follows:

...the 2012 adjustment is indexed by the approved 2013 I-X and customer growth in step 1. In Step 2, the incremental revenue adjustment is then allocated to each rate group consistent with the allocation of 2013 revenue to rate groups approved in Decision 2013-072. In Step 3, the revenue adjustment for each rate group is then divided by the approved 2013 average number of customers to determine the additional 2013 revenue per customer by rate group.¹²

22. AG further clarified the going-in revenue adjustments in its information response to the CCA.¹³ No party objected to the going-in revenue adjustments in argument or reply argument.

23. AG also applied to true-up the \$1.4 million difference between the 2012 \$8.6 million placeholder amount and the approved ATCO corporate cost allocation amount of \$10 million with a one-time Y factor to be implemented in rates effective January 1, 2014.¹⁴

Commission findings

24. The Commission has reviewed the direction from Decision 2013-293 and the resulting adjustment proposed by AG and considers that the going-in revenue adjustment has been properly supported and calculated. Accordingly, the calculation of the going-in revenue adjustment, the allocation to each rate group and the division by the approved 2013 average number of customers to determine the additional 2013 revenue per customer by rate group is approved.

¹¹ Decision 2013-293: The ATCO Utilities, Corporate Costs – Compliance Filing to the Alberta Utilities Commission Decision 2013-111, Application No. 1609573, Proceeding ID No. 2594, August 9, 2013

¹² Exhibit 1, AG application, paragraph 7.

¹³ Exhibit 25.01, AG information responses to the CCA, CCA-AG-02, CCA-AG-06 and CCA-AG-09.

¹⁴ Exhibit 1, AG application, Section 2.

25. The one-time adjustment of \$1.4 million reflecting the finalization of the 2012 ATCO corporate costs placeholder is approved for treatment as a Y factor. The calculation of the 2014 Y factor is further discussed in Section 2.3.

2.2 2014 I factor and the resulting I-X index for 2014

26. AG calculated the 2014 I-factor following the Commission's directions in Decision 2012-237.¹⁵ Specifically, AG used Statistics Canada data for the Alberta average weekly earnings (AWE) at the industrial aggregate level and the all-items Alberta consumer price index (CPI) for the period July 2011 through June 2013 to derive the annual per cent change for each series. Applying the approved 55:45 weighting to the obtained AWE and CPI indexes, AG calculated an inflation factor of 2.75 per cent for use in its 2014 PBR formula.¹⁶ Together with the X factor of 1.16 per cent as approved in Decision 2012-237,¹⁷ this I factor results in an I-X index value of 1.59 per cent for 2014.

27. In its information request to AG, the UCA noted that Statistics Canada's CANSIM Table 281-0028 (Average weekly earnings (SEPH),¹⁸ including overtime, seasonally adjusted, for all employees, by selected industries classified using the North American Industry Classification System), used to retrieve data for the Alberta AWE, had been terminated. The UCA queried whether Table 281-0026 (Average weekly earnings (SEPH), unadjusted for seasonal variation, by type of employee for selected industries classified using the North American Industry Classification System), should be used as a source of data for the Alberta AWE series when calculating the I factor.¹⁹

28. In response to the UCA, AG acknowledged that Table 281-0028 had been terminated. However, AG pointed out that it had retrieved the Alberta AWE data prior to the table's termination.²⁰ AG did not share the UCA's view that Table 281-0026 should be used to obtain data on Alberta AWE in future filings. AG noted that footnote 19 on the Statistics Canada page, which included Table 281-0028, indicated that Table 281-0063 (Employment and average weekly earnings including overtime (SEPH), seasonally adjusted, for all employees by industries classified using the North American Industry Classification System), not Table 281-0026, was to be used as the replacement.

29. AG argued, however, that at the time of the September filing, Table 281-0028 represented the most current data available and is therefore appropriate to use and no adjustment to the I factor is necessary. It pointed to the Commission's reasoning in paragraphs 26 and 27 of Decision 2013-072:

26. The Commission agrees with the CCA's and AltaGas' view that it is generally desirable to use the most recent information available when considering a particular issue. However, in this case, given the fact that in their future I factor calculations the companies will rely on the Statistics Canada data released prior to September 10th of each year (the date of the annual PBR rate adjustment filings),

¹⁵ Decision 2012-237, paragraph 251.

¹⁶ Exhibit 1, AG application, Schedule 3.2.

¹⁷ Decision 2012-237, page 107, paragraph 515.

¹⁸ The Survey of Employment Earnings and Hours, <http://www.statcan.gc.ca/survey-enquete/business-entreprise/2612-eng.htm>.

¹⁹ Exhibit 26.01, UCA-AG-06.

²⁰ Exhibit 26.01, UCA-AG-06.

the Commission considers that the use of inflation indexes published in August 2012 is acceptable for establishing the 2013 I factor.

27. Moreover, as EPCOR and the ATCO companies pointed out, in Decision 2012-237 the Commission agreed with the explanation of Dr. Ryan on behalf of EPCOR that periodic revision of inflation indexes by Statistics Canada need not affect the calculation of the I factor, provided that the unrevised value is used as the basis for subsequent calculations. ...²¹[footnotes omitted]

30. In argument, the UCA agreed that the proposed I factor of 2.75 per cent is acceptable in this proceeding, but provided a recommendation that the Commission direct AG to suggest an alternative source for the Alberta AWE in its next PBR annual filing, given the discontinuation of Table 281-0063. AG responded that it is simply due to revisions of the data that the table numbers are changed, and that “the name of the table is changed whenever the statistics are updated.” AG asserted that it has found no comparable alternatives for this information, and that the Statistics Canada database is still the best source for obtaining reliable data on the Alberta AWE.²²

Commission findings

31. In Decision 2012-237, the Commission noted the following in respect of the I factor:

249. On the issue of the periodic revision of historical inflation indexes by Statistics Canada, the Commission agrees that Dr. Ryan’s proposed method of accounting for revisions to the indexes by means of using the unrevised values in the subsequent I factor calculations represents an improvement over the rate adjustment method currently employed by ENMAX. Accordingly, the Commission finds that the periodic revision of inflation indexes by Statistics Canada need not affect the calculation of the I factor and directs the companies to use the unrevised actual index values from the prior year’s I factor filing as the basis for the next year’s inflation factor calculations.

250. The Commission also agrees with Dr. Ryan’s recommendation that if a termination, substantial revision or substantial modification to the Statistics Canada data series used in the companies’ I factors occurs, such changes should be brought forward to the Commission as part of the annual PBR rate adjustment filings. Any changes to the I factors arising from such data series modifications will be dealt with on a case-by-case basis.²³

32. In this proceeding, the UCA noted that Statistics Canada Table 281-0028, used to retrieve data for the Alberta AWE as directed in Decision 2012-237, had been terminated. The UCA queried whether Table 281-0026 should be used as a source of data for the Alberta AWE series when calculating the I factor.²⁴ Based on the information on the Statistics Canada website,²⁵ AG indicated Table 281-0063 was the new source of data.²⁶ The three Alberta AWE series discussed by the parties in this proceeding are presented in the table below:

²¹ Decision 2013-072, paragraphs 26 and 27.

²² Exhibit 37.01, AG reply argument, paragraph 5.

²³ Decision 2012-237, paragraphs 249 and 250.

²⁴ Exhibit 22.02, UCA-AG-06.

²⁵ <http://www.statcan.gc.ca>.

²⁶ Exhibit 26.01, UCA-AG-06.

Table 1. Statistics Canada Alberta AWE series

Date	Alberta AWE CANSIM 281-0028 v1597350 ²⁷ \$	Alberta AWE CANSIM 281-0063 v79311387 ²⁸ \$	Alberta AWE CANSIM 281-0026 v1560222 ²⁹ \$
July 2011	1031.91	1,023.35	1,018.03
August 2011	1050.93	1,040.37	1,042.17
September 2011	1043.75	1,034.77	1,028.15
October 2011	1052.82	1,046.25	1,052.95
November 2011	1049.93	1,045.64	1,051.43
December 2011	1049.78	1,053.61	1,038.41
January 2012	1056.05	1,052.24	1,054.74
February 2012	1054.80	1,051.91	1,069.31
March 2012	1054.38	1,062.29	1,060.64
April 2012	1058.84	1,062.37	1,062.69
May 2012	1055.07	1,062.24	1,043.07
June 2012	1070.68	1,067.90	1,065.76
July 2012	1080.64	1,080.64	1,076.49
August 2012	1102.37	1,102.37	1,083.61
September 2012	1086.56	1,086.56	1,084.23
October 2012	1090.61	1,090.61	1,099.04
November 2012	1091.24	1,091.24	1,082.98
December 2012	1095.14	1,095.14	1,090.49
January 2013	1083.82	1,083.82	1,072.67
February 2013	1099.51	1,099.51	1,116.87
March 2013	1098.08	1,098.08	1,109.10
April 2013	1099.83	1,099.83	1,107.04
May 2013	1119.34	1,119.34	1,102.35
June 2013	1109.80	1,104.47	1,100.80

33. The Commission observes that the Alberta AWE data series from Table 281-0026 discussed by the UCA in its information request, differs from the Alberta AWE data series in the terminated Table 281-0028 approved for use in Decision 2012-237, in each month over the period from July 2011 to June 2013. In contrast, the Alberta AWE series from Table 281-0063 is identical to the Alberta AWE data series in Table 281-0028 for the period from July 2012 to May 2013. On its webpage referring to the terminated Table 281-0028, at footnote 19, Statistics Canada indicates that, for more recent estimates, Table 281-0063 should be used.³⁰

²⁷ Exhibit 1, AG application, Schedule 3.2.

²⁸ Proceeding ID No. 2823, Exhibit 25.03, UCA-EDTI-8, Attachment 1. These series can be also found on the Statistics Canada website <http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=2810063&paSer=&pattern=&stByVal=1&p1=1&p2=-1&tabMode=dataTable&csid=>.

²⁹ Since in its information request (Exhibit 22.02, UCA-AG-06), the UCA only provided data from July 2012 to June 2013, the data was downloaded from Statistics Canada, Table 281-0026 accessed on December 2, 2013.

³⁰ <http://www5.statcan.gc.ca/cansim/a05?lang=eng&id=2810028>.

34. Further, the Commission observes that, on its webpage, Statistics Canada refers to Table 281-0063 as “formerly 281-0025 and 281-0028” and provides an explanation of the CANSIM changes as follows:

As of the September 27 release, data in CANSIM tables 281-0023 to 281-0046 cover the period 2001 to present. At the same time, new tables were created for the time series prior to 2001.

Two new tables were created with data starting in 2001: Table 281-0048 (formerly 281-0031 and 281-0034) and Table 281-0063 (formerly 281-0025 and 281-0028). For a concordance vector table, or for more information on these changes, contact Labour Statistics Division Client services (toll-free 1-866-873-8788; labour@statcan.gc.ca).³¹

35. Therefore, the Commission does not consider that “a termination, substantial revision or substantial modification” to the Statistics Canada Alberta AWE series has occurred that warrants any changes to the Commission-approved I factor calculation methodology. Rather, it appears that Statistics Canada has moved these series to a new Table 281-0063 to reflect the fact that these data are now available only from 2001 onward.

36. Any difference between the Alberta AWE series in the old Table 281-0028 and the new Table 281-0063, for the month of July 2011 to June 2012 and in June 2013, appear to be attributable to periodic, ongoing revisions of the series by Statistics Canada, of the type discussed in paragraph 249 of Decision 2012-237 and dealt with in Decision 2013-072.³² As set out in Decision 2012-237, these periodic revisions need not affect the calculation of the I factor, provided that the unrevised series from the prior year’s I factor filing are used as the basis for subsequent calculations.

37. For these reasons, the Commission approves the 2014 I factor of 2.75 per cent calculated by AG using Table 281-0028, as provided in Schedule 3.2 of the application. Together with the X factor of 1.16 per cent³³ approved in Decision 2012-237, this I factor value results in an I-X index value of 1.59 per cent for 2014.

38. The Commission finds that the series from Table 281-0026, discussed by the UCA in its information request, should not be used for the purpose of the I factor calculation. The Commission directs that the Alberta AWE series from Statistics Canada Table 281-0063, data vector v79311387, be used as the labour cost component of the I factor in future PBR annual rate adjustment filings.

39. Specifically, when calculating the 2015 I factor as part of its September 10, 2014 annual PBR rate adjustment filing, AG will be comparing the average Alberta AWE (from Table 281-0063) and Alberta CPI values for the period from July 2013 to June 2014 to the corresponding values of the Alberta AWE (from Table 281-0028) and the Alberta CPI from July 2012 to June 2013 in order to calculate the percentage change. Consistent with the Commission’s direction in Decision 2012-237, the Alberta AWE and Alberta CPI from July 2012 to June 2013 should be the same unrevised values filed in this proceeding. For convenience, these values are provided in [Appendix 3](#) to this decision.

³¹ <http://www.statcan.gc.ca/daily-quotidien/131031/dq131031b-eng.htm>.

³² Decision 2013-072, paragraphs 25-28.

³³ Decision 2012-237, page 107, paragraph 515.

2.3 Y factor calculation

40. AG applied for three categories of Y factor adjustments, detailed in Table 2 below, resulting in a proposed total refund of \$22.781 million. The categories included 2014 deferral account placeholders, deferral account true-ups as of July 31, 2013, and one-time adjustments detailed in Section 3.4 of the application. AG provided further clarification of its applied-for Y factors in information responses.³⁴

Table 2. Applied-for Y factor adjustments³⁵

Item	Total (\$ thousand)	North (\$ thousand)	South (\$ thousand)
2014 deferral account placeholders	(9,500)	(5,530)	(3,970)
Deferral accounts true-ups as of July 31, 2013	(8,624)	(5,531)	(3,093)
One-time adjustments:			
True-up of 2012 deferral account balances	1924	963	961
Other proceedings true-up	(6,581)	4,539	(2,042)
Y factor revenue to be collected (refunded) in 2014	(22,781)	(14,637)	(8,144)

41. Each of the requested Y factor adjustments is discussed in the sections that follow.

2.3.1 2014 deferral account placeholders

42. In Decision 2012-237, AG was approved to include certain placeholder amounts as Y factor adjustments. In this application, AG used the approved 2012 forecast amounts as placeholders for 2014 with the exception of the UCA costs.³⁶ In Schedule 3.4.1, AG listed its proposed 2014 deferral account placeholders as follows:

Table 3. Deferral account placeholders (\$000)

Item	Total	North	South
Deferred capital immediately deductible for income taxes	(15,600)	(8,580)	(7,020)
Deferred AUC costs	4,400	2,200	2,200
Deferred intervener costs	500	250	250
Deferred Utilities Consumer Advocate Costs	1,200	600	600
Deferred production abandonment costs	-	-	-
Total placeholders	(9,500)	(5,530)	(3,970)

³⁴ Exhibit 23.01, CCA-AG-04 and CCA-AG-05

³⁵ Exhibit 1, AG application, Schedule 3.4.

³⁶ Exhibit 1, AG application, paragraph 17.

2.3.2 Deferral account true-ups

43. In Decision 2012-237, the Commission stated:

979. ...The true-up of the Y factor accounts, being the difference between the prior year provision and the prior year actual result, will also be identified in the September 10th PBR annual filing.

980. For any Commission directed items (e.g. AUC assessment fees, intervener portion of hearing costs, etc.) and the UCA assessment fees, the basis for determining the true-up to be included in the annual PBR rate adjustment filing will be the actual amounts that were incurred from August 1 of the prior year to July 31 of the current year.³⁷

44. In Schedule 3.4.2 of its application, AG provided the following reconciliation of its Deferral account true-ups to July 31, 2013.

Table 4. Deferral account true-ups (\$000)

Item	Total	North	South
Deferred capital immediately deductible for income taxes	(8,296)	(5,320)	(2,976)
Deferred hearing (combined AUC & intervener)	760	380	380
Deferred Utilities Consumer Advocate Costs	(761)	(381)	(380)
Carrying charges	(327)	(210)	(117)
Total true-ups	(8,624)	(5,531)	(3,093)

2.3.3 One-time true-ups

45. In Decision 2012-237 the Commission stated:

985. To the extent that the companies had deferral accounts under cost of service regulation that have not been approved to continue under PBR in this decision, the Commission recognizes that the companies may have residual balances in the deferral accounts that need to be disposed of. The Commission determines that the companies will submit an application identifying the outstanding balances as of December 31, 2012 as part of their annual PBR rate adjustment filing for 2013.³⁸

46. AG's variable pay, hearing costs and reserve for injuries and damages deferral accounts were not approved to continue under PBR. In Schedule 3.4.3 of its application, AG summarized the true-ups required to close the deferral accounts which were not approved to continue.

Table 5. True-up of 2012 deferral account balances (\$000)

Item	Total	North	South
Variable pay program costs	979	490	489
Hearing costs	268	134	134
Reserve for injuries and damages	603	302	301
Carrying charges	74	37	37
Total true-ups	1,924	963	961

³⁷ Decision 2012-237, paragraph 979 and 980.

³⁸ Decision 2012-237, paragraph 985.

2.3.4 Other proceedings true-ups

47. In Decision 2012-237 the Commission stated:

981. The true-up process will also capture the impact of any Commission directed items that occurred from September 1 of the prior year to August 31 of the current year that were new and for which there was no provision in the Y factor for the current year.³⁹

48. In Schedule 3.4.4, AG provided a summary of the impact to AG of other Commission decisions as one-time adjustments. This summary is shown in the table below.

Table 6. Other proceedings true-ups (\$000)

Item	Total	North	South
2011 Pension Common Matters Second Compliance Filing – Decision 2012-331	(10,641)	(5,858)	(4,783)
Corporate Costs Compliance Filing - Decision 2013-293	2,961	1,481	1,480
2012 PBR Second Compliance Filing - Decision 2013-270	424	(162)	586
Carbon Rider Reconciliation - Decision 2012-113	675	-	675
Total other proceedings true-ups	(6,581)	(4,539)	(2,042)

49. No interveners expressed concern with the applied-for Y factors.

2.3.5 Carrying charges

50. AG proposed to collect carrying charges for outstanding amounts related to its individual Y factors. These carrying charges were included as a part of the individual Y factor amounts for 2014.⁴⁰ AG calculated carrying charges in accordance with AUC Rule 023,⁴¹ using an interest rate equal to the Bank of Canada’s bank rate plus 1.5 per cent. AG provided the monthly Bank of Canada Bank rates for each of the months in which it proposed to accrue carrying charges. The carrying charges were calculated assuming that outstanding balances will be dispensed over the period January 1, 2014 to December 31, 2014.⁴²

Commission findings

51. In Decision 2012-237, the Commission approved certain types of costs for Y factor treatment. Included as these types of costs were “Accounts that are similar to flow-through items approved for ENMAX” discussed in Section 7.4.2.1 of Decision 2012-237, “Accounts that are a result of Commission directions” discussed in Section 7.4.2.2 and “Accounts that meet the Y factor criteria and are eligible for flow-through treatment” discussed in Section 7.4.2.3. To the extent that the company has requested Y factor treatment in 2014 for costs that fall into one of the above categories, the Commission is not required, in this decision, to determine whether those costs satisfy the criteria for Y factor treatment, set out in paragraph 631 of Decision 2012-237.

³⁹ Decision 2012-237, paragraph 981.

⁴⁰ Exhibit 1, AG application, Schedule 3.4.

⁴¹ AUC Rule 023: *Rules Respecting Payment of Interest*, January 2, 2008.

⁴² Exhibit 4, Appendix A, Schedule 3.4.

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

53. The Commission has reviewed the proposed 2014 Y factor adjustments and finds that they have been properly supported and calculated. The Commission approves a Y factor refund amount of \$22,781,000 to be included in the 2014 rate calculation for AG. The Commission has reviewed AG's proposed carrying charges, and has determined that they are consistent with AUC Rule 023. Accordingly, for the purposes of this decision, the Commission approves the carrying charges as filed.

54. AG has included a placeholder to account for deferred production abandonment costs. In Decision 2012-237, the Commission determined the following with respect to this account:

681. ...The issue is currently under consideration in other proceedings, and the Commission considers that in the interim this deferral account will continue as a Y factor. Pending the results of other proceedings reviewing the recoverability of production abandonment costs, the Commission will reassess whether the continuation of this Y factor under PBR is necessary. In the interim, while the issues around this deferral account are being addressed in other proceedings, ATCO Gas is directed to continue to track the balance associated with this deferral account.⁴³

55. In Decision 2013-417,⁴⁴ arising from the Utility Asset Disposition proceeding, the Commission addressed the issue of production abandonment costs, including the production abandonment costs of AG.

56. In paragraph 672 of Decision 2012-237, the Commission stated that “the financial effects to companies that are clearly identified in a Commission direction may, with approval of the Commission, be included as Y factor adjustments in the annual PBR rate adjustment filings process.”

57. Consistent with the findings in Decision 2012-237, the Commission directs AG to continue to track the balance associated with this deferral account. AG is directed to include the impact of the findings of the Commission on production abandonment costs in Decision 2013-417 in its 2015 annual PBR rate adjustment filing.

2.4 K factor placeholder

58. In Decision 2013-072, the Commission directed AG to include, on an interim basis, a K factor placeholder equal to 60 per cent of the K factor amounts applied for in the capital tracker Proceeding ID No. 2131.⁴⁵ AG noted that, at the time of the application, a decision on Proceeding ID No. 2131 had not been rendered yet. AG indicated that it is “a reasonable assumption that ATCO Gas will have similar capital tracker requirements in 2014 as it did in

⁴³ Decision 2012-237, paragraph 681.

⁴⁴ Decision 2013-417: Utility Asset Disposition, Application No. 1566373, Proceeding ID No. 20, November 26, 2013.

⁴⁵ Decision 2013-072, paragraph 41.

2013.”⁴⁶ Therefore, AG included a 2014 K factor placeholder amount in its application in order to avoid a significant rate impact in the future which may result in rate shock for customers.⁴⁷

59. In calculating its 2014 K factor placeholder amount, AG used its 2013 capital tracker expenditure forecast applied for in Proceeding ID No. 2131 as an estimate for capital tracker expenditures for 2014. AG then calculated the cumulative revenue requirement associated with its 2013 and 2014 forecast capital expenditures proposed to be recovered by way of capital trackers. In doing so, AG continued to use the mid-year convention. As a result, the entire amount of the 2013 capital tracker additions and half of the 2014 capital tracker additions are included in the 2014 revenue requirement calculation and the resulting 2014 K factor placeholder. Considering the findings in Decision 2013-072, AG applied for a 2014 K factor placeholder in the amount of 60 per cent of its cumulative revenue requirement associated with the 2013 and 2014 forecast capital expenditures proposed to be recovered by way of capital trackers.

60. The resulting 2014 K factor placeholder for AG is \$13.196 million, as detailed in the table below:

Table 7. 2014 K factor placeholder⁴⁸

Line No.	Item	Amount (\$ million)	Note
1	2013 forecast capital tracker expenditures	112.698	Proceeding ID No. 2131, Exhibit 220.02
2	2014 forecast capital tracker expenditures	112.698	Same as in 2013, line 1
3	2013 revenue requirement associated with capital tracker expenditures (i.e., proposed 2013 K factor)	10.321	Proceeding ID No. 2131, Exhibit 220.02
4	2014 cumulative revenue requirement associated with 2013 and 2014 capital tracker expenditures	21.994	Exhibit 5
5	2014 K factor placeholder	13.196	=21.994×60%

61. As discussed in Section 1, in response to the UCA’s submission, the Commission granted all parties the opportunity to make reference to the record of Proceeding ID No. 2131 in argument and reply argument, as it pertains to the evidence filed by Mr. Bell, and all associated information request responses, rebuttal or supplementary evidence responding thereto, and transcript references.

62. The UCA argued that the evidence submitted by Mr. Bell in Proceeding ID No. 2131 demonstrates that none of the proposed 2013 capital tracker projects satisfies all three criteria for capital tracker treatment established at paragraph 592 of Decision 2012-237. The UCA argued that “there is no certainty that any level of CT [capital trackers] for 2013 will be approved in the Decision that arises from Proceeding 2131, let alone the 60% that was approved in the interim 2013 K factor.”⁴⁹ The UCA stated:

Given the obvious uncertainty about the determination of 2013 CT amounts for which the 2014 CT amounts in this Application are entirely dependent, it would be inappropriate to award any placeholders for 2014 K factors until the Commission has ruled on the 2013

⁴⁶ Exhibit 1, AG application, paragraph 41.

⁴⁷ Exhibit 1, AG application, paragraph 40.

⁴⁸ Exhibit 5, application, Appendix B – K factor placeholder calculation.

⁴⁹ Exhibit 31.02, UCA argument, paragraph 21.

CT Application. Once the decision related to the 2013 CT Application has been rendered, and AG has re-filed its 2014 CT Application, the AUC and other parties will be in a position to objectively assess AG's 2014 CT Application.⁵⁰

63. The CCA shared the concerns of the UCA, and referenced the evidence of Mr. Bell from Proceeding ID No. 2131. In addition, the CCA referred to its argument in Proceeding ID No. 2131 and noted that "the issue of the appropriate amount of tracked capital is, in very general terms, both complex and contested."⁵¹

64. The CCA also expressed concern that, as a result of the application of the mid-year convention to rate base additions, the cumulative K factor amount associated with the 2013 and 2014 forecast capital tracker expenditures is "much greater than the original application of the 60% in 2013."⁵² The CCA concluded that "AG has requested too large an amount for 2014 and it should not be approved or should be reduced by the AUC." Nevertheless, the CCA submitted that if the Commission were to approve a K factor placeholder for 2014, "the CCA would, in the alternative, propose an amount no more than 60%, which is the same as the approved 2013 interim K Factor."⁵³

65. AG questioned the relevance of evidence from Proceeding ID No. 2131, stating that the "focus of an interim rate application should not be to pre-judge contentious issues, but rather to avoid rate shock, intergenerational inequity, and to provide necessary funding to the utilities on a timely basis."⁵⁴ AG argued that the request should instead be evaluated on the basis of the Commission's two-part test for an applicant's interim tariff request set out in Decision 2005-099⁵⁵ and Decision 2005-102:⁵⁶ (i) the quantum and need for the rate increase; and (ii) general public interest considerations.⁵⁷

66. AG asserted that the estimated \$22 million required as a K factor is material and will negatively affect its cash flows, credit metrics, and earnings if interim approval of the K factor placeholder commencing January 1, 2014 is not granted. AG acknowledged that there are differing views as to how capital trackers will be applied and stated "the reason that ATCO Gas is only seeking to recover 60% of its estimated 2014 K factor is to be consistent with Decision 2013-072, and to recognize the fact that there are differences of opinion with regard to how the Capital Tracker criteria should be interpreted and applied."⁵⁸

67. AG submitted that inclusion of the 60 per cent placeholder also aligns with public interest considerations. AG noted that "[c]onsistent with the Commission's positions in the past, rate adjustments, ideally, should provide for gradual changes, ease rate shock, and maintain intergenerational equity."⁵⁹ Further, AG noted that, since a 60 per cent placeholder is already in

⁵⁰ Exhibit 31.02, UCA argument, paragraph 22.

⁵¹ Exhibit 33.01, CCA argument, paragraph 16.

⁵² Exhibit 33.01, CCA argument, paragraph 18.

⁵³ Exhibit 35.01, CCA correspondence, paragraph 4.

⁵⁴ Exhibit 32.01, AG argument, paragraph 14.

⁵⁵ Decision 2005-099: ATCO Gas, 2005-2007 General Rate Application, Interim Rate Application, Application No. 1404168, August 29, 2005.

⁵⁶ Decision 2005-102: ATCO Electric Ltd., 2005 Interim Transmission Facility Owner Tariff, Application No. 1407551, September 7, 2005.

⁵⁷ Exhibit 32.01, AG argument, paragraph 8.

⁵⁸ Exhibit 32.01, AG argument, paragraph 9.

⁵⁹ Exhibit 32.01, AG argument, paragraph 10.

place for the 2013 K factor amounts, “customers would actually get a rate decrease related to capital trackers commencing January 1, 2014 and then potentially a significant rate increase once a 2014 K factor is approved.”⁶⁰

68. In response, the UCA contended that AG did not provide sufficient justification for the first part of the Commission’s test for an applicant’s interim tariff request, the quantum and need for the rate increase. According to the UCA, the “mere fact that AG may have been granted interim rates for 60% of the requested 2013 capital trackers is certainly not sufficient justification for any 2014 capital trackers which may or may not [include] the same projects that were applied for in 2013.”⁶¹ With respect to the second part of the test, the UCA submitted that AG had not demonstrated mathematically whether rate shock would or would not occur on a total customer bill if the requested interim increase was denied.⁶²

Commission findings

69. On December 6, 2013, the Commission issued Decision 2013-435,⁶³ dealing with the 2013 capital tracker applications in Proceeding ID No. 2131. This decision set out the Commission’s determinations on the application and interpretation of the capital tracker criteria, as well as the Commission’s analysis on which projects meet the criteria and qualify for capital tracker treatment.

70. In Decision 2013-435, the Commission explained that since AG did not use a project net cost approach in its 2013 capital tracker application, the Commission was unable to determine whether any of AG’s programs proposed for capital tracker treatment satisfy the accounting test requirement of Criterion 1 and the materiality test under Criterion 3. Accordingly, the Commission did not approve any of the projects proposed by AG for capital tracker treatment in that decision.

71. AG was directed to file, on or before May 15, 2014, a capital tracker refiling and true-up application using 2013 actual capital expenditures for those projects or programs the company proposes for 2013 capital tracker treatment in compliance with the directions set out in Decision 2013-435. In the meantime, AG was directed to retain, in rates, its current K factor placeholder equivalent to 60 per cent of its applied-for 2013 forecast K factor amount.⁶⁴ In addition, the Commission directed all the companies, including AG, to “each file on or before March 1, 2014, a single application for capital trackers proposed for 2014 and 2015.”⁶⁵

72. When assessing the need for the 2013 K factor placeholder in Decision 2013-072, the Commission stated the following:

40. Given the volume of information included in the companies’ capital tracker applications filed in Proceeding ID No. 2131, and the complexity of the issues involved, the Commission does not expect a final decision in that proceeding to be issued until later in 2013. In light of these circumstances and due to the materiality of the K factor amounts applied for in Proceeding ID No. 2131, the Commission sees merit in the ATCO

⁶⁰ Exhibit 32.01, AG argument, paragraph 13.

⁶¹ Exhibit 38.02, UCA reply argument, paragraph 20.

⁶² Exhibit 38.02, UCA reply argument, paragraph 26.

⁶³ Decision 2013-435: Distribution Performance-Based Regulation 2013 Capital Tracker Applications Application No. 1608827 Proceeding ID No. 2131 December 6, 2013.

⁶⁴ Decision 2013-435, paragraphs 701 to 703.

⁶⁵ Decision 2013-435, paragraph 1073 (a).

companies' proposal to begin recovery of capital tracker related costs earlier in the year by way of a K factor placeholder in order to avoid potential rate shock. Furthermore, because placeholders are approved on an interim refundable basis (i.e., subject to future reconciliation), customers' interests will be protected.⁶⁶

73. Given that the proposed 2014 capital tracker projects will not be identified, and the 2014 K factor forecast may not be available before March 1, 2014, and given that the nature of the 2014 capital tracker proceeding will be similar in nature to the 2013 capital tracker proceeding, the Commission considers that the reasoning in Decision 2013-072 applies to a consideration of the 2014 K factor placeholder proposed by AG. Accordingly, the Commission considers that a K factor placeholder should be implemented for 2014 to avoid potential rate shock for AG's customers. The Commission observes that, although the CCA was in general agreement with the evidence filed by the UCA in Proceeding ID No. 2131, which concluded that the projects proposed by AG as K factor adjustments do not meet all of the capital tracker criteria, the CCA submitted that if the Commission were to approve a K factor placeholder for 2014, "the CCA would, in the alternative, propose an amount no more than 60%, which is the same as the approved 2013 interim K Factor."⁶⁷

74. As noted earlier in this section, in calculating its 2014 K factor placeholder amount, AG used its 2013 capital tracker expenditure forecast applied for in Proceeding ID No. 2131 as an estimate for capital tracker expenditures for 2014. AG then calculated the cumulative revenue requirement associated with its 2013 and 2014 forecast capital expenditures proposed to be recovered by way of capital trackers. AG applied for a 2014 K factor placeholder in the amount of 60 per cent of its cumulative revenue requirement associated with the 2013 and 2014 forecast capital expenditures.

75. The CCA expressed concern that, as a result of the application of the mid-year convention to rate base additions, the cumulative K factor amount associated with the 2013 and 2014 forecast capital tracker expenditures is "much greater than the original application of the 60% in 2013."⁶⁸ As shown in Table 7, even though the 2014 capital tracker expenditures are assumed to be the same as the 2013 expenditures, the cumulative revenue requirement of \$21.994 million associated with the 2013 and 2014 forecast capital tracker expenditures is more than twice the amount of the 2013 revenue requirement of \$10.321 million associated with 2013 capital tracker expenditures. As a result, the 2014 60 per cent K factor placeholder is more than twice the amount of the 2013 60 per cent K factor placeholder.

76. The difference between the 2013 and 2014 revenue requirement results from the use of the mid-year convention. The entire amount of the 2013 capital tracker additions and half of the 2014 capital tracker additions were included in the revenue requirement calculation.⁶⁹ In contrast, when calculating the 2013 K factor, only half of the 2013 capital tracker additions were included in the revenue requirement calculation. This calculation is the same as under the traditional cost of service framework and is consistent with the K factor calculation methodology approved in Decision 2012-237 and Decision 2013-435.

⁶⁶ Decision 2013-072, paragraph 40.

⁶⁷ Exhibit 35.01, CCA correspondence, paragraph 4.

⁶⁸ Exhibit 33.01, CCA argument, paragraph 18.

⁶⁹ Exhibit 5, Appendix B – K Factor Placeholder Calculation.

77. For the reasons above, and given that AG's proposed 2014 K factor placeholder is based on the 2013 capital expenditures forecast in Proceeding ID No. 2131 (and assumed to be identical in 2014) and uses the 60 per cent ratio approved in Decision 2013-072, the Commission finds this placeholder to be reasonable. The Commission approves the K factor placeholder in the amount of \$13.196 million to be included in AG's 2014 PBR interim rates. The Commission considers that this placeholder amount provides funding to AG on a timely basis, reduces the potential for intergeneration inequity and avoids potential customer rate shock implications. This placeholder is to be in place until otherwise directed by the Commission.

2.5 Z factor

78. AG, in its application, explained that it has incurred significant costs as a result of the 2013 floods. Although AG is not yet in a position to file a full Z factor application for inclusion in 2014 rates, it requested the approval of an interim deferral account for the purposes of tracking the costs associated with the floods, in order to better match its revenues and costs.⁷⁰

79. In AUC-AG-2, the Commission asked for further clarification regarding the future Z factor application, specifically how it met the five criteria outlined in Decision 2012-237⁷¹ and why a placeholder was required now, as opposed to filing a Z factor application once the costs have been realized. The CCA mirrored these concerns in argument.⁷²

80. AG responded to the IRs stating that it was not seeking a placeholder for 2014, but rather "it is seeking the right to defer the costs related to the Alberta floods on an interim basis until the Commission is able to provide a ruling on the future Z Factor Application that will be filed." AG indicated that it had incurred "approximately \$2.2 million in O&M and \$1.5 million in capital costs" in relation to the floods, as of September 30, 2013.⁷³ AG explained the purpose of the interim deferral account as follows:

ATCO Gas' request for an interim deferral account for the costs related to the Alberta Floods will avoid the potential of ATCO Gas having to recognize those costs in the year 2013, thereby reducing their 2013 ROE, and then recognizing revenues related to those costs in the year 2014 in the event that the Z Factor application is approved, thereby increasing the 2014 ROE, resulting in an improper matching of revenues and expenses.⁷⁴

81. In argument, AG confirmed it is only applying for the ability to use an interim deferral account to defer the 2013 costs associated with the flood to 2014. AG confirmed that there would not be any impact on consumer rates until the Commission ruled on a Z factor application, and that "approval of the interim deferral account does not limit or predetermine the Commission's decision on the future Z factor application that will be filed."⁷⁵

82. The UCA expressed concern with the proposal, stating:

The UCA notes that AG has provided notice of its intent to file a Z factor application related to flooding in Alberta at some future time. Further, as AG has not filed its Z factor application, there is no evidence that AG's proposed Z factor satisfies all five criteria set

⁷⁰ Exhibit 1, AG application, paragraphs 45 to 47.

⁷¹ Decision 2012-237, paragraph 524.

⁷² Exhibit 33.01, CCA argument.

⁷³ Exhibit 24.01, AUC-AG-02(c).

⁷⁴ Exhibit 24.01, AUC-AG-02(a).

⁷⁵ Exhibit 37.01, AG reply argument, paragraph 23.

by the Commission. Also, there is no evidence that the final costs satisfy the materiality threshold established by the Commission for Z factors. As such, it is premature to include any placeholder in 2014 rates at this time. The UCA recommends the requests of AG be denied.⁷⁶

83. The CCA mirrored these concerns, quoting the above UCA passage and going on to say that it “agrees with the UCA that the Z factor placeholder should be denied. The CCA considers that the appropriate time to consider the potential Z factor is when a specific application is made for the Z factor.”⁷⁷

84. In reply argument, AG reiterated that it is only “seeking approval for an interim deferral account for the incurred costs related to the Alberta Floods and not a Z factor placeholder.”⁷⁸ AG pointed out that the UCA acknowledged this point in its argument, and questioned “why the UCA would recommend that the request of ATCO Gas be denied as ATCO Gas has clearly stated that it is not seeking a Z factor placeholder in 2014 rates.”⁷⁹

85. AG pointed to the UCA’s following argument and suggested that it shows the UCA agrees it is reasonable that the proposed Z factor costs be deferred pending a ruling on the Z factor application:⁸⁰

As the Commission has contemplated carrying costs for Z factors and recognizes that there may be a lag between when the utility incurs the costs, and when a Z factor application can be reviewed and ruled on by the Commission, it is a reasonable interpretation that the proposed Z factor costs be deferred pending a ruling on the appropriate costs, if any, to be included in a Z factor.⁸¹

86. AG reiterated that approval of the interim deferral account would not have any impact on customer rates in 2014, and states that the Commission should “approve an interim deferral account for incurred costs related to the Alberta Floods.”⁸²

Commission findings

87. The Commission has reviewed the submissions of parties regarding the interim deferral account requested by AG in order to track costs related to the flooding that occurred in Alberta in 2013. In the circumstances of an upcoming Z factor application of this type, where the flood related costs to date are potentially significant and may have an impact on the calculation of AG’s ROE, and given that a deferral account will result in a better matching of revenues and costs for the purposes of calculating AG’s ROE, the Commission approves the implementation of an interim deferral account for 2014 for flood related costs. This approach would also facilitate consideration of the criteria for a reopener under AG’s PBR plan, if required. In approving the interim deferral account, the Commission has not considered whether flood related costs will qualify for a Z factor adjustment and has not evaluated flood related costs against the Z factor criteria. No flood related costs will be included in rates as a result of the approval of the interim deferral account, unless and until such time as the Commission approves a Z factor

⁷⁶ Exhibit 31.02, UCA argument, paragraph 31.

⁷⁷ Exhibit 36.01, CCA reply argument, paragraph 9.

⁷⁸ Exhibit 37.01, AG reply argument, paragraph 18.

⁷⁹ Exhibit 37.01, AG reply argument, paragraph 18.

⁸⁰ Exhibit 37.01, AG reply argument, paragraph 23.

⁸¹ Exhibit 31.02, UCA argument, paragraph 32.

⁸² Exhibit 37.01, AG reply argument, paragraph 24.

application with respect to these costs. Any rate adjustment would be made on a prospective basis.

2.6 2014 billing determinants forecast

88. AG provided a forecast of its 2014 billing determinants, including a customer forecast, use per customer forecast, throughput forecast, demand throughput forecast and an irrigation forecast. In all five forecasts the methodology used was based upon the methodology set out in Decision 2013-072.

89. None of the interveners commented on AG's 2014 billing determinates forecast.

Commission findings

90. The Commission has reviewed the five forecasts which make up AG's 2014 billing determinants and is satisfied that they are all based upon the methodology approved in Decision 2013-072. The 2014 forecast billing determinants are approved as filed.

3 Utilization of rate riders

91. In Decision 2013-072, the Commission approved the following riders outside of the PBR formula for AG to use in 2013:⁸³

Table 8. AG's riders approved for 2013 in Decision 2013-072

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

92. In Decision 2013-072, the Commission also noted that it will review the continued need for these riders at the time of the companies' next respective rider applications, if filed prior to the annual PBR rate adjustment filing, or at the time of the September 10, 2013 company filings. The Commission directed all companies, including AG, in their September 10, 2013 filings, to address the continuing need for each of the riders.⁸⁴

93. In the application, AG proposed the continuation of these riders for 2014.⁸⁵

⁸³ Decision 2013-072, Appendix 4.

⁸⁴ Decision 2013-072, paragraph 78.

⁸⁵ Exhibit 1, AG application, paragraphs 69-75.

Commission findings

94. The Commission has reviewed the riders that AG proposes to use in 2014. The Commission finds that these riders are necessary to deal with the flow-through items (i.e., Y factors) approved by the Commission for inclusion in AG's PBR plan. Accordingly, for the purposes of this decision, the Commission approves the continuation of the seven riders, approved in Decision 2013-072 and shown in Table 8 above, for 2014.

95. The Commission will review the continuing need for all the riders identified in Table 8 at the time of the September 10, 2014 company filings. Accordingly, AG is directed, in its September 10, 2014 filing, to address the continuing need for each of these riders.

4 Terms and conditions

96. AG provided, as part of its application, updated terms and conditions of service for distribution access service and distribution service connections⁸⁶ and attached hereto as [Appendix 6](#) and [Appendix 7](#), respectively. AG noted that the only proposed changes to the terms and conditions of service for distribution access service and distribution service connections relate to its Schedule C charges which have been escalated by the 2014 I-X index. Revised charges are proposed to be effective January 1, 2014.

Commission findings

97. The Commission has reviewed the proposed changes to the terms and conditions for distribution access service and the terms and conditions for distribution service connections and finds the Schedule C charges were adjusted by the 2014 I-X index of 1.59 per cent. Accordingly, subject to the resolution of the rural pool customer connection charge issue discussed later in this section, the Commission approves the terms and conditions for distribution access service and the terms and conditions for distribution service connections set out in appendices 6 and 7, effective January 1, 2014.

98. The Commission notes that in Proceeding ID No. 2854,⁸⁷ the Commission is currently considering a customer complaint regarding the increase in the rural pool customer connection charge. Should the Commission direct a change to the rural pool customer connection charge in Proceeding ID No. 2854, the Commission will, in that decision, direct AG to make any consequential changes to the Schedule C charges approved in this decision.

5 2014 PBR interim rates

99. In schedule 6.0 of its application, AG provided the rate impact for a typical customer in each rate class. For a North residential customer with 120 gigajoules (GJ) annual use, the total annual charges would decrease from \$488 to \$484, a decrease of 0.8 per cent on the distribution charge portion of the bill. A typical residential customer in the South would see an increase from \$428 to \$430, an increase of 0.5 per cent on the distribution charge portion of the bill. AG submitted that these rate changes are reasonable and do not cause rate shock.⁸⁸

⁸⁶ Exhibit 8, Appendix D – Schedule C charges.

⁸⁷ Application No. 1609962.

⁸⁸ Exhibit 1, AG application, paragraph 60.

100. Distribution rates for customers in other rate classes in the North and South service territories are projected to increase between 0.9 per cent and 2.3 per cent. Irrigation customers in the South would see an increase of 50.6 per cent on the distribution charge portion of the bill. AG explained that this increase is driven, in part, by the need to recover the Carbon Rider I amounts approved in Decision 2012-113.⁸⁹

Commission findings

101. The Commission has reviewed the 2014 rate schedules prepared by AG and has considered the resulting rate impact as set out in the following table:

Table 9. Bill impact of AG's proposed 2014 PBR interim rates⁹⁰

Rate class	Change in charges (%)	
	AG North	AG South
Low usage	(0.8)	0.5
Mid usage	1.0	2.3
High usage	1.0	0.9
Irrigation	N/A	50.6

102. The Commission finds that the proposed percentage increase for each rate class in 2014 arising from the proposed interim 2014 rates, with the exception of the irrigation rate class, does not result in rate shock to customers, given that rate increases for low usage, mid usage and high usage customers range from a 0.8 per cent decrease to a 2.3 per cent increase on the distribution charge portion of the bill.

103. Irrigation customers in the South service territory will see an increase of 50.6 per cent on the distribution charge portion of the bill, under the AG proposal. When considered on a total bill basis (i.e., including commodity charges), the rate impact for irrigation customers is estimated to be approximately 20.6 per cent.^{91 92} The Commission finds that this rate increase may result in rate shock for irrigation customers. Accordingly, the Commission is not prepared to approve an irrigation rate at this time, despite having approved the Carbon rider reconciliation as a component of the 2014 Y factor.

104. Therefore, the Commission directs AG to file an application, by January 31, 2014, for an adjustment to the proposed irrigation rate, such that the estimated increase in the total bill in 2014 does not exceed 10 per cent for the irrigation rate class. The Commission considers that a filing by January 31, 2014, will provide ample time for the Commission and interested parties to

⁸⁹ Exhibit 1, AG application, paragraph 38.

⁹⁰ Exhibit 4, Appendix A, Schedule 6.0.

⁹¹ Commission staff calculations based on ATCO Gas's Schedule 6.0 in Exhibit 4, using the projected annual gas consumption of 200 gigajoules (GJ) and a commodity charge of \$3.072/GJ (based on ATCO Gas South's average 2013 Default Rate Tariff Gas Charge. The average gas charge for 2013 was calculated using the numbers from the monthly letters of acknowledgement published on <http://www.auc.ab.ca/utility-sector/rates-and-tariffs/Pages/NaturalGasMonthlyLettersofAcknowledgement.aspx>).

⁹² This increase is driven, in large part, by the recovery of the Rider I under-recovery amounts approved in Decision 2012-113. In Decision 2012-309, the Commission approved a Rider I rate designed to recover \$403,324 of the Carbon under-recovery over the period from June 1 to September 30, 2013.

consider this application and for the Commission to approve an irrigation rate for 2014 prior to commencement of the irrigation season.

105. The Commission has reviewed AG's 2014 annual PBR rate adjustment filing and finds that the proposed January 1, 2014 PBR interim rates are calculated in accordance with the provisions of the company's PBR plan, as approved by the Commission. AG's 2014 PBR rates include a K factor placeholder (reflecting aggregate 2013 and 2014 K factor placeholder amounts) and a placeholder with respect to any adjustment to the company's capital structure as contemplated by paragraph 710 of Decision 2012-237, among others. Accordingly, the Commission approves AG's 2014 PBR rates, as set out in [Appendix 4](#) and [Appendix 5](#) of this decision, on an interim basis effective January 1, 2014, with the exception of the proposed irrigation rate. These rates shall remain interim until all remaining placeholders have been determined and approved by the Commission. Following approval of all outstanding placeholders by the Commission, the 2014 PBR rates will be finalized and any required true-up adjustments will be made in accordance with directions provided by the Commission.

6 Order

106. It is hereby ordered that:

- (1) ATCO Gas' 2014 PBR rates as set out in appendices 4 and 5 are approved as filed on an interim basis effective January 1, 2014, with the exception of the irrigation rate. These rates shall remain interim until otherwise directed by the Commission.
- (2) ATCO Gas' terms and conditions for distribution access service and the terms and conditions for distribution service connections set out in appendices 6 and 7 of this decision are approved effective January 1, 2014.

Dated on December 19, 2013.

The Alberta Utilities Commission

(original signed by)

Mark Kolesar
Vice-Chair

(original signed by)

Neil Jamieson
Commission Member

(original signed by)

Bill Lyttle
Commission Member

Appendix 1 – Proceeding participants

Name of organization (abbreviation) counsel or representative
ATCO Gas D. Wilson R. Trovato M. Bayley A. Green L. Brennand V. Chan
ATCO Electric Ltd. (ATCO Electric) J. Grattan T. Martino B. Yee L. Kerckhof
AltaGas Utilities Inc. (AltaGas) N. J. McKenzie L. Chan C. Martin
Consumers' Coalition of Alberta (CCA) J. A. Wachowich J. A. Jodoin
FortisAlberta Inc. (Fortis) J. Croteau
Office of the Utilities Consumer Advocate (UCA) R. McCreary K. Arrowsmith B. Shymanski R. Bell

The Alberta Utilities Commission Commission Panel M. Kolesar, Vice-Chair N. Jamieson, Commission Member B. Lyttle, Commission Member Commission Staff B. McNulty (Commission counsel) R. Finn (Commission counsel) B. Whyte M. Rocque O. Vasetsky

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. The Commission finds that the series from Table 281-0026, discussed by the UCA in its information request, should not be used for the purpose of the I factor calculation. The Commission directs that the Alberta AWE series from Statistics Canada Table 281-0063, data vector v79311387, be used as the labour cost component of the I factor in future PBR annual rate adjustment filings. Paragraph 38
2. Consistent with the findings in Decision 2012-237, the Commission directs AG to continue to track the balance associated with this deferral account. AG is directed to include the impact of the findings of the Commission on production abandonment costs in Decision 2013 417 in its 2015 annual PBR filing application. Paragraph 57
3. The Commission will review the continuing need for all the riders identified in Table 8 at the time of the September 10, 2014 company filings. Accordingly, AG is directed, in its September 10, 2014 filing, to address the continuing need for each of these riders. Paragraph 95
4. Therefore, the Commission directs AG to file an application, by January 31, 2014, for an adjustment to the proposed irrigation rate, such that the estimated increase in the total bill in 2014 does not exceed 10 per cent for the irrigation rate class. The Commission considers that a filing by January 31, 2014, will provide ample time for the Commission and interested parties to consider this application and for the Commission to approve an irrigation rate for 2014 prior to commencement of the irrigation season.Paragraph 104

Appendix 3 – Inflation indexes used in the 2014 I factor calculation

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

Date	Alberta CPI CANSIM 326-0020 v41692327 (2002=100)	Alberta AWE CANSIM 281-0028 v1597350 \$	Average		Year over year		2014 I factor %
			July to June		% change		
			AB CPI (2002=100)	AB AWE \$	AB CPI %	AB AWE %	
July 2011	125.70	1031.91					
August 2011	126.30	1050.93					
September 2011	126.00	1043.75					
October 2011	127.20	1052.82					
November 2011	126.60	1049.93					
December 2011	126.50	1049.78					
January 2012	127.10	1056.05					
February 2012	126.60	1054.80					
March 2012	126.60	1054.38					
April 2012	127.00	1058.84					
May 2012	126.60	1055.07					
June 2012	126.90	1070.68	126.59	1052.41			
July 2012	126.80	1080.64					
August 2012	127.60	1102.37					
September 2012	127.80	1086.56					
October 2012	128.00	1090.61					
November 2012	127.30	1091.24					
December 2012	126.50	1095.14					
January 2013	126.50	1083.82					
February 2013	127.70	1099.51					
March 2013	128.10	1098.08					
April 2013	128.70	1099.83					
May 2013	129.50	1119.34					
June 2013	129.80	1109.80	127.86	1096.41	1.00	4.18	2.75

Source: Exhibit 1, AG application, Schedule 3.2.

Appendix 4 – North interim rate schedules

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



Appendix 4 - North
rate schedules

(consists of 13 pages)

Appendix 5 – South interim rate schedules

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



Appendix 5 - South
rate schedules

(consists of 14 pages)

Appendix 6 – Terms and conditions for distribution access service

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



Appendix 6 - DAS
(Retailer) Tand Cs

(consists of 73 pages)

Appendix 7 – Terms and conditions for distribution service connections

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



Appendix 7 - DSC
(Customer) TandCs

(consists of 47 pages)

ATCO GAS AND PIPELINES LTD.

ATCO GAS NORTH

RATE SCHEDULES

January 1, 2014

Effective January 1, 2014

**ATCO GAS AND PIPELINES LTD. - NORTH
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Effective March 1, 2013 by Decision 2013-035
This Replaces General Conditions
Previously Effective January 1, 2011

ATCO GAS AND PIPELINES LTD. - NORTH GENERAL CONDITIONS

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

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

2. **Special Contracts:**

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

3. **Specific Facilities Conditions:**

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

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

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

5. **Late Payment Charge:**

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

6. **Terms and Conditions:**

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

7. **DSP Rider F:**

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

Effective January 1, 2014 by AUC Acknowledgement Application No. 1610128

This Replaces Rider "A"

Previously Effective January 1, 2013

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

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

Method A. - Applied to gross revenues*.

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

<u>Municipalities –</u> <u>Method A</u>	<u>%</u>	<u>Effective</u> <u>Date</u> <u>yymmdd</u>	<u>Municipalities –</u> <u>Method A</u>	<u>%</u>	<u>Effective</u> <u>Date</u> <u>yymmdd</u>	<u>Municipalities –</u> <u>Method A</u>	<u>%</u>	<u>Effective</u> <u>Date</u> <u>yymmdd</u>
Alberta Beach	6.91	10/09/07	Hardisty	20.00	04/10/07	Sexsmith	25.00	07/04/24
Alix	20.00	06/04/01	Hines Creek	30.00	05/08/02	Sherwood Park	22.00	10/07/01
Amisk	9.10	00/04/18	Hinton ***	14.60	12/01/01	Silver Beach	20.00	05/03/24
Argentia Beach	0.00	10/07/09	Holden	3.50	14/01/01	Slave Lake	24.50	10/01/01
Bashaw	15.00	04/03/18	Hughenden	10.98	00/07/18	Spirit River	24.00	01/06/18
Beaverlodge	10.00	11/07/13	Innisfree	25.00	08/09/08	St. Albert	18.80	11/05/10
Bentley	10.00	14/01/01	Irma	20.00	04/10/15	Stony Plain	21.00	13/01/01
Berwyn	20.00	04/11/18	Itaska	12.00	04/09/21	Swan Hills	0.00	07/09/12
Bittern Lake	5.00	11/06/03	Jasper Muni	17.10	06/09/01	Sylvan Lake	20.00	04/02/04
Blackfalds	35.00	10/01/01	Jasper Ntl Pk	17.10	06/09/01	Thorsby	20.00	14/01/01
Bon Accord	25.00	04/11/01	Kitscoty	10.00	05/09/15	Tofield	10.00	04/05/04
Breton	12.47	01/06/19	Lacombe	22.00	04/06/02	Vegreville	33.00	04/10/12
Bruderheim	10.00	04/04/20	Lamont	35.00	04/05/10	Vermilion	15.00	04/04/07
Camrose	18.00	12/01/01	Lavoy	16.61	09/10/23	Veteran	3.00	07/09/12
Caroline	20.00	05/10/11	Legal	16.60	06/09/12	Viking	21.51	04/09/26
Chipman	0.00	06/05/12	Lloydminster	25.00	08/02/01	Warburg	10.00	09/01/01
Clive	16.17	04/05/17	Lougheed	15.00	12/09/17	Wembley	25.00	08/07/01
Clyde	9.46	10/05/04	Mannville	20.00	04/11/02	Wetaskiwin	35.00	07/12/17
Cold Lake	13.00	05/11/01	Mayerthorpe	5.00	05/02/18	Whitecourt ***	21.00	14/01/01
Consort	22.00	04/05/07	McLennan	24.00	05/05/19			
Coronation	10.05	09/07/14	Millet	22.00	08/01/01			
Czar	11.84	00/04/27	Minburn	15.00	04/05/04			
Donnelly	30.00	05/09/06	Mirror	12.60	06/07/13			
Drayton Valley***	22.00	04/10/22	Mundare	20.00	04/06/10	<u>Municipalities –</u> <u>Method C</u>		<u>Effective</u> <u>Date</u> <u>yymmdd</u>
Eckville	24.00	04/07/08	Nampa	16.84	04/04/22	Andrew	9.00	99/11/25
Edgerton	18.00	14/01/01	Onoway	5.00	04/06/02	Eaglesham	5.26	05/06/08
Edmonton	32.90	11/01/01	Oyen	30.00	08/01/17	Fort McMurray	8.70	06/07/04
Edson***	20.00	06/04/18	Peace River	24.70	10/10/18	Hythe	8.70	07/02/26
Entwistle	17.32	10/02/22	Point Alison	15.00	07/10/12	Spruce Grove	10.70	12/03/05
Fairview	21.63	04/07/01	Ponoka	17.00	04/08/13			
Falher	15.00	04/06/10	Provost	22.00	13/01/01			
Fox Creek	12.93	01/06/11	Red Deer	34.00	12/01/01			
Ft. Saskatchewan	0.00	04/09/28	Rimbey	24.00	04/03/01			
Gibbons	30.00	05/10/01	Rocky Mtn. House	23.00	11/01/01			
Girouxville	20.00	04/06/10	Rycroft	15.00	04/10/14			
Golden Days	25.00	04/06/15	Ryley	5.00	04/08/06			
Grande Prairie	25.00	06/03/07	Seba Beach	20.00	10/06/03			
Grimshaw	30.00	12/02/15						

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

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

Effective February 1, 2013 by AUC Acknowledgement Application No 1609205
This Replaces Rider "B"
Previously Effective September 17, 2012

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

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

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

<u>Municipalities</u>	<u>%</u>	<u>Effective Date yymmdd</u>	<u>Municipalities</u>	<u>%</u>	<u>Effective Date yymmdd</u>
Alberta Beach	4.00	13/02/01	Lavoy	3.50	13/02/01
Argentia Beach	2.10	13/02/01	Legal	6.50	13/02/01
Bashaw	4.50	13/02/01	Lloydminster	2.30	13/02/01
Beaverlodge	4.20	13/02/01	Lougheed	9.90	13/02/01
Bentley	4.20	13/02/01	Mannville	6.70	13/02/01
Berwyn	8.40	13/02/01	Mayerthorpe	6.10	13/02/01
Bittern Lake	16.90	13/02/01	Millet	3.70	13/02/01
Blackfalds	3.40	13/02/01	Minburn	7.00	13/02/01
Bon Accord	6.70	13/02/01	Mundare	6.30	13/02/01
Breton	4.30	13/02/01	Nampa	0.90	13/02/01
Bruderheim	3.90	13/02/01	Norglenwold	0.80	13/02/01
Camrose	3.80	13/02/01	Onoway	9.60	13/02/01
Caroline	3.60	13/02/01	Oyen	3.80	13/02/01
Clive	3.70	13/02/01	Paul Band First Nation	26.30	13/02/01
Clyde	6.80	13/02/01	Point Alison	2.60	13/02/01
Cold Lake	4.10	13/02/01	Ponoka	3.70	13/02/01
Coronation	6.00	13/02/01	Provost	5.30	13/02/01
Edgerton	4.20	13/02/01	Red Deer	3.90	13/02/01
Edmonton	5.10	13/02/01	Rycroft	7.70	13/02/01
Edson	6.70	13/02/01	Ryley	21.60	13/02/01
Entwistle	0.00	13/02/01	Seba Beach	2.00	13/02/01
Falher	7.00	13/02/01	Silver Beach	1.50	13/02/01
Fort McMurray 468 First Nation	6.00	13/02/01	Slave Lake	3.60	13/02/01
Fort Saskatchewan	1.50	13/02/01	Spirit River	8.10	13/02/01
Girouxville	8.60	13/02/01	Stony Plain	2.00	13/02/01
Golden Days	1.60	13/02/01	Stony Plain Indian Reserve	5.80	13/02/01
Grande Prairie	5.00	13/02/01	Swan Hills	5.60	13/02/01
Grimshaw	4.80	13/02/01	Sylvan Lake	2.80	13/02/01
Hardisty	5.60	13/02/01	Thorsby	7.00	13/02/01
Hinton	3.20	13/02/01	Tofield	11.10	13/02/01
Holden	20.80	13/02/01	Vegreville	5.60	13/02/01
Innisfree	9.50	13/02/01	Vermilion	3.50	13/02/01
Irma	6.60	13/02/01	Veteran	10.30	13/02/01
Itaska Beach	1.70	13/02/01	Viking	7.20	13/02/01
Jarvis Bay	1.50	13/02/01	Wabamun	8.20	13/02/01
Jasper Municipality	3.80	13/02/01	Warburg	6.30	13/02/01
Kitscoty	6.80	13/02/01	Wembley	3.00	13/02/01
Lacombe	3.10	13/02/01	Wetaskiwin	6.00	13/02/01
Lakeview	2.50	13/02/01	Whitecourt	3.10	13/02/01
Lamont	5.00	13/02/01	Wood Buffalo (Ft McMurray)	1.90	13/02/01

Effective November 1, 2013 to October 31, 2014 by Decision 2013-380
This Replaces Rider "D"
Previously Effective November 1, 2012

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

All Retailer and Default Supply Provider Customers utilizing Distribution Access Service for delivering gas off the ATCO Gas distribution systems will be assessed a distribution UFG charge of 0.954% at the Point of Delivery. The UFG assessment will be made up "In-Kind" from each Customer Account.

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

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

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

FOR ALL RATES:

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

Effective March 1, 2013 by Decision 2013-055
This Replaces Rider "T"
Previously Effective May 1, 2012

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

To be applied to Low Use, Mid Use and High Use customers unless otherwise specified by specific contracts or the AUC, effective March 1, 2013.

Low Use Delivery Rate	\$0.572 per GJ
Mid Use Delivery Rate	\$0.534 per GJ
High Use Delivery Rate	\$0.139 per GJ per Day of 24 Hr. Billing Demand

Effective January 1, 2014 by Decision 2013-460
This Replaces Low Use Delivery Service
Previously Effective April 1, 2013

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

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

CHARGES:

Fixed Charge:	\$0.876 per Day
Variable Charge:	\$0.798 per GJ
Transmission Service Charge:	Rider "T"

RATE SWITCHING:

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

Effective January 1, 2014 by Decision 2013-460
This Replaces Mid Use Delivery Service
Previously Effective April 1, 2013

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

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

CHARGES:

Fixed Charge:	\$0.876 per Day
Variable Charge:	\$0.850 per GJ
Transmission Service Charge:	Rider "T"

RATE SWITCHING:

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

Effective January 1, 2014 by Decision 2013-460
This Replaces High Use Delivery Service
Previously Effective April 1, 2013

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

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

CHARGES:

Fixed Charge:	\$5.205 per Day
Variable Charge:	\$0.000 per GJ
Demand Charge:	\$0.171 per GJ per Day of 24 Hr. Billing Demand
Transmission Service Charge:	Rider "T"
Customer Service Charge (if Applicable):	As per Schedule D Customer Service Letter Agreement

DETERMINATION OF BILLING DEMAND:

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

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

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

CUSTOM SERVICE CONTRACT DEMAND:

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

RATE SWITCHING

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

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

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

CHARGES:

AUTHORIZED:

Fixed Charge: \$15.00 per Day

Variable Charge: Variable Charge of Low Use Delivery Service

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

UNAUTHORIZED:

Fixed Charge: \$125.00 per Day

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

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

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

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

CHARGES:

Fixed Charge: \$0.090 per Mantle per Day

ATCO GAS AND PIPELINES LTD.
ATCO GAS SOUTH
RATE SCHEDULES
January 1, 2014

Effective January 1, 2014

**ATCO GAS AND PIPELINES LTD. - SOUTH
RATE SCHEDULES****INDEX**

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Effective March 1, 2013 by Decision 2013-035
This Replaces General Conditions
Previously Effective January 1, 2011

ATCO GAS AND PIPELINES LTD. - SOUTH GENERAL CONDITIONS

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

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

2. **Special Contracts:**

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

3. **Specific Facilities Conditions:**

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

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

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

5. **Late Payment Charge:**

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

6. **Terms and Conditions:**

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

7. **DSP Rider F:**

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

Effective January 1, 2014 by AUC Acknowledgement Application No 1610129
This Replaces Rider "A"
Previously Effective June 19, 2013

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

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

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

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

<u>Municipalities – Method A</u>	<u>%</u>	<u>Effective Date yymmdd</u>	<u>Municipalities – Method A</u>	<u>%</u>	<u>Effective Date yymmdd</u>	<u>Municipalities – Method C</u>	<u>%</u>	<u>Effective Date yymmdd</u>
Acme	20.00	04/03/10	Elnora	16.00	04/05/27	Calgary**	11.11	91/01/01
Airdrie	29.60	07/10/01	Foremost	21.00	04/01/21	Banff Ntl Park	5.25	90/01/01
Banff	31.20	06/03/24	Fort Macleod	12.50	01/10/02	Big Valley	5.26	06/04/25
Barnwell	13.00	01/01/18	Granum	12.00	13/01/01	Glenwood	5.26	94/10/01
Barons	14.97	00/08/21	High River	13.00	04/10/15	Okotoks	5.25	75/09/08
Bassano	25.00	13/01/01	Hill Spring	5.00	10/03/25	Picture Butte	6.00	06/09/11
Beiseker	15.00	10/06/14	Hussar	25.00	12/02/17	Vauxhall	5.50	10/01/19
Black Diamond	15.00	14/01/06	Innisfail	23.00	12/12/17			
Bow Island	10.50	03/09/23	Irricana	11.18	99/12/06			
Bowden	22.00	07/02/16	Lethbridge	27.00	12/02/15			
Brooks	18.00	04/09/13	Linden	15.23	04/07/09			
Burdett	12.00	04/09/08	Lomond	20.00	05/05/26			
Canmore	22.10	04/05/13	Longview	16.00	01/12/10			
Carbon	15.07	00/09/18	Magrath	15.00	10/01/18			
Cardston	15.00	07/10/04	Milk River	30.00	04/12/14			
Carmangay	15.00	10/03/02	Nanton	15.00	12/01/01			
Carstairs	25.00	07/08/01	Nobleford	0.00	06/10/04			
Champion	15.00	10/03/02	Olds	30.00	12/01/01			
Chestermere	17.00	14/01/01	Penhold	18.00	08/07/13			
Claresholm	10.00	05/05/05	Raymond	10.00	14/01/01			
Coaldale	11.30	00/06/12	Rockyford	30.00	12/01/01			
Coalhurst	10.00	14/01/01	Rosemary	14.78	04/01/21			
Cochrane	23.00	05/08/19	Standard	11.34	00/12/13			
Coutts	20.00	08/09/09	Stavely	10.00	10/02/03			
Cowley	13.79	02/08/23	Stirling	10.00	14/01/01			
Cremona	27.00	09/01/01	Strathmore	11.18	10/02/17			
Crossfield	17.00	10/05/07	Taber	20.00	10/05/21			
Crowsnest Pass	25.00	13/01/17	Taber*	35.00	10/05/21			
Delburne	21.60	07/04/10	Trochu	14.20	05/04/08			
Didsbury	25.00	10/01/01	Turner Valley	10.00	04/02/23			
Duchess	12.67	01/05/17	Vulcan	35.00	14/01/01			

* Applied to High Use.

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

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

Effective February 1, 2013 by AUC Acknowledgement Application No 1609206
This Replaces Rider "B"
Previously Effective February 15, 2012

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

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

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

<u>Municipalities</u>	<u>%</u>	<u>Effective Date yymmdd</u>	<u>Municipalities</u>	<u>%</u>	<u>Effective Date yymmdd</u>
Ardrie	3.00	13/02/01	Redwood Meadows (Siksika)	9.80	13/02/01
Banff Town	0.10	13/02/01	Rosemary	6.30	13/02/01
Bassano	4.90	13/02/01	Stavely	4.10	13/02/01
Bow Island	6.10	13/02/01	Stirling	3.60	13/02/01
Brooks	5.50	13/02/01	Strathmore	2.70	13/02/01
Canmore	3.10	13/02/01	Taber	4.60	13/02/01
Cardston	4.90	13/02/01	Trochu	6.60	13/02/01
Carmangay	5.10	13/02/01	Turner Valley	6.70	13/02/01
Carstairs	3.90	13/02/01	Vulcan	5.10	13/02/01
Champion	6.10	13/02/01			
Chestermere	3.20	13/02/01			
Claresholm	6.70	13/02/01			
Coaldale	3.50	13/02/01			
Coutts	6.60	13/02/01			
Crowsnest Pass	5.50	13/02/01			
Didsbury	3.30	13/02/01			
Duchess	4.20	13/02/01			
Elnora	3.60	13/02/01			
Foremost	4.50	13/02/01			
Fort Macleod	7.10	13/02/01			
Granum	7.60	13/02/01			
Hill Spring	12.90	13/02/01			
Lethbridge	6.50	13/02/01			
Linden	7.40	13/02/01			
Lomond	5.30	13/02/01			
Milk River	8.20	13/02/01			
Nanton	4.60	13/02/01			
Nobleford	0.80	13/02/01			
Olds	2.80	13/02/01			
Penhold	4.40	13/02/01			
Raymond	5.40	13/02/01			

Effective November 1, 2013 to October 31, 2014 by Decision 2013-380
This Replaces Rider "D"
Previously Effective November 1, 2012

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

All Retailer and Default Supply Provider Customers utilizing Distribution Access Service for delivering gas off the ATCO Gas distribution system will be assessed a distribution UFG charge of 0.954% at the Point of Delivery. The UFG assessment will be made up "In-Kind" from each Customer Account.

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

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

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

FOR ALL RATES:

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

Effective March 1, 2013 by Decision 2013-055
This Replaces Rider "T"
Previously Effective May 1, 2012

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

To be applied to the Low Use, Mid Use and High Use customers unless otherwise specified by specific contracts or AUC, effective March 1, 2013.

Low Use Delivery Rate	\$0.528 per GJ
Mid Use Delivery Rate	\$0.488 per GJ
High Use Delivery Rate	\$0.128 per Day per GJ of 24 Hr. Billing Demand

Effective January 1, 2014 by Decision 2013-460
This Replaces Low Use Delivery Service
Previously Effective April 1, 2013

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

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

CHARGES:

Fixed Charge: \$0.765 per Day

Variable Charge: \$0.728 per GJ

Transmission Service Charge: Rider "T"

RATE SWITCHING:

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

Effective January 1, 2014 by Decision 2013-460
This Replaces Mid Use Delivery Service
Previously Effective April 1, 2013

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

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

CHARGES:

Fixed Charge:	\$0.765 per Day
Variable Charge:	\$0.711 per GJ
Transmission Service Charge:	Rider "T"

RATE SWITCHING:

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

Effective January 1, 2014 by Decision 2013-460
This Replaces High Use Delivery Service
Previously Effective April 1, 2013

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

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

CHARGES:

Fixed Charge:	\$4.689 per Day
Variable Charge:	\$0.00 per GJ
Demand Charge:	\$0.145 per Day per GJ of 24 Hr. Billing Demand
Transmission Service Charge:	Rider "T"
Customer Service Charge (if Applicable):	As per Schedule D Customer Service Letter Agreement

DETERMINATION OF BILLING DEMAND:

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

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

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

CUSTOM SERVICE CONTRACT DEMAND:

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

RATE SWITCHING

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

Effective January 1, 2014 by Decision 2013-460
This Replaces Irrigation Delivery Service
Previously Effective April 1, 2013

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

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

CHARGES:

Fixed Charge:

[To be determined] per Day

Variable Charge:

[To be determined] per GJ

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

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

CHARGES:

AUTHORIZED:

Fixed Charge: \$15.00 per Day

Variable Charge: Variable Charge of Low Use Delivery Service

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

UNAUTHORIZED:

Fixed Charge: \$125.00 per Day

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

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

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

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

Fixed Charge:

\$0.090 per Mantle per Day



**TERMS AND CONDITIONS
FOR
DISTRIBUTION ACCESS SERVICE**

**AUC Decision: 2013-460
Effective: January 1, 2014**



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ARTICLE 1 – PREAMBLE

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

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

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

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



ARTICLE 2 – DEFINITIONS AND INTERPRETATION

2.1 Definitions

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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



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

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

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

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

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

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

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



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

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

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

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

"*Gas Services*" as defined in the *Act* means:

- (i) the Gas that is provided and delivered, and
- (ii) the services associated with the provision and delivery of the Gas, including:
 - (A) arranging for the exchange or purchase of the Gas,
 - (B) making financial arrangements to manage the financial risk associated with the price of Gas,
 - (C) arranging for Gas Distribution Service,
 - (D) arranging for delivery of Gas to the gas distributor's specified Point(s) of Receipt,
 - (E) storage,
 - (F) billing, collection and responding to customer billing inquiries,
 - (G) maintaining information systems, and
 - (H) any other services specified by the Minister by order as Gas Services;



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

"GJ" means gigajoules or one billion (1 000 000 000) joules;

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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



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

2.2 Conflicts

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

2.3 Headings

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

2.4 Schedules and Appendices

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

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

ARTICLE 3 – GENERAL PROVISIONS

3.1 AUC Approval

These Terms and Conditions have been approved by the AUC. The Company may amend these Terms and Conditions by filing a notice of amendment with the AUC.



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Included in the notice to the AUC shall be notification of which Retailers/DSP are affected by the amendment and an explanation of how affected Retailers/DSP will be notified of the amendments. Any amendment to the Terms and Conditions will take effect 60 days after such notice is filed, unless the AUC otherwise directs.

3.2 Gas Distribution Tariff

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

3.3 Effective Date

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

3.4 Application of Terms and Conditions

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



3.5 Retailer Guide

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

3.6 Ownership of Gas Pipeline System

- (a) The Company remains the owner of all segments of the Gas Pipeline System, unless an agreement between the Company and the Retailer, DSP, or Customer specifically provides otherwise.
- (b) Payment made by Retailers/DSP or Customers for costs incurred by the Company in installing any segment of the Gas Pipeline System does not entitle Retailers/DSP or Customers to ownership of any such segment, unless an agreement between the Company and the Retailer, DSP or Customer specifically provides otherwise.

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

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



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3.8 Title or Interest in Gas

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

3.9 Exclusive Control of Gas

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

3.10 Routing and Facilities

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

3.11 Commingling or Exchange

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



3.12 Right to Transport

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

ARTICLE 4 – GENERAL OBLIGATIONS OF RETAILERS, DEFAULT SUPPLY PROVIDER

4.1 Timeliness, Due Diligence and Security Requirements

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

4.2 Arrangements with Customers

Unless otherwise stated herein, the Retailer shall be solely responsible for having appropriate contractual or other arrangements with Customer(s) necessary to provide service to Customers. The Company shall not be responsible for monitoring, reviewing or enforcing such contracts or arrangements and shall not be liable for any loss, damages, cost, injury, expense or other liability, whether direct, indirect, consequential or special in nature, howsoever caused, as a result of the Retailer's failure to perform its obligations to its Customer(s).

4.3 Responsibility for Gas Purchases

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



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4.4 Retailer Authorization

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

4.5 Retailer and DSP Identification

Any information exchange or communications between the Retailer or DSP and the Company under these Terms and Conditions shall employ Retailer Identification.

4.6 Single Retailer/DSP for Customer

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

4.7 Fees and Other Charges

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

ARTICLE 5 – CUSTOMER INQUIRIES AND CUSTOMER INFORMATION

5.1 Customer Inquiries

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



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

5.2 Customer Inquiries Related to Emergency Situations and Outages

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

5.3 Customer Information

5.3.1 Provision of Customer Usage Information to a Retailer/DSP

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

5.3.2 Provision of Customer Information to the Company

The Retailer/DSP must notify the Company as promptly as reasonably practical of any changes to Customer Information, as the Company relies on this information to reasonably perform its Gas Distribution Service obligations to Customers. Such information shall be provided in a form that is compliant with the NGSSC and the Retailer Guide. The Company shall not be liable for any loss, damages, cost, injury, expense or other liability, whether direct, indirect, consequential or special in nature, howsoever caused, as a result of the Retailer's/DSP's failure to provide up-to-date and accurate Customer Information to the Company. The Company reserves the right to assess a charge for additional processing work undertaken by the Company as a result of inaccurate Customer Information provided by the Retailer/DSP, as set forth in Schedule C hereof.



5.3.3 *Provision of Customer Information to the Retailer*

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

ARTICLE 6 – PROVISION OF SERVICE

6.1 Qualification for Service

6.1.1 Qualification for Service

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

- (a) submit to the Company a fully completed, executed Distribution Access Service Agreement (Schedule A) and a Retailer of Record and Credit Application Form as set out in the Retailer Guide;
- (b)
 - (1) for Retailers, providing Gas Services to Customers whose annual consumption is less than or equal to 2500 GJ of gas per year, furnish a certified copy of the license issued to it and warrant in writing to the Company that it is licensed pursuant to and will comply with the provisions of the Fair Trading Act, and any regulations or policies made thereunder;
 - (2) for Retailers providing Gas Service to Customers whose annual consumption is greater than 2500 GJ of gas per year, warrant in writing to the Company that it will comply with the provisions of the Fair Trading Act, and any regulations or policies made thereunder.
- (c) the Retailer (excluding the DSP) must satisfy the credit requirements of the Company as set forth in Article 11 hereof;



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

6.1.2 Provision of Distribution Access Service

Upon satisfaction of the above requirements and ability of Retailer to meet processes specified in the Retailer Guide, the Company will provide Distribution Access Service to the Retailer/DSP, subject to these Terms and Conditions. Subject to complying with all applicable laws, and the directions or requirements of any of those mentioned above, the Company reserves the right upon giving the Retailer/DSP ten (10) Business Days notice, acting reasonably, to discontinue Distribution Access Service to the Retailer/DSP if at any time the Retailer/DSP no longer fulfills the above requirements, subject to the provisions of Article 7.3, Article 11.2(d), Article 13 and Article 14.1(d) herein.



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6.2 Application for Site Enrollment

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



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meter read and assess a charge to the Retailer/DSP as set forth in Schedule C hereof.

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

ARTICLE 7 – BILLING & PAYMENT

7.1 Retailer/DSP Billing

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

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



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

7.2 Payment and Collection Terms

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



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

7.3 Late or Unpaid Bills

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



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

7.4 Adjustment of Bills

7.4.1 Billing Error

Should the Retailer/DSP dispute any amount owing, the Retailer/DSP shall nonetheless pay such disputed amount and subject the dispute for resolution in accordance with these Terms and Conditions. Following resolution of any such dispute, the Company will return any amount found owing to the Retailer/DSP forthwith. The right or ability of either party to dispute a bill for service provided hereunder shall only apply to requests in writing and are limited to a period where electronic cancel and recharge may occur. The Company may assess a charge to the Retailer/DSP for reviewing billing disputes, in circumstances where the Company has not been responsible for any billing error.

7.4.2 Unauthorized Use

Where the Company determines that there has been unauthorized use of Gas Services including, but not limited to, meter or equipment tampering, unauthorized connection or reinstatement, theft or fraud whereby the Company is denied full compensation for Distribution Access Services provided, the Company will bill the Retailer/DSP for the Company's estimated delivery charges of such unauthorized



use. Nothing in this Article shall limit any other rights or remedies that the Company may have in connection with such unauthorized use.

ARTICLE 8 – DISTRIBUTION ACCESS SERVICE INTERRUPTION

8.1 Continuous Supply

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

8.2 Interruption

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

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

8.3 Reasonable Efforts

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



ARTICLE 9 – DISCONTINUANCE OF DISTRIBUTION ACCESS SERVICE

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

9.1 Discontinuance by the Retailer

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



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- (f) The Retailer shall remain responsible for Gas Services to the Site until the de-enrollment effective date, a replacement Retailer/DSP is enrolled for the Site or the site is salvaged.
 - (g) The Retailer may revoke a notification to de-enroll a Site as set out in the NGSSC.

9.2 Discontinuance by the Company

9.2.1 Discontinuance of DSP

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

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

9.2.2 Discontinuance of Retailer

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

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

9.2.3 Notice of Discontinuance

Notification of discontinuance will be made electronically to the Retailer/DSP. The Company will provide the Retailer/DSP notice before the Company discontinues



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Distribution Access Service to the Retailer/DSP, subject to the provisions of these Terms and Conditions. Upon discontinuance of Distribution Access Service to a Retailer pursuant to this Article, the provision of the affected service(s) will be assumed by the DSP.

ARTICLE 10 – SERVICE DISCONNECTS AND REINSTATEMENT

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

10.1 Disconnection of Service

10.1.1 Disconnection by the Company

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

10.1.2 Disconnection at Request of Retailer/DSP

- (a) In accordance with subsection 5(1) of the R3 Regulation, the Retailer/DSP shall have the right to request that the Company disconnect service to a particular Site.



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- (b) The Retailer/DSP shall remain responsible for all Gas Services to the Site until the Company has completed the disconnection.
 - (c) The Company will notify the Retailer/DSP if a disconnect request was not successfully completed and include the reason why it was not successfully completed. If the Retailer/DSP still requires a disconnect, the Retailer/DSP must re-issue a disconnect request.
 - (d) The Company shall not be liable to any person for any damages, cost, expense, injury, loss or other liability of any kind whatsoever, or however caused, resulting directly or indirectly from its good faith performance of its responsibilities under the provisions of this Article.

10.2 Reinstatement Service

Before reinstating or restoring service to a particular Site:

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



ARTICLE 11 – PRUDENTIAL REQUIREMENTS

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

11.1 Setting of Prudential Requirements

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

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

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

- (d) Subject to review and reassessment, the Company shall determine the amount of the security reduction available for each Retailer, and the maximum amount of any



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guarantee required from the person guaranteeing the financial obligations of the Retailer, subject to sections 5, 6 and 7 of the Natural Gas Billing Regulation, A.R. 185/2003, as amended from time to time. The Company shall notify the Retailer of its security requirement within 20 (twenty) Business Days from the receipt of the Retailer's complete application for service.

- (e) For the purposes of calculating the amount of the Retailer's security deposit pursuant to section 5(2) of the Natural Gas Billing Regulation, A.R. 185/2003, as amended from time to time, the Retailer must project its payments under the Company's Rate Schedule over a period equal to the lesser of (A) 75 days, or (B) the total of (i) 20 days, plus (ii) the number of days between consecutive bills issued by the Company to the Retailer, plus (iii) the number of days from the issuance of a bill by the Company until payment is due from the Retailer.
- (f) For the purposes of calculating the amount of the Retailer's security deposit required, the Retailer will add an additional 20 days of projected payments (the Load Balancing Security) under the Company's Rate Schedule to the amount of security deposit required under the Natural Gas Billing Regulation A.R. 185/2003, as amended from time to time as identified in part (e) above which shall serve as separate security in respect of any Imbalance Sales that ATCO Gas may be required to charge the Retailer in order to balance their accounts.
- (g) Subject to section 6 of the Natural Gas Billing Regulation, A.R., 185/2003, as amended from time to time, the Retailer shall provide security in the manner set out in the Retailer Guide, in the form of a financial deposit, a bond, an irrevocable letter of credit from a financial institution acceptable to the Company, or an irrevocable guarantee. An irrevocable guarantee may only be provided from a person acceptable to the Company, other than the Retailer, with a qualifying credit rating.

11.2 Maintaining Prudential Requirements

- (a) If a Retailer's actual outstanding charges under the Company's Rate Schedule and



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these Terms and Conditions are materially greater than the value projected by the Retailer under Article 11.1 of these Terms and Conditions, the Company will update the projection and, if additional security is required based on the updated projection, require the Retailer to provide additional security within five (5) Business Days of the Company's request.

- (b) The Company requires Retailers to report any downgrading of their corporate bond rating to the Company within two (2) Business Days of said rating revisions, and must provide any additional security required as a result of the downgrading within five (5) Business Days of the downgrading.
- (c) If a Retailer fails to pay any amount billed, subject to Article 7.3 of these Terms and Conditions, the Company will apply all or any portion of that Retailer's security deposit to the unpaid amount. The Retailer will then be required to replenish the security deposit within five (5) Business Days.
- (d) If the Retailer fails to maintain its prudential requirements in accordance with Article 11 the Company reserves the right to suspend the provision of additional Distribution Access Service to the Retailer, or discontinue Distribution Access Service to the Retailer. The Company will provide the Retailer notice of discontinuance three (3) Business Day before the Company discontinues Distribution Access Service to the Retailer. Upon discontinuance of Distribution Access Service to a Retailer pursuant to this Article, provision of the affected service(s) will be assumed by the DSP.
- (e) A Retailer that is required to provide security in accordance with the *Natural Gas Billing Regulation*, AR 185/2003, as amended from time to time, and these Terms and Conditions must maintain that amount of security until all obligations of the Retailer under the Company's Distribution Tariff are satisfied. A Retailer who provides security other than by means of a financial deposit held by the Company, must either ensure that its security has no expiry date and cannot be terminated, or must at all times ensure that its security is automatically extended from year to year, for successive periods of a minimum of one year from any expiration date



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thereof, unless the Company is notified in writing by prepaid registered mail not less than 30 days prior to any expiration date that the security will not be renewed for any such additional period ("Notice of Non-Renewal").

- (f) Upon receipt of a Notice of Non-Renewal, the Company shall provide notice of same in writing to the Retailer advising that the Retailer's failure to provide the Company with alternate security meeting the requirements set out in the *Natural Gas Billing Regulation*, AR 185/2003, within 3 business days after the date of the notice shall be in breach of the Retailer's obligation to maintain its security in accordance with s.8 of the *Natural Gas Billing Regulation*, AR 185/2003, and an event of default under Article 14.1(d) of these Terms and Conditions. If after 3 business days the Company is not in receipt of such alternate security, the full amount of the Retailer's security determined in accordance with Article 11.1 of these Terms and Conditions shall become due and payable to the Company and the Company shall be entitled to make demand or claim against the Retailer's security in accordance with Article 14.3.
- (g) In the event of a default by a Retailer, the Company is entitled to recover as part of the Gas Distribution Tariff any costs not covered by a claim against the Retailer's security under section 9 of the Natural Gas billing Regulation AR 185/2003 as amended from time to time.

11.3 Confidentiality

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

11.4 Costs

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



11.5 Interest on Security Deposits

Interest on each Retailer's cash security deposit held by the Company will be calculated at the rate specified from time to time in the *Residential Tenancies Act, R.S.A. 2000, c.R-17*, but not less than 2.5% per annum. Interest will be paid to the Retailer annually.

ARTICLE 12 – METERING

12.1 Provision and Ownership

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

12.2 Meter Reading

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

12.3 Changes to Metering Equipment

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

The metering equipment will remain the property of the Company and will be maintained by the Company. The Company shall complete installation of the



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

- (b) Notwithstanding Article 3.7, should a Customer request to return the metering equipment to its previous basic form, the Customer shall bear the cost of removal and installation of the metering equipment.
- (c) At the request of a Retailer/DSP, or with the Retailer's/DSP's consent, the Company may provide other metering services, above standard metering service, in its discretion, acting reasonably, and may charge separate fees for such services.
- (c) The Company reserves the right to bill costs related to requests for changes in metering made by the Customer or Retailer/DSP to the Retailer/DSP.

12.4 Meter Reading and Estimates

Meter Reading:

- (i) The Company shall determine the method of meter reading collection for its meters and equipment.
- (ii) Where the Company has determined the method of collection is through an automated meter reading device and the Customer refuses to allow installation, the Company will attempt Company meter readings every six months. The Customer will be charged for each meter reading attempt as stated in Schedule C through the monthly tariff bill sent to the Retailer/DSP. At all other times, the meter readings used for monthly billing to the Retailer/DSP will be estimates.
- (iii) Where the Customer requests the removal of an automated meter reading device, the Company will remove the device and will apply the



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appropriate fee as stated in Schedule C. In addition, the Company will attempt Company meter readings every six months. The Customer will be charged for each meter reading attempt as stated in Schedule C through the monthly tariff bill sent to the Retailer/DSP. At all other times, the meter readings used for monthly billing to the Retailer/DSP will be estimates.

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



12.5 Meter Test and Adjustments

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



ARTICLE 13 – ACCOUNT BALANCING

13.1 Retailer/DSP Account

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

13.2 Exchange of Gas

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

13.3 Daily Retailer/DSP Account Balance

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



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

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

13.4 Retailer/DSP Account Monitoring Rules

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

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



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

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

(b) Step 2

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



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3. the gas supply in the Retailer's Account does not equal the F3 Forecast energy by the time of one half (½) hour after the release of the F3 Forecast for Gas Day 2,

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

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

(c) Step 3

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

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

(d) Step 4



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

(e) Step 5

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

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

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



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13.5 Termination of Retailer Service

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

13.6 Request for Additional Information

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

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

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



13.7 Liability

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

ARTICLE 14 – DEFAULT

14.1 Events of Default

An event of default under these Terms and Conditions and the Distribution Access Service Agreement will occur if either the Company, the DSP or the Retailer (“Defaulting Party”):

- (a) is the subject of a bankruptcy, insolvency or similar proceeding;
- (b) makes an assignment for the benefit of its creditors;
- (c) applies for, seeks, consents to, or acquiesces in the appointment of a receiver, custodian, trustee, liquidator or similar official to manage all or a substantial portion of its assets;
- (d) fails to pay the other party (“Non-Defaulting Party”) when payment is due, or to satisfy any other material obligation under these Terms and Conditions or the Distribution Access Service Agreement including, without limiting the generality of the foregoing, fulfilling the prudential requirements as set forth in Article 11, in accordance with these Terms and Conditions, and fails to remedy the failure or satisfy the obligation, as the case may be, within three (3) Business Days after receipt of written notice thereof from the Non-Defaulting Party;
- (e) fails to balance its Account in accordance with Article 13.



14.2 Rights Upon Default

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

14.3 Recourse to Security Upon Retailer Default

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

14.4 Termination on Default

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



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

ARTICLE 15 – IMPAIRED DELIVERIES

15.1 Impaired Deliveries

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

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



ARTICLE 16 – LIABILITY AND INDEMNITY

16.1 Indemnity

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



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

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



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

16.2 Consequential Loss

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



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

ARTICLE 17 – FORCE MAJEURE

17.1 Force Majeure Relief

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

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

17.2 Exclusions

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

17.3 Notice

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

17.4 Obligation to Remedy

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



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17.5 Strikes and Lockouts

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

ARTICLE 18 – DISPUTE RESOLUTION

18.1 Resolution by Company and Retailer/DSP

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

18.2 Resolution by Arbitration

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

18.3 Arbitrators

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



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

18.4 Failure to Concur

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

18.5 Refusal to Appoint an Arbitrator

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

18.6 Failure to Appoint a Third Arbitrator

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

18.7 Technical Competence

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



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

18.8 Compensation of Arbitrators

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

18.9 Application of the Arbitration Act (Alberta)

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

18.10 Decisions Binding

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

18.11 Continuity of Service

All performance required under these Terms and Conditions by the Company and the Retailer/DSP and payment therefore shall continue during the dispute resolution proceedings contemplated by this Article 18, provided that in the case of any such proceedings pertaining to amounts payable under these Terms and Conditions, any payments or reimbursements required as a result of the proceedings shall be effective as of a date to be determined in such proceedings and interest shall be paid thereon by the party required to make the payment or reimbursement on the amount thereof at the rate specified from time to time in, the Residential Tenancies Act, R.S.A. 2000, c.R.-17, but not less than 2.5% from the date so determined until paid.

ARTICLE 19 – MISCELLANEOUS

19.1 Compliance with Applicable Legal Authorities

The Company, DSP and the Retailer are subject to, and shall comply with, all existing or future applicable federal, provincial and local laws, all existing or future orders or other



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actions of governmental authorities having applicable jurisdiction. The Company will not violate, directly or indirectly, or become a party to a violation of any requirement of any applicable federal, provincial or local statute, regulation, bylaw, rule or order in order to provide Distribution Access Service to the Retailer/DSP (or a Customer of the Retailer/DSP). The Company's obligation to provide Distribution Access Service is subject to the condition that all requisite governmental and regulatory approvals for the provision of such Distribution Access Service will have been obtained and will be maintained in force during such period of Distribution Access Service.

19.2 No Assignment

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

19.3 No Waiver

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



19.4 Law

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

ARTICLE 20 – NOTICE

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

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

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



SCHEDULE A – DISTRIBUTION ACCESS SERVICE AGREEMENT

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

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

(address)

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

- and -

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

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

The Retailer/DSP and the Company agree as follows:

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

Should any of the Customer Information change during the term of this Distribution Access Service Agreement, the Retailer/DSP shall advise the Company of the change, by electronic means as soon as is reasonably practicable in the circumstance, and in



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



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inconsistent with the Terms and Conditions, which could potentially create safety, health or environment concerns or damage the Company's Distribution System or Gas Pipeline System, the Retailer/DSP shall immediately notify Company of such circumstances.

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



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

Notwithstanding the preceding, a receiving Party may disclose Confidential Information to any governmental, judicial or regulatory authority requiring such Confidential Information pursuant to any applicable law, regulation, ruling or order, providing that:

- (a) such Confidential Information is submitted under the applicable provision, if any, for confidential treatment by such governmental, judicial or regulatory authority; and
- (b) prior to such disclosure, the other Party is given prompt notice of the disclosure requirement so that it may take whatever action it deems appropriate, including intervention in any proceeding and the seeking of any injunction to prohibit such disclosure.



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

The Retailer's address for notice is:

Retailer Name

Retailer Address

The Corporation's address for notice is:

ATCO Gas and Pipelines Ltd

10035 – 105 Street

P.O. Box 2426

Edmonton, Alberta, T5J 2V6

Attention:

Attention: Manager, Client Service and
Customer Care

Facsimile:

Facsimile: (780) 420-3123



APPENDIX "A"

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

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

RETAILER IDENTIFICATION NUMBERS

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

- (1)
- (2)
- (3)

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

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

[RETAILER/DSP NAME]

ATCO Gas and Pipelines LTD.

Per: _____
 Name: _____
 Title: _____

Per: _____
 Name: _____
 Title: _____

ATCO Gas and Pipelines LTD.

Per: _____
 Name: _____
 Title: _____



SCHEDULE B – DISCONNECT CUSTOMER SITE

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

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



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4. CONP activity will be scheduled during regular business hours on weekdays of Monday, Tuesday, Wednesday and Thursday. No CONP activity will be scheduled on Friday, Saturday and Sunday or any statutory holiday or any day prior to a statutory holiday observed in the service area.
 5. The Company will not disconnect a Customer if the Retailer/DSP has not provided the Customer with a written notice at least 10 Business Days in advance of the proposed disconnect. The Company must be provided with a copy of such notice upon request.
 6. The Company will not disconnect if the Customer produces a receipt showing it has paid the most current bill or the amount specified in part 1 of this Schedule B.
 7. The Company will provide to a previous Retailer of Record at the Site the right to request a disconnect for a period of 8 months since that Retailer/DSP last provided Distribution Access Service at the Site. When this occurs, the Company will comply with a request to energize from the current or new Retailer only after the Retailer requesting the CONP has issued a release. See Terms and Conditions for Distribution Access Service Article 10.2(b).
 8. The Company may, upon visiting the Site, delay the disconnection until the Company is satisfied that all conditions for disconnection are met. Reasons for delay include, but are not limited to:
 - (a) Customer Information does not match Customer Information provided by the Retailer/DSP
 - (b) Customer has proof of payment in hand at the Site and is prepared to meet payment conditions set by the Retailer/DSP
 - (c) Immediate danger may exist to the occupants or the companies' representatives.
 - (d) Disconnecting the service will adversely affect other Customers who are not to have their service disconnected.
 - (e) Where meters are located inside or on another Customer's property and access to the meter cannot be obtained. These situations will require additional distribution requirements including construction arrangements to disconnect elsewhere on the service line.



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SCHEDULE C – NON-DISCRETIONARY CHARGES

1.0 APPLICABILITY

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

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

2.0 SCHEDULE OF CHARGES

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



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SCHEDULE C
NON DISCRETIONARY CHARGES
Effective January 1, 2014

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

1.1 **Pipe Installation:**

ATCO Gas (North)		
Service Line Diameter	Summer	Winter
15.9 mm or 26 mm (up to and including 15 metres)	\$889	\$1,147
Linear charge for length over 15 metres	\$49/metre	\$66/metre
42.2 mm or 60.3 mm (up to 15 metres)	\$1,178	\$1,540
Linear charge for length over 15 metres	\$68/metre	\$92/metre
Greater than 60 mm	Contract Price	Contract Price
Credit for provision of service line trench in 4-party installation	\$41	\$207

ATCO Gas (South)		
Service Line Diameter	Summer	Winter
15.9 mm or 26 mm (up to and including 15 metres)	\$641	\$837
Linear charge for length over 15 metres	\$32/metre	\$45/metre
42.2 mm or 60.3 mm (up to 15 metres)	\$1,178	\$1,540
Linear charge for length over 15 metres	\$68/metre	\$92/metre
Greater than 60 mm	Contract Price	Contract Price
Credit for provision of service line trench in 4-party installation	\$41	\$207

Notes:

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



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1.2 Mobilization Charge: A mobilization charge of \$207.00 will be levied for each additional site visit required when a site with an inspector confirmed site ready date does not meet ATCO Gas requirements for service line installations upon arrival of the service installation crew.

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

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

1.5 Compaction: Contract Price

1.6 Shallow Utility Crossings: Contract Price

1.7 Waste Removal: Contract Price

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

3. REINSTATEMENT CHARGE/AMR REMOVAL FEE:

a. Residential (not before 8am of the next business day) - \$119.00

b. Residential (before 8am of the next business day) - \$279.00

c. Non-Residential (not before 8am of the next business day) - Contract Price (minimum \$119.00)

d. Non-Residential- (before 8am of the next business day) - Contract Price (minimum \$279.00)

4. METER RELOCATIONS

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

4.2 Other: Contract Price

6. ALTERATIONS, RELOCATIONS AND REPLACEMENT - Contract Price

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

7. TEMPORARY SERVICE – Contract Price

8. SPECIAL METER READ FEE: \$108.00

9. METER DISPUTE FEE:

a. Residential - \$114.00

b. Non-Residential - Contract Price (minimum \$114.00)

c. Customer Usage Information Fee will apply as required.

10. DISHONOURED CHEQUES: \$31.00

11. CUSTOMER USAGE INFORMATION: Contract Price

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

13. BILLING ERROR: Contract Price

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



SCHEDULE D – IMBALANCE PURCHASE/SALE CHARGES

1.0 Imbalance Window Percentage

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

2.0 Minimum Energy Imbalance Window

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

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

3.0 Imbalance Purchase/Sale Price

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

- (a) For Imbalance Purchase, the price used by the Company will be the lowest Same Day Market or Yesterday Market trade price that occurs on the NGX for the Gas Day as reported by the NGX as the "AECO "C" and N.I.T Same Day Price" and "NGX Alberta Yesterday Price" obtained from the "Historical NGX Indices" webpage <http://www.ngx.com/protectedmembers/indices.html>
- (b) For Imbalance Sale, the price used by the Company will be the highest Same Day Market or Yesterday Market trade price that occurs on the NGX for the Gas Day as reported by the NGX as the "AECO "C" and N.I.T Same Day Price" and "NGX Alberta Yesterday Price" obtained from the "Historical NGX Indices" webpage <http://www.ngx.com/protectedmembers/indices.html>

4.0 Change to Imbalance Window Percentage and Minimum Energy Imbalance Window

In the event that the Transmission System determines the Pipeline Tolerance Level needs be increased or decreased and the Transmission Balance Zone is changed the Company



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will change the Imbalance Window and the minimum energy balancing window for Retailer/DSP Accounts to the following:

<u>Transmission Balance Zone</u>		<u>AG Imbalance Window</u>			
<u>-%</u>	<u>+</u>	<u>-%</u>	<u>+</u>	<u>Less than 5000 GJ</u>	<u>5000 GJ and over</u>
-4%	+4%	-5%	+5%	-500 GJ to +500 GJ	-1000 GJ to +1000 GJ
-3%	+4%	-3%	+5%	-300 GJ to +500 GJ	-600 GJ to +1000 GJ
-2%	+4%	-2%	+5%	-200 GJ to +500 GJ	-400 GJ to +1000 GJ
-1%	+4%	-1%	+5%	-100 GJ to +500 GJ	-200 GJ to +1000 GJ
0%	+4%	0%	+5%	0 GJ to +500 GJ	0 GJ to +1000 GJ
-4%	+3%	-5%	+3%	-500 GJ to +300 GJ	-1000 GJ to +600 GJ
-4%	+2%	-5%	+2%	-500 GJ to +200 GJ	-1000 GJ to +400 GJ
-4%	+1%	-5%	+1%	-500 GJ to +100 GJ	-1000 GJ to +200 GJ
-4%	0%	-5%	0%	-500 GJ to 0 GJ	-1000 GJ to 0 GJ

The change to the imbalance Window Percentage and Minimum Energy Imbalance Window for Retailer/DSP Accounts will be in effect for the same gas days as the Transmission Balance Zone change.



**TERMS AND CONDITIONS
FOR
DISTRIBUTION SERVICE CONNECTIONS**

**AUC Decision: 2013-460
Effective: January 1, 2014**



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ARTICLE 1 – PREAMBLE

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

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

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



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ARTICLE 2 – DEFINITIONS AND INTERPRETATION

2.1 Definitions

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

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

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

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

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

"Business Day" is any day other than Saturday, Sunday or a holiday as defined in the *Interpretation Act*, R.S.A. 2000, c.I-8; as amended from time to time;

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

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

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

"Customer" means a person, firm, partnership, corporation, organization or association (including, without limitation, individual members of any unincorporated entity) who



consumes Gas in end-use at its location and is connected to the Company Gas Pipeline System;

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

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

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

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

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

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

"Force Majeure" means circumstances not reasonably within the control of the Company, including acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, pandemics, epidemics,



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landslides, lightning, earthquakes, fires, storms, floods, high water, washouts, inclement weather, orders or acts of civil or military authorities, civil disturbances, explosions, breakdown or accident to equipment, mechanical breakdowns, temporary failures of gas supply, the intervention of federal, provincial, state or local government or from any of their agencies or AUC, excluding decisions and/or orders made by the AUC in the normal course of it exercising its authority to establish the revenue requirement of the parties to this agreement, the order or direction of any court, and any other cause, whether of the kind herein enumerated or otherwise;

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

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

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

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

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

"Gas Services" as defined in the *Act* means:

- (i) the Gas that is provided and delivered, and



-
- (ii) the services associated with the provision and delivery of the Gas, including:
- (A) arranging for the exchange or purchase of the Gas,
 - (B) making financial arrangements to manage the financial risk associated with the price of Gas,
 - (C) arranging for Gas Distribution Service,
 - (D) arranging for delivery of Gas to the gas distributor's specified Point(s) of Receipt,
 - (E) storage,
 - (F) billing, collection and responding to customer billing inquiries,
 - (G) maintaining information systems, and
 - (H) any other services specified by the Minister by order as Gas Services;

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

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

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

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

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

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



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

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

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

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

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

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

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

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



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

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

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

"Standard Delivery Pressure" is 1.72 kPa

"Standard Service" is Gas Distribution Service whereby:

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

2.2 Conflicts

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



2.3 Headings

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

2.4 Schedules and Appendices

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

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

ARTICLE 3 – GENERAL PROVISIONS

3.1 AUC Approval

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

3.2 Gas Distribution Tariff

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



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3.3 Effective Date

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

3.4 Application of Terms and Conditions

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

3.5 Ownership of Facilities

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



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- (b) Payment made by Customers for costs incurred by the Company in installing any segment of the Gas Pipeline System and Specific Facilities does not entitle Customers to ownership of any such segment of the Gas Pipeline System and Specific Facilities, unless an agreement between the Company and the Customer specifically provides otherwise.

3.6 Fees and Other Charges

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

ARTICLE 4 – ESTABLISHMENT OF SERVICE

4.1 Application for Service Connection

- (a) To enable the Company to provide the requested Gas Distribution Service, applicants for service shall supply information regarding the location of the premises to be served; the Customer's Connected Load and preferred supply conditions; the manner in which the Service Connection will be utilized; prepayment; and, any other information that may be required by the Company.
- (b) Upon receipt of the required information, the Company will advise the applicant of the type and character of the Service Connection it will furnish to the Customer, and any special conditions that must be satisfied.



4.2 Method of Application

4.2.1 Form and Acceptance of Application

- (a) All Customers must be of legal age to contract for service with the Company. The Company reserves the right to verify the identity of the Customer and the accuracy of the information provided and to require the Customer to execute an application in the form provided by the Company. If a Customer is not of legal age, a person of legal age may be required to accept responsibility for the Gas Distribution Service on the Customer's behalf.

- (b) For commercial and industrial Customers, written acceptance specifying the Customer has agreed to these Terms and Conditions must be received by the Company before construction of the Service Connection will proceed.

4.2.2 Application by Retailer/DSP or Other Person

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

4.3 Payment for Service Connection

- (a) Customers applying for Service Connections are required to prepay the charge / estimate.

- (b) The Customer will be required to pay the complete cost upon completion of the work, including where prepayment was based on an estimate.

- (c) Customers owing money to the Company will be required to make full payment of all outstanding balances plus meet the conditions of (a) and (b) above.



4.4 Rejection of Application

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

- (a) when the Customer does not have currently in force all permits or other authorizations that may be required for the installation of the Service Connection as defined in section 4.6; or
- (b) when the Company determines that a previous account held by the Customer is in arrears with the Company; or
- (c) when the Customer fails to provide a payment as specified in Article 4.3; or
- (d) when the Company determines that the form of the Natural Gas Service Agreement is not appropriate for the Service Connection due to its unique nature and the Customer refuses to enter into an alternate form of agreement acceptable to the Company; or
- (e) when any representation made by the applicant or the Customer to the Company for the purpose of obtaining a Service Connection is, in the Company's opinion, fraudulent, untruthful or misleading; or
- (f) when the Customer has not, when requested by the Company to do so, provided a signed written application for a Service Connection or a signed Natural Gas Service Agreement; or
- (g) when the proposed Loads, in the Company's opinion, have unusual characteristics that might adversely affect the quality of service supplied to other Customers, the public safety, or the safety of the Company's personnel or the Company's Gas Pipeline System or equipment; or



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- (h) for any other reason rejection of the application is deemed necessary by the Company.

4.5 Natural Gas Service Agreement

- (a) A Customer may be required by the Company to sign a Natural Gas Service Agreement in respect of a Service Connection. The Natural Gas Service Agreement shall be signed by the Customer and not by its Agent.
- (b) In the absence of a signed Natural Gas Service Agreement, the supplying of a Service Connection by the Company and the acceptance thereof by the Customer shall be deemed to constitute an agreement by and between the Company and the Customer for delivery, receipt and payment for Gas Distribution Service under the Company's applicable Rate Schedules and Terms and Conditions.
- (c) If any provision of the Customer's Natural Gas Service Agreement, or the application thereof, is to any extent held invalid or unenforceable, the remainder of its Natural Gas Service Agreement and the application thereof, other than those provisions which have been held invalid or unenforceable, shall not be affected and shall continue in full force and effect and shall be enforceable to the fullest extent permitted by law or in equity.
- (d) A contract for service is not assignable by the Customer without the prior written consent of the Company, which consent shall not be unreasonably or arbitrarily withheld.

4.6 Approvals

The Customer for a new, altered or relocated Service Connection shall be responsible for obtaining all permits, certificates, licenses, inspections, reports, and other authorizations necessary for the installation and operation of the Service Connection. The Company shall not be required to commence or continue installation or operation of



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a Service Connection unless and until the Customer has complied with the requirements of all permits, certificates, licenses, inspections, reports and other authorizations, and all right-of-way agreements, and all Company requirements applicable to the installation and operation of the Service Connection.

4.7 Temporary Service

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

4.8 Information and Requirements for Service

4.8.1 Distribution Service Connections

Upon request, the Company shall provide to the Customer, information on the method and manner of making Service Connections. Such information may include a description of the Service Connection available, the location of entrance facilities and metering equipment, and Customer and Company responsibilities for installation of Specific Facilities including Customer responsibility for Retailer/DSP enrollment prior to meter installation.

4.8.2 Distribution Access Service

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

- (a) make available notification and informational materials about competition and consumer choices;



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

4.8.3 *Customer Usage Information*

- (a) The Company shall provide Customer Usage Information to a Customer upon request in relation to:
 - (1) the 12-month period preceding the date of the request, or
 - (2) for any shorter period for which the Company has collected that information for the requesting customer.
- (b) An Agent or consultant, acting on behalf of a Customer, may request Customer Usage Information by obtaining and submitting to the Company the authorization from the Customer in a form as set out in the Retailer Guide.
- (c) The Customer shall submit requests for Customer Usage Information by referencing the Site ID. All such requests shall be in writing and may be delivered via electronic mail (e-mail), facsimile (fax) or by standard mail.
- (d) The Company will normally process requests within five (5) Business Days of receiving notification from the Customer. If the Company determines that it cannot process the request within five (5) Business Days, the Company shall notify the Customer of the approximate delivery date.
- (e) The information referred to in section (a) above will be provided by the Company at no cost for requests made once per year per account. The



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Company will assess a charge for additional Customer Usage Information requests as set forth in Schedule C hereof.

4.9 Application of Rate Schedules

- (a) The Company will make Customers aware of the various Rate Schedules under which the Company provides service to different Customer rate classes. The Company will endeavor to apply the applicable Rate Schedule which is most favorable to the Customer, providing the Rate Schedule applies to the service requested by the Customer, the Customer is eligible for the requested service, and that application of the requested Rate Schedule does not have an adverse impact on other Customers of the Company. The Company shall not be required to refund the difference in charges under different Rate Schedules for any past period during which the Customer did not request service under an alternate Rate Schedule that may have been available to such Customer.
- (b) Various riders and options are also applicable to the Gas Distribution Service as specified in the Rate Schedule approved from time to time by the AUC.
- (c) Subject to the above, where the Customer's service requirements change so that some other Rate Schedule(s), riders and options may apply to the service, upon the receipt of a written request from the Customer, the Company will advise the Customer of its eligibility for service under the alternate Rate Schedule, and the Company will change the Customer's billing accordingly.
- (d) In each circumstance, the Company may perform an investment contribution calculation to determine whether any adjustments are required to the Customer's Contribution, as specified in Article 7, to recognize the different levels of company investment which apply to each Rate Schedule.
- (e) In addition to payments for Gas Distribution Service, the Customer (or Retailer/DSP) is required to pay the Company the amount of any tax or



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assessment levied by any tax authority on Gas Distribution Service provided to the Customer.

- (f) Should a dispute arise between the Company and a Customer with regards to the Customer's eligibility to switch rates, the Company will normally bring the dispute before the AUC for resolution. This does not preclude the Customer from bringing the same dispute before the AUC. Switching will not be allowed before the AUC renders a decision.

ARTICLE 5 – SERVICE REQUIREMENTS AND FACILITIES

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

5.1 Customer Provided Facilities and Requirements

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

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



5.1.2 *Compliance with Requirements and Use of Service Connection*

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

5.1.3 *Extensions*

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

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

6.1 Easements

At the request of the Company, the Customer shall grant, or cause to be granted, to the Company, without cost to the Company, such easements or rights-of-way over, upon or under the property owned or controlled by the Customer as the Company reasonably requires for the construction, installation, maintenance, repair, and operation of the Gas Pipeline System required for a Service Connection to the Customer and the performance of all other obligations required to be performed by the Company hereunder.

6.2 Right of Entry

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



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System. The Company will endeavor to provide reasonable notice to the Customer when the Company requires entry to the Customer's property for planned maintenance or repairs to the Company's Facilities.

6.3 Vegetation Management

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

6.4 Interference with Company's Gas Pipeline System

The Customer shall not install or allow to be installed on property owned or controlled by the Customer any temporary or permanent structures that could interfere with the proper and safe operation of the Company's Gas Pipeline System or result in non-compliance with applicable statutes, regulations, standards and codes. The Company shall not be liable for any damage to any structure or improvement erected, installed or placed in contravention of these Terms and Conditions resulting from the maintenance of such gas line or service line.

ARTICLE 7 – EXTENSION OF SERVICE

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

- (a) The applicant shall pay to the Company the costs set out in Schedule C (the Customer Contribution) for the service line from the boundary of the applicant's property which abuts the street or right of way in which the Company's distribution main is or will be situated to the meter on the applicant's premises ("service line").



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- (b) Subject to clause (a) hereof, if the applicant's premises are situated in a Municipality which has a subsisting franchise agreement with the Company, the Company shall, without charges other than those payable under the applicable Rate Schedule, extend its Gas Pipeline System for the purpose of providing permanent Gas Distribution Service to the applicant provided that:
- i. the Municipality has, at its expense, extended or will concurrently extend its water and sewer services to serve the premises of such applicant, and
 - ii. the Gas Distribution Service being requested by the applicant is Standard Service as defined by these Terms and Conditions.
- (c) In any case where clause (b) (i) hereof does not apply and clause (b) (ii) does apply, but subject always to clause (a) hereof, the Company shall extend its Gas Pipeline System for the purpose of providing Gas Distribution Service to an applicant subject to the following conditions:
- (i) The extension required to the Company's Gas Pipeline System, excluding the service line, does not exceed 50 metres in length, and an easement or right of way satisfactory to the Company is provided, or
 - (ii) If the aforesaid extension exceeds 50 metres in length, the applicant has paid to the Company the amount, if any by which the total estimated costs of such extension exceed the amount which the Company estimates it will receive from the applicant for the first three years of Gas Distribution Service to the applicant excluding, however, amounts to be received in respect of revenue tax, property tax, federal excise tax, or any other federal or provincial tax other than income tax; provided that the Company may, at its option, accept in lieu of such payment the written undertaking of the applicant to pay such amount in such manner, upon such terms and over such period of time as is specified by the Company.
- (d) (1) If an applicant requests that the Company extend its Gas Pipeline System for the purpose of providing permanent Gas Distribution Service to two or



more contiguous lots or parcels of land (hereinafter called "Lots"), and if clause (b) (i) hereof does not apply thereto, the Company shall, in accordance with these Terms and Conditions, extend its Gas Pipeline System as requested provided that:

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

ARTICLE 8 – SERVICE CONNECTION

8.1 Company Responsibility and Liability

8.1.1 Continuous Supply

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



8.1.2 *Interruption*

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

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

8.1.3 *Reasonable Efforts*

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

8.1.4 *Company Liability*

Notwithstanding anything to the contrary contained in these Terms and Conditions, the Company shall not be liable for any loss, injury, damage, expense, charge, cost or liability of any kind, whether of direct, indirect, special or consequential nature, (excepting only direct physical loss, injury or damage to a Customer or a Customer's property, resulting from the negligent acts or omissions of the Company, its employees or agents) arising out of or in any way



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connected with any failure, defect, fluctuation, reduction or interruption in the provision of service by the Company to its Customers. For the purpose of the foregoing and without otherwise restricting the generality thereof, "direct physical loss, injury or damage" shall not include loss of revenue, loss of profits, loss of earnings, loss of production, loss of contract, cost of purchased or replacement capacity and energy, cost of capital, and loss of use of any facilities or property, or any other similar damage or loss whatsoever.

8.1.5 Force Majeure

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

8.1.6 Provision of Customer Information to the Retailer

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

8.2 Customer Responsibility and Liability

8.2.1 Customer Responsibility for Facilities

The Customer shall be responsible for the installation and condition of all facilities on the Customer's side of the Point of Delivery, except Specific Facilities owned by the Company. The Customer shall be responsible for any destruction of or damage to the Company's Specific Facilities located on the Customer's



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premises where the destruction or damage is caused by a negligent act or omission or willful misconduct of the Customer or anyone permitted by the Customer to be on the premises.

8.2.2 Customer Liability

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

8.2.3 Service Calls

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

8.3 Interference with the Company's Property

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

8.4 Unauthorized Use

Where the Company determines that there has been unauthorized use of the Service Connection including, but not limited to, meter or equipment tampering, unauthorized connection or reinstatement, theft, fraud, intentional or unintentional use of Energy



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whereby the Company is denied full compensation for Gas Distribution Services provided, the Company will bill the Retailer/DSP for the Company's estimate of energy for such unauthorized use and require Customer prepayment for any repairs, damages and reconstruction of Company Facilities. Nothing in this section shall limit any other rights or remedies that the Company may have in connection with such unauthorized use.

8.5 Termination by Company

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



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off only that portion or piece of equipment which is in violation, in order to maintain Gas Distribution Service to the remaining Customer facilities. The Company will report these incidences to the Authority having jurisdiction as per the Regulations made under the Act.

8.6 Multiple Dwellings

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

8.7 Mobile Homes

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



8.8 Standard Delivery Pressure

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

ARTICLE 9 – METERS

9.1 General Requirements

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

9.2 Installation and Maintenance of Meters

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

9.3 Meter Test and Adjustments

- (a) The Company may inspect and test a meter at any reasonable time.
- (b) At the request of Measurement Canada or an accredited agency as may, from time to time, be designated for this purpose, the Company shall arrange for a



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meter to be removed and tested by an official designated for that purpose. The Company will direct customers wishing to dispute the meter to Measurement Canada.

- (c) If a test determines that the meter is not accurate within the limits set by government standards, the Retailer's/DSP bill will be adjusted accordingly. Where it is impossible to determine when the error commenced, it shall be deemed to have commenced three (3) months before the test or the date of the meter installation, whichever occurred later. The Company shall not be liable to the Customer or Retailer/DSP for any additional costs that are associated with such metering or meter reading errors.
- (d) The Company reserves the right to assess a charge to the Customer or Customer's Retailer/DSP at the time of a meter test. This charge is reimbursed in circumstances when the meter tested is found to be faulty.
- (e) If any appliance of a Customer connected to the Company's Gas Distribution Service prevents or impedes the meter from accurately recording the total amount of Energy supplied, the Company may forthwith disconnect the Gas Distribution Service, or disconnect such appliance from the Gas Distribution Service and shall, in either case, estimate the amount of Energy consumed and not registered, as accurately as it is able to do so, together with any costs incurred by the Company in disconnecting such Gas Distribution Service, or appliance, and repair any damage to the Company's Gas Pipeline System as the case may be. The Retailer's/DSP bill will be adjusted accordingly for the estimated amount of energy.

ARTICLE 10 – RENDERING AND PAYMENT OF BILLS

10.1 Meter Reading and Estimates

Meter Reading:



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- (i) The Company shall determine the method of meter reading collection for its meters and equipment.
 - (ii) Where the Company has determined the method of collection is through an automated meter reading device and the Customer refuses to allow installation, the Company will attempt Company meter readings every six months. The Customer will be charged for each meter reading attempt as stated in Schedule C through the monthly tariff bill sent to the Retailer/DSP. At all other times, the meter readings used for monthly billing to the Retailer/DSP will be estimates.
 - (iii) Where the Customer requests the removal of an automated meter reading device, the Company will remove the device and will apply the appropriate fee as stated in Schedule C. In addition, the Company will attempt Company meter readings every six months. The Customer will be charged for each meter reading attempt as stated in Schedule C through the monthly tariff bill sent to the Retailer/DSP. At all other times, the meter readings used for monthly billing to the Retailer/DSP will be estimates.
 - (iv) In any event the Company will require a meter reading twice per year or as directed by Measurement Canada or such other Regulatory requirement.
 - (v) In the event that there is a discrepancy between the mounted meter index and a meter monitoring or automated meter reading device, the mounted meter index reading will be deemed to be correct.
 - (vi) The Company will assess a charge to the Customer or Customer's Retailer/DSP for additional reads above the Company's standard practices as well as in situations where a Customer has refused to allow an automated meter reading device to be installed. This charge is defined in Schedule C hereof.



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- (vii) The Company shall keep an accurate record of all meter readings for the purpose of billing the Gas Distribution Services provided.
 - (viii) The Company may elect to change the meter reading schedule for a site, providing advance notice to the Retailer/DSP as defined by Rule 004.
 - (ix) The Company is not required to accept Customer meter readings. Where Customer meter readings are provided, the Company reserves the right to decline the use of the Customer meter reading based on specific criteria.

10.2 Billing Delivery Charges to Retailer/DSP

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

10.3 Payment of Customer directly to the Company

- (a) The payments for service provided to the Customer under the Rate Schedule and these Terms and Conditions (and collected by the Retailer, if applicable) shall commence on the earlier of the first billing date after the date upon which the Customer commences taking service, or thirty (30) days after the date that service is made available to the Customer.



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- (b) The Customer shall pay all amounts required to be paid under these Terms and Conditions upon receipt of a bill for such amounts. Bills shall be deemed rendered and other notices duly given when delivered to the Customer at the address provided by the Customer or Retailer/DSP for service. Failure to receive such bill from the Company will not entitle the Customer to any delay in the settlement of each account, or to any extension of the date after which a late payment charge becomes applicable. Any bill rendered to a Customer for which valid payment has not been received by the date indicated on the bill shall be considered past due. The Company reserves the right to assess a late payment charge as set forth in the Rate Schedule.
- (c) The Customer shall pay to the Company, on or before the 15th Business Day following the statement date, the amount invoiced by the Company and payable not later than the day shown upon the bill as the “due date”.
- (d) The Company may refuse to accept payment on a Customer's account when payment by cheque is drawn on a form other than a bank cheque form. In the event the Company accepts payment by cheque drawn on any other form, the Customer shall be liable for and pay to the Company all charges and costs incurred to process the cheque. The Company follows the Bank of Canada rules and regulations of currency acceptance limitations.

10.4 Late Payment Charge

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

10.5 Dishonored Cheque Fee

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



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10.6 Adjustment of Bills

10.6.1 Billing Error

Should the Customer or the Retailer/DSP dispute any amount owing, the Customer or Retailer/DSP shall nonetheless pay such disputed amount and subject the dispute for resolution in accordance with these Terms and Conditions. Following resolution of any such dispute, the Company will return any amount found owing to the Customer or Retailer/DSP forthwith. The right or ability of either party to dispute a bill for service provided hereunder shall only apply to bills rendered during a period of two (2) years prior to the date of a written notice of such dispute. The Company may assess a charge to the Customer or Retailer/DSP for reviewing billing disputes, in circumstances where the Company has not been responsible for any billing error as established in Schedule C hereof.

ARTICLE 11 – CHANGE IN SERVICE CONNECTION

11.1 Prior Notice by Customer

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



for all damage caused to the Company's Gas Pipeline System as the result of the Customer changing its requirements for a Gas Distribution Service without the Company's permission.

11.2 Changes to Company Facilities

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

11.3 Relocation of Company Facilities

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

ARTICLE 12 – SERVICE DISCONNECTS, REINSTATEMENT AND REMOVAL

12.1 Disconnection

12.1.1 Termination by Customer

Unless precluded by contract or industry rules from so doing, the Customer and/or Retailer /DSP may, at any time, give to the Company five (5) Business Days notice of termination of Gas Distribution Service. Upon receipt of such



notice, the Company may read the meter attached to such Gas Distribution Service, and Customer and or Retailer/DSP shall pay for all Gas Distribution Service supplied prior to such reading. In the event that Company is unable to read the meter upon receipt of Customer or Retailer/DSP notice of termination, the charge for Gas Distribution service supplied shall be based on an estimated meter reading which will be prorated from the time of an actual meter reading.

12.1.1A *Temporary Disconnection*

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

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

12.1.1B *Permanent Disconnection*

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



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

12.1.2 Disconnection at Request of Retailer/DSP

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

12.1.3 Disconnection by the Company

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

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

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



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

12.2 Reinstatement Service

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

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

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

12.3 Removal of Facilities

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



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SCHEDULE C – Non-Discretionary CHARGES

1.0 APPLICABILITY

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

2.0 SCHEDULE OF CHARGES

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



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SCHEDULE C
NON DISCRETIONARY CHARGES
Effective January 1, 2014

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

1.1 Pipe Installation:

ATCO Gas (North)		
Service Line Diameter	Summer	Winter
15.9 mm or 26 mm (up to and including 15 metres)	\$889	\$1,147
Linear charge for length over 15 metres	\$49/metre	\$66/metre
42.2 mm or 60.3 mm (up to 15 metres)	\$1,178	\$1,540
Linear charge for length over 15 metres	\$68/metre	\$92/metre
Greater than 60 mm	Contract Price	Contract Price
Credit for provision of service line trench in 4-party installation	\$41	\$207

ATCO Gas (South)		
Service Line Diameter	Summer	Winter
15.9 mm or 26 mm (up to and including 15 metres)	\$641	\$837
Linear charge for length over 15 metres	\$32/metre	\$45/metre
42.2 mm or 60.3 mm (up to 15 metres)	\$1,178	\$1,540
Linear charge for length over 15 metres	\$68/metre	\$92/metre
Greater than 60 mm	Contract Price	Contract Price
Credit for provision of service line trench in 4-party installation	\$41	\$207

Notes:

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

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1.2 Mobilization Charge: A mobilization charge of \$207.00 will be levied for each additional site visit required when a site with an inspector confirmed site ready date does not meet ATCO Gas requirements for service line installations upon arrival of the service installation crew

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

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

1.5 Compaction: Contract Price

1.6 Shallow Utility Crossings: Contract Price

1.7 Waste Removal: Contract Price

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

3. REINSTATEMENT CHARGE/AMR REMOVAL FEE:

a. Residential (not before 8am of the next business day) - \$119.00

b. Residential (before 8am of the next business day) - \$279.00

c. Non-Residential (not before 8am of the next business day) - Contract Price (minimum \$119.00)

d. Non-Residential- (before 8am of the next business day) - Contract Price (minimum \$279.00)

4. METER RELOCATIONS

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

4.2 Other: Contract Price

5. ALTERATIONS, RELOCATIONS AND REPLACEMENT - Contract Price

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

7. TEMPORARY SERVICE – Contract Price

8. SPECIAL METER READ FEE: \$108.00

9. METER DISPUTE FEE:

a. Residential - \$114.00

b. Non-Residential - Contract Price (minimum \$114.00)

c. Customer Usage Information Fee will apply as required.

10. DISHONOURED CHEQUES: \$31.00

11. CUSTOMER USAGE INFORMATION: Contract Price

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

13. BILLING ERROR: Contract Price

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



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SCHEDULE D - CUSTOM SERVICE LETTER AGREEMENT

Date _____

Attention: _____

Dear _____:

Re: Custom Service Request for _____

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

1.0 Location

Custom Service is to be provided at the following location _____

2.0 Custom Service Requested

_____ confirms that the Custom Service requested is as following:

Maximum Daily Volume (GJ) _____
Minimum Delivery Pressure (kPa) _____
Maximum Hourly Flow Rate (GJ/hr) _____
Other _____

3.0 ATCO Gas Investment

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

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



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

4.0 Specific Facilities

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

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

Total Estimated Cost of Specific Facilities: \$ _____

5.0 Term of Agreement

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

6.0 Customer Contribution

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

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

7.0 Payment of Customer Contribution

Option 1

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

Option 2



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

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

8.0 Prudential Requirements

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

9.0 Rate Schedule and Terms and Conditions for Distribution Service Connections (DSC)

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

10.0 Acceptance of Agreement

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

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

Sincerely,

ATCO Gas

ATCO Gas Representative

AGREED TO AND ACCEPTED
THIS _____ DAY OF _____

PER: _____

TITLE: _____