



EB-2011-0257

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15 (Sched. B);

AND IN THE MATTER OF an Application by Union Gas Limited for an order or orders amending or varying its approved C1 and M12 rate schedules to accommodate new firm transportation services.

BEFORE: Karen Taylor
Presiding Member

DECISION AND ORDER

On July 8, 2011, Union Gas Limited (“Union”) filed an application with the Ontario Energy Board under the *Ontario Energy Board Act, 1998* seeking approval to modify its current approved C1 rate schedule to accommodate firm transportation service from Union’s Kirkwall Custody Transfer Station (“Kirkwall”), Union’s interconnect with TransCanada PipeLines (“TCPL”), to the Parkway Compressor Station (“Parkway”), effective November 1, 2012. Union is also seeking approval to modify its current approved M12 rate schedule to accommodate a firm transportation service from Union’s interconnect at Kirkwall to Parkway, effective November 1, 2012. For the reasons set out below, the Board approves the application.

The Board issued a Notice of Application, Written Hearing and Procedural Order on July 19, 2011. In the Notice, the Board adopted the intervenors in the EB-2010-0296 proceeding as intervenors in this proceeding. The Notice set out a timeline for the parties to file interrogatories and submissions on the basis that the Board would proceed to hear the application by way of a written hearing.

Canadian Manufacturers and Exporters (“CME”) and the Federation of Rental-housing Providers of Ontario (“FRPO”) were the only intervenors to file submissions in this

proceeding. Submissions were also received from Board staff. Union filed its reply argument on September 9, 2011.

Background

Union is applying for approval of a firm C1 Kirkwall to Parkway rate and a firm M12 Kirkwall to Parkway rate, both effective November 1, 2012. The new services are in direct response to changing North American natural gas supply dynamics. Union cited the continued decline in natural gas supplies from the Western Canadian Sedimentary Basin, together with the rapid and significant growth in new sources of natural gas supply, including the Marcellus Shale in Pennsylvania and New York, as impacting the flows of natural gas, both into and out of Ontario.

The C1 rate class is Union's cross franchise transportation service rate class. The C1 rate class provides shippers with transportation service on Union's pipeline facilities between the following points: Ojibway, St. Clair, Dawn, Parkway, Kirkwall, and Bluewater.

The M12 rate class provides shippers with transportation service on Union's Dawn – Oakville facilities.

Union conducted a binding open season in April and May of 2011 to determine market interest in the M12 Kirkwall to Parkway firm long-term transportation service. As a result of the open season, Union executed two, 10-year firm M12 transportation service contracts with TCPL for a total of approximately 263,249 GJ/d from Kirkwall to Parkway beginning November 1, 2012 and November 1, 2013.

Union plans to modify the C1 rate schedule to accommodate a firm transportation service from Kirkwall to Parkway at the rates set out in the following table.

Proposed Firm C1 Kirkwall to Parkway Transportation Rate

	Proposed
• Monthly Demand Charge (\$/GJ applied to Daily Contract Demand)	\$0.346
• Customer Supplied Fuel & UFG – April to October	0.358%
• Customer Supplied Fuel & UFG – November to March	0.537%

Union plans to modify the M12 rate schedule to accommodate a firm transportation service from Kirkwall to Parkway at the rates set out in the following table.

Proposed Firm M12 Kirkwall to Parkway Transportation Rate

	Proposed
<ul style="list-style-type: none"> • Monthly Demand Charge (\$/GJ applied to Daily Contract Demand) • Customer Supplied Fuel & UFG 	<p>\$0.346</p> <p>Monthly Fuel Ratios per M12 Schedule "C"</p>

Customer Need

Union conducted a binding open season in April and May of 2011 to determine market interest in the M12 Kirkwall to Parkway firm long-term transportation service. As a result of the open season, Union executed two, 10-year firm M12 transportation service contracts with TCPL for a total of approximately 263,249 GJ/d from Kirkwall to Parkway beginning November 1, 2012 and November 1, 2013.

Customer	Quantity (GJ/d)	Service Commencement Date	Initial Term (Years)
TCPL	88,497	November 2012	10
TCPL	174,752	November 2013	10

Board staff agreed that the proposed service offering is necessary to meet the needs of TCPL as a result of the changing North American natural gas supply market. CME and FRPO also supported the application.

Board Findings – Customer Need

The Board finds that Union has demonstrated the need for the proposed transportation services. The Board believes that need for the proposed services has been demonstrated by the established 10-year firm M12 transportation contracts for approximately 263,249 GJ/day, commencing in November 2012 and November 2013.

Rate Design

Union proposed that the current approved C1 rate schedule be modified to accommodate firm transportation service from Kirkwall to Parkway. The proposed rate design has two components:

- (a) A firm monthly transportation demand charge of \$0.346/GJ applied to daily contracted demand. This component of the rate is intended to provide a reasonable recovery of the fixed costs associated with the assets used to provide the transportation service.
- (b) A seasonal fuel ratio of 0.358% for the period April to October and 0.537% for the period November to March to recover the compressor and UFG associated with providing the Kirkwall to Parkway transportation service.

Union proposed that the current approved M12 rate schedule be modified to accommodate firm transportation service from Kirkwall to Parkway. The proposed rate design has two components:

- (a) A firm monthly transportation demand charge of \$0.346/GJ applied to daily contracted demand. This component of the rate is intended to provide a reasonable recovery of the fixed costs associated with the assets used to provide the transportation service.
- (b) Monthly fuel ratios per M12 Schedule "C".

Union noted that the firm monthly Kirkwall to Parkway transportation demand charge is calculated using the average cost of Dawn Trafalgar transmission per commodity kilometre, adjusted for the distance from Kirkwall to Parkway. This component of Union's proposed rate design provides for a reasonable contribution to the recovery of fixed costs associated with the assets used to provide the transportation service. Union noted that its approach to designing the rate for firm Kirkwall to Parkway transportation service is similar to rate design approved by the Board for the Dawn to Dawn-Vector transportation demand charge (EB-2007-0613).

Union proposed setting the M12 monthly fuel ratios for easterly transportation service from Kirkwall to Parkway to be equal to the current approved M12-X Easterly Kirkwall to Parkway monthly fuel ratios. These fuel ratios will recover Unaccounted For Gas "UFG"

and Parkway compressor fuel, where applicable. The compressor fuel component for the Kirkwall to Parkway fuel ratios is the difference between Union's current approved monthly M12 VT1 Easterly fuel ratios from Dawn to Parkway (TCPL) and Dawn to Parkway (Consumers) per the M12 Schedule "C".

Union proposed setting the C1 seasonal fuel ratios to recover UFG and Parkway compressor fuel as the simple average of the M12-X Easterly Kirkwall to Parkway (TCPL) monthly fuel ratios by season per M12 Schedule "C". The proposed C1 summer fuel ratio for the firm Kirkwall to Parkway transportation service is 0.358%. The proposed C1 winter fuel ratio for the firm Kirkwall to Parkway transportation service is 0.537%.

Board staff submitted that the proposed rate designs for the C1 Kirkwall to Parkway firm transportation services is appropriate for the time being. Board staff noted that Union's proposal to review cost allocation and rate design for the new transportation services at the time of rebasing is reasonable¹. Board staff submitted that, in its Decision, the Board should direct Union to complete a review of cost allocation and rate design for the M12 and C1 Kirkwall to Parkway transportation services as part of its 2013 rebasing proceeding.

CME submitted that it will rely on the Board to determine whether the cost allocation and rate design for the proposed rates are compatible with the approach approved by the Board for Union's other transportation rates.

FRPO submitted that it accepts that the proposed rates are reasonable until such time that the Board undertakes a review of the cost allocation and rate design for the new transportation services.

In its reply submission, Union stated that it is not necessary for the Board to issue a directive that Union review the rate-making methodology related to the new services at the time of rebasing. Union noted that the rate-making methodology for all of Union's regulated services is reviewed through the normal course of rebasing. Union also noted that it is already the subject of a directive from the Board to review the cost allocation and rate design associated with the M12-X and C1 Kirkwall to Dawn transportation services as part of its 2013 rebasing application.

¹ See Union's response to Board Staff IR #2 (Ex. B1.2).

Board Findings – Rate Design

The Board finds that the proposed rate designs for the C1 Kirkwall to Parkway and the M12 Kirkwall to Parkway transportation services are appropriate. The Board approves the rate for C1 Kirkwall to Parkway transportation service as set out in the C1 Rate Schedule, attached as Appendix “A” to this Decision, effective November 1, 2012. The Board also approves the rate for M12 Kirkwall to Parkway transportation service as set out in the M12 Rate Schedule, attached as Appendix “B” to this Decision, effective November 1, 2012.

The Board directs Union to review the rate-making methodology of the proposed services as part of its rebasing in 2013. The Board agrees with Board staff that it is reasonable to review cost allocation and rate design for the proposed transportation services at the time of rebasing.

Cost Awards

The Board may grant cost awards to eligible stakeholders pursuant to its power under section 30 of the *Ontario Energy Board Act, 1998*. When determining the amount of the cost awards, the Board will apply the principles set out in section 5 of the Board’s *Practice Direction on Cost Awards*. The maximum hourly rates set out in the Board’s Cost Awards Tariff will also be applied.

The Board will issue a Decision on Cost Awards after the steps set out below have been completed.

THE BOARD THEREFORE ORDERS THAT:

1. The rate for the Kirkwall to Parkway transportation service as set out in the C1 Rate Schedule, attached as Appendix “A” to this Decision, is approved effective November 1, 2012.
2. The rate for the Kirkwall to Parkway transportation service as set out in the M12 Rate Schedule, attached as Appendix “B” to this Decision, is approved effective November 1, 2012.
3. Intervenors shall file with the Board and forward their respective cost claim to Union within 14 days from the date of this Decision.

4. Union shall file with the Board and forward to the intervenors any objections to the claimed costs of the intervenors within 21 days from the date of this Decision.
5. If Union objects to the intervenor costs, intervenors shall file with the Board and forward to Union any responses to any objections for cost claims within 28 days of the date of this Decision.
6. Union shall pay the Board's costs incidental to this proceeding upon receipt of the Board's invoice.

Any filings to the Board must quote Board File No. **EB-2011-0257**, be made through the Board's web portal at www.errr.ontarioenergyboard.ca, and consist of two paper copies and one electronic copy in searchable / unrestricted PDF format. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Please use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at www.ontarioenergyboard.ca. If the web portal is not available you may email your document to the address below. Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file 7 paper copies.

ADDRESS:

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4
Attention: Board Secretary
Tel: 1-877-632-2727 (toll free)
Fax: 416-440-7656
E-mail: Boardsec@ontarioenergyboard.ca

DATED at Toronto, September 13, 2011

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary

APPENDIX "A"

TO DECISION AND ORDER

BOARD FILE NO. EB-2011-0257

DATED: September 13, 2011

Effective
2012-11-01
Rate C1
Page 1 of 2

CROSS FRANCHISE TRANSPORTATION RATES

(A) Applicability

To a Shipper who enters into a Contract with Union for delivery by Shipper of gas to Union at one of Union's points listed below for redelivery by Union to Shipper at one of Union's points.

<u>Applicable Points</u>	(1)	(2)
	Ojibway	WDA
	St. Clair	NDA
	Dawn*	SSMDA
	Parkway	SWDA
	Kirkwall	CDA
	Bluewater	EDA

*includes Dawn (TCPL), Dawn Facilities, Dawn (Tecumseh), Dawn (Vector) and Dawn (TSLE)

(B) Services

Transportation Service under this rate schedule is transportation on Union's pipeline facilities between any two Points as specified in Section (A), column 1.

(C) Rates

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

Transportation Service:

	Monthly Demand Charge (applied to daily contract demand)	Commodity Charges			
		If Union supplies fuel Commodity Charge		If Shipper supplies fuel Fuel Ratio	
		Apr.1-Oct.31	Nov.1-Mar.31	Apr.1-Oct.31	Nov.1-Mar.31
	<u>Rate/GJ</u>	<u>Rate/GJ</u>	<u>Rate/GJ</u>	<u>%</u>	<u>%</u>
a) Firm Transportation					
Between:					
St.Clair & Dawn	\$0.971	\$0.023	\$0.027	0.352%	0.431%
Ojibway & Dawn	\$0.971	\$0.030	\$0.033	0.496%	0.566%
Bluewater & Dawn	\$0.971	\$0.023	\$0.027	0.352%	0.431%
From:					
Parkway to Kirkwall	\$0.545	\$0.023	\$0.021	0.353%	0.328%
Parkway to Dawn	\$0.545	\$0.023	\$0.021	0.353%	0.328%
Kirkwall to Dawn	\$1.176	\$0.023	\$0.021	0.353%	0.328%
Dawn to Kirkwall	\$1.985	\$0.032	\$0.071	0.517%	1.136%
Dawn to Parkway	\$2.332	\$0.032	\$0.071	0.517%	1.136%
Kirkwall to Parkway	\$0.346	\$0.023	\$0.033	0.358%	0.537%
b) Interruptible and Short Term (1 year or less) Firm Transportation:					
Maximum		\$75.00	\$75.00		
c) Firm Transportation between two points within Dawn					
Dawn to Dawn-Vector	\$0.042	n/a	n/a	0.205%	n/a
Dawn to Dawn-TCPL	\$0.220	n/a	n/a	0.328%	0.638%
d) Interruptible Transportation between two points within Dawn*					
*includes Dawn (TCPL), Dawn Facilities, Dawn (Tecumseh), Dawn (Vector) and Dawn (TSLE)				0.328%	0.328%

(C) Rates (Cont'd)

Authorized Overrun:

The following Overrun rates are applied to any quantities transported in excess of the Contract parameters. Overrun will be authorized at Union's sole discretion.

	If Union supplies fuel		Commodity Charges If Shipper supplies fuel		Commodity Charge
	Commodity Charge		Fuel Ratio		
	Apr.1-Oct.31 Rate/GJ	Nov.1-Mar.31 Rate/GJ	Apr.1-Oct.31 %	Nov.1-Mar.31 %	
a) Firm Transportation					
Between:					
St.Clair & Dawn	\$0.054	\$0.060	0.352%	0.431%	\$0.032
Ojibway & Dawn	\$0.063	\$0.067	0.496%	0.566%	\$0.032
Bluewater & Dawn	\$0.054	\$0.060	0.352%	0.431%	\$0.032
From:					
Parkway to Kirkwall	\$0.021	\$0.019	0.947%	0.923%	\$0.018
Parkway to Dawn	\$0.021	\$0.019	0.947%	0.923%	\$0.018
Kirkwall to Dawn	\$0.021	\$0.019	0.947%	0.923%	\$0.039
Dawn to Kirkwall	\$0.078	\$0.116	1.112%	1.731%	\$0.065
Dawn to Parkway	\$0.089	\$0.126	1.112%	1.731%	\$0.077
Kirkwall to Parkway	\$0.059	\$0.070	0.963%	1.142%	\$0.011
b) Firm Transportation within Dawn					
Dawn to Dawn-Vector	n/a	n/a	0.438%	n/a	\$0.001
Dawn to Dawn-TCPL	n/a	n/a	0.328%	0.638%	\$0.007

Authorized overrun for short-term firm transportation is available at negotiated rates.

Unauthorized Overrun:

The Unauthorized Overrun rate shall be the higher of the reported daily spot price of gas at either, Dawn, Parkway, Niagara, Iroquois or Chicago in the month of or the month following the month in which the overrun occurred plus 25% for all usage on any day in excess of 102% of Union's contractual obligation.

(D) Terms of Service

The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A" for contracts in effect before October 1, 2010. The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A 2010" for contracts in effect on or after October 1, 2010.

(E) Nominations

Nominations under this rate schedule shall be in accordance with the attached Schedule "B" for contracts in effect before October 1, 2010.
Nominations under this rate schedule shall be in accordance with the attached Schedule "B 2010" for contracts in effect on or after October 1, 2010.

(F) Receipt and Delivery Points and Pressures

Receipt and Delivery Points and Pressures under this rate schedule shall be in accordance with Schedule "C 2010" for contracts in effect on or after October 1, 2010.

Effective November 1, 2012 Chatham, Ontario
O.E.B. Order # EB-2011-XXXX
Supersedes EB-2011-0135 Rate Schedule effective July 1, 2011

APPENDIX "B"

TO DECISION AND ORDER

BOARD FILE NO. EB-2011-0257

DATED: September 13, 2011

Effective
2012-11-01
Rate M12
Page 1 of 5

TRANSPORTATION RATES

(A) Applicability

The charges under this schedule shall be applicable to a Shipper who enters into a Transportation Service Contract with Union.

(B) Services

Transportation Service under this rate schedule shall be for transportation on Union's Dawn - Oakville facilities.

(C) Rates

The identified rates represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

	Monthly Demand Charge (applied to daily contract demand) Rate/GJ	Commodity and Fuel Charges Fuel Ratio %	AND	Commodity Charge Rate/GJ
<u>Firm Transportation (1)</u>				
Dawn to Oakville/Parkway	\$2.332			
Dawn to Kirkwall	\$1.985		Monthly fuel rates and ratios shall be in accordance with schedule "C".	
Kirkwall to Parkway	\$0.346			
Parkway to Dawn	n/a			
<u>M12-X Firm Transportation</u>				
Between Dawn, Kirkwall and Parkway	\$2.877			Monthly fuel rates and ratios shall be in accordance with schedule "C".
<u>Limited Firm/Interruptible Transportation (1)</u>				
Dawn to Parkway – Maximum	\$5.597		Monthly fuel rates and ratios shall be in accordance with schedule "C".	
Dawn to Kirkwall – Maximum	\$5.597			
Parkway (TCPL) to Parkway (Cons) (2)		0.328%		

Authorized Overrun (3)

Authorized overrun rates will be payable on all quantities in excess of Union's obligation on any day. The overrun charges payable will be calculated at the following rates. Overrun will be authorized at Union's sole discretion.

	If Union supplies fuel Commodity Charge Rate/GJ	Commodity and Fuel Charges Fuel Ratio %	AND	Commodity Charge Rate/GJ
Transportation Overrun				
Dawn to Parkway				\$0.077
Dawn to Kirkwall			Monthly fuel rates and ratios shall be in accordance with schedule "C".	\$0.065
Kirkwall to Parkway				\$0.011
Parkway to Dawn				\$0.077
Parkway (TCPL) Overrun (4)	n/a	0.540%		
M12-X Firm Transportation				
Between Dawn, Kirkwall and Parkway				\$0.095

(C) Rates (Cont'd)

Unauthorized Overrun

Authorized Overrun rates will be payable on all quantities up to 2% in excess of Union's contractual obligation.

The Unauthorized Overrun shall be the higher of the reported daily spot price of gas at either Dawn, Parkway, Niagara or Iroquois in the month of or the month following the month in which the overrun occurred plus 25% for all usage on any day in excess of 102% of Union's contractual obligation.

Nomination Variances

Where Union and the shipper have entered into a Limited Balancing Agreement ("LBA"), the rate for unauthorized parking or drafting which results from nomination variances shall equal the "Balancing Fee" rate as described under Article XXII of TransCanada PipeLines Transportation Tariff.

Notes for Section (C) Rates:

- (1) The annual transportation commodity charge is calculated by application of the YCRR Formula, as per Section (D). The annual transportation fuel required is calculated by application of the YCR Formula, as per Section (D).
- (2) This rate is for westerly transportation within the Parkway yard, from Parkway (TCPL) to Parkway (Cons) or Lisgar.
- (3) For purposes of applying the YCRR Formula or YCR Formula (Section (D)) to transportation overrun quantities, the transportation commodity revenue will be deemed to be equal to the commodity charge of the applicable service as detailed in Section (B).
- (4) This ratio will be applied to all gas quantities for which Union is obligated to deliver to Parkway (Cons) or Lisgar and has agreed to deliver to Parkway (TCPL) on an interruptible basis. This will be in addition to any rate or ratio paid for transportation easterly to Parkway (Cons) or Lisgar.
- (5) A demand charge of \$0.690/GJ/day/month will be applicable for customers contracting for firm all day transportation service in addition to the demand charges appearing on this schedule for firm transportation service to either Kirkwall or Parkway

(D) Transportation Commodity

The annual fuel charge in kind or in dollars for transportation service in any contract year shall be equal to the sum of the application of the following equation applied monthly for the 12 months April through March (The "YCRR" or "YCR" Formula). An appropriate adjustment in the fuel charges will be made in May for the previous 12 months ending March 31st to obtain the annual fuel charges as calculated using the applicable "YCRR" or "YCR" Formula. At Union's sole discretion Union may make more frequent adjustments than once per year. The YCRR and YCR adjustments must be paid/remitted to/from Shippers at Dawn within one billing cycle after invoicing.

(D) Transportation Commodity (Cont'd)

$$YCR = \sum_1^4 [(0.003280 \times (QT1 + QT3)) + (DSF \times (QT1 + QT3)) + FST] \text{ For June 1 to Sept. 30}$$

plus

$$\sum_5^{12} [(0.003280 \times (QT1 + Q3)) + (DWF \times QT1) + FWT] \text{ For Oct. 1 to May 31}$$

$$YCRR = \sum_1^4 [(0.003280 \times (QT1 + QT3)) + (DSF \times (QT1 + QT3)) + FST] \times R \text{ For June 1 to Sept. 30}$$

plus

$$\sum_5^{12} [(0.003280 \times (QT1 + Q3)) + (DWF \times QT1) + FWT] \times R \text{ For Oct. 1 to May 31}$$

where: DSF = 0.00000 for Dawn summer fuel requirements
DWF = 0.0020 for Dawn winter fuel requirements

in which:

YCR Yearly Commodity Required

The sum of 12 separate monthly calculations of Commodity Quantities required for the period from April through March.

YCRR Yearly Commodity Revenue Required

The sum of 12 separate monthly calculations of Commodity Revenue required for the period April through March.

QT1 Monthly quantities in GJ transported easterly hereunder received at Dawn at not less than 4 850 kPa but less than 5 860 kPa (compression required at Dawn).

QT3 Monthly quantities in GJ transported westerly hereunder received at the Parkway (Oakville) Delivery Point.

FWT The individual Shipper's monthly share of compressor fuel used in GJ which was required at Union's Lobo, Bright, Trafalgar and Parkway Compressor Stations ("Lobo", "Bright", "Trafalgar" and "Parkway") to transport the same Shipper's QT1 monthly quantities easterly.

Lobo, Bright, Trafalgar and Parkway compressor fuel required by each Shipper will be calculated each month.

The monthly Lobo and Bright compressor fuel will be allocated to each Shipper in the same proportion as the Shipper's monthly quantities transported is to the monthly transported quantity for all users including Union.

The monthly Parkway and Trafalgar compressor fuel used will be allocated to each Shipper in the same proportion as the monthly quantity transported to Parkway (TCPL) for each user is to the total monthly quantity transported for all users including Union.

(D) Transportation Commodity (Cont'd)

FST The individual Shipper's monthly share of compressor fuel used in GJ which was required at Union's Lobo, Bright, Trafalgar and Parkway compressor stations to transport the same Shipper's quantity on the Trafalgar system.

Lobo, Bright, Trafalgar and Parkway compressor fuel required by each Shipper will be calculated each month.

R Union's weighted average cost of gas in \$/GJ.

Notes

(i) In the case of Easterly flow, direct deliveries by TCPL at Parkway to Union or on behalf of Union to Union's Transportation Shippers will be allocated to supply Union's markets on the Dawn-Oakville/Parkway facilities starting at Parkway and proceeding westerly to successive laterals until exhausted.

(E) Provision for Compressor Fuel

For a Shipper that has elected to provide its own compressor fuel.

Transportation Fuel

On a daily basis, the Shipper will provide Union at the delivery point and delivery pressure as specified in the contract, a quantity (the "Transportation Fuel Quantity") representing the Shipper's share of compressor fuel and unaccounted for gas for transportation service on Union's system.

The Transportation Fuel Quantity will be determined on a daily basis, as follows:

Transportation Fuel Quantity = Transportation Quantity x Transportation Fuel Ratio.

In the event that the actual quantity of fuel supplied by the Shipper was different from the actual fuel quantity as calculated using the YCR formula, an adjustment will be made in May for the previous 12 months ending March 31st.

Nominations

The Shipper will be required to nominate its Transportation Fuel Quantity in addition to its normal nominations for transportation services.

(F) Terms of Service

The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A" for contracts in effect before October 1, 2010. The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A 2010" for contracts in effect on or after October 1, 2010.

(G) Nominations

Nominations under this rate schedule shall be in accordance with the attached Schedule "B" for contracts in effect before October 1, 2010.

Nominations under this rate schedule shall be in accordance with the attached Schedule "B 2010" for contracts in effect on or after October 1, 2010.

(H) Monthly Fuel Rates and Ratios

Monthly fuel rates and ratios under this rate schedule shall be in accordance with Schedule "C".

(I) Receipt and Delivery Points and Pressures

Receipt and Delivery Points and Pressures under this rate schedule shall be in accordance with Schedule "D 2010" for contracts in effect on or after October 1, 2010.

Effective

November 1, 2012
O.E.B. Order # EB-2011-XXXX

Chatham, Ontario

Supersedes EB-2011-0135 Rate Schedule effective July 1, 2011