

FortisBC Huntingdon Inc.

GENERAL TERMS AND CONDITIONS FOR SERVICE

**ARTICLE 1**

**DEFINITIONS**

Except where the context expressly states otherwise the following terms and abbreviations, when used in these General Terms and Conditions for Service, the Toll Schedules for Service and the Transportation Service Agreements, shall be construed to have the following meanings:

The term "**Company**" shall mean FortisBC Huntingdon Inc. ("HIPCO").

The term "**Company Facilities**" shall mean all pipeline, metering and other facilities which of any kind are used by Company to provide transportation service to Shippers. Such facilities may be owned by Company or may be owned by others and used by Company pursuant to an agreement between Company and such other owners under which Company receives transportation service.

"**Contract Demand**" shall mean the maximum volume of gas that Company is obligated to deliver without curtailment or interruption on any one day as specified in a Firm Transportation Service Agreement.

The term "**Contract Year**" shall mean a twelve month period, beginning on any November 1st, which falls within the contract term.

The term "**Cubic Metre**" shall mean that quantity of gas, which at a temperature of fifteen degrees (15°) Celsius and at an absolute pressure of one hundred one and three hundred twenty-five thousandths kilopascals (101.325 kPa) occupies one cubic meter.

The term "**Day**" shall mean a period of twenty-four (24) consecutive hours, beginning and ending at 8:00 a.m. Pacific Standard Time, or such other day as agreed to by HIPCO, FEI, and Westcoast Energy Inc. from time to time.

The term "**Delivery Point**" shall mean the point at which Company delivers Shipper's gas to Shipper following transportation through Company's Facilities.

"**Firm Transportation Service Agreement**" shall mean a Transportation Service Agreement under which the Company is obligated to provide transportation service without curtailment or interruption.

"**FEI**" shall mean FortisBC Energy Inc.

The term "**Force Majeure**" shall have the meaning attributed thereto in Article 14 of these General Terms and Conditions for Service.

"**Gas Lost**" shall mean for any month the volume of gas determined by Company to be the total volume of gas lost as a result of Force Majeure.

The term "**GJ**" shall mean gigajoule.

The term "**Gross Heating Value**" shall mean the number of MJ obtainable from the combustion, at constant pressure, of one cubic meter of gas at a temperature of fifteen degrees (15°) Celsius, free of all water vapour, and at an absolute pressure of one hundred and one and three hundred and twenty-five thousandths (101.325) kPa, with the products of combustion cooled to the initial temperature of the gas and all water formed by the combustion reaction condensed to the liquid state.

"**Imbalance**" shall mean the difference between the quantity of natural gas received and the quantity of natural gas delivered on any Day.

"**Interruptible Transportation Service Agreement**" shall mean a Transportation Service Agreement under which Company provides transportation service which is subject to curtailment or interruption.

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The term "**kPa**" shall mean kilopascals of pressure gauge unless otherwise noted.

The term "**Maximum Daily Export Quantity (MDEQ)**" shall mean the maximum quantity of gas which Company is obligated to transport and redeliver to Shipper at the Export Delivery Point on any day.

The term "**Maximum Daily Import Obligation (MDIO)**" shall mean the maximum quantity of gas which Company is obligated to transport and redeliver to Shipper at the import Delivery Point on any day.

The term "**MJ**" shall mean megajoule.

The term "**Month**" shall mean a period extending from the beginning of the first Day in a calendar month to the beginning of the first Day in the next succeeding calendar month or such other month as agreed between HIPCO, FEI, and Westcoast Energy Inc., from time to time.

"**NEB**" shall mean the National Energy Board of Canada, or its successor.

The term "**Nomination**" shall mean Shipper's notice to Company respecting the volumes of gas which Shipper wishes the Company to receive and transport for Shipper.

The term "**Person**" shall mean any party except the parties to any Service Agreement.

The term "**Receipt Point**" shall mean the point at which Company receives gas from the Shipper for transportation in Company's Facilities.

The term "**Transportation Service Agreement**" shall mean an agreement between Shipper and Company for the transportation service requested by Shipper.

The term "**Shipper**" shall mean any shipper of gas receiving transportation service from Company pursuant to a Transportation Service Agreement executed with Company.

The term "**10<sup>3</sup>m<sup>3</sup>**" shall mean one thousand (1,000) cubic meters of gas as determined on the measurement basis set forth in Article III hereof.

- 1.2 In Transportation Service Agreements and these General Terms and Conditions for Service words importing the singular shall include the plural, and vice versa, and words importing the masculine gender shall include the feminine gender, and vice versa, and words importing persons shall include firms and corporations, and vice versa.
- 1.3 The division of Transportation Service Agreements and these General Terms and Conditions for Service into articles and sections, the provision of an index and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of Transportation Service Agreements or these General Terms and Conditions for Service.
- 1.4 Transportation Service Agreements and these General Terms and Conditions for Service shall be constructed in accordance with the laws of British Columbia and Transportation Service Agreements shall be treated in all respects as contracts made, entered into, and to be wholly performed in British Columbia by parties domiciled and resident therein.

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**ARTICLE 2**

**QUALITY OF GAS**

- 2.1 The following specifications shall apply to the gas which Shipper delivers or causes to be delivered to Company for transportation at the Receipt Point.
- (a) The gas shall be commercially free from sand, dust, gums, crude oil, impurities, or other objectionable substances in quantities which may render it unmerchantable and which may be injurious to Company's Facilities or may interfere with the transmission, measurement, or commercial utilization of gas.
  - (b) The gas shall not, unless otherwise agreed upon, have a hydrocarbon dew point in excess of minus ten degrees (-10°) Celsius at operating pressure.
  - (c) The gas shall not contain more than six (6) milligrams of hydrogen sulphide per one Cubic Meter of gas.
  - (d) The gas shall not contain more than two hundred and thirty (230) milligrams of total sulphur per one Cubic Meter of gas.
  - (e) The gas shall not contain more than three percent (3%) by volume of carbon dioxide, unless otherwise agreed upon.
  - (f) The gas shall not contain more than one hundred ten (110) milligrams of water vapour per one Cubic Meter of gas.
  - (g) The gas shall not exceed 4°C in temperature at the Receipt Point.
  - (h) The gas shall be as free of oxygen as it can be kept through the exercise of all reasonable precautions and shall not in any event contain more than two-tenths of one percent (0.2%) by volume of oxygen.
- 2.2 The gas Company delivers to Shipper or for Shipper's account shall have the constituent parts that result from the commingling of the gas from various sources on Company's pipeline.
- 2.3 The gas shall have a Gross Heating Value not less than thirty six point sixty-six (36.66) megajoules per Cubic Meter of gas; provided however, that Company may at its sole discretion permit gas of lower gross heating value to be tendered to Company at the Receipt Point.
- 2.4 If the gas tendered for transportation shall fail at any time to conform to any of the specifications set forth in this Section 2, then Company shall notify Shipper of such deficiency and may, at its option, refuse to accept such gas pending the Shipper remedying such failure to conform to quality specifications. However, any such refusal shall not relieve Shipper from any obligation to pay its demand charge, or any other charge payable to Company.

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**ARTICLE 3**

**MEASUREMENT**

- 3.1 The unit of volume of gas for all purposes hereunder shall be one (1) Cubic Meter.
- 3.2 The unit of energy of gas for all purposes hereunder shall be one (1) GJ. The daily quantity of energy transported by Company shall be determined by multiplying the volume of gas transported by the average gross heating value of the gas over the same period. The gross heating value shall be determined at reasonable intervals by the party operating the measuring equipment.
- 3.3 The volume of gas transported under a Transportation Service Agreement shall be determined by means of a metering device approved by the appropriate governing regulatory body.
- 3.4 All fundamental constants, observations, records, and procedures involved in determining and/or verifying the quantity and other characteristics of gas delivered will, unless otherwise specified in a Transportation Service Agreement, be in accordance with the measurement standards prescribed and approved by the appropriate governing regulatory body.
- 3.5 Company shall preserve all measurement test data, measurement charts, and other similar records for a period of two (2) years.
- 3.6 The volume of gas shall be specified in  $10^3\text{m}^3$  to one decimal place and energy shall be specified in gigajoules rounded to the nearest gigajoule.

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ARTICLE 4

OPERATING PROVISIONS

- 4.1 Shipper shall advise Company, at the times noted under (a) and (b) below, of the gas volumes which it contemplates delivering to Company for transportation. Such advice, noted under (b), hereinafter called a Nomination, shall be transmitted to Company by telephone, fax or other such method agreed to by Company.
- (a) For the purpose of scheduling commencement of initial transportation service, Shipper must notify Company five (5) business days prior to the day on which Shipper desires transportation service to commence, or such lesser period of time agreed to by Company.
  - (b) For the purpose of scheduling daily transportation quantities during a month, Company must receive Shipper's Nomination indicating transportation and their effective dates no later than;
    - i. Timely cycle 9:30 PST the day prior to gas flow evening
    - ii. Evening cycle 16:00 PST the day prior to gas flow
    - iii. Intro day 1 08:00 PST the day of gas flow
    - iv. Intro day 2 15:00 PST the day of gas flow
    - v. Late Night Nomination as available from Northwest Pipeline
- 4.2 All Nominations received by Company shall remain in effect, whether or not deliveries are made, until an amended Nomination is received by Company pursuant to Paragraph 4.1.
- 4.3 Not less than three (3) months prior to the commencement of Shippers **first** and each subsequent Contract Year, Shipper shall furnish to Company, on Company's request, estimates of Shippers monthly requirements for gas deliveries for such Contract Year and estimates of Shipper's annual requirements for deliveries for each of the following two (2) Contract Years.
- 4.4 All Nominations shall be entered in the Web Interface Nomination System (WINS) computer application.
- FortisBC Huntingdon Inc.  
16705 Fraser Highway  
Surrey, BC V4N 0E8
- Contacts: Mr. Mike Di Giovanni  
Transportation Services Manager  
[Mike.DiGiovanni@fortisbc.com](mailto:Mike.DiGiovanni@fortisbc.com) or [transportationservices@fortisbc.com](mailto:transportationservices@fortisbc.com)
- Telephone: (604) 592-7685  
Cell: (604) 240-4112
- 4.5 In the event that the Company determines that it has delivered more or less gas to Shipper at the Delivery Point than it has received from Shipper at the Receipt Point, Company shall advise Shipper of such imbalance. Company shall thereafter have the right to adjust receipts or deliveries or both until such imbalance is reduced to zero.
- 4.6 Notwithstanding the provisions of a Transportation Service Agreement, in the event there is an imbalance between receipts and deliveries at the end of the term of a Transportation Service Agreement, the term of the Transportation Service Agreement will be extended until a balance is achieved by extending deliveries or receipts, as applicable, until such balance is achieved or by such method as is then mutually agreed upon by the parties hereto.

Effective Date: December 12, 2011

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**ARTICLE 5**

**SERVICE PRIORITIES**

- 5.1 Company shall provide transportation service in accordance with the following priorities:
- (a) transportation under Firm Transportation Service up to the MOIO and/or MDEQ shall be given the first priority.
  - (b) transportation under Interruptible Transportation Service shall be given the second priority. Such service will be conditioned upon the availability of pipeline capacity sufficient to provide service without detriment to Company's existing transportation customers having a higher priority.
- 5.2 Notwithstanding the above, Company shall, in its sole discretion, have the right to transport quantities which are imbalances owing to Company or to Shipper prior to quantities nominated under Interruptible Transportation Service.
- 5.3 Company shall retain full exclusive right to operating Company Facilities in a manner which in its sole discretion, is consistent with operating conditions and obligations as they may exist from time to time.
- 5.4 Due to facility restrictions, both transportation service - export and transportation service - import cannot physically take place on the same Day, however Company will make reasonable efforts to provide transportation service using displacement.
- 5.5 Priority of deliveries for Interruptible Transportation Service shall be determined on a pro-rata basis.
- 5.6 In the event Company determines it needs to curtail or interrupt the delivery of gas for scheduled repairs or maintenance of any portion of Company facilities, Company shall as soon as is reasonably possible, give written notice of the date and scheduled duration of such curtailment of interruption. Such written notice shall be given at least seventy-two (72) hours prior to such curtailment or interruption.
- 5.7 Notwithstanding Section 5.6 in the event of an emergency, Company may curtail or interrupt service without giving Shipper seventy-two (72) hours written notice, provided that Company shall give written notice of such curtailment or interruption as soon as is reasonably possible.

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**ARTICLE 6**

**RECEIPT AND DELIVERY OF GAS**

- 6.1 Company's obligation to deliver gas to Shipper on any day at the Delivery Point shall be subject to:
- (a) Company having authorized the transportation of gas on that day pursuant to the Nomination; and
  - (b) Shipper delivering to Company at the Receipt Point a quantity of gas which is thermally equivalent to authorized transportation quantity, adjusted for its pro-rata share of any loss or unaccountable gas.
- 6.2 Shipper shall deliver to Company the quantity of gas authorized to be transported at such pressure at the Receipt Point as will enable the Company to transport it on Company's Facilities to the Delivery Point.
- 6.3 Company shall be deemed to be in possession of, and control of, and responsible for all gas authorized to be received at the Receipt Point until such gas is delivered by it at the Delivery Point. Company shall have the right to commingle such gas with other gas in the Pipeline System and use such gas for displacement purposes.

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**ARTICLE 7**

**STATEMENT AND PAYMENTS**

- 7.1 Company shall, on or before the 20th day of each month, deliver to Shipper statement of the quantity of gas transported on behalf of Shipper at Delivery Point during the preceding month.
- 7.2 Company shall, on or before the 25th day each month, deliver to Shipper a statement of the amount payable by Shipper for all services provided by Company to Shipper during the preceding month.
- 7.3 All payments to Company shall be made in Canadian funds to Company or its designate on or before the later of the (i) 30th day of the month, and (ii) the fifth business day following receipt by Shipper of the statement referred to in Section 7.2.
- 7.4 If Shipper shall be in default of any payment due and owing hereunder, or any part thereof, Company shall have the right to charge interest on such amount until the date payment is actually received by Company at the rate of interest which is equal to the rate charged from time to time by the Toronto Dominion Bank, Main Branch, Vancouver, British Columbia, as being the prime lending rate of the Toronto Dominion Bank on the date such payment is due, plus one percent (1%).
- 7.5 Company may cease to receive and re-deliver gas to Shipper if Shipper fails to pay Shipper all monies due and owing within thirty (30) days after demand is made.



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**ARTICLE 8**

**CONTRACT DEMAND CREDITS**

- 8.1 If for any period of time (the "Curtailment Period") and for any reason, Company is unable to provide, in whole or in part, one or more Firm Transportation Services specified in Shipper's Firm Transportation Service Agreement, then in respect of each such Firm Transportation Service, Shipper shall be entitled to a credit to its monthly bill, for each day in the Curtailment Period, equal to the Daily Demand Toll times the difference between (i) the average of the nominated volume in respect of such Firm Transportation Service for that period of time ending on the day immediately prior to the Curtailment Period that is of the same duration as the Curtailment Period, and (ii) the nominated volume in respect of such Firm Transportation Service for each such day in the Curtailment Period, but no such credit shall be given if such inability by Company to provide that Firm Transportation Service resulted from:
- (a) Shipper being unable to (i) deliver gas at the Receipt Point, or (ii) accept delivery of gas at the Delivery Point;
  - (b) The Maintenance, repair, modification, or expansion of the Company's facilities or any part thereof; or
  - (c) Shipper's refusal to accept displacement arrangements used by Company to provide equivalent transportation service.

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**ARTICLE 9**

**LIABILITY**

- 9.1 Company will use its best efforts to render full transportation service during the term of any Transportation Service Agreement through utilization of its existing facilities. However, in the event that Company should determine that it is unable to render such service, in part or in full, for any reason whatsoever, Company will not be liable to Shipper for damages. Such reasons will include, without limitation,
- (a) Unanticipated changes in operating conditions on Company's Facilities;
  - (b) Changes in magnitude of Company's or Shipper's gas supply at Receipt Point;
  - (c) Company's determination to modify, replace, repair or retire any of its Facilities;
  - (d) Company's obligations to render Firm Transportation Service;
  - (e) Company's determination to render changes, new or increased firm services; and
  - (f) Company's obligations under Transportation Service Agreements already in effect.
- 9.2 The waiver by either Shipper or Company of any default by the other in the performance of any provision of a Transportation Service Agreement shall not operate or be construed as a waiver of any other defaults, whether of a like or a different character.

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ARTICLE 10

FORCE MAJEURE

- 10.1 The term "**Force Majeure**" shall mean any cause not reasonably within the control of the party claiming suspension which by the exercise of due diligence such party is unable to prevent or overcome, including but without limiting the generality of the foregoing:
- (a) lightning, storms, earthquakes, landslides, floods, washouts, and other Acts of God.
  - (b) fires, explosions, ruptures, breakage of or accidents to pipeline, plant, machinery, equipment, and storage.
  - (c) strikes, lockouts, shortages of necessary labour, or other industrial disturbances;
  - (d) civil disturbances, sabotage, war, blockades, insurrections, vandalism, riots, epidemics;
  - (e) arrests and restraints by governments or governmental agencies;
  - (f) the order of any court having competent jurisdiction;
  - (g) inability to obtain or curtailment of supplies of electric power, water, fuel, or other utilities or services;
  - (h) inability to obtain or curtailment of supplies of any other materials or equipment;
  - (i) inability to obtain or revocation or amendment of any order, permit, license, certificate or authorization of any governmental or regulatory body required to perform or comply with any obligation or condition of the Transportation Service Agreement, unless the revocation or amendment of any such necessary order, permit, license, certificate or authorization was caused by the violation of the terms thereof or consented to by the party holding the same; or
  - (j) any other cause whether herein enumerated or otherwise not reasonably within the control of the party claiming suspension which by the exercise of due diligence such party is unable to prevent or overcome.
- 10.2 In the event that Company and Shipper is rendered unable by reason of force majeure to perform in whole or in part any covenant or obligation set forth in the Transportation Service Agreement, the performance of such covenant or obligation shall be suspended during the continuance of such force majeure (except Shipper's obligation to make payments due thereunder) upon the following terms and conditions.
- (a) the party claiming suspension shall give written notice to the other party specifying full particulars of such force majeure as soon as is reasonably possible;
  - (b) the party claiming suspension shall as far as reasonably possible remedy such force majeure as soon as is reasonably possible; and
  - (c) the party claiming suspension shall give written notice to the other party after such force majeure has been remedied as soon as is reasonably possible.
- 10.3 A lack of funds or other financial cause shall not in any circumstances be an event of force majeure.
- 10.4 The settlement of strikes, lockouts, and other industrial relations disturbances shall be entirely within the discretion of the party involved.
- 10.5 In the event that the provision of service is curtailed or interrupted by reason of force majeure, Company may during the continuance of such force majeure provide such service as it deems appropriate.

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**ARTICLE 11**

**NOTICES**

- 11.1 Any notice which may be given shall, unless otherwise specified in a Transportation Service Agreement, be in writing and delivered or sent by telecopier or courier to such address, specified in a Transportation Service Agreement, or to such other address as either Company or Shipper may designate by written notice. Any notice delivered by telecopier or courier shall be deemed to have been received by the other party on the day it was so delivered.