

Conditions of Service

and

Tariff

January 1, 2012

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INTRODUCTORY NOTE

The content of the present document has been set by the Régie de l'énergie pursuant to the *Act Respecting the Régie de l'énergie* (R.S.Q., c. R-6.01). Any customer who disagrees with the application of the present document by the distributor may submit a complaint to the distributor in accordance with the complaint review procedure established by the distributor and approved by the Régie de l'énergie in Decision D-98-25, File R-3392-97, May 13, 1998, Appendix M. If the customer does not agree with the distributor's decision concerning its complaint, it may then ask the Régie to review it in accordance with the provisions of Chapter 7 of the aforementioned Act (Sections 86 to 101).

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Section I

Application

1. APPLICATION

1.1 APPLICATION

The provisions hereof establish the conditions of service and rates of Gaz Métro Limited Partnership (the distributor) in its exclusive distribution territory.

1.2 INFORMATION

The distributor shall inform its customers of these conditions of service and the application of various services and rates. In addition, when new conditions of service or rates come into effect, the distributor shall inform its customers of them in writing. It shall also inform them of the availability of different rates, of their right to avail themselves of the most advantageous Distribution Rate and to obtain free of charge copy of the *Conditions of Service and Tariff*.

1.3 DEFINITIONS

In this document, the following terms shall have the meaning ascribed to them:

AGREED UPON DELIVERY POINT

Physical or geographical location where natural gas is delivered:

- to the distributor at a point specified in the customer-provided natural gas supply service contract agreement; or
- within the territory on Gaz Métro's gas system or outside the territory (ex-territory) at a point specified during the engagement of the nominated volume by a customer subject to Rate D_R.

BILLING ADDRESS

Address to which the customer's bill is sent.

CONNECTION

Connection of a new service address to the distribution system.

CONNECTION PIPELINE

Underground line belonging to the distributor connecting the distribution main to the connection point at the service address.

CONNECTION POINT

Point where the distributor's connection pipeline joins the customer's pipes at the service address.

CONSUMPTION ZONE

Geographic zone from the interconnect point with the TCPL/TQM system delimiting the portion of Gaz Métro's system connected to that interconnect point.

CONTRACT

Agreement between a customer and the distributor for one or more natural gas services supplied by the distributor to a service address.

CONTRACT PERIOD

Period of one year or less between two agreed upon dates.

CONTRACT YEAR

Period of 12 months beginning on the date agreed upon in the written contract.

CONTRIBUTION – GREEN FUND

The contribution to the Green Fund is an annual duty levied pursuant to Order in Council 1049-2007 of the government of Quebec.

CUBIC METRE OF NATURAL GAS (m³)

Quantity of natural gas contained in one cubic metre at an absolute pressure of 101.325 kilopascals and at a temperature of 15 degrees Celsius.

CUSTOMER

Any individual or legal person, partnership or body that has entered into a contract with the distributor.

CUSTOMER DELIVERY POINT

Point, immediately after the distributor's metering equipment, at which the distributor makes the natural gas available to the customer.

CUSTOMER GROUPING

Customers who form a group to purchase services provided for in the *Conditions of Service and Tariff*.

DAY

A 24-hour period beginning at 10:00 a.m. Eastern Standard Time (ET), in the absence of an agreed time.

DOMESTIC USE

Utilization of the natural gas service for applications related exclusively to the occupation of a personal residence or of apartments in a housing cooperative or non-profit housing organization, or to the use of common areas in a condominium.

FIRM SERVICE

Uninterrupted natural gas service.

GROSS HEATING VALUE

The total number of joules produced by the full combustion, at a constant pressure, of one cubic metre of natural gas in contact with air, under conditions such that the natural gas is free of water vapour; that the natural gas, air and combustion products are at normal temperature, and that all water produced by the combustion is condensed to a liquid state.

INVENTORY

Natural gas supply, compressor fuel and transportation held in inventory by the distributor and necessary for serving the customer during the contract year.

LOAD FACTOR

Ratio of average annual daily load to peak daily load.

METERING EQUIPMENT

Any equipment used to measure the natural gas withdrawn or injected by the customer, including in particular a meter, with or without a remote reading device or a chromatograph.

METERING POINT

One metering device, or more than one if the distributor deems appropriate to use more than one, measuring the natural gas withdrawn by a single customer and serving one or more buildings or facilities located at a single site occupied by that customer or measuring the natural gas injected by a customer.

MINIMUM ANNUAL OBLIGATION (MAO)

Minimum annual volume of natural gas, for each contract year, that a customer agrees to pay for, in accordance with the *Conditions of Service and Tariff*, whether or not it withdraws or injects the natural gas.

MULTIPLIER FACTOR

The coefficient applied to the measurement of the volume of natural gas withdrawn or injected by a customer in order to take account of the characteristics of the metering equipment.

NATURAL GAS SERVICE

One or more of the distributor's following services: natural gas supply service, natural gas compressor fuel service, transportation service, load-balancing service and distribution service.

NOMINATED VOLUME

Volume the customer agrees to inject in the distribution network during a day at an agreed upon delivery point.

NORMALIZED ANNUAL CONSUMPTION

Average annual volume of the last 24 months after normalization.

NORTHERN ZONE

The Abitibi-Témiscamingue region served by the distributor.

PAYMENT AGREEMENT

Agreement between a customer and the distributor to spread the payment of unpaid amounts owing on the due date over a period of time and to provide for full payment of the bills issued during the period covered by the agreement.

PRESSURE FACTOR

The coefficient applied to the measurement of the natural gas volume withdrawn or injected by a customer in order to take account of atmospheric pressure and delivery pressure.

PRICE OF NATURAL GAS TRADED AT IROQUOIS

Price of natural gas according to the "Daily price survey" indicator published by Platts in Gas Daily under "Canadian Gas: Iroquois, receipts; Midpoint; Flow Date(s)."

RECEIPT POINT

Physical location where producers' facilities join Gaz Métro's connection pipelines to move natural gas to the gas system.

RECOGNIZED MARGINAL REDUCTION

For a customer who participates after October 1, 2004 in an energy efficiency program under the Global Energy Efficiency Plan (GEEP) or the Energy Efficiency Fund (EEF), the recognized marginal reduction is evaluated by calculating the difference between the typical consumption following the implementation of a higher-efficiency measure and the consumption following the implementation of a standard measure. This recognized marginal reduction and the period for which it will be recognized will be included in the contract documents governing the customer's participation in the energy efficiency program.

SERVICE ADDRESS

Address that is or will be connected to the distribution system, including the receipt point.

SOUTHERN ZONE

The territory served by the distributor with the exception of the Northern zone.

TARIFF

The schedule of rates and rate conditions applicable to the customer and the distributor, as set out in Sections III and IV.

TCPL/TQM TRANSPORTATION

Transportation of natural gas within Gaz Métro's territory between different consumption zones or outside Gaz Métro's territory via the TCPL/TQM transmission system.

VOLUME DEFICIT

Portion of the minimum volume not withdrawn by a customer.

VOLUMES DELIVERED OUTSIDE THE TERRITORY

Delivery of natural gas to an interconnect point with the TCPL/TQM system.

VOLUMES DELIVERED WITHIN THE TERRITORY

Delivery of natural gas to Gaz Métro's entire system.

WITHDRAWALS EXEMPT FROM GREEN FUND CONTRIBUTION

Volumes of biogas distributed by pipe used solely for biogas distribution;

Volumes of natural gas if they are used as raw materials without combustion of natural gas as declared by the customer in declarations received by the distributor no later than the third working day following the end of the month covered by the billing and as confirmed, at the end of the year, no later than October 15 of each year by sworn statement by the customer, or if the customer is a legal entity or a corporation, by an authorized officer thereof.

WORKING DAY

Monday to Friday with exception of public holidays.

Section II

Conditions of Service

2. DISTRIBUTION SYSTEM

2.1 DISTRIBUTION SYSTEM

The distributor shall determine the location of its distribution system, which includes the receipt point.

The distributor shall own the distribution system and shall supply, install, operate and maintain the system up to the connection point or the receipt point.

No one other than the distributor or its authorized agent may at any time or in any way modify or alter its distribution system.

2.1.1 ACCESSIBILITY

The customer shall make the distribution system accessible to the distributor at any time and shall maintain the premises in a manner that permits the distributor to operate the system in accordance with the applicable legislation.

2.1.2 RELOCATION OR MODIFICATION

A person who requests a relocation or modification of the distribution system must be the owner of the property where the service address is located or declare and warrant having, for this purpose, all the authorizations and permissions required from the owner of the premises. The applicant shall provide the distributor, upon request, with any evidence so attesting.

If the distributor relocates or modifies its distribution system following a request made under the preceding paragraph, the distributor may bill the applicant for the cost of work, in accordance with an estimate it has provided to it in advance or in accordance with the actual cost of work. The method of billing the cost of work shall be determined when the relocation or modification request is made.

If a request to relocate or modify the system is withdrawn, the distributor may bill the applicant if work has already been undertaken or completed. The amount shall then be based on the actual cost of work.

3. SERVICES

3.1 NATURAL GAS SERVICES

The distribution service shall be offered exclusively by the distributor in its territory, as provided in the *Act Respecting the Régie de l'énergie*.

Except for customers subject to the receipt rate, the following services may, at the option of the customer, be obtained from the distributor, or subject to Section III of the present document, obtained by the customer itself from one or more suppliers:

1. gas supply service, including make-up gas service;
2. compressor fuel service;
3. transportation service;
4. load-balancing service.

The distributor shall provide these services by default, in accordance with Section III of the present document, unless the customer notifies the distributor of its intention to provide them itself.

3.2 CHOICE OF SERVICES

The conditions relating to a customer's obtaining services from the distributor or providing them itself are specified in Section III of the present document.

4. NATURAL GAS SERVICE REQUEST AND CONTRACT

4.1 NATURAL GAS SERVICE REQUEST

4.1.1 SERVICE REQUEST PROCEDURE

4.1.1.1 Address Connected to the Distribution System

The service request may be made to the distributor by telephone, mail, e-mail or fax or on the distributor's Internet site. If required by the distributor, the request shall be in writing where the applicant does not intend to occupy the address in question.

The service request by a customer subject to the receipt rate shall be in writing.

4.1.1.2 Address not Connected to the Distribution System

The service request may be made to the distributor in the manner provided in Article 4.1.1.1 or to one of its representatives duly authorized for this purpose. The list of duly authorized representatives may be obtained from the distributor.

The applicant must be the owner of the property where the service address is located or declare and warrant having, for this purpose, all the authorizations and permissions required from the owner of the property. The applicant shall provide the distributor, upon request, any evidence so attesting.

4.1.2 CONDITIONS FOR ACCEPTANCE OF A SERVICE REQUEST

Acceptance of a service request by the distributor may be subject to:

1. payment of a deposit in accordance with Article 8.1;
2. payment, in accordance with Chapter 7, of the amounts owing to the distributor by a customer if the customer continues to occupy the service address covered by the request after the date the natural gas is required.

4.2 INFORMATION TO BE PROVIDED FOR NATURAL GAS SERVICE REQUEST

4.2.1 INDIVIDUAL

1. Mandatory information
 - a) Family name and given name
 - b) Service address covered by the natural gas service request
 - c) Billing address, if different from address covered by the natural gas service request
 - d) Telephone number(s)
 - e) Date for which service is requested
 - f) Date of birth
 - g) Other active accounts with the Distributor
 - h) Last address occupied during the 12 months preceding the request

2. Optional information
 - a) Fax number
 - b) E-mail address
 - c) Reading of the metering equipment

4.2.2 OTHER THAN AN INDIVIDUAL

1. Mandatory information
 - a) Name
 - b) Business name
 - c) Service address covered by the natural gas service request
 - d) Billing address, if different from address covered by the natural gas service request
 - e) Telephone number(s)
 - f) Name of contact person
 - g) Date for which service is requested
 - h) Other active accounts with the distributor
 - i) Last address occupied during the 12 months preceding the request
2. Optional information
 - a) Fax number
 - b) E-mail address
 - c) Reading of the metering equipment

4.3 SERVICE CONNECTION

4.3.1 COST OF WORK AND ECONOMIC INVESTMENT

If the service address is not connected to the distribution system, the distributor shall estimate the cost of the work required and the revenues generated by connection of the service address to the distribution system.

If a connection request is withdrawn, the distributor may bill the applicant if the work has already been undertaken or completed. The amount shall then be based on the actual cost of the work.

4.3.2 CONNECTION CHARGES

If the connection to the natural gas distribution system is requested for a service address to which Rate D₁ will be applicable and for which the projected annual volume will be less than 10,950 m³, the applicant shall be charged the amount set out in Article 17.1.1.1.

If the connection to the gas distribution system is requested by the real estate developer or the builder of the building where the service is required, the applicant shall then be deemed to be the owner of the building when the service request is made.

These service connection charges shall be payable in a single payment or, if the applicant is a customer of the distributor, over a period of 24 months or, at the customer's request, in a single payment. If payment of the service connection charges is spread over 24 months and the contract ends before the service connection charges have been fully paid, the balance thereof shall be payable immediately.

4.3.3 CHARGE FOR NON-STANDARD SERVICE CONNECTION

The applicant shall be billed the charges set out in Article 17.1.1.2 for the connection of a service address:

- if the connection point is located more than 3 meters from the front corner of the building, or
- if the length of the connection line between the property line on which the building is located and the connection point exceeds 50 linear meters.

4.3.4 FINANCIAL CONTRIBUTION FROM THE CUSTOMER

If the revenues generated from connection of the service address to the distribution system do not allow the distributor to earn a return on its investment, based on the estimated cost of the work required, in accordance with the conditions approved by the Régie de l'énergie, the distributor may, on entering into the contract, agree with the customer on a financial contribution payable by the customer. Any service connection charge under Article 4.3.2 shall be additional to this contribution. The distributor may also agree with the customer on a minimum annual obligation.

If a financial contribution is required, it shall be payable in a single payment before the work is started or paid in instalments over the contract term. The distributor shall provide the customer with the details of the financial contribution required.

If a financial contribution is required, the distributor and the customer shall agree before the work is started on matters including:

1. the amount of the financial contribution requested from the customer;
2. the terms of payment of the financial contribution requested from the customer;
3. the conditions for repayment, in whole or in part, of the contribution requested from the customer, where applicable.

The distributor may repay, in whole or in part, in accordance with certain profitability conditions set out in writing when the contract is entered into, the financial contribution paid by the customer to make the investment economic.

Notwithstanding the payment of a financial contribution by the customer, the distributor shall remain the exclusive owner of the distribution system.

4.4 LEAD TIMES REQUIRED BY THE DISTRIBUTOR TO PROVIDE NATURAL GAS DISTRIBUTION SERVICE

4.4.1 ADDRESS CONNECTED TO THE DISTRIBUTION SYSTEM

The natural gas shall be made available to the customer immediately if the metering equipment is not turned off or sealed.

If the metering equipment is turned off or sealed, the distributor will generally require one to five business days to establish service. However, service may be established later than that if the customer so requests or by reason of constraints relating to the metering equipment. In the case of metering-equipment-related constraints, the time required shall be determined for each case and the customer shall be notified of it.

If the service request is made following a service interruption requested by the customer, the distributor shall bill the customer for the service reconnection charge set out in Article 17.1.1.8.

4.4.2 ADDRESS NOT CONNECTED TO THE DISTRIBUTION SYSTEM

If the service connection requires only a line to connect the service address to the existing distribution system, the time between the acceptance of the service request and the natural gas service being made available to the customer shall be:

1. 30 business days for the installation of an S6 or S20 metering device;
2. 40 business days for the installation of an S40 to S50 or R80 to R450 metering device.

However, service may be established later than that if the customer so requests or by reason of constraints relating to construction. In the case of construction-related constraints, the distributor shall notify the applicant.

If, in addition to the line, the service connection requires work on the existing distribution system, the time required by the distributor shall be determined for each case and the applicant shall be notified.

If a request is submitted to the distributor for connection in less time than provided in the first paragraph according to the type of metering device, the charge for the reduction in the service connection time set out in Article 17.1.1.3 shall be payable by the applicant.

4.5 FORM, FORMATION AND EFFECTIVE DATE OF CONTRACT

4.5.1 FORM

The contract shall be in writing in the following cases:

1. the customer is billed Distribution Rate D_3 , D_4 , D_5 or D_R ;
2. the customer is subject to a minimum annual obligation;
3. the customer has entered into a fixed-price gas supply agreement;
4. the customer has to pay a financial contribution to the distributor;
5. the customer who supplies its own natural gas supply service.

4.5.2 FORMATION AND EFFECTIVE DATE

The contract is formed when the distributor informs the new customer that it accepts the natural gas service request. Service shall start on the agreed date.

If a contract with a customer has ended and no contract has been formed with a new customer for the service address, the owner of the property where the service address is located shall be deemed to have entered into a contract if it fails to inform the distributor of its intentions with respect to the natural gas service within 12 business days following delivery by the distributor of written notice to that effect.

4.6 CONFIRMATION OF ACCEPTANCE OF THE NATURAL GAS SERVICE REQUEST

Following acceptance of the service request, the distributor shall provide to the customer in writing the mandatory information obtained, excluding the list of the customer's other active accounts, with an explanation that the meter reading provided by the customer, if any, may differ from the meter reading used for the billing.

The distributor shall also provide the following information in writing:

1. the applicable rate(s);
2. the amount and the terms and conditions of the financial contribution, if required;
3. information regarding payment methods available to the customer for paying its bill;

4. the fact that all customers at the same address are solidarily liable for full payment of the bills on which they are identified by name;
5. the fact that a contract that is not in writing shall remain in effect until resiliated by the customer or, as the case may be, by the distributor;
6. the requirement for a deposit, if applicable, and the conditions of repayment thereof.

4.7 CONTRACT TERM

If the contract is not in writing, it shall remain in force and effect until resiliated.

If the contract is in writing, its term shall be stated therein.

The distributor may require that the contract term be the same for all the services it provides.

The minimum term of a written contract shall be the term stated in the Tariff according to the applicable services.

The distributor may require transportation, load balancing and distribution contracts to mature on the same date and that a distribution contract cover the entire period of the other contracted services.

4.8 CONTRACT AMENDMENT

The customer shall be responsible for notifying the distributor of any change to the information provided since the natural gas service request.

The customer may also submit a request for a contract amendment. If the request complies with the *Conditions of Service and Tariff* and if it is economic and operationally possible for the distributor to accept it, the contract may be amended or replaced by a new contract.

A written contract may not be amended verbally.

In each case provided in this article, the confirmation referred to in Article 4.6 shall not be sent to the customer.

4.9 CONTRACT TERMINATION

4.9.1 WRITTEN CONTRACT

The contract is terminated on the date specified.

Notwithstanding the foregoing, the distributor may resiliate the contract if the customer has interfered with the distributor's pipes, mains, metering equipment or other equipment, or used the distributor's natural gas service without its consent.

4.9.2 OTHER CONTRACT

The customer may resiliate the contract by informing the distributor that it ceases or will cease receiving natural gas service. It may do so verbally and shall specify the time after which natural gas service is no longer required.

Where the customer does not inform the distributor that it ceases or will cease receiving natural gas service, the distributor may resiliate the contract at one of the following times:

1. when it sees the customer has ceased receiving natural gas service and that no other contract has been entered into for the service address; or
2. on the effective date of a new contract with a person requesting natural gas service for the service address in question, except in the case of a customer who owes an amount of money to the distributor and will continue to occupy the service address after the date the gas is required.

Notwithstanding the foregoing, the distributor may resiliate the contract if the customer has interfered with the distributor's pipes, mains, metering equipment or other equipment, or used the distributor's natural gas service without its consent.

4.10 FORCE MAJEURE

When the distributor suffers from a force majeure, it is relieved of its obligation to serve the customer and the customer is relieved of its minimum obligations and, where applicable, of the basic fee under Distribution Rate D₁ for the duration of the force majeure. Under all other circumstances, the customer must assume its minimum obligations, including situations where it suffers from a force majeure.

4.11 CHANGES TO *CONDITIONS OF SERVICE AND TARIFF*

Every contract shall comply with the *Conditions of Service and Tariff*, shall be subject to amendments to this document by the Régie de l'énergie and shall be deemed amended by such amendments.

5. MEASUREMENT

5.1 METERING EQUIPMENT

5.1.1 METERING EQUIPMENT BELONGING TO THE DISTRIBUTOR

The distributor shall determine the type of metering equipment to be used at the metering point or at the receipt point. It shall install, operate and maintain metering equipment to measure the natural gas withdrawn or injected by the customer.

The customer may not modify or tamper with the distributor's metering equipment.

5.1.2 LOCATION OF AND ACCESS TO THE METERING EQUIPMENT

The distributor shall determine the location of its metering equipment.

The distributor shall hold, at no cost, all rights of entry, rights-of-way and rights of access to its metering equipment. The customer shall take the necessary steps to enable the distributor to exercise those rights at the following times:

1. at any time for reasons of safety;
2. between 7:00 a.m. and 7:00 p.m. from Monday to Friday except for statutory holidays or at any other time agreed with the customer, for any other reason.

The customer shall not interfere with access to the distributor's metering equipment.

5.1.3 METERING EQUIPMENT BELONGING TO THE CUSTOMER

The customer may install, operate and maintain on pipes belonging to it its own metering equipment at its own expense.

However, the customer's metering equipment shall be installed downstream from the distributor's metering equipment in the case of a customer subject to Rate D₁, D₃, D₄ or D₅ and upstream in the case of a customer subject to Rate D_R.

Customer's metering equipment shall be installed, operated and maintained in a manner that does not interfere with the distributor's activities.

5.2 MEASUREMENT OF VOLUME OF NATURAL GAS WITHDRAWN OR INJECTED

The metering equipment shall indicate the volume of natural gas withdrawn or injected by the customer, in either metric or imperial units. For billing purposes, imperial units shall be converted to metric units.

Depending on the type of metering equipment used, a multiplier factor and a pressure factor may also be applied.

5.3 READING OF METERING EQUIPMENT

5.3.1 READING BY THE DISTRIBUTOR

The distributor shall choose the reading method to be used. The reading of the metering equipment may be done on site or by a remote device.

However, if the customer requests a reading method other than the one chosen by the distributor, the distributor may bill the customer for the actual costs incurred as a result of using the reading method requested by the customer.

5.3.2 FREQUENCY OF READINGS

The distributor shall read the metering equipment with all reasonable diligence using a method consistent with the efficient operation of its business.

The distributor shall read the metering equipment every two months.

However, in the case of a Rate D₁ customer that withdraws less than 1,000 m³ a year of natural gas, the distributor shall read the metering equipment every 12 months.

Furthermore, if the natural gas is billed at Rates D₄, D₅, D_R or D₃ and D₅ in combination, the distributor shall read the metering equipment every day. In the case where natural gas is billed at Rate D₃ without combination with Rate D₅, the distributor shall read the metering equipment every month.

5.3.3 READING BY THE CUSTOMER

When the distributor has not obtained a reading in accordance with Article 5.3.2, it may ask the customer to take the reading and communicate it to the distributor.

In addition, upon arriving at the service address and at the termination of the contract, the customer shall provide to the distributor, at the distributor's request, a reading of the metering equipment. Otherwise, the distributor shall estimate the volume withdrawn and the distributor may revise that estimate when the distributor obtains a reading of the metering equipment.

5.4 VOLUME OF NATURAL GAS WITHDRAWN OR INJECTED BY THE CUSTOMER

The volume of natural gas withdrawn or injected shall be calculated by determining the difference between two consecutive readings of the metering equipment. If the distributor does not obtain a reading of the metering equipment before the bill is issued, the distributor shall estimate the volume of natural gas withdrawn or injected by the customer.

5.5 DEFECTIVE METERING EQUIPMENT

If the customer doubts the accuracy of the distributor's metering equipment, it shall so notify the distributor as soon as possible.

If the distributor determines that there is a defect in the metering equipment that may have an impact on the billing, it shall so inform the customer as soon as possible.

The customer or the distributor may, at any time, request verification of the metering equipment in accordance with the *Electricity and Gas Inspection Act*, R.S.C. 1985, c. E-4.

If the customer initiates a request for verification of the metering equipment and the distributor does not doubt its accuracy, the distributor shall so inform the customer and shall be authorized to bill it the fee stipulated in Article 17.1.1.4 if the metering equipment proved to be accurate within the allowable limits.

6. BILLING

6.1 BILLING METHODS

6.1.1 VOLUME OF NATURAL GAS BILLED

For billing purposes, the volume will be adjusted to a greater gross heating value of 37.89 MJ/m³.

The distributor shall bill the customer monthly for the actual or estimated volume of natural gas withdrawn or injected at the service address.

However, the distributor may bill every two months a customer billed at Rate D₁ who withdraws less than 1,000 m³ of natural gas per year.

The billing shall be based on the actual or estimated volume withdrawn or injected at each metering device. However, if the distributor uses more than one metering device at a single metering point or receipt point, the billing shall be based on the sum of the volumes withdrawn or injected at those metering devices as though there were only one.

When a customer, to whom a rate other than D₁ applies, has been billed on the basis of an estimated volume, its bill shall be revised and sent when the actual volume becomes known if the actual volume is less than the estimated volume.

6.1.2 CONTRACTUAL OBLIGATIONS

If applicable, the distributor shall bill the customer a minimum annual obligation and/or a financial contribution in accordance with Article 4.3.4.

If the customer asks the distributor to turn off and seal the metering equipment, the basic fee in the Tariff shall cease to be billed after the turn-off date agreed by the customer and the distributor.

6.1.3 CORRECTION OF ERROR

If the customer notes an error on its bill, it shall so inform the distributor.

If the distributor notes or is informed of an error on the customer's bill, it shall analyse the bill and notify the customer of the results. If a correction is required, it shall issue a corrected bill. The corrected bill shall replace any other bill issued for the billing period in question.

If the correction results in an amount owing to the distributor by the customer, the customer may spread the payments over a period equal to the re-billed period without any late payment charge or interest as long as it complies with the agreed payment dates.

6.1.4 BILLING PERIOD COVERED BY THE CORRECTION

If the correction results in an amount owing to the distributor by the customer, the period covered by the retroactive correction may not exceed three years from the issue date of the corrected bill arising from the analysis referred to in Article 6.1.3.

However, the retroactive correction shall apply to the entire period affected by the error in the following cases:

1. the distributor was unable to read the metering equipment because it was unable to exercise its rights of access thereto and was also unable to obtain the reading from the customer in accordance with Article 5.3.3;

2. the customer has interfered with the distributor's pipes, mains, metering equipment or other equipment, or used the distributor's natural gas without its consent;
3. the error is the result of intentional damage to the distributor's metering equipment;
4. the customer was aware of the billing error or the defect in the metering equipment and failed to inform the distributor thereof.

If the retroactive correction results in an amount owing to the customer by the distributor, it shall cover the entire period affected.

6.2 **BILLS**

6.2.1 **ISSUE**

Except when a contract ends, the distributor shall issue the bill within a maximum of six business days following:

1. the last day of the month; or
2. the date the metering equipment was read.

6.2.2 **TRANSMITTAL**

The bill shall be sent to the customer the business day after it is issued.

6.2.3 **DELIVERY**

The distributor shall send the bill to the customer every month or every two months in accordance with Article 6.1.1.

The bill shall be sent by any means selected by the distributor, including by mail, unless the customer asks the distributor to send it electronically.

The customer may ask the distributor to group its bills for delivery. The distributor may bill the customer the actual costs of that service. If it does, the distributor shall notify the customer of the cost of that service before grouping the bills.

6.2.4 **INFORMATION APPEARING ON THE BILL**

The bill shall include at least the following items:

1. Distributor's telephone number
2. Telephone number in case of emergency
3. Billing date
4. Name of customer
5. Account number
6. Number of the metering device
7. Service address
8. Applicable rate
9. Period billed
10. Consumption, specifying whether actual or estimated
11. Total amount

12. Amount in arrears and late payment charge
13. Due date
14. Consumption history available, if applicable
15. Minimum annual obligation, if applicable
16. Amount and date of last payment
17. Amount of financial contribution requested from customer to make the investment economic, if applicable
18. Amount of deposit and interest paid, if applicable
19. Rate adjustment arising from any commercial program approved by the Régie de l'énergie, if applicable

7. PAYMENT

7.1 DUE DATE

There shall be at least 12 business days between the date the bill is sent and the due date shown thereon. However, if bills are grouped as provided in Article 6.2.3, the time elapsed may be less than 12 business days because each bill shall retain its own due date shown thereon.

The customer shall pay the total amount billed that appears on the bill no later than the due date shown thereon.

The customer may contact the distributor at any time to propose a payment agreement as provided in Article 9.1.

7.2 TERMS

7.2.1 PAYMENT METHODS

The customer shall pay its bill in Canadian dollars in one of the following ways:

1. through its financial institution, by means including automatic withdrawal or by Internet;
2. by mail (for cheques and money orders);
3. in person at the distributor's head office.

Regardless of the method of payment selected, the payment date shall be the date the distributor receives the payment from the customer.

The distributor shall bill the customer the charge provided in Article 17.1.1.5 for each payment not honoured by a financial institution, except in the case of an error for which the distributor is responsible.

7.2.2 COMPENSATION PROHIBITION

The customer may not, without the distributor's written consent, deduct from its payment an amount owed to the customer by the distributor or a customer claim against the distributor.

7.2.3 EQUAL PAYMENTS PLAN

The customer whose natural gas service is billed on a cycle basis every month or two months, at the reading dates determined by the distributor, and who, when it so requests, does not have an unpaid balance at the due date, may avail itself, at any time and at no additional cost, of the equal payments plan.

The distributor shall determine the amount of the monthly instalments when the customer opts for the equal payments plan. The amount shall be based on the consumption history at the service address, the average temperature for the last five years, the price of natural gas service and the number of monthly instalments between the time the customer opts for the plan and the June or July renewal date.

The monthly instalment shall be revised at least once a year, on the June or July renewal date.

When the equal payments plan is renewed in June or July, any debit balance in excess of the monthly instalment shall be spread over the next 12 months and any credit balance that is equal to or less than the new monthly instalment shall be applied to the customer's next bill. A credit balance that exceeds the new monthly instalment shall be refunded by cheque.

The distributor shall inform the customer in writing of the amount of the monthly instalment when it is established or revised, as applicable.

A customer who no longer wishes to avail itself of the equal payments plan shall so inform the distributor and may do so at any time without prior notice. Termination of the equal payments plan shall take effect on the customer's next bill.

The distributor may terminate the equal payments plan if the unpaid balance at the due date is equal to or greater than two monthly payments. The customer shall be informed of the termination of the equal payments plan by means of the bill.

7.3 LIABILITY

7.3.1 WRITTEN CONTRACT

All customers who have entered into the same contract shall be solidarily liable for full payment of the bills.

7.3.2 OTHER CONTRACT

All customers at the same service address shall be solidarily liable for full payment of the natural gas bills on which they are identified by name.

8. DEPOSIT

8.1 REQUIREMENT

If the distributor requires a deposit for one or more natural gas services at a service address, it shall inform the customer of the reasons for it.

The customer may satisfy the deposit requirement by paying a cash amount or by providing equivalent security in order to guarantee payment for natural gas services.

If the deposit is paid in cash and the customer is an individual, the individual shall provide its social insurance number. The distributor may use the social insurance number for tax purposes only.

8.1.1 DOMESTIC USE

8.1.1.1 Natural gas service request

When service is requested, the distributor may require a deposit in the following cases:

1. the applicant fails to provide the following mandatory information in accordance with Article 4.2.1: family name and given name, date of birth and last address occupied in the 12 months preceding the request;
2. the applicant has in the past interfered with the distributor's pipes, mains, metering equipment or other equipment, or has used the distributor's natural gas without its consent.

8.1.1.2 During the term of the contract

The distributor may require a deposit in the following cases:

1. the customer's natural gas service has been interrupted by the distributor for non-payment of a bill on the due date;
However, the distributor shall not require a deposit from a customer using natural gas for space heating if the service interruption for non-payment and the reconnection both occur between December 1 and March 1 of the following year;
2. the customer has in the past interfered with the distributor's pipes, mains, metering equipment or other equipment, or has used the distributor's natural gas without its consent.

8.1.2 OTHER USES AND CUSTOMERS SUBJECT TO RATE D_R

8.1.2.1 Natural Gas Service Request

When service is requested, the distributor may require a deposit in the following cases:

1. following a credit check of the applicant, if the distributor considers it necessary;
2. the applicant has in the past interfered with the distributor's pipes, mains, metering equipment or other equipment, or has used the distributor's natural gas without its consent.

8.1.2.2 During the Term of the Contract

The distributor may require a deposit in the following cases:

1. the customer has failed to pay a natural gas bill on the due date during the previous 12 months;
2. the customer has in the past interfered with the distributor's pipes, mains, metering equipment or other equipment, or has used the distributor's natural gas without its consent;

3. at some point during the previous 24 months, the customer has availed itself of or was under the protection of the provisions of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, or the *Farm Debt Mediation Act*, S.C. 1997, c. 21;
4. the customer wishes to avail itself of the distributor's supply service.

8.2 AMOUNT

The amount of the deposit required by the distributor shall be based on estimated or historical volumes withdrawn at the service address during a 12-month period or of the maximum contract capacity in the case of a customer subject to Rate D_R.

8.2.1 DOMESTIC USE

If the customer's service is interrupted for non-payment, in accordance with Article 9.4.3, for the first time in 12 months, the amount of the deposit shall not exceed the amount of the highest bill during a 12-month period.

In any other situation, the amount of the deposit shall not exceed the sum of the amounts of the highest two consecutive bills during a 12-month period.

8.2.2 OTHER USES

The amount of the deposit shall not exceed the sum of the amounts of the highest two consecutive bills during a 12-month period.

8.2.3 CUSTOMERS SUBJECT TO RATE D_R

The amount of the deposit required by the distributor shall not exceed the amount equivalent to the minimum daily obligation for a 12-month period.

8.3 PAYMENT

The cash deposit shall be paid to the distributor in accordance with the payment methods specified in Article 7.2.1. The remittance of any other security shall be made in accordance with the terms and conditions thereof. The distributor shall confirm in writing the payment of the deposit.

If the metering equipment is turned off and sealed, the deposit shall be paid before the metering equipment is unsealed and turned on by the distributor.

If the metering equipment is not turned off or sealed, the deposit shall be paid within the time indicated by the distributor, in accordance with Article 7.1.

The distributor shall transfer any cash deposit to a trust account.

8.4 RETENTION PERIOD

A deposit may be initially retained for:

1. 12 consecutive months or as long as the mandatory information set out in article 4.2.1 has not been provided, if it involves a customer who uses natural gas for domestic use;
2. 36 consecutive months if it involves a customer who uses natural gas for any other use;
3. 60 consecutive months if it involves a customer subject to Rate D_R .

If, during the deposit retention period, the customer fails to pay any natural gas bills by their due dates, the distributor shall renew the deposit retention period for a period equal to the initial retention period.

8.5 INTEREST ON CASH DEPOSIT

8.5.1 INTEREST RATE

The deposit shall produce interest that belongs to the customer.

The annual interest rate on the deposit shall be established on January 1 of each year based on the interest rate on credit balances in the banking agreement in effect at that time and based on the prime rate of the bank with which that agreement has been executed.

The distributor shall submit to the Régie de l'énergie, no later than January 30 of each year, a report showing the rate and the source of the information used to establish it.

8.5.2 PAYMENT OF INTEREST

During the deposit retention period, the distributor shall credit the interest produced by the deposit on the first bill issued at the beginning of each calendar year.

8.6 USE OR RETURN TO THE CUSTOMER

8.6.1 USE OF THE DEPOSIT

8.6.1.1 **During the Term of the Contract**

During a contract term and notwithstanding a customer's request to that effect, the distributor may not apply the deposit to a natural gas bill.

However, in the case of a service interruption for non-payment, as provided in Article 9.4.3, if the bill issued following the interruption for non-payment is unpaid on the due date, the distributor may, without prejudice to its other rights and recourses, apply against the bill the cash deposit or the proceeds from the disposition of any other security provided by the customer.

8.6.1.2 **On Termination of the Contract**

If a contract is terminated as provided in Article 4.9, the distributor may, without prejudice to its other rights and recourses, apply against a bill the customer has not paid the cash deposit or the proceeds from the disposition of any other security provided by the customer.

After application to the unpaid bill, any balance from the cash deposit or other security shall be returned to the customer.

8.6.1.3 Customers Subject to Rate D_R

The distributor may, without prejudicing its other rights and recourses, apply in part the cash deposit or the proceeds from the disposition of any other security provided by the customer on an unpaid bill by its due date. The proportion of the deposit thus applied is determined by the distributor. However, the residual amount of the deposit may not be less than the equivalent of the highest two consecutive bills during a 12-month period.

8.6.2 RETURN OF THE DEPOSIT

No more than 30 days after the deposit retention period has expired or the mandatory information set out in Article 8.1.1.1 has been complied with, the distributor shall refund to the customer by cheque its total cash deposit with interest not yet credited or return the security it holds to the customer.

However, when a contract expires, the period for returning the deposit may be extended up to 10 business days to ensure payment is honoured.

9. COLLECTION

9.1 PAYMENT AGREEMENT

The customer may contact the distributor at any time to propose a payment agreement to spread the payment of the unpaid amounts owing on the due date over a period of time and to provide for full payment of the bills issued during the period covered by the agreement.

The distributor shall inform the customer of this possibility on any collection notice sent to it.

9.2 PAYMENT DEFAULT

The customer shall immediately pay in full any unpaid amount on the due date.

9.3 LATE PAYMENT CHARGE

The late payment charge for which the rate is set out in Article 17.1.1.6 shall be added each month to the unpaid balance from the day following the due date.

9.4 COLLECTION PROCEDURES

With the exception of the cases specifically covered by the *Act respecting the mode of payment for electric and gas service in certain buildings*, R.S.Q., c. M-37, the collection procedures for non-payment on the due date shall be as follows.

9.4.1 COLLECTION NOTICES

1. Reminder:

If a bill remains unpaid after the due date, the distributor shall send a written reminder to the billing address or communicate a reminder by telephone.

2. Final notice:

If a bill remains unpaid following the reminder, the distributor shall send a final written notice under separate cover to the billing address using a method that provides proof the notice was sent. The notice shall inform the customer that unless payment is made, natural gas service may be interrupted.

Before interrupting service for non-payment between December 1 and March 1 of the following year, the distributor shall contact a domestic-use customer who uses the natural gas for space heating to propose a payment agreement.

9.4.2 COLLECTION VISIT

If the bill is not fully paid following the final notice and there is no payment agreement or a payment agreement has not been complied with, the distributor may visit the service address to collect the amounts payable on the date of that visit. Article 9.4.2 is not applicable to customers subject to Rate D_R.

The distributor may make such a collection visit from 8:00 a.m. to 8:00 p.m., from Monday to Saturday.

Between December 1 and March 1 of the following year, the distributor may make a collection visit to the service address of a domestic-use customer who uses the natural gas for space heating, to propose a payment agreement.

Following a collection visit, the collection charge provided in Article 17.1.1.7 shall be billed to the customer who pays its bill before service is interrupted.

9.4.3 INTERRUPTION FOR NON-PAYMENT

At the time of the collection visit, or in the case of customers subject to Rate D_R , following the transmission of a final notice pursuant to article 9.4.1, if the amount demanded in the final notice or agreed to under a payment agreement remains unpaid, the distributor may interrupt natural gas service. In that event, the distributor shall ask the customer to notify the owner of the property affected by the interruption, if applicable.

However, between December 1 and March 1 of the following year, the distributor may interrupt the natural gas service of a domestic-use customer who uses natural gas for space heating only in the following cases:

1. the customer and the distributor have not entered into a payment agreement; or
2. the customer is not complying with the payment agreement entered into with the distributor.

9.5 RECONNECTION

Following a service interruption for non-payment, the distributor shall reconnect the service when the customer pays the amounts owing and the reconnection charge set out in Article 17.1.1.8 and provides any deposit required.

Section III

Tariff

10. OPTIONS AVAILABLE TO CUSTOMERS

10.1 SERVICE OPTIONS

Subject to Article 18.2.2, a customer's choice of services, as provided in Chapter 3, is subject to certain advance notices. Under certain conditions, it may be possible for the distributor to accept the customer's request on shorter notice; however, the rate impact of such request on all customers could justify refusal of the request.

A customer who uses the distributor's natural gas supply service must use all of the distributor's services.

A customer who supplies to the distributor the natural gas it withdraws at its facilities must at the same time supply the compressor fuel needed to transport the natural gas. A customer who provides its own transportation service must at the same time provide the natural gas it withdraws at its facilities and the compressor fuel needed to transport the natural gas.

A customer who uses the distributor's natural gas supply service shall be subject, by default, to the variable price of natural gas supply not determined by an agreement for fixed-price supply by a specific supplier.

10.2 COMBINATION OF CUSTOMER'S AND DISTRIBUTOR'S SERVICES

A customer may not, at a single metering point, for either natural gas supply, compressor fuel or transportation service, including make-up gas service, simultaneously use the distributor's services and provide its own services.

In addition, a customer who wishes to supply the distributor with the natural gas it withdraws at its facilities may not combine supply service with transfer of ownership and supply service without transfer of ownership.

Exceptionally, however, a customer who uses firm service as well as interruptible service at a single metering point shall be entitled to use its own transportation service for the firm portion of its load while using the distributor's transportation service for the interruptible portion. In addition, a customer using "Make-up Gas Service to Avoid an Interruption" may combine its own natural gas supply, compressor fuel and transportation services with those of the distributor for this make-up portion of its load.

10.3 COMBINATIONS OF SERVICES

A customer who uses the distributor's natural gas supply service must at the same time use the distributor's compressor fuel, transportation and load-balancing services.

A customer who supplies the distributor with the natural gas it withdraws at its facilities must at the same time supply the distributor with the compressor fuel needed to transport the natural gas.

A customer who wishes to use the "Competitive Make-up Gas" service or the "Seasonal Make-up Gas" service must use the transportation supplied from time to time by the distributor.

A customer who uses the distributor's compressor fuel service must at the same time use the distributor's natural gas supply service and the distributor's transport and load-balancing service.

A customer who supplies the distributor with its compressor fuel must at the same time supply the distributor with the natural gas it withdraws at its facilities.

A customer who provides the transportation service needed to move the natural gas it withdraws at its facilities to the distributor's territory must at the same time supply the distributor with the natural gas it withdraws at its facilities and the compressor fuel needed to transport the natural gas.

10.4 CUSTOMER GROUPING

Customers may form a group to provide their natural gas supply and compressor fuel services. Subject to Article 18.2.1, customers may form a group to provide their transportation and load-balancing services if they are all related persons, each to all the others, within the meaning of the *Taxation Act*, R.S.Q., c. I-3. In the latter case, the customer grouping shall also apply to natural gas supply and compressor fuel services.

For all customer groupings, only the monitoring of volume imbalances shall be carried out for all of the grouped metering points as if there were a single metering point. Billing for all of the distributor's services, including billing of volume imbalances, will continue to be made on an individual basis in accordance with each service's rate provisions.

Customer groupings are not permitted for distribution service.

11. SUPPLY

11.1 DISTRIBUTOR'S SERVICE

11.1.1 APPLICATION

For any customer who wishes to purchase from the distributor the natural gas it withdraws at its facilities.

A customer whose normalized annual load is between 7,500 m³ and 1,168,000 m³ may enter into an agreement with the distributor for fixed-price supply by a specific supplier.

11.1.2 NATURAL GAS SUPPLY RATE

11.1.2.1 Natural Gas Supply Price

For each m³ of volume withdrawn, the natural gas supply price, as of January 1, 2012, is 14.247¢/m³. The price may be adjusted monthly to reflect actual cost of acquisition.

When a customer enters into an agreement with the distributor for fixed-price supply by a specific supplier, the specific gas supply price shall be the cost of acquisition of the natural gas from the specific supplier in accordance with the customer's commitment under the agreement. The distributor does not guarantee the fixed gas supply price agreed upon with the specific supplier. The customer is billed this specific price commencing on the day deliveries from the specific supplier begin and for as long as these deliveries continue. Should the specific supplier no longer be able to meet its commitments to the distributor, the customer will be transferred to the distributor's variable-price natural gas supply service once the natural gas already delivered by the specific supplier for the customer in question has been fully used.

11.1.2.2 Inventory-Related Adjustment

The natural gas supply price is accompanied by an adjustment to take into account variations in the value of inventories resulting from a change in the natural gas supply price, as well as costs associated with maintaining the inventories. This adjustment is described in the "Inventory-related Adjustments" chapter.

11.1.2.3 Charge for Transfer to Supply Service

Any existing customer who wishes to use the distributor's natural gas supply service without giving the prior notice of entry required in Article 11.1.3.2 shall be subject to a charge for transfer to the distributor's supply service payable in a single payment on the date the transfer is made.

This charge shall be calculated by applying the price of transfer to the distributor's natural gas supply and compressor fuel services in effect at the date of the transfer to 6/12 of the customer's normalized annual consumption.

For each m³ of volume withdrawn, the price of transfer to the distributor's natural gas supply and compressor fuel services, as of January 1, 2012, is 0.000¢/m³. This price is revised monthly.

11.1.3 TERMS AND CONDITIONS

11.1.3.1 Daily Contract Volume (DCV)

For a customer who has entered into an agreement with the distributor for fixed-price supply by a specific supplier, the DCV is the volume the specific supplier agrees to deliver to the distributor over the course of one day at an agreed upon delivery point. The DCV is agreed upon on the basis of the estimated average daily volume for the contract period.

For purposes of load balancing of customers grouped by the specific supplier, the individual DCVs shall be those provided by the specific supplier, failing which they shall be prorated according to the estimated volumes for the contract period.

11.1.3.2 Prior Notice of Entry

A customer who wishes to avail itself of the distributor's natural gas supply service must so notify the distributor in writing at least six months in advance.

On shorter notice, the customer may avail itself of the distributor's natural gas supply service only if it is operationally possible for the distributor to provide it. Moreover, the customer will be required to pay the charge for transfer to the distributor's natural gas supply and compressor fuel services stipulated in Article 11.1.2.3.

11.1.3.3 Prior Notice of Withdrawal

Subject to Article 11.1.3.5, a customer who wishes to opt out of the distributor's natural gas supply service must so notify the distributor in writing at least six months in advance.

11.1.3.4 Prior Notice of Commitment to a Fixed-Price Supply Agreement

A customer who wishes to enter into an agreement with the distributor for fixed-price supply by a specific supplier (fixed-price supply agreement) must so notify the distributor in writing at least 60 days, but no more than 120 days, in advance.

In addition, a customer who is currently using the distributor's natural gas supply service may enter into a fixed-price supply agreement with the distributor provided the customer has used the distributor's natural gas supply service:

1. for a minimum of 12 months;
2. for a minimum 12 months in addition to the number of months remaining under the fixed-price supply agreement when it is cancelled if the customer uses the distributor's natural gas supply service after terminating its fixed-price supply agreement before the end of the agreed term.

On shorter notice, the customer would be entitled to enter into a fixed-price supply agreement with the distributor only if the distributor agrees to it.

11.1.3.5 Contract Term

Any written natural gas supply service contract must be for a minimum of 12 months.

11.1.3.6 Gas Quality

The monthly average gross heating value of the natural gas delivered shall be at least 36.00 MJ/m³ unless the customer and the distributor agree on a lower value.

11.2 CUSTOMER-PROVIDED SERVICE

11.2.1 APPLICATION

For any customer who wishes to supply the distributor with the natural gas it withdraws at its facilities.

11.2.2 RATE

11.2.2.1 Service Price

With transfer of ownership: The distributor purchases the natural gas from the customer at the distributor's natural gas supply price at the time of delivery at an agreed upon delivery point and resells the natural gas to the customer at its facilities at the natural gas supply price in effect at the time.

Without transfer of ownership: The distributor receives the natural gas from the customer at an agreed upon delivery point and delivers it to the customer at its facilities. The customer shall not be billed for the price of the distributor's natural gas supply service.

11.2.2.2 Inventory-Related Adjustment

With transfer of ownership: The natural gas supply price is accompanied by an adjustment to take into account variations in the value of inventories resulting from a change in the natural gas supply price, as well as costs associated with maintaining the inventories. This adjustment is described in the "Inventory-related Adjustments" chapter.

Without transfer of ownership: The customer is not billed for inventory-related adjustment of the natural gas supply price.

11.2.3 TERMS AND CONDITIONS

11.2.3.1 Daily Contract Volume (DCV)

The DCV is the volume the customer agrees to deliver to the distributor over the course of one day at an agreed upon delivery point. The DCV is agreed upon on the basis of the estimated average daily volume for the contract period.

For purposes of individual billings of grouped customers' volume imbalances and load balancing, the individual DCVs shall be those provided by the grouped customers, failing which they shall be prorated according to the estimated volumes for the contract period.

11.2.3.2 Adjustment of Daily Contract Volumes (DCVs)

11.2.3.2.1 Prior Notice

DCVs may be adjusted only when it is economic and operationally possible for the distributor to agree to the adjustment.

A customer must address its request for a DCV adjustment to the distributor as soon as possible and no later than 10:00 a.m. (ET) on the day preceding the day on which the adjustment would take effect. On shorter notice, the DCVs can be adjusted only if the distributor agrees to it.

11.2.3.2.2 Conditional Adjustment

Before accepting a DCV adjustment request, the distributor may require that the customer agree to adjust its load proportionally. In the absence of a proportional load adjustment, the customer's DCV shall be considered non-adjusted and the customer's bill shall be based on this non-adjusted DCV.

11.2.3.2.3 Anticipated Contract-Period Volume Imbalance

If the distributor anticipates that the customer will have a volume imbalance of more than 5% at the end of the contract period, it may require the customer to adjust its DCV or load in order to avoid such imbalance.

11.2.3.3 Volume Imbalances

11.2.3.3.1 Daily Volume Imbalances

A daily volume imbalance occurs when the customer delivers, over the course of one day, a volume of natural gas different from what it has agreed to deliver (DCV). When the volume delivered exceeds the DCV, there is a delivery overage; when the volume delivered is less than the DCV, there is a delivery shortage.

The delivery overage is purchased by the distributor, and the delivery shortage is sold to the customer, at the following price:

1. from 0% to 2% of the initial DCV:
 - a) the distributor's natural gas supply price plus, as applicable, the distributor's compressor fuel and transportation prices;
2. above 2% of the initial DCV:
 - a) the lower, in the case of an overage, or the higher, in the case of a shortage, of:
 - the distributor's natural gas supply price, and
 - the market price for the same service at the time the imbalance occurred;
 - b) this price shall be increased, as applicable, by the lower, in the case of an overage, or the higher, in the case of a shortage, of:
 - the distributor's compressor fuel and transportation prices, and
 - the market price for the same services at the time the imbalance occurred;
 - c) in addition, the distributor shall bill the customer for all additional costs incurred to manage the delivery overage or shortage.

Notwithstanding the existence of a daily volume imbalance, the volume the customer has agreed to deliver, the initial DCV, shall continue to be used, as applicable, to calculate the contract-period volume imbalance and to bill the load-balancing service.

In the case of a customer who supplies the distributor with the natural gas it withdraws at its facilities, with or without transfer of ownership, the delivery overage under a "Make-up Gas to Avoid an Interruption" contract is transferred to the regular supply contract. The transportation service related to this delivery overage is purchased by the distributor on the terms and conditions described above.

11.2.3.3.2 Contract-Period Volume Imbalances

A contract-period volume imbalance occurs when the customer withdraws, during the contract period, a volume of natural gas different from what it has agreed to deliver (sum of the DCVs).

A customer who is not subject to a "Competitive Make-up Gas" contract can choose one of the following two options:

1. financial settlement of the volume imbalance at the end of the contract period; or
2. carry-forward, over the 12 months of the following contract period, of a volume imbalance of up to 5% of the volume withdrawn during the contract period; any excess over 5% of the volume withdrawn must still be settled financially.

The choice must be made by written notice to the distributor before the start of the supply contract. If written notice is not provided, any volume imbalance will be settled financially at the end of the contract period.

Notwithstanding a customer choice to carry forward, the distributor may require financial settlement of the volume imbalance at the end of the contract period if the customer represents a financial risk.

A customer subject to a "Competitive Make-up Gas" contract must settle financially the volume imbalance for the contract period.

When the volume withdrawn is less than the sum of the DCVs, there is a delivery overage; when the volume withdrawn exceeds the sum of the DCVs, there is a delivery shortage.

The delivery overage is purchased by the distributor, and the delivery shortage is sold to the customer, at the following price:

1. from 0% to 5% of the volume withdrawn:
 - a) if the customer chose the financial settlement option:
 - the distributor's average natural gas supply price during the contract period plus, as applicable, the average compressor fuel and transportation prices during the contract period;
 - b) if the customer chose to carry forward the volume imbalance:
 - no purchase or sale, as this portion is transferred to the following contract period;
2. above 5% of the volume withdrawn:
 - a) the lower, in the case of an overage, or the higher, in the case of a shortage, of:
 - the distributor's average natural gas supply price during the contract period, and
 - the average market price for the same service during the customer's contract period;
 - b) this price shall be increased, as applicable, by the lower, in the case of an overage, or by the higher, in the case of a shortage, of:
 - the distributor's average compressor fuel and transportation prices during the contract period, and
 - the average market price for the same services during the customer's contract period;
 - c) in addition, the distributor shall bill the customer for all additional costs incurred to manage the delivery overage or shortage.

11.2.3.3.3 Residual Billing of Certain Imbalances

In the case of a delivery overage, a customer providing its own natural gas supply service with transfer of ownership, whose natural gas delivery overage has already been purchased by the distributor at the distributor's natural gas supply price, shall be billed only the difference between the price already paid by the distributor and the price resulting from the application of Articles 11.2.3.3.1 and 11.2.3.3.2.

In the case of a delivery shortage, a customer providing its own natural gas supply service with transfer of ownership, and, as applicable, using the distributor's transportation service, whose natural gas delivery shortage has already been billed by the distributor at the natural gas supply price and, as applicable, at the distributor's transportation price, shall be billed only the difference between the price already charged by the distributor and the price resulting from the application of Articles 11.2.3.3.1 and 11.2.3.3.2.

11.2.3.3.4 Billing of Volume Imbalances in the Case of Customer Groupings

The daily or contract period volume imbalance of grouped customers, as applicable, is prorated among the grouped customers according to their individual volume imbalances if the individual DCVs were provided by the grouped customers, failing which it is prorated according to their respective volumes withdrawn during the contract period. The volume imbalance is then billed individually to the customers in accordance with the provisions of Articles 11.2.3.3.1 and 11.2.3.3.2.

11.2.3.3.5 Exchange of Volume Imbalances among Customers

Customers may exchange their volume imbalances among themselves provided they notify the distributor before the latter has billed them.

11.2.3.3.6 Compensation

In the event a customer defaults on payment of any amount related to natural gas supply, the distributor has the right to offset it against any amount the distributor owes the customer.

11.2.3.4 Prior Notice of Entry

Subject to Article 11.1.3.5, a customer who wishes to supply the distributor with the natural gas it withdraws at its facilities must notify the distributor in writing at least six months in advance.

11.2.3.5 Customer Obligations

A customer must:

1. be the actual owner and end-user of the natural gas;
2. ensure the security of its supply;
3. provide to the distributor all information related to the volume it intends to withdraw at its facilities in order to allow the distributor to adequately plan, manage and control all volumes carried in its system;
4. agree that the natural gas it withdraws will be a mixture of the natural gas it sold or delivered to the distributor with any other natural gas the distributor may carry in its system;
5. hold the required authorizations or ensure that they are held, if necessary, for export, outside the province of origin, of the natural gas it intends to sell to the distributor or have delivered to its facilities;
6. ensure, as applicable, that the natural gas it intends to sell or deliver to the distributor meets the transporter's quality standards and can be mixed without inconvenience with the distributor's other supplies;
7. hold, as applicable, all required contracts with the transporter(s) so that the natural gas sold or delivered to the distributor is moved to the transporter's delivery point in the province of origin or to the delivery point in the distributor's territory during the contract period agreed upon with the latter;
8. acknowledge the distributor's exclusive right to manage prudently and diligently the daily allocation of natural gas volumes carried in its system, giving priority to the interest of all its customers over the interest of a particular customer.

11.2.3.6 Gas quality

The monthly average gross heating value of the natural gas delivered shall be at least 36.00 MJ/m³ unless the customer and the distributor agree on a lower value.

11.3 MAKE-UP GAS SERVICE

11.3.1 APPLICATION

For any customer that qualifies for distribution service D₅: Interruptible and that wishes to purchase from or supply to the distributor, from time to time, the natural gas it withdraws at its facilities, provided the minimum volume of make-up gas withdrawn during the contract period, at a single metering point, divided by the number of days in the contract period is 3,200 m³/day.

A customer may use the make-up gas service for the following uses:

1. "Competitive Make-up Gas" service to temporarily withdraw a greater volume of gas;

2. "Seasonal Make-up Gas" service to reduce the number of days of interruption anticipated at its subrate; when offered by the distributor, this service may come from the interruptible service provided to another customer who makes it available;
3. "Make-up Gas to Avoid an Interruption" service.

11.3.2 RATE

A customer who uses the distributor's "Make-up Gas" service is billed, as applicable, the price of the supply of natural gas and compressor fuel gas supplied from time to time to serve it for the quantity of make-up gas delivered for its needs.

A customer who supplies its own natural gas, with or without transfer of ownership, is subject to the provisions of Article 11.2.2.

A customer who uses the make-up gas service is billed, as applicable, the price of the transportation provided from time to time by the distributor to serve it.

A customer who uses the "Competitive Make-up Gas" service is billed the price of load balancing provided from time to time by the distributor to serve it.

A customer who uses the "Seasonal Make-up Gas" service is subject to the "Load balancing" chapter.

A customer who uses the "Make-up Gas to Avoid an Interruption" service is not billed for the load balancing.

A customer who uses the make-up gas service is subject to the provisions of Article 16.4, with the exception of Article 16.4.1 which is replaced by Article 11.3.1.

11.3.3 TERMS AND CONDITIONS

11.3.3.1 Daily Contract Volume (DCV) (with or without Transfer of Ownership)

The DCV for the make-up gas service is equal to the estimated average daily volume for the period of the make-up gas deliveries.

A customer using the "Make-up Gas to Avoid an Interruption" service must agree to deliver to the distributor, on the scheduled interruption day, a DCV equal to its load for that same day. If the consumption for the scheduled interruption day is different than the agreed DCV, the customer's DCV will be equal to its load on the scheduled interruption day.

On a scheduled interruption day, the customer using the "Competitive Make-up Gas" service must agree to deliver to the distributor, during that day, a DCV equal to its load for that same day. If the consumption for the scheduled interruption day is different from the agreed DCV, the customer's DCV will be equal to its load on the scheduled interruption day.

The provisions governing adjustments to make-up gas service DCVs are identical to those governing natural gas supply service with or without transfer of ownership.

11.3.3.2 Volume Imbalances (with or without Transfer of Ownership)

The provisions governing the make-up gas service volume imbalances are identical to those governing natural gas supply service with or without transfer of ownership; the make-up gas service DCV is added to the DCV for natural gas supply service, with or without transfer of ownership, for the monitoring of volume imbalances.

11.3.3.3 Prior Notice of Use (with or without Transfer of Ownership)

Deliveries under make-up gas service shall only be permitted when it is economic and operationally possible for the distributor to provide them or to agree to them.

A customer who wishes to avail itself of the make-up gas service must notify the distributor thereof as soon as possible and no later than 10:00 a.m. (ET) on the day preceding the day on which the make-up gas service would begin. On shorter notice, the customer may avail itself of make-up gas service only if the distributor agrees to it.

11.3.3.4 Contract Term

The term for written make-up gas service contracts may be less than 12 months.

12. COMPRESSOR FUEL

12.1 DISTRIBUTOR'S SERVICE

12.1.1 APPLICATION

For any customer who wishes to purchase from the distributor the compressor fuel used to transport the natural gas it withdraws at its facilities.

12.1.2 COMPRESSOR FUEL RATE

12.1.2.1 Compressor Fuel Price

For each m³ of volume withdrawn, the compressor fuel price, as of January 1, 2012, is 0.563¢/m³ for the Southern Zone and 0.435¢/m³ for the Northern Zone. The price may be adjusted monthly to reflect the actual cost of acquisition and the actual ratio of compressor fuel.

12.1.2.2 Inventory-Related Adjustment

The compressor fuel price is accompanied by an adjustment to take into account variations in the value of inventories resulting from a change in the compressor fuel price, as well as costs associated with maintaining the inventories. This adjustment is described in the "Inventory-related Adjustments" chapter.

12.1.3 TERMS AND CONDITIONS

12.1.3.1 Prior Notice of Entry

A customer who wishes to avail itself of the distributor's compressor fuel service is subject to the same requirement for prior notice of entry as is set out for the distributor's natural gas supply service.

12.1.3.2 Prior Notice of Withdrawal

A customer who wishes to opt out of the distributor's compressor fuel service is subject to the same requirement for prior notice of withdrawal as is set out for the distributor's natural gas supply service.

12.1.3.3 Contract Term

The term for written compressor fuel contracts must be a multiple of 12 months for Distribution Rates D₄ and D₅ customers, and a minimum of 12 months for customers at other Distribution Rates, except for make-up gas service contracts for which the contract term may be less than 12 months.

12.1.3.4 Other Provisions

The customer who has entered into an agreement with the distributor for fixed-price supply by a specific supplier shall not be billed separately for the price of the compressor fuel since it will be bundled with the natural gas supply rate applicable under the agreement.

12.2 CUSTOMER-PROVIDED SERVICE

12.2.1 APPLICATION

For any customer who wishes to supply the distributor with the compressor fuel used to transport the natural gas it withdraws at its facilities.

12.2.2 RATE

12.2.2.1 Service Price

A customer shall not be billed for the price of compressor fuel.

12.2.2.2 Inventory-Related Adjustment

A customer shall not be billed for the inventory-related adjustment for the price of compressor fuel.

12.2.3 TERMS AND CONDITIONS

12.2.3.1 Prior Notice of Entry

A customer who wishes to provide its own compressor fuel is subject to the same requirement for prior notice of entry as is set out for customer-provided natural gas supply service.

13. TRANSPORTATION

13.1 DISTRIBUTOR'S SERVICE

13.1.1 APPLICATION

For any customer who wishes to purchase from the distributor the transportation service needed to move to the distributor's territory the natural gas it withdraws at its facilities.

13.1.2 TRANSPORTATION RATE

13.1.2.1 Transportation Price

13.1.2.1.1 Transportation Basis Price

For each m³ of volume withdrawn, the transportation basis prices, as of January 1, 2012, are as follows:

<u>Southern Zone</u>	<u>Northern Zone</u>
8.466¢/m ³	8.067¢/m ³

13.1.2.1.2 Rider (Rate Reduction)

For each m³ of volume withdrawn, the transportation basis prices, as of January 1, 2012, are reduced as follows:

<u>Southern Zone</u>	<u>Northern Zone</u>
-1.539¢/m ³	-0.036¢/m ³

Transportation prices may be periodically adjusted to reflect actual cost of acquisition.

13.1.2.2 Inventory-Related Adjustment

The transportation prices are accompanied by an adjustment to take into account variations in the value of inventories resulting from a change in the transportation price, as well as costs associated with maintaining the inventories. This adjustment is described in the "Inventory-related Adjustments" chapter.

13.1.3 MINIMUM ANNUAL OBLIGATION (MAO)

The volume withdrawn during each contract year must be at least equal to the MAO applicable for the same period.

13.1.3.1 Establishment of MAO - Distribution Rate D₁ and D₅ Customers

The MAO applicable for each contract year is that agreed upon in the distribution service.

13.1.3.2 Establishment of MAO - Distribution Rate D₃ and D₄ Customers

For the first contract year:

The MAO is equal to the projected volume, agreed upon with the customer, multiplied by 78%.

For each subsequent contract year:

The MAO is equal to the volume for the 12 months of previous year multiplied by 78%.

When the volume for the 12 months of the previous year is less than the MAO defined for the same 12 months, this latter MAO, multiplied by 78%, becomes the current year MAO.

Where, for the current year, a projected volume has been agreed upon with the customer and the volume exceeds both the previous year's volume and the MAO defined for the same year, the current year MAO is equal to the projected volume, agreed upon with the customer, multiplied by 78%.

13.1.3.3 Billing of the Volume Deficit

If, at the end of a contract year, a customer has withdrawn a volume that is less than its MAO, transportation service will be billed for the volume deficit at the price stipulated in Article 13.1.2.1.

13.1.3.4 Reduction

Except where a customer has replaced natural gas with another energy source, the distributor shall reduce the bill for MAOs if the distributor succeeds in freeing itself, in whole or in part, from its own obligations with respect to the transportation service.

13.1.3.5 Revision of MAO Following Implementation of Energy Efficiency Measure

Notwithstanding the foregoing, when a Distribution Rate D₃ or D₄ customer participates in an energy efficiency program under the Global Energy Efficiency Plan (GEEP) or the Energy Efficiency Fund (EEF) after October 1, 2004, a new projected annual volume is established. The new projected annual volume is equal to the volume used to calculate the MAO (initial volume) less the marginal reduction recognized by the program and is applied from the date the measure is implemented.

A customer wishing to benefit from the reduction of its projected annual volume must so notify the distributor no later than one year after the payment date for the financial assistance.

For the contract year the measure is implemented:

The volume used to calculate the MAO is based on the initial volume and the new projected annual volume prorated in accordance with the volumes withdrawn in the corresponding periods of the year preceding the implementation of the measure.

For the subsequent contract year:

The volume used to calculate the MAO is the new projected annual volume multiplied by 78%.

13.1.4 TERMS AND CONDITIONS

13.1.4.1 Prior Notice of Entry

A customer who wishes to avail itself of the distributor's transportation service must so notify the distributor in writing at least 60 days in advance. Notwithstanding the required notice, a customer may avail itself of the distributor's transportation service only if it is possible for the distributor to provide it.

13.1.4.2 Prior Notice of Withdrawal

Subject to Article 13.2.1, a customer who wishes to opt out of the distributor's transportation service, in order to provide the service itself, must so notify the distributor in writing as follows:

1. at least 60 days in advance when there is an assignment of the transportation capacity held by the distributor;
2. before March 1 when the customer wishes to provide its transportation service directly, on the following November 1 at the earliest, to the extent that it is economic and operationally possible for the distributor to agree to it.

On shorter notice, the customer may opt out of the distributor's transportation service only if it is possible for the distributor to agree to it.

13.1.4.3 Contract Term

The term for written transportation service contracts must be a minimum of 12 months, except for make-up gas service contracts for which the contract term may be less than 12 months.

13.2 CUSTOMER-PROVIDED SERVICE**13.2.1 APPLICATION**

For any customer who wishes to provide the distributor with the transportation service needed to move to the distributor's territory the natural gas it withdraws at its facilities.

Subject to Article 18.2.2, only Distribution Rate D₁, D₃ and D₄ customers may provide the distributor with their own transportation service. In addition, Northern Zone customers must still use part of the distributor's transportation service.

13.2.2 RATE**13.2.2.1 Distributor's Service Price**

For each m³ of volume withdrawn, the transportation price, as of January 1, 2012, is as follows:

<u>Southern Zone</u>	<u>Northern Zone</u>
n/a	1.498¢/m ³

The transportation prices may be periodically adjusted to reflect actual cost of acquisition.

13.2.2.2 Inventory-Related Adjustment

A customer shall not be billed for the inventory-related adjustment for the transportation price.

13.2.3 TERMS AND CONDITIONS**13.2.3.1 Assignment of Transportation Capacity held by the Distributor**

A customer who wishes to opt out of the distributor's transportation service shall be permanently assigned the transportation capacity already held for it by the distributor. Subsequently, the customer shall pay the transporter directly for the transportation service thus acquired.

Notwithstanding the preceding paragraph, and to the extent that it is economic and operationally possible for the distributor to agree to it, Distribution Rate D₁, D₃ or D₄ customers may provide their transportation service directly, after having submitted a request to the distributor within the time limits stipulated in Article 13.2.3.2.

13.2.3.1.1 Term of Assigned Transportation Contract

The transportation capacity assigned to a customer will come from the distributor's "Firm Transportation" contract with TransCanada Pipelines Limited whose remaining term is closest to the average remaining term of all the distributor's contracts.

13.2.3.1.2 Calculation of Assigned Capacity

The capacity assigned to a customer will be equal to the customer's total annual requirements. The capacity assigned to meet the customer's total annual requirements is based on the average annual volume of the two years preceding the assignment or, as applicable for a new customer, the projected annual volume, divided by 365 days. The annual volume is normalized for temperatures for Distribution Rate D₁ and D₃ customers.

13.2.3.1.3 Subsequent Assignment of Assigned Capacity

A customer who is assigned the transportation capacity held for it by the distributor may in turn assign the capacity to a third party. When the customer decides to permanently dispose of assigned capacity by returning it directly to the transporter, it must first offer it to the distributor. The customer must ensure that any subsequent assignee of such capacity is subject to the same obligation.

13.2.3.1.4 Additional Term

A customer who is assigned transportation capacity shall be responsible for managing any increase or decrease required to meet its needs.

13.2.3.2 Prior Notice of Entry

A customer who wishes to provide its transportation service must so notify the distributor in writing as follows:

1. at least 60 days in advance when there is an assignment of the transportation capacity held by the distributor;
2. before March 1 when the customer wishes to provide its transportation service directly, on the following November 1 at the earliest, to the extent that it is economic and operationally possible for the distributor to agree to it.

On shorter notice, the customer may provide its transportation service only if it is possible for the distributor to agree to it.

14. LOAD BALANCING

14.1 DISTRIBUTOR'S SERVICE

14.1.1 APPLICATION

For any customer who wishes to purchase from the distributor, in whole or in part, the load-balancing service needed to manage on a daily basis the natural gas it withdraws at its facilities.

14.1.2 LOAD-BALANCING RATE

The load-balancing price may be periodically adjusted to reflect the actual cost of load balancing tools.

14.1.2.1 Price for Distribution Rate D₁ Customers

For each m³ of volume withdrawn, the unit price, as of January 1, 2012, is 4.652¢/m³.

Notwithstanding the above, a Distribution Rate D₁ customer who opts out of the distributor transportation service in accordance with Article 18.2.2 is subject to the load balancing price stipulated in Article 14.1.2.2.

14.1.2.2 Price for customers at other Distribution Rates

For each m³ of volume withdrawn, excluding "Competitive Make-up Gas" and "Make-up Gas to Avoid an Interruption" volumes, the unit price in ¢/m³, as of January 1, 2012, is calculated as follows:

$$\frac{228.8 \times (P - W) + 1\,770.1 \times (W - A)}{\text{Annual Volume}}$$

Where **A**: Annual Average Daily Load

W: Winter Average Daily Load (period from November 1 to March 31)

P: Peak Daily Load

The calculation of the **A**, **W** and **P** parameters is detailed in Article 14.1.3. For D₅ distribution service customers, the **A**, **W** and **P** parameters used in the formula are modified to take account of the interruption days.

However, the price may not be less than -1.561¢/m³ nor greater than 7.638¢/m³.

14.1.2.3 Average Price

Article 14.1.2.2 does not apply when the firm or interruptible service volume withdrawn between October 1, 2010 and September 30, 2011 is nil or does not represent 12 consecutive months of consumption.

These customers will be subject to an average unit price based on their distribution rate, in accordance with the following table as of January 1, 2012:

Distribution Rate	Price ¢/m ³
D ₁	4.652
D ₃	0.812
D ₄	0.517
D ₅ – Category A	-0.871
D ₅ – Category B	1.235

14.1.2.4 Contract Change

The load balancing price will be revised during the year, following any contract change to the distribution service D₅: Interruptible resulting in a sub-rate or category change, or if the customer transfers from firm service to interruptible service or vice versa.

The price will be set in accordance with the terms and conditions set forth in Articles 14.1.2.1 to 14.1.2.3, as applicable, based on the volume from October 1, 2010 to September 30, 2011.

14.1.2.5 Load balancing Service Settlement

A load balancing service settlement is billed when:

1. a customer ceases to use the distributor's load balancing service. The settlement is calculated at the moment it ceases to use the distributor's service as follows:
 - a) price based on volume of 12 months preceding the cessation of service, in accordance with Article 14.1.2.2, multiplied by the volume of the 12 months preceding the cessation; less
 - b) total amounts billed for load balancing during the 12 months preceding the cessation.
2. a customer subject to Articles 14.1.2.2 and 14.1.2.3 requests settlement.

14.1.3 CALCULATION OF PARAMETERS

Subject to Article 18.2.3, the consumption parameters shall be calculated as follows:

14.1.3.1 Parameters for Distribution Rate D₃ and D₄ customers

$$A = \frac{\text{Volume from October 1, 2010 to September 30, 2011}}{\text{No. days from October 1, 2010 to September 30, 2011}}$$

$$W = \frac{\text{Volume from November 1, 2010 to March 31, 2011}}{\text{No. days from November 1, 2010 to March 31, 2011}}$$

$$P = \text{Maximum daily load from November 1, 2010 to March 31, 2011}$$

For customers without daily readings, the maximum daily load for the winter months is estimated as follows:

$$P = (\text{MaxDL}) \times \text{multiplier}$$

Where **MaxDL** = Highest of the average daily loads of each month from November 2010 to March 2011

Where **multiplier** = Maximum (2.1 – (1.1 x A ÷ MaxDL); 1)

14.1.3.2 Parameters for Distribution Rate D₅ Customers

Parameters **A**, **W** and **P** are modified as follows to consider interruption days:

$$A = \frac{\text{Volume from October 1, 2010 to September 30, 2011}}{\text{No. days from October 1, 2010 to September 30, 2011}} \times \left(\frac{\text{No. days from October 1, 2010 to September 30, 2011} - \text{MaxD}}{\text{No. days from October 1, 2010 to September 30, 2011} - \text{ActualID}} \right)$$

$$W = \frac{\text{Volume from November 1, 2010 to March 31, 2011}}{\text{No. days from November 1, 2010 to March 31, 2011}} \times \left(\frac{\text{No. days from November 1, 2010 to March 31, 2011} - \text{MaxD}}{\text{No. days from November 1, 2010 to March 31, 2011} - \text{ActualID}} \right)$$

$$P = \text{Maximum daily load from November 1, 2010 to March 31, 2011} \times \text{maximum} \left(\frac{82 - \text{MaxD}}{82}; 0 \right)$$

Where **MaxD** = Maximum number of interruption days referred to in Article 16.4.6

Where **ActualID** = Actual number of interruption days from October 1, 2010 to September 30, 2011

Volumes withdrawn under "Competitive Make-up Gas" service or "Make-up Gas to Avoid an Interruption" service are not considered in the parameter calculations.

14.1.4 VOLUME TRANSPOSITION

For customers subject to the load balancing price stipulated in Article 14.1.2.2, who supply the distributor with the natural gas or "Seasonal Make-up Gas" they withdraw at their facilities, or who have entered into an agreement with the distributor for fixed-price supply by a specific supplier, the calculation of the load balancing price is based on a transposed load profile determined as follows, subject to Article 18.2.3:

$$\mathbf{TL} = \mathbf{L} + \mathbf{TUD} - \mathbf{DCV}$$

Where **TL** = Transposed Load (monthly or daily, as the case may be)

L = Load (monthly or daily, as the case may be)

TUD = Theoretical Uniform Delivery (sum of the **DCVs** from October 1, 2010 to September 30, 2011 ÷ no. days from October 1, 2010 to September 30, 2011 having a DCV)

DCV = Daily Contract Volume (including "Seasonal Make-up Gas," as applicable)

The TUD and DCVs are calculated on a monthly basis for customers without daily readings.

14.1.5 TERMS AND CONDITIONS

14.1.5.1 Prior Notice of Entry

A customer who wishes to avail itself of the distributor's load balancing service must so notify the distributor in writing at least 60 days in advance. Notwithstanding the required prior notice, the customer may avail itself of the distributor's load balancing service only if it is possible for the distributor to provide it.

14.1.5.2 Prior Notice of Withdrawal

The customer who wishes to opt out of the distributor's load balancing service, in order to provide the full service itself, must so notify the distributor in writing at least 60 days in advance. On shorter notice, the customer may opt out of the distributor's load balancing service only if it is possible for the distributor to agree to it.

14.1.5.3 Contract Term

The term for written load balancing service contracts must be a minimum of 12 months, except for make-up gas service contracts for which the contract term may be less than 12 months.

14.2 CUSTOMER-PROVIDED SERVICE

14.2.1 APPLICATION

For any customer who wishes to provide, in whole or in part, with the load balancing service needed to manage on a daily basis the natural gas it withdraws at its facilities or it injects in the distribution system.

A customer subject to Rate D_1 , D_3 or D_4 who wishes to provide its full load balancing service shall agree to deliver to the distributor each day a DCV equal to its load for that same day; the terms and conditions shall be those relative to volume imbalances stipulated under the "Customer-Provided Service" Article under Supply Service.

A customer subject to Rate D_R ~~who wishes to manage its own load balancing~~ is subject to Article 14.2.3.2 "Differences Between Nominated and Injected Volumes".

14.2.2 **PRIOR NOTICE FOR NOMINATED VOLUME ADJUSTMENT**

For customers subject to Rate D_R , nominated volumes may be adjusted when it is economically and operationally possible for the distributor to agree to them.

A customer must address its request for a nominated volume adjustment to the distributor as soon as possible and no later than 10:00 a.m. (EST) on the day preceding the day on which the adjustment would take effect. On shorter notice, the nominated volumes can only be adjusted if the distributor agrees to it.

14.2.3 **RATE**

14.2.3.1 **Service Price**

The customer shall not be billed for the price of the load balancing service it provides for itself in whole or in part.

14.2.3.2 **Differences Between Nominated and Injected Volumes**

The charges for differences between nominated and injected volumes are as follows:

Daily imbalances

There shall be no charges if the daily difference between the nominated volume and the injected volume is less than 2% of the total nominated volume at a receipt point or 2% of the total nominated volume in the consumption zone.

In the case where the daily difference between the nominated volume and the injected volume is greater than 2% in the consumption zone and at a receipt point:

1. There shall be no charges if the daily difference between the nominated volume and the injected volume at that receipt point by a customer is in the opposite direction of the has the effect of reducing the daily gap-difference between nominated volumes and injected volumes in the same consumption zone.
2. Charges shall however be billed for differences greater than 2% when this difference is in the same direction as the daily difference in the consumption zone.

In the latter case, the daily imbalance of the consumption zone is then attributed to each customer having a billable daily imbalance. The assignment between these customers is in proportion of their individual imbalance in excess of 2% of their nomination.

The daily imbalance prices are as follows:

Difference	2% to 4%	4% to 8%	8% to 10%	More than 10%
Price (¢/m ³)	1.591	3.977	5.965	7.954

Cumulative difference account balance

The cumulative difference account balance shall be calculated by adding or deducting any daily difference to the previous cumulative difference account balance.

Charges shall be payable if the cumulative daily account balance is more than 4% of the greater of the nominated volumes or the average nominated volumes for the past 30 days.

The prices applicable to the cumulative differences are as follows:

Balance	4% to 6%	More than 6%
Price (¢/m ³)	1.193	1.988

These prices may be periodically adjusted to reflect modifications to TransCanada Pipelines rates.

14.2.4 TERMS AND CONDITIONS**14.2.4.1 Prior Notice of Entry**

A customer who wishes to provide its full load balancing service must so notify the distributor in writing at least 60 days in advance. On shorter notice, the customer may provide full load balancing service only if it is possible for the distributor to agree to it.

15. INVENTORY-RELATED ADJUSTMENTS

15.1 DISTRIBUTOR'S SERVICE

15.1.1 NATURAL GAS SUPPLY, COMPRESSOR FUEL, TRANSPORTATION SERVICES, AND FIXED-PRICE SUPPLY AGREEMENTS

When applicable, the inventory-related adjustments for natural gas supply, compressor fuel transportation as well as fixed-price supply agreements may vary monthly. They are calculated individually for each customer, according to the customer's load profile, after application, where applicable, of the volume transposition stipulated in the Load balancing Rate, except for Distribution Rate D₁ customers for whom the adjustments are calculated according to the overall load profile for all customers subject to this rate.

When a customer ceases to use the distributor's natural gas supply, compressor fuel or transportation service, there may be an inventory-related adjustment balance that the customer must pay to, or receive from, the distributor. There may also be a natural gas, compressor fuel or transportation inventory balance that the customer must purchase from the distributor. The balances are calculated individually for each customer, according to the customer's load profile, after application, where applicable, of the volume transposition stipulated in the Load balancing Rate, and are billed to the customer.

When a customer contracts for the distributor's natural gas supply, compressor fuel supply or transportation service, there may be a natural gas, compressor fuel or transportation inventory balance that the distributor must purchase from the customer. The balance is calculated individually for each customer, according to the customer's load profile, and is paid to the customer.

When a customer enters into an agreement with the distributor for fixed-price supply by a specific supplier, there may be a natural gas supply and compressor fuel inventory-related adjustment balance that the customer must pay to, or receive from, the distributor. Any inventory-related adjustment balance payable by the customer shall be spread in equal amounts over a 12-month period.

Inventory-related adjustments do not apply to volumes withdrawn pursuant to "Competitive Make-up Gas" or "Make-up Gas to Avoid an Interruption" contracts.

15.2 CUSTOMER-PROVIDED SERVICE

15.2.1 NATURAL GAS SUPPLY SERVICE

With transfer of ownership

The inventory-related adjustment may vary monthly. It is calculated individually for each customer, according to the customer's load profile, after the application, where applicable, of the volume transposition stipulated in the Load balancing Rate, except for Distribution Rate D₁ customers for whom the adjustment is calculated from the overall load profile for all customers subject to this rate.

When a customer ceases to use the natural gas supply service with transfer of ownership, there may be an inventory-related adjustment balance that the customer must pay to, or receive from, the distributor. There may also be a natural gas supply inventory balance that the customer must purchase from the distributor. The balances are calculated individually for each customer, according to the customer's load profile, and are billed to the customer.

When a customer contracts for natural gas supply service with transfer of ownership, there may be a natural gas supply inventory balance that the distributor must purchase from the customer. The balance is calculated individually for each customer, according to the customer's load profile, and is paid to the customer.

The inventory-related adjustment does not apply to volumes withdrawn pursuant to "Competitive Make-Up Gas" or "Make-up Gas to Avoid an Interruption" contracts.

Without transfer of ownership

A customer shall not be billed for the inventory-related adjustment for the natural gas supply price.

15.2.2 COMPRESSOR FUEL AND TRANSPORTATION SERVICES

A customer who supplies its own compressor fuel service shall not be billed for the inventory-related adjustment for the compressor fuel price.

A customer who supplies its own transportation service shall not be billed for the inventory-related adjustment for the transportation price.

16. DISTRIBUTION

16.1 GENERAL PROVISIONS

16.1.1 RIGHT TO MOST ADVANTAGEOUS RATE

A customer is entitled to the most advantageous distribution rate according to the following conditions:

1. the distribution rate must be agreed upon for the entire term of the written contract, subject to subsequent amendments, agreed to by the parties, to the subscribed volume, the MAO and the agreed upon price;
2. A customer who has a verbal contract may change distribution rates subject to agreement with the distributor.

16.1.2 DEFAULT DISTRIBUTION RATE

Rate D_1 applies by default except in the case of customers who inject natural gas in the distribution system for whom Rate D_R applies by default.

16.1.3 CONTRACT TERM

The term for all written contracts must be a minimum of 12 months, except for make-up gas service contracts for which the contract term may be less than 12 months.

16.1.4 CUSTOMER GROUPINGS

Customer groupings are not permitted for distribution service.

16.1.5 SUBSEQUENT ADJUSTMENTS

The distribution rates are subject to rate modifications ordered by the Régie de l'énergie after they come into force to reflect any change in operating costs arising from the decision of a competent authority (legislator, governments, public agencies) ("fait du prince").

16.2 DISTRIBUTION SERVICE D_1 : GENERAL

16.2.1 APPLICATION

For any customer intending to withdraw, at its facilities, natural gas that must be moved within the distributor's territory.

For all withdrawals of firm service natural gas measured at a single metering point. A customer may not, from a single metering point, withdraw natural gas simultaneously under Rate D_1 and under another Distribution Rate.

16.2.2 DISTRIBUTION RATE D₁

16.2.2.1 Basic Fee

The basic fees per metering device depend on annual volume withdrawn as follows:

Volume Withdrawn m ³ /Year				Price ¢/Metering device/Day
from	0	to	10,950	46.501
from	10,950	to	36,500	94.747
from	36,500	to	109,500	113.012
from	109,500	to	365,000	119.264
from	365,000	to	1,095,000	156.428
from	1,095,000	to	3,650,000	206.121
	3,650,000		and over	512.716

The price is then multiplied by the number of days of the billing period.

16.2.2.2 Unit Prices by Volume Withdrawn

For each m³ of volume withdrawn at the levels below multiplied by the number of days in the billing period, the unit prices are as follows:

Volume Withdrawn m ³ /Day				Price ¢/m ³
first	30	from	0 to 30	23.263
next	70	from	30 to 100	15.904
next	200	from	100 to 300	14.666
next	700	from	300 to 1,000	11.103
next	2,000	from	1,000 to 3,000	8.215
next	7,000	from	3,000 to 10,000	5.777
next	20,000	from	10,000 to 30,000	4.649
next	70,000	from	30,000 to 100,000	3.853
m ³ exceeding	100,000		100,000 and over	3.195

16.2.2.3 Contribution – Green Fund

Unit price of the Green Fund Contribution:

1. For each m³ of volume withdrawn, the unit price is 0.769¢/m³;
2. A credit of 0.769¢/m³ will be applied to withdrawals that are exempt from the Green Fund Contribution.

16.2.3 RATE REBATES

16.2.3.1 Rate Rebate to Compete with Fuel Oil

If required by the competitive situation, the distributor and the customer may agree for up to 12 months, within the limits of the Rate Flexibility Program, a copy of which is available upon request, to a percentage reduction applicable to the Distribution Rate excluding the unit price of the Green Fund Contribution.

16.2.3.2 Rate Rebate to Compete with Dual Energy

If required by the competitive situation, the distributor and the customer may agree, within the limits of the dual energy section of the Rate Flexibility Program, a copy of which is available upon request, to a percentage reduction applicable to the Distribution Rate excluding the unit price of the Green Fund Contribution.

16.2.4 PEAK SERVICE SUPPLEMENT

16.2.4.1 Single-Family or Single-Dwelling Domestic Use Customers

For natural gas withdrawals by single-family or single-dwelling domestic use customers measured by a separate metering device (unless the distributor has other means to measure the load) and intended to supply facilities capable of using an energy source other than natural gas during off-peak periods:

the additional unit price is 40.0¢/m³.

16.2.4.2 Other Customers

For natural gas withdrawals by other customers measured at a single metering point when the customer has facilities capable of using an energy source other than natural gas during off-peak periods:

The additional unit price is established in column (1) of the following table:

From November 1 to March 31

Monthly Load Factor %	Unit Price Volumes <75,000 m ³ (1) ¢/m ³	Unit Price Volumes >75,000 m ³ (2) ¢/m ³
Over 50.0	0.0	0.0
50.0	38.2	5.4
40.0	43.7	10.9
30.0	54.8	22.0
25.0	65.6	32.8
20.0	86.1	53.3
18.0	100.0	67.2
16.0	120.8	88.0
14.0	153.8	121.0
12.0	212.4	179.6
10.0 and lower	250.0	217.2

The additional unit price for all load factors falling between the load factors shown in the table shall be interpolated linearly.

The monthly load factor (LF) shall be calculated as follows:

$$LF = \frac{VDM}{MDV \times D} \times 100 \quad \text{where: } \begin{array}{l} VDM = \text{volume withdrawn during the month} \\ MDV = \text{maximum daily volume withdrawn during the month} \\ D = \text{number of days in the month} \end{array}$$

16.2.5 MINIMUM ANNUAL OBLIGATION (MAO)

The distributor may agree, with a customer whose service address is newly connected to the natural gas distribution system or with a customer who receives financial assistance, on an MAO for the entire contract term. If, at the end of a contract year, the customer has withdrawn a volume that is less than its MAO, it will be billed for the volume deficit at the lower of the average price of the Distribution Rate paid during the 12 months of the contract year or of the average price of the Distribution Rate resulting from the billing of the volume deficit uniformly distributed over the contract year.

16.3 DISTRIBUTION SERVICES D₃ AND D₄: STABLE LOAD

16.3.1 APPLICATION

For any customer intending to withdraw at its facilities, natural gas that must be moved within the distributor's territory.

Distribution service D₃:

For all withdrawals of firm and stable service natural gas measured at a single metering point when the customer's subscribed volume is at least 333 m³/day, when the customer's load factor, calculated as an A / P ratio according to the non-transposed parameters defined in the load balancing service, is at least 60% and when the annual volume of natural gas is at least 75,000 m³. A customer may, at a single metering point, withdraw natural gas simultaneously under Rate D₃ and under Rate D₅.

Distribution service D₄:

For all withdrawals of firm and stable service natural gas measured at a single metering point when the customer's subscribed volume is at least 10,000 m³/day. A customer may, at a single metering point, withdraw natural gas simultaneously under Rate D₄ and under Rate D₅.

Notwithstanding the foregoing, when a Distribution Rate D₃ or D₄ customer participates in an energy efficiency program under the Global Energy Efficiency Plan (GEEP) or the Energy Efficiency Fund (EEF) after October 1, 2004, the aforementioned threshold can be reduced to take into account the marginal reduction recognized by the program for the average length of time the efficiency measure is implemented. Where applicable, the new threshold is equal to the subscribed volume before the measure was implemented, less a volume equal to the daily marginal reduction recognized by the program.

16.3.2 DISTRIBUTION RATES D₃ AND D₄**16.3.2.1 Minimum Daily Obligation**

For each m³ of subscribed volume at the levels indicated below, the unit prices are as follows:

Subscribed Volume				Price
m ³ /Day				¢/m ³ /Day
first	333	from 0	to 333	8.727
next	667	from 333	to 1,000	6.533
next	2,000	from 1,000	to 3,000	4.864
next	7,000	from 3,000	to 10,000	3.730
next	20,000	from 10,000	to 30,000	2.858
next	70,000	from 30,000	to 100,000	2.119
next	200,000	from 100,000	to 300,000	1.576
next	700,000	from 300,000	to 1,000,000	1.201
m ³ exceeding	1,000,000	1,000,000	and over	0.883

The result of the calculation is multiplied by the number of days in the billing period.

16.3.2.2 Unit Price by Volume Withdrawn up to the Subscribed Volume

For withdrawals up to the subscribed volume multiplied by the number of days in the billing period for a customer without daily readings and for daily withdrawals up to the subscribed volume for a customer with daily readings, the unit price is 0.350¢/m³.

16.3.2.3 Reduction According to Contract Term

The average unit price calculated pursuant to Articles 16.3.2.1 and 16.3.2.2 may be reduced by a percentage calculated as follows:

Minimum (19% X $\frac{\text{Contract Term in Months} - 12}{48}$; 19%)

plus, for contract terms longer than 60 months

Minimum (5% X $\frac{\text{Contract Term in Months} - 60}{120}$; 5%)

plus, for contract terms longer than 180 months

Minimum (2% X Contract Term in Months – 180; 2%)
60

The maximum percentage reduction is 26%.

16.3.2.4 Additional Reductions

In an initial contract negotiated with a customer whose service address is newly connected to the natural gas distribution system, the distributor and the customer may agree on a percentage reduction not exceeding 5%, additional to that calculated under Article 16.3.2.3, for the first year only.

A customer with a subscribed volume greater than or equal to 1,000,000 m³/day is entitled to an additional reduction subject to the prior authorization of the Régie de l'énergie.

16.3.2.5 Withdrawals in excess of 100% of the Subscribed Volume

For withdrawals in excess of 100% of the subscribed volume multiplied by the number of days in the billing period for a customer without daily readings, and for daily withdrawals in excess of 100% of subscribed volume for a customer with daily readings:

The average unit rate for each m³ exceeding the subscribed volume shall be established by means of the rate schedule below, beginning with the level corresponding to the subscribed volume, by weighting of the rates of each m³ in excess of the subscribed volume up to the average daily volume exceeding the subscribed volume.

Subscribed Volume and Daily Volume				Price
m ³ /Day				¢/m ³ /Day
first	333	from 0	to 333	14.666
next	667	from 333	to 1,000	11.103
next	2,000	from 1,000	to 3,000	8.215
next	7,000	from 3,000	to 10,000	5.777
next	20,000	from 10,000	to 30,000	4.649
next	70,000	from 30,000	to 100,000	3.853
m ³ exceeding	100,000	100,000	and over	3.195

16.3.2.6 Unauthorized Withdrawals

All withdrawals in excess of 150% of the subscribed volume multiplied by the number of days in the billing period for a customer without daily readings and all daily withdrawals in excess of 150% of the subscribed volume for a customer with daily readings, made from November 1 to March 31, are subject to a penalty of 50¢/m³ and to the price of natural gas traded at Iroquois.

For a customer providing its own supply service, unauthorized withdrawal volumes will be added to the sum of the DCVs to determine the volume imbalances for the contract period.

16.3.2.7 Contribution – Green Fund

Unit price of the Green Fund Contribution:

1. For each m³ of volume withdrawn, the unit price is 0.769¢/m³;
2. A credit of 0.769¢/m³ will be applied to withdrawals that are exempt from the Green Fund Contribution.

16.3.3 RATE REBATE TO COMPETE WITH FUEL OIL

If required by the competitive situation, under Rate D₃ only, the distributor and the customer may agree for up to 12 months, within the limits of the Rate Flexibility Program, a copy of which is available upon request, to a percentage reduction applicable to the Distribution Rate excluding the unit price of the Green Fund Contribution.

16.3.4 CONTRACT EXTENSION

A Distribution Rate D₃ or D₄ customer may extend its contract by one year and maintain the same reduction for the contract term provided it does so at least the following number of months prior to the expiry of its contract:

$$\frac{\text{Contract Term in Months} - 12}{2}$$

This time may not exceed 24 months.

16.3.5 REVISION OF SUBSCRIBED VOLUME

16.3.5.1 By the Customer

Except to replace natural gas by another energy source, a customer may in the course of the contract reduce its subscribed volume by up to 10% beginning with the second year and for each additional year. However, in the case of a new contract, the subscribed volume must at all times remain at least 75% of its initial level during the contract term. The customer must provide written notice of at least three months.

At all times, the customer's subscribed volume must be at least 333 m³/day under Rate D₃ and 10,000 m³/day under Rate D₄.

16.3.5.2 Following Implementation of an Energy Efficiency Measure

Notwithstanding the foregoing, a Distribution Rate D₃ or D₄ service customer who has participated after October 1, 2004 in an energy efficiency program under the Global Energy Efficiency Plan (GEEP) or the Energy Efficiency Fund (EEF) is entitled to a reduction of its subscribed volume equal to the daily marginal reduction recognized by the energy efficiency program. In the case of a new contract, the initial subscribed volume may also be reduced by the value of the marginal reduction. This reduction of the subscribed volume will be effective from the date of implementation of the energy efficiency program for which the marginal reduction is recognized.

A customer wishing to benefit from the reduction in its projected annual volume must so notify the distributor no later than one year after the date of payment of the financial assistance.

16.4 DISTRIBUTION SERVICE D₅: INTERRUPTIBLE

16.4.1 APPLICATION

For any customer intending to withdraw, at its facilities, natural gas that must be moved within the distributor's territory.

For withdrawals of interruptible service natural gas measured at a single metering point when the sum of the subscribed volume under Rate D₃ or D₄ and 1/365th of the minimum volume for the contract period under interruptible service is at least 3,200 m³/day.

Notwithstanding the foregoing, when a Distribution Rate D₅ customer participates in an energy efficiency program under the Global Energy Efficiency Plan (GEEP) or the Energy Efficiency Fund (EEF) after October 1, 2004, the aforementioned threshold referred to below can be reduced to take into account the marginal reduction recognized by the program for the average length of time the efficiency measure is implemented. Where applicable, the new threshold is established using as the minimum volume for the interruptible service contract period the projected annual volume when the measure is implemented, as calculated in Article 16.4.3.3.2, multiplied by the agreed upon MAO percentage.

To be eligible for this service, the customer must use the distributor's transportation service.

A customer may choose Category A or B, depending on the desired guarantee for availability of service. However, the customer may avail itself of interruptible service under Category B only if it is economic and operationally possible for the distributor to agree to it. Article 16.4.6 indicates the maximum number of interruption days for each Category.

A customer may, at a single metering point, withdraw natural gas simultaneously under Rate D₅ and under Rate D₃ or D₄. However, a customer cannot withdraw natural gas, at a single metering point, under both Category A and Category B of Distribution Rate D₅ simultaneously.

The distributor and the customer may agree on a maximum daily volume of interruptible service.

16.4.2 **DISTRIBUTION RATE D₅**

16.4.2.1 Unit Prices by Volume Withdrawn

For each m³ of volume withdrawn, the unit price is a weighted average calculated on the basis of the sum of the subscribed volume under Rate D₃ or D₄ and 1/365th of the projected interruptible service volume. For a make-up gas service contract, the projected volume is divided by the number of days of the contract period.

This unit price is the result of the distribution of the volumes among the levels below:

For Each m ³ of Subscribed Volume under Firm Service and of Projected Daily Volume under Interruptible Service					Price	
m ³ /Day					¢/m ³	
first	3,000	from	0	to	3,000	12.135
next	7,000	from	3,000	to	10,000	7.904
next	20,000	from	10,000	to	30,000	7.840
next	70,000	from	30,000	to	100,000	4.883
next	200,000	from	100,000	to	300,000	4.413
m ³ exceeding 300,000			300,000		and over	3.591

16.4.2.2 Reduction According to Minimum Annual Obligation

The average unit price calculated pursuant to Article 16.4.2.1 may be reduced by a percentage calculated as follows:

$$\text{Minimum (30\% X } \frac{\text{\% of MAO} - 25\%}{60\%}; 30\%)$$

16.4.2.3 Reduction According to Contract Term

The average unit price calculated pursuant to Article 16.4.2.1 may be reduced by a percentage calculated as follows:

$$\text{Minimum (40\% X } \frac{\text{Contract Term in Months} - 12}{48}; 40\%)$$

The reduction according to the contract term is only available when the customer commits to an agreed upon MAO percentage of at least 25%.

16.4.2.4 Additional Reduction

For the initial contract negotiated with a customer whose service address is newly connected to the natural gas distribution system, the distributor and the customer may agree on a percentage reduction, not exceeding 15%, additional to those calculated in Articles 16.4.2.2 and 16.4.2.3, for the first year only.

16.4.2.5 Unauthorized Withdrawals Exceeding Maximum Daily Volume

All natural gas withdrawals in excess of the maximum daily volume are subject to a penalty of 50¢/m³.

16.4.2.6 Unauthorized Withdrawals During Interruptions

All natural gas withdrawals made despite receipt of an interruption notice is subject to a penalty of 50¢/m³ and to the price of natural gas traded at Iroquois.

If a customer has a stable load service contract, it will pay this penalty and this market price on volumes in excess of subscribed volume plus 2% of the subscribed volume, this 2% being billed at the stable load service.

The daily volumes of natural gas withdrawn under "Make-up Gas to Avoid an Interruption" service or "Competitive Make-up Gas" service, up to 102% of the actual delivery of make-up gas during the interruption day plus 2% of the subscribed volume if the customer has a stable load service contract, are not subject to the penalty of 50¢/m³. The supply service terms and conditions are those of Article 11.2.3.3.1.

16.4.2.7 Emergency Service Premium

All natural gas withdrawals made by a customer after it has received an interruption notice but has received prior permission from the distributor to continue withdrawing are subject to an emergency service premium of 25¢/m³.

Customers under "Make-up Gas to Avoid an Interruption" service or "Competitive Make-up Gas" service may not avail themselves of the emergency service.

16.4.2.8 Contribution – Green Fund

Unit price of the Green Fund Contribution:

1. for each m³ of volume withdrawn, the unit price is 0.769 ¢/m³;
2. a credit of 0.769 ¢/m³ will be applied to withdrawals that are exempt from the Green Fund Contribution.

16.4.3 MINIMUM ANNUAL OBLIGATION (MAO)

The volume withdrawn during each contract year must be at least equal to the applicable MAO for the same period.

16.4.3.1 Establishment of MAO

The applicable MAO for each contract year is equal to the projected annual volume multiplied by the agreed upon MAO percentage.

At the end of the contract year, the MAO shall be adjusted by subtracting from it an agreed upon daily volume (or, failing that, 1/365th of the projected volume) for each interruption day, including the unauthorized withdrawal days and the emergency service days.

16.4.3.2 Billing of the Volume Deficit

At the end of the contract year, the volume withdrawn over the contract year shall be adjusted by subtracting from it the volumes withdrawn:

1. as unauthorized withdrawals during interruptions;
2. as emergency service;
3. under a "Make-up Gas to Avoid an Interruption" contract; and
4. under a "Competitive Make-up Gas" contract.

If at the end of a contract year a customer has withdrawn an adjusted volume that is less than its adjusted MAO, it will be billed for the volume deficit at the price determined in accordance with Articles 16.4.2.1 to 16.4.2.4, taking into account, where applicable, the competition rate adjustment described in Article 16.4.4.

16.4.3.3 Revision of MAO

16.4.3.3.1 By the Customer

Except to replace natural gas by another energy source, a customer may in the course of the contract reduce its initial MAO up to 20% beginning with the second year and, for each additional year, by an additional 5%. However, the MAO must at all times remain at least 50% of its initial level during the contract term. The customer must provide prior written notice of at least three months for a reduction of 20% or less and at least six months for a reduction of more than 20%.

When the MAO percentage is modified during the contract year, the volume deficit is calculated annually for each agreed upon MAO percentage. The two volume deficits obtained are prorated according to the number of days each MAO percentage was in effect.

16.4.3.3.2 Following Implementation of an Energy Efficiency Measure

Notwithstanding the foregoing, when a Distribution Rate D₅ customer participates in an energy efficiency program under the Global Energy Efficiency Plan (GEEP) or the Energy Efficiency Fund (EEF) after October 1, 2004, a new projected annual volume is established. The new projected annual volume is equal to the volume used to calculate the MAO (initial projected volume) less the marginal reduction recognized by the program and is applied from the date the measure is implemented.

A customer wishing to benefit from the reduction in its projected annual volume must so notify the distributor no later than one year after the date of payment of the financial assistance.

For the contract year the measure is implemented:

The volume used to calculate the MAO is determined from the initial projected volume and the new projected annual volume prorated in accordance with the volumes withdrawn in the corresponding periods of the year preceding the implementation of the measure.

For each subsequent contract year:

The volume used to calculate the MAO is the new projected annual volume.

16.4.4 COMPETITION RATE ADJUSTMENT

The distributor and the customer may agree on a negotiated percentage adjustment applicable to the Distribution Rate calculated in accordance with Article 16.4.2.1.

16.4.5 COMBINATION OF RATES D₃ AND D₅ OR D₄ AND D₅

When a customer withdraws natural gas simultaneously under Rates D₃ and D₅ or D₄ and D₅, at a single metering point, the volume withdrawn during a day is first considered as volume withdrawn under Rate D₃ or D₄ up to the limit of the subscribed volume. The volume is subsequently considered withdrawn under Rate D₅.

16.4.6 INTERRUPTIONS

1. The distributor must, on an annual basis, give service priority to interruptible customers in ascending order of subrates and, to the extent possible, within each of the subrates in descending order of prices, while complying with the maximum number of interruption days.

The maximum number of interruption days is determined in accordance with the following table:

Subrate D _s	Sum of Subscribed Volume under Firm Service and Projected Daily Volume under Interruptible Service		Maximum Number of Interruption Days*	
	Between m ³ /Day	and m ³ /Day	Category A	Category B
5.5	3,000	10,000	60	20
5.6	10,000	30,000	73	20
5.7	30,000	100,000	84	30
5.8	100,000	300,000	95	30
5.9	300,000	and over	104	30

* Applicable up to the limit of the projected volume

- Notwithstanding 1. above, "Competitive Make-Up Gas" service customers are the first to be notified of an interruption day. These customers must then limit their withdrawals to the volume they are committed to deliver (DCV) during the planned interruption day;
The maximum number of days of limited consumption is 90 days;
- Until otherwise notified, the customer must cease or decrease, as the case may be, its withdrawals of natural gas to the extent determined by the distributor, at the date and time indicated on the interruption notice received from the distributor. The distributor must give such interruption notice at least 2 hours before the beginning of the interruption;
- Except for the "Competitive Make-Up Gas" service, natural gas service must be interrupted at least one full day per year;
- Each year, the distributor must send to all its interruptible customers a copy of its interruption policy; a copy of the policy is also available to any customer who requests it.

16.4.7 CONTRACT EXTENSION

A customer may extend its contract by one year and maintain the same reduction for the contract term provided it does so at least the following number of months prior to the expiry of its contract:

$$\frac{\text{Contract Term in Months} - 12}{2}$$

The time cannot exceed 24 months.

16.5 RECEIPT SERVICE

16.5.1 APPLICATION

For a customer who wishes to inject natural gas produced in the territory served by the distributor into the distributor's gas system.

16.5.2 RECEIPT RATE

16.5.2.1 Prices at Receipt Points

16.5.2.1.1 Minimum Daily Obligation

For each m³ of maximum contractual capacity (MCC), the unit prices shall be as follows, depending on the receipt point:

Receipt Point	Prices – Investments section (¢/m ³ /day)	Prices – Distribution section (¢/m ³ /day)
Receipt point 1	Price 1	Price 4
Receipt point 2	Price 2	Price 5
Receipt point 3	Price 3	Price 6
(...)	(...)	(...)

16.5.2.1.2 Unit Prices by Volume Injected

For each m³ of volume injected, the unit prices shall be as follows, depending on the receipt point:

Receipt Point	Prices (¢/m ³)
Receipt point 1	Price 47
Receipt point 2	Price 58
Receipt point 3	Price 69
(...)	(...)

16.5.2.2 Prices at Delivery Points for Customer who Injects Natural Gas

16.5.2.2.1 Unit Prices for Volumes Delivered Within the Territory

For each m³ of volume delivered within the territory, the unit prices shall be as follows, based on the consumption zone:

Consumption Zone	Prices (¢/m ³)
Consumption zone 1	Price 710
Consumption zone 2	Price 811
Consumption zone 3	Price 912
(...)	(...)

16.5.2.2.2 Unit Prices for Volumes Delivered Outside the Territory

For each m³ of volume delivered outside the territory, the unit price shall be 0.70¢/m³.

16.5.3 CONTRACT RENEWAL AND INDEMNITY

The contract concluded with the customer may include a clause by which it is automatically renewed at its expiry or a clause requiring the customer to pay the distributor an indemnity at maturity of the term. The indemnity shall equal the book value of the assets at the end of the term.

If another customer who wishes to inject natural gas into the distributor's system requests access, during the period covered by the indemnity, to part of all of the MCC freed up by the customer who paid the indemnity, the indemnity may be partially reimbursed by the distributor in accordance with the agreement between the parties.

16.5.4 NATURAL GAS PRESSURE, COMPOSITION AND CALORIFIC CONTENT

The customer's natural gas must be delivered at a sufficient pressure as to allow natural gas to be injected in the distributor's system at the receipt point but shall not exceed the maximum pressure provided in the contract.

The natural gas injected by the customer must meet the TransCanada Pipelines, Canadian Mainlines criteria as approved by the National Energy Board. [However, the distributor may require additional specifications.](#)

If the natural gas injected does not satisfy the required standards, the distributor may suspend receipt of the non-standard gas without notice. The customer shall still be required to fulfill its obligations to the distributor. The customer shall also reimburse the distributor for all the costs incurred by the nonconformity of the natural gas.

16.5.5 REVISION OF MAXIMUM CONTRACTUAL CAPACITY (MCC)

The MCC may be increased over a contract term if it is economically and operationally possible for the distributor to increase the capacity at the receipt point.

The MCC may not be decreased unless the distributor agrees that the portion of the MCC the customer wants to dispose of is transferred to another customer who wishes to inject natural gas into the system.

In all cases, revision of the MCC must be agreed on by the parties.

16.5.6 DAILY OVERRUNS OF MAXIMUM CONTRACT CAPACITY (MCC)

A customer who wishes to inject, on a particular day, a natural gas volume that is greater than its MCC must request the distributor's permission beforehand.

If it is operationally possible for the distributor to accept this additional volume of the customer's natural gas, It shall be billed according to the sum of [125-110](#)% X the price of the minimum daily obligation, the unit price by volume injected that is applicable at the receipt point and the unit price for the volume delivered within the territory applicable to the consumption zone or the unit price for the volume delivered outside the territory, as applicable.

If there are several concurrent requests to inject additional volumes of natural gas and the said volumes exceed the distributor's ability to accept the natural gas, the available capacity shall be distributed as prorated on the basis of the excess volumes requested.

16.5.7 POSSESSION AND CONTROL

Gas received by the distributor shall be deemed to be in the custody and under the control of the distributor from the time it is received into the distribution system until it is delivered outside of the distribution system.

17. OTHER APPLICABLE CHARGES

17.1.1.1 Distribution System Connection Charge

The charge provided for in Article 4.3.2 shall be \$300.

17.1.1.2 Charge for Non-Standard Connection

The charge provided for in Article 4.3.3 shall be as follows:

1. Where an S6 or S20 metering device is installed, \$50 per linear metre;
2. In all other cases, the price determined by the distributor on the basis of an estimate of the costs.

17.1.1.3 Charge for Reduction of Connection Time

The charge provided for in Article 4.4.2 shall be as follows:

1. \$500 if an S6 or S20 metering device is to be installed in less than 30 business days;
2. \$750 if an S40 to S50 metering device is to be installed in less than 40 business days and \$1,000 if an R80 to R450 metering device is to be installed;
3. In all other cases, the price shall be determined by the distributor on the basis of an estimate of the costs.

17.1.1.4 Charge Following a Request to Verify Measuring Equipment

The charge provided for in Article 5.5 shall be as follows:

1. \$250 in the case of an S6 or S20 type meter;
2. \$580 in the case of an S40 or S50 type meter;
3. In all other cases, the price shall be determined by the distributor on the basis of an estimate of the costs.

17.1.1.5 Charge for Non Honoured Payment

The charge provided for in Article 7.2.1 shall be \$15.

17.1.1.6 Late Payment Charge

The late payment charge provided for in Article 9.3 shall be 1.5%.

17.1.1.7 Collection Charge

The charge provided for in Article 9.4.2 shall be \$40.

17.1.1.8 Reconnection Charge

The charge provided for in Articles 4.4.1 and 9.5 shall be as follows:

1. \$225 for customers whose annual volume is less than 10,950 m³;
2. \$310 for customers whose annual volume is 10,950 m³ or more.

Section IV

Effective Date and Transitional Provisions

18. EFFECTIVE DATE AND TRANSITIONAL PROVISIONS

18.1 EFFECTIVE DATE

18.1.1 APPLICATION

The *Conditions of Service and Tariff* shall take effect on January 1, 2012 and shall apply to services supplied and volumes withdrawn effective from that date, subject to Article 18.2.1.

18.2 TRANSITIONAL PROVISIONS

18.2.1 CUSTOMER GROUPING

Customer grouping for transportation and load balancing services shall be permitted only if the customer grouping opts out from the distributor's transportation service in accordance with Article 18.2.2. D₁ distribution service customers may join the customer grouping for transportation and load balancing services provided the grouping includes a D₄ distribution service customer.

18.2.2 PROGRESSIVE WITHDRAWAL FROM THE DISTRIBUTOR'S TRANSPORTATION AND LOAD BALANCING SERVICES

Distribution Rate D₃ and D₄ customers, as well as Distribution Rate D₁ customers whose consumption is at least 75,000 m³/year, may request to opt out of the distributor's transportation or load balancing services. Distribution Rate D₅ customers may not opt out of the distributor's transportation service.

Customers wishing to opt out of the distributor's transportation or load balancing services may do so before their written contract expires or during their verbal contract, provided they satisfy the prior notice requirements stipulated herein.

For the purposes of this article, a customer grouping may ask to opt out from the transportation service or load balancing service if at least one of the customers in the grouping qualifies for the withdrawal as stipulated in the first paragraph above. However, Distribution Rate D₅ customers may not opt out from the distributor's transportation service.

Where a request to opt out of distributor's services has not been submitted, customers shall continue to be billed in accordance with the distributor's Rates.

18.2.3 APPLICATION OF LOAD BALANCING RATE

Where the present rates continue to be applicable after September 30, 2012, the calculation of the parameters and the transposition in Articles 14.1.3 and 14.1.4 shall be modified to recognize the volumes applicable at September 30, 2012.

18.2.4 FIXED RATE

Customers who had, as of September 30, 2011, a fixed Distribution Rate D₁ shall remain subject to that rate until the expiry date of their contract. However, the unit price of the Green Fund contribution is added to the distribution service prices.

18.2.5 LOAD BALANCING SERVICE

Customers who have a modular distribution service (D_M) contract and transfer to the general rate (D_1) as of January 1, 2012 shall continue to be subject to the load balancing price calculation set out in Article 14.1.2.2.

18.2.6 LOAD BALANCING PRICE CALCULATION

Articles 14.1.2.1, 14.1.2.2 and 14.1.2.3 of Chapter 14 (Load balancing) are modified as follows as of October 1, 2012.

14.1.2.1 Price for customers whose annual volume is less than 75,000 m³

For each m³ of volume withdrawn, the unit price is 4.652/m³.

Notwithstanding the above, a Distribution Rate D_1 customer who opts out of the distributor transportation service in accordance with Article 18.2.2 is subject to the load balancing price stipulated in Article 14.1.2.2

14.1.2.2 Price for other customers and for customers subject, as of September 30, 2011, to Article 14.1.2.2 of the *Conditions of Service and Tariffs* in effect as of December 1, 2010

For each m³ of volume withdrawn, excluding "Competitive Make-up Gas" and "Make-up Gas to Avoid an Interruption", volumes, the unit price in ¢/m³, as of October 1, 2012, is calculated as follows:

$$\frac{228.8 \times (P - W) + 1\,770.1 \times (W - A)}{\text{Annual Volume}}$$

where **A:** Annual Average Daily Load

W: Winter Average Daily Load (period from November 1 to March 31)

P: Peak Daily Load

The calculation of the **A**, **W** and **P** parameters is detailed in Article 14.1.3. For D_5 distribution service customers, the **A**, **W** and **P** parameters used in the formula are the parameters modified to take account of the interruption days.

However, the price may not be less than -1.561¢/m³ nor greater than 7.638 ¢/m³.

14.1.2.3 Average Price

Article 14.1.2.2 does not apply when the firm- or interruptible-service volume withdrawn between October 1, 2011 and September 30, 2012 is nil or does not represent 12 consecutive months of consumption.

These customers will be subject to an average unit price based on their distribution rate, in accordance with the following table as of October 1, 2012:

Distribution Rate	Price ¢/m ³
D_1	4.652
D_3	0.812
D_4	0.517
D_5 – Category A	-0.871
D_5 – Category B	1.235

18.2.7 REDUCTION FOR CONTRACT TERM FOLLOWING A TRANSFER TO STABLE LOAD RATE D₃ OR D₄

Customers who have a modular rate contract (D_M) and transfer to stable load rate D₃ or D₄ as of January 1, 2012 shall benefit from the contract-term reduction set out in Article 16.3.2.3, which will be calculated according to the term of the modular rate (D_M) contract.

18.2.8 REDUCTION FOR CONTRACT TERM FOLLOWING A SUBSEQUENT TRANSFER TO STABLE LOAD RATE D₃ OR D₄

Customers who have a modular distribution service (D_M) contract and have transferred to the general rate (D₁) as of October 1, 2011 may, following that date but before the expiry date stipulated in their modular rate (D_M) contract, transfer their contract to stable load rate D₃ or D₄. Customers who make such a transfer may benefit from the rate reduction related to the term of their modular rate (D_M) contract.

18.2.9 CONTRACT EXTENSIONS

Customers who have a modular rate (D_M) contract and transfer, on January 1, 2012, to the stable load D₃ or D₄ rate and who, because of the expiry of their modular rate (D_M) contract, can not meet the requirement for contract extension notice set out in Article 16.3.4, may extend their contract without having to comply with that notice requirement. A contract extension notice must nevertheless be given no later than December 31, 2011. The remaining term of the contract so renewed must be at least three years.

18.2.10 REDUCTION OF TRANSITIONAL REBATE

The transitional rebate in effect as of September 30, 2011, calculated in accordance with the provisions of Article 18.1.13 of the *Conditions of Service and Tariff* in effect as of March 30, 2011, will be modified as follows:

The modified transitional rebate is equal to the maximum of

- The transitional rebate in force as of September 30, 2011 minus 5.17% and
- 0.

18.2.11 EXPIRY OF STABLE LOAD RATE (D₃) CONTRACTS WITH RATE COMBINATION

Customers who have, as of September 30, 2011, a stable load distribution service (D₃) contract in rate combination with the interruptible rate (D₅) may, effective from January 1, 2012, terminate the interruptible portion of the contract before it expires.