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February 2, 2017

British Columbia Utilities Commission
6th Floor, 900 Howe Street
Vancouver, BC
V6Z 2N3

Attention: Ms. Laurel Ross, Acting Commission Secretary and Director

Dear Ms. Ross:

Re: FortisBC Energy Inc. (FEI)
Project No. 3698899
2016 Rate Design Application (the Application) – Supplemental Filing

On December 19, 2016, FEI filed the Application referenced above. In accordance with British Columbia Utilities Commission Order G-6-17 setting out the Regulatory Timetable for the review of the Application, FEI respectfully submits the Supplemental Filing to the Application. The Supplemental Filing forms Volume 3 of the Application, and includes the following:

- Section 13 Rate Design for Fort Nelson**
- Appendix 1-2 Draft Final Order – Revised** (to replace original filed with the Application)
- Appendix 11 FEI General Terms & Conditions and Rate Schedules Appendices**
 - 11-3** Proposed FEI Rate Schedules, effective June 1, 2018 (Blacklined)
 - 11-4** Supporting Calculations for the Proposed Change to the Administration Charge
- Appendix 13 Fort Nelson Appendices**
 - 13-1** Minimum System Study for Fort Nelson
 - 13-2** Fort Nelson 2017-2018 Revenue Requirements Application Financial Schedules

- 13-3** 2018 Shared Services Allocation Split
- 13-4** Fort Nelson Baseline COSA Financial Schedules
- 13-5** Fort Nelson Final COSA Financial Schedules
- 13-6** Proposed Fort Nelson Gas Tariff, effective June 1, 2018 (Blacklined)

If further information is required, please contact the undersigned.

Sincerely,

FORTISBC ENERGY INC.

Original signed:

Diane Roy

Attachments

cc (email only): Registered Parties to FEI's PBR Annual Reviews
Pre-Application Rate Design Information Sessions and Workshop Participants and Stakeholders



FortisBC Energy Inc. 2016 Rate Design Application

Section 13:

RATE DESIGN FOR FORT NELSON

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13. RATE DESIGN FOR THE FORT NELSON SERVICE AREA

In this section, FEI discusses the rate design for the Fort Nelson Service Area (Fort Nelson). The rates for Fort Nelson are established separately from the rates for FEI's other service areas.

Fort Nelson's rate design proposals are set out below under approvals sought and discussed in additional detail in the following subsections. Based on the analysis and rate design considerations set out in the Application, FEI believes that its rate design proposals for Fort Nelson are just and reasonable, and should be approved as proposed.

This section is organized as follows:

- Section 13.1 sets out the approvals sought by FEI for Fort Nelson;
- Section 13.2 provides a brief overview of Fort Nelson customers, gas supply background and the regulatory history of Fort Nelson rates and rate setting methodologies since 1992;
- Section 13.3 summarizes the stakeholder engagement process for Fort Nelson, including the residential customer survey, undertaken to gather stakeholder and customer feedback, comments and questions, that assisted in compiling a key issues list and were taken into account in the Fort Nelson rate design proposals;
- Section 13.4 describes the cost of service allocation methodology and study for Fort Nelson;
- Section 13.5 presents the proposed changes to the existing rate design for residential, commercial and industrial customers rates;
- Section 13.6 summarizes the changes to the Fort Nelson Gas Tariff; and
- Section 13.7 summarizes the rate design proposals, including rebalancing of rates and associated bill impacts, postage stamp rate analysis and concludes the section.

13.1 APPROVALS SOUGHT

Pursuant to section 58 to 61 of the UCA, FEI seeks the Commission's approval of the following for Fort Nelson, to be effective June 1, 2018:

Cancellation of Rates

1. Approval to cancel the following Fort Nelson Rates, each of which has no customers:

- Rate 1 Option A - Domestic Service for Primary space heating equipment purchased from FEI Fort Nelson
- Rate 2.4 - Compression/Dispensing Service

- 1 • Rate 3.2 – Industrial Service

- 2 • Rate 3.3 – Industrial Service

3 **Renaming of Rates**

- 4 2. Approval to rename Fort Nelson's existing Rates to the following to align with FEI's Rate
5 Schedule naming convention:

- 6 • Rate 1 Option B Domestic Service to Rate Schedule 1 Residential Service

- 7 • Rate 2.1 General Service to Rate Schedule 2 Small Commercial Service

- 8 • Rate 2.2 General Service to Rate Schedule 3 Large Commercial Service

- 9 • Rate 2.3 Natural Gas Vehicle Fuel Service to Rate Schedule 6 Natural Gas Vehicle
10 Service

- 11 • Rate 3.1 Industrial Service to Rate Schedule 5 General Firm Service

- 12 • Rate Schedule 25 General Firm Transportation to Rate Schedule 25 General Firm
13 Transportation Service

14 **Unbundling of Rates**

- 15 3. Approval to unbundle Fort Nelson's residential and commercial rates to provide
16 transparency into the different components of customer bills and provide Fort Nelson
17 customers the option to access services that require unbundled rates as discussed in
18 section 13.5.2 below.

19 **Billing System Changes Cost**

- 20 4. Approval for a deferral account to record the cost of changes to the billing system for
21 Fort Nelson that will be required to unbundle Fort Nelson's rates. The costs will be
22 recorded in the account on a net-of-tax basis (in keeping with normal practice) and
23 amortized over 5 years beginning in 2019. The one-time pre-tax cost is expected to be
24 approximately \$70 thousand.

25 **Commodity Cost Recovery Charge and Storage and Transport Charge**

- 26 5. Approval of the following for Rate Schedules 1, 2, 3, 5, 6 (until these changes are
27 approved these have been Rates 1, 2.1, 2.2, 3.1, and 2.3):

- 28 • To set a Commodity Cost Recovery Charge based on classifying commodity costs
29 as energy-related and allocating those costs to all sales customers based on
30 throughput, as discussed in section 13.4.2.

- To set a Storage and Transport Charge based on classifying midstream costs as demand-related and allocating those costs to all sales customers based on their load factor adjusted volume, as discussed in section 13.4.2.

Residential Rates

6. Approval of the following for Rate Schedule 1 (formerly Rate 1):

- To set the Basic Charge per Day at \$0.4591 and the Delivery Charge at \$3.512 per GJ as a result of unbundling the rate structure in a way that minimizes the bill increase for any individual customer as discussed in sections 13.5.4 and 13.7.

Commercial Rates

7. Approval to change the annual volume threshold between small and large commercial customers from 6,000 GJ to 2,000 GJ and to set the Basic, Delivery, Commodity, and Storage and Transport Charges for commercial customers to align with the 2,000 GJ threshold for FEI customers as discussed in sections 13.5.5 and 13.7, as follows:

- For Rate Schedule 2 (formerly Rate 2.1 – customers whose normal annual consumption is less than 2,000 GJ):
 - To set the Basic Charge per Day at \$1.0234 and Delivery Charge at \$3.764 per GJ as a result of unbundling the rate structure as discussed in sections 13.5.5 and 13.7.
- For Rate Schedule 3 (formerly Rate 2.2, and Rate 2.1 customers whose normal annual consumption is greater than 2,000 GJ):
 - To set the Basic Charge per Day at \$5.7284 and Delivery Charge at \$2.905 per GJ as a result of unbundling the rate structure as discussed in sections 13.5.5 and 13.7.
- For Rate Schedule 6 (formerly Rate 2.3):
 - To set the Basic Charge per Day and Delivery Charge equal to FEI's approved January 1, 2018 RS 6 rates, as a result of unbundling the rate structure.

Industrial Rates

8. Approval of the following for Rate Schedule 5 (formerly Rate 3.1):

- To set the Daily Demand equal to 1.10 multiplied by the greater of:
 - i. The customer's highest average daily consumption of any month during the winter period (November 1 to March 31); or

- 1 ii. One half of the Customer's highest average daily consumption of any month
2 during the summer period (April 1 to October 31).

3 The calculation of Daily Demand will be based on the Customer's actual gas use during
4 the preceding Contract Year.

- 5 • To set the Basic Charge at \$600.00 per Month, the Demand Charge per Month per
6 GJ of Daily Demand at \$28.727, the Delivery Charge per GJ at \$1.000.
7 • To phase-out the Rate Revenue Stabilization Adjustment Mechanism Charge (Rate
8 Rider 5) over two years as discussed in Section 13.5.6.

9
10 9. Approval of the following for Rate Schedule 25:

- 11 • To set the Daily Demand equal to 1.10 multiplied by the greater of:
12 i. The customer's highest average daily consumption of any month during the
13 winter period (November 1 to March 31); or
14 ii. One half of the Customer's highest average daily consumption of any month
15 during the summer period (April 1 to October 31).

16 The calculation of Daily Demand will be based on the Customer's actual gas use during
17 the preceding Contract Year.

- 18 • Amendments to implement daily balancing, as discussed in Section 10.6 of the
19 Application.
20 • Amendments to reduce the daily balancing tolerance to a 10% threshold and to
21 introduce a balancing charge of \$0.25/GJ for gas supply shortfalls within a 10% to
22 20% tolerance level, as discussed in Section 10.7 of the Application.
23 • To set the Basic Charge at \$600.00 per Month, the Demand Charge per Month per
24 GJ of Daily Demand at \$28.727, the Delivery Charge per GJ at \$1.000, and the
25 Administrative Charge per Month at \$39.00.
26 • To phase-out the Rate Revenue Stabilization Adjustment Mechanism Charge (Rate
27 Rider 5) over two years as discussed in Section 13.5.6.

28 **The Fort Nelson Gas Tariff**

29 10. Approval of the housekeeping and other amendments to the Fort Nelson Gas Tariff as
30 set out in Appendix 13-6. The proposed amendments to the Fort Nelson Gas Tariff
31 include the following:

- 32 • Approval of the amendments to the terms and conditions for Rate Schedules 1, 2, 3,
33 5, 6 (until these changes are approved these have been Rates 1, 2.1, 2.2, 3.1, and
34 2.3) and Rate Schedule 25.

1 An updated draft order setting out the approvals sought in the Application is attached as
2 Appendix 1-2.

3 **13.2 OVERVIEW OF FORT NELSON AND REGULATORY HISTORY**

4 **13.2.1 Overview**

5 FEI currently serves approximately 2,500 customers in Fort Nelson who consume approximately
6 0.6 PJ of natural gas annually. This represents a small portion of FEI's overall customer base;
7 approximately 0.2% of the total number of customers and approximately 0.3% of the total
8 demand.

9 Fort Nelson has two types of customer groups – sales customers and transportation customers.
10 For Fort Nelson sales customers FEI purchases all the gas and upstream resources required for
11 delivery of the gas to the customer. Transportation customers procure their own gas to be
12 delivered to FEI's interconnecting point in Fort Nelson and therefore do not pay a Gas Cost
13 Recovery Charge to FEI.

14 **13.2.1.1 Fort Nelson Rates**

15 The table below outlines the current and proposed Fort Nelson classification of rates, as
16 outlined in the Fort Nelson Gas Tariff, (the Fort Nelson Tariff).

17 **Table 13-1: Description of the Current and Proposed Fort Nelson Classification of Rates**

Current Classification of Rates		Proposed Classification of Rates	
Rate	Rate Title and Description	Rate Schedule	Rate Schedule Title and Description
1 Option A	<ul style="list-style-type: none"> Domestic Service <ul style="list-style-type: none"> Primary space heating equipment purchased from FEI Fort Nelson Closed in 1990 	Not Applicable	<ul style="list-style-type: none"> Not Applicable <ul style="list-style-type: none"> Propose to cancel
1 Option B	<ul style="list-style-type: none"> Domestic Service <ul style="list-style-type: none"> Primary space heating equipment not purchased from FEI Fort Nelson 	1	<ul style="list-style-type: none"> Residential Service
2.1	<ul style="list-style-type: none"> General Service 	2	<ul style="list-style-type: none"> Small Commercial Service
2.2	<ul style="list-style-type: none"> General Service 	3	<ul style="list-style-type: none"> Large Commercial Service
2.3	<ul style="list-style-type: none"> Natural Gas Vehicle Service 	6	<ul style="list-style-type: none"> Natural Gas Vehicle Service
2.4	<ul style="list-style-type: none"> Compression/Dispensing Service 	Not Applicable	<ul style="list-style-type: none"> Not Applicable <ul style="list-style-type: none"> Propose to cancel
3.1	<ul style="list-style-type: none"> Industrial Service 	5	<ul style="list-style-type: none"> General Firm Service

Current Classification of Rates		Proposed Classification of Rates	
Rate	Rate Title and Description	Rate Schedule	Rate Schedule Title and Description
3.2	• Industrial Service	Not Applicable	• Not Applicable ○ Propose to cancel
3.3	• Industrial Service	Not Applicable	• Not Applicable ○ Propose to cancel
RS 25	• General Firm Transportation	25	• General Firm Transportation Service

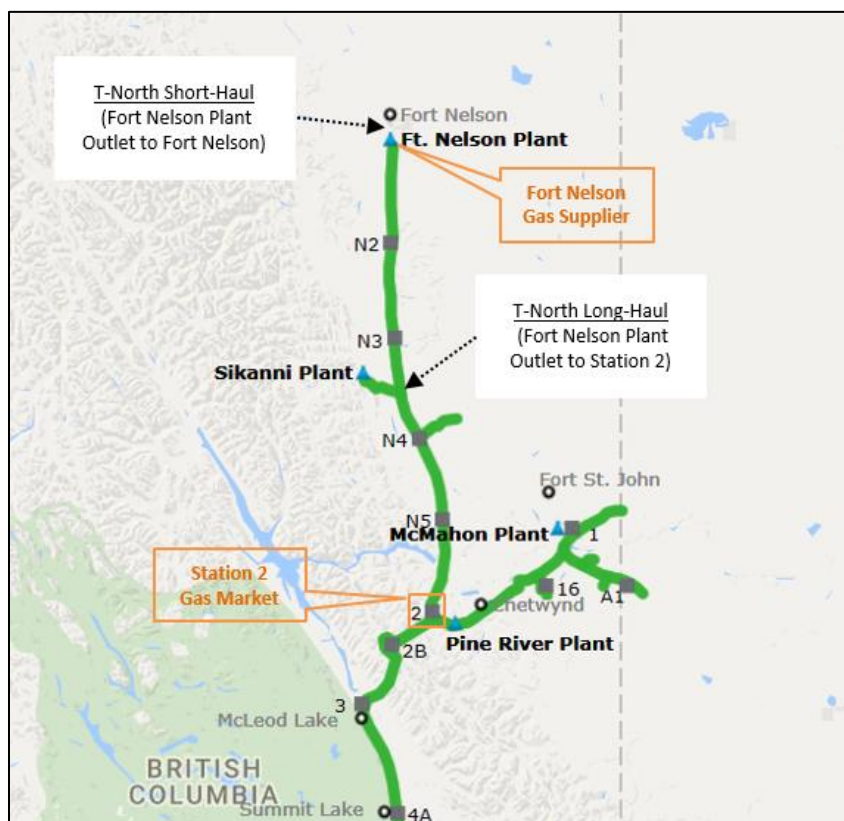
1

2 **13.2.1.2 Fort Nelson Gas Supply**

3 To serve Fort Nelson, FEI sources gas from the Fort Nelson gas plant. FEI's supply agreement
4 allows FEI to transact or nominate a volume, depending on customer demand, of up to the
5 equivalent of 5 TJ per day at the outlet of the Fort Nelson gas plant. At this particular transfer
6 point, there is no industry standard or published index to establish the price for this gas. Thus,
7 FEI agreed with the supplier to price the transaction based on the closest market hub with a
8 published index, which is Station 2. The map below shows the locations of the demand, supply
9 and Spectra Energy's T-North Short-Haul Firm Transportation Service (T-North Short-Haul¹)
10 that is required to flow gas from the Fort Nelson gas plant outlet to Fort Nelson.

¹ Spectra Energy's T-North Short-Haul Firm Transportation Service allows for the movement of gas north from a receipt point at the Fort Nelson gas plant outlet to the interconnect with FEI's gas distribution system in Fort Nelson.

Figure 13-1: Fort Nelson Gas Supply



A unique feature of FEI's current supply agreement for Fort Nelson is that the supplier allows FEI to change the nomination on a daily basis to better match the demand profile of Fort Nelson customers. Consequently, for Fort Nelson, the gas is not purchased at a 100% load factor. This ability to change the gas nomination daily has value to Fort Nelson customers because FEI would otherwise need to hold firm capacity on Spectra Energy's T-North Long-Haul pipeline as a Firm Transportation Service (T-North Long-Haul²) to move the gas to Station 2, even when the gas was not needed for Fort Nelson. Any T-North Long-Haul capacity would have a fixed demand charge associated with it for 365 days of the year.

Fort Nelson's gas supply portfolio also includes a pricing arrangement whereby the commodity price for a portion of Fort Nelson's winter gas supply is determined based on the cost of gas FEI injects into the Aitken Creek storage facility during the preceding summer. The Aitken Creek storage arrangement captures the summer winter price differential at the Station 2 market which helps to stabilize gas costs for Fort Nelson customers.

The Fort Nelson midstream cost consists of the costs of T-North Short-Haul on Spectra Energy's system. FEI contracts firm Transportation T-North Short-Haul pipeline capacity with Spectra Energy from the Fort Nelson gas plant outlet to Fort Nelson. As summarized above, T-

² Spectra Energy's T-North Long-Haul Firm Transportation Service allows for the movement of gas south from a receipt point at the Fort Nelson gas plant outlet to a delivery point at Station 2.

North Long-Haul pipeline capacity is not required for Fort Nelson customers since the current supply agreement allows FEI to change the nomination on a daily basis.

13.2.2 Regulatory History of Fort Nelson

Although not a separate legal entity, Fort Nelson has its own rate base and revenue requirements for the purposes of determining rates.

Fort Nelson was purchased by FEI's predecessor company in 1985. Since that time, FEI has not undertaken a full rate design for Fort Nelson³, although there have been two proceedings related to the potential for postage stamp rates for the service area.

In its 1992 Revenue Requirements Application, FEI (formerly BC Gas Utility Ltd.) sought consolidation of its Lower Mainland, Inland, Columbia and Fort Nelson divisions. There were no customer objections to the matter of consolidation for the Inland and Columbia Service Areas; however, objections were received from Fort Nelson. The objections were based on Fort Nelson's concern about the lack of consultation regarding the consolidation proposal, as well as the Fort Nelson residents' belief that the local utility was able to operate as an independent entity with rates being established on a separate basis from the rest of FEI's service areas.

Although the Commission recognized the benefits of the consolidation proposal at that time, Order G-63-92 denied the consolidation proposal. In its decision, the Commission stated that *"while the saving is material, the canvassing of the full impact on all customers is more important."*⁴ The Commission deferred a decision on consolidation to the 1993 Phase B Rate Design hearing to allow time to determine the full rate impact of consolidation on all service areas. FEI (formerly BC Gas Utility Ltd.) did not pursue including Fort Nelson in the consolidation and postage stamping of rates in its 1993 Phase B Rate Design Application. Approval was received to consolidate the Lower Mainland, Columbia, and Inland divisions.

As discussed in section 3.3.10, in 2012, FEI and its affiliates filed an application with the BCUC to amalgamate FEVI, FEW and FEI into a single entity and implement postage stamp rates across the amalgamated entity including Fort Nelson. In its application, FEI stated that it had been operating with a common management structure since the mid-2000s and that it viewed amalgamation as the next logical step towards integration. In February 2013, the Commission denied FEI's application for common rates and declined to consider the issue of amalgamation.⁵ Following this decision, the Reconsideration and Variance of Order G-26-13 was requested in April 2013. In the Reconsideration and Variance application, FEI requested a determination that the proposed amalgamation was in the public interest and that the proposed postage stamp rates for the amalgamated utility (excluding the service area of Fort Nelson) be approved. In February 2014, the Commission approved FEI's Reconsideration and Variance application with conditions. In its Decision, the Commission stated:

³ FEI does not know when the last Rate Design proceeding was done for Fort Nelson prior to 2012.

⁴ At the time, the savings were estimated at between \$500 thousand and \$600 thousand.

⁵ Commission Order G-26-13, dated February 25, 2013.

The Commission Panel agrees there would appear to be a logical inconsistency in maintaining regional rates for Fort Nelson. However, the Panel also notes that the Fort Nelson and District Chamber of Commerce, which intervened in both the Original Application and the Reconsideration Application, took no position on the Reconsideration Application as no reconsideration of rates as applicable to Fort Nelson was sought. The FEU may want to address this apparent inconsistency in its next rate design application.

In summary, although past proceedings explored the issue of common rates for Fort Nelson, Fort Nelson has remained separate from FEI's general revenue requirement applications and has its own revenue requirements filings and a separate tariff⁶.

13.3 STAKEHOLDER ENGAGEMENT

As discussed in section 4 of the Application, FEI's stakeholder engagement process consisted of information sessions, stakeholder workshops and a separate residential customer survey for Fort Nelson. FEI's engagement process informed Fort Nelson customers and other stakeholders about its current rate design and the potential changes FEI was considering at that time for Fort Nelson.

On July 27, 2016, FEI held a workshop in Fort Nelson to provide stakeholders with an overview of the rate design for Fort Nelson and to seek feedback on a number of key discussion topics. The workshop was open to all natural gas customers of Fort Nelson to attend. As discussed in Section 4, on July 14, 2016 FEI circulated a Discussion Guide to all interested Fort Nelson stakeholders in advance of the workshop. A summary of the meeting notes including the action items and key issues was circulated to stakeholders for review and comment, about two weeks after the workshop. Stakeholders were invited to add additional comments or seek further clarification on the topics discussed during the workshop. The detailed meeting notes are attached under Appendix 4-2 and the Fort Nelson discussion guide is in Appendix 4-3.

13.3.1 Fort Nelson Workshop

During the Fort Nelson workshop, FEI sought stakeholder input on the key discussion topics for the Fort Nelson rate design. Table 13-2 below provides a list of action items and key discussion topics including FEI's response and a reference to where each item is addressed in the Application.

⁶ As per the Fort Nelson Tariff, the applicable definitions and General Terms and Conditions are the FEI General Terms and Conditions and definitions contained therein.

Table 13-2: Action Items, Key Discussion Topics and FEI Response

Action Items	Action / Response	Reference
Physical flow and commercial transactions contributing to gas costs	FEI has provided a background on gas supply arrangement to understand the physical flow and commercial transactions contributing to the gas costs.	Section 13.2.1.2
Estimated costs to unbundle Fort Nelson bills	Costs are estimated at approximately \$70 thousand to unbundle and restructure the rates for Fort Nelson	Section 13.5.2
Efficiencies gained from unbundling	Fort Nelson customers sum to approximately 0.2% of FEI's total customers. Unbundling Gas and Delivery Charges for Fort Nelson bills will simplify the discussion for FEI's Customer Service Representatives but will not result in a reduction of employees.	
Key Discussion Topics	Action / Response	Reference
Bundled or Unbundled Rates	FEI is proposing to unbundle the rates which will make rate changes more transparent.	Section 13.5.2
Gas Cost Allocation Methodology	FEI is proposing to allocate midstream costs based on a load factor volume adjusted basis and allocate commodity costs based on sales volumes.	Section 13.4.2
Customer Segmentation – Commercial Customers	FEI is proposing to change the customer segmentation threshold between small and large commercial customers from 6,000 GJ/year to 2,000 GJ/year.	Section 13.5.5
Revenue to Cost Ratio and Rebalancing	FEI is proposing to limit rate increases to Rate 1 to 10% taking into account rate increases from the 2017 / 2018 RRA and this Rate Design. Rate 2.1 rates will decrease such that its R:C ratio is 110% and Rate 2.2 rates will decrease such that the total rebalancing for all Rates is zero. RS 25 R:C ratio is 111%, FEI is proposing not to do any rebalancing.	Section 13.7.1.4
Common Rates	FEI is not proposing the adoption of postage stamp rates for Fort Nelson at this time.	Section 13.7.3

FEI received feedback from stakeholders and customers regarding FEI's explanation of the context of Fort Nelson's rate design provided in the workshop. Specific feedback on the key discussion topics and issues mentioned above is included in the relevant sections below as set out in the table above.

13.3.2 Residential Customer Survey

As explained in Section 4.6, FEI retained the services of Sentis to conduct an online survey to measure residential customers' knowledge of Fort Nelson's existing rate structure and bill components and to better understand customers' preference regarding various rate design considerations. The detailed version of this study can be found in Appendix 4-5 to this Application. A brief summary of the survey results is presented below.

Knowledge of Current Rate Structure and Bill Components:

In general, the survey results indicate that the majority of Fort Nelson's residential customers have a relatively good understanding of their monthly bill components, with 74 percent of respondents indicating that they have a very clear or somewhat clear understanding of how their bill is calculated. However, Fort Nelson customers' understanding of monthly bill components is slightly lower than the level of bill comprehension in the rest of the province under FEI's rate structure. The table below provides a snapshot of customers' understanding regarding various components of their monthly bills.

Table 13-3: Fort Nelson Customer Understanding of Residential Bill Components

Level of Understanding	Basic Charge	Charge for Gas Used	Taxes and Levies
Very Well	30%	29%	31%
Somewhat	51%	52%	45%
Little	15%	17%	22%
Not at all	4%	2%	2%

Relative Importance of Rate Setting Considerations:

One of the objectives of conducting the survey was to analyse and understand residential customers' preferences for different rate options. As such, the customers were asked to rate the importance of various rate design considerations. As this was an online survey for a typical residential customer, the rate design principles were described in a simplified manner. The following is the simplified language used in the survey for major rate design considerations:

1. Ease of understanding: Natural gas rates should be easy for the average person to understand;
2. Rate stability and bill impact: Natural gas bills should be stable and not fluctuate very much from month to month;
3. Fairness (cost causation): Heavier natural gas users should not subsidize costs for those who use less; and
4. Efficiency and government policy: The rate structure should be designed to encourage users to use less natural gas and/or to avoid high usage during winter months.

Similar to FEI's survey results, Fort Nelson respondents were clear that, from their perspective, ease of understanding is the most important rate setting consideration. Other rate design considerations were rated to be less important than ease of understanding. Compared to FEI customers, Fort Nelson respondents gave similar weight to rate stability and fairness principles but less weight to economic efficiency and government policy principles. This may be due to the fact that Fort Nelson experiences longer and colder winters and has a higher average use per customer than FEI's other service areas.

Bundled vs. Unbundled Rates

A mentioned earlier, one of the rate design options considered in this Application is to unbundle Fort Nelson residential rates in a fashion similar to FEI's unbundled rate structure in order to provide more transparency to Fort Nelson customers of what comprises their natural gas bills. Fort Nelson respondents were asked if they prefer to maintain their existing bundled rates or to unbundle their rates similar to the residential rates in the rest of the province. The results indicate that respondents were twice as likely to prefer unbundled rates compared to their existing rates while a little more than a third of respondents had no specific preference.

Perception of Various Rate Structure Options:

The survey also asked respondents to score various rate options against the rate design considerations. As shown in Table 13-4 below, Fort Nelson customers correctly indicated that compared to other rate structures, the flat rate structure leads to better customer understanding, higher rate stability and a smaller bill impact. However, compared to FEI survey results, Fort Nelson respondents are more likely to express uncertainty (more "Don't know" responses) regarding which rate structure will result in the best outcomes. Furthermore, Fort Nelson respondents give a less favourable rating to inclining block rates, which may again be due to their higher use per customer.

Table 13-4: Percentage of Fort Nelson Respondents Ranking Each Rate Structure Option

	Flat Rate	Declining Block Rate	Inclining Block Rate	Don't Know
Easiest to understand	57%	18%	13%	13%
Promote most efficient use of natural gas network	32%	27%	18%	23%
Results in most stable monthly natural gas bills	42%	23%	17%	18%
Most effectively allocate costs to align revenue recoveries with cost causation	30%	24%	19%	27%

Overall, the survey results indicate that residential customers have a good knowledge of their current bill components, give a higher level of importance to rate structures that are simple to understand for a layperson, are more likely to prefer unbundled rates than bundled rates and have a preference for flat rates compared to other rate structures.

13.4 COST OF SERVICE ALLOCATION (COSA) METHODOLOGY

FEI follows the same cost allocation methods for Fort Nelson that it uses for the rest of its service areas. This methodology is described in detail in Section 6.2, but is restated briefly here.

1 1. **Functionalization** – In this step costs are functionalized into the business function that
2 incurs these costs. For a greater explanation of this step, please refer to Section
3 6.2.1.1.

4 2. **Classification** – In this step costs are classified according to whether the costs are
5 energy-related, demand-related or customer-related. For a greater explanation of this
6 step please refer to Section 6.2.1.2.

7 Not all functionalized groups classify neatly into one of the three cost classification
8 factors. For Fort Nelson, FEI also uses a Minimum System Study (MSS)⁷ and Peak Load
9 Carrying Capability (PLCC)⁸ adjustment to aid in the classification of distribution costs
10 into both customer-related and demand-related components. For an explanation of the
11 MSS and PLCC, please refer to Section 6.2.1.2.

12 3. **Allocation** – In this step all the classified costs are allocated to specific customer rate
13 groups. For a greater explanation of this step, please refer to Section 6.2.1.3.

14
15 In addition to the foregoing COSA methodology steps for Fort Nelson, FEI also makes an
16 adjustment for direct allocations. Direct allocations are used when a cost is known to be caused
17 by certain customer group(s) or rate (classes). For Fort Nelson, the cost for the industrial
18 customer meter stations has been directly assigned to RS 25 – General Firm Transportation.

19 **13.4.1 Delivery Cost of Service Allocation**

20 To allocate delivery costs to customers, FEI uses the three-step functionalization, classification
21 and allocation process as described above. The allocation process is undertaken in a delivery
22 margin COSA model. To prepare the COSA model, one adjustment to the 2018 Test Year costs
23 was necessary. The adjustment is described in detail in Section 13.4.1.3. FEI first completed a
24 COSA model which produces cost of service allocations before any rate design proposals, the
25 results of which are presented in Section 13.7. Section 13.7 provides the result of Fort Nelson's
26 final COSA after rebalancing and rate design proposals.

27 **13.4.1.1 Test Year**

28 FEI is using approved costs for 2018 from the Application for 2017 and 2018 Revenue
29 Requirements and Rates for the Fort Nelson Service Area Application (the Fort Nelson 2017-
30 2018 RRA)⁹ for allocation within the Fort Nelson COSA Model.

31 The COSA Model uses Fort Nelson's 2018 approved costs, with the adjustment that is
32 discussed in Section 13.4.1.3. Fort Nelson has an approved revenue requirement of \$3.162
33 million for 2018. Fort Nelson's 2018 test year cost structure, including both rate base and cost
34 of service, is summarized below in Table 13-5. Full details are provided in Appendix 13-2.

⁷ Appendix 13-1.

⁸ Ibid.

⁹ Approved by Orders G-162-16 and G-173-16 dated November 9, 2016 and November 29, 2016 respectively.

Table 13-5: Summary of Fort Nelson's 2018 Test Year Cost Structure (\$ thousands)

Rate Base Components (mid-year)	
Gross Plant in Service	\$ 16,149.5
Accumulated Depreciation	(4,549.0)
Contribution in Aid of Construction	(1,326.0)
Accumulated Amortization	744.0
Unamortized Deferred Charges	126.0
Capital Work In Process	35.0
Working Capital	48.0
Total	\$11,227.5

Revenue Requirement Components	
Cost of Gas	673.0
O&M Expense (net)	913.0
Depreciation and Amortization	514.0
Property Taxes	139.0
Deferred 2017 Revenue Deficiency	146.0
Other Revenue	(26.0)
Income Taxes	75.0
Earned Return	728.0
Total	\$ 3,162.0

13.4.1.2 Operating and Maintenance Expenses and Rate Base

The Fort Nelson COSA Model uses the activity view of O&M and mid-year rate base from the Fort Nelson 2018 test year for cost allocation purposes. Rate base is predominantly comprised of the mid-year balance of net plant assets, net contribution in aid of construction, and unamortized deferrals.

The activity view of O&M from Fort Nelson's 2017 and 2018 Revenue Requirements and Rates Application includes detailed O&M for Distribution Operations and a single line item labelled Share Services Agreement. The Shared Services Agreement line item is an allocation from those FEI departments that provide functional support to Fort Nelson. These shared services departments include Information Systems, Energy Supply and Resource Development, Transmission, Customer Service, Energy Solutions and External Relations, Engineering Services, Finance and Regulatory, Operations Support, Governance, Human Resources, Environment, Health and Safety and Corporate. To functionalize the Shared Services costs within the COSA Model, FEI has to split the Shared Services line item into its component parts. To split Fort Nelson's Shared Services costs, FEI used the same proration method that was used to break FEI's formulaic O&M into an activity view as described in Section 6.3.1.2, but did not include FEI's Distribution or LNG O&M components as Fort Nelson has direct distribution costs and does not have any LNG activity. The detailed split of the Shared Services cost can be found in Appendix 13-3.

13.4.1.3 Adjustment to Test Year Inputs

FEI has made one adjustment to the 2018 approved forecast for the number of customers and revenue as one of the RS 25 customers has moved from RS 25 to Rate 2.1. There was no volume forecast for this customer in the 2018 Test Year so that the revenue shown below is only related to the fixed charges. The impact of this move is presented in the following table:

Table 13-6: Adjustment to 2018 Test Year from Movement of RS 25 Customer

	RS 25	Rate 2.1	Total
Revenue (\$000)	-\$24.3	+\$0.5	-\$23.8
Customers	-1	+1	0

Moving this RS 25 customer to Rate 2.1 in the COSA creates a revenue deficiency of \$23.8 thousand for which an adjustment to the Test Year margin is required. To make up for the lost revenue, the margin for each rate in the COSA model is increased by approximately 1%. On average Fort Nelson customers will experience a 0.8% increase in their annual bills from this customer migration.

13.4.1.4 Customers, Annual Volume, Load Factor and Peak Day

The number of customers and annual volume by rate schedule from Fort Nelson's 2018 test year, as adjusted, are used to develop many of the allocators within the Fort Nelson COSA Model. Generally, the Fort Nelson delivery system has been designed and constructed to meet peak day (coldest day) demand of all its firm service customers. The customer load from the Fort Nelson test year is adjusted by the load factor of each rate category to estimate the peak day demand for each rate schedule. The peak day demand is used to allocate much of Fort Nelson's system costs that are classified as demand. Currently, there is one customer that is taking service in Fort Nelson under RS 25 and that customer has a load factor of 27%. This low load factor is a result of the customer scaling back on its operations and only using gas for space heating purposes. As in FEI, Fort Nelson's Rate Schedule 25 is intended to serve process load customers. Generally, process load customers have higher annual throughput and are less heat sensitive than large commercial customers. As described in Section 9.5.1, customers with load factors less than 40% are more heat sensitive than a typical process load and should be taking service under the large commercial rate. To allocate costs in accordance with the intended use of Rate Schedule 25, FEI has used a load factor of 40% for this rate schedule.

In addition to system costs in place to meet peak day demand, Fort Nelson has costs caused by connecting customers to the delivery system. The number of customers in each rate category is used to allocate the customer costs that are caused from a customer joining Fort Nelson's delivery system. The following table summarizes the values used in the Fort Nelson COSA Model for allocation purposes.

Table 13-7: Customers, Annual Volume, Load Factor and Peak Day by Rate

Rate	Customers	Annual Volume (TJ)	Load Factor	Peak Day Demand (TJ)
1	1,961	259.9	35.7%	2.0
2.1	480	203.7	33.4%	1.7
2.2	7	56.7	40.5%	0.4
RS 25	1	39.5	40.0%	0.3
Total	2,449	559.8		4.4

13.4.1.5 Delivery Cost Allocation Results

The following section summarizes the above COSA analysis into the three key steps of cost allocation: functionalization, classification and allocation. A full set of COSA schedules can be found in Appendix 13-4.

13.4.1.5.1 FUNCTIONALIZATION SUMMARY

The functional categories used for Fort Nelson for the Application are consistent with those used for FEI with the exception of the Storage function. As described in Sections 6.3.4.3 and 6.3.4.4, FEI has two LNG storage facilities; however, Fort Nelson does not have LNG or other storage facilities. Table 13-8 provides a summary of the delivery cost of service functionalization from the Fort Nelson COSA Model.

Table 13-8: Delivery Cost of Service Functionalization Summary

Function	(\$000s)	% of total
Gas Supply Operations	\$8	0.3%
Transmission	\$831	33.4%
Distribution	\$1,491	59.9%
Marketing	\$94	3.8%
Customer Accounting	\$65	2.6%
Total	\$2,489	100.0%

13.4.1.5.2 CLASSIFICATION SUMMARY

Table 13-9 summarizes the results of the delivery cost of service classification from the Fort Nelson COSA Model.

Table 13-9: Delivery Cost of Service Classification Summary

Classification	(\$000s)	%of total
Energy	\$19	0.8%
Demand	\$1,363	54.8%
Customer	\$1,107	44.4%
Total	\$2,489	100.0%

13.4.1.5.3 COST ALLOCATION SUMMARY

Table 13-10 summarizes the results of the delivery cost of service allocation to rates from the Fort Nelson COSA Model.

Table 13-10: Delivery Cost of Service Allocation to Rates Summary

Rate	(\$000s)	% of total
1	\$1,415	56.9%
2.1	\$801	32.2%
2.2	\$139	5.5%
RS 25	\$134	5.4%
Total	\$2,489	100.0%

13.4.2 Gas Cost Allocation

For Fort Nelson sales customers, the gas cost is currently bundled with the delivery cost. This means that the Gas Cost Recovery Charge is not shown separately on Fort Nelson customers' bills. However, each sales customer (Rate 1, Rate 2.1 and Rate 2.2) has an allocation of FEI's cost of gas included in the charges shown on their bill, including the commodity cost and the midstream cost, which is named the Gas Cost Recovery Charge in the Fort Nelson Tariff. FEI does not allocate any storage or LNG costs to Fort Nelson in its midstream costs, but does include T-North Short-Haul capacity cost on the Spectra pipeline system as a midstream cost.

Customers on RS 25 are required to arrange their own gas supply to be delivered to Fort Nelson's interconnecting point through a shipper agent and so are not charged for either of the commodity or upstream pipeline transportation (midstream) costs.

Details regarding what gas supply resources are included in the commodity and midstream (storage and transport) costs for Fort Nelson are provided in section 13.2.1.2. Below, FEI describes the current and proposed gas cost allocation approach.

13.4.2.1 Current Gas Cost Allocation Methodology

Fort Nelson's current gas cost allocation methodology allocates gas costs (both commodity and midstream) to sales customers using forecast annual consumption. For Rates 3.1, 3.2 and 3.3 which have no customers, the cost of gas in these rates is the Fort Nelson average cost of gas

embedded in the bundled rate of Rate 1, 2.1 and 2.2. For Rate 2.3, which also has no customers, the bundled rate also has embedded in it the Fort Nelson average cost of gas.

13.4.2.2 Proposed Gas Cost Allocation Methodology

The proposed gas cost allocation methodology classifies the commodity costs as energy-related and allocates those costs to sales customers based on their forecast consumption which is the same as the current method. The midstream costs are proposed to be classified as demand-related and allocated to all sales customers based on their load factor adjusted volume. This proposal follows cost causation as these costs are incurred to meet peak-day demand. This approach is the same as FEI's method of midstream cost allocation.

For Rates 2.3 (NGV) and 3.1 (Industrial Service) that do not have any customers, FEI proposes to set the commodity equal to that of the average for Fort Nelson, and to set the midstream rate based on Spectra's T-North Short Haul toll adjusted for a deemed load factor of 100% for Rate 2.3 and 40% for Rate 3.1. 100% is the Load Factor of FEI's RS 6 NGV service and 40% is the approximate minimum load factor of FEI's RS 5 General Firm Service customers. The load factors will be updated in the future to reflect any future changes for FEI's RS 6 and RS 5 or when there are customers being served in Fort Nelson under Rate 2.3 and 3.1 (or RS 6 and RS 5 after approval of the proposed renaming).

13.4.2.3 Gas Cost Allocation Results

A comparison of the current method of allocating gas costs and the proposed method is provided in Table 13-11 below. As shown on lines 4 and 15 of the table, the proposed gas cost allocation will have minimal impact on residential and commercial customers' rates.

Table 13-11: Comparison of the Current and Proposed Gas Cost Allocation¹⁰

Line No.	Particulars	Total	Residential	Commercial	
				Small	Large
1	Current Method				
2	Forecast Volume (GJ)	602,200	268,100	209,700	124,400
3	Total Cost of Gas ¹	\$ 779,247	\$ 346,922	\$ 271,352	\$ 160,974
4	\$ / GJ (Line 3 / Line 2)	\$ 1.294	\$ 1.294	\$ 1.294	\$ 1.294
6	Proposed Method				
7	Forecast Volume (GJ)	602,200	268,100	209,700	124,400
8	Total Commodity Cost ² (Line 23)	\$ 767,900	\$ 341,870	\$ 267,401	\$ 158,630
9	Commodity Cost / GJ (Line 8 / Line 7)	\$ 1.275	\$ 1.275	\$ 1.275	\$ 1.275
11	Load Factor Adjusted Volume (Line 20)	1,650,768	736,538	607,826	306,404
12	Midstream Cost (Storage & Transport Cost) ³	\$ 11,347	\$ 5,063	\$ 4,178	\$ 2,106
13	Storage & Transport Cost / GJ (Line 12 / Line 7)	\$ 0.019	\$ 0.019	\$ 0.020	\$ 0.017
15	Total Cost of Gas per GJ	\$ 1.294	\$ 1.294	\$ 1.295	\$ 1.292
16	Net Change per GJ (Line 4 - Line 15)	\$ -	\$ (0.000)	\$ (0.001)	\$ 0.002
18	Forecast Volume (GJ)	602,200	268,100	209,700	124,400
19	Load Factor %		36.4%	34.5%	40.6%
20	Load Factor Adjusted Volume (Line 17 / Line 18)	1,650,768	736,538	607,826	306,404
22	Total Cost of Gas	\$ 779,247			
23	Less: Midstream - Pipeline Costs	(11,347)			
24	Total Commodity	\$ 767,900			

Notes to Table 13-11:

1. The current method allocates the average cost equally to residential and commercial customers.
2. Under the proposed method the total commodity cost is allocated to customers based on their combined total forecast volume resulting in the same Commodity Cost Recovery Charge to residential and commercial customers. This is the same as the current method except the total commodity cost is lower as it does not include midstream.
3. Under the proposed method the midstream cost is allocated to customers based on the peak day demand or load factor adjusted volumes. Peak day demand is equal to Load Factor Adjusted Volume (Line 20) divided by 365 days.

¹⁰ FEI Fort Nelson Service Area, GCRA 2016 2nd Quarter Gas Cost Report filed June 1, 2016. Load factors are rolling 3 year average for the years 2013, 2014 and 2015.

13.4.3 Revenue to Cost and Margin to Cost Ratios

Consistent with past practice, FEI believes that it is reasonable to apply a “range of reasonableness” of 90 per cent to 110 per cent in considering the revenue to cost ratio results. For further discussion of Revenue to Cost ratios and the range of reasonableness, please see Section 6.5.1 of the Application.

The table below provides the R:C and M:C ratios for each of Fort Nelson’s rates based on the Fort Nelson 2018 RRA, plus the adjustment discussed in section 13.4.1.3 and utilizing a 40% load factor for the RS 25 customer. The results are from Fort Nelson’s COSA Model before rebalancing and rate design proposals.

Table 13-12: Revenue to Cost and Margin to Cost Ratios

Rate	R:C	M:C
Rate 1 Domestic (Residential) Service	81.9%	77.5%
Rate 2.1 General (Small Commercial) Service	119.9%	126.4%
Rate 2.2 General (Large Commercial) Service	142.3%	164.5%
Rate Schedule 25 General Firm Transportation Service	112.1%	112.1%

Table 13-12 shows that R:C ratios for all rates are outside of the range of reasonableness and that rebalancing may be necessary. FEI’s proposal for rebalancing is discussed in Section 13.7.1.4.

13.5 FORT NELSON RATE DESIGN

13.5.1 Introduction

FEI reviewed the rate design for Fort Nelson residential, commercial and industrial customers that take service under Rate 1, Rate 2.1, Rate 2.2 and Rate Schedule 25. FEI discusses unbundling the rates for Fort Nelson customers and also the potential delivery rate structure options for Fort Nelson customers (i.e. flat, declining or inclining block).

As shown in Table 13-1, FEI is proposing to change the classification of Fort Nelson rates as outlined in the Fort Nelson Tariff to be consistent with FEI’s rate schedules. FEI is also proposing to change Fort Nelson’s current bundled declining block rates to unbundled flat rates for residential, commercial and industrial customers. This means that Fort Nelson residential and commercial customers will see a separate volumetric Commodity Cost Recovery Charge per GJ, Storage and Transport Charge per GJ, Basic Charge per Day and Delivery Charge per GJ in the Fort Nelson Tariff and on their bill. Fort Nelson transportation customers taking service under Rate Schedule 25 will see a separate Basic Charge per Month, Administration Charge per Month, Demand Charge per GJ per Month and Delivery Charge per GJ. The proposed Rate

Schedule 5 General Firm Industrial Service will have the same charges as Rate Schedule 25 except there will not be an Administration Charge and there will be a Commodity Cost Recovery Charge per GJ and Storage and Transport Charge per GJ.

The remainder of this section is organized as follows:

- Section 13.5.2 summarizes FEI's proposal to unbundle rates for Fort Nelson customers.
- Section 13.5.3 summarizes FEI's proposal to adopt a flat rate structure for Fort Nelson customers as opposed to the existing declining block rate structure.
- Section 13.5.4 provides the characteristics of Fort Nelson residential customers, includes the rate design proposal and analyzes the bill impacts.
- Section 13.5.5 provides the characteristics of Fort Nelson commercial customers, includes the rate design proposal and analyzes the bill impacts.
- Section 13.5.6 provides the characteristics of Fort Nelson's industrial customer, includes the rate design proposal and analyzes the bill impacts.

13.5.2 Bundled Versus Unbundled Rates

In the 1980s, the unbundling of competitive and non-competitive aspects of the natural gas business¹¹ was conducted to promote competition in the industry as part of restructuring efforts. Since then, the competitive aspects of the natural gas industry developed and FEI applied for an unbundled rate structure for its Lower Mainland, Inland and Columbia Service Areas in the early 1990s. As described in Section 13.2.2 a full rate design and similar rate unbundling process have never been undertaken for Fort Nelson.

The unbundling of rates allows customers to see on their bill the different components that are set out in the rate schedules (i.e. commodity, midstream and delivery), including changes in a particular component from one period to the next. Unbundling the rates in this manner provides transparency into the different components of customers' bills and provides Fort Nelson customers with the ability to participate in other services that require unbundled rates in the future, such as the Renewable Natural Gas program (subject to Commission approval on a potential separate future application).

The results from the residential customer research survey support a move towards unbundled rates. When provided with an example of how their rate structure differs from the rest of the

¹¹ Upstream activities are considered to be competitive and distribution is considered to possess natural monopoly characteristics. The unbundling of upstream resources in the late 1980s caused utilities to have to contract separately for various upstream resources (i.e. to buy gas from producers or marketers and pipeline capacity or storage from upstream providers of those resources). Prior to that, local utilities typically bought a bundled product from the upstream pipeline company at a regulated price.

province, only 21% of Fort Nelson customers prefer the current rate structure and 42% preferred a structure that matches the rest of the province.

FEI believes that unbundling of Fort Nelson's rates, similar to FEI's rates, is reasonable and should be adopted.

The unbundling of Fort Nelson rates will require changes to the billing system. FEI has estimated that the one-time pre-tax cost to make these changes is approximately \$70 thousand. This one-time cost is for billing system changes, bill reconfiguration and testing. As Fort Nelson's rates have already been approved for 2017 and 2018, FEI is requesting approval for a deferral account to record the cost of changes to the billing system for Fort Nelson that will be required to unbundle Fort Nelson's rates. The actual costs will be recorded in the account on net-of-tax basis consistent with normal practice and amortized over five years beginning in 2019. The five-year amortization period is appropriate given the long-term benefit of unbundling rates, and will spread out the rate impact of these costs on Fort Nelson customers.

13.5.3 Declining Block Rates Versus Flat Rates

Another significant difference between existing FEI and Fort Nelson rates relates to their rate structures. FEI's rates are flat and will not vary depending on the level of consumption, while Fort Nelson has a declining block rate. For Fort Nelson residential customers, rates decline for any consumption in excess of a minimum volume of 30 GJ per month. For Fort Nelson commercial customers, rates decline to a lower block rate for any consumption in excess of 300 GJ per month.

FEI formerly had a declining block rate structure, but it was terminated in the 1993 Rate Design proceeding. Fort Nelson was excluded from that application and therefore their declining block rate structure was not reviewed.

Section 7.4.2 of the Application provides a description of various rate structures and Section 7.4.3 includes a summary discussion of the strengths and weaknesses of flat, declining and inclining block and seasonal rate structures for customers. Despite the advantages of declining block rates in terms of the economic efficiency principle, FEI believes that the flat rate structure is preferable for the following reasons:

1. The Most Common Rate Structure

FEI conducted a review of residential rate structures across Canada and, as noted in Section 7-6, a flat rate structure is used by 7 out of 11 Canadian natural gas utilities.

2. Changes in Government Policy

Government policy has changed significantly during the last 20 years. Today, energy efficiency and conservation is a major focus of B.C. provincial government policies. Declining block rates

may send price signals that can discourage customer engagement in energy efficiency and conservation programs and activities.

3. Customer Survey Results

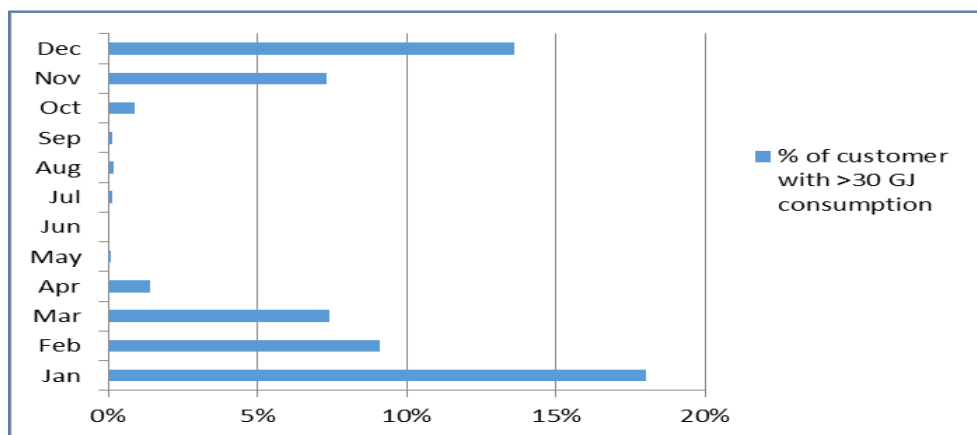
The customer research survey results indicate that the flat rate structure is preferred by the majority of Fort Nelson's residential customers as it received the highest marks on all rate design considerations compared to other rate structure options. The high level of preference for a flat rate structure may be explained by the fact that the majority of Fort Nelson's residential customers would like to see a rate structure that is simple, transparent and easy to understand.

4. Lack of Evidence of Benefits from Declining Block Rates

There is a low percentage of residential and commercial customers that benefit from the declining rates. This is because the majority of Fort Nelson's customers do not consume more than the minimum usage block per month and therefore are never billed under the second lower rate block. The result is that for the majority of Fort Nelson customers the current declining block rate structure is effectively the same as a flat rate.

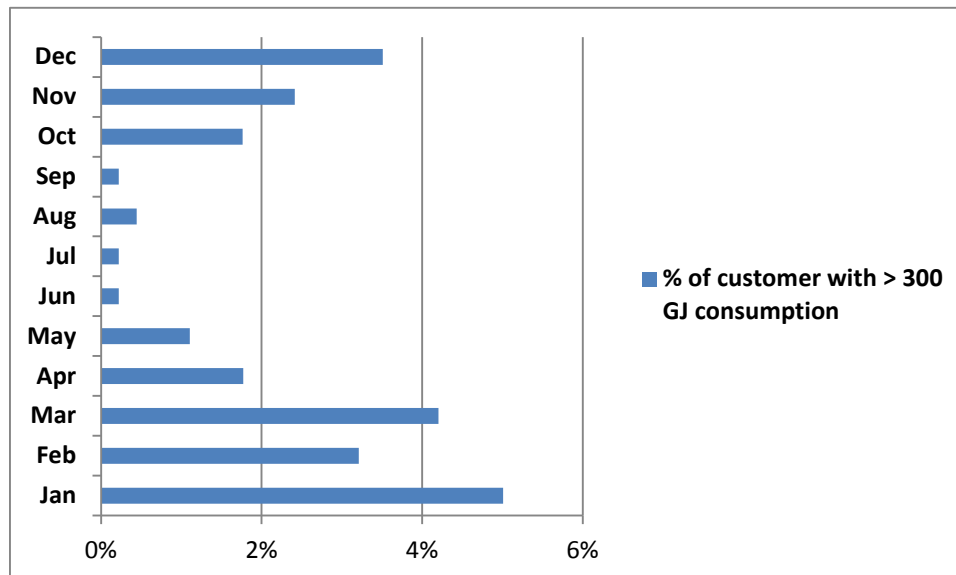
The graph below provides the percentage of residential customers with more than 30 GJ consumption in each month of the year.

Figure 13-2: Percentage of Fort Nelson Rate 1 Customers with >30 GJ Monthly Consumption



The graph below provides the percentage of commercial customers with more than 300 GJ consumption in each month of the year.

Figure 13-3: Percentage of Fort Nelson Rates 2.1 & 2.2 with > 300 GJ Monthly Consumption

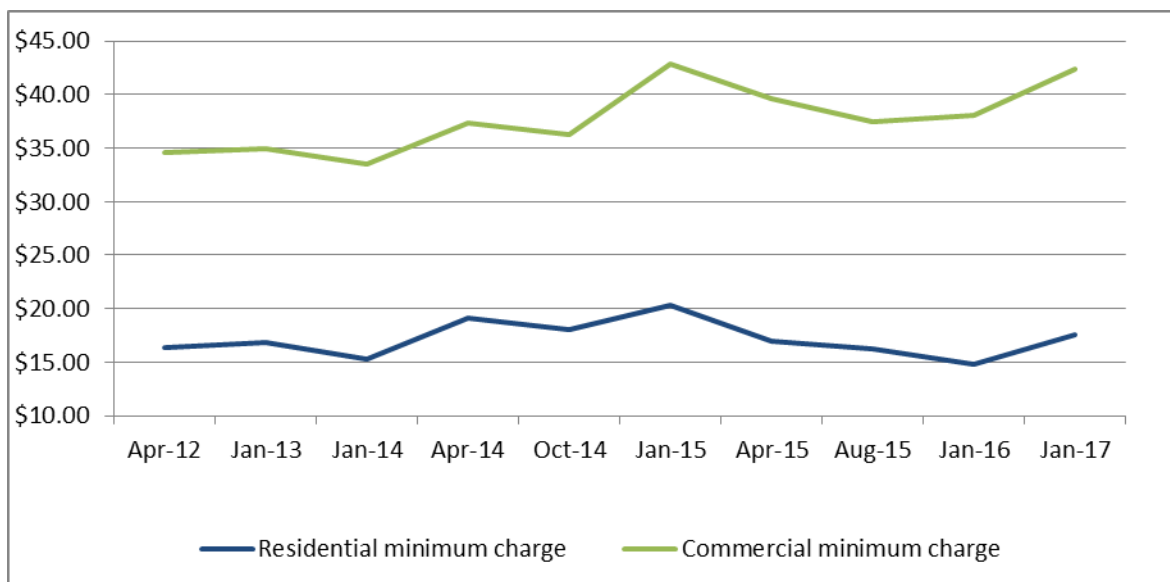


As can be seen from the two graphs above, approximately 18% of residential customers and 5% or less (i.e. 24 or less) of the commercial customers in the coldest months of the year consume more than the minimum threshold for the second rate block in any month. In other words, the majority of residential and commercial customers are effectively paying a flat rate from the first block.

5. Fluctuating Minimum Charges

Fort Nelson's existing rate design consists of a minimum daily charge calculated based on a minimum 2 GJ per month consumption pro-rated on a daily basis. Fort Nelson's existing minimum charge approach results in volatility, fluctuating with natural gas commodity prices. The Figure 13-4 below demonstrates the minimum charges (calculated based on a 30 day month) from January 2012 till October 2015 for residential and commercial customers.

Figure 13-4: Volatility in Fort Nelson's Monthly Minimum Charge¹²



As indicated in the above figure, the monthly minimum charge for residential customers has increased from \$15.30 in January of 2014 to \$20.30 in January of 2015 and then decreased to \$14.85 in January of 2016. Similarly, the commercial minimum charge calculated on monthly basis has increased from \$33.48 in January of 2014 to \$42.90 in January of 2015 and then decreased back to \$38.05 in January of 2016. These kinds of fluctuations in residential and commercial minimum charges can cause customer dissatisfaction and are not in accordance with the rate stability principle. When customers consume less than two GJ in a month they are paying through the minimum charge for gas they have not consumed.

13.5.4 Fort Nelson Residential Customer Rate Design

13.5.4.1 Introduction

Rate 1 includes services to single family residences, separately metered single family townhouses, row houses, apartments and common areas serving strata lot owners of residential condominium complexes supplied through one meter.

Fort Nelson's existing rate design consists of a minimum daily charge (calculated based on a minimum 2 GJ per month consumption pro-rated on a daily basis) and a declining block rate consisting of two consumption blocks. Fort Nelson's 2018 bundled rates based on the approved 2018 delivery charges and assuming a gas cost of \$1.294 per GJ are provided in Table 13-13 below.

¹² Based on 30 day month.

Table 13-13: Fort Nelson Rate 1 Existing Rate Structure

Line	Item Description	Minimum daily charge	Next 28 GJ in any month (\$/GJ)	Excess of 30 GJ in any month (\$/GJ)
1	Approved 2018 Delivery Charge	\$0.4588	\$3.557	\$3.455
2	Gas Cost Recovery Charge	\$0.0850 ¹³	\$1.294	\$1.294
3	Bundled 2018 Rates	\$0.5438	\$4.851	\$4.749

Based on the above table, in January 2018 Fort Nelson customers may pay a minimum of \$16.31¹⁴ per month for their natural gas service irrespective of their consumption, which is higher than FEI's current residential Basic charge. A customer with an average monthly use of 12 GJ will pay \$64.82¹⁵ per month (assuming no change in the gas recovery charge and excluding riders)¹⁶.

The delivery charges calculated from the COSA model are slightly higher than the 2018 approved delivery charges shown above due to the revenue deficiency caused by one customer moving from RS 25 to Rate 2.1 as discussed in section 13.4.1.3. This deficiency causes an increase to the 2018 delivery charges of approximately 1%.

13.5.4.2 Residential Customer Characteristics

Table 13-14 below provides a summary profile of the residential customer class' number of customers, annual consumption and revenue.

Table 13-14: Fort Nelson Residential Customer Profile for Forecast 2018

	Amount	% of Total
Number of Customers	1,961	80%
Annual Consumption (TJ)	260	46%
Revenue (\$000's)	\$1,423	45%

The following subsections discuss the main characteristics of Rate 1 customers, including dwelling type, end use, consumption patterns and load factor.

¹³ Pro-rated to daily basis based on the following formula: \$0.085 per day = 2 GJ per month * \$1.294/GJ * 12 / 365.25.

¹⁴ Based on 30 day month.

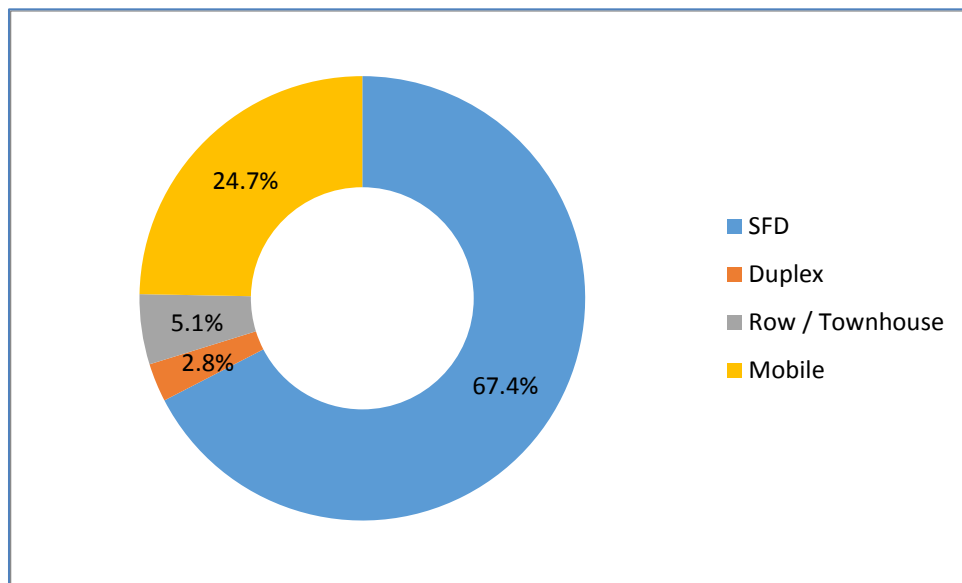
¹⁵ 0.5438*30 + 4.851*10 (the first 2 GJ is covered by the minimum charge).

¹⁶ Due to potential changes in natural gas commodity prices, the bundled rates in 2018 may differ from the rates shown.

13.5.4.2.1 RESIDENTIAL DWELLING TYPES

The 2012 Residential End-Use Study (REUS), provided in Appendix 7-1, is the most recent detailed study of Fort Nelson residential customers' characteristics. The 2012 REUS indicates that single family dwellings (SFD) dominate the residential customer base for Fort Nelson. SFDs account for approximately 67% of residential customers, and are followed by mobile homes at 25%. Figure 13-5 below provides a summary of Fort Nelson's residential customers by dwelling type.

Figure 13-5: Fort Nelson Residential Customers by Dwelling Type based on 2012 REUS

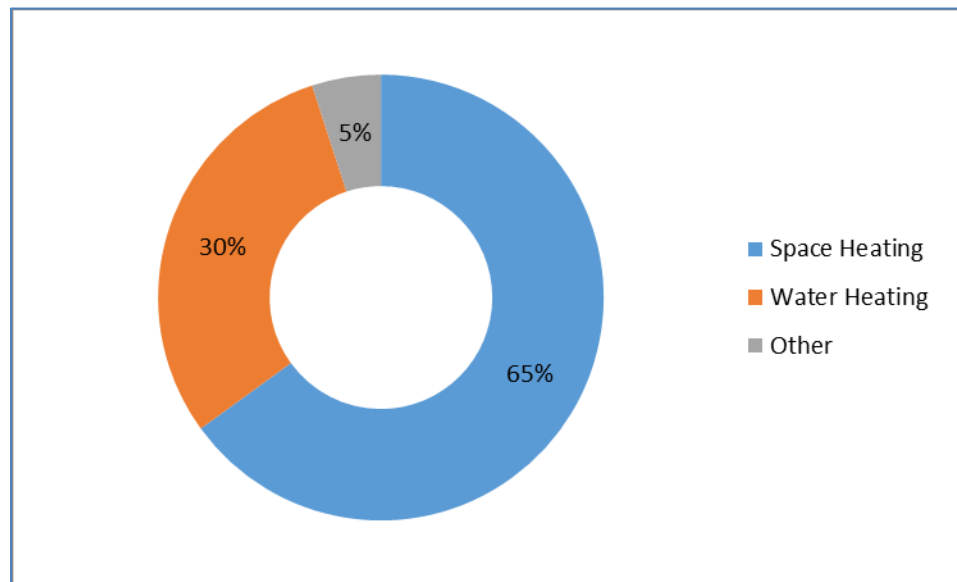


13.5.4.2.2 RESIDENTIAL END USES

The majority of demand from residential customers is for space heating and water heating purposes. Residential customers may also use natural gas for other purposes such as decorative fireplaces, cooking and barbecues. As shown in Figure 13-5 below, space and water heating are estimated to be approximately 65 percent¹⁷ and 30 percent of residential consumption, respectively. The remaining 5% of demand includes the estimated consumption for decorative fireplaces, cooking appliances and BBQs.

¹⁷ Heater fireplace consumption is included in this percentage.

Figure 13-6: Fort Nelson Estimated Annual Consumption per Household by End-use based on 2012 REUS



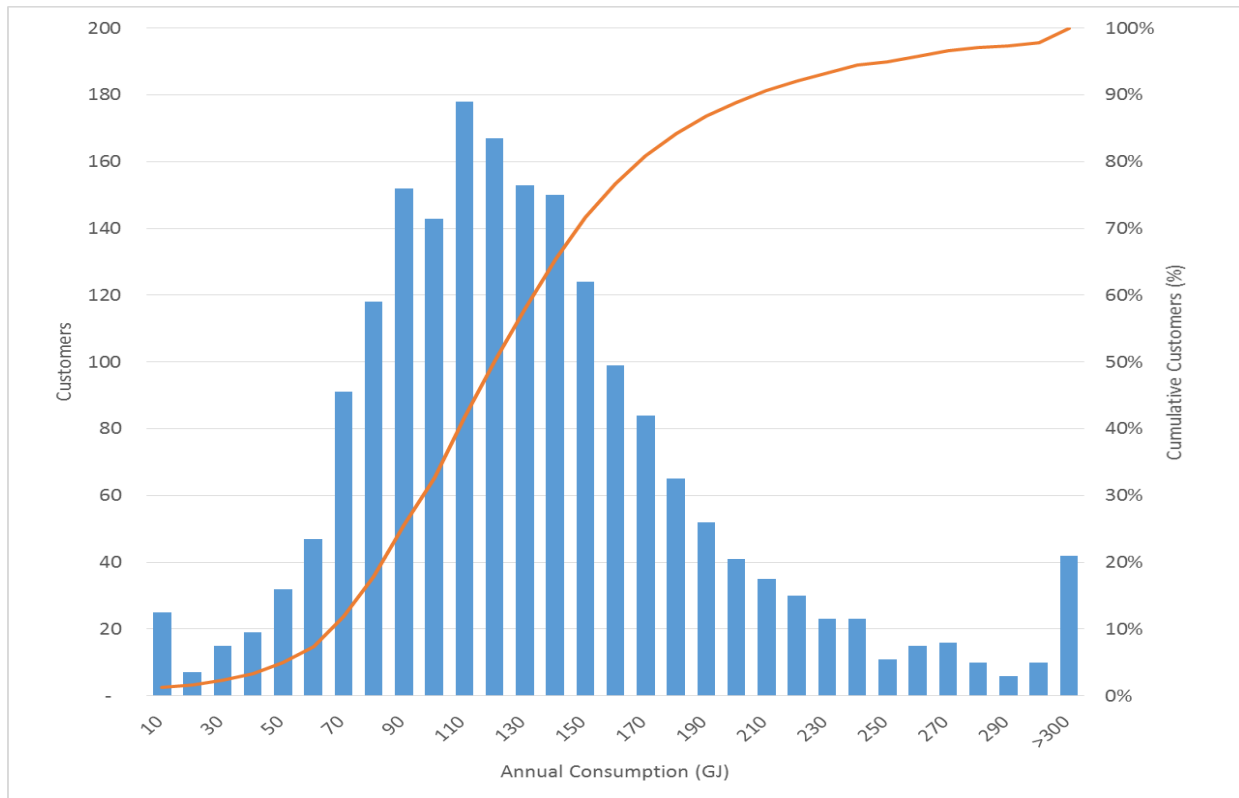
13.5.4.2.3 RESIDENTIAL CONSUMPTION PATTERN

Figure 13-7 below provides the 2016¹⁸ bill frequency for Fort Nelson residential customers. Similar to FEI's residential consumption histogram, Fort Nelson's annual consumption per customer is in the form of a normal distribution function. However, Fort Nelson residential customers' annual consumption is higher than FEI's other service areas. As can be seen from the figure below, the 100-110 GJ annual consumption range has the highest density of customers (compared to 70-80 GJ for other FEI customers), followed closely by the 110-120 GJ and 120-130 GJ consumption ranges. This is to be expected since Fort Nelson is located in the northern part of the province with colder and longer winters.

¹⁸ 2016 normal volumes are based on December 2015 through November 2016 data; December 2016 data is not yet available in time for the Supplemental Filing..

1

Figure 13-7: Fort Nelson Residential 2016 Bill Frequency

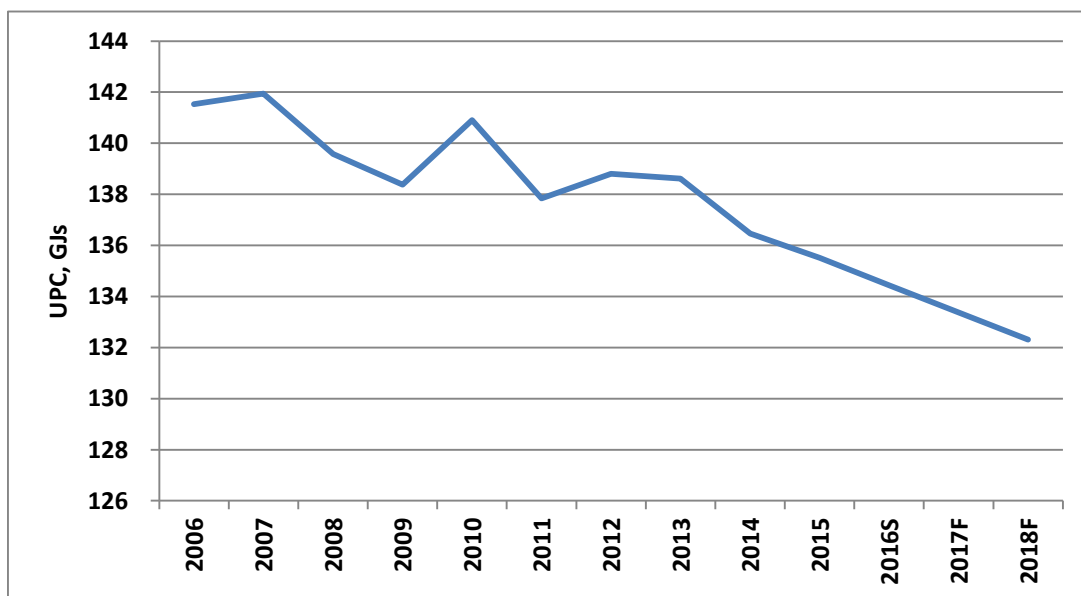


2

3 Figure 13-8 below provides the actual residential UPC for the years 2006 through 2015 and
4 forecast 2017 and 2018. It shows a declining pattern similar to FEI's residential customers'
5 UPC, except that Fort Nelson's residential UPC is higher.

6

Figure 13-8: Fort Nelson Residential Historical Normalized UPC 2006 – 2018



7

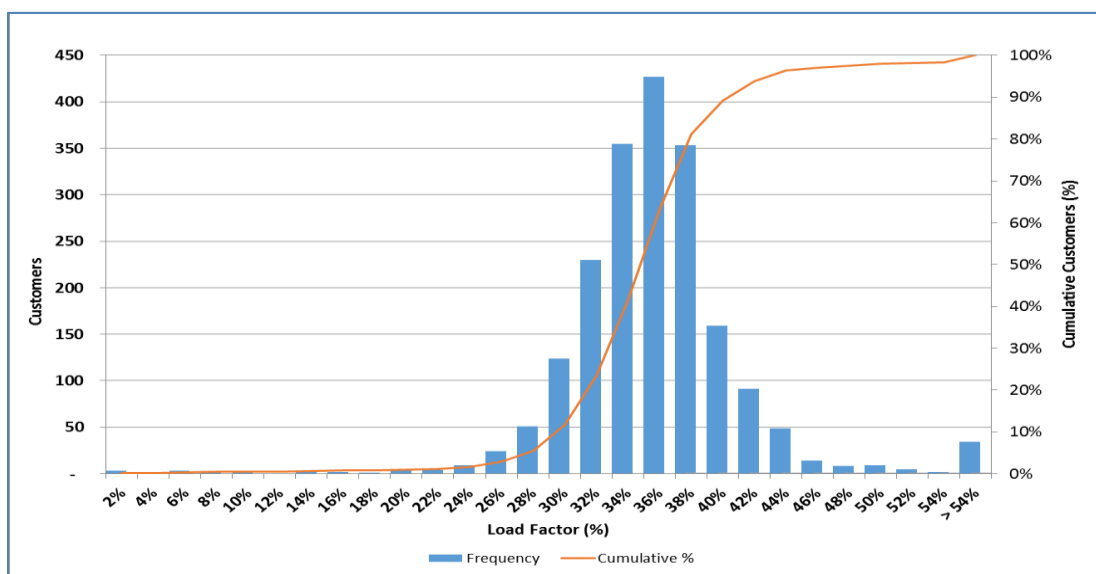
13.5.4.2.4 RESIDENTIAL LOAD FACTOR

The load factor is used to develop one of the main allocators in the cost of service allocation model to allocate demand-related costs between different rates/rate schedules. However, the load factor for specific individual residential customers can be higher or lower than the average load factor for Rate 1 used in the COSA Model.

To better understand the behaviour of Fort Nelson residential customers, FEI conducted a load factor analysis for residential customers at the individual premise level. The load factor for each premise is calculated based on the normalized daily consumption for each premise divided by the peak day consumption. The load factor analysis is based on a statistical analysis of loads relative to weather conditions as FEI does not meter the daily loads of residential customers.

The graph below provides a histogram of load factors for residential customers at the premise level. The histogram indicates that the residential customers' load factor at the premise level is in the form of a normal distribution function. The load factor for the majority of residential customers is around 34 to 36 percent.

Figure 13-9: Fort Nelson Residential Customers' Load Factor Distribution Calculated at Premise Level



13.5.4.3 Residential Rate Design

As stated above, FEI is proposing to unbundle the rates and adopt a flat rate structure for Fort Nelson customers. For residential customers, under this proposal FEI will unbundle Fort Nelson's rates to implement a separate Commodity Cost Recovery Charge, Storage and Transport Charge and a flat volumetric Delivery Charge with a fixed daily Basic Charge similar to FEI's residential rate structure.

Based on Fort Nelson's COSA Model and assuming no change in the Gas Cost recovery charge, the proposed Rate 1 unbundled rates are as follows (the table below excludes the RSAM rider):

Table 13-15: Fort Nelson Unbundled Residential Rates Based on COSA Model

Item Description	Rate
Daily Basic Charge	\$0.2783
Delivery Charge per GJ	\$3.512 per GJ
Commodity Cost Recovery Charge	\$1.275 per GJ
Storage and Transport Charge	\$0.019 per GJ

When unbundling, there are various ways to apportion the costs for recovery from fixed and volumetric charges. For instance, the daily Basic charge can be set to be equal to FEI's Basic charge with the rest of the costs recovered through the volumetric Delivery Charge. Another option would be to set the ratio of fixed Basic charge and volumetric Delivery Charge in a way to achieve zero bill impact for a pre-defined average monthly consumption amount. However, both these options may result in significant bill impacts for certain customers.

The proposed daily Basic Charge and volumetric Delivery Charge set out in the table above are calculated in a way that achieves the lowest maximum dollar amount bill increase for any individual customer. This was done using a linear programming technique in which minimization of the upward increase in annual bills is set as one of the constraints for the calculations.¹⁹

In the above table, the sum of the Commodity Cost Recovery Charge and the Storage and Transport Charge is equal to the Gas Cost Recovery Charge included in Fort Nelson's bundled rates.

The following section provides a bill impact analysis of the proposed option.

13.5.4.4 Bill Impact Analysis

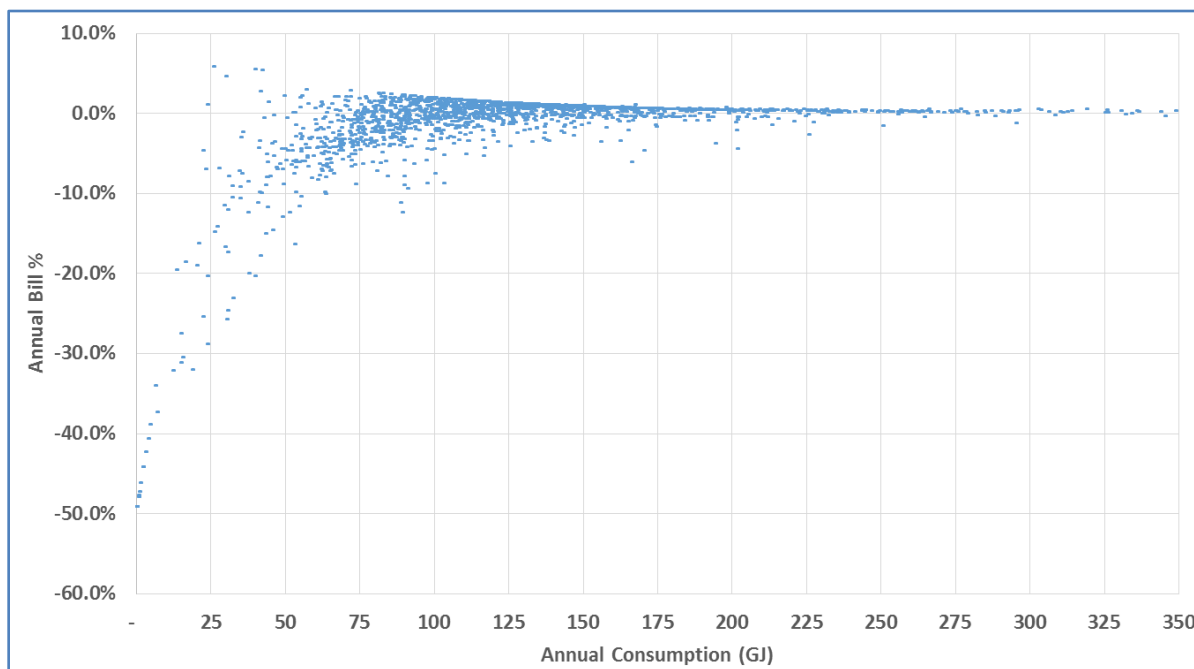
Any rate design proposal should consider the bill impact to customers and should be implemented in a way that minimizes the potential for rate shock. The analysis of residential customers' bill impact can be separated into two steps:

- (1) the bill impact due to a transition from bundled declining block rates with a minimum - daily charge to an unbundled flat rate structure with a daily Basic Charge; and
- (2) the impact from rebalancing and changes caused by rate design proposals in other rates/rate schedules as discussed in section 13.7.1.4.

¹⁹ FEI used Microsoft Excel Solver to calculate these rates.

The following figure presents the results of step 1 above. It shows the percentage bill impact relative to the various levels of annual consumption from all the changes that FEI is proposing for Fort Nelson residential customers before rebalancing. The second step is discussed in section 13.7.1.4.

Figure 13-10: Annual Bill % Change at Various Annual Consumption Levels for Fort Nelson Residential



Due to the 2 GJ monthly threshold for the minimum daily charge calculations and the declining block rate structure of Fort Nelson's existing rates, the bill impact on individual customers due to the transition to unbundled flat rates will depend on if a customer's monthly consumption is equal or less than the first 2 GJ included in minimum daily charge or exceeds the declining block rate at 30 GJ. For instance, two customers with identical annual consumption can have different bill impacts if one has a monthly consumption between 2 and 30 GJ every month of the year, and the other has monthly consumption less than 2 GJ or more than 30 GJ in at least one month of the year.

The bill impact analysis provided in Figure 13-10 above is performed on the premise level based on actual monthly consumption of individual customers. The impact of the transition from a bundled declining block rate with a minimum charge to an unbundled flat rate with a daily Basic Charge is most favourable to customers with the most number of months of consumption less than 2 GJ (closer to zero consumption the more favourable) and no monthly consumption in excess of 30 GJ. On the other hand, the bill impact will be least favourable to customers with no monthly consumption below 2 GJ and the highest number of months of consumption above 30 GJ.

13.5.4.5 Conclusion

In summary, FEI's review of Fort Nelson's residential rates supports a transition from the existing bundled declining block rates with a minimum daily charge to unbundled flat rates with a fixed daily Basic Charge. The existing bundled rates are unnecessarily complex and do not provide the customer with the appropriate level of transparency. In addition, existing declining rates may discourage some customers from engaging in energy efficiency and conservation initiatives and are not aligned with government policy. The proposed flat rate on the other hand is easy to understand and administer, provides better rate and revenue stability and is used by the majority of Canadian natural gas utilities. Further, the customer research survey results show that the flat rate structure is preferred by a majority of Fort Nelson residential customers. Finally, the transition from the existing daily minimum charge to a fixed daily Basic Charge will improve rate stability for Fort Nelson residential customers.

13.5.5 Fort Nelson Commercial Customer Rate Design

13.5.5.1 Introduction

Fort Nelson commercial customers are served under the following two Rates:

- Rate 2.1 - General Service (normal annual consumption is less than 6,000 GJ)
- Rate 2.2 - General Service (normal annual consumption is 6,000 GJ or greater)

The delivery charges calculated from the COSA model are slightly higher than the 2018 approved delivery charges shown above due to the revenue deficiency caused by one customer moving from RS 25 to Rate 2.1 as discussed in section 13.4.1.3. This deficiency causes an increase to the 2018 delivery charges of approximately 1%.

Fort Nelson's existing rate design consists of a minimum daily charge (calculated based on a minimum 2 GJ per month consumption pro-rated on a daily basis) and a declining block rate consisting of two consumption blocks. Fort Nelson's 2018 bundled rates based on approved 2018 delivery charges and assuming a Gas Cost Recovery Charge of \$1.294 per GJ are provided in Table 13-16 below.

Table 13-16: Fort Nelson Rate 2.1 / 2.2 Existing Rate Structure

Line	Item Description	Minimum daily charge	Next 298 GJ in any month (\$/GJ)	Excess of 300 GJ in any month (\$/GJ)
1	Approved 2018 Delivery	\$1.3487	\$4.042	\$3.916
2	Gas Cost Recovery	\$0.0850 ²⁰	\$1.294	\$1.294
3	Bundled 2018 Rates	\$1.4337	\$5.336	\$5.210

²⁰ Pro-rated to daily basis based on the following formula: \$0.0850 per day = 2 GJ per month * \$1.294/GJ * 12 / 365.25.

The applicable blocks and charges are the same for both Rates 2.1 and 2.2²¹.

13.5.5.2 Customer Characteristics

The number of customers and demand from Fort Nelson's Test Year²² for each of these rates is shown in Table 13-17 below.

Table 13-17: Fort Nelson Commercial Customer Segment Data²³

Rates	2018 Avg # of Customers	2018 Annual Demand Forecast (TJ)	% of Total Commercial Annual Demand	Average Load Factor
Rate 2.1 – General (Small Commercial)	479	203.7	78 %	33.4%
Rate 2.2 – General (Large Commercial)	7	56.7	22 %	40.5%
Total Commercial	486	260.4	100 %	

FEI is currently serving 486 commercial customers accounts representing approximately 20% of the total number of customers in Fort Nelson. Commercial customers consume 260 terajoules (TJ) of natural gas representing 46% of the total 2018 forecast throughput for Fort Nelson.

Please see sections 8.2.2 and 8.2.3 for overall FEI Commercial Customer Market Segments and Commercial End Usage.

13.5.5.2.1 COMMERCIAL CUSTOMER CONSUMPTION

In this section, FEI presents the bill frequency and use per customer for Fort Nelson Commercial customers.

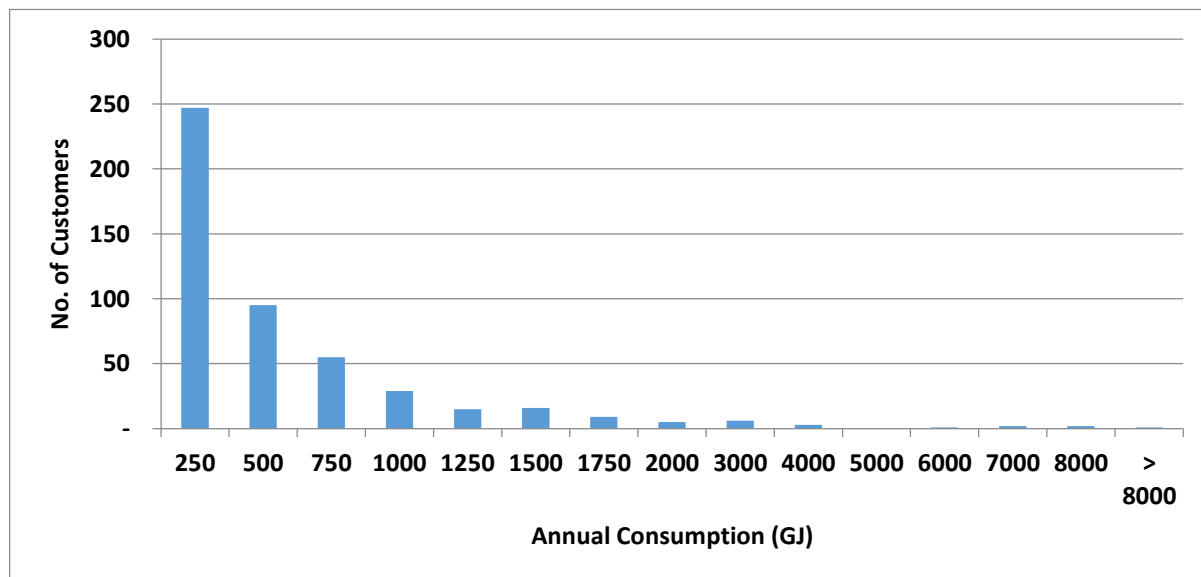
The following figure shows the bill frequency for commercial customers.

²¹ Order E-1-97 in the Application by BC Gas Utility Ltd. for Approval of a 1996/97 Gas Supply Contract and the 1997 Rates for the Fort Nelson Service Area.

²² Before the Test Year adjustment described in Section 13.4.1.3.

²³ Rates exclude RSAM rate rider and include adjustments to test year.

Figure 13-11: Fort Nelson Commercial Customers 2016 Bill Frequency²⁴



The above table shows that there are a few customers at annual consumption levels of 1,500 GJ and greater, providing no clear separation point between small and large commercial customers.

The following Figure 13-12 and Figure 13-13 show Fort Nelson commercial customers' historical normalized use per customer from 2006 through 2018. For the years 2006 through 2014 the normalized use is the result before the migration of commercial customers in 2015 whose individual annual consumption was less than 6,000 GJ as described below.

In 2015, 24 customers whose individual annual consumption was less than 6,000 GJ were switched from Rate 2.2 to Rate 2.1 part way through the year to match the annual consumption requirements for these rates. This switch contributed to the 2015 increase in the average normalized use per customer as shown in the two figures below. For Rate 2.1 the normalized UPC increased from 456 GJ in 2014 to 482 GJ in 2015 but is then projected to decline sharply in 2017 and 2018²⁵. For Rate 2.2 the normalized UPC increased from 3,425 GJ in 2014 to 6,616 GJ in 2015. For 2016 to 2018, the forecast Rate 2.2 UPC is approximately 8,100 GJ per year.

²⁴ 2016 normal volumes are based on December 2015 through November 2016 data; December 2016 data is not yet available in time for the Supplemental Filing.

²⁵ UPC for Rates 2.1 and 2.2 are explained in the Fort Nelson 2017 and 2018 Revenue Requirements and Rates Application in Section 3. See also FEI's response to BCUC IR 1 2.3, page 6, dated September 1, 2016.

Figure 13-12: Fort Nelson Small Commercial Historical Normalized UPC 2006 - 2018

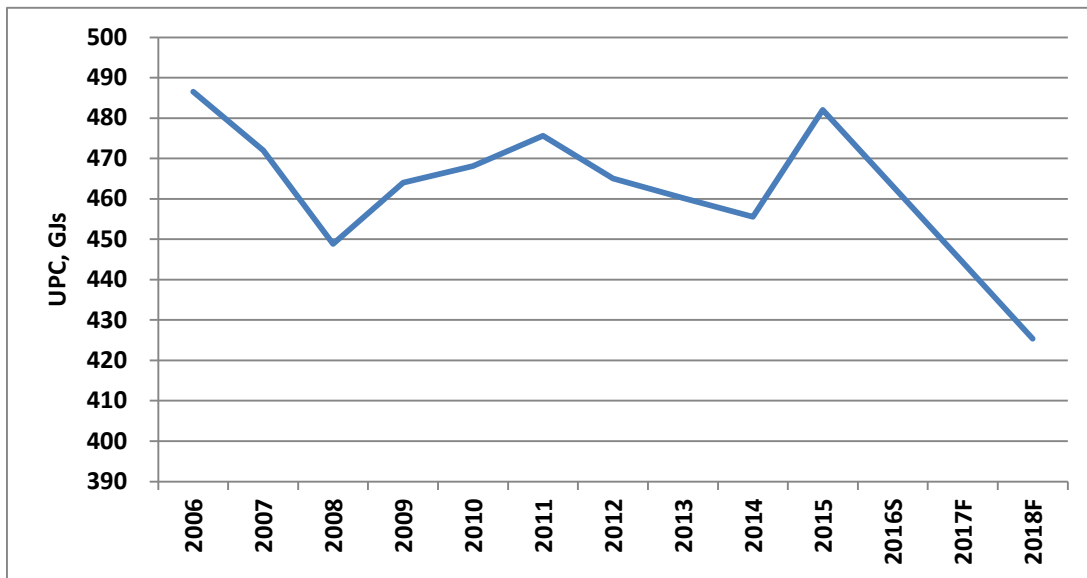
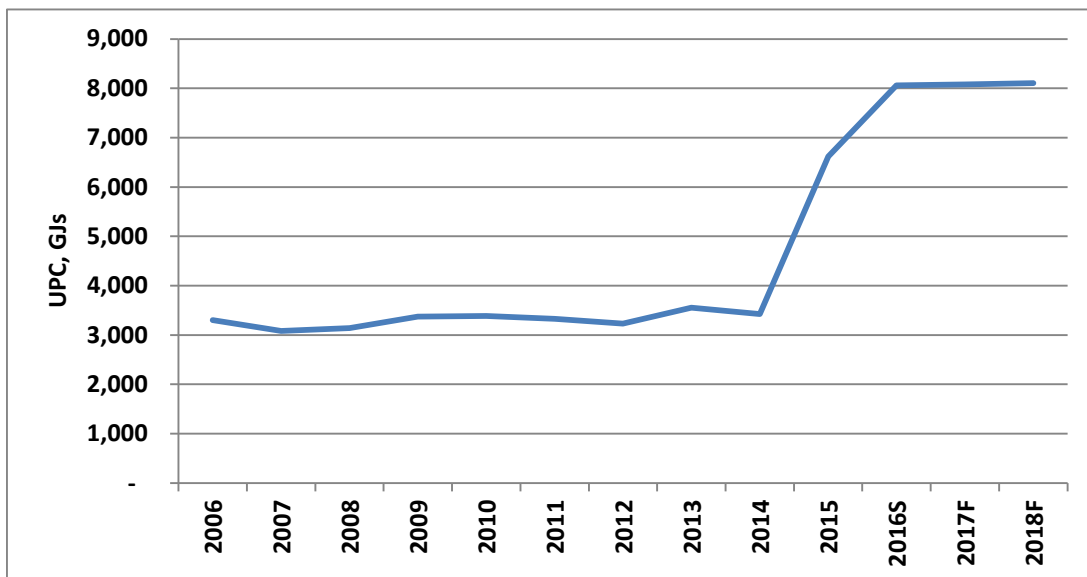


Figure 13-13: Fort Nelson Large Commercial Historical Normalized UPC 2006 - 2018



13.5.5.2.2 COMMERCIAL CUSTOMER LOAD FACTOR

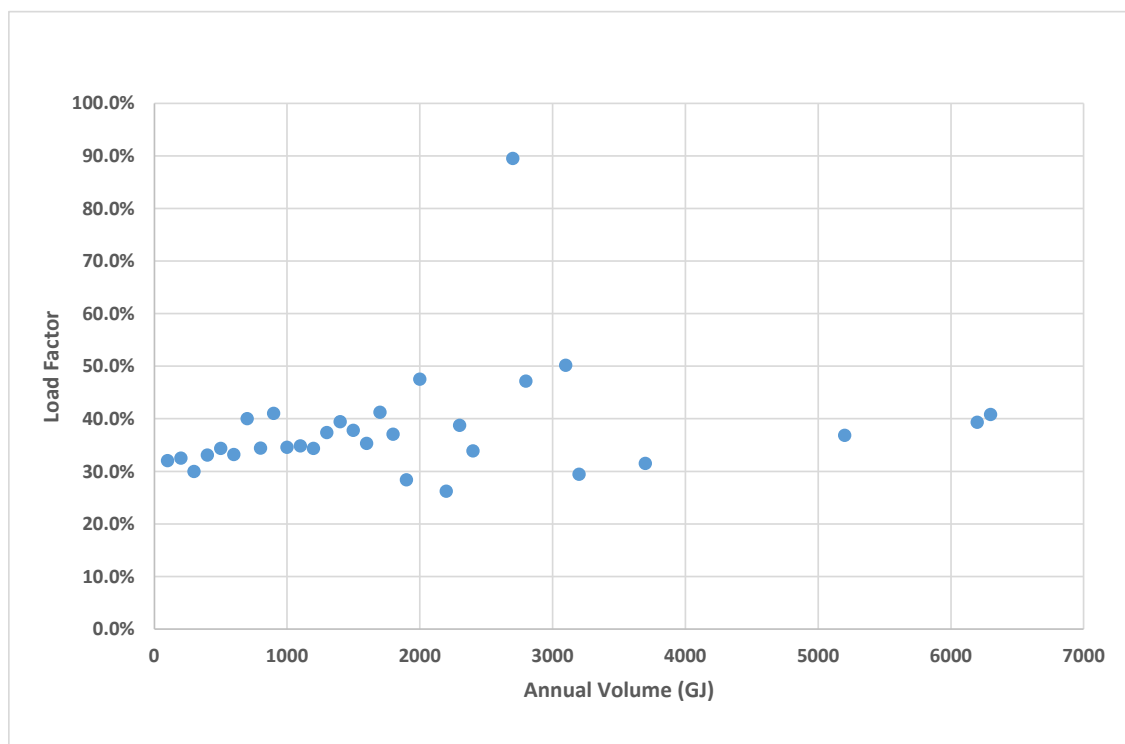
The load factor for Rate 2.1 is 33.4% and for Rate 2.2 is 40.5% based on the customers in each rate. The load factors are a 2014 to 2016 three-year average, calculated for each year based on a regression of consumption and temperature and estimating the peak day demand applied to a design day temperature (coldest day temperature in the past 20 years).

Table 13-18: Load Factor & Peak Day for Commercial Customers from Normalized 2016 Consumption

	Annual Volume (GJ)	Peak Day (GJ/Day)	Load Factor
Rate 2.1	203,700	1,668	33.4%
Rate 2.2	56,700	383	40.5%
Total	260,400	2,052	34.7%

The following graph shows the load factor and consumption of all commercial customers.

Figure 13-14: Fort Nelson Commercial Load Factor and Annual Volume



The graph visually shows there is a general gradual increase in the load factor from 30% to 40% for volumes above zero to approximately 1,500 GJ. Thereafter, there is a small, somewhat random looking dispersion of load factors between 30% and 50% for volumes 2,000 GJ and greater. The graph does not show a definite point in which the load factor changes to clearly segregate small commercial versus large commercial. When looking at all customers within a segmented group, as in Table 13-17, there is a difference between small and large commercial customers. Where the segmentation should occur, however, is unclear from Figure 13-14.

13.5.5.3 Commercial Rate Design

For the reasons discussed above, FEI is proposing to unbundle the rates and adopt a flat rate structure for Fort Nelson customers. For commercial customers, under this proposal, FEI will unbundle Fort Nelson's rates to implement a separate Commodity Cost Recovery Charge, Storage and Transport Charge and a flat volumetric Delivery Charge with a fixed daily Basic Charge similar to FEI's commercial rate structure.

FEI is also proposing to set the annual consumption threshold between small and large commercial customers at 2,000 GJ/year (from the current 6,000 GJ/year) to be consistent with FEI's RS 2 to RS 3 threshold. This change and the proposed levels for the Basic and Delivery Charges for small and large commercial customers are discussed below.

13.5.5.3.1 CHANGING THE THRESHOLD TO 2,000 GJ/YEAR

Fort Nelson general service (or commercial) customers are currently segmented into Rate 2.1 and 2.2 based on a 6,000 GJ/year separation point. For a number of reasons, FEI concluded that the 6,000 GJ/year separation point cannot be justified and that a 2,000 GJ/year separation point should be considered.

First, based on the 2016 billing data of the 486 commercial customers, only 5 customers had sufficient volumes (i.e. at or above 6000 GJ) to qualify for Rate 2.2 at the current threshold. (Current charges for Rates 2.1 and 2.2 can be found in Section 13.5.5.1).

Second, FEI reviewed the existing customer segmentation and did not find statistical evidence supporting a small and large commercial separation point of 6,000 GJ per year. Figure 13-14 above shows that a separation point of 1,500 to 2,000 GJ per year would be more reasonable.

Third, the Fort Nelson threshold of 6,000 GJ/year is not consistent with the 2,000 GJ/year threshold utilized for commercial customers for FEI's other service areas. It is also higher than the threshold selected by five other Canadian utilities that were reviewed. As noted in Section 8.3, FEI conducted a review of other Canadian utilities and found that the threshold for small commercial customers ranged from 419 GJ/year for Gaz Metro to 5,500 GJ for Pacific Northern Gas (PNG). The 6,000 GJ threshold used for Fort Nelson is outside the range selected by these utilities. The Multi-Jurisdictional Review of Rates study is provided in Appendix 8.

Finally, moving the threshold from 6,000 GJ/year to 2,000 GJ/year would not be overly disruptive to existing customers. It would only cause an estimated 9 small commercial customers to migrate to the large commercial rate. These migrating customers will receive a minor rate reduction due to the lower rates offered in Rate 2.2 as shown in Section 13.5.5.4 below.

13.5.5.3.2 ANALYSIS OF SMALL AND LARGE COMMERCIAL CUSTOMER THRESHOLD OF 2,000 GJ

FEI analysed the customer bill frequency, load factor and economics of the small and large commercial rates. Based on this analysis, FEI concluded that the 2,000 GJ/year threshold segments the lower demand and lower load factor customers into the small commercial

segment and the higher demand and higher load factor customers into the large commercial segment. This threshold is consistent with FEI's commercial rate schedules, provincial government policy supporting same service for same or similar price, and other Canadian utilities.

When examining the normalized customer data, whether the threshold is at 6,000 GJ/year or at 2,000 GJ/year, there is a distinct separation between Rate 2.1 and Rate 2.2, with the load factor for the two rates differing by approximately 6% in both cases. The following table summarizes the derived load factors when setting the threshold at 6,000 GJ or at 2,000 GJ based on 2016 normalized volume and 2016 load factor (not the rolling three year average). In 2016 there was one customer in Rate 2.2 whose normalized volume was 961 GJ and in the following table this customer has been treated as a Rate 2.1 customer (the values here are different from Table 13-17 above).

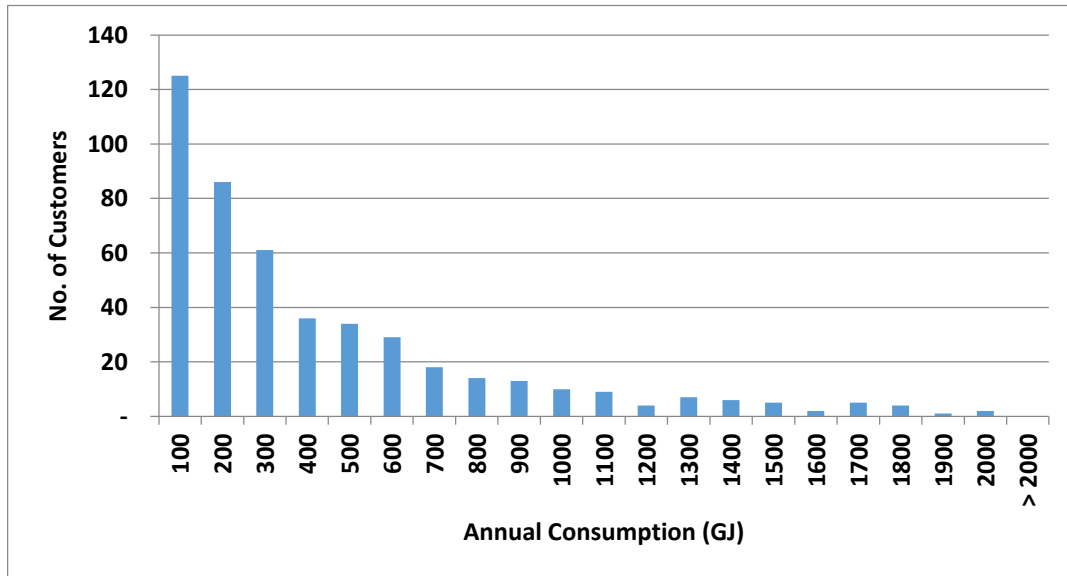
Table 13-19: Load Factor for Small & Large Commercial Customers from Normalized 2016 Consumption

	Annual Volume (GJ)	Peak Day (GJ/Day)	Load Factor
Threshold at 6,000 GJ			
Rate 2.1	204,661	1,684	33.3%
Rate 2.2	55,739	390	39.2%
Total:	260,400	2,074	34.4%
Threshold at 2,000 GJ			
Rate 2.1	180,418	1,509	32.8%
Rate 2.2	79,982	565	38.8%
Total:	260,400	2,074	34.4%

The differentiation in the load factors, whether the threshold is 6,000 GJ/year or 2,000 GJ/year, provides evidentiary support for having a small and large commercial rate class, but the results do not lead to a preference for a threshold level. The results from Figure 13-14 above also do not provide a clear point at which to differentiate small and large commercial customers; however, visually, a differentiation would be appropriate that is somewhere within the range of 1,500 GJ to 2,000 GJ/year .

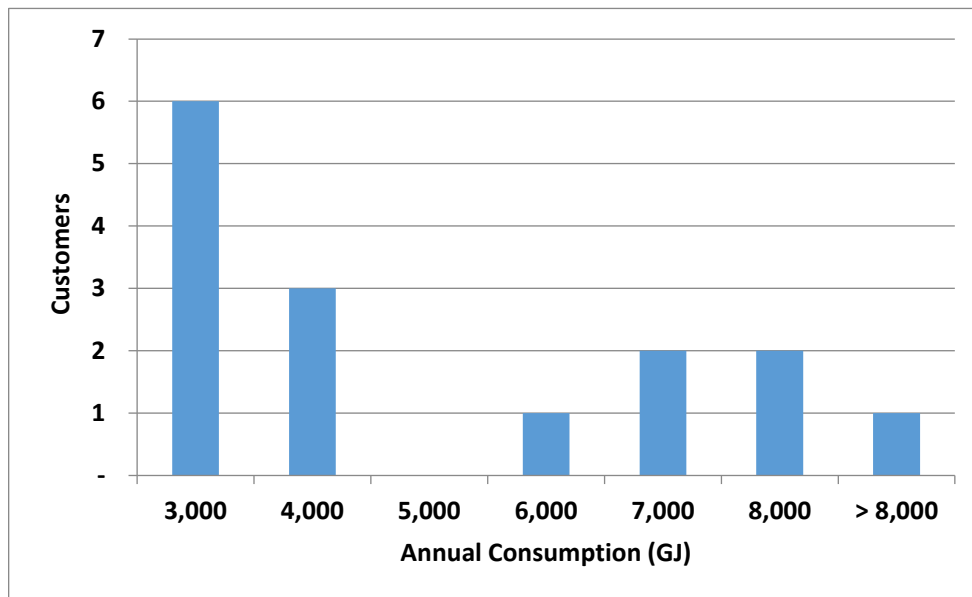
The following two figures below show the bill frequency for commercial customers using a threshold of 2,000 GJ to separate small and large commercial customers. The bill frequency shown in Figure 13-15 is for Rate 2.1 customers who use less than 2,000 GJ per year. It is evident that at about 1,500 GJ to 2,000 GJ per year and higher there are very few customers in each bin. This is consistent with the bins in the following Figure 13-16 for Commercial customers whose annual consumption is greater than 2,000 GJ.

Figure 13-15: Small Commercial 2016 Bill Frequency (2,000 GJ Threshold)



The bill frequency shown in Figure 13-16 is for commercial customers who use more than 2,000 GJ per year.

Figure 13-16: Large Commercial 2016 Bill Frequency (2,000 GJ Threshold)



For consistency with the customer segmentation employed in FEI's other service areas, FEI proposes to set the threshold for Fort Nelson's RS 2.1 and Rate 2.2 at a normalized 2,000 GJ per year. The impact of this change is discussed further below.

13.5.5.3.3 LEVEL OF CHARGES FOR SMALL AND LARGE COMMERCIAL CUSTOMERS

There are differences in the cost to serve Fort Nelson small and large commercial customers, and there are differences in the load characteristics that justify having a differentiated daily Basic Charge and Delivery Charge.

The following table compares the small and large commercial customers of Fort Nelson based on the existing volume threshold of 6,000.GJ/year and based on the rate under which they are currently served.

Table 13-20: Comparison between Small & Large Commercial using 6000 GJ Threshold

	Rate 2.1	Rate 2.2
Customer Weighting Factor	1.6	5.7
Use per Customer	425 GJ	8,103 GJ
Load Factor	34.4%	40.5%
Average Customer-related Cost / Customer / Day	\$1.403	\$3.693
Average Demand-Related & Energy-related Cost / GJ	\$2.722	\$2.291

The customer weighting factor is the relative cost of metering/measurement devices and service lines to serve commercial customers compared to residential customers. The higher weighting factor for Rate 2.2 compared to Rate 2.1 coupled with the average customer-related cost of service per customer per month leads to the expectation that large commercial customers should have a higher Basic Charge than small commercial customers.

The higher load factor of Rate 2.2 compared to the Rate 2.1 load factor means that large commercial customers will have a lower average demand-related cost per GJ, which is the result in the table above, this in turn leads to the expectation that the proposed Delivery Charge for large commercial customers will be lower than the Delivery Charge for small commercial customers.

In determining the proposed rates before rebalancing and taking into consideration the 2,000 GJ economic crossover, FEI has sought, as one of its objectives, to limit the bill impact that individual customers in the two rate classes will experience. These observations must be coupled with the objective that at 2,000 GJ/year small and large commercial customers would have the same annual bill.

Changing the proposed threshold between Rate 2.1 and 2.2 to 2,000 GJ per year will result in 9 customers that would be moved to large commercial from small commercial, as these 9 customers' normalized annual consumption exceeds 2,000 GJ, but is less than the current 6,000 GJ threshold. The number of customers in Rate 2.1 will decrease from 479 customers to 471, with a net reduction of 23 TJ, and the average use per customer will decrease from 426 GJ per year to 384 GJ per year. Rate 2.2 average use per customer of 8,000 GJ per year will decrease to 5,267 GJ per year.

The table below summarizes the impacts of the proposed threshold change.

Table 13-21: Commercial Customer Migration Impact

Rate	Number of Customers	Annual Energy (TJ)	Percentage Of Total	Average Usage
Rate 2.1	479	204	78%	426
Adj. to RRA for customers < 6,000 GJ	1	1	0%	961
Rate 2.1 COSA # of customers / volume < 6,000 GJ per year	480	205	79%	427
Remove Rate 2.2 with > 2,000 GJ	(9)	(24)	(9)%	2,667
New Rate 2.1 after Migration	471	181	70%	384
Rate 2.2	7	56	22%	8,000
Adj. to RRA for customers < 6,000 GJ	(1)	(1)	(0)%	961
Rate 2.2 COSA # of customers / volume > 6,000 GJ per year	6	55	21%	9,167
Add Rate 2.2 > 2,000 GJ	9	24	9%	2,667
Net Rate 2.2 after Migration	15	79	30%	5,267
Total of Rate 2.1 & 2.2:	486	260	100%	535

13.5.5.3.4 SUMMARY OF COMMERCIAL RATE DESIGN PROPOSAL

FEI proposes the following Fort Nelson commercial rate design:

1. Unbundle the Commodity Cost Recovery Charge, Storage and Transport Charge, the fixed Basic Charge, and volumetric Delivery Charge in the customer rates;
2. Move to a flat rate structure;
3. Move the small to large commercial customer threshold to an annual demand of 2,000 GJ; and
4. Establish the daily and volumetric delivery charges to have an equal annual bill for Rate 2.1 and 2.2 at the economic crossover point at 2,000 GJ.

13.5.5.4 Bill Impact Analysis

Moving the threshold from 6,000 GJ/year to 2,000 GJ/year and setting the rates to result in an economic crossover at 2,000 GJ results in the following range of bill impacts when compared to existing bills. The largest decrease for a Rate 2.1 customer would be 21.2% (for customers with zero load paying minimum charges) and the largest increase would be 2%, with the average Rate 2.1 customer having a decrease of 2.6%. The largest increase for a Rate 2.2 customer

would be 0.7% and the largest decrease would be 0.2%, with the average Rate 2.2 customer having an increase of 0.1%.

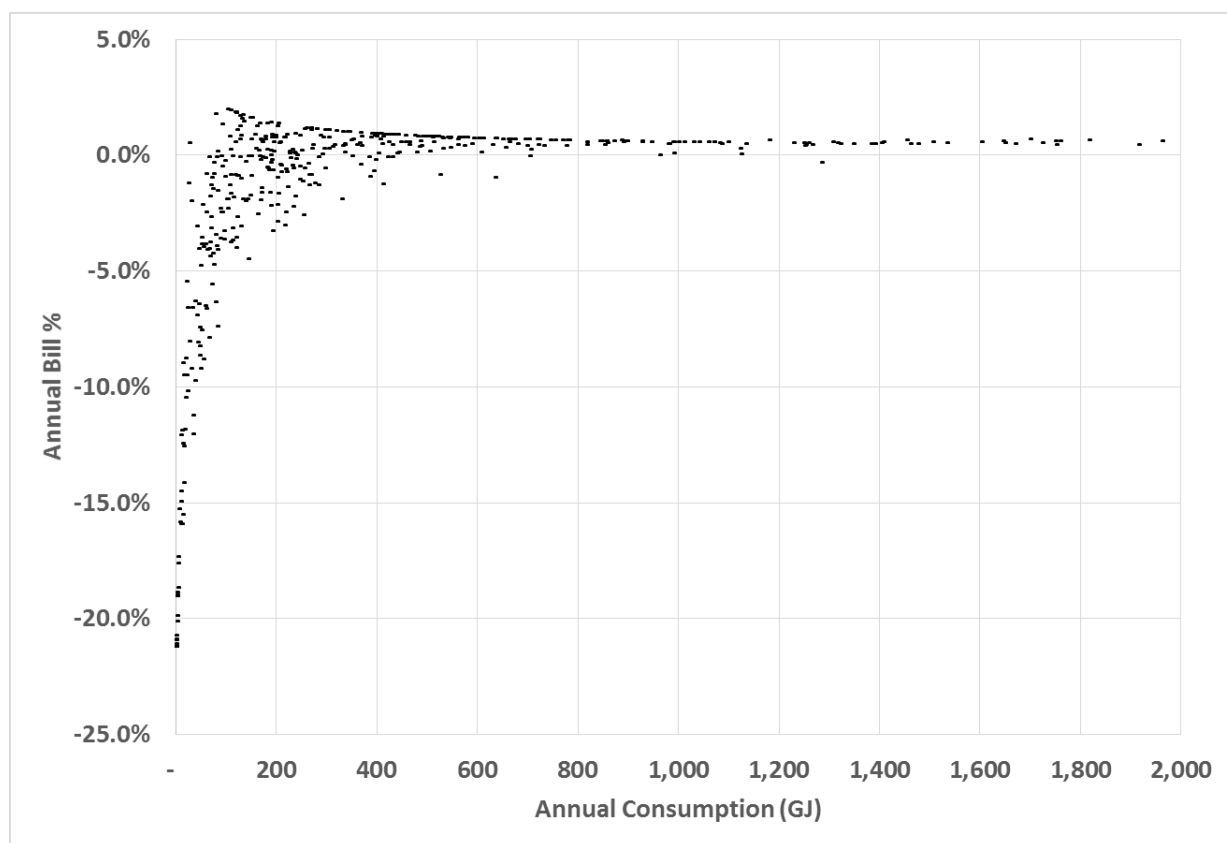
Table 13-22: Proposed Charges for Rate 2.1 & 2.2 Before Rebalancing

	Rate 2.1	Rate 2.2
Basic Charge \$/Day	\$1.1296	\$1.8862
Delivery Charge \$/GJ	\$4.057	\$3.919

The proposed rates in Table 13-22 do result in Rate 2.1 having a lower Basic Charge than Rate 2.2 and Rate 2.1 having a higher Delivery Charge than Rate 2.2 which is relationally the expected outcome as mentioned in section 13.5.5.3.

The following Figure 13-17 shows the percentage bill impact relative to the various levels of annual consumption from all the changes that FEI is proposing for Fort Nelson Rate 2.1 small commercial customers before rebalancing.

Figure 13-17: Annual Bill % Change at Various Annual Consumption Levels for Fort Nelson Small Commercial (< 2,000 GJ)



Fort Nelson small commercial customers that have an annual consumption of 2 GJ or less will have a large **decrease** in their annual bill (21% decrease or \$111 annual decrease). The

primary reason for this is that the current rate structure minimum bill effectively has a take or pay of 2 GJ per month including delivery cost of service plus cost of gas. After unbundling the cost of gas, there is a significant decrease for these customers as they will now only have a daily Basic Charge. The average decrease for the approximately 471 small commercial customers would be 2.6% or an average annual decrease of \$7.

For the 15 Fort Nelson large commercial customers, the largest percentage decrease is 0.2% (annual bill decrease of \$60) and the largest percentage increase is 0.7% (annual bill increase of \$80²⁶). The average percentage increase for all 15 customers is 0.1% or \$0. A similar graph to Figure 13-17 was not produced for Rate 2.2 because of the small number of customers (15).

13.5.6 Fort Nelson Industrial Customer Rate Design

13.5.6.1 Introduction

Fort Nelson's has the following rates in place to serve industrial customers:

- Rate 3.1 / 3.2 / 3.3 - Industrial Service
- Rate Schedule 25 - General Firm Transportation Service

The delivery charges calculated from the COSA model are slightly higher than the 2018 approved delivery charges shown above due to the revenue deficiency caused by one customer moving from RS 25 to Rate 2.1 as discussed in section 13.4.1.3. This deficiency causes an increase to the 2018 delivery charges of approximately 1%.

Fort Nelson's existing industrial rates consist of a minimum monthly charge and a declining block rate consisting of three consumption blocks. Rates 3.1, 3.2 and 3.3 have a Gas Cost Recovery Charge per GJ and Rate Schedule 25 has a monthly Administration Charge.

Fort Nelson's 2018 bundled rates based on the approved 2018 Revenue Requirement²⁷ and gas cost of \$1.294 per GJ are provided in Table 13-23 below. The rates and blocks are the same for Rate 3.1, 3.2 and 3.3. The annual volume threshold for Rate 3.1 is 96,000 GJ, for Rate 3.2 it is greater than 96,000 GJ and less than 360,000 GJ, and for Rate 3.3 it is a minimum of 360,000 GJ. FEI is proposing to cancel Rate 3.2 and 3.3. There have been no customers served in Rate 3.1, 3.2, or 3.3 since 2001.

²⁶ This is the largest Rate 2.2 customer consuming approximately 21,000 GJ per year.

²⁷ Orders G-162-16 and G-173-16.

Table 13-23: Fort Nelson Industrial Rate Structure

Charge	Rate 3.1	RS 25
Administration Charge (per Month)	n/a	\$202
Delivery Charge First 20 GJ/Month (\$/GJ)	\$4.552	\$4.552
Delivery Charge Next 260 GJ/Month (\$/GJ)	\$4.201	\$4.201
Delivery Charge Excess over 280 GJ/Month (\$/GJ)	\$3.450	\$3.450
Minimum Monthly Charge (\$/Month)	\$1,826	\$1,826
Gas Cost Recovery Charge (\$/GJ)	\$1.294	n/a

13.5.6.2 Customer Characteristics

Fort Nelson has only one industrial customer taking service under RS 25 as of November 1, 2016 and, as stated above, no customers in Rates 3.1, 3.2 or 3.3. The customer is no longer operating its production facility, but is still using natural gas for space heating to protect facilities and equipment from extreme cold weather damage. The customer's 2018 forecast demand is 40 TJ and its three year average load factor is 27%.

13.5.6.3 Fort Nelson Industrial Rate Design

For consistency, FEI is proposing to adopt the same rate structure for Fort Nelson as exists in FEI's other service areas. The charges included for the two industrial rate schedules would be: a Basic Charge, Demand Charge, and a Delivery Charge. Rate 3.1 would have a Commodity Cost Recovery Charge and a Storage and Transport Charge and RS 25 would have an Administration Charge.

The proposed 2018 rates will be designed to collect the same revenue as was forecast in Fort Nelson's 2017-2018 Revenue Requirement so that no other Rate Schedules are affected by this change.

FEI's proposed rates are set out in the table below.

Table 13-24: Fort Nelson Proposed Rate Structure

	Rate 3.1	RS 25
Basic Charge (per Month)	\$600.00	\$600.00
Demand Charge (per GJ per Month)	\$28.727	\$28.727
Delivery Charge (per GJ)	\$1.000	\$1.000
Administration Charge (per Month)	n/a	\$39.00
Commodity Cost Recovery Charge (per GJ)	\$1.275	n/a
Storage and Transport Charge (per GJ)	\$0.019	n/a

FEI is also proposing to phase-out the application of the Revenue Stabilization Adjustment Mechanism (RSAM) for Rate 3.1 and RS 25. The RSAM stabilizes delivery margin received from customers on a Use Per Customer (UPC) basis. If customers' actual UPC varies from the forecast UPC used to set rates, whether due to weather variances or other causes, FEI records the delivery charge differences in the RSAM deferral account for refunding or charging through a rate rider to the RSAM rate schedules over the ensuing two years.

It would no longer be reasonable for the RSAM to apply to Fort Nelson's Rate 3.1 and RS 25 since a very large portion of the revenues will now be recovered through fixed charges – the Basic Charge, Administrative Charge and Demand Charge. This treatment of exclusion from the RSAM is consistent with FEI's exclusion of RS 5 and 25 from the RSAM mechanism.

However, since RS 25 customer(s) will be contributing to the build-up of the RSAM deferral balance up to the end of 2017 under the existing rate design, it is reasonable that RS 25 would attract the RSAM rider for the years 2018 and 2019, but only for its part of the 2017 ending RSAM deferral balance. FEI is proposing that the Industrial share of the December 31, 2017 RSAM balance be calculated on the 2016 and 2017 additions from the variance in actual consumption versus forecast consumption less one-half of the Industrial Rider 5 recoveries in 2017. (Due to the lag in recovering RSAM calculations and two year amortization, one half of the 2017 recoveries is related to 2016 additions).

When FEI calculates the RSAM charge for 2018 the amount to be recovered will be fixed from the 2017 RSAM balance assigned to Industrial classes, however the charge per GJ for RS 25 and Rate 3.1, will be the amount to be amortized divided by the years' forecast volumes 2018 and 2019. The RSAM Rider for the industrial rates will be eliminated starting January 1, 2020. If there are no Industrial customers at 2017 year end, i.e. the remaining RS 25 customer migrates to a commercial sales class, FEI proposes that the RSAM be eliminated effective January 1, 2018 for Industrial customers.

13.6 THE FEI FORT NELSON GAS TARIFF

The Fort Nelson Tariff sets out the Commission approved terms, conditions rates and rate schedule for each of Fort Nelson's different service offerings. Appendix 13-6 contains the existing Fort Nelson Tariff blacklined with the proposed revisions to reflect the proposals in the Application and to align the tariff language with that of FEI's rate schedules. FEI has also taken the opportunity to make minor revisions to wording and housekeeping changes for consistency purposes.

The following provides a high-level summary of the primary changes being proposed to each of the proposed Fort Nelson's rate schedules. Please refer to Appendix 13-6 to review the detailed revisions proposed.

Rate Schedule 1: Residential Service

Fort Nelson RS 1, consistent with FEI RS 1, is applicable for all Residential Customers and now includes a common table of charges. FEI has removed details regarding an optional rate previously available for customers whose primary heating was from equipment installed with the assistance of a promotional incentive which is no longer applicable.

Rate Schedule 2: Small Commercial Service

Fort Nelson RS 2, consistent with FEI RS 2, is applicable for small Commercial Customers with normalized annual consumption of less than 2,000 GJs. Fort Nelson RS 2 now includes a common table of charges for applicable small Commercial Customers. Previously, two rates existed for Commercial Customers, (formerly named General Service Customers), depending on their annual consumption: those who consumed less than 6,000 GJs or those who consumed 6,000 GJs or higher during the previous gas year (which runs from their first bill in November to their final bill the following October each year).

Rate Schedule 3: Large Commercial Service

Fort Nelson RS 3 is a new rate schedule for large Commercial Customers, which is consistent with FEI RS 3. Fort Nelson RS 3 is applicable for large Commercial Customers with normalized annual consumption of more than 2,000 GJs. Fort Nelson RS 3 also has a common table of charges for applicable large Commercial Customers.

Rate Schedule 5: General Firm Service

Fort Nelson RS 5 is a new rate schedule for Fort Nelson General Firm Service customers, which is substantially consistent with FEI RS 5.

Rate Schedule 6: Natural Gas Vehicle Service

Fort Nelson RS 6 is a new rate schedule for Fort Nelson Natural Gas Vehicle Service customers, which is substantially consistent with FEI RS 6.

Rate Schedule 25: General Firm Transportation Service

Fort Nelson RS 25 has been revised to mirror the terms and conditions of FEI RS 25. Similarly, the form of Transportation Agreement and Schedule A in Fort Nelson RS 25 (Shipper Agent Agreement) has been revised to mirror the proposed amendments made to FEI RS 25. In addition, an Appendix A (Notice of Appointment of Shipper Agent) has been added to the Transportation Agreement.

For additional information regarding the amendments made to the existing terms and conditions for FEI RS 25, please refer to Section 9.5 of the Application and Appendix 11-3 for a blacklined version.

FEI proposes that the changes to the Fort Nelson Tariff be approved effective June 1, 2018.

13.7 SUMMARY AND CONCLUSIONS

Fort Nelson's rate design proposals described in section 13.5.5.4 above have an impact on the COSA results presented in section 13.4.3. In addition, the COSA results as presented in section 13.4.3 show that the residential, commercial and industrial customers' revenue to cost ratios are outside the range of reasonableness. Therefore, FEI is proposing to rebalance rates to bring Fort Nelson's rates to the boundaries of the range of reasonableness in consideration of rate shock constraints. With this rebalancing, FEI believes that its rate design proposals will result in a reasonable balance of rate design principles, are just and reasonable and should be approved as proposed.

This section is organized as follows:

- Section 13.7.1 summarizes the impact of Fort Nelson's rate design proposals on the COSA, presents Fort Nelson's final COSA results after taking into account revenue changes due to rate design proposals, shows Fort Nelson's final COSA results after rebalancing to bring rates within the range of reasonableness and presents the associated bill impacts to Fort Nelson customers.
- Section 13.7.2 provides a summary of Fort Nelson's proposed changes to rates, comparing the 2018 rates resulting from the COSA before and after the proposed changes.
- Section 13.7.3 reviews whether or not postage stamping FEI rates to Fort Nelson is suitable.
- Section 13.7.4 concludes this section.

13.7.1 COSA Adjustments from Rate Design Proposals

FEI has included in Fort Nelson's COSA the changes based on the rate design proposals set out above. A summary of the rate design proposals and resulting changes included in the COSA Model are outlined below.

13.7.1.1 Rate 1 – Residential

FEI's proposal for residential rates is to unbundle the delivery cost from gas costs by removing the declining block rate structure and adopting the following charges: Basic Charge per day, Delivery Charge per GJ, Cost of Gas Charge per GJ and Storage and Transport Charge per GJ (plus applicable riders).

The charges that FEI derived are expected to collect the same amount of revenue from Rate 1 as are currently collected, resulting in no changes to the COSA.

13.7.1.2 Rate 2.1 and Rate 2.2 – Commercial

FEI's proposal for Rate 2.1 and Rate 2.2 is as follows:

1. Unbundle the delivery cost from the cost of gas by removing the declining block rate structure and adopting the following charges: Basic Charge per day, Delivery Charge per GJ, Commodity Cost Recovery Charge per GJ and Storage and Transport Charge per GJ (plus applicable riders).
2. Move the small to large commercial customer threshold to an annual demand of 2,000 GJ.
3. Establish the Daily Basic and volumetric Delivery Charges to have an equal annual bill for Rate 2.1 and Rate 2.2 at the economic crossover point of 2,000 GJ.

By changing the threshold from 6,000 GJ/year to 2,000 GJ/year, nine Rate 2.1 customers consuming more than 2,000 GJ/year would be moved to Rate 2.2 and one Rate 2.2 customer consuming less than 2,000 GJ/year would be moved to Rate 2.1. The movement of these customers is reflected in the COSA by shifting their annual volume, revenue and cost of gas in the COSA Model. The following table illustrates the resulting changes.

Table 13-25: Commercial Customer Shifting in the COSA

	Rate 2.1	Rate 2.2
Customers	-8	+8
Volume (TJ)	-23.3	+23.3
Revenue (\$000)	-126.7	+126.7
Cost of Gas (\$000)	-30.1	+30.1

The shifting of customers between Rate 2.1 and Rate 2.2 is revenue neutral between the two commercial rates. When included in the COSA the R:C ratio for Rate 2.1 decreases by 2.9 % and the R:C for Rate 2.2 increases by 3.4 %.

13.7.1.3 Rate Schedule 25 and Rate 3.1 – Industrial

FEI's proposal for RS 25 and Rate 3.1 is to eliminate the block rate structure and adopt FEI's rate structure as follows:

Rate 25

1. Remove the declining block rate structure.
2. Adopt the following charges: .Basic Charge per Month, Administrative Charge per Month, Demand Charge per Month per GJ of Daily Demand, and Delivery Charger per GJ (plus applicable riders).

Rate 3.1

1. Remove the declining block rate structure.
2. Adopt the following charges: Basic Charge per Month, Demand Charge per Month per GJ of Daily Demand, Delivery Charge per GJ, Commodity Cost Recovery Charge per GJ, Storage and Transport Charge per GJ (plus applicable riders).

Neither RS 25 nor Rate 3.1 would contribute to the RSAM due to variances in the forecast use rate versus actual use rate. The industrial customers would continue to contribute to the recovery / refund of the December 31, 2017 RSAM balance in 2018 and 2019, On January 1, 2020 the RSAM Rate Rider would be eliminated for industrial customers.

By adopting FEI's Rate Schedule 5 and 25 rate structure and setting the charges to collect the existing RS 25 revenue there is no impact to the COSA.

In addition, FEI proposes to decrease the Administration Charge per Month for RS 25 from \$202.00 to \$39.00 as set out in Appendix 11-3, Section 1.4 and Appendix 11-4. The reduction in the Administration Charge decreases the revenue collected from RS 25 by \$1,956 annually. When reflected in the COSA, this change causes an annual bill increase for Rate 1, Rate 2.1 and Rate 2.2 of 0.08%, while RS 25 receives an annual bill decrease of 1.2%.

13.7.1.4 Final COSA Results and Rebalancing

The table below presents the R:C and M:C ratios before rebalancing and after the rate design proposal changes discussed above. As discussed in section 6.5.1 of the Application, FEI targets a range of reasonableness between 90% – 110%.

Table 13-26: Revenue to Cost and Margin to Cost Ratios before rebalancing

Rate Schedule	Initial COSA		Revenue Shift (\$000)	Approximate Annual Bill Change	COSA after Rate Design Proposals	
	R:C	M:C			R:C	M:C
Rate 1 <i>Domestic (Residential) Service</i>	81.9%	77.5%	0.8	0.1%	82.1%	77.9%
Rate 2.1 <i>General (Small Commercial) Service</i>	119.9%	126.4%	(126.0)	0.1%	117.1%	123.2%
Rate 2.2 <i>General (Large Commercial) Service</i>	142.3%	164.5%	127.0	0.1%	145.8%	162.4%
Rate Schedule 25 <i>General Firm Transportation Service</i>	112.1%	112.1%	(1.8)	-1.2%	111.0%	111.0%

The table above shows that all rates are outside the range of reasonableness. FEI's rebalancing proposals include the following adjustments to revenue responsibility:

- Increase Rate 1 revenue by another \$131 thousand so that the annual bill percentage increase equals 10%²⁸. This increase is proposed in consideration of the

²⁸ Effect of both Rate Design Proposals and Rebalancing.

overall bill impact that Fort Nelson residential customers will experience in 2018. Fort Nelson's 2017-2018 Revenue Requirement delivery rate increase of 6.66% will be effective January 1, 2018. The rate design proposals and rebalancing in this Application are proposed to be effective June 1, 2018. When the revenue requirement increase and rate design increases are blended over 2018, Rate 1 customers will experience, on average, a 9.7% annual bill increase.

- Decrease Rate 2.1 revenue by \$71 thousand so that the R:C ratio equals 110%.
- Decrease Rate 2.2 revenue by \$60 thousand which is the difference between the sum of the Rate 1 and Rate 2.1 rebalancing amounts.

The following table presents the rebalancing amounts and Revenue to Cost (and Margin to Cost) ratios after rebalancing.

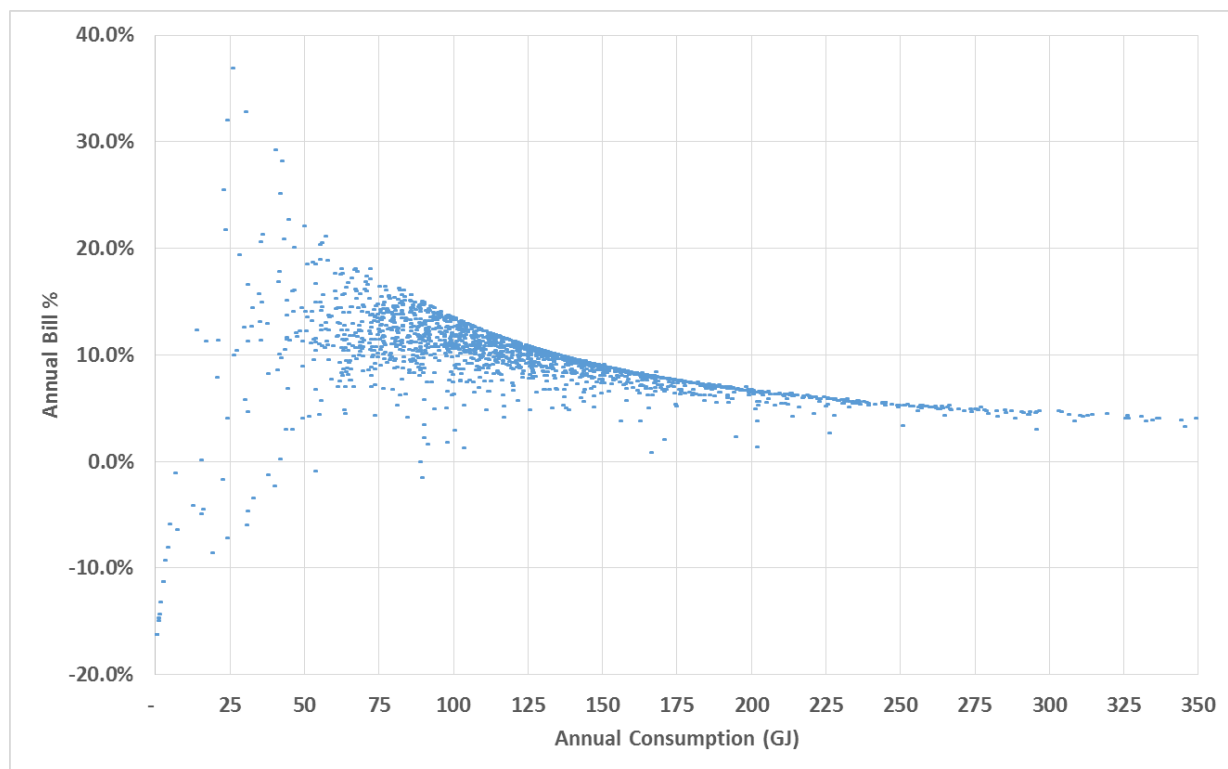
Table 13-27: Revenue to Cost and Margin to Cost Ratios after rebalancing

Rate Schedule	COSA after Rate Design Proposals		Rebalance Amount (\$000)	Approximate Annual Bill Change	COSA after Rate Design Proposals and Rebalancing	
	R:C	M:C			R:C	M:C
Rate 1 <i>Domestic (Residential) Service</i>	82.1%	77.9%	131.0	9.9%	89.6%	87.1%
Rate 2.1 <i>General (Small Commercial) Service</i>	117.1%	123.2%	(71.0)	-5.3%	110.0%	113.6%
Rate 2.2 <i>General (Large Commercial) Service</i>	145.8%	162.4%	(60.0)	-14.3%	123.9%	132.6%
Rate Schedule 25 <i>General Firm Transportation Service</i>	111.0%	111.0%			111.0%	111.0%

Fort Nelson rates must be adjusted to account for the shift in revenue responsibility. For Rate 1, FEI will increase the Basic Charge to \$0.4591 per day so that the \$131 thousand in revenue shift is recovered from all residential customers equally. FEI chose to collect all of the revenue shift through the Rate 1 Basic Charge because the lowest consuming customers receive the greatest rate reductions to their annual bills through the unbundling of Fort Nelson residential rates. Before rebalancing, a customer with annual consumption of 34 GJ (one quarter of the average) will experience a 7% decrease to their annual bill. By applying the adjustment only to the Basic Charge, FEI moderates the decrease to lower consuming customers making the adjustments more equitable between low and high consumers in Rate 1. This also results in Fort Nelson collecting more of its customer-related charges through the Basic Charge. Fort Nelson will collect approximately 27% of its revenue from Rate 1 through the Basic Charge; the customer-related costs in the COSA equal 55%.

The following figure illustrates Rate 1 customer bill impacts from all changes including unbundling and rebalancing. Each point on the graph is an individual customer.

Figure 13-18: Rate 1 Bill Impacts from all Rate Design Proposals



For Rate 2.1 and 2.2, FEI was required to adjust rates to account for the decrease in revenue responsibility of \$71 thousand and \$60 thousand, respectively, maintain an economic breakeven threshold of 2,000 GJ /year as discussed in section 13.5.5.4, and limit any individual customer's annual bill impact.

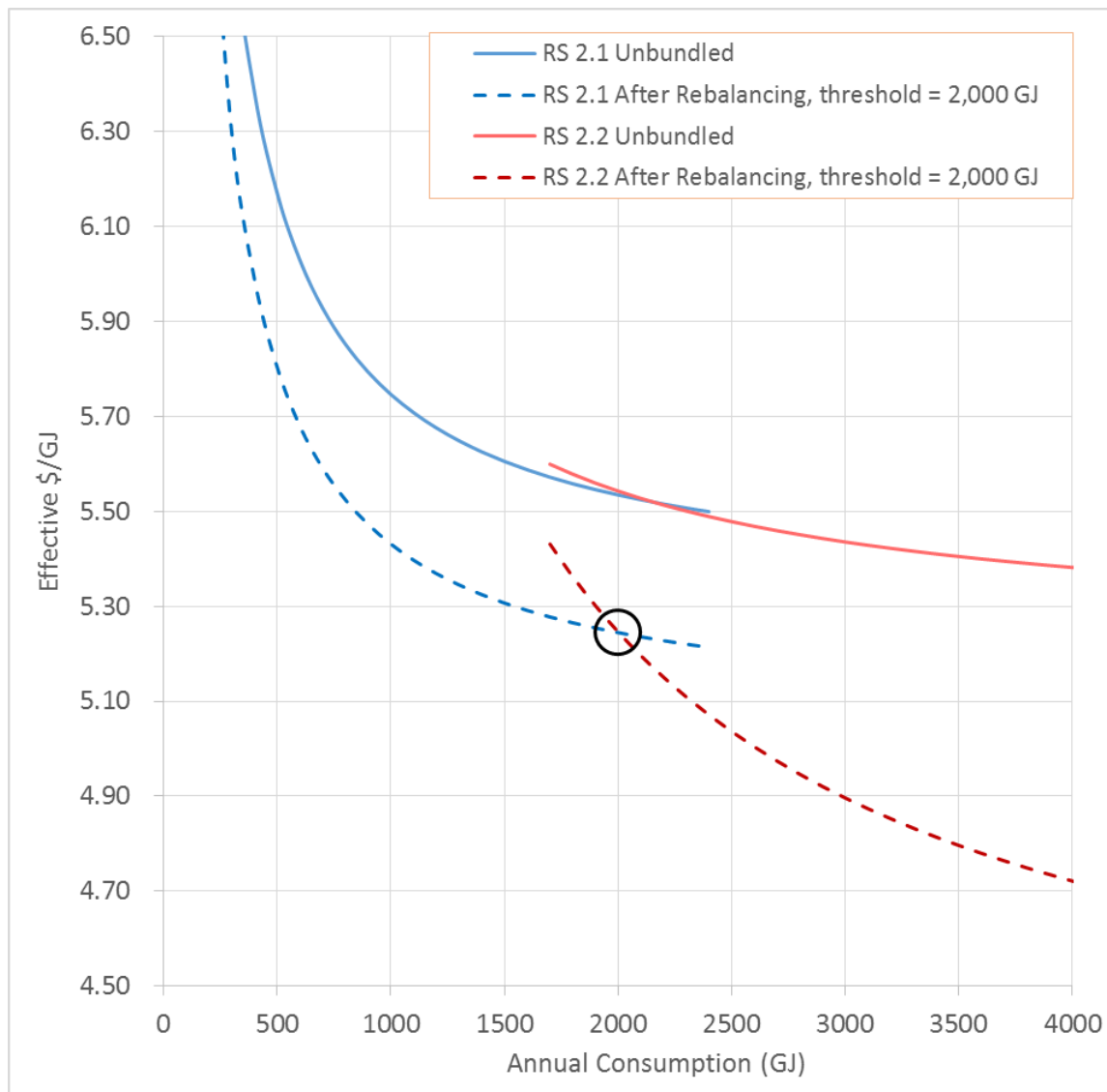
The following table shows the rates for the daily Basic Charge and the volumetric Delivery Charge for Rate 2.1 and 2.2.

Table 13-28: Rate 2.1 and 2.2 Charges after all Rate Design Proposals

	Rate 2.1	Rate 2.2
Daily Basic Charge (\$/Day)	1.0234	5.7284
Delivery Charge (\$/GJ)	3.764	2.905

The following figure compares the effective rates per GJ for Rate 2.1 and 2.2 after unbundling, set (including rebalancing) to attain a 2,000 GJ/year breakeven point and minimizing individual customer bill impacts.

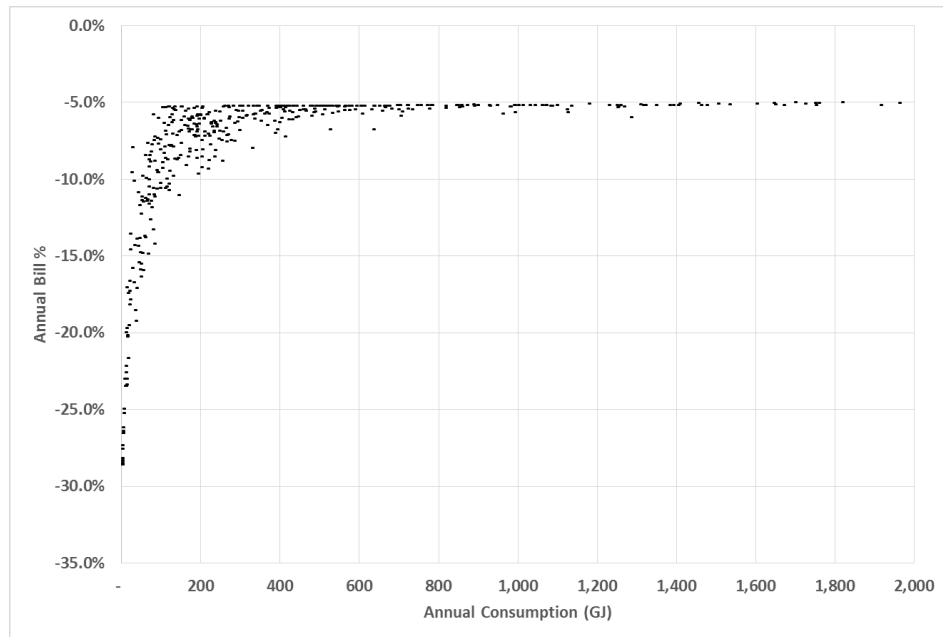
Figure 13-19: Rate 2.1 and 2.2 Effective \$/GJ



The two solid lines are the effective delivery rates (\$/GJ) after Rate 2.1 and Rate 2.2 are unbundled, where the charges are set to collect the existing revenue responsibility of each Rate and so that the bill impact to any one customer is minimized. The two dotted lines are the effective delivery rates (\$/GJ) after Rate 2.1 and Rate 2.2 are unbundled and rebalanced, the break even threshold is set to 2,000 GJ per year and charges are set so that the bill impact to any one customer is minimized.

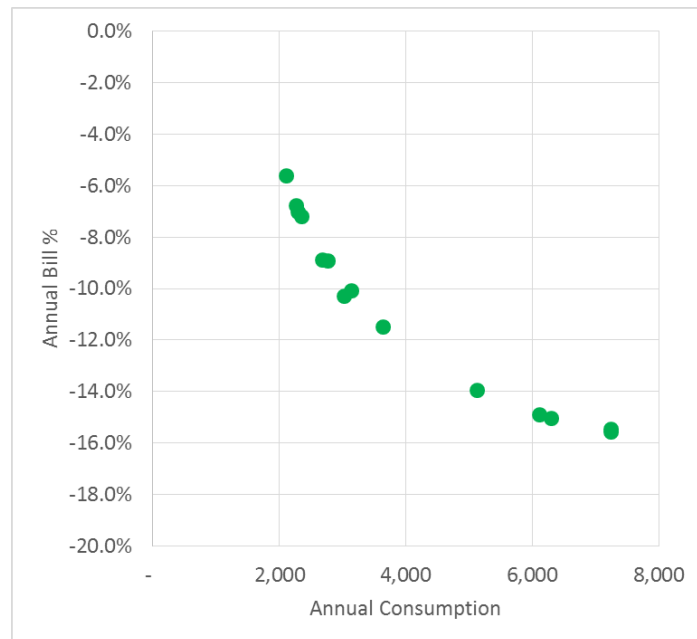
The following two figures show Rate 2.1 and Rate 2.2 customer bill impacts from all changes including unbundling, setting the break even to 2,000 GJ per year and rebalancing.

Figure 13-20: Rate 2.1 Bill Impacts from all Rate Design Proposals



The figure above shows Rate 2.1 customers' bill impacts after unbundling and rebalancing, setting the break even threshold between Rate 2.1 and Rate 2.2 to 2,000 GJ/year and minimizing any one customer's bill impact. Each point is an individual customer. Rate 2.1 customers experience about a 5% or greater decrease in their annual bills.

Figure 13-21: Rate 2.2 Bill Impacts from all Rate Design Proposals



The figure above shows Rate 2.2 customers' bill impacts after unbundling and rebalancing, setting the break even threshold between Rate 2.1 and Rate 2.2 to 2,000 GJ/year and

- 1 minimizing any one customer's bill impact. Each point is an individual customer. Rate 2.2
- 2 customers experience about a 5% or greater decrease in their annual bills.
- 3 Detailed Final COSA schedules are included as Appendix 13-5.

4 **13.7.2 Summary of Rate Proposals**

- 5 Table 13-29 below presents a summary of FEI's rate design proposals for Fort Nelson.

6 **Table 13-29: Fort Nelson Rate Proposal Summary**

Rate Component	Rate 1	Rate 2.1	Rate 2.2	Rate 3.1	RS 25
Existing COSA Rates²⁹					
Minimum daily Charge incl. 1 st 2 GJ/month	\$0.5483	\$1.4337	\$1.4337		
Administration Charge (/month)					\$202
Next 28 GJ/month	\$4.885				
Excess over 30 GJ/month	\$4.782				
Next 298 GJ/ month		\$5.336	\$5.336		
Excess over 300 GJ/month		\$5.210	\$5.210		
Delivery Charge First 20 GJ/month				\$4.522	\$4.522
Delivery Charge Next 260 GJ/month				\$4.201	\$4.201
Excess over 280 GJ/month				\$3.450	\$3.450
Minimum Delivery Charge/month				\$1,826	\$1,826
Total Annual Bill:³⁰	\$742	\$2,433	\$28,546	n/a³¹	\$148,664
Proposed Rates					
Basic Charge/Day	\$0.4591	\$1.0234	\$5.7284		
Basic Charge (/Month)				\$600.00	\$600.00
Administration Charge (/Month)					\$39.00
Demand Charge (/GJ/Month)				\$28.727	\$28.727
Delivery Charge (\$/GJ)	\$3.512	\$3.764	\$2.905	\$1.000	\$1.000
Commodity Cost Recovery Charge (\$/GJ)	\$1.275	\$1.275	\$1.275	\$1.275	
Storage and Transport Charge (\$/GJ)	\$0.019	\$0.020	\$0.017	\$0.019	
Total Annual Bill:	\$816	\$2,306	\$24,470	n/a³²	\$148,243

²⁹ The COSA rates shown are 2018 approved rates, \$1.294 Gas Cost Recovery Charge, and test year adjustments discussed above in Section 13.4.1.3.

³⁰ Based on an average annual demand per customer of 135 GJ for Rate 1, 382 GJ for Rate 2.1 and 5,332 GJ for Rate 2.2 and 39,500 GJ for RS 25.

³¹ There are no customers taking service under Rate 3.1, therefore Total Annual Bill shows as n/a.

³² Ibid.

13.7.3 Postage Stamp Rates

In this section FEI shows the rate impacts to Fort Nelson customers if delivery rates and gas costs were to be postage stamped with the rest of FEI's service areas. Due to the potential rate impacts from postage stamp rates, and in consideration of the impacts from the proposed rebalancing and already approved rate changes for 2017 and 2018, FEI is not proposing to postage stamp Fort Nelson rates at this time.

Table 13-30 below shows a comparison between FEI and Fort Nelson effective delivery rates for residential, commercial and industrial customers.

Table 13-30: Comparison between FEI and Fort Nelson Delivery Rates

Fort Nelson Rate Design						
Postage Stamp Comparison - <i>Effective Delivery Rate</i>						
	FEI Proposed Rates		Fort Nelson Proposed Rates		Difference	FN/FEI
Rate Schedule 1 (1b)						
Basic Charge/Day	\$	0.4085	\$	0.4591	\$ 0.0506	
Delivery Charge/GJ	\$	4.746	\$	3.512	\$ (1.234)	
Annual Usage (GJ)		132.53		132.53		
Effective Rate/GJ	\$	5.87	\$	4.78	\$ (1.09)	-19%
Rate Schedule 2 (2.1)						
Basic Charge/Day	\$	0.9485	\$	1.0234	\$ 0.0749	
Delivery Charge/GJ	\$	3.664	\$	3.764	\$ 0.100	
Annual Usage (GJ)		382.2		382.2		
Effective Rate/GJ	\$	4.57	\$	4.74	\$ 0.17	4%
Rate Schedule 3 (2.2)						
Basic Charge/Day	\$	4.7895	\$	5.7284	\$ 0.9389	
Delivery Charge/GJ	\$	3.190	\$	2.905	\$ (0.285)	
Annual Usage (GJ)		5,332.1		5,332.1		
Effective Rate/GJ	\$	3.52	\$	3.30	\$ (0.22)	-6%
Rate Schedule 25						
Admin Charge/Mth	\$	39	\$	39	\$ -	
Basic Charge/Mth	\$	587	\$	600	\$ 13	
Demand Charge/GJ/Mth	\$	24.596	\$	28.727	\$ 4.131	
Delivery Charge/GJ	\$	0.887	\$	1.000	\$ 0.113	
Contract Demand		292.7		292.7		
Annual Usage (GJ)		39,500.0		39,500.0		
Effective Rate/GJ	\$	3.26	\$	3.75	\$ 0.48	15%

As shown above, the proposed Fort Nelson residential customers' effective delivery rate is 19% lower than the delivery rates proposed for FEI residential customers. The effective delivery rate of commercial customers served under Rate Schedule 2 (formerly Rate 2.1) is 4% higher under Fort Nelson proposed changes compared to FEI RS 2 customers. With the proposed changes discussed above, Rate Schedule 3 (formerly Rate 2.2) customers' effective delivery rate is 6%

lower than FEI proposed rates for RS 3 customers, while Rate Schedule 25 Fort Nelson customers' effective delivery rate will be 15% higher than FEI's RS 25 rates.

The following table compares the gas cost recovery for Fort Nelson and FEI for residential, small commercial and large commercial as of July 1, 2016 and January 1, 2017.

Table 13-31: Comparison of Gas Cost Recovery FEI and Fort Nelson Residential and Commercial Customers

Line				
As of July 1, 2016				
	Fort Nelson	Rate 1	Rate 2.1	Rate 2.2
1	Total:	\$1.294	\$1.294	\$1.294
	FEI	RS 1	RS 2	RS 3
2	Commodity Cost Recovery rates	\$1.719	\$1.719	\$1.719
3	Storage & Transport rates	\$1.117	\$1.133	\$0.940
4	Total:	\$2.836	\$2.852	\$2.659
5	Variance (Line 4 – Line 1)	\$1.542	\$1.558	\$1.365
As of January 1, 2017				
	Fort Nelson	Rate 1	Rate 2.1	Rate 2.2
6	Total:	\$2.086	\$2.086	\$2.086
	FEI	RS 1	RS 2	RS 3
7	Commodity Cost Recovery rates	\$2.050	\$2.050	\$2.050
8	Storage & Transport rates	\$1.009	\$1.020	\$0.851
9	Total:	\$3.059	\$3.070	\$2.901
10	Variance (Line 9 – Line 6)	\$0.973	\$0.984	\$0.815

Whether looking at the variance of the gas cost as of July 1, 2016 or January 1, 2017, there is a substantive difference in the gas costs for Fort Nelson customers compared to the postage stamp rates for FEI's other customers. The primary reason for this difference is that the transport costs for delivery to Fort Nelson on Spectra's T-North Short Haul is only approximately two cents (see Table 13-11, Line 13).

Table 13-32 below shows the result if the effective delivery rate difference for residential and commercial classes in Table 13-30 is added to the gas cost variance in Table 13-31 (based on

January 1, 2017 gas costs embedded in customers' bundled rates). The table shows that residential and commercial customers have lower rates in Fort Nelson than in FEI's other service areas.

Table 13-32: Summation of Effective Delivery Variance and Cost of Gas Variance \$ / GJ

	Residential	Small Commercial	Large Commercial
Effective Delivery Rate Difference	\$1.09	\$(0.17)	\$0.22
Total Cost of Gas Variance	\$0.97	\$0.98	\$0.82
Total Variance	\$2.06	\$0.81	\$1.04
Total Variance %	-23%	-11%	-16%

In addition to the rate differences summarized in Table 13-32 above, and in consideration of the proposed rebalancing discussed in section 13.7.1.4 of the Application and the delivery rate changes approved for 2017 and 2018 by Order G-162-16 related to Fort Nelson's revenue requirements and rates application, FEI is not proposing to postage stamp rates for Fort Nelson customers at this time.

13.7.4 Conclusion

Based on the analysis and considerations set out above in this section, FEI believes that its rate design proposals for Fort Nelson customers will result in a reasonable balance of rate design principles, are just and reasonable and should be approved as proposed.

Appendix 1-2

DRAFT FINAL ORDER - REVISED

ORDER NUMBER

G-xx-xx

IN THE MATTER OF
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

FortisBC Energy Inc.
2016 Rate Design Application

BEFORE:

Panel Chair/Commissioner
Commissioner
Commissioner

on Date

ORDER

WHEREAS:

- A. On December 19, 2016, FortisBC Energy Inc. (FEI or the Company) filed an Application with the British Columbia Utilities Commission (Commission) seeking the necessary approvals, pursuant to sections 58 to 61 of the *Utilities Commission Act* (Act), to adjust its rate design and terms and conditions of service for all service areas to improve the alignment with accepted rate design principles (Application);
- B. On January 20, 2017, the Commission commenced its review of the Application and issued Order G-6-17 establishing a Regulatory Timetable;
- C. On February 2, 2017, in accordance with the Regulatory Timetable, FEI submitted its supplemental filing which included FEI's revisions to its rate schedules reflecting the proposals in the Application and the proposed rate design for the Fort Nelson Service Area;
- D. On March 2, 2017, a Workshop was held to review the information provided to stakeholders at the May 19, 2016, Education & Background Information Session;
- E. On March 9, 2017, a second Workshop was held to review the COSA Model, Proposals in the Application, and Approvals Sought;
- F. On [DATE, 2017], the Commission held a procedural conference to address, among other things, the process and timetable for the remainder of the review of the Application;
- G. On [DATE, 2017], the Commission issued Order G-xx-2017 establishing a written/oral hearing process; and
- H. The Commission has reviewed and considered the Application, the evidence filed, and the submissions provided by all participants, and has determined that the requested changes, as outlined in the Application, should be approved.

NOW THEREFORE pursuant to sections 59 to 61 of the *Utilities Commission Act*, the British Columbia Utilities Commission orders as follows:

Midstream Cost Allocation Methodology

1. The use of a three-year average load factor in RS 5 to allocate midstream costs when setting FEI's Storage and Transport Charges for RS 5, as discussed in Section 6.4.2.1 of the Application, is approved.

FEI Residential Rate Schedules

2. The following rate design proposals for Rate Schedules 1, 1U, 1X, and 1B are approved:
 - An increase to the Basic Charge per Day by \$0.0195 from \$0.3890/Day to \$0.4085/Day to increase the proportion of fixed costs recovered by the Basic Charge, as discussed in Section 7.8 of the Application.
 - A decrease to the Delivery Charge per GJ by \$0.086/GJ to maintain revenue neutrality with the Basic Charge increase, as discussed in Section 7.8 of the Application.
 - The housekeeping and other amendments as set out in Appendix 11-3, and discussed in the supplemental filing to the Application.
 - An increase the Delivery Charge per GJ by \$0.011/GJ as a result of the revenue shifts and rebalancing of rates discussed in Section 12.2 of the Application.

FEI Commercial Rate Schedules

3. The adjustments to the basic charges and delivery charges of the commercial rate schedules to align with the 2,000 GJ threshold between small and large commercial customers, as discussed in Section 8.7 of the Application, are approved, as follows:
 - For Rate Schedules 2, 2B, 2U, and 2X:
 - Increase the Basic Charge per Day by \$0.1324 from \$0.8161/Day to \$0.9485/Day.
 - Decrease the Delivery Charge per GJ by \$0.186/GJ.
 - For Rate Schedules 3, 3B, 3U, 3X, and 23:
 - Increase the Basic Charge per Day by \$0.4357 from \$4.3538/Day to \$4.7895/Day.
 - Increase the Delivery Charge per GJ by \$0.001/GJ.
 - For RS 23:
 - Decrease the Administration Charge per Month from \$78.00 to \$39.00, set out in Appendices 11-3 and 11-4, and discussed in the supplemental filing to the Application.
4. The proposed housekeeping and other amendments to Rate Schedules 2, 2U, 2X, 2B, 3, 3U, 3X, 3B, and 23, as set out in Appendix 11-3, and discussed in the supplemental filing to the Application, are approved.

FEI Industrial Rate Schedules

5. The revision to the multiplier in the Daily Demand formula in RS 5 and RS 25 from 1.25 to 1.10 and increase in the Demand Charge in RS 5 and RS 25 by \$3.00/GJ/Month, as discussed in Section 9.5, are approved.

6. The decrease in the Delivery Charge of RS 7 and RS 27 by \$0.012/GJ as shown in Table 9-20 and discussed in Section 9.6, is approved.
7. The increase to RS 4 rates due to the proposed changes to RS 5 and RS 7 as shown in Table 9-21 and discussed in Section 9.7, by increasing the Off-Peak Delivery Rate by \$0.114/GJ and by decreasing the Extension Period by \$0.018/GJ, is approved.
8. Setting the charges for RS 22 on a cost of service basis for all large industrial customers, as discussed in Section 9.8.5 and set out below, is approved:
 - Firm Demand Charge of \$25.000/GJ/Month.
 - Firm MTQ Delivery Charge of \$0.015/GJ.
 - Interruptible MTQ Delivery Charge of \$0.972/GJ.
9. Termination of Tariff Supplement G-21, FEI's contract with Creative Energy Vancouver Platforms Inc., effective June 1, 2018, as discussed in Section 9.8.5 of the Application, is approved.
10. The following adjustments to the transportation model are approved:
 - Amendments to Rate Schedules 22, 22A, 22B, 23, 25, 26, and 27 to implement daily balancing for all transportation customers, as discussed in Section 10.6.
 - Amendments to Rate Schedules 22, 22A, 22B, 23, 25, 26, and 27 to reduce the daily balancing tolerance to a 10% threshold and to introduce a balancing charge of \$0.25/GJ for transportation customers for gas supply shortfalls within a 10% to 20% tolerance level, as discussed in Section 10.7.
11. The proposed housekeeping and other amendments to Rate Schedules 5, 7, 11B, 14A, 22, 22A, 22B, 25, 26, and 27 as set out in Appendices 11-3 and 11-4, and discussed in the supplemental filing to the Application, are approved.
12. The decrease to the Delivery Charge per GJ of RS 6 by \$1.318/GJ to address rebalancing, as discussed in Section 12.2.2 of the Application, is approved.
13. Setting the Delivery Charge per GJ for RS 6P to equal the Delivery Charge per GJ of RS 6, as discussed in Section 12.2.2 of the Application, is approved.

General Terms and Conditions

14. The housekeeping and other amendments to FEI's General Terms and Conditions, as set out in Appendices 11-1 and 11-2 and discussed in Section 11 of the Application, are approved.
15. The proposed amendments to the FEI Rate Schedules as set out and discussed in Appendix 11-3 of the Application are approved.

Fort Nelson Service Area

16. The cancellation of the following Fort Nelson Rates , each of which has no customers, is approved:
 - Rate 1 Option A - Domestic Service for Primary space heating equipment purchased from FEI Fort Nelson
 - Rate 2.4 - Compression/Dispensing Service
 - Rate 3.2 – Industrial Service

- Rate 3.3 – Industrial Service
17. The proposal to rename Fort Nelson’s existing Rates to align with FEI’s Rate Schedule naming convention, as set out in Table 13-1 of Section 13.2.1.1 of the Application, is approved.
 18. The proposal to unbundle Fort Nelson’s residential and commercial rates, as discussed in Section 13.5.2 of the Application, is approved.
 19. The proposal to record the cost of changes to the billing system in a deferral account on a net-of tax basis and amortized over 5 years beginning in 2019, as discussed in Section 13.5.2 of the Application, is approved.
 20. The following rate design proposals for Rate Schedules 1, 2, 3, 5, and 6 are approved
 - To set a Commodity Cost Recovery Charge based on classifying commodity costs as energy-related and allocating those costs to all sales customers based on throughput, as discussed in section 13.4.2 of the Application.
 - To set a Storage and Transport Charge based on classifying midstream costs as demand-related and allocating those costs to all sales customers based on their load factor adjusted volume, as discussed in section 13.4.2 of the Application.
 21. The following rate design proposal for Rate Schedule 1 is approved
 - To set the Basic Charge per Day at \$0.4591 and the Delivery Charge at \$3.512 per GJ as a result of unbundling the rate structure in a way that minimizes the bill increase for any individual customer as discussed in sections 13.5.4 and 13.7 of the Application.
 22. The following rate design proposals for Rate Schedules 2 and 3 are approved
 - To change the annual volume threshold between small and large commercial customers from 6,000 GJ to 2,000 GJ.
 - To set the Basic, Delivery, Commodity, and Storage and Transport Charges for commercial customers to align with the 2,000 GJ threshold as discussed in Sections 13.5.5 and 13.7 of the Application, as follows:
 - For Rate Schedule 2 (formerly Rate 2.1 – customers whose normal annual consumption is less than 2,000 GJ): set the Basic Charge per Day at \$1.0234 and Delivery Charge at \$3.764 per GJ as a result of unbundling the rate structure as discussed in Sections 13.5.5 and 13.7 of the Application.
 - For Rate Schedule 3 (formerly Rate 2.2, and Rate 2.1 customers whose normal annual consumption is greater than 2,000 GJ): set the Basic Charge per Day at \$5.7284 and Delivery Charge at \$2.905 per GJ as a result of unbundling the rate structure as discussed in sections 13.5.5 and 13.7 of the Application.
 - For Rate Schedule 6 (formerly Rate 2.3): set the Basic Charge per Day and Delivery Charge equal to FEI’s approved January 1, 2018 RS 6 rates, as a result of unbundling the rate structure.
 23. The following rate design proposals for Rate Schedule 5 and 25 as discussed in Section 13.5.5.3 of the Application are approved
 - To set the Daily Demand equal to 1.10 multiplied by the greater of:
 - i. The customer’s highest average daily consumption of any month during the winter period (November 1 to March 31); or
 - ii. One half of the Customer’s highest average daily consumption of any month during the summer period (April 1 to October 31).

The calculation of Daily Demand will be based on the Customer's actual gas use during the preceding Contract Year.

24. The following rate design proposals for Rate Schedule 5 as discussed in Section 13.5.5.3 of the Application are approved:
- To set the Basic Charge at \$600.00 per Month, the Demand Charge per Month per GJ of Daily Demand at \$28.727, the Delivery Charge per GJ at \$1.000.
 - To phase-out the Rate Revenue Stabilization Adjustment Mechanism Charge (Rate Rider 5) over two years as discussed in Section 13.5.6 of the Application.
25. The following rate design proposals for Rate Schedule 25 as discussed in Section 13.5.5.3 of the Application are approved:
- Amendments to implement daily balancing, as discussed in Section 10.6 of the Application.
 - Amendments to reduce the daily balancing tolerance to a 10% threshold and to introduce a balancing charge of \$0.25/GJ for gas supply shortfalls within a 10% to 20% tolerance level, as discussed in Section 10.7 of the Application.
 - To set the Basic Charge at \$600.00 per Month, the Demand Charge per Month per GJ of Daily Demand at \$28.727, the Delivery Charge per GJ at \$1.000, and the Administrative Charge per Month at \$39.00.
 - To phase-out the Rate Revenue Stabilization Adjustment Mechanism Charge (Rate Rider 5) over two years as discussed in Section 13.5.6 of the Application.
26. The housekeeping and other amendments to the Fort Nelson Gas Tariff, as set out in Appendix 13-6 and the amendments to the terms and conditions for Rate Schedules 1, 2, 3, 5, 6 and 25, are approved

Implementation

27. FEI is directed to file with the Commission amended tariff pages in accordance with the terms of this order to be effective June 1, 2018.

DATED at the City of Vancouver, in the Province of British Columbia, this (XX) day of (Month Year).

BY ORDER

(X. X. last name)
Commissioner

Appendix 11-3

**PROPOSED FEI RATE SCHEDULES
EFFECTIVE JUNE 1, 2018 (BLACKLINED)**

1. FEI RATE SCHEDULES FOR SERVICE

1.1 INTRODUCTION

The FEI rate schedules set out the Commission-approved specific terms, conditions, and applicable charges for each of FEI's different service offerings. Table 11-5 in Section 11.2.1 of the Application outlines the current FEI rate schedules and provides a description of the applicable service offering under each rate schedule.

As noted in Section 11.2.1.1, the scope of the rate schedule review and proposed tariff amendments in this Application does not include RS 30, RS 36, RS 46, and RS 50, nor to any of FEI's tariff supplements and bypass agreements.

1.2 SUMMARY OF PROPOSED AMENDMENTS

The revisions to each of the rate schedules reflects the proposals in the Application, aligns language between the rate schedules, and includes minor revisions to wording and housekeeping changes for consistency purposes. All rate schedules which had the three service areas identified as Mainland, Vancouver Island, and Whistler have been combined under the Mainland and Vancouver Island Service Area to reflect the final phase in to common rates, therefore, effective January 1, 2018, the separate service areas will no longer need to be identified.

The following provides a high-level summary of the primary changes being proposed to each of FEI's rate schedules, followed by the blacklined versions for the specific proposed amendments.

1.3 PROPOSED AMENDMENTS TO RATE SCHEDULES AND FEI TARIFF SUPPLEMENT G-21

Rate Schedule 1: Residential Service¹

General wording and housekeeping revisions have been made, and removal of the details regarding an optional rate previously available for Customers whose primary heating was from equipment installed with the assistance of a promotional incentive which is no longer applicable.

Rate Schedule 2: Small Commercial Service²

General wording and housekeeping revisions have been made.

¹ Summary includes Rate Schedules 1B, 1U, and 1X.

² Summary includes Rate Schedules 2B, 2U, and 2X.

Rate Schedule 3: Large Commercial Service³

General wording and housekeeping revisions have been made.

Rate Schedule 4: Seasonal Firm Gas Service

General wording and housekeeping revisions have been made.

Rate Schedule 5: General Firm Service⁴

General wording and housekeeping revisions have been made. In addition, Note 1 to the Table of Charges has been updated with respect to the Daily Demand formula, reflecting the proposed change to the multiplier from 1.25 to 1.10, as outlined in Section 9.5 and Appendix 9-2 of the Application.

Rate Schedule 6: Natural Gas Vehicle Service

General wording and housekeeping revisions have been made, with some of the more substantive revisions as follows:

- Definitions moved to Section 1, with revisions to definitions, addition and removal of other definitions, and resulting section renumbering;
- Section 4 (Sales) – addition of Gas Pressure;
- Section 6 (Terms of Service Agreement) – modification to terms;
- Section 12 (Indemnity and Limitation on Liability) – new section added (previously outlined in the Service Agreement);
- Section 13 (Force Majeure) – new section added (previously outlined in the Service Agreement);
- Section 14 (Arbitration) – new section added (previously outlined in the Service Agreement); and
- Section 15 (Interpretation) – (previously Section 11) definitions were moved to Section 1.

Rate Schedule 6A: General Service – Vehicle Refueling Service

FEI is requesting cancellation of RS 6A. No customers have taken the onsite or home vehicle refueling service under RS 6A since 2002. The RS 6A service offering is no longer required because there has been no customer uptake, nor is there any indication of customer interest in this service.

³ Summary includes Rate Schedules 3B, 3U, and 3X.

⁴ Summary includes RS 5B.

Rate Schedule 6P: Public Service – Natural Gas Vehicle Refueling Service

General wording and housekeeping revisions have been made. In addition, the Definitions (previously under Section 8) have been moved to Section 1, with revisions to definitions, addition and removal of other definitions, and resulting section renumbering

Rate Schedule 7: General Interruptible Service

General wording and housekeeping revisions have been made, and the addition of the definition of Sumas Daily Price.

Rate Schedule 11B: Biomethane Large Volume Interruptible Sales

General wording and housekeeping revisions have been made, with some of the more substantive revisions as follows:

- Moving Indemnity and Limitation on Liability (previously under Section 9) to Section 14 and resulting section renumbering;
- Renaming the Title of Gas section (previously under Section 19) to Representations, Warranties and Covenants and moving it to Section 11 and resulting section renumbering;
- The addition of Section 13.2 (Specific Notices); and
- Revisions to Section 16 (Arbitration).

Rate Schedule 14A: Term and Spot Gas Sales

General wording and housekeeping revisions have been made.

Rate Schedule 22: Large Volume Transportation Service

General wording and housekeeping revisions have been made, with some of the more substantive revisions as follows:

- Rate schedule title has been updated from Large Volume Transportation to Large Volume Transportation Service;
- New definitions have been added to provide for Peaking Gas Service and for Service from the East Kootenay Exchange;
- The terms and conditions have been revised to make clear that if a Shipper Agent fails to pay for Service for a Shipper, FEI can also bill the Shippers directly (i.e., Sections 5.1 (Table of Charges) and 7.1 (Charges for Unauthorized Service));
- To reflect current nomination practices, references to the Web Information and Nomination System (WINS) have been inserted into (new) Section 8.1 (Requested Quantity), which requires that daily nominations be made by 11:00 a.m. Pacific Time.

WINS is also used for adjustments to the Requested Quantity and this is now reflected in Sections 8.2 (Adjustment of Requested Quantity) and 8.6 (Authorized Quantity);

- As the Requested Quantity of Shippers and Shipper Agents are nominated in the same manner, references to Shipper Agents have been added to (new) Section 8.1 (Requested Quantity) and Section 10.2 (Requested Quantity from Shipper Agent) has been deleted;
- Section 8.7 (Determination of DTQ) has been amended to clarify that a Shipper's Daily Transportation Quantity (DTQ) is deemed to be the same as the current Contract Year, if a Shipper does not otherwise provide notice;
- The Gas balancing tolerance permitted under Section 9.2 (Provision of Gas Balancing) has been reduced to the greater of 100 Gigajoules or 10% of the Shipper's Authorized Quantity. The tolerance was previously the greater of 100 Gigajoules or 20% of the Shipper's Authorized Quantity;
- Section 9.4 (Adjustments to Inventory) has been revised to clarify that inventory Gas may be returned at FEI's discretion;
- Section 10.1 (Group Nominations and Balancing) has been revised to refer to Peaking Gas Service, as well as access to the East Kootenay Exchange interconnection point. These Services are further described below;
- (New) Section 11 (Peaking Gas Service) has been added for Peaking Gas Service to firm Non-Bypass Shippers for delivery in the Mainland and Vancouver Island Service Area. Peaking Gas Service is available under this rate schedule for a maximum of 15 Days during each Contract Year;
- (New) Section 12 (Access to East Kootenay Exchange (EKE) Interconnection Point) has been added for firm Service from the EKE interconnection point to firm Non-Bypass Shippers for delivery in the Inland area, as well as for firm or interruptible service from the EKE Interconnection point to Non-Bypass Shippers in the Lower Mainland and Inland areas;
- Email addresses for the Industrial Billing and Commercial & Industrial Energy Solutions departments have been added to Section 20.1 (Notice);

The following changes have been proposed in the Transportation Agreement, Notice of Appointment of Shipper Agent, and Shipper Agent Agreement templates for RS 22 and also for each of the other Transportation rate schedules which follow and are, therefore, not repeated in the discussion under each of those Transportation rate schedules.

- The Transportation Agreement template has been revised to add references to RS 26. The references to the pressure at the delivery point have been removed in Section 1 (Specific Information), as this information is not required by FEI; and

- Paragraph 5 of Appendix A (Notice of Appointment of Shipper Agent) has been deleted, as FEI does not obtain Gas supply priority schedules for allocation of Gas to members of the Group during constraints or Gas supply restrictions.
- The following revisions have been proposed to Schedule A (Shipper Agent Agreement) to RS 22:
 - Section 3.4 (Management of West to East SCP Transportation Service Imbalances) has been deleted as Group balancing is addressed in RS 22 Section 10.1 (Group Nominations and Balancing);
 - Details regarding allocations of Gas takes, as well as Backstopping Gas, Balancing Gas, and Unauthorized Overrun Gas taken on an individual Shipper basis have been removed from Section 3.7 (Monthly Billing Information) as FEI bills Shipper Agents on a group basis;
 - Section 3.10 (Lack of Gas Supply or Nomination) has been removed as FEI does not require Gas supply or nominations for Shippers on an individual Shipper basis;
 - Sections 4.1 (Daily Provision of Data) and 4.2 (Monthly Provision of Data) have been revised to reflect the exchange of take data on WINS; and
 - Sections 5.1 (Amendments to Group), 5.2 (Deletions from Group), 5.3 (Additions to Group) and 12.1 (Notice) have been revised to allow Shipper Agents greater flexibility in notifying FEI of changes to the composition of Groups or other notifications.

Rate Schedule 22A: Transportation Service (Closed) Inland Area

While RS 22A is closed for new Shippers, some general wording and housekeeping revisions have been made, with some of the more substantive revisions as follows:

- Rate schedule title has been updated from Transportation Service (Closed) Inland Service Area to Transportation Service (Closed) Inland Area, in accordance with proposed changes to Service Areas as set out in Appendix 11-1 of the Application;
- The names of the Shippers have been updated in Section 1.1 (Description of Applicability);
- Section 2 (Definitions) has been deleted, as the Definitions have been moved to RS 22;
- Sections 5 (Peaking Gas Service) and 6 (Access to East Kootenay Exchange (EKE) Interconnection Point) have been removed, as they were added to RS 22; and
- Paragraph 6 of Appendix A (Notice of Appointment of Shipper Agent) was amended to provide for the election of Gas charges by the Shipper Agent for consistency with paragraph 6 of RS 22. Paragraph 7 was also amended to provide for a 30 day notice period for Shippers leaving a Group, unless otherwise approved by FEI.

Rate Section 22B: Transportation Service (Closed) Columbia Area

While RS 22B is also closed for new Shippers, some general wording and housekeeping revisions have been made, with some of the more substantive revisions as follows:

- Rate schedule title has been updated from Transportation Service (Closed) Columbia Service Area to Transportation Service (Closed) Columbia Area, in accordance with proposed changes to Service Areas as set out in Appendix 11-1 of the Application;
- The names of the Shippers have been updated in Section 1.1 (Description of Applicability);
- Section 3.2 (Inapplicable Terms and Conditions) has been revised, as daily Gas Balancing will now apply to this rate schedule. The section has also been revised to clarify that new Sections 11 (Peaking Gas Service) and 12 (Access to the East Kootenay Exchange (EKE) Interconnection Point) of RS 22 do not apply to it;
- Section 5.1 (Capacity on Transporter's Pipeline) has been removed, as FEI does not identify the identities of parties holding capacity for Shippers on the Transporters' pipelines;
- Section 5.4 (Failure to Deliver to Interconnection Point) has been amended, as FEI is able to identify where a Shipper in a Group has caused a deficiency. As such, no prorated allocation is necessary;
- Section 6 (Gas Balancing) has been removed, as the Gas balancing provisions of RS 22 will apply to this rate schedule; and
- The same amendments to paragraphs 6 and 7 of Appendix A (Notice of Appointment of Shipper Agent) described under RS 22A above are also proposed for this rate schedule.

Rate Schedules 23 to 27: Transportation Service

General wording and housekeeping revisions have been made to each of the Transportation Service rate schedules⁵, with some of the more substantive revisions as follows:

- The Definition section has been revised to incorporate a new definition for "Timely Nomination Cycle". The definition of "Business Day" was removed, as it was added to the GT&Cs. The definition of "Pacific Clock Time" was removed, as it is no longer used with the incorporation of "Timely Nomination Cycle". The definition of "Balancing Gas" was revised to reflect daily balancing;
- The terms and conditions have been revised to make clear that if a Shipper Agent fails to pay for Service for a Shipper, FEI can also bill the Shippers directly (i.e., Sections 5.1 (Table of Charges) and 6.1 (Charges for Unauthorized Service));

⁵ RS 23, RS 25, RS 26, and RS 27.

- To reflect current nomination practices, references to the Web Information and Nomination System (WINS) have been inserted into (new) Section 7.1 (Requested Quantity), which requires that daily nominations be made by 11:00 a.m. Pacific Time. WINS is also used for adjustments to the Requested Quantity and Peaking Gas Quantity and this is now reflected in Sections 7.2 (Adjustment of Requested Quantity), 7.6 (Authorized Quantity), and 10.5 (Requested Peaking Gas Quantity);
- As the Requested Quantity of Shippers and Shipper Agents are nominated in the same manner, references to Shipper Agents have been added to (new) Section 7.1 (Requested Quantity) and Section 9.2 (Requested Quantity from Shipper Agent) has been deleted;
- Section 7.7 (Determination of DTQ) has been amended to clarify that a Shipper's Daily Transportation Quantity (DTQ) is deemed to be the same as the current Contract Year, if a Shipper does not otherwise provide notice;
- Section 8 (Gas Balancing) has been revised, as daily balancing is proposed to replace monthly balancing;
- Email addresses for the Industrial Billing and Commercial & Industrial Energy Solutions departments have been added to Section 19.1 (Notice).

Rate Schedule 23: Large Commercial Transportation Service

In addition to the revisions proposed to each of the Transportation Service rate schedules as noted above, the following revisions have been proposed to RS 23:

- Rate schedule title has been updated from Commercial Transportation Service to Large Commercial Transportation Service; and
- Section 10.3 (Contract Year 2000/2001) has been removed from Section 10 (Peaking Gas Service), as the Southern Crossing Pipeline is operational and it is no longer necessary to prorate the number of Days it is used for; and

Rate Schedule 25: General Firm Transportation Service

In addition to the revisions proposed to each of the Transportation Service rate schedules as noted above, the following revisions have been proposed to RS 25:

- As RS 40 is being cancelled, the reference to it in Section 5.1 (Charges) has been deleted;
- Section 10.3 (Contract Year 2000/2001) has been removed from Section 10 (Peaking Gas Service), as the Southern Crossing Pipeline is operational and it is no longer necessary to prorate the number of Days it is used for; and

- Table of Charges, Note 2: the Daily Demand formula has been updated to reflect the proposed change to the multiplier from 1.25 to 1.10, as outlined in Section 9.5 and Appendix 9-2 of the Application.

Rate Schedule 26: Natural Gas Vehicle Transportation Service

In addition to the revisions proposed to each of the Transportation Service rate schedules as noted above, the following revisions have been proposed to RS 26:

- Rate schedule title has been updated from NGV Transportation Service to Natural Gas Vehicle Transportation Service; and
- New definition for “NGV” added.

Rate Schedule 27: General Interruptible Transportation Service

In addition to the revisions proposed to each of the Transportation Service rate schedules as noted above, the following revisions have been proposed to RS 27:

- Rate schedule title has been updated from General Interruptible Transportation to General Interruptible Transportation Service; and
- New definition for Sumas Daily Price added.

Rate Schedule 40: West to East SCP Transportation Service Rate Schedule

FEI is requesting cancellation of RS 40. Since RS 40 became effective on November 1, 2000, only one customer has taken service under RS 40 on a trial basis for one day. As a result, FEI believes that the RS 40 service offering is not required because customers have had their service needs met under other existing FEI rate schedules.

Tariff Supplement G-21: RS 22 Tariff Supplement No. G-21 Firm Transportation Service Agreement for Creative Energy Vancouver Platforms Inc.

FEI is requesting cancellation of Tariff Supplement G-21 as discussed in Section 9 of the Application.

1.4 PROPOSED DECREASE TO THE ADMINISTRATION CHARGE FOR TRANSPORTATION SERVICE RATE SCHEDULES

FEI is proposing to decrease the Administration Charge for Rate Schedules 22, 22A, 22B, 23, 25, 26 and 27 and Fort Nelson RS 25.

FEI has prepared an internal cost review of the Administration Charge per month applicable to FEI Rate Schedules 22, 22A, 22B, 23, 25, 26 and 27 and Fort Nelson RS 25, as outlined in

Appendix 11-4. As a result, FEI is proposing the following changes to the Administration Charge per month:

- **FEI Rate Schedules 22, 22A, 22B, 23, 25, 26 and 27**
 - Administration Charge per month of \$39 (reduced from \$78).
- **Fort Nelson RS 25**
 - Administration Charge per month of \$39 (reduced from \$202).

Based on the analysis and supporting calculations provided in Appendix 11-4⁶, the current Administration Charges⁷ for the transportation rate schedules are set higher than the associated transportation services administration costs. FEI calculated the total annual transportation services administration costs for 2015 which amounted to approximately \$1.07 million, and divided it by 2,296 total customers in 2015 in Rate Schedules 22, 22A, 22B, 25, 26, and 27 and Fort Nelson RS 25, to arrive at the total annual administration cost per customer, then divided by 12 to determine the monthly Administration Charge necessary to recover the 2015 total costs. The result is \$38.70 per month. Therefore, FEI believes that setting the Administration Charge to \$39 is reasonable and appropriate.

The impact to FEI of the proposed decrease to the Administration Charge in the noted rate schedules has not been reflected in FEI's Final COSA model. After approval, the reduced Administration Charge revenue will be reflected in the revenue forecast going forward, along with all other approved rate design changes. The net revenue impacts will be recovered from all non-bypass customers in the normal manner that FEI uses to apply revenue requirement deficiencies or surpluses to the delivery rates in the rate schedules.^{8,9}

The impact of the proposed decrease to the Administration Charge is as follows:

- This change to RS 23 would decrease revenues by approximately \$0.8 million, which would result in an increase to all non-bypass customer delivery rates by approximately 0.10%, applied equally across all rate schedules; and
- This change to Rate Schedules 22, 22A, 22B, 25, 26 and 27 would decrease revenues by approximately \$0.3 million, which would result in an increase to all non-by pass customer delivery rates by approximately 0.04%, applied equally across all rate schedules.

⁶ Based on 2015 actuals.

⁷ \$78 per month for FEI Rate Schedules 22, 22A, 22B, 25, 26 and 27 and \$202 per month for Fort Nelson Rate Schedule 25.

⁸ To be addressed in the FEI 2018 Annual Review for 2019 Rates through the Flow Through deferral account.

⁹ Please refer to Section 13.7.1.3 of the Application for an explanation of the impact to Fort Nelson of the proposed decrease to the Administration Charge.

The analysis and supporting calculations provided in Appendix 11-4, support FEI's request for approval to reduce the Administration Charge per month to \$39, effective June 1, 2018, for FEI Rate Schedules 22, 22A, 22B, 23, 25, 26, and 27 and Fort Nelson RS 25.

1.4.1 Conclusion

FEI believes that the revisions proposed to each of the rate schedules, as noted above, which reflect the proposals in the Application, align language between the rate schedules, and incorporates minor revisions to wording and housekeeping changes for consistency purposes, are reasonable and appropriate, and should be approved, effective June 1, 2018. The requested change to the Administration Charge per month for the specified rate schedules is also reasonable and appropriate, and should also be approved effective June 1, 2018.



FORTISBC ENERGY INC.

RATE SCHEDULE 1

RESIDENTIAL SERVICE

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Order No.: _____ Issued By: Diane Roy, ~~Vice-President~~, Regulatory ~~Affairs~~

Effective Date: ~~June 1, 2018~~ Accepted for Filing: _____

BCUC Secretary: _____ Original Page R-1

Rate Schedule 1: Residential Service

Available

This Rate Schedule is available in all territory served by FortisBC Energy, provided adequate capacity exists on the FortisBC Energy System.

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Applicable

This Rate Schedule is applicable to firm Gas supplied at one Premise for use in approved appliances for all residential applications in single-family residences, separately metered single-family townhouses, rowhouses, condominiums, duplexes and apartments and single metered apartment blocks with four or less apartments. This Rate Schedule is also applicable to thermal energy supplied by a Gas fired hydronic heating system (where a Hydronic Heating System is the primary heating source) and measured by a thermal meter for each Premise of a Vertical Subdivision where the thermal meters are used to apportion the Gigajoules of Gas consumed for hydronic heating.

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Service Area

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Service Area

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Revision of

Table of Charges

Mainland and
Vancouver Island
Service Area

Delivery Margin Related Charges

1. Basic Charge per Day	\$	<u>X.XXXX</u>
2. Delivery Charge per Gigajoule	\$	<u>X.XXX</u>
3. Rider 5 per Gigajoule	\$	<u>X.XXX</u>

Subtotal of per Gigajoule **Delivery**
Margin Related Charges

\$ X. XXX

Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: June 1, 2018 Accepted for Filing: _____

BCUC Secretary: _____

Original Page R-1.1

FORTISBC ENERGY INC.
RATE SCHEDULE 1

Mainland and
Vancouver Island
Service Area

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Service Area

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Service Area

Commodity Related Charges

4. Storage and Transport Charge
per Gigajoule

\$ X.XXX

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5. Rider 6 per Gigajoule

\$ X.XXX

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Subtotal of per Gigajoule **Storage
and Transport** Related Charges

\$ X.XXX

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6. **Cost of Gas** (Commodity Cost
Recovery Charge) per Gigajoule

\$ X.XXX

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7. Rider 1 per Gigajoule

\$ X.XXX

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Deleted: 4.819

Subtotal of per Gigajoule **Cost of
Gas** Recovery Related Charges for
Customers located in the **City of
Revelstoke** and surrounding areas

\$ X.XXX

Deleted: 7.878

Deleted: <object>

Delivery Margin Related Riders

Rider 2 (Reserved for future use.)

Deleted: <object>Rider 2 . Phase-in
Rider Balancing Account - Applicable to
Mainland, Vancouver Island and Whistler
Service Area Customers for the Year
December 31, 2017. ¶

Rider 3 (Reserved for future use.)

Deleted: <object>Rider 4 Rate
Stabilization Deferral Account -
Applicable to Mainland Service Area
Customers for the Year ending December
31, 2017. ¶
<object>

Rider 4 (Reserved for future use.)

Rider 5 **Revenue Stabilization Adjustment Charge** - Applicable to Mainland and
Vancouver Island Service Area Customers for the Year ending December 31,
2018.

Deleted: ,

Deleted: and Whistler

Deleted: 2017

Deleted: G-177-16/G-179-16/G-182-16

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Deleted: January 1, 2017

Deleted: December 20, 2016

Deleted: signed by Laurel Ross . Eighth
Revision of

Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: June 1, 2018 Accepted for Filing: _____

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Commodity Related Riders

Rider 1 **Propane Surcharge** - Applicable to Mainland and Vancouver Island Service Area Customers located in the City of Revelstoke and surrounding areas.

Storage and Transport Related Riders

Rider 6 **Midstream Cost Reconciliation Account** - Applicable to Mainland and Vancouver Island Service Area Customers, excluding Revelstoke, for the Year ending December 31, 2018.

Rider 8 (Reserved for future use.)

Rider 9 (Reserved for future use.)

Deleted:

Deleted: ,

Deleted: and Whistler

Deleted: 2017

Municipal Operating Fee Charge

A Municipal Operating Fee Charge of 3.09% of the aggregate of the above charges is payable (in addition to the above charges) if the Premises to which Gas is delivered under this Rate Schedule is located within the boundaries of municipalities or First Nations lands (formerly, reserves within the *Indian Act*) to which FortisBC Energy pays Municipal Operating Fees.

Deleted: * **Option A** - Where a Customer's primary space heating equipment utilized on the Premises was purchased and installed with the assistance of a promotional incentive, the following surcharge applies in the Inland and Columbia Service Areas.¶

¶
\$ 0.0407 times the amount of the promotional incentive divided by \$100.¶
Option A is closed to new applicants effective September 1990.¶

Minimum Charge per Month

The minimum charge per Month will be the aggregate of the Basic Charge and the Municipal Operating Fee Charge.

Deleted: Except for the Option A surcharge, a

Deleted:

Deleted: , any charge under Option A

Deleted: G-177-16

Deleted: -

Deleted: January 1, 2017

Deleted: December 20, 2016

Deleted: signed by Laurel Ross . Fourth Revision of

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BCUC Secretary: _____

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FORTISBC ENERGY INC.

RATE SCHEDULE 1B

RESIDENTIAL BIOMETHANE SERVICE

Deleted: G-21-14

Deleted: Director

Deleted: Services

Deleted: January 1, 2015

Deleted: *Original signed by Erica Hamilton*

| Order No.: _____ Issued By: Diane Roy, ~~Vice President~~, Regulatory ~~Affairs~~

| Effective Date: ~~June 1, 2018~~ Accepted for Filing: _____

| BCUC Secretary: _____ Original Page R-1B

Rate Schedule 1B: Residential Biomethane Service

Available

This Rate Schedule is available in all territory served by FortisBC Energy, with the exception of the Municipality of Revelstoke, provided adequate capacity exists on the FortisBC Energy System.

Deleted:

Deleted: in

Deleted: Energy's system

Applicable

This Rate Schedule is applicable to firm Gas supplied at one Premises for use in approved appliances for all residential applications in single-family residences, separately metered single-family townhouses, rowhouses, condominiums, duplexes and apartments and single metered apartment blocks with four or less apartments. Customers who are currently disconnected are not eligible to enrol. Customers who are currently enrolled in Commodity Unbundling Service under Rate Schedule 1U are ineligible to enrol until their existing contract term with their Marketer expires.

Deleted: gas marketer

Deleted: G-21-14

Deleted: Director

Deleted: Services

Deleted: May 1, 2015

Deleted: signed by Erica Hamilton. First Revision of

Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: June 1, 2018 Accepted for Filing: _____

BCUC Secretary: _____

Original Page R-1B.1

Table of Charges

Mainland and
Vancouver Island
Service Area

Delivery Margin Related Charges

1. Basic Charge per Day

\$ X.XXXX

2. Delivery Charge per Gigajoule

\$ X.XXX

3. Rider 5 per Gigajoule

\$ X.XXX

Subtotal of per Gigajoule **Delivery**
Margin Related Charges

\$ X.XXX

Commodity Related Charges

4. Storage and Transport Charge
per Gigajoule

\$ X.XXX

5. Rider 6 per Gigajoule

\$ X.XXX

Subtotal of per Gigajoule **Storage**
and Transport Related Charges

\$ X.XXX

6. **Cost of Gas** (Commodity Cost
Recovery Charge) per
Gigajoule

\$ X.XXX¹

7. **Cost of Biomethane**
(Biomethane Energy Recovery
Charge) per Gigajoule

\$ XX.XXX^{2,3}

Deleted: Vancouver Island Service Area

Deleted: Whistler Service Area

Deleted: 0.3890

Deleted: \$. 0.3890

Deleted: \$. 0.3890

Deleted: 4.370

Deleted: \$. 4.370

Deleted: \$. 4.370

Deleted: <#>Rider 2 per Gigajoule

Deleted: 0.246

Deleted: \$. 0.246

Deleted: \$. 0.246

Deleted: 4.299

Deleted: \$. 5.499

Deleted: \$. 6.248

Deleted: 1.009

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Deleted: \$. 1.009

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Deleted: ¹

Deleted: 2.050

Deleted: \$. 2.050

Deleted: \$. 2.050

Deleted: ^{2,3}

Deleted: 10.540

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Deleted: G-177-16/G-182-16

Deleted: -

Deleted: January 1, 2017

Deleted: December 20, 2016

Deleted: signed by Laurel Ross . Ninth
Revision of

Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

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BCUC Secretary: _____

Original Page R-1B.2

Delivery Margin Related Riders

~~Rider 2~~ (Reserved for future use.)

Rider 3 (Reserved for future use.)

~~Rider 4~~ (Reserved for future use.)

Rider 5 **Revenue Stabilization Adjustment Charge** - Applicable to Mainland, and Vancouver Island, Service Area Customers for the Year ending December 31, 2018.

Storage and Transport Related Riders

~~Rider 6~~ **Midstream Cost Reconciliation Account** - Applicable to Mainland, and Vancouver Island, Service Area Customers, excluding Revelstoke, for the Year ending December 31, 2018.

Rider 8 (Reserved for future use.)

Municipal Operating Fee Charge

A Municipal Operating Fee Charge of 3.09% of the aggregate of the above charges, including the Commodity Cost Recovery Charge, is payable (in addition to the above charges) if the Premises to which Gas is delivered under this Rate Schedule is located within the boundaries of municipalities or First Nations lands (formerly, reserves within the *Indian Act*) to which FortisBC Energy pays Municipal Operating Fees.

Minimum Charge per Month

The minimum charge per Month will be the aggregate of the Basic Charge and the Municipal Operating Fee Charge.

Deleted: Rider 2 Phase-in Rider Balancing Account - Applicable to Mainland, Vancouver Island and Whistler Service Area Customers for the Year ending December 31, 2017. ¶

Deleted: Rider 4 Rate Stabilization Deferral Account - Applicable to Mainland Service Area Customers for the Year ending December 31, 2017. ¶

Deleted: ,

Deleted: and Whistler

Deleted: 2017

Deleted:

Deleted: ,

Deleted: and Whistler

Deleted: 2017

Deleted:

Deleted: G-177-16/G-182-16

Deleted: -

Deleted: January 1, 2017

Deleted: December 20, 2016

Deleted: signed by Laurel Ross . Fourth Revision of

Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: June 1, 2018 Accepted for Filing: _____

BCUC Secretary: _____

Original Page R-1B.3

Notes:

1. The Cost of Gas is based on the calculation of 100% of a Customer's consumption in Gigajoules, minus the percentage of a Customer's selection of Biomethane measured in Gigajoules, multiplied by the Cost of Gas (Commodity Cost Recovery Charge) per Gigajoule. For example, if a Customer selects 30% Biomethane, the Cost of Gas will be calculated based on 70% (100% - 30%) of a Customer's consumption.

The percentage of Biomethane of a Customer's Gas usage available to Customers is set by FortisBC Energy and includes a range between 5% of Biomethane and 100% of Biomethane, increasing by increments of 5%.

2. The Cost of Biomethane is based on the calculation of a Customer's selection of the percentage of Biomethane measured in Gigajoules, multiplied by the Cost of Biomethane (Biomethane Energy Recovery Charge) per Gigajoule.

3. The Cost of Biomethane (Biomethane Energy Recovery Charge) per Gigajoule has been determined in accordance with Section 28.4 (Price Determination) in the General Terms and Conditions of FortisBC Energy). The Cost of Biomethane effective June 1, 2018 equals the sum of:

(i) The British Columbia Utilities Commission approved January 1st Commodity Cost Recovery Charge per Gigajoule

\$ X.XXX

Deleted:

Deleted: January

Deleted: 2017

Deleted:

Deleted: 2.050

(ii) The current British Columbia carbon tax applicable to conventional natural gas Customers per Gigajoule

\$ X.XXX

Deleted: 1.490

(iii) Other taxes applicable to conventional natural gas sales per Gigajoule

\$ X.XXX

Deleted: 0.000

(iv) A premium of \$7.00 per Gigajoule

\$ 7.000

Deleted:

(v) **Total Cost of Biomethane per Gigajoule**

\$ XX.XXX

Deleted: 10.540

Deleted: ¶

Deleted: G-177-16

Deleted: -

Deleted: January 1, 2017

Deleted: December 20, 2016

Deleted: signed by Laurel Ross, Second Revision of

Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: June 1, 2018 Accepted for Filing: _____

BCUC Secretary: _____

Original Page R-1B.4



FORTISBC ENERGY INC.

RATE SCHEDULE 1U

RESIDENTIAL COMMODITY UNBUNDLING SERVICE

Deleted: G-21-14

Deleted: Director

Deleted: Services

Deleted: January 1, 2015

Deleted: *Original signed by Erica Hamilton*

Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: June 1, 2018 Accepted for Filing: _____

BCUC Secretary: _____ Original Page R-1U

Rate Schedule 1U: Residential Commodity Unbundling Service

Available

This Rate Schedule is available in all territory served by FortisBC Energy, with the exception of the Municipality of Revelstoke, provided adequate capacity exists on the FortisBC Energy System. Entry dates for commencing service under this Rate Schedule shall be the first day of each month. The deadline for enrolment shall be one month prior to the subject entry date. The Customer's appointed Marketer is responsible for notifying FortisBC Energy that the Customer wishes to enrol in this Rate Schedule. The number of Customers that may enrol in Commodity Unbundling Service for a given entry date may be limited. In the event that there is a limit to the total number of Customers that may be enrolled in Commodity Unbundling Service under this Rate Schedule for a particular entry date, enrolments will be processed on a "first come, first served" basis.

Deleted:

Deleted: in

Deleted: Energy's system

Deleted: beginning November 1st, 2007 for the Mainland Service Area and beginning November 1st, 2015 for the Vancouver Island Service Area and the Whistler Service Area. Customers must participate for a minimum period of one Year.

Applicable

This Rate Schedule is applicable to firm Gas supplied at one Premise for use in approved appliances for all residential applications in single-family residences, separately metered single-family townhouses, rowhouses, condominiums, duplexes and apartments and single metered apartment blocks with four or less apartments. Customers must appoint a licensed Marketer to enrol in this service by signing a Notice of Appointment of Marketer. The appointed Marketer must hold a valid license issued by the British Columbia Utilities Commission and must execute a Rate Schedule 36 Service Agreement with FortisBC Energy. Customers who are currently disconnected are not eligible to enrol.

Deleted: marketer

Deleted: G-21-14

Deleted: Director

Deleted: Services

Deleted: November 1, 2015

Deleted: signed by Erica Hamilton. First Revision of

Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: June 1, 2018 Accepted for Filing: _____

BCUC Secretary: _____

Original Page R-1U.1

Table of Charges

Mainland ~~and~~
~~Vancouver Island~~
Service Area

Delivery Margin Related Charges

1. **Basic Charge** per Day
2. Delivery Charge per Gigajoule
3. Rider 5 per Gigajoule

Subtotal of per Gigajoule **Delivery**
Margin Related Charges

Commodity Related Charges

4. Storage and Transport ~~Charge~~
per Gigajoule
5. Rider 6 per Gigajoule

Subtotal of per Gigajoule **Storage**
and Transport Related Charges

6. **Cost of Gas** (Commodity Cost
Recovery Charge) per Gigajoule
- As communicated to FortisBC Energy by the Marketer
appointed by Customer.

~~Deleted:~~ Vancouver Island
Service Area

~~Deleted:~~ Whistler Service Area

~~Deleted:~~ 0.3890

~~Deleted:~~ \$. 0.3890

~~Deleted:~~ \$. 0.3890

~~Deleted:~~ 4.370

~~Deleted:~~ \$. 4.370

~~Deleted:~~ \$. 4.370

~~Deleted:~~ <#>Rider 2 per Gigajoule

~~Deleted:~~ 0.246

~~Deleted:~~ \$. 0.246

~~Deleted:~~ \$. 0.246

~~Deleted:~~ 4.299

~~Deleted:~~ \$. 5.499

~~Deleted:~~ \$. 6.248

~~Deleted:~~ 1.009

~~Deleted:~~ \$. 1.009

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~~Deleted:~~ (0.198)

~~Deleted:~~ \$. (0.198)

~~Deleted:~~ \$. (0.198)

~~Deleted:~~ 0.811

~~Deleted:~~ \$. 0.811

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~~Deleted:~~ G-177-16/G-182-16

~~Deleted:~~ -

~~Deleted:~~ January 1, 2017

~~Deleted:~~ December 20, 2016

~~Deleted:~~ signed by Laurel Ross . Sixth
Revision of

Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: June 1, 2018 Accepted for Filing: _____

BCUC Secretary: _____

Original Page R-1U.2

Delivery Margin Related Riders

~~Rider 2~~ (Reserved for future use.)

Rider 3 (Reserved for future use.)

~~Rider 4~~ (Reserved for future use.)

Rider 5 **Revenue Stabilization Adjustment Charge** - Applicable to Mainland, ~~and~~ Vancouver Island Service Area Customers for the Year ending December 31, ~~2018~~.

Storage and Transport Related Riders

~~Rider 6~~ **Midstream Cost Reconciliation Account** - Applicable to Mainland, ~~and~~ Vancouver Island Service Area Customers, excluding Revelstoke, for the Year ending December 31, ~~2018~~.

Rider 8 (Reserved for future use.)

Rider 9 (Reserved for future use.)

Municipal Operating Fee Charge

A Municipal Operating Fee Charge of 3.09% of the aggregate of the above charges, including the Commodity Cost Recovery Charge, is payable (in addition to the above charges) if the Premises to which Gas is delivered under this Rate Schedule is located within the boundaries of municipalities or First Nations lands (formerly, reserves within the *Indian Act*) to which FortisBC Energy pays Municipal Operating Fees.

Minimum Charge per Month

~~The minimum charge per Month will be the aggregate of the Basic Charge and the Municipal Operating Fee Charge.~~

Deleted: **Rider 2 Phase-in Rider Balancing Account** - Applicable to Mainland, Vancouver Island and Whistler Service Area Customers for the Year ending December 31, 2017. ¶

Deleted: **Rider 4 . Rate Stabilization Deferral Account** - Applicable to Mainland Service Area Customers for the Year ending December 31, 2017. ¶

Deleted: ,

Deleted: and Whistler

Deleted: 2017

Deleted:

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Deleted: December 20, 2016

Deleted: signed by Laurel Ross . Fourth Revision of

Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: June 1, 2018 Accepted for Filing: _____

BCUC Secretary: _____

Original Page R-1U.3



FORTISBC ENERGY INC.

RATE SCHEDULE 1X

RESIDENTIAL SERVICE

Deleted: G-21-14

Deleted: Director

Deleted: Services

Deleted: January 1, 2015

Deleted: *Original signed by Erica Hamilton*

Order No.: _____ Issued By: Diane Roy, ~~Vice President~~, Regulatory ~~Affairs~~

Effective Date: ~~June 1, 2018~~ Accepted for Filing: _____

BCUC Secretary: _____ Original Page R-1X

Rate Schedule 1X: Residential Service

Available

This Rate Schedule is available in all territory served by FortisBC Energy, with exception of the Municipality of Revelstoke, provided adequate capacity exists on the FortisBC Energy System. In the event that there is a Marketer failure, Residential Commodity Unbundling Service Customers that had been served by a Marketer under Rate Schedule 1U may be served under this Rate Schedule, at the discretion of FortisBC Energy, until the earlier of: a) FortisBC Energy determines that the Customer can be served under Rate Schedule 1, b) the Customer is eligible to be served under Rate Schedule 1U, c) no more than three Months at which time the Customer will be returned to Rate Schedule 1.

Deleted:

Deleted: in

Deleted: Energy's system.

Applicable

This Rate Schedule is applicable to firm Gas supplied at one Premises for use in approved appliances for all residential applications in single-family residences, separately metered single-family townhouses, rowhouses, condominiums, duplexes and apartments and single metered apartment blocks with four or less apartments.

Deleted: G-21-14

Deleted: Director

Deleted: Services

Deleted: November 1, 2015

Deleted: signed by Erica Hamilton . First
Revision of

Order No.: _____ Issued By: Diane Roy, Vice-President, Regulatory Affairs

Effective Date: June 1, 2018 Accepted for Filing: _____

BCUC Secretary: _____

Original Page R-1X.1

Table of Charges

Mainland and
Vancouver Island
Service Area

Delivery Margin Related Charges

1. **Basic Charge** per Day
2. Delivery Charge per Gigajoule
3. Rider 5 per Gigajoule

Subtotal of per Gigajoule **Delivery**
Margin Related Charges

Commodity Related Charges

4. Storage and Transport Charge
per Gigajoule
5. Rider 6 per Gigajoule

Subtotal of per Gigajoule **Storage**
and Transport Related Charges

Cost of Gas (Commodity Cost
Recovery Charge) per Gigajoule

Monthly Index¹

Deleted: Vancouver Island Service Area

Deleted: Whistler Service Area

Deleted: 0.3890

Deleted: \$. 0.3890

Deleted: \$. 0.3890

Deleted: 4.370

Deleted: \$. 4.370

Deleted: \$. 4.370

Deleted: <#>Rider 2 per Gigajoule

Deleted: 0.246

Deleted: \$. 0.246

Deleted: \$. 0.246

Deleted: 4.299

Deleted: \$. 5.499

Deleted: \$. 6.248

Deleted: 1.009

Deleted: \$. 1.009

Deleted: \$. 1.009

Deleted: (0.198)

Deleted: \$. (0.198)

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Deleted: 0.811

Deleted: \$. 0.811

Deleted: \$. 0.811

Deleted: Monthly Index¹

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Deleted: G-177-16/G-182-16

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Deleted: January 1, 2017

Deleted: December 20, 2016

Deleted: signed by Laurel Ross . Sixth
Revision of

Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: June 1, 2018 Accepted for Filing: _____

BCUC Secretary: _____

Original Page R-1X.2

Delivery Margin Related Riders

~~Rider 2~~ (Reserved for future use.)

Rider 3 (Reserved for future use.)

~~Rider 4~~ (Reserved for future use.)

Rider 5 **Revenue Stabilization Adjustment Charge** - Applicable to Mainland, Vancouver Island and Whistler Service Area Customers for the Year ending December 31, ~~2018~~.

Deleted: Rider 2 Phase-in Rider Balancing Account - Applicable to Mainland, Vancouver Island and Whistler Service Area Customers for the Year ending December 31, 2017. ¶

Deleted: Rider 4 . Rate Stabilization Deferral Account - Applicable to Mainland Service Area Customers for the Year ending December 31, 2017. ¶

Deleted:

Deleted: 2017

Storage and Transport Related Riders

~~Rider 6~~ **Midstream Cost Reconciliation Account** - Applicable to Mainland, ~~and~~ Vancouver Island, Service Area Customers, excluding Revelstoke, for the Year ending December 31, ~~2018~~.

Rider 8 (Reserved for future use.)

Rider 9 (Reserved for future use.)

Deleted:

Deleted: ,

Deleted: and Whistler

Deleted: 2017

Municipal Operating Fee Charge

A Municipal Operating Fee Charge of 3.09% of the aggregate of the above charges, including the Commodity Cost Recovery Charge, is payable (in addition to the above charges) if the Premises to which Gas is delivered under this Rate Schedule is located within the boundaries of municipalities or First Nations lands (formerly, reserves within the *Indian Act*) to which FortisBC Energy pays Municipal Operating Fees.

Minimum Charge per Month

The minimum charge per Month will be the aggregate of the Basic Charge and the Municipal Operating Fee Charge.

Deleted: G-177-16/G-182-16

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Deleted: January 1, 2017

Deleted: December 20, 2016

Deleted: signed by Laurel Ross . Third Revision of

Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: June 1, 2018 Accepted for Filing: _____

BCUC Secretary: _____

Original Page R-1X.3

Notes:

Deleted: ¶

1. **Monthly Index** - Monthly Index means the Northwest Pipeline Corp. Canadian Border Index as set out in Inside F.E.R.C.'s Gas Market Report Monthly prices of Spot Gas delivered to pipelines at Sumas, converted to \$CDN per Gigajoule using the noon exchange rate as quoted by the Bank of Canada for the first Day of each Month in which Monthly Index pricing shall apply.

Deleted: G-182-16

Deleted: -

Deleted: January 1, 2017

Deleted: December 20, 2016

Deleted: signed by Laurel Ross . Fourth
Revision of

Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: June 1, 2018 Accepted for Filing: _____

BCUC Secretary: _____ Original Page R-1X.4



FORTISBC ENERGY INC.

RATE SCHEDULE 2

SMALL COMMERCIAL SERVICE

Deleted: G-21-14

Deleted: Director

Deleted: Services

Deleted: January 1, 2015

Deleted: *Original signed by Erica Hamilton*

| Order No.: _____ Issued By: Diane Roy, ~~Vice President~~, Regulatory ~~Affairs~~

| Effective Date: ~~June 1, 2018~~ Accepted for Filing: _____

| BCUC Secretary: _____ Original Page R-2

Rate Schedule 2: Small Commercial Service

Available

This Rate Schedule is available in all territory served by FortisBC Energy, provided adequate capacity exists on the FortisBC Energy System.

Deleted: in

Deleted: Energy's system

Applicable

This Rate Schedule is applicable to Customers with a normalized annual consumption at one Premises of less than 2,000 Gigajoules of firm Gas, for use in approved appliances in commercial, institutional or small industrial operations.

Table of Charges

Mainland and
Vancouver Island
Service Area

Deleted: Vancouver Island ¶
Service Area

Deleted: Whistler¶
Service Area

Delivery Margin Related Charges

1. **Basic Charge** per Day

\$ X.XXXX

Deleted: 0.8161

Deleted: \$. 0.8161

2. **Delivery Charge** per Gigajoule

\$ X.XXX

Deleted: \$. 0.8161

Deleted: 3.523

3. **Rider 5** per Gigajoule

\$ X.XXX

Deleted: \$. 3.523

Deleted: \$. 3.523

Deleted: <#>Rider 2 per Gigajoule

Subtotal of per Gigajoule **Delivery**
Margin Related Charges

\$ X.XXX

Deleted: 0.246

Deleted: \$. 0.246

Deleted: \$. 0.246

Deleted: 3.544

Deleted: \$. 4.766

Deleted: \$. 5.562

Deleted: G-182-16

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Deleted: January 1, 2017

Deleted: December 20, 2016

Deleted: signed by Laurel Ross . Fifth
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BCUC Secretary: _____

Original Page R-2.1

FORTISBC ENERGY INC.
RATE SCHEDULE 2

Mainland ~~and~~
~~Vancouver Island~~
Service Area

~~Deleted:~~ Vancouver Island ¶
Service Area

~~Deleted:~~ Whistler¶
Service Area

Commodity Related Charges

4. Storage and Transport ~~Charge~~
per Gigajoule

\$ ~~X.XXX~~

~~Deleted:~~ 1.020

~~Deleted:~~ \$. 1.020

5. Rider 6 per Gigajoule

\$ ~~X.XXX~~

~~Deleted:~~ \$. 1.020

~~Deleted:~~ (0.200)

Subtotal of per Gigajoule **Storage
and Transport** Related Charges

\$ ~~X.XXX~~

~~Deleted:~~ \$. (0.200)

~~Deleted:~~ \$ (0.200)

~~Deleted:~~ 0.820

~~Deleted:~~ \$ 0.820

6. **Cost of Gas** (Commodity Cost
Recovery Charge) per Gigajoule

\$ ~~X.XXX~~

~~Deleted:~~ \$ 0.820

~~Deleted:~~ \$ 2.050

~~Deleted:~~ 2.050

7. Rider 1 per Gigajoule

\$ ~~X.XXX~~

~~Deleted:~~ \$ 2.050

~~Deleted:~~ 3.717

~~Deleted:~~

Subtotal of per Gigajoule **Cost of
Gas** Recovery Related Charges for
Customers located in the **City of
Revelstoke** and surrounding areas

\$ ~~X.XXX~~

~~Deleted:~~ 6.787

~~Deleted:~~

~~Deleted:~~ G-177-16/G-179-16

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~~Deleted:~~ January 1, 2017

~~Deleted:~~ December 20, 2016

~~Deleted:~~ signed by Laurel Ross . Seventh
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Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: ~~June 1, 2018~~ Accepted for Filing: _____

BCUC Secretary: _____

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Delivery Margin Related Riders

~~Rider 2~~ (Reserved for future use.)

Rider 3 (Reserved for future use.)

~~Rider 4~~ (Reserved for future use.)

Rider 5 **Revenue Stabilization Adjustment Charge** - Applicable to Mainland ~~and~~ Vancouver Island Service Area Customers for the Year ending December 31, ~~2018~~.

Commodity Cost Recovery Charge Related Riders

~~Rider 1~~ **Propane Surcharge** - Applicable to Mainland ~~and Vancouver Island~~ Service Area Customers located in the City of Revelstoke and surrounding areas.

Storage and Transport Related Riders

~~Rider 6~~ **Midstream Cost Reconciliation Account** - Applicable to Mainland ~~and~~ Vancouver Island Service Area Customers, excluding Revelstoke, for the Year ending December 31, ~~2018~~.

Rider 8 (Reserved for future use.)

Municipal Operating Fee Charge

A Municipal Operating Fee Charge of 3.09% of the aggregate of the above charges is payable (in addition to the above charges) if the Premises to which Gas is delivered under this Rate Schedule is located within the boundaries of municipalities or First Nations lands (formerly, reserves within the *Indian Act*) to which FortisBC Energy pays Municipal Operating Fees.

Minimum Charge per Month

~~The minimum charge per Month will be the aggregate of the Basic Charge and the Municipal Operating Fee Charge.~~

Deleted: Rider 2 Phase-in Rider Balancing Account - Applicable to Mainland, Vancouver Island and Whistler Service Area Customers for the Year ending December 31, 2017. ¶

Deleted: Rider 4 Rate Stabilization Deferral Account - Applicable to Mainland Service Area Customers for the Year ending December 31, 2017. ¶

Deleted: ,

Deleted: and Whistler

Deleted: 2017

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Deleted: and Whistler

Deleted: 2017

Deleted: G-177-16/G-182-16

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Deleted: January 1, 2017

Deleted: December 20, 2016

Deleted: signed by Laurel Ross . Fourth Revision of

Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: ~~June 1, 2018~~ Accepted for Filing: _____

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Original Page R-2.3



FORTISBC ENERGY INC.

RATE SCHEDULE 2B

SMALL COMMERCIAL BIOMETHANE SERVICE

Deleted: G-21-14

Deleted: Director

Deleted: Services

Deleted: January 1, 2015

Deleted: *Original signed by Erica Hamilton*

| Order No.: _____ Issued By: Diane Roy, ~~Vice President~~, Regulatory ~~Affairs~~

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Rate Schedule 2B: Small Commercial Biomethane Service

Available

This Rate Schedule is available in all territory served by FortisBC Energy, with the exception of the Municipality of Revelstoke, provided adequate capacity exists on the FortisBC Energy System.

Deleted:

Deleted: in

Deleted: Energy's system

Applicable

This Rate Schedule is applicable to Customers with a normalized annual consumption at one Premises of less than 2,000 Gigajoules of firm Gas, for use in approved appliances in commercial, institutional or small industrial operations. Customers who are currently disconnected are not eligible to enrol. Customers who are currently enrolled in Commodity Unbundling Service under Rate Schedule 2U are ineligible to enrol until their existing contract term with their Marketer expires.

Deleted: gas marketer

Deleted: G-21-14

Deleted: Director

Deleted: Services

Deleted: May 1, 2015

Deleted: signed by Erica Hamilton. First Revision of

Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

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Original Page R-2B.1

Table of Charges

Mainland and
Vancouver Island
Service Area

Delivery Margin Related Charges

1. **Basic Charge** per Day

\$ X.XXXX

2. Delivery Charge per Gigajoule

\$ X.XXX

3. Rider 5 per Gigajoule

\$ X.XXX

Subtotal of per Gigajoule **Delivery**
Margin Related Charges

\$ X.XXX

Commodity Related Charges

4. Storage and Transport Charge
per Gigajoule

\$ X.XXX

5. Rider 6 per Gigajoule

\$ X.XXX

Subtotal of per Gigajoule **Storage**
and Transport Related Charges

\$ X.XXX

6. **Cost of Gas**, (Commodity Cost
Recovery Charge) per
Gigajoule

\$ X.XXX¹

7. **Cost of Biomethane**,
(Biomethane Energy Recovery
Charge) per Gigajoule

\$ XX.XXX^{2,3}

Deleted: Vancouver Island Service Area

Deleted: Whistler Service Area

Deleted: 0.8161

Deleted: \$. 0.8161

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Deleted: 3.523

Deleted: \$. 3.523

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Deleted: <#>Rider 2 per Gigajoule

Deleted: 0.246

Deleted: \$. 0.246

Deleted: \$. 0.246

Deleted: 3.544

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Deleted: 1.020

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Deleted: G-177-16/G-182-16

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Deleted: January 1, 2017

Deleted: December 20, 2016

Deleted: signed by Laurel Ross . Ninth
Revision of

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Original Page R-2B.2

Delivery Margin Related Riders

~~Rider 2~~ (Reserved for future use.)

Rider 3 (Reserved for future use.)

~~Rider 4~~ (Reserved for future use.)

Rider 5 **Revenue Stabilization Adjustment Charge** - Applicable to Mainland, and Vancouver Island Service Area Customers for the Year ending December 31, 2018.

Storage and Transport Related Riders

~~Rider 6~~ **Midstream Cost Reconciliation Account** - Applicable to Mainland, and Vancouver Island Service Area Customers, excluding Revelstoke, for the Year ending December 31, 2018.

Rider 8 (Reserved for future use.)

Municipal Operating Fee Charge

A Municipal Operating Fee Charge of 3.09% of the aggregate of the above charges, including the Commodity Cost Recovery Charge, is payable (in addition to the above charges) if the Premises to which Gas is delivered under this Rate Schedule is located within the boundaries of municipalities or First Nations lands (formerly, reserves within the *Indian Act*) to which FortisBC Energy pays Municipal Operating Fees.

Minimum Charge per Month

The minimum charge per Month will be the aggregate of the Basic Charge and the Municipal Operating Fee Charge.

~~¶~~

Deleted: Rider 2 Phase-in Rider Balancing Account - Applicable to Mainland, Vancouver Island and Whistler Service Area Customers for the Year ending December 31, 2017. ¶

Deleted: Rider 4 Rate Stabilization Deferral Account - Applicable to Mainland Service Area Customers for the Year ending December 31, 2017. ¶

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Deleted: and Whistler

Deleted: 2017

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Deleted: and Whistler

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Deleted: G-177-16/G-182-16

Deleted: -

Deleted: January 1, 2017

Deleted: December 20, 2016

Deleted: signed by Laurel Ross . Fourth Revision of

Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: June 1, 2018 Accepted for Filing: _____

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Original Page R-2B.3

Notes:

1. The Cost of Gas is based on the calculation of 100% of a Customer's consumption in Gigajoules, minus the percentage of a Customer's selection of Biomethane measured in Gigajoules, multiplied by the Cost of Gas (Commodity Cost Recovery Charge) per Gigajoule. For example, if a Customer selects 30% Biomethane, the Cost of Gas will be calculated on 70% (100% - 30%) of a Customer's consumption.

The percentage of Biomethane of a Customer's Gas usage available to Customers is set by FortisBC Energy and includes a range between 5% of Biomethane and 100% of Biomethane, increasing by increments of 5%.

2. The Cost of Biomethane is based on the calculation of a Customer's selection of the percentage of Biomethane measured in Gigajoules, multiplied by the Cost of Biomethane (Biomethane Energy Recovery Charge) per Gigajoule.

3. The Cost of Biomethane (Biomethane Energy Recovery Charge) per Gigajoule has been determined in accordance with Section 28.4 (Price Determination) in the General Terms and Conditions of FortisBC Energy). The Cost of Biomethane effective June 1, 2018 equals the sum of:

(i) The British Columbia Utilities Commission approved January 1st Commodity Cost Recovery Charge per Gigajoule

\$ X.XXX

Deleted:

(ii) The current British Columbia carbon tax applicable to conventional natural gas Customers per Gigajoule

\$ X.XXX

Deleted: January

(iii) Other taxes applicable to conventional natural gas sales per Gigajoule

\$ X.XXX

Deleted: 2017

(iv) A premium of \$7.00 per Gigajoule

\$ 7.000

Deleted: \$ 2.050

(v) **Total Cost of Biomethane per Gigajoule**

\$ XX.XXX

Deleted: 1.490

Deleted: 0.000

Deleted:

Deleted: 10.540

Deleted: ¶

Deleted: G-177-16

Deleted: -

Deleted: January 1, 2017

Deleted: December 20, 2016

Deleted: signed by Laurel Ross . Second Revision of

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Original Page R-2B.4



FORTISBC ENERGY INC.

RATE SCHEDULE 2U

SMALL COMMERCIAL COMMODITY UNBUNDLING SERVICE

Deleted: G-21-14

Deleted: Director

Deleted: Services

Deleted: January 1, 2015

Deleted: *Original signed by Erica Hamilton*

Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: June 1, 2018 Accepted for Filing: _____

BCUC Secretary: _____ Original Page R-2U

Rate Schedule 2U: Small Commercial Commodity Unbundling Service

Available

This Rate Schedule is available in all territory served by FortisBC Energy, with the exception of the Municipality of Revelstoke, provided adequate capacity exists on the FortisBC Energy System. Entry dates for commencing service under this Rate Schedule shall be the first day of each month. Customers must participate for a minimum of one Year. The deadline for enrolment shall be one month prior to the subject entry date. The Customer's appointed Marketer is responsible for notifying FortisBC Energy that the Customer wishes to enrol in this Rate Schedule. The number of Customers that may enrol in Commodity Unbundling Service for a given entry date may be limited. In the event that there is a limit to the total number of Customers that may be enrolled in Commodity Unbundling Service under this Rate Schedule, enrolments will be processed on a "first come, first served" basis.

Deleted:

Deleted: in

Deleted: Energy's system

Deleted: , commencing December 1st, 2007 for the Mainland Service Area and commencing November 1st, 2015 for the Vancouver Island Service Area and the Whistler Service Area

Applicable

This Rate Schedule is applicable to Customers with a normalized annual consumption at one Premises of less than 2,000 Gigajoules of firm Gas, for use in approved appliances in commercial, institutional or small industrial operations. Customers must appoint a licensed Marketer to enrol in this service by signing a Notice of Appointment of Marketer. The appointed Marketer must hold a valid license issued by the British Columbia Utilities Commission and must execute a Rate Schedule 36 Service Agreement with FortisBC Energy. Customers who are currently disconnected are not eligible to enrol.

Deleted: marketer

Deleted: G-21-14

Deleted: Director

Deleted: Services

Deleted: November 1, 2015

Deleted: signed by Erica Hamilton . First Revision of

Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: June 1, 2018 Accepted for Filing: _____

BCUC Secretary: _____ Original Page R-2U.1

Table of Charges

Mainland and
Vancouver Island
Service Area

Delivery Margin Related Charges

1. **Basic Charge** per Day

\$ X.XXX

2. Delivery Charge per Gigajoule

\$ X.XXX

3. Rider 5 per Gigajoule

\$ X.XXX

Subtotal of per Gigajoule **Delivery**
Margin Related Charges

\$ X.XXX

Commodity Related Charges

4. Storage and Transport Charge
per Gigajoule

\$ X.XXX

5. Rider 6 per Gigajoule

\$ X.XXX

Subtotal of per Gigajoule **Storage**
and Transport Related Charges

\$ X.XXX

6. **Cost of Gas** (Commodity Cost
Recovery Charge) per Gigajoule

As communicated to FortisBC Energy by the Marketer
appointed by the Customer.

Deleted: Vancouver Island
Service Area

Deleted: Whistler Service Area

Deleted: 0.8161

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Deleted: \$. 0.8161

Deleted: 3.523

Deleted: \$. 3.523

Deleted: \$. 3.523

Deleted: <#>Rider 2 per Gigajoule

Deleted: 0.246

Deleted: \$. 0.246

Deleted: \$. 0.246

Deleted: 3.544

Deleted: \$. 4.766

Deleted: \$. 5.562

Deleted: 1.020

Deleted: \$. 1.020

Deleted: \$. 1.020

Deleted: (0.200)

Deleted: \$. (0.200)

Deleted: \$. (0.200)

Deleted: 0.820

Deleted: \$. 0.820

Deleted: \$. 0.820

Deleted: G-177-16/G-182-16

Deleted: -

Deleted: January 1, 2017

Deleted: December 20, 2016

Deleted: signed by Laurel Ross . Sixth
Revision of

Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: June 1, 2018 Accepted for Filing: _____

BCUC Secretary: _____

Original Page R-2U.2

Delivery Margin Related Riders

~~Rider 2~~ (Reserved for future use.)

Rider 3 (Reserved for future use.)

~~Rider 4~~ (Reserved for future use.)

Rider 5 **Revenue Stabilization Adjustment Charge** - Applicable to Mainland ~~and~~ Vancouver Island Service Area Customers for the Year ending December 31, ~~2018~~.

Storage and Transport Related Riders

~~Rider 6~~ **Midstream Cost Reconciliation Account** - Applicable to Mainland, Vancouver Island and Whistler Service Area Customers, excluding Revelstoke, for the Year ending December 31, ~~2018~~.

Rider 8 (Reserved for future use.)

Deleted: Rider 2 Phase-in Rider Balancing Account - Applicable to Mainland, Vancouver Island and Whistler Service Area Customers for the Year ending December 31, 2017. ¶

Deleted: Rider 4 Rate Stabilization Deferral Account - Applicable to Mainland Service Area Customers for the Year ending December 31, 2017. ¶

Deleted: ,

Deleted: and Whistler

Deleted: 2017

Deleted:

Deleted: 2017

Municipal Operating Fee Charge

A Municipal Operating Fee Charge of 3.09% of the aggregate of the above charges, including the Commodity Cost Recovery Charge, is payable (in addition to the above charges) if the Premises to which Gas is delivered under this Rate Schedule is located within the boundaries of municipalities or First Nations lands (formerly, reserves within the *Indian Act*) to which FortisBC Energy pays Municipal Operating Fees.

Minimum Charge per Month

~~The minimum charge per Month will be the aggregate of the Basic Charge and the Municipal Operating Fee Charge.~~

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Deleted: G-177-16/G-182-16

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Deleted: January 1, 2017

Deleted: December 20, 2016

Deleted: signed by Laurel Ross . Fourth Revision of

Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: ~~June 1, 2018~~ Accepted for Filing: _____

BCUC Secretary: _____

Original Page R-2U.3



FORTISBC ENERGY INC.

RATE SCHEDULE 2X

SMALL COMMERCIAL SERVICE

Deleted: G-21-14

Deleted: Director

Deleted: Services

Deleted: January 1, 2015

Deleted: *Original signed by Erica Hamilton*

| Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

| Effective Date: June 1, 2018 Accepted for Filing: _____

| BCUC Secretary: _____ Original Page R-2X

Rate Schedule 2X: Small Commercial Service

Available

This Rate Schedule is available in all territory served by FortisBC Energy, with exception of the Municipality of Revelstoke, provided adequate capacity exists on the FortisBC Energy System. In the event that there is a Marketer failure, Small Commercial Unbundling Service Customers that had been served by a Marketer under Rate Schedule 2U may be served under this Rate Schedule, at the discretion of FortisBC Energy, until the earlier of: a) FortisBC Energy determines that the Customer can be served under Rate Schedule 2, b) the Customer is eligible to be served under Rate Schedule 2U, c) no more than three Months at which time the Customer will be returned to Rate Schedule 2.

Deleted:

Deleted: in

Deleted: Energy's system.

Applicable

This Rate Schedule is applicable to Customers with a normalized annual consumption at one Premises of less than 2,000 Gigajoules of firm Gas, for use in approved appliances in commercial, institutional or small industrial operations.

Deleted: G-21-14

Deleted: Director

Deleted: Services

Deleted: November 1, 2015

Deleted: signed by Erica Hamilton . First Revision of

Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: June 1, 2018 Accepted for Filing: _____

BCUC Secretary: _____

Original Page R-2X.1

Table of Charges

Mainland and
Vancouver Island
Service Area

Delivery Margin Related Charges

1. Basic Charge per Day	\$ <u>X.XXXX</u>
2. Delivery Charge per Gigajoule	\$ <u>X.XXX</u>
3. Rider 5 per Gigajoule	\$ <u>X.XXX</u>

Subtotal of per Gigajoule **Delivery**
Margin Related Charges

\$ X.XXX

Commodity Related Charges

4. Storage and Transportation <u>Charge</u> per Gigajoule	\$ <u>X.XXX</u>
5. Rider 6 per Gigajoule	\$ <u>X.XXX</u>

Subtotal of per Gigajoule **Storage**
and Transport Recovery Related
Charges

\$ X.XXX

6. **Cost of Gas** (Commodity Cost
Recovery Charge) per Gigajoule Monthly Index¹

Deleted: Vancouver Island
Service Area

Deleted: Whistler Service Area

Deleted: 0.8161

Deleted: \$. 0.8161

Deleted: \$. 0.8161

Deleted: 3.523

Deleted: \$. 3.523

Deleted: \$. 3.523

Deleted: <#>Rider 2 per Gigajoule

Deleted: 0.246

Deleted: \$. 0.246

Deleted: \$. 0.246

Deleted: 3.544

Deleted: \$. 4.766

Deleted: \$. 5.562

Deleted: 1.020

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Deleted: \$. 1.020

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Deleted: 0.820

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Deleted: Monthly Index¹

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Deleted: G-177-16/G-182-16

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Deleted: January 1, 2017

Deleted: December 20, 2016

Deleted: signed by Laurel Ross . Sixth
Revision of

Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: June 1, 2018 Accepted for Filing: _____

BCUC Secretary: _____

Original Page R-2X.2

Delivery Margin Related Riders

Rider 2 (~~Reserved for future use.~~)

Rider 3 (Reserved for future use.)

Rider 4 (~~Reserved~~ for ~~future use.~~)

Rider 5 **Revenue Stabilization Adjustment Charge** - Applicable to Mainland ~~and~~
Vancouver Island ~~Service Area Customers for the Year ending December 31,~~
~~2018.~~

Storage and Transport Related Riders

Rider 6 **Midstream Cost Reconciliation Account** - Applicable to Mainland, Vancouver
Island and Whistler Service Area Customers, excluding Revelstoke, for the Year
ending December 31, ~~2018.~~

Rider 8 (Reserved for future use.)

Deleted:

Deleted: Phase-in Rider Balancing Account - Applicable to Mainland, Vancouver Island and Whistler Service Area Customers for the Year ending December 31, 2017.

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Deleted: Rate Stabilization Deferral Account - Applicable to Mainland Service Area Customers

Deleted: the Year ending December 31, 2017.

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Deleted: ,

Deleted: and Whistler

Deleted: 2017

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Municipal Operating Fee Charge

A Municipal Operating Fee Charge of 3.09% of the aggregate of the above charges, including the Commodity Cost Recovery Charge, is payable (in addition to the above charges) if the Premises to which Gas is delivered under this Rate Schedule is located within the boundaries of municipalities or First Nations lands (formerly, reserves within the *Indian Act*) to which FortisBC Energy pays Municipal Operating Fees.

Minimum Charge per Month

The minimum charge per Month will be the aggregate of the Basic Charge and the Municipal Operating Fee Charge.

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Deleted: -

Deleted: January 1, 2017

Deleted: December 20, 2016

Deleted: signed by Laurel Ross . Third Revision of

Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

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BCUC Secretary: _____

Original Page R-2X.3

Notes:

1. **Monthly Index** - Monthly Index means the Northwest Pipeline Corp. Canadian Border Index as set out in Inside F.E.R.C.'s Gas Market Report Monthly prices of Spot Gas delivered to pipelines at Sumas, converted to \$CDN per Gigajoule using the noon exchange rate as quoted by the Bank of Canada for the first Day of each Month in which Monthly Index pricing shall apply.

Deleted: ¶
¶

Deleted: G-182-16

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Deleted: January 1, 2017

Deleted: December 20, 2016

Deleted: signed by Laurel Ross . Fourth
Revision of

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Effective Date: June 1, 2018 Accepted for Filing: _____

BCUC Secretary: _____

Original Page R-2X.4



FORTISBC ENERGY INC.

RATE SCHEDULE 3

LARGE COMMERCIAL SERVICE

Deleted: G-21-14

Deleted: Director

Deleted: Services

Deleted: January 1, 2015

Deleted: *Original signed by Erica Hamilton*

| Order No.: _____ Issued By: Diane Roy, ~~Vice President~~, Regulatory ~~Affairs~~

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| BCUC Secretary: _____ Original Page R-3

Rate Schedule 3: Large Commercial Service

Available

This Rate Schedule is available in all territory served by FortisBC Energy, provided adequate capacity exists on the FortisBC Energy System.

Deleted: in

Deleted: system

Applicable

This Rate Schedule is applicable to Customers with a normalized annual consumption at one Premises of greater than 2,000 Gigajoules of firm Gas, for use in approved appliances in commercial, institutional or small industrial operations.

Table of Charges

Mainland and
Vancouver Island
Service Area

Deleted: Vancouver Island[
Service Area

Deleted: Whistler[
Service Area

Delivery Margin Related Charges

1. **Basic Charge** per Day

\$ X.XXX

Deleted: 4.3538

2. **Delivery Charge** per Gigajoule

\$ X.XXX

Deleted: \$. 4.3538

3. **Rider 5** per Gigajoule

\$ X.XXX

Deleted: \$. 4.3538

Deleted: 2.939

Deleted: \$. 2.939

Deleted: \$. 2.939

Deleted: <#>Rider 2 per Gigajoule

Subtotal of per Gigajoule **Delivery**
Margin Related Charges

\$ X.XXX

Deleted: 0.246

Deleted: \$. 0.246

Deleted: \$. 0.246

Deleted: 2.997

Deleted: \$. 3.592

Deleted: \$. 4.167

Deleted: G-182-16

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Deleted: January 1, 2017

Deleted: December 20, 2016

Deleted: signed by Laurel Ross . Fifth
Revision of

Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: June 1, 2018 Accepted for Filing: _____

BCUC Secretary: _____

Original Page R-3.1

FORTISBC ENERGY INC.
RATE SCHEDULE 3

Mainland and
Vancouver Island
Service Area

Deleted: Vancouver Island ¶
Service Area

Deleted: Whistler¶
Service Area

Commodity Related Charges

4. Storage and Transport Charge
per Gigajoule

\$ X.XXX

Deleted: 0.851

Deleted: \$. 0.851

5. Rider 6 per Gigajoule

\$ X.XXX

Deleted: \$. 0.851

Deleted: (0.167)

Deleted: \$. (0.167)

Subtotal of per Gigajoule Storage
and Transport Related Charges

\$ X.XXX

Deleted: \$ (0.167)

Deleted: 0.684

Deleted: \$ 0.684

6. Cost of Gas (Commodity Cost
Recovery Charge) per Gigajoule

\$ X.XXX

Deleted: \$ 0.684

Deleted: 2.050

7. Rider 1 per Gigajoule

\$ X.XXX

Deleted: \$ 2.050

Deleted: \$ 2.050

Deleted: 3.886

Subtotal of per Gigajoule Cost of
Gas Recovery Related Charges for
Customers located in the City of
Revelstoke and surrounding areas

\$ X.XXX

Deleted: 6.787

Deleted:

Delivery Margin Related Riders

Rider 2 (Reserved for future use.)

Deleted: Rider 2 - Phase-in
Rider Balancing Account - Applicable to
Mainland, Vancouver Island and Whistler
Service Area Customers for the Year
December 31, 2017. ¶

Rider 3 (Reserved for future use.)

Rider 4 (Reserved for future use.)

Deleted: Rider 4 Rate
Stabilization Deferral Account -
Applicable to Mainland Service Area
Customers for the Year ending December
31, 2017. ¶

Rider 5 Revenue Stabilization Adjustment Charge - Applicable to Mainland,
Vancouver Island and Whistler Service Area Customers for the Year ending
December 31, 2018.

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Deleted: G-177-16/G-179-16/G-182-16

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Deleted: January 1, 2017

Deleted: December 20, 2016

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Revision of

Order No.: Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: June 1, 2018 Accepted for Filing:

BCUC Secretary:

Original Page R-3.2

Commodity Cost Recovery Charge Related Riders

Rider 1 **Propane Surcharge** - Applicable to Mainland and Vancouver Island Service Area Customers located in the City of Revelstoke and surrounding areas.

Deleted:

Storage and Transport Related Riders

Rider 6 **Midstream Cost Reconciliation Account** - Applicable to Mainland and Vancouver Island Service Area Customers, excluding Revelstoke, for the Year ending December 31, 2018.

Deleted:

Deleted: ,

Deleted: and Whistler

Deleted: 2017

Rider 8 (Reserved for future use.)

Municipal Operating Fee Charge

A Municipal Operating Fee Charge of 3.09% of the aggregate of the above charges is payable (in addition to the above charges) if the Premises to which Gas is delivered under this Rate Schedule is located within the boundaries of municipalities or First Nations lands (formerly, reserves within the *Indian Act*) to which FortisBC Energy pays Municipal Operating Fees.

Minimum Charge per Month

The minimum charge per Month will be the aggregate of the Basic Charge and the Municipal Operating Fee Charge.

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Deleted: G-177-16

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Deleted: January 1, 2017

Deleted: December 20, 2016

Deleted: signed by Laurel Ross . Fourth Revision of

Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

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BCUC Secretary: _____

Original Page R-3.3



FORTISBC ENERGY INC.

RATE SCHEDULE 3B

LARGE COMMERCIAL BIOMETHANE SERVICE

Deleted: G-21-14

Deleted: Director

Deleted: Services

Deleted: January 1, 2015

Deleted: *Original signed by Erica Hamilton*

| Order No.: _____ Issued By: Diane Roy, ~~Vice President~~, Regulatory ~~Affairs~~

| Effective Date: ~~June 1, 2018~~ Accepted for Filing: _____

| BCUC Secretary: _____ Original Page R-3B

Rate Schedule 3B: Large Commercial Biomethane Service

Available

This Rate Schedule is available in all territory served by FortisBC Energy, with the exception of the Municipality of Revelstoke, provided adequate capacity exists on the FortisBC Energy System.

Deleted:

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Applicable

This Rate Schedule is applicable to Customers with a normalized annual consumption at one Premises of greater than 2,000 Gigajoules of firm Gas, for use in approved appliances in commercial, institutional or small industrial operations. Customers who are currently disconnected are not eligible to enrol. Customers who are currently enrolled in Commodity Unbundling Service under Rate Schedule 3U are ineligible to enrol until their existing contract term with their Marketer expires.

Deleted: gas m

Deleted: G-21-14

Deleted: Director

Deleted: Services

Deleted: May 1, 2015

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Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: June 1, 2018 Accepted for Filing: _____

BCUC Secretary: _____ Original Page R-3B.1

Table of Charges

Mainland and
Vancouver Island
Service Area

Delivery Margin Related Charges

1. Basic Charge per Day

\$ X.XXXX

2. Delivery Charge per Gigajoule

\$ X.XXX

3. Rider 5 per Gigajoule

\$ X.XXX

Subtotal of per Gigajoule **Delivery**
Margin Related Charges

\$ X.XXX

Commodity Related Charges

4. Storage and Transport Charge
per Gigajoule

\$ X.XXX

5. Rider 6 per Gigajoule

\$ X.XXX

Subtotal of per Gigajoule **Storage**
and Transport Related Charges

\$ X.XXX

6. **Cost of Gas**, (Commodity Cost
Recovery Charge) per
Gigajoule

\$ X.XXX¹

7. **Cost of Biomethane**
(Biomethane Energy Recovery
Charge) per Gigajoule

\$ XX.XXX^{2,3}

Deleted: Vancouver Island Service Area

Deleted: Whistler Service Area

Deleted: 4.3538

Deleted: \$. 4.3538

Deleted: \$. 4.3538

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Original Page R-3B.2

Delivery Margin Related Riders

Rider 2 ~~(Reserved for future use.)~~

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Rider 3 (Reserved for future use.)

Rider 4 ~~(Reserved for future use.)~~

Deleted: Phase-in Rider Balancing Account - Applicable to Mainland, Vancouver Island and Whistler Service Area Customers for the Year ending December 31, 2017.¶

Rider 5 **Revenue Stabilization Adjustment Charge** - Applicable to Mainland ~~and~~ Vancouver Island Service Area Customers for the Year ending December 31, ~~2018~~.

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Deleted: Rate Stabilization Deferral Account - Applicable to Mainland Service Area Customers for the Year ending December 31, 2017. ¶

Storage and Transport Related Riders

Rider 6 **Midstream Cost Reconciliation Account** - Applicable to Mainland ~~and~~ Vancouver Island Service Area Customers, excluding Revelstoke, for the Year ending December 31, ~~2018~~.

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Rider 8 (Reserved for future use.)

Municipal Operating Fee Charge

A Municipal Operating Fee Charge of 3.09% of the aggregate of the above charges, including the Commodity Cost Recovery Charge, is payable (in addition to the above charges) if the Premises to which Gas is delivered under this Rate Schedule is located within the boundaries of municipalities or First Nations lands (formerly, reserves within the *Indian Act*) to which FortisBC Energy pays Municipal Operating Fees.

Minimum Charge per Month

The minimum charge per Month will be the aggregate of the Basic Charge and the Municipal Operating Fee Charge.

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Notes:

1. The Cost of Gas is based on the calculation of 100% of a Customer's consumption in Gigajoules, minus the percentage of a Customer's selection of Biomethane measured in Gigajoules, multiplied by the Cost of Gas (Commodity Cost Recovery Charge) per Gigajoule. For example, if a Customer selects 30% Biomethane, the Cost of Gas will be calculated based on 70% (100% - 30%) of a Customer's consumption.

The percentage of Biomethane of a Customer's Gas usage available to Customers is set by FortisBC Energy and includes a range between 5% of Biomethane and 100% of Biomethane, increasing by increments of 5%.

2. The Cost of Biomethane is based on the calculation of a Customer's selection of the percentage of Biomethane measured in Gigajoules, multiplied by the Cost of Biomethane (Biomethane Energy Recovery Charge) per Gigajoule.

3. The Cost of Biomethane (Biomethane Energy Recovery Charge) per Gigajoule has been determined in accordance with Section 28.4 (Price Determination) in the General Terms and Conditions of FortisBC Energy). The Cost of Biomethane effective June 1, 2018 equals the sum of:

(i) The British Columbia Utilities Commission approved January 1st Commodity Cost Recovery Charge per Gigajoule

\$ X.XXX

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(ii) The current British Columbia carbon tax applicable to conventional natural gas Customers per Gigajoule

\$ X.XXX

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(iii) Other taxes applicable to conventional natural gas sales per Gigajoule

\$ X.XXX

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(iv) A premium of \$7.00 per Gigajoule

\$ 7.000

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(v) **Total Cost of Biomethane per Gigajoule**

\$ XX.XXX

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FORTISBC ENERGY INC.

RATE SCHEDULE 3U

LARGE COMMERCIAL COMMODITY UNBUNDLING SERVICE

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Rate Schedule 3U: Large Commercial Commodity Unbundling Service

Available

This Rate Schedule is available in all territory served by FortisBC Energy, with the exception of the Municipality of Revelstoke, provided adequate capacity exists on the FortisBC Energy System. Entry dates for commencing service under this Rate Schedule shall be the first day of each month. Customers must participate for a minimum period of one Year. The deadline for enrolment shall be one month prior to the subject entry date. The Customer's appointed Marketer is responsible for notifying FortisBC Energy that the Customer wishes to enrol in this Rate Schedule. The number of Customers that may enrol in Commodity Unbundling Service for a given date may be limited. In the event that there is a limit to the total number of Customers that may be enrolled in Commodity Unbundling Service under this Rate Schedule, enrolments will be processed on a "first come, first served" basis.

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Applicable

This Rate Schedule is applicable to Customers with a normalized annual consumption at one Premises of greater than 2,000 Gigajoules of firm Gas, for use in approved appliances in commercial, institutional or small industrial operations. Customers must appoint a licensed Marketer to enrol in this service by signing a Notice of Appointment of Marketer. The appointed Marketer must hold a valid license issued by the British Columbia Utilities Commission and must execute a Rate Schedule 36 Service Agreement with FortisBC Energy. Customers who are currently disconnected are not eligible to enrol.

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Table of Charges

Mainland ~~and~~
~~Vancouver Island~~
Service Area

Delivery Margin Related Charges

1. Basic Charge per Day	\$ X.XXXX
2. Delivery Charge per Gigajoule	\$ X.XXX
3. Rider 5 per Gigajoule	\$ X.XXX

Subtotal of per Gigajoule **Delivery**
Margin Related Charges

\$ ~~X.XXX~~

Commodity Related Charges

4. Storage and Transport Charge per Gigajoule	\$ X.XXX
5. Rider 6 per Gigajoule	\$ X.XXX

Subtotal of per Gigajoule **Storage
and Transport** Related Charges

\$ ~~X.XXX~~

6. **Cost of Gas** (Commodity Cost Recovery Charge) per Gigajoule As communicated to FortisBC Energy by the Marketer appointed by the Customer.

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Service Area

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Delivery Margin Related Riders

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Rider 3 (Reserved for future use.)

Rider 4 (Reserved for future use.)

Deleted: Phase-in Rider Balancing Account - Applicable to Mainland, Vancouver Island and Whistler Service Area Customers for the Year ending December 31, 2017. ¶

Rider 5 **Revenue Stabilization Adjustment Charge** - Applicable to Mainland and Vancouver Island Service Area Customers for the Year ending December 31, 2018.

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Deleted: Rate Stabilization Deferral Account - Applicable to Mainland Service Area Customers for the Year ending December 31, 2017. ¶

Storage and Transport Related Riders

Rider 6 **Midstream Cost Reconciliation Account** - Applicable to Mainland and Vancouver Island Service Area Customers, excluding Revelstoke, for the Year ending December 31, 2018.

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Municipal Operating Fee Charge

A Municipal Operating Fee Charge of 3.09% of the aggregate of the above charges, including the Commodity Cost Recovery Charge, is payable (in addition to the above charges) if the Premises to which Gas is delivered under this Rate Schedule is located within the boundaries of municipalities or First Nations lands (formerly, reserves within the *Indian Act*) to which FortisBC Energy pays Municipal Operating Fees.

Minimum Charge per Month

The minimum charge per Month will be the aggregate of the Basic Charge and the Municipal Operating Fee Charge.

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FORTISBC ENERGY INC.

RATE SCHEDULE 3X

LARGE COMMERCIAL SERVICE

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Rate Schedule 3X: Large Commercial Service

Available

This Rate Schedule is available in all territory served by FortisBC Energy, with exception of the Municipality of Revelstoke, provided adequate capacity exists ~~on the~~ FortisBC Energy ~~System~~. In the event that there is a Marketer failure, Large Commercial Customers that had been served by a Marketer under Rate Schedule 3U may be served under this Rate Schedule, at the discretion of FortisBC Energy, until the earlier of: a) FortisBC Energy determines that the Customer can be served under Rate Schedule 3, b) the Customer is eligible to be served under Rate Schedule 3U, c) no more than three Months at which time the Customer will be returned to Rate Schedule 3.

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Applicable

This Rate Schedule is applicable to Customers with a normalized annual consumption at one Premises of greater than 2,000 Gigajoules of firm Gas, for use in approved appliances in commercial, institutional or small industrial operations.

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Table of Charges

Mainland and
Vancouver Island
Service Area

Delivery Margin Related Charges

1. **Basic Charge** per Day
2. Delivery Charge per Gigajoule
3. Rider 5 per Gigajoule

\$ X.XXXX
\$ X.XXX
\$ X.XXX

Subtotal of per Gigajoule **Delivery**
Margin Related Charges

\$ X.XXX

Commodity Related Charges

4. Storage and Transport Charge
per Gigajoule
5. Rider 6 per Gigajoule

\$ X.XXX
\$ X.XXX

Subtotal of per Gigajoule **Storage**
and Transport Related Charges

\$ X.XXX

6. **Cost of Gas** (Commodity Cost
Recovery Charge) per Gigajoule

Monthly Index¹

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Delivery Margin Related Riders

Rider 2 (Reserved for future use.)

Rider 3 (Reserved for future use.)

Rider 4 (Reserved for future use.)

Rider 5 **Revenue Stabilization Adjustment Charge** - Applicable to Mainland, Vancouver Island and Whistler Service Area Customers for the Year ending December 31, 2018.

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Deleted: Phase-in Rider Balancing Account - Applicable to Mainland, Vancouver Island and Whistler Service Area Customers for the Year ending December 31, 2017.

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Storage and Transport Related Riders

Rider 6 **Midstream Cost Reconciliation Account** - Applicable to Mainland, Vancouver Island and Whistler Service Area Customers, excluding Revelstoke, for the Year ending December 31, 2018.

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Rider 8 (Reserved for future use.)

Municipal Operating Fee Charge

A Municipal Operating Fee Charge of 3.09% of the aggregate of the above charges, including the Commodity Cost Recovery Charge, is payable (in addition to the above charges) if the Premises to which Gas is delivered under this Rate Schedule is located within the boundaries of municipalities or First Nations lands (formerly, reserves within the *Indian Act*) to which FortisBC Energy pays Municipal Operating Fees.

Minimum Charge per Month

The minimum charge per Month will be the aggregate of the Basic Charge and the Municipal Operating Fee Charge.

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Notes:

1. **Monthly Index** - Monthly Index means the Northwest Pipeline Corp. Canadian Border Index as set out in Inside F.E.R.C.'s Gas Market Report Monthly prices of Spot Gas delivered to pipelines at Sumas, converted to \$CDN per Gigajoule using the noon exchange rate as quoted by the Bank of Canada for the first Day of each Month in which Monthly Index pricing shall apply.

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FORTISBC ENERGY INC.

RATE SCHEDULE 4

SEASONAL FIRM GAS SERVICE

Effective June 1, 2018

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1. Definitions

1.1 Definitions

Except where the context requires otherwise, all words and phrases defined below or in the General Terms and Conditions of FortisBC Energy and used in this Rate Schedule or in a Service Agreement have the meanings set out below or in the General Terms and Conditions of FortisBC Energy. Where any of the definitions set out below conflict with the definitions in the General Terms and Conditions of FortisBC Energy, the definitions set out below govern.

- (a) **Commencement Date** - means the day specified as the Commencement Date in the Service Agreement.
- (b) **Contract Year** - means a period of 12 consecutive Months commencing at the beginning of the 1st Day of November and ending at the beginning of the next succeeding 1st Day of November.
- (c) **Customer** - means a person who enters into a Service Agreement with FortisBC Energy.
- (d) **Day** - means, subject to Section 1.2 (Change in Definition of "Day"), any period of twenty-four consecutive hours beginning and ending at 7:00 a.m. Pacific Standard Time.
- (e) **Delivery Point** - means the point specified in a Sales Service Agreement or a Transportation Agreement where FortisBC Energy delivers Gas to a Customer or a Shipper.
- (f) **Force Majeure** - means any acts of God, strikes, lockouts, or other industrial disturbances, civil disturbances, arrests and restraints of rulers or people, interruptions by government or court orders, present or future valid orders of any regulatory body having proper jurisdiction, acts of the public enemy, wars, riots, blackouts, insurrections, failure or inability to secure materials or labour by reason of regulations or orders of government, serious epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, explosions, breakage or accident to machinery or lines of pipes, or freezing of wells or pipelines, or the failure of gas supply, temporary or otherwise, from a Supplier of gas, which act of Force Majeure was not due to negligence of the party claiming Force Majeure. Further, Force Majeure will also include a declaration of force majeure by a Transporter that results in Gas being unavailable for delivery at the Interconnection Point.

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FORTISBC ENERGY INC.
RATE SCHEDULE 4

- (g) **Month** - means, subject to any changes from time to time required by FortisBC Energy, the period beginning at 7:00 a.m. Pacific Standard Time on the first day of the calendar month and ending at 7:00 a.m. Pacific Standard Time on the first day of the next succeeding calendar month.
- (h) **Off-Peak Period** - means the period commencing 7:00 a.m. Pacific Standard Time April 1 to 7:00 a.m. Pacific Standard Time November 1.
- (i) **Peak Period** - means the period beginning at the expiry of one Off-Peak Period and ending at the commencement of the next following Off-Peak Period.
- (j) **Rate Schedule 4 or this Rate Schedule** - means this Rate Schedule, including all rates, terms and conditions, and the Table of Charges, as amended from time to time by FortisBC Energy with the consent of the British Columbia Utilities Commission.
- (k) **Service Agreement** - means an agreement between FortisBC Energy and a Customer to provide Service pursuant to this Rate Schedule.
- (l) **Sumas Daily Price** - means the "NW Sumas" Daily Midpoint Price as set out in Gas Daily's Daily Price Survey for Gas delivered to Northwest Pipeline Corporation at Sumas, converted to Canadian dollars using the noon exchange rate as quoted by the Bank of Canada one Business Day prior to the Gas flow date, for each Day. Energy units are converted from MMBtu to Gigajoule by application of a conversion factor equal to 1.055056 Gigajoule per MMBtu.
- (m) **Supplier** - means a party who sells Gas to a Shipper or FortisBC Energy or has access to its own supplies of Gas.
- (n) **Table of Charges** - means the table of prices, fees and charges, as amended from time to time by FortisBC Energy with the consent of the British Columbia Utilities Commission, appended to this Rate Schedule.
- (o) **Transporter** - means, in the case of the Columbia area, TransCanada PipeLines Limited (Foothills System, B.C.) and NOVA Gas Transmission Ltd., and in the case of the Inland and Lower Mainland areas, Westcoast Energy Inc., Northwest Pipeline LLC, FortisBC Huntingdon Inc., and any other gas pipeline transportation company connected to the facilities of FortisBC Energy from which FortisBC Energy receives Gas for the purposes of Gas service or resale.
- (p) **Transporter's Service Terms** - means the general terms and conditions of the applicable Transporter, as filed with and approved from time to time by the National Energy Board or other applicable governmental authority.
- (q) **Unauthorized Gas** - means any Gas service taken by a Customer during the Peak Period without the prior written consent of FortisBC Energy.

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1.2 Change in Definition of "Day"

FortisBC Energy may amend the definition of "Day" from time to time to suitably align its operations with those of its Transporters. If FortisBC Energy amends the definition of "Day", a pro-rata adjustment of quantities of Gas and charges to account for any Day of more or less than 24 hours will be made and the terms of the Service Agreement will be similarly adjusted.

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2. Applicability

2.1 Description of Applicability

This Rate Schedule applies to the sale of Gas, no portion of which may be resold, through one meter station to one Customer who, pursuant to this Rate Schedule, consumes Gas during the Off-Peak Period, except as otherwise agreed upon.

2.2 British Columbia Utilities Commission

This Rate Schedule may be amended from time to time with the consent of the British Columbia Utilities Commission.

3. Conditions of Service

3.1 Conditions

FortisBC Energy will only sell Gas under this Rate Schedule to Customers in the territory served by FortisBC Energy under the FortisBC Energy tariff of which this Rate Schedule is a part if:

- (a) the Customer has entered into a Seasonal Firm Gas Service Agreement (Service Agreement);
- (b) adequate Gas volumes for such ~~Service~~ are available;
- (c) adequate capacity exists on the FortisBC Energy System;
- (d) at all times during the Off-Peak Period, the Customer ~~purchases under~~ this Rate Schedule ~~all of the Gas required~~ for ~~its~~ facilities specified in the Service Agreement; and
- (e) FortisBC Energy has installed at the Delivery Point the facilities and equipment referred to in ~~Section 8.1~~ (Facilities and Equipment).

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3.2 Security

In order to secure the prompt and orderly payment of ~~the~~ charges to be paid by the Customer to FortisBC Energy under the Service Agreement, FortisBC Energy may require the Customer to provide, and at all times maintain, an irrevocable letter of credit in favour of FortisBC Energy issued by a financial institution acceptable to FortisBC Energy in an amount equal to the estimated maximum amount payable by the Customer under this Rate Schedule and the Service Agreement for a period of 90 Days. Where FortisBC Energy requires a Customer to provide a letter of credit and the Customer is able to provide alternative security acceptable to FortisBC Energy, FortisBC Energy may accept such security in lieu of a letter of credit.

4. Sales

4.1 Sale of Gas

Subject to ~~Section 13~~ of the General Terms and Conditions of FortisBC Energy (Interruption of Service), FortisBC Energy will sell to the Customer and the Customer will buy from FortisBC Energy at the Delivery Point such quantity of Gas as is required by the Customer for the operation of the Customer's facilities specified in the Service Agreement, estimated to be the maximum quantity per Day set out in the Service Agreement, for the charges and on all of the terms and conditions set out in either this Rate Schedule or the Service Agreement.

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4.2 Maximum Hourly Quantities

FortisBC Energy will not be obliged to deliver in any one Hour more than 5% of the maximum quantity ~~of Gas~~ per Day set out in the Service Agreement.

4.3 Extension of Off-Peak Period

FortisBC Energy may, in its sole discretion, extend Gas service beyond the Off-Peak Period in response to a request by the Customer and the Customer will be charged the Extension Period Charges set out in the Table of Charges. If the Customer takes Gas service beyond the Off-Peak Period without the prior written consent of FortisBC Energy, the Customer will be charged the Unauthorized Gas ~~charge~~ set out in the Table of Charges.

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4.4 Gas Pressure

Where specifically requested by the Customer, FortisBC Energy may agree to deliver Gas to the Customer at the Delivery Point at a minimum pressure specified in the Customer's Service Agreement. The Customer will reimburse FortisBC Energy for costs it reasonably incurs in maintaining such minimum pressure above that set out in the General Terms and Conditions of FortisBC Energy. FortisBC Energy's ability to maintain a minimum pressure at the Delivery Point is subject to FortisBC Energy receiving Gas from a Transporter at the pressure specified in the Transporter's Service Terms.

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5. Table of Charges

5.1 Charges

In respect of all quantities of Gas delivered to the Delivery Point pursuant to this Rate Schedule and the Service Agreement, the Customer will pay to FortisBC Energy all of the charges set out in the Table of Charges.

6. Term of Service Agreement

6.1 Term

The initial term of the Service Agreement will begin on the Commencement Date and will expire at 7:00 a.m. Pacific Standard Time on the next November 1st provided that if the foregoing results in an initial term of less than one Year, then the initial term will instead expire at the end of one further Contract Year.

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6.2 Automatic Renewal

Except as specified in the Service Agreement, the term of the Service Agreement will continue from Year to Year after the expiry of the initial term unless cancelled by either FortisBC Energy or the Customer upon not less than 2 months notice prior to the end of the Contract Year then in effect.

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6.3 Early Termination

The term of the Service Agreement is subject to early termination in accordance with Section 10 (Default or Bankruptcy).

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6.4 Survival of Covenants

Upon the termination of the Service Agreement, whether pursuant to Section 10 (Default or Bankruptcy) or otherwise:

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- (a) all claims, causes of action or other outstanding obligations remaining or being unfulfilled as at the date of termination; and
- (b) all of the provisions in this Rate Schedule and in the Service Agreement relating to the obligation of any of the parties to account to or indemnify the other and to pay to the other any monies owing as at the date of termination in connection with the Service Agreement.

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will survive such termination.

7. Statements and Payments

7.1 Statements to be Provided

FortisBC Energy will, each Month, deliver to the Customer a statement for the preceding Month showing the Gas quantities delivered to the Customer and the amount due.

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FortisBC Energy will, on or about the 45th day after the end of a Contract Year, deliver to the Customer a separate statement for the preceding Contract Year showing the amount required from the Customer in respect of any indemnity due under this Rate Schedule or a Service Agreement. Any errors in any statement will be promptly reported to the other party as provided hereunder, and statements will be final and binding unless questioned within one Year after the date of the statement.

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7.2 Payment and Late Payment Charge

Payment for the full amount of the statement, including federal, provincial and municipal taxes or fees applicable thereon, will be made to FortisBC Energy at its Vancouver, British Columbia office, or such other place in Canada as it will designate, on or before the 1st Business Day after the 21st calendar day following the billing date. If the Customer fails or neglects to make any payment required under this Rate Schedule, or any portion thereof, to FortisBC Energy when due, FortisBC Energy will include in the next bill to the Customer a late payment charge of 1.5% per month (19.56% per annum) on the outstanding amount.

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7.3 Examination of Records

Each of FortisBC Energy and the Customer will have the right to examine at reasonable times the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, charge, computation or demand made pursuant to any provisions of this Rate Schedule or the Service Agreement.

8. Measuring Equipment

8.1 Facilities and Equipment

FortisBC Energy will install, maintain and operate at the Delivery Point such metering and communications facilities and equipment as FortisBC Energy determines are necessary or desirable for measuring the quantity of Gas delivered pursuant to this Rate Schedule to the Customer and the Customer will permit FortisBC Energy, without cost to FortisBC Energy, to use the Customer's communications lines and power for the purpose of installing, maintaining and operating the measuring equipment of FortisBC Energy.
Communication facilities and equipment will be installed at the cost of the Customer.

8.2 Measuring Site

If FortisBC Energy reasonably determines that it is necessary to install the facilities and equipment referred to in Section 8.1 (Facilities and Equipment) on the Customer's property, the Customer will, without charge, provide a suitable site along with utilities and enclosures for the installation of the facilities and equipment of FortisBC Energy. FortisBC Energy will at all times have clear access to the site and to all of its facilities and equipment. All facilities and equipment installed by FortisBC Energy on the Customer's property will remain the property of FortisBC Energy and may be removed by FortisBC Energy upon termination of the Service Agreement.

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8.3 Calibration and Test of Measuring Equipment

The accuracy of the measuring equipment of FortisBC Energy will be verified by standard tests and methods at regular intervals and at other times at the initiative of FortisBC Energy or upon the reasonable request of the Customer. Notice of the time and nature of each test conducted in response to communications with or at the request of the Customer will be given by FortisBC Energy to the Customer sufficiently in advance to permit a representative of the Customer to be present. If during a test the measuring equipment is found to be registering inaccurately, it will be adjusted at once to read as accurately as possible. The results of each test and adjustment, if any, made by FortisBC Energy, whether or not the Customer is present for such test, will be accepted until the next test. All tests of such measuring equipment of FortisBC Energy will be made at the expense of FortisBC Energy, except that the Customer will bear the expense of tests made at its request if the measuring equipment is found to be inaccurate by an amount equal to 2% or less.

8.4 Inaccuracy Exceeding 2%

If upon any test the measuring equipment is found to be inaccurate by an amount exceeding 2%, any previous readings of such equipment will be corrected to zero error for any period during which it is definitely known or is agreed upon that the error existed. If the period is not definitely known or is not agreed upon, such correction will be for a period covering the last half of the time elapsed since the date of the last test. Under no circumstances will an adjustment be made for a period of more than the preceding 12 months.

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8.5 Correction of Measuring Errors

If the measuring equipment is out of service or out of repair so that the quantity of Gas delivered cannot be correctly determined by the reading thereof, the Gas delivered during the period such measuring equipment is out of service or out of repair will be estimated on the basis of the best available data, using the first of the following methods which is feasible:

- (a) by correcting the error if the percentage of error is ascertained by calibration test or mathematical calculation;
- (b) by using the registration of any check measuring equipment if installed and accurately registering; and
- (c) by estimating the quantity of Gas delivered to the Customer during the preceding periods under similar conditions when the meter was registering accurately.

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8.6 Customer's Equipment

The Customer may at its own expense install, maintain and operate its own measuring equipment for the purposes of monitoring or checking the measuring equipment of FortisBC Energy, provided that the Customer will install such equipment so as not to interfere with the operation of the measuring equipment of FortisBC Energy.

8.7 Right to be Present

FortisBC Energy and the Customer will have the right to inspect all equipment installed or furnished by the other and the charts and other measurement or test data of the other at all times during business hours, and to be present at the time of any installing, testing, cleaning, changing, repairing, calibrating or adjusting done in connection with the measuring equipment of the other party, but all such activities will be performed by the party furnishing the measuring equipment.

8.8 Preservation of Records

Both parties will cause to be preserved each test datum, chart and other record of Gas measurement for a period of 2 years.

9. Measurement

9.1 Unit of Volume

The unit of volume of Gas for all purposes hereunder will be 1 cubic metre at a temperature of 15° Celsius and an absolute pressure of 101.325 kilopascals.

9.2 Determination of Volume

Gas delivered hereunder will be metered using metering apparatus approved by Measurement Canada and the determination of standard volumes delivered hereunder will be in accordance with terms and conditions pursuant to the *Electricity and Gas Inspection Act* of Canada.

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9.3 Conversion to Energy Units

In accordance with the *Electricity and Gas Inspection Act* of Canada, volumes of Gas delivered each Day will be converted to energy units by multiplying the standard volume by the Heat Content of each unit of Gas. Volumes will be specified in 10³m³ rounded to two decimal places and energy will be specified in Gigajoules rounded to the nearest Gigajoule.

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10. Default or Bankruptcy

10.1 Default

If the Customer at any time fails or neglects:

- (a) to make any payment due to FortisBC Energy or to any other person under this Rate Schedule or the Service Agreement within 30 days after payment is due; or
- (b) to correct any default of any of the other terms, covenants, agreements, conditions or obligations imposed upon it under this Rate Schedule or the Service Agreement, within 30 days after FortisBC Energy gives to the Customer notice of such default or, in the case of a default that cannot with due diligence be corrected within a period of 30 days, the Customer fails to proceed promptly after the giving of such notice with due diligence to correct the same and thereafter to prosecute the correcting of such default with all due diligence;

then FortisBC Energy may in addition to any other remedy that it has, at its option and without liability therefore:

- (c) suspend further service to the Customer and may refuse to deliver Gas to the Customer until the default has been fully remedied, and no such suspension or refusal will relieve the Customer from any obligation under this Rate Schedule or the Service Agreement; or
- (d) terminate the Service Agreement, and no such termination of the Service Agreement pursuant hereto will exclude the right of FortisBC Energy to collect any amount due to it from the Customer for what would otherwise have been the remainder of the term of the Service Agreement.

10.2 Bankruptcy or Insolvency

If the Customer becomes bankrupt or insolvent or commits or suffers an act of bankruptcy or insolvency or a receiver is appointed pursuant to a statute or under a debt instrument or the Customer seeks protection from the demands of its creditors pursuant to any legislation enacted for that purpose, FortisBC Energy will have the right, at its sole discretion, to terminate the Service Agreement by giving notice in writing to the Customer and thereupon FortisBC Energy may cease further delivery of Gas to the Customer and the amount then outstanding for Gas provided under the Service Agreement will immediately be due and payable by the Customer.

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11. Notice

11.1 Notice

Any notice, request, statement or bill that is required to be given or that may be given under this Rate Schedule or under the Service Agreement will, unless otherwise specified, be in writing and will be considered as fully delivered when mailed, personally delivered or sent by fax or other method approved by FortisBC Energy to the other in accordance with the following:

If to FortisBC Energy

FORTISBC ENERGY INC.

MAILING ADDRESS:

16705 Fraser Highway
Surrey, B.C.
V4N 0E8

BILLING AND PAYMENT:

Attention: Industrial Billing
Telephone: 1-855-873-8773
Email: industrial.billing@fortisbc.com
Fax: (888) 224-2710

CUSTOMER RELATIONS:

Attention: Commercial & Industrial Energy
Solutions
Telephone: (604) 576-7028
Email: commercial.energy@fortisbc.com
Fax: (604) 576-7122

LEGAL AND OTHER:

Attention: Legal Services
Telephone: (604) 576-7000
Fax: (604) 592-7520

If to the Customer, then as set out in the Service Agreement.

11.2 Specific Notices

Notwithstanding Section 11.1 (Notice), notices with respect to Force Majeure will be sufficient if:

- (a) given by FortisBC Energy in writing by fax or other electronic means, or orally in person, or by telephone (to be confirmed in writing) to the person or persons designated from time to time by the Customer as authorized to receive such notices; or

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(b) given by the Customer by telephone (to be confirmed in writing) in the following manner:

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To claim Force Majeure... "Please be advised that (name of company and location of plant) has reason for claiming Force Majeure as provided in Section 13 (Force Majeure) and hereby claims suspension by reason of Force Majeure in accordance with the terms of Rate Schedule 4 effective 7:00 a.m. Pacific Standard Time (date of Force Majeure suspension to become effective, but not to be retroactive)."

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To terminate Force Majeure... "Please be advised that (name of company and location of plant) requests a return to normal natural gas service in accordance with Rate Schedule 4 and the Service Agreement effective 7:00 a.m. Pacific Standard Time (date of Force Majeure suspension to end, but not to be retroactive) whereby the suspension by reason of Force Majeure currently in force will be terminated."

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12. Indemnity and Limitation on Liability

12.1 Limitation on Liability

FortisBC Energy, its employees, contractors or agents are not responsible or liable for any loss or damages for or on account of any interruption or curtailment of Gas Service permitted under the General Terms and Conditions of FortisBC Energy or this Rate Schedule.

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12.2 Indemnity

The Customer will indemnify and hold harmless each of FortisBC Energy, its employees, contractors and agents from and against any and all adverse claims, losses, suits, actions, judgments, demands, debts, accounts, damages, costs, penalties and expenses (including all legal fees and disbursements) arising from or out of each of the following:

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(a) Municipal Operating Fees not otherwise collected by FortisBC Energy under the Table of Charges; and

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(b) all federal, provincial, municipal taxes (or payments made in lieu thereof) and royalties, whether payable on the delivery of Gas to FortisBC Energy by the Customer or on the delivery of Gas to the Customer by FortisBC Energy, or on any other Service provided by FortisBC Energy to the Customer.

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13. Force Majeure

13.1 Force Majeure

Subject to the other provisions of Section 13.1 (Force Majeure), if either party is unable or fails by reason of Force Majeure to perform in whole or in part any obligation or covenant set out in this Rate Schedule under which Service is rendered or in the Service Agreement, the obligations of both FortisBC Energy and the Customer will be suspended to the extent necessary for the period of the Force Majeure condition.

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13.2 Curtailment Notice

If FortisBC Energy claims suspension pursuant to Section 13.1 (Force Majeure), FortisBC Energy will be deemed to have issued to the Customer a notice of curtailment.

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13.3 Exceptions

Neither party will be entitled to the benefit of the provisions of Section 13.1 (Force Majeure) under any of the following circumstances:

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- (a) to the extent that the failure was caused by the negligence or contributory negligence of the party claiming suspension;
- (b) to the extent that the failure was caused by the party claiming suspension having failed to diligently attempt to remedy the condition and to resume the performance of the covenants or obligations with reasonable dispatch; or
- (c) unless as soon as possible after the happening of the occurrence relied on or as soon as possible after determining that the occurrence was in the nature of Force Majeure and would affect the claiming party's ability to observe or perform any of its covenants or obligations under the Rate Schedule or the Service Agreement, the party claiming suspension will have given to the other party notice to the effect that the party is unable by reason of Force Majeure (the nature of which will be specified) to perform the particular covenants or obligations.

13.4 Notice to Resume

The party claiming suspension will likewise give notice, as soon as possible after the Force Majeure condition has been remedied, to the effect that it has been remedied and that the party has resumed, or is then in a position to resume, the performance of the covenants or obligations.

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13.5 Settlement of Labour Disputes

Notwithstanding any of the provisions of this ~~Section 13.(Force Majeure)~~, the settlement of labour disputes or industrial disturbances will be entirely within the discretion of the particular party involved and the party may make settlement of it at the time and on terms and conditions as it may deem to be advisable and no delay in making settlement will deprive the party of the benefit of ~~Section 13.1.(Force Majeure)~~.

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13.6 No Exemption for Payments

Notwithstanding any of the provisions of this ~~Section 13.(Force Majeure)~~, Force Majeure will not relieve or release either party from its obligations to make payments to the other.

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13.7 Periodic Repair by FortisBC Energy

FortisBC Energy may temporarily shut off the delivery of Gas for the purpose of repairing or replacing a portion of the FortisBC Energy System or its equipment and FortisBC Energy will make reasonable efforts to give the Customer as much notice as possible with respect to such interruption, not to be less than 8 hours' prior notice except when prevented by Force Majeure. FortisBC Energy will make reasonable efforts to schedule repairs or replacement to minimize interruption of Gas service to the Customer and to restore ~~Service~~ as quickly as possible.

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13.8 Alteration of Facilities

The Customer will pay to FortisBC Energy all reasonable costs associated with the alteration of facilities made at the discretion of FortisBC Energy to measure quantities reduced by reason of Force Majeure claimed by the Customer and to restore such facilities after the Force Majeure condition ends.

14. Arbitration

14.1 Arbitration

Any dispute between the parties arising from this Rate Schedule or the Service Agreement will be resolved by a single arbitrator pursuant to the ~~Arbitration Act~~ of British Columbia or successor legislation, save as expressly provided herein.

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14.2 Demand for Arbitration

Either party may commence arbitration proceedings by sending to the other party a demand for arbitration setting out the nature of the dispute.

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14.3 Arbitrator

The parties will have 10 days from receipt of the demand referred to in ~~Section 14.2~~ (Demand for Arbitration) of this Rate Schedule to agree upon the arbitrator, failing which either party may apply to the Supreme Court of British Columbia to select the arbitrator. The arbitrator must be sufficiently qualified by education and training to decide the particular questions in dispute. Unless otherwise agreed, the arbitrator may not be a past or present employee, officer or director of any of the parties or their respective successors or affiliates, any customer or supplier of the Customer or FortisBC Energy.

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14.4 Commencement and Decision

The arbitrator will proceed immediately to hear and determine the matter in dispute and will render a written decision, signed by the arbitrator, within 45 days after the appointment, subject to any reasonable delay due to unforeseen circumstances. Notwithstanding the foregoing, if the arbitrator fails to render a decision within 60 days after the appointment then either party may elect to have a new arbitrator appointed in like manner as if none had previously been appointed.

14.5 Decision

The decision of the arbitrator will be final and binding upon the parties and the parties will abide by the decision and perform the terms and conditions thereof.

15. Interpretation

15.1 Interpretation

Except where the context requires otherwise or except as otherwise expressly provided, in this Rate Schedule or in a Service Agreement:

- (a) all references to a designated section are to the designated section of this Rate Schedule unless otherwise specifically stated;
- (b) the singular of any term includes the plural, and vice versa, and the use of any term is equally applicable to any gender and, where applicable, body corporate;
- (c) any reference to a corporate entity includes and is also a reference to any corporate entity that is a successor to such entity;

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- (d) all words, phrases and expressions used in this Rate Schedule or in a Service Agreement that have a common usage in the gas industry and that are not defined in the General Terms and Conditions of FortisBC Energy, the Definitions or in the Service Agreement have the meanings commonly ascribed thereto in the gas industry; and
- (e) the headings of the sections set out in this Rate Schedule or in the Service Agreement are for convenience of reference only and will not be considered in any interpretation of this Rate Schedule or the Service Agreement.

16. Miscellaneous

16.1 Waiver

No waiver by either FortisBC Energy or the Customer of any default by the other in the performance of any of the provisions of this Rate Schedule or the Service Agreement will operate or be construed as a waiver of any other or future default or defaults, whether of a like or different character.

16.2 Enurement

The Service Agreement will enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns, including without limitation successors by merger, amalgamation or consolidation.

16.3 Assignment

The Customer will not assign the Service Agreement or any of its rights or obligations thereunder without the prior written consent of FortisBC Energy which consent will not be unreasonably withheld or delayed. No assignment will release the Customer from its obligations under this Rate Schedule or under the Service Agreement that existed prior to the date on which the assignment takes effect. This provision applies to every proposed assignment by the Customer.

16.4 Amendments to be in Writing

Except as set out in this Rate Schedule, no amendment or variation of the Service Agreement will be effective or binding upon the parties unless such amendment or variation is set out in writing and duly executed by the parties.

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16.5 Proper Law

The Service Agreement will be construed and interpreted in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

16.6 Time is of Essence

Time is of the essence of this Rate Schedule, the Service Agreement and of the terms and conditions thereof.

16.7 Subject to Legislation

Notwithstanding any other provision hereof, this Rate Schedule and the Service Agreement and the rights and obligations of FortisBC Energy and the Customer under this Rate Schedule and the Service Agreement are subject to all present and future laws, rules, regulations and orders of any legislative body, governmental agency or duly constituted authority now or hereafter having jurisdiction over FortisBC Energy or the Customer.

16.8 Further Assurances

Each of FortisBC Energy and the Customer will, on demand by the other, execute and deliver or cause to be executed and delivered all such further documents and instruments and do all such further acts and things as the other may reasonably require to evidence, carry out and give full effect to the terms, conditions, intent and meaning of this Rate Schedule and the Service Agreement and to assure the completion of the transactions contemplated hereby.

16.9 Form of Payments

All payments required to be made under statements and invoices rendered pursuant to this Rate Schedule or the Service Agreement will be made by wire transfer to, or cheque or bank cashier's cheque drawn on a Canadian chartered bank or trust company, payable in lawful money of Canada at par in immediately available funds in Vancouver, British Columbia.

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FORTISBC ENERGY INC.
RATE SCHEDULE 4

Table of Charges

Mainland and
Vancouver Island
Service Area

Delivery Margin Related Charges

1. **Basic Charge** per Day \$ XX.XXXX
2. **Delivery Charge** per Gigajoule
 - (a) Off-Peak Period \$ X.XXX
 - (b) Extension Period \$ X.XXX

Commodity Related Charges

3. **Commodity Cost Recovery Charge** per Gigajoule
 - (a) Off-Peak Period \$ X.XXX
 - (b) Extension Period \$ X.XXX
4. **Storage and Transport Charge** per Gigajoule
 - (a) Off-Peak Period \$ X.XXX
 - (b) Extension Period \$ X.XXX
5. **Rider 6** per Gigajoule \$ X.XXX

Subtotal of per Gigajoule Commodity Related Charges

- (a) Off-Peak Period \$ X.XXX
- (b) Extension Period \$ X.XXX

6. **Unauthorized Gas Charge** per Gigajoule during peak period
The greater of \$20.00/GJ or 1.5 x the Sumas Daily Price¹

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Delivery Margin Related Riders

~~Rider 2~~ (~~Reserved for future use.~~)

Rider 3 (Reserved for future use.)

~~Rider 4~~ (~~Reserved for future use.~~)

Rider 5 Revenue Stabilization Adjustment Charge - Not applicable.

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Deleted: Rate Stabilization Deferral Account - Applicable to Mainland Service Area Customers for the Year ending December 31, 2017.

Commodity Cost Recovery Related Riders

Rider 1 Propane Surcharge - Not applicable.

Storage and Transport Related Riders

~~Rider 6~~ **Midstream Cost Reconciliation Account** - Applicable to Mainland, Vancouver Island and Whistler Service Area Customers, excluding Revelstoke, for the Year ending December 31, ~~2018~~.

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Municipal Operating Fee Charge

3.09% of the aggregate of the above charges is payable (in addition to the above charges) if the facilities to which Gas is delivered under this Rate Schedule are located within the ~~municipal boundaries of municipalities~~ or First Nations lands (formerly, reserves within the *Indian Act*) to which FortisBC Energy pays Municipal Operating Fees.

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Minimum Charge per ~~m~~month

The minimum charge per ~~m~~month, applicable only to ~~m~~months in which Gas is consumed, will be the aggregate of the Basic Charge and the Municipal Operating Fee ~~c~~charge.

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FORTISBC ENERGY INC.
RATE SCHEDULE 4

Notes:

1. As defined under Section 1.1, the Sumas Daily Price quoted each Day will apply to Gas consumed on that gas day.

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Deleted: Sumas Daily Price - means the "NW Sumas" Daily Midpoint Price as set out in Gas Daily's Daily Price Survey for gas delivered to Northwest Pipeline Corporation at Sumas, converted to Canadian dollars using the noon exchange rate as quoted by the Bank of Canada, for each Day. For each Day during weekends or holidays and/or other periods during which the Gas Daily may not be published, the NW Sumas Daily Midpoint Price will be deemed to be the average of the prices quoted in Gas Daily on the Day immediately before and after the period for which the Daily Gas was not published. Energy units are converted from MMBtu to Gigajoule by application of a conversion factor equal to 1.055056 Gigajoules per MMBtu

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SEASONAL FIRM GAS SERVICE AGREEMENT
FOR RATE SCHEDULE 4

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This Agreement is dated _____, 20____, between FortisBC Energy Inc. ("FortisBC Energy") and _____ (the "Customer").

WHEREAS:

- A. FortisBC Energy owns and operates the FortisBC Energy System;
- B. The Customer is the owner and operator of a _____ located in or near _____, British Columbia; and
- C. The Customer desires to purchase from FortisBC Energy seasonal firm Gas service for such facilities in accordance with Rate Schedule 4 and the terms set out herein.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the terms, conditions and limitations contained herein, the parties agree as follows:

1. Specific Information

Estimated Maximum Quantity _____ Gigajoules per day

Commencement Date: _____

Expiry Date: _____
(only specify an expiry date if term of Service Agreement is not automatically renewed from Year to Year as set out in Section 6.2 of Rate Schedule 4)

Delivery Point: _____

Pressure at the Delivery Point: _____
(only specify where applicable as set out in Section 4.4 of Rate Schedule 4)

Service Address: _____

Account Number: _____

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Address of Customer for receiving notices:

(name of Customer) Attention: _____

(address of Customer) Telephone: _____

_____ Fax: _____

_____ Email: _____

The information set out above is hereby approved by the parties and each reference in either this agreement or Rate Schedule 4 to any such information is to the information set out above.

2. Rate Schedule 4

2.1 Additional Terms

All rates, terms and conditions set out in Rate Schedule 4 and the General Terms and Conditions of FortisBC Energy, as any of them may be amended by FortisBC Energy and approved from time to time by the British Columbia Utilities Commission, are in addition to the terms and conditions contained in this Service Agreement and form part of this Service Agreement and bind FortisBC Energy and the Customer as if set out in this Service Agreement.

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2.2 Payment of Amounts

Without limiting the generality of the foregoing, the Customer will pay to FortisBC Energy all of the amounts set out in Rate Schedule 4 for the Services provided under Rate Schedule 4 and this Service Agreement.

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2.3 **Conflict**

Where anything in either Rate Schedule 4 or the General Terms and Conditions of FortisBC Energy conflicts with any of the rates, terms and conditions set out in this Service Agreement, this Service Agreement governs. Where anything in Rate Schedule 4 conflicts with any of the rates, terms and conditions set out in the General Terms and Conditions of FortisBC Energy, Rate Schedule 4 governs.

2.4 **Acknowledgement**

The Customer acknowledges receiving and reading a copy of Rate Schedule 4 and the General Terms and Conditions of FortisBC Energy and agrees to comply with and be bound by all terms and conditions set out therein.

IN WITNESS WHEREOF the parties hereto have executed this Service Agreement.

FORTISBC ENERGY INC.

(here insert name of Customer)

BY: _____

(Signature)

BY: _____

(Signature)

(Title)

(Title)

(Name – Please Print)

(Name – Please Print)

DATE: _____

DATE: _____

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FORTISBC ENERGY INC.

RATE SCHEDULE 5

GENERAL FIRM SERVICE

Effective **June 1, 2018**

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1. Definitions

1.1 Definitions

Except where the context requires otherwise, all words and phrases defined below or in the General Terms and Conditions of FortisBC Energy and used in this Rate Schedule or in a Service Agreement have the meanings set out below or in the General Terms and Conditions of FortisBC Energy. Where any of the definitions set out below conflict with the definitions in the General Terms and Conditions of FortisBC Energy, the definitions set out below govern.

- (a) **Commencement Date** - means the day specified as the Commencement Date in the Service Agreement.
- (b) **Contract Year** - means a period of 12 consecutive Months commencing at the beginning of the 1st Day of November and ending at the beginning of the next succeeding 1st Day of November.
- (c) **Customer** - means a person who enters into a Service Agreement with FortisBC Energy.
- (d) **Day** - means, subject to Section 1.2 (Change in Definition of "Day"), any period of twenty-four consecutive hours beginning and ending at 7:00 a.m. Pacific Standard Time.
- (e) **Delivery Point** - means the point specified in a Sales Service Agreement or a Transportation Agreement where FortisBC Energy delivers Gas to a Customer or a Shipper.
- (f) **Force Majeure** - means any acts of God, strikes, lockouts, or other industrial disturbances, civil disturbances, arrests and restraints of rulers or people, interruptions by government or court orders, present or future valid orders of any regulatory body having proper jurisdiction, acts of the public enemy, wars, riots, blackouts, insurrections, failure or inability to secure materials or labour by reason of regulations or orders of government, serious epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, explosions, breakage or accident to machinery or lines of pipes, or freezing of wells or pipelines, or the failure of gas supply, temporary or otherwise, from a Supplier of gas, which act of Force Majeure was not due to negligence of the party claiming Force Majeure. Further, Force Majeure will also include a declaration of force majeure by a Transporter that results in Gas being unavailable for delivery at the Interconnection Point.

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- (g) **Month** - means, subject to any changes from time to time required by FortisBC Energy, the period beginning at 7:00 a.m. Pacific Standard Time on the first day of the calendar month and ending at 7:00 a.m. Pacific Standard Time on the first day of the next succeeding calendar month.
- (h) **Rate Schedule 5 or this Rate Schedule** - means this Rate Schedule, including all rates, terms and conditions, and the Table of Charges, as amended from time to time by FortisBC Energy with the consent of the British Columbia Utilities Commission.
- (i) **Service Agreement** - means an agreement between FortisBC Energy and a Customer to provide Service pursuant to this Rate Schedule.
- (j) **Supplier** - means a party who sells Gas to a Shipper or FortisBC Energy or has access to its own supplies of Gas.
- (k) **Table of Charges** - means the table of prices, fees and charges, as amended from time to time by FortisBC Energy with the consent of the British Columbia Utilities Commission, appended to this Rate Schedule.
- (l) **Transporter** - means, in the case of the Columbia area, TransCanada PipeLines Limited (Foothills System, B.C.) and NOVA Gas Transmission Ltd., and in the case of the Inland and Lower Mainland areas, Westcoast Energy Inc., Northwest Pipeline LLC, FortisBC Huntingdon Inc., and any other gas pipeline transportation company connected to the facilities of FortisBC Energy from which FortisBC Energy receives Gas for the purposes of Gas service or resale.
- (m) **Transporter's Service Terms** - means the general terms and conditions of the applicable Transporter, as filed with and approved from time to time by the National Energy Board or other applicable governmental authority.

Deleted: <#>Pacific Clock Time - means Pacific Standard Time or Daylight Savings Time as it applies in Surrey, British Columbia.¶

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1.2 Change in Definition of "Day"

FortisBC Energy may amend the definition of "Day" from time to time to suitably align its operations with those of its Transporters. If FortisBC Energy amends the definition of "Day", a pro-rata adjustment of quantities of Gas and charges to account for any Day of more or less than 24 hours will be made and the terms of the Service Agreement will be similarly adjusted.

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2. Applicability

2.1 Description of Applicability

This Rate Schedule applies to the sale of firm Gas, no portion of which may be resold, through one meter station to a Customer. For greater certainty, firm Gas service under this Rate Schedule means the Gas FortisBC Energy is obligated to sell to a Customer on a firm basis subject to interruption or curtailment pursuant to Sections 10 (Default for Bankruptcy), 13 (Force Majeure) and the General Terms and Conditions of FortisBC Energy.

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2.2 British Columbia Utilities Commission

This Rate Schedule may be amended from time to time with the consent of the British Columbia Utilities Commission.

3. Conditions of Service

3.1 Conditions

FortisBC Energy will only sell Gas under this Rate Schedule to Customers in the territory served by FortisBC Energy under the FortisBC Energy tariff of which this Rate Schedule is a part if:

- (a) the Customer has entered into a General Firm Service Agreement (Service Agreement);
- (b) adequate Gas volumes for such Service are available;
- (c) adequate capacity exists on the FortisBC Energy System;
- (d) the Customer purchases under this Rate Schedule all of the Gas required for its facilities specified in the Service Agreement; and
- (e) FortisBC Energy has installed at the Delivery Point the facilities and equipment referred to in Section 8.1 (Facilities and Equipment).

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3.2 Security

In order to secure the prompt and orderly payment of the charges to be paid by the Customer to FortisBC Energy under the Service Agreement, FortisBC Energy may require the Customer to provide, and at all times maintain, an irrevocable letter of credit in favour of FortisBC Energy issued by a financial institution acceptable to FortisBC Energy in an amount equal to the estimated maximum amount payable by the Customer under this Rate Schedule and the Service Agreement for a period of 90 Days. Where FortisBC Energy requires a Customer to provide a letter of credit and the Customer is able to provide alternative security acceptable to FortisBC Energy, FortisBC Energy may accept such security in lieu of a letter of credit.

3.3 **Warning if Switching from Interruptible Transportation Service or Interruptible Sales to Firm Transportation Service or Sales**

A Customer wishing to request a switch at the end of the term of an interruptible Transportation Agreement or an interruptible Gas Service Agreement to a firm transportation Rate Schedule, or to firm sales Gas Service under this Rate Schedule must comply with the requirements for Firm Service set out in the applicable Rate Schedule, including the following:

- (a) give 12 months prior notice to FortisBC Energy of the Customer's desire to do so; and
- (b) after receiving an estimate from FortisBC Energy of costs FortisBC Energy will reasonably incur to provide such Service, agree to reimburse FortisBC Energy for any such costss.

Notwithstanding Section 3.3(a), FortisBC Energy will make reasonable efforts to accommodate a Customer on less than 12 months prior notice if FortisBC Energy is able, with such shorter notice, to arrange for the firm purchase and firm transportation of Gas under a firm sales Rate Schedule, or transportation under a firm transportation Rate Schedule.

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4. Sales

4.1 Sale of Gas

Subject to Section 13 of the General Terms and Conditions of FortisBC Energy (Interruption of Service), FortisBC Energy will sell to the Customer and the Customer will buy from FortisBC Energy at the Delivery Point such quantity of Gas as is required by the Customer for the operation of the Customer's facilities specified in the Service Agreement, estimated to be the maximum quantity per Day set out in the Service Agreement, for the charges and on all of the terms and conditions set out in either this Rate Schedule or the Service Agreement.

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4.2 Maximum Hourly Quantities

FortisBC Energy will not be obliged to deliver in any one Hour more than 5% of the maximum quantity of Gas per Day set out in the Service Agreement.

4.3 Gas Pressure

Where specifically requested by the Customer, FortisBC Energy may agree to deliver Gas to the Customer at the Delivery Point at a minimum pressure specified in the Customer's Service Agreement. The Customer will reimburse FortisBC Energy for costs it reasonably incurs in maintaining such minimum pressure above that set out in the General Terms and Conditions of FortisBC Energy. FortisBC Energy's ability to maintain a minimum pressure at the Delivery Point is subject to FortisBC Energy receiving Gas from a Transporter at the pressure specified in the Transporter's Service Terms.

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5. Table of Charges

5.1 Charges

In respect of all quantities of Gas delivered to the Delivery Point pursuant to this Rate Schedule and the Service Agreement, the Customer will pay to FortisBC Energy all of the charges set out in the Table of Charges.

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6. Term of Service Agreement

6.1 Term

The initial term of the Service Agreement will begin on the Commencement Date and will expire at 7:00 a.m. Pacific Standard Time on the next November 1st, provided that if the foregoing results in an initial term of less than one Year, then the initial term will instead expire at the end of one further Contract Year.

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6.2 Automatic Renewal

Except as specified in the Service Agreement, the term of the Service Agreement will continue from Year to Year after the expiry of the initial term unless cancelled by either FortisBC Energy or the Customer subject to Section 3.3 (Warning if Switching from Interruptible Transportation Service or Interruptible Sales to Firm Transportation Service or Sales) upon not less than 2 months notice prior to the end of the Contract Year then in effect.

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6.3 Early Termination

The term of the Service Agreement is subject to early termination in accordance with Section 10 (Default or Bankruptcy). The Customer will reimburse FortisBC Energy for any net incremental utility Gas supply costs incurred by FortisBC Energy as a result of the Customer cancelling the Service Agreement prior to the end of the Contract Year then in effect. This reimbursement will include only those costs which are approved by the British Columbia Utilities Commission, and were unavoidable and could not be reduced by mitigation.

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6.4 Survival of Covenants

Upon the termination of the Service Agreement, whether pursuant to Section 10 (Default or Bankruptcy) or otherwise:

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- (a) all claims, causes of action or other outstanding obligations remaining or being unfulfilled as at the date of termination; and
- (b) all of the provisions in this Rate Schedule and in the Service Agreement relating to the obligation of any of the parties to account to or indemnify the other and to pay to the other any monies owing as at the date of termination in connection with the Service Agreement,

will survive such termination.

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7. Statements and Payments

7.1 Statements to be Provided

FortisBC Energy will, each Month, deliver to the Customer a statement for the preceding Month showing the Gas quantities delivered to the Customer and the amount due.

FortisBC Energy will, on or about the 45th day after the end of a Contract Year, deliver to the Customer a separate statement for the preceding Contract Year showing the amount required from the Customer in respect of any indemnity due under this Rate Schedule or a Service Agreement. Any errors in any statement will be promptly reported to the other party as provided hereunder, and statements will be final and binding unless questioned within one Year after the date of the statement.

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7.2 Payment and Late Payment Charge

Payment for the full amount of the statement, including federal, provincial and municipal taxes or fees applicable thereon, will be made to FortisBC Energy at its Vancouver, British Columbia office, or such other place in Canada as it will designate, on or before the 1st Business Day after the 21st calendar day following the billing date. If the Customer fails or neglects to make any payment required under this Rate Schedule, or any portion thereof, to FortisBC Energy when due, FortisBC Energy will include in the next bill to the Customer a late payment charge of 1.5% per month (19.56% per annum) on the outstanding amount.

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7.3 Examination of Records

Each of FortisBC Energy and the Customer will have the right to examine at reasonable times the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, charge, computation or demand made pursuant to any provisions of this Rate Schedule or the Service Agreement.

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8. Measuring Equipment

8.1 Facilities and Equipment

FortisBC Energy will install, maintain and operate at the Delivery Point such metering and communications facilities and equipment as FortisBC Energy determines are necessary or desirable for measuring the quantity of Gas delivered pursuant to this Rate Schedule to the Customer and the Customer will permit FortisBC Energy, without cost to FortisBC Energy, to use the Customer's communications lines and power for the purpose of installing, maintaining and operating the measuring equipment of FortisBC Energy. Communication facilities and equipment will be installed at the cost of the Customer.

8.2 Measuring Site

If FortisBC Energy reasonably determines that it is necessary to install the facilities and equipment referred to in [Section 8.1](#) (Facilities and Equipment) on the Customer's property, the Customer will, without charge, provide a suitable site along with utilities and enclosures for the installation of the facilities and equipment of FortisBC Energy. FortisBC Energy will at all times have clear access to the site and to all of its facilities and equipment. All facilities and equipment installed by FortisBC Energy on the Customer's property will remain the property of FortisBC Energy and may be removed by FortisBC Energy upon termination of the Service Agreement.

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8.3 Calibration and Test of Measuring Equipment

The accuracy of the measuring equipment of FortisBC Energy will be verified by standard tests and methods at regular intervals and at other times at the initiative of FortisBC Energy or upon the reasonable request of the Customer. Notice of the time and nature of each test conducted in response to communications with or at the request of the Customer will be given by FortisBC Energy to the Customer sufficiently in advance to permit a representative of the Customer to be present. If during a test the measuring equipment is found to be registering inaccurately, it will be adjusted at once to read as accurately as possible. The results of each test and adjustment, if any, made by FortisBC Energy, whether or not the Customer is present for such test, will be accepted until the next test. All tests of such measuring equipment of FortisBC Energy will be made at the expense of FortisBC Energy, except that the Customer will bear the expense of tests made at its request if the measuring equipment is found to be inaccurate by an amount equal to 2% or less.

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Effective Date: [June 1, 2018](#) Accepted for Filing: _____

BCUC Secretary: _____ [Original](#) Page R-5.11

8.4 Inaccuracy Exceeding 2%

If upon any test the measuring equipment is found to be inaccurate by an amount exceeding 2%, any previous readings of such equipment will be corrected to zero error for any period during which it is definitely known or is agreed upon that the error existed. If the period is not definitely known or is not agreed upon, such correction will be for a period covering the last half of the time elapsed since the date of the last test. Under no circumstances will an adjustment be made for a period of more than the preceding 12 months.

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8.5 Correction of Measuring Errors

If the measuring equipment is out of service or out of repair so that the quantity of Gas delivered cannot be correctly determined by the reading thereof, the Gas delivered during the period such measuring equipment is out of service or out of repair will be estimated on the basis of the best available data, using the first of the following methods which is feasible:

- (a) by correcting the error if the percentage of error is ascertained by calibration test or mathematical calculation;
- (b) by using the registration of any check measuring equipment if installed and accurately registering; and
- (c) by estimating the quantity of Gas delivered to the Customer during the preceding periods under similar conditions when the meter was registering accurately.

8.6 Customer's Equipment

The Customer may at its own expense install, maintain and operate its own measuring equipment for the purposes of monitoring or checking the measuring equipment of FortisBC Energy, provided that the Customer will install such equipment so as not to interfere with the operation of the measuring equipment of FortisBC Energy.

8.7 Right to be Present

FortisBC Energy and the Customer will have the right to inspect all equipment installed or furnished by the other and the charts and other measurement or test data of the other at all times during business hours, and to be present at the time of any installing, testing, cleaning, changing, repairing, calibrating or adjusting done in connection with the measuring equipment of the other party, but all such activities will be performed by the party furnishing the measuring equipment.

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8.8 Preservation of Records

Both parties will cause to be preserved each test datum, chart and other record of Gas measurement for a period of 2 years.

9. Measurement

9.1 Unit of Volume

The unit of volume of Gas for all purposes hereunder will be 1 cubic metre at a temperature of 15° Celsius and an absolute pressure of 101.325 kilopascals.

9.2 Determination of Volume

Gas delivered hereunder will be metered using metering apparatus approved by Measurement Canada and the determination of standard volumes delivered hereunder will be in accordance with terms and conditions pursuant to the *Electricity and Gas Inspection Act* of Canada.

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9.3 Conversion to Energy Units

In accordance with the *Electricity and Gas Inspection Act* of Canada, volumes of Gas delivered each Day will be converted to energy units by multiplying the standard volume by the Heat Content of each unit of Gas. Volumes will be specified in 10³m³ rounded to two decimal places and energy will be specified in Gigajoules rounded to the nearest Gigajoule.

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10. Default or Bankruptcy

10.1 Default

If the Customer at any time fails or neglects:

- (a) to make any payment due to FortisBC Energy or to any other person under this Rate Schedule or the Service Agreement within 30 days after payment is due; or

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- (b) to correct any default of any of the other terms, covenants, agreements, conditions or obligations imposed upon it under this Rate Schedule or the Service Agreement, within 30 days after FortisBC Energy gives to the Customer notice of such default or, in the case of a default that cannot with due diligence be corrected within a period of 30 days, the Customer fails to proceed promptly after the giving of such notice with due diligence to correct the same and thereafter to prosecute the correcting of such default with all due diligence;

then FortisBC Energy may in addition to any other remedy that it has, at its option and without liability therefore:

- (c) suspend further service to the Customer and may refuse to deliver Gas to the Customer until the default has been fully remedied, and no such suspension or refusal will relieve the Customer from any obligation under this Rate Schedule or the Service Agreement; or
- (d) terminate the Service Agreement, and no such termination of the Service Agreement pursuant hereto will exclude the right of FortisBC Energy to collect any amount due to it from the Customer for what would otherwise have been the remainder of the term of the Service Agreement.

10.2 Bankruptcy or Insolvency

If the Customer becomes bankrupt or insolvent or commits or suffers an act of bankruptcy or insolvency or a receiver is appointed pursuant to a statute or under a debt instrument or the Customer seeks protection from the demands of its creditors pursuant to any legislation enacted for that purpose, FortisBC Energy will have the right, at its sole discretion, to terminate the Service Agreement by giving notice in writing to the Customer and thereupon FortisBC Energy may cease further delivery of Gas to the Customer and the amount then outstanding for Gas provided under the Service Agreement will immediately be due and payable by the Customer.

11. Notice

11.1 Notice

Any notice, request, statement or bill that is required to be given or that may be given under this Rate Schedule or under the Service Agreement will, unless otherwise specified, be in writing and will be considered as fully delivered when mailed, personally delivered or sent by fax or other method approved by FortisBC Energy to the other in accordance with the following:

If to FortisBC Energy

FORTISBC ENERGY INC.

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Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: June 1, 2018 Accepted for Filing: _____

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FORTISBC ENERGY INC.
RATE SCHEDULE 5

MAILING ADDRESS: 16705 Fraser Highway
Surrey, B.C.
V4N 0E8

BILLING AND PAYMENT: Attention: Industrial Billing
Telephone: 1-855-873-8773
Email: industrial.billing@fortisbc.com
Fax: (888) 224-2710

CUSTOMER RELATIONS: Attention: Commercial & Industrial Energy
Solutions
Telephone: (604) 576-7028
Email: commercial.energy@fortisbc.com
Fax: (604) 576-7122

LEGAL AND OTHER: Attention: Legal Services
Telephone: (604) 576-7000
Fax: (604) 592-7520

If to the Customer, then as set out in the Service Agreement.

11.2 **Specific Notices**

Notwithstanding Section 11.1 (Notice), notices with respect to Force Majeure will be sufficient if:

(a) given by FortisBC Energy in writing by fax or other electronic means, or orally in person, or by telephone (to be confirmed in writing) to the person or persons designated from time to time by the Customer as authorized to receive such notices; or

(b) given by the Customer by telephone (to be confirmed in writing) in the following manner:

To claim Force Majeure... "Please be advised that (name of company and location of plant) has reason for claiming Force Majeure as provided in Section 13 (Force Majeure) and hereby claims suspension by reason of Force Majeure in accordance with the terms of Rate Schedule 5 effective 7:00 a.m. Pacific Standard Time (date of Force Majeure suspension to become effective, but not to be retroactive)."

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To terminate Force Majeure... "Please be advised that (name of company and location of plant) requests a return to normal natural gas service in accordance with Rate Schedule 5 and the Service Agreement effective 7:00 a.m. Pacific Standard Time (date of Force Majeure suspension to end, but not to be retroactive) whereby the suspension by reason of Force Majeure currently in force will be terminated."

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12. Indemnity and Limitation on Liability

12.1 Limitation on Liability

FortisBC Energy, its employees, contractors or agents are not responsible or liable for any loss or damages for or on account of any interruption or curtailment of Gas Service permitted under the General Terms and Conditions of FortisBC Energy, or this Rate Schedule.

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12.2 Indemnity

The Customer will indemnify and hold harmless each of FortisBC Energy, its employees, contractors and agents from and against any and all adverse claims, losses, suits, actions, judgments, demands, debts, accounts, damages, costs, penalties and expenses (including all legal fees and disbursements) arising from or out of each of the following:

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- (a) Municipal Operating Fees not otherwise collected by FortisBC Energy under the Table of Charges; and
- (b) all federal, provincial, municipal taxes (or payments made in lieu thereof) and royalties, whether payable on the delivery of Gas to FortisBC Energy by the Customer or on the delivery of Gas to the Customer by FortisBC Energy, or on any other Service provided by FortisBC Energy to the Customer.

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13. Force Majeure

13.1 Force Majeure

Subject to the other provisions of Section 13.1 (Force Majeure), if either party is unable or fails by reason of Force Majeure to perform in whole or in part any obligation or covenant set out in this Rate Schedule under which Service is rendered or in the Service Agreement, the obligations of both FortisBC Energy and the Customer will be suspended to the extent necessary for the period of the Force Majeure condition.

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13.2 Curtailment Notice

If FortisBC Energy claims suspension pursuant to Section 13.1 (Force Majeure), FortisBC Energy will be deemed to have issued to the Customer a notice of curtailment.

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13.3 Exceptions

Neither party will be entitled to the benefit of the provisions of Section 13.1 (Force Majeure) under any of the following circumstances:

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- (a) to the extent that the failure was caused by the negligence or contributory negligence of the party claiming suspension;
- (b) to the extent that the failure was caused by the party claiming suspension having failed to diligently attempt to remedy the condition and to resume the performance of the covenants or obligations with reasonable dispatch; or
- (c) unless as soon as possible after the happening of the occurrence relied on or as soon as possible after determining that the occurrence was in the nature of Force Majeure and would affect the claiming party's ability to observe or perform any of its covenants or obligations under the Rate Schedule or the Service Agreement, the party claiming suspension will have given to the other party notice to the effect that the party is unable by reason of Force Majeure (the nature of which will be specified) to perform the particular covenants or obligations.

13.4 Notice to Resume

The party claiming suspension will likewise give notice, as soon as possible after the Force Majeure condition has been remedied, to the effect that it has been remedied and that the party has resumed, or is then in a position to resume, the performance of the covenants or obligations.

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13.5 Settlement of Labour Disputes

Notwithstanding any of the provisions of this Section 13 (Force Majeure), the settlement of labour disputes or industrial disturbances will be entirely within the discretion of the particular party involved and the party may make settlement of it at the time and on terms and conditions as it may deem to be advisable and no delay in making settlement will deprive the party of the benefit of Section 13.1 (Force Majeure).

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13.6 No Exemption for Payments

Notwithstanding any of the provisions of this Section 13 (Force Majeure), Force Majeure will not relieve or release either party from its obligations to make payments to the other.

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13.7 Periodic Repair by FortisBC Energy

FortisBC Energy may temporarily shut off the delivery of Gas for the purpose of repairing or replacing a portion of the FortisBC Energy System or its equipment and FortisBC Energy will make reasonable efforts to give the Customer as much notice as possible with respect to such interruption, not to be less than 8 hours' prior notice except when prevented by Force Majeure. FortisBC Energy will make reasonable efforts to schedule repairs or replacement to minimize interruption of Gas service to the Customer and to restore Service as quickly as possible.

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13.8 Alteration of Facilities

The Customer will pay to FortisBC Energy all reasonable costs associated with the alteration of facilities made at the discretion of FortisBC Energy to measure quantities reduced by reason of Force Majeure claimed by the Customer and to restore such facilities after the Force Majeure condition ends.

14. Arbitration

14.1 Arbitration

Any dispute between the parties arising from this Rate Schedule or the Service Agreement will be resolved by a single arbitrator pursuant to the Arbitration Act of British Columbia or successor legislation, save as expressly provided herein.

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14.2 Demand for Arbitration

Either party may commence arbitration proceedings by sending to the other party a demand for arbitration setting out the nature of the dispute.

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14.3 Arbitrator

The parties will have 10 days from receipt of the demand referred to in Section 14.2 (Demand for Arbitration) of this Rate Schedule to agree upon the arbitrator, failing which either party may apply to the Supreme Court of British Columbia to select the arbitrator. The arbitrator must be sufficiently qualified by education and training to decide the particular questions in dispute. Unless otherwise agreed, the arbitrator may not be a past or present employee, officer or director of any of the parties or their respective successors or affiliates, any customer or supplier of the Customer or FortisBC Energy.

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14.4 Commencement and Decision

The arbitrator will proceed immediately to hear and determine the matter in dispute and will render a written decision, signed by the arbitrator, within 45 days after the appointment, subject to any reasonable delay due to unforeseen circumstances. Notwithstanding the foregoing, if the arbitrator fails to render a decision within 60 days after the appointment then either party may elect to have a new arbitrator appointed in like manner as if none had previously been appointed.

14.5 Decision

The decision of the arbitrator will be final and binding upon the parties and the parties will abide by the decision and perform the terms and conditions thereof.

15. Interpretation

15.1 Interpretation

Except where the context requires otherwise or except as otherwise expressly provided, in this Rate Schedule or in a Service Agreement:

- (a) all references to a designated section are to the designated section of this Rate Schedule unless otherwise specifically stated;
- (b) the singular of any term includes the plural, and vice versa, and the use of any term is equally applicable to any gender and, where applicable, body corporate;
- (c) any reference to a corporate entity includes and is also a reference to any corporate entity that is a successor to such entity;

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- (d) all words, phrases and expressions used in this Rate Schedule or in a Service Agreement that have a common usage in the gas industry and that are not defined in the General Terms and Conditions of FortisBC Energy, the ~~Definitions~~ or in the Service Agreement have the meanings commonly ascribed thereto in the gas industry; and
- (e) the headings of the sections set ~~out~~ in this Rate Schedule or in the Service Agreement are for convenience of reference only and will not be considered in any interpretation of this Rate Schedule or the Service Agreement.

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16. Miscellaneous

16.1 Waiver

No waiver by either FortisBC Energy or the Customer of any default by the other in the performance of any of the provisions of this Rate Schedule or the Service Agreement will operate or be construed as a waiver of any other or future default or defaults, whether of a like or different character.

16.2 Enurement

The Service Agreement will enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns, including without limitation successors by merger, amalgamation or consolidation.

16.3 Assignment

The Customer will not assign the Service Agreement or any of its rights or obligations thereunder without the prior written consent of FortisBC Energy which consent will not be unreasonably withheld or delayed. No assignment will release the Customer from its obligations under this Rate Schedule or under the Service Agreement that existed prior to the date on which the assignment takes effect. This provision applies to every proposed assignment by the Customer.

16.4 Amendments to be in Writing

Except as set out in this Rate Schedule, no amendment or variation of the Service Agreement will be effective or binding upon the parties unless such amendment or variation is set out in writing and duly executed by the parties.

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16.5 Proper Law

The Service Agreement will be construed and interpreted in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

16.6 Time is of Essence

Time is of the essence of this Rate Schedule, the Service Agreement and of the terms and conditions thereof.

16.7 Subject to Legislation

Notwithstanding any other provision hereof, this Rate Schedule and the Service Agreement and the rights and obligations of FortisBC Energy and the Customer under this Rate Schedule and the Service Agreement are subject to all present and future laws, rules, regulations and orders of any legislative body, governmental agency or duly constituted authority now or hereafter having jurisdiction over FortisBC Energy or the Customer.

16.8 Further Assurances

Each of FortisBC Energy and the Customer will, on demand by the other, execute and deliver or cause to be executed and delivered all such further documents and instruments and do all such further acts and things as the other may reasonably require to evidence, carry out and give full effect to the terms, conditions, intent and meaning of this Rate Schedule and the Service Agreement and to assure the completion of the transactions contemplated hereby.

16.9 Form of Payments

All payments required to be made under statements and invoices rendered pursuant to this Rate Schedule or the Service Agreement will be made by wire transfer to, or cheque or bank cashier's cheque drawn on a Canadian chartered bank or trust company, payable in lawful money of Canada at par in immediately available funds in Vancouver, British Columbia.

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Table of Charges

Mainland ~~and~~
~~Vancouver Island~~
Service Area

Delivery Margin Related Charges

1. **Basic Charge** per Month

~~\$XXX.XX~~

2. **Demand Charge** per Month per
Gigajoule of Daily Demand

~~\$ XX.XXX¹~~

3. **Delivery Charge** per Gigajoule

~~\$ X.XXX~~

Commodity Related Charges

4. **Commodity Cost Recovery
Charge** per Gigajoule

~~\$ X.XXX~~

5. **Storage and Transport Charge**
per Gigajoule

~~\$ X.XXX~~

6. **Rider 6** per Gigajoule

~~\$ X.XXX~~

Subtotal of per Gigajoule Commodity
Related Charges

~~\$ X.XXX~~

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Service Area~~

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Service Area~~

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Effective Date: ~~June 1, 2018~~ Accepted for Filing: _____

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Delivery Margin Related Riders

Rider 2 (Reserved for future use.)

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Rider 3 (Reserved for future use.)

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Rider 4 (Reserved for future use.)

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Rider 5 Revenue Stabilization Adjustment Charge - Not applicable.

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Commodity Cost Recovery Related Riders

Rider 1 Propane Surcharge - Not applicable.

Storage and Transport Related Riders

Rider 6 Midstream Cost Reconciliation Account - Applicable to Mainland, Vancouver Island and Whistler Service Area Customers, excluding Revelstoke, for the Year ending December 31, 2018.

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Municipal Operating Fee Charge

3.09% of the aggregate of the above charges is payable (in addition to the above charges) if the facilities to which Gas is delivered under this Rate Schedule are located within the **municipal** boundaries of municipalities or First Nations lands (formerly, reserves within the *Indian Act*) to which FortisBC Energy pays Municipal Operating Fees.

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¶
<#>Daily Demand is equal to 1.25 multiplied by the greater of:¶
<#>the Customer's highest average daily consumption of any month during the winter period (November 1 to March 31); or ¶
<#>one half of the Customer's highest average daily consumption of any month during the summer period (April 1 to October 31).¶
The calculation of Daily Demand will be based on the Customer's actual gas use during the preceding Contract Year.¶

Minimum Charge per month

The minimum charge per month will be the aggregate of the Basic Charge, Demand Charges and the Municipal Operating Fee charge.

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Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

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Notes:

1. Daily Demand is equal to 1.10 multiplied by the greater of:

- (a) the Customer's highest average daily consumption of any month during the winter period (November 1 to March 31); or
- (b) one half of the Customer's highest average daily consumption of any month during the summer period (April 1 to October 31).

The calculation of Daily Demand will be based on the Customer's actual gas use during the preceding Contract Year.

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**GENERAL FIRM SERVICE AGREEMENT
FOR RATE SCHEDULE 5**

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This Agreement is dated _____, 20____, between FortisBC Energy Inc. ("FortisBC Energy ") and _____ (the "Customer").

WHEREAS:

- A. FortisBC Energy owns and operates the FortisBC Energy System;
- B. The Customer is the owner and operator of a _____ located in or near _____, British Columbia; and
- C. The Customer desires to purchase from FortisBC Energy firm Gas for such facilities in accordance with Rate Schedule 5 and the terms set out herein.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the terms, conditions and limitations contained herein, the parties agree as follows:

1. Specific Information

Estimated Maximum Quantity _____ Gigajoules per day

Commencement Date: _____

Expiry Date: _____

(only specify an expiry date if term of Service Agreement is not automatically renewed from year to year as set out in Section 6.2 of Rate Schedule 5)

Delivery Point: _____

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Pressure at the Delivery Point: _____

(only specify where applicable as set out in Section 4.3 of Rate Schedule 5)

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Service Address: _____

Account Number: _____

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Address of Customer for receiving notices:

(name of Customer) Attention: _____

(address of Customer) Telephone: _____

_____ Fax: _____

_____ Email: _____

The information set out above is hereby approved by the parties and each reference in either this agreement or Rate Schedule 5 to any such information is to the information set out above.

2. Rate Schedule 5

2.1 Additional Terms

All rates, terms and conditions set out in Rate Schedule 5 and the General Terms and Conditions of FortisBC Energy, as any of them may be amended by FortisBC Energy and approved from time to time by the British Columbia Utilities Commission, are in addition to the terms and conditions contained in this Service Agreement and form part of this Service Agreement and bind FortisBC Energy and the Customer as if set out in this Service Agreement.

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2.2 Payment of Amounts

Without limiting the generality of the foregoing, the Customer will pay to FortisBC Energy all of the amounts set out in Rate Schedule 5 for the Services provided under Rate Schedule 5 and this Service Agreement.

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2.3 Conflict

Where anything in either Rate Schedule 5 or the General Terms and Conditions of FortisBC Energy conflicts with any of the rates, terms and conditions set out in this Service Agreement, this Service Agreement governs. Where anything in Rate Schedule 5 conflicts with any of the rates, terms and conditions set out in the General Terms and Conditions of FortisBC Energy, Rate Schedule 5 governs.

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2.4 Acknowledgement

The Customer acknowledges receiving and reading a copy of Rate Schedule 5 and the General Terms and Conditions of FortisBC Energy and agrees to comply with and be bound by all terms and conditions set out therein.

IN WITNESS WHEREOF the parties hereto have executed this Service Agreement.

FORTISBC ENERGY INC.

(here insert name of Customer)

BY: _____
(Signature)

BY: _____
(Signature)

(Title)

(Title)

(Name – Please Print)

(Name – Please Print)

DATE: _____

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FORTISBC ENERGY INC.

RATE SCHEDULE 5B

GENERAL FIRM BIOMETHANE SERVICE

Effective June 1, 2018

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1. Definitions

1.1 Definitions

Except where the context requires otherwise, all words and phrases defined below or in the General Terms and Conditions of FortisBC Energy and used in this Rate Schedule or in a Service Agreement have the meanings set out below or in the General Terms and Conditions of FortisBC Energy. Where any of the definitions set out below conflict with the definitions in the General Terms and Conditions of FortisBC Energy, the definitions set out below govern.

- (a) **Commencement Date** - means the day specified as the Commencement Date in the Service Agreement.
- (b) **Contract Year** - means a period of 12 consecutive Months commencing at the beginning of the 1st Day of November and ending at the beginning of the next succeeding 1st Day of November.
- (c) **Customer** - means a person who enters into a Service Agreement with FortisBC Energy.
- (d) **Day** - means, subject to Section 1.2 (Change in Definition of "Day"), any period of twenty-four consecutive hours beginning and ending at 7:00 a.m. Pacific Standard Time.
- (e) **Delivery Point** - means the point specified in a Sales Service Agreement or a Transportation Agreement where FortisBC Energy delivers Gas to a Customer or a Shipper.
- (f) **Force Majeure** - means any acts of God, strikes, lockouts, or other industrial disturbances, civil disturbances, arrests and restraints of rulers or people, interruptions by government or court orders, present or future valid orders of any regulatory body having proper jurisdiction, acts of the public enemy, wars, riots, blackouts, insurrections, failure or inability to secure materials or labour by reason of regulations or orders of government, serious epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, explosions, breakage or accident to machinery or lines of pipes, or freezing of wells or pipelines, or the failure of gas supply, temporary or otherwise, from a Supplier of gas, which act of Force Majeure was not due to negligence of the party claiming Force Majeure. Further, Force Majeure will also include a declaration of force majeure by a Transporter that results in Gas being unavailable for delivery at the Interconnection Point.

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- (g) **Month** - means, subject to any changes from time to time required by FortisBC Energy, the period beginning at 7:00 a.m. Pacific Standard Time on the first day of the calendar month and ending at 7:00 a.m. Pacific Standard Time on the first day of the next succeeding calendar month.
- (h) **Rate Schedule 5B or this Rate Schedule** - means this Rate Schedule, including all rates, terms and conditions, and the Table of Charges, as amended from time to time by FortisBC Energy with the consent of the British Columbia Utilities Commission.
- (i) **Service Agreement** - means an agreement between FortisBC Energy and a Customer to provide Service pursuant to this Rate Schedule.
- (j) **Supplier** - means a party who sells Gas to a Shipper or FortisBC Energy or has access to its own supplies of Gas.
- (k) **Table of Charges** - means the table of prices, fees and charges, as amended from time to time by FortisBC Energy with the consent of the British Columbia Utilities Commission, appended to this Rate Schedule.
- (l) **Transporter** - means, in the case of the Columbia area, TransCanada PipeLines Limited (Foothills System, B.C.), and NOVA Gas Transmission Ltd., and in the case of the Inland and Lower Mainland areas, Westcoast Energy Inc., Northwest Pipeline LLC, FortisBC Huntingdon Inc., and any other gas pipeline transportation company connected to the facilities of FortisBC Energy from which FortisBC Energy receives Gas for the purposes of Gas service or resale.
- (m) **Transporter's Service Terms** - means the general terms and conditions of the applicable Transporter, as filed with and approved from time to time by the National Energy Board or other applicable governmental authority.

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1.2 Change in Definition of "Day"

FortisBC Energy may amend the definition of "Day" from time to time to suitably align its operations with those of its Transporters. If FortisBC Energy amends the definition of "Day", a pro-rata adjustment of quantities of Gas and charges to account for any Day of more or less than 24 hours will be made and the terms of the Service Agreement will be similarly adjusted.

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2. Applicability

2.1 Description of Applicability

This Rate Schedule applies to the sale of firm Gas, no portion of which may be resold, through one meter station to a Customer. For greater certainty, firm Gas service under this Rate Schedule means the Gas FortisBC Energy is obligated to sell to a Customer on a firm basis subject to interruption or curtailment pursuant to Sections 10 (Default for Bankruptcy), 13 (Force Majeure) and the General Terms and Conditions of FortisBC Energy.

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2.2 British Columbia Utilities Commission

This Rate Schedule may be amended from time to time with the consent of the British Columbia Utilities Commission.

3. Conditions of Service

3.1 Conditions

Subject to Section 28.6 (Enrolment) of the General Terms and Conditions of FortisBC Energy, FortisBC Energy will only sell Gas under this Rate Schedule to Customers in the territory served by FortisBC Energy under the FortisBC Energy tariff of which this Rate Schedule is a part if:

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- (a) the Customer has entered into a General Firm Service Agreement (Service Agreement);
- (b) adequate Gas volumes for such Service are available;
- (c) adequate capacity exists on the FortisBC Energy System;
- (d) the Customer purchases under this Rate Schedule all of the Gas required for its facilities specified in the Service Agreement; and
- (e) FortisBC Energy has installed at the Delivery Point the facilities and equipment referred to in Section 8.1 (Facilities and Equipment).

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Customers who are currently disconnected are not eligible to enrol.

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3.2 Security

In order to secure the prompt and orderly payment of the charges to be paid by the Customer to FortisBC Energy under the Service Agreement, FortisBC Energy may require the Customer to provide, and at all times maintain, an irrevocable letter of credit in favour of FortisBC Energy issued by a financial institution acceptable to FortisBC Energy in an amount equal to the estimated maximum amount payable by the Customer under this Rate Schedule and the Service Agreement for a period of 90 Days. Where FortisBC Energy requires a Customer to provide a letter of credit and the Customer is able to provide alternative security acceptable to FortisBC Energy, FortisBC Energy may accept such security in lieu of a letter of credit.

3.3 **Warning if Switching from Interruptible Transportation Service or Interruptible Sales to Firm Transportation Service or Sales**

A Customer wishing to request a switch at the end of the term of an interruptible Transportation Agreement or an interruptible Gas Service Agreement to a firm transportation Rate Schedule, or to firm sales Gas Service under this Rate Schedule must comply with the requirements for Firm Service set out in the applicable Rate Schedule, including the following:

- (a) give 12 months prior notice to FortisBC Energy of the Customer's desire to do so; and
- (b) after receiving an estimate from FortisBC Energy of costs FortisBC Energy will reasonably incur to provide such Service, agree to reimburse FortisBC Energy for any such costss.

Notwithstanding Section 3.3(a), FortisBC Energy will make reasonable efforts to accommodate a Customer on less than 12 months prior notice if FortisBC Energy is able, with such shorter notice, to arrange for the firm purchase and firm transportation of Gas under a firm, sales Rate Schedule, or transportation under a firm transportation Rate Schedule.

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4. Sales

4.1 Sale of Gas

Subject to ~~Section~~ 13 of the General Terms and Conditions of FortisBC Energy (Interruption of Service), FortisBC Energy will sell to the Customer and the Customer will buy from FortisBC Energy at the Delivery Point such quantity of Gas as is required by the Customer for the operation of the Customer's facilities specified in the Service Agreement, estimated to be the maximum quantity per Day set out in the Service Agreement, for the charges and on all of the terms and conditions set out in either this Rate Schedule or the Service Agreement.

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4.2 Maximum Hourly Quantities

FortisBC Energy will not be obliged to deliver in any one Hour more than 5% of the maximum quantity ~~of Gas~~ per Day set out in the Service Agreement.

4.3 Gas Pressure

Where specifically requested by the Customer, FortisBC Energy may agree to deliver Gas to the Customer at the Delivery Point at a minimum pressure specified in the Customer's Service Agreement. The Customer will reimburse FortisBC Energy for costs it reasonably incurs in maintaining such minimum pressure above that set out in the General Terms and Conditions of FortisBC Energy. FortisBC Energy's ability to maintain a minimum pressure at the Delivery Point is subject to FortisBC Energy receiving Gas from ~~a~~ Transporter at the pressure specified in the Transporter's Service Terms.

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5. Table of Charges

5.1 Charges

In respect of all quantities of Gas delivered to the Delivery Point pursuant to this Rate Schedule and the Service Agreement, the Customer will pay to FortisBC Energy all of the charges set out in the Table of Charges.

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6. Term of Service Agreement

6.1 Term

The initial term of the Service Agreement will begin on the Commencement Date and will expire at 7:00 a.m. Pacific Standard Time on the next November 1st, provided that if the foregoing results in an initial term of less than one Year, then the initial term will instead expire at the end of one further Contract Year.

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6.2 Automatic Renewal

Except as specified in the Service Agreement, the term of the Service Agreement will continue from Year to Year after the expiry of the initial term unless cancelled by either FortisBC Energy or the Customer subject to Section 3.3 (Warning if Switching from Interruptible Transportation Service or Interruptible Sales to Firm Transportation Service or Sales) upon not less than 2 months notice prior to the end of the Contract Year then in effect.

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6.3 Early Termination

The term of the Service Agreement is subject to early termination in accordance with Section 10 (Default or Bankruptcy). The Customer will reimburse FortisBC Energy for any net incremental utility Gas supply costs incurred by FortisBC Energy as a result of the Customer cancelling the Service Agreement prior to the end of the Contract Year then in effect. This reimbursement will include only those costs which are approved by the British Columbia Utilities Commission, and were unavoidable and could not be reduced by mitigation.

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6.4 Survival of Covenants

Upon the termination of the Service Agreement, whether pursuant to Section 10 (Default or Bankruptcy) or otherwise:

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- (a) all claims, causes of action or other outstanding obligations remaining or being unfulfilled as at the date of termination; and
- (b) all of the provisions in this Rate Schedule and in the Service Agreement relating to the obligation of any of the parties to account to or indemnify the other and to pay to the other any monies owing as at the date of termination in connection with the Service Agreement,

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7. Statements and Payments

7.1 Statements to be Provided

FortisBC Energy will, each Month, deliver to the Customer a statement for the preceding Month showing the Gas quantities delivered to the Customer and the amount due.

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FortisBC Energy will, on or about the 45th day after the end of a Contract Year, deliver to the Customer a separate statement for the preceding Contract Year showing the amount required from the Customer in respect of any indemnity due under this Rate Schedule or a Service Agreement. Any errors in any statement will be promptly reported to the other party as provided hereunder, and statements will be final and binding unless questioned within one Year after the date of the statement.

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7.2 Payment and Late Payment Charge

Payment for the full amount of the statement, including federal, provincial and municipal taxes or fees applicable thereon, will be made to FortisBC Energy at its Vancouver, British Columbia office, or such other place in Canada as it will designate, on or before the 1st Business Day after the 21st calendar day following the billing date. If the Customer fails or neglects to make any payment required under this Rate Schedule, or any portion thereof, to FortisBC Energy when due, FortisBC Energy will include in the next bill to the Customer a late payment charge of 1.5% per month (19.56% per annum) on the outstanding amount.

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7.3 Examination of Records

Each of FortisBC Energy and the Customer will have the right to examine at reasonable times the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, charge, computation or demand made pursuant to any provisions of this Rate Schedule or the Service Agreement.

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8. Measuring Equipment

8.1 Facilities and Equipment

FortisBC Energy will install, maintain and operate at the Delivery Point such metering and communications facilities and equipment as FortisBC Energy determines are necessary or desirable for measuring the quantity of Gas delivered pursuant to this Rate Schedule to the Customer and the Customer will permit FortisBC Energy, without cost to FortisBC Energy, to use the Customer's communications lines and power for the purpose of installing, maintaining and operating the measuring equipment of FortisBC Energy. Communication facilities and equipment will be installed at the cost of the Customer.

8.2 Measuring Site

If FortisBC Energy reasonably determines that it is necessary to install the facilities and equipment referred to in Section 8.1 (Facilities and Equipment) on the Customer's property, the Customer will, without charge, provide a suitable site along with utilities and enclosures for the installation of the facilities and equipment of FortisBC Energy. FortisBC Energy will at all times have clear access to the site and to all of its facilities and equipment. All facilities and equipment installed by FortisBC Energy on the Customer's property will remain the property of FortisBC Energy and may be removed by FortisBC Energy upon termination of the Service Agreement.

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8.3 Calibration and Test of Measuring Equipment

The accuracy of the measuring equipment of FortisBC Energy will be verified by standard tests and methods at regular intervals and at other times at the initiative of FortisBC Energy or upon the reasonable request of the Customer. Notice of the time and nature of each test conducted in response to communications with or at the request of the Customer will be given by FortisBC Energy to the Customer sufficiently in advance to permit a representative of the Customer to be present. If during a test the measuring equipment is found to be registering inaccurately, it will be adjusted at once to read as accurately as possible. The results of each test and adjustment, if any, made by FortisBC Energy, whether or not the Customer is present for such test, will be accepted until the next test. All tests of such measuring equipment of FortisBC Energy will be made at the expense of FortisBC Energy, except that the Customer will bear the expense of tests made at its request if the measuring equipment is found to be inaccurate by an amount equal to 2% or less.

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8.4 Inaccuracy Exceeding 2%

If upon any test the measuring equipment is found to be inaccurate by an amount exceeding 2%, any previous readings of such equipment will be corrected to zero error for any period during which it is definitely known or is agreed upon that the error existed. If the period is not definitely known or is not agreed upon, such correction will be for a period covering the last half of the time elapsed since the date of the last test. Under no circumstances will an adjustment be made for a period of more than the preceding 12 months.

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8.5 Correction of Measuring Errors

If the measuring equipment is out of service or out of repair so that the quantity of Gas delivered cannot be correctly determined by the reading thereof, the Gas delivered during the period such measuring equipment is out of service or out of repair will be estimated on the basis of the best available data, using the first of the following methods which is feasible:

- (a) by correcting the error if the percentage of error is ascertained by calibration test or mathematical calculation;
- (b) by using the registration of any check measuring equipment if installed and accurately registering; and
- (c) by estimating the quantity of Gas delivered to the Customer during the preceding periods under similar conditions when the meter was registering accurately.

8.6 Customer's Equipment

The Customer may at its own expense install, maintain and operate its own measuring equipment for the purposes of monitoring or checking the measuring equipment of FortisBC Energy, provided that the Customer will install such equipment so as not to interfere with the operation of the measuring equipment of FortisBC Energy.

8.7 Right to be Present

FortisBC Energy and the Customer will have the right to inspect all equipment installed or furnished by the other and the charts and other measurement or test data of the other at all times during business hours, and to be present at the time of any installing, testing, cleaning, changing, repairing, calibrating or adjusting done in connection with the measuring equipment of the other party, but all such activities will be performed by the party furnishing the measuring equipment.

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8.8 Preservation of Records

Both parties will cause to be preserved each test datum, chart and other record of Gas measurement for a period of 2 years.

9. Measurement

9.1 Unit of Volume

The unit of volume of Gas for all purposes hereunder will be 1 cubic metre at a temperature of 15° Celsius and an absolute pressure of 101.325 kilopascals.

9.2 Determination of Volume

Gas delivered hereunder will be metered using metering apparatus approved by Measurement Canada and the determination of standard volumes delivered hereunder will be in accordance with terms and conditions pursuant to the *Electricity and Gas Inspection Act* of Canada.

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9.3 Conversion to Energy Units

In accordance with the *Electricity and Gas Inspection Act* of Canada, volumes of Gas delivered each Day will be converted to energy units by multiplying the standard volume by the Heat Content of each unit of Gas. Volumes will be specified in 10³m³ rounded to two decimal places and energy will be specified in Gigajoules rounded to the nearest Gigajoule.

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10. Default or Bankruptcy

10.1 Default

If the Customer at any time fails or neglects:

- (a) to make any payment due to FortisBC Energy or to any other person under this Rate Schedule or the Service Agreement within 30 days after payment is due; or

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- (b) to correct any default of any of the other terms, covenants, agreements, conditions or obligations imposed upon it under this Rate Schedule or the Service Agreement, within 30 days after FortisBC Energy gives to the Customer notice of such default or, in the case of a default that cannot with due diligence be corrected within a period of 30 days, the Customer fails to proceed promptly after the giving of such notice with due diligence to correct the same and thereafter to prosecute the correcting of such default with all due diligence,

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then FortisBC Energy may in addition to any other remedy that it has, at its option and without liability therefore:

- (c) suspend further service to the Customer and may refuse to deliver Gas to the Customer until the default has been fully remedied, and no such suspension or refusal will relieve the Customer from any obligation under this Rate Schedule or the Service Agreement; or
- (d) terminate the Service Agreement, and no such termination of the Service Agreement pursuant hereto will exclude the right of FortisBC Energy to collect any amount due to it from the Customer for what would otherwise have been the remainder of the term of the Service Agreement.

10.2 Bankruptcy or Insolvency

If the Customer becomes bankrupt or insolvent or commits or suffers an act of bankruptcy or insolvency or a receiver is appointed pursuant to a statute or under a debt instrument or the Customer seeks protection from the demands of its creditors pursuant to any legislation enacted for that purpose, FortisBC Energy will have the right, at its sole discretion, to terminate the Service Agreement by giving notice in writing to the Customer and thereupon FortisBC Energy may cease further delivery of Gas to the Customer and the amount then outstanding for Gas provided under the Service Agreement will immediately be due and payable by the Customer.

11. Notice

11.1 Notice

Any notice, request, statement or bill that is required to be given or that may be given under this Rate Schedule or under the Service Agreement will, unless otherwise specified, be in writing and will be considered as fully delivered when mailed, personally delivered or sent by fax or other method approved by FortisBC Energy to the other in accordance with the following:

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Deleted: Services

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Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: June 1, 2018 Accepted for Filing: _____

BCUC Secretary: _____ Original Page R-5B.11

FORTISBC ENERGY INC.
RATE SCHEDULE 5B

If to FortisBC Energy FORTISBC ENERGY INC.

MAILING ADDRESS: 16705 Fraser Highway
Surrey, B.C.
V4N 0E8

BILLING AND PAYMENT: Attention: Industrial Billing
Telephone: 1-855-873-8773
Email: industrial.billing@fortisbc.com
Fax: (888) 224-2710

CUSTOMER RELATIONS: Attention: Commercial & Industrial Energy
Solutions
Telephone: (604) 576-7028
Email: commercial.energy@fortisbc.com
Fax: (604) 576-7122

LEGAL AND OTHER: Attention: Legal Services
Telephone: (604) 576-7000
Fax: (604) 592-7520

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Deleted: 293-2920

Deleted: 592-7843

Deleted: 592-7894

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Deleted: 443-6512

Deleted: 443-6540

If to the Customer, then as set out in the Service Agreement.

11.2 Specific Notices

Notwithstanding Section 11.1 (Notice), notices with respect to Force Majeure will be sufficient if:

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(a) given by FortisBC Energy in writing by fax or other electronic means, or orally in person, or by telephone (to be confirmed in writing) to the person or persons designated from time to time by the Customer as authorized to receive such notices; or

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given by the Customer by telephone (to be confirmed in writing) in the following manner:

To claim Force Majeure... "Please be advised that (name of company and location of plant) has (reason for claiming Force Majeure as provided in Section 13 (Force Majeure)) and hereby claims suspension by reason of Force Majeure in accordance with the terms of Rate Schedule 5B effective 7:00 a.m. Pacific Standard Time (date of Force Majeure suspension to become effective, but not to be retroactive)."

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To terminate Force Majeure... "Please be advised that (name of company and location of plant) requests a return to normal natural gas service in accordance with Rate Schedule 5B and the Service Agreement effective 7:00 a.m. Pacific Standard Time (date of Force Majeure suspension to end, but not to be retroactive) whereby the suspension by reason of Force Majeure currently in force will be terminated."

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12. Indemnity and Limitation on Liability

12.1 Limitation on Liability

FortisBC Energy, its employees, contractors or agents are not responsible or liable for any loss or damages for or on account of any interruption or curtailment of Gas Service permitted under the General Terms and Conditions of FortisBC Energy, or this Rate Schedule.

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12.2 Indemnity

The Customer will indemnify and hold harmless each of FortisBC Energy, its employees, contractors and agents from and against any and all adverse claims, losses, suits, actions, judgments, demands, debts, accounts, damages, costs, penalties and expenses (including all legal fees and disbursements) arising from or out of each of the following:

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- (a) Municipal Operating Fees not otherwise collected by FortisBC Energy under the Table of Charges; and
- (b) all federal, provincial, municipal taxes (or payments made in lieu thereof) and royalties, whether payable on the delivery of Gas to FortisBC Energy by the Customer or on the delivery of Gas to the Customer by FortisBC Energy, or on any other Service provided by FortisBC Energy to the Customer.

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13. Force Majeure

13.1 Force Majeure

Subject to the other provisions of Section 13.1 (Force Majeure), if either party is unable or fails by reason of Force Majeure to perform in whole or in part any obligation or covenant set out in this Rate Schedule under which Service is rendered or in the Service Agreement, the obligations of both FortisBC Energy and the Customer will be suspended to the extent necessary for the period of the Force Majeure condition.

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13.2 Curtailment Notice

If FortisBC Energy claims suspension pursuant to Section 13.1 (Force Majeure), FortisBC Energy will be deemed to have issued to the Customer a notice of curtailment.

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13.3 Exceptions

Neither party will be entitled to the benefit of the provisions of Section 13.1 (Force Majeure) under any of the following circumstances:

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- (a) to the extent that the failure was caused by the negligence or contributory negligence of the party claiming suspension;
- (b) to the extent that the failure was caused by the party claiming suspension having failed to diligently attempt to remedy the condition and to resume the performance of the covenants or obligations with reasonable dispatch; or
- (c) unless as soon as possible after the happening of the occurrence relied on or as soon as possible after determining that the occurrence was in the nature of Force Majeure and would affect the claiming party's ability to observe or perform any of its covenants or obligations under the Rate Schedule or the Service Agreement, the party claiming suspension will have given to the other party notice to the effect that the party is unable by reason of Force Majeure (the nature of which will be specified) to perform the particular covenants or obligations.

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13.4 Notice to Resume

The party claiming suspension will likewise give notice, as soon as possible after the Force Majeure condition has been remedied, to the effect that it has been remedied and that the party has resumed, or is then in a position to resume, the performance of the covenants or obligations.

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13.5 Settlement of Labour Disputes

Notwithstanding any of the provisions of this Section 13 (Force Majeure), the settlement of labour disputes or industrial disturbances will be entirely within the discretion of the particular party involved and the party may make settlement of it at the time and on terms and conditions as it may deem to be advisable and no delay in making settlement will deprive the party of the benefit of Section 13.1 (Force Majeure).

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13.6 No Exemption for Payments

Notwithstanding any of the provisions of this Section 13 (Force Majeure), Force Majeure will not relieve or release either party from its obligations to make payments to the other.

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13.7 Periodic Repair by FortisBC Energy

FortisBC Energy may temporarily shut off the delivery of Gas for the purpose of repairing or replacing a portion of the FortisBC Energy System or its equipment and FortisBC Energy will make reasonable efforts to give the Customer as much notice as possible with respect to such interruption, not to be less than 8 hours' prior notice except when prevented by Force Majeure. FortisBC Energy will make reasonable efforts to schedule repairs or replacement to minimize interruption of Gas service to the Customer and to restore Service as quickly as possible.

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13.8 Alteration of Facilities

The Customer will pay to FortisBC Energy all reasonable costs associated with the alteration of facilities made at the discretion of FortisBC Energy to measure quantities reduced by reason of Force Majeure claimed by the Customer and to restore such facilities after the Force Majeure condition ends.

14. Arbitration

14.1 Arbitration

Any dispute between the parties arising from this Rate Schedule or the Service Agreement will be resolved by a single arbitrator pursuant to the Arbitration Act of British Columbia or successor legislation, save as expressly provided herein.

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14.2 Demand for Arbitration

Either party may commence arbitration proceedings by sending to the other party a demand for arbitration setting out the nature of the dispute.

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BCUC Secretary: _____ Original Page R-5B.15

14.3 Arbitrator

The parties will have 10 days from receipt of the demand referred to in Section 14.2 (Demand for Arbitration) of this Rate Schedule to agree upon the arbitrator, failing which either party may apply to the Supreme Court of British Columbia to select the arbitrator. The arbitrator must be sufficiently qualified by education and training to decide the particular questions in dispute. Unless otherwise agreed, the arbitrator may not be a past or present employee, officer or director of any of the parties or their respective successors or affiliates, any customer or supplier of the Customer or FortisBC Energy.

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14.4 Commencement and Decision

The arbitrator will proceed immediately to hear and determine the matter in dispute and will render a written decision, signed by the arbitrator, within 45 days after the appointment, subject to any reasonable delay due to unforeseen circumstances. Notwithstanding the foregoing, if the arbitrator fails to render a decision within 60 days after the appointment then either party may elect to have a new arbitrator appointed in like manner as if none had previously been appointed.

14.5 Decision

The decision of the arbitrator will be final and binding upon the parties and the parties will abide by the decision and perform the terms and conditions thereof.

15. Interpretation

15.1 Interpretation

Except where the context requires otherwise or except as otherwise expressly provided, in this Rate Schedule or in a Service Agreement:

- (a) all references to a designated section are to the designated section of this Rate Schedule unless otherwise specifically stated;
- (b) the singular of any term includes the plural, and vice versa, and the use of any term is equally applicable to any gender and, where applicable, body corporate;
- (c) any reference to a corporate entity includes and is also a reference to any corporate entity that is a successor to such entity;

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(d) all words, phrases and expressions used in this Rate Schedule or in a Service Agreement that have a common usage in the gas industry and that are not defined in the General Terms and Conditions of FortisBC Energy, the ~~Definitions~~ or in the Service Agreement have the meanings commonly ascribed thereto in the gas industry; and

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(e) the headings of the sections set ~~out~~ in this Rate Schedule or in the Service Agreement are for convenience of reference only and will not be considered in any interpretation of this Rate Schedule or the Service Agreement.

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16. Miscellaneous

16.1 Waiver

No waiver by either FortisBC Energy or the Customer of any default by the other in the performance of any of the provisions of this Rate Schedule or the Service Agreement will operate or be construed as a waiver of any other or future default or defaults, whether of a like or different character.

16.2 Enurement

The Service Agreement will enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns, including without limitation successors by merger, amalgamation or consolidation.

16.3 Assignment

The Customer will not assign the Service Agreement or any of its rights or obligations thereunder without the prior written consent of FortisBC Energy which consent will not be unreasonably withheld or delayed. No assignment will release the Customer from its obligations under this Rate Schedule or under the Service Agreement that existed prior to the date on which the assignment takes effect. This provision applies to every proposed assignment by the Customer.

16.4 Amendments to be in Writing

Except as set out in this Rate Schedule, no amendment or variation of the Service Agreement will be effective or binding upon the parties unless such amendment or variation is set out in writing and duly executed by the parties.

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16.5 Proper Law

The Service Agreement will be construed and interpreted in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

16.6 Time is of Essence

Time is of the essence of this Rate Schedule, the Service Agreement and of the terms and conditions thereof.

16.7 Subject to Legislation

Notwithstanding any other provision hereof, this Rate Schedule and the Service Agreement and the rights and obligations of FortisBC Energy and the Customer under this Rate Schedule and the Service Agreement are subject to all present and future laws, rules, regulations and orders of any legislative body, governmental agency or duly constituted authority now or hereafter having jurisdiction over FortisBC Energy or the Customer.

16.8 Further Assurances

Each of FortisBC Energy and the Customer will, on demand by the other, execute and deliver or cause to be executed and delivered all such further documents and instruments and do all such further acts and things as the other may reasonably require to evidence, carry out and give full effect to the terms, conditions, intent and meaning of this Rate Schedule and the Service Agreement and to assure the completion of the transactions contemplated hereby.

16.9 Form of Payments

All payments required to be made under statements and invoices rendered pursuant to this Rate Schedule or the Service Agreement will be made by wire transfer to, or cheque or bank cashier's cheque drawn on a Canadian chartered bank or trust company, payable in lawful money of Canada at par in immediately available funds in Vancouver, British Columbia.

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Table of Charges

Mainland and
Vancouver Island
Service Area

Delivery Margin Related Charges

1. **Basic Charge** per Month \$ XXX.XX
2. **Demand Charge** per Month \$ XX.XXX¹
per Gigajoule of Daily Demand
3. **Delivery Charge** per Gigajoule \$ X.XXX

Commodity Related Charges

4. **Storage and Transport Charge** per Gigajoule \$ X.XXX
5. **Rider 6** per Gigajoule \$ X.XXX
- Subtotal of per Gigajoule **Storage and Transport** Related Charges \$ X.XXX
6. **Cost of Gas** (Commodity Cost Recovery Charge) per Gigajoule \$ X.XXX²
7. **Cost of Biomethane** (Biomethane Energy Recovery Charge) per Gigajoule \$ XX.XXX^{3,4}

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Delivery Margin Related Riders

Rider 2 ~~(Reserved for future use.)~~

Rider 3 (Reserved for future use.)

Rider 4 ~~(Reserved for future use.)~~

Rider 5 **Revenue Stabilization Adjustment Charge** - Not applicable.

Commodity Cost Recovery Related Riders

Rider 1 Propane Surcharge - Not applicable.

Storage and Transport Related Riders

Rider 6 **Midstream Cost Reconciliation Account** - Applicable to Mainland, Vancouver Island and Whistler Service Area Customers, excluding Revelstoke, for the Year ending December 31, ~~2018~~.

Municipal Operating Fee Charge

~~3.09% of the aggregate of the above charges is payable (in addition to the above charges) if the facilities to which Gas is delivered under this Rate Schedule are located within the municipal boundaries of municipalities or First Nations lands (formerly, reserves within the Indian Act) to which FortisBC Energy pays Municipal Operating Fees.~~

Minimum Charge per month

~~The minimum charge per month will be the aggregate of the Basic Charge, Demand Charges and the Municipal Operating Fee charge.~~

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Notes:

1. Daily Demand is equal to 1, 10 multiplied by the greater of:

- (a) the Customer's highest average daily consumption of any month during the winter period (November 1 to March 31); or
- (b) one half of the Customer's highest average daily consumption of any month during the summer period (April 1 to October 31).

The calculation of Daily Demand will be based on the Customer's actual gas use during the preceding Contract Year.

2. The Cost of Gas is based on the calculation of 100% of a Customer's consumption in Gigajoules, minus the percentage of a Customer's selection of Biomethane measured in Gigajoules, multiplied by the Cost of Gas (Commodity Cost Recovery Charge) per Gigajoule. For example, if a Customer selects 30% Biomethane, the Cost of Gas will be calculated on 70% (100% - 30%) of a Customer's consumption.

The percentage of Biomethane of a Customer's Gas usage available to Customers is set by FortisBC Energy and includes a range between 5% of Biomethane and 100% of Biomethane, increasing by increments of 5%. The Cost of Biomethane is based on the calculation of a Customer's selection of the percentage of Biomethane measured in Gigajoules, multiplied by the Cost of Biomethane (Biomethane Energy Recovery Charge) per Gigajoule.

3. The Cost of Biomethane (Biomethane Energy Recovery Charge) per Gigajoule has been determined in accordance with Section 28.4 (Price Determination) in the General Terms and Conditions of FortisBC Energy). The Cost of Biomethane effective June 1, 2018 equals the sum of:

(i)	The British Columbia Utilities Commission approved January 1st Commodity Cost Recovery Charge per Gigajoule	\$	<u>X.XXX</u>
(ii)	The current British Columbia carbon tax applicable to conventional natural gas Customers per Gigajoule	\$	<u>X.XXX</u>
(iii)	Other taxes applicable to conventional natural gas sales per Gigajoule	\$	<u>X.XXX</u>
(iv)	A premium of \$7.00 per Gigajoule	\$	<u>7.000</u>
(v)	Total Cost of Biomethane per Gigajoule	\$	<u>XX.XXX</u>

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3.09% of the aggregate of the above charges is payable (in addition to the above charges) if the facilities to which Gas is delivered under this Rate Schedule are located within the boundaries of municipalities or First Nations lands (formerly, reserves within the *Indian Act*) to which FortisBC Energy pays Municipal Operating Fees. ¶
Minimum Charge per Month ¶
The minimum charge per Month will be the aggregate of the Basic Charge, Demand Charges and the Municipal Operating Fee Charge. ¶

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3.09% of the aggregate of the above charges is payable (in addition to the above charges) if the facilities to which Gas is delivered under this Rate Schedule are located within the boundaries of municipalities or First Nations lands (formerly, reserves within the *Indian Act*) to which FortisBC Energy pays Municipal Operating Fees. ¶
Minimum Charge per Month ¶
The minimum charge per Month will be the aggregate of the Basic Charge, Demand Charges and the Municipal Operating Fee Charge. ¶

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**GENERAL FIRM SERVICE AGREEMENT
FOR RATE SCHEDULE 5B**

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This Agreement is dated _____, 20____, between FortisBC Energy Inc. ("FortisBC Energy ") and _____ (the "Customer").

WHEREAS:

- A. FortisBC Energy owns and operates the FortisBC Energy System;
- B. The Customer is the owner and operator of a _____ located in or near _____, British Columbia; and
- C. The Customer desires to purchase from FortisBC Energy firm Gas for such facilities in accordance with Rate Schedule 5B and the terms set out herein.

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NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the terms, conditions and limitations contained herein, the parties agree as follows:

1. Specific Information

Estimated Maximum Quantity _____ Gigajoules per day

Commencement Date: _____

Expiry Date: _____

(only specify an expiry date if term of Service Agreement is not automatically continue from year to year as set out in Section 6.2 of Rate Schedule 5B)

Biomethane Percentage _____

Delivery Point: _____

Pressure at the Delivery Point: _____

(only specify where applicable as set out in Section 4.3 of Rate Schedule 5B)

Service Address: _____

Account Number: _____

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Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

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BCUC Secretary: _____ Original Page SA-5B.1

Address of Customer for receiving notices:

(name of Customer) Attention: _____

(address of Customer) Telephone: _____

_____ Fax: _____

_____ Email: _____

The information set out above is hereby approved by the parties and each reference in either this agreement or Rate Schedule 5B to any such information is to the information set out above.

2. Rate Schedule 5B

2.1 Additional Terms

All rates, terms and conditions set out in Rate Schedule 5B and the General Terms and Conditions of FortisBC Energy, as any of them may be amended by FortisBC Energy and approved from time to time by the British Columbia Utilities Commission, are in addition to the terms and conditions contained in this Service Agreement and form part of this Service Agreement and bind FortisBC Energy and the Customer as if set out in this Service Agreement.

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2.2 Payment of Amounts

Without limiting the generality of the foregoing, the Customer will pay to FortisBC Energy all of the amounts set out in Rate Schedule 5B for the Services provided under Rate Schedule 5B and this Service Agreement.

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2.3 **Conflict**

Where anything in either Rate Schedule 5B or the General Terms and Conditions of FortisBC Energy conflicts with any of the rates, terms and conditions set out in this Service Agreement, this Service Agreement governs. Where anything in Rate Schedule 5B conflicts with any of the rates, terms and conditions set out in the General Terms and Conditions of FortisBC Energy, Rate Schedule 5B governs.

2.4 **Acknowledgement**

The Customer acknowledges receiving and reading a copy of Rate Schedule 5B and the General Terms and Conditions of FortisBC Energy and agrees to comply with and be bound by all terms and conditions set out therein.

IN WITNESS WHEREOF the parties hereto have executed this Service Agreement.

FORTISBC ENERGY INC.

(here insert name of Customer)

BY: _____
(Signature)

(Title)

(Name – Please Print)

BY: _____
(Signature)

(Title)

(Name – Please Print)

DATE: _____

DATE: _____

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Deleted: Original signed by Erica Hamilton

| Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

| Effective Date: June 1, 2018 Accepted for Filing: _____

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FORTISBC ENERGY INC.

RATE SCHEDULE 6

NATURAL GAS VEHICLE SERVICE

Effective June 1, 2018

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Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

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1. Definitions

1.1 Definitions

Except where the context requires otherwise, all words and phrases defined below or in the General Terms and Conditions of FortisBC Energy and used in this Rate Schedule or in a Service Agreement have the meanings set out below or in the General Terms and Conditions of FortisBC Energy. Where any of the definitions set out below conflict with the definitions in the General Terms and Conditions of FortisBC Energy, the definitions set out below govern.

- (a) **Commencement Date** - means the day specified as the Commencement Date in the Service Agreement.
- (b) **Contract Year** - means a period of 12 consecutive Months commencing at the beginning of the 1st Day of November and ending at the beginning of the next succeeding 1st Day of November.
- (c) **Customer** - means a person who enters into a Service Agreement with FortisBC Energy.
- (d) **Day** - means, subject to Section 1.2 (Change in Definition of "Day"), any period of twenty-four consecutive hours beginning and ending at 7:00 a.m. Pacific Standard Time.
- (e) **Delivery Point** - means the point specified in a Sales Service Agreement or a Transportation Agreement where FortisBC Energy delivers Gas to a Customer or a Shipper.
- (f) **Force Majeure** - means any acts of God, strikes, lockouts, or other industrial disturbances, civil disturbances, arrests and restraints of rulers or people, interruptions by government or court orders, present or future valid orders of any regulatory body having proper jurisdiction, acts of the public enemy, wars, riots, blackouts, insurrections, failure or inability to secure materials or labour by reason of regulations or orders of government, serious epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, explosions, breakage or accident to machinery or lines of pipes, or freezing of wells or pipelines, or the failure of gas supply, temporary or otherwise, from a Supplier of gas, which act of Force Majeure was not due to negligence of the party claiming Force Majeure. Further, Force Majeure will also include a declaration of force majeure by a Transporter that results in Gas being unavailable for delivery at the Interconnection Point.
- (g) **Gas** - means the residue remaining after raw gas has been subjected to any or all of the following permissible processes:

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Deleted: <#>British Columbia Utilities Commission - means the British Columbia Utilities Commission constituted under the Utilities Commission Act of British Columbia and includes and is also a reference to¶
<#>any commission that is a successor to such commission, and¶
<#>any commission that is constituted pursuant to any statute that may be passed which supplements or supersedes the Utilities Commission Act of British Columbia.¶

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Deleted: <#>Definitions - means the definitions appended to this Rate Schedule.¶

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FORTISBC ENERGY INC.
RATE SCHEDULE 6

- (i) the removal of any of its constituent parts other than methane, and the removal of methane to such extent as is necessary in removing other constituents;
- (ii) the compression, regulation, cooling, cleaning or any other chemical or physical process other than the addition of diluents, such as air or nitrogen, to such extent as may be required in its production, gathering, transmission, transportation, storage, removal from storage and delivery; and
- (iii) the addition of odorant by FortisBC Energy,
but for greater certainty Gas does not include propane.
- (h) **Heat Content** - means the gross heating value of the Gas, determined on the basis of a temperature of 15° Celsius with the Gas free of all water vapour and at an absolute pressure of 101.325 kilopascals, with the products of combustion cooled to the initial temperature of the Gas and the water formed by the combustion condensed to the liquid state. The Heat Content will be expressed in megajoules per cubic metre of Gas (MJ/m³) rounded to two decimal places.
- (i) **Month** - means subject to any changes from time to time required by FortisBC Energy, the period beginning at 7:00 a.m. Pacific Standard Time on the first day of the calendar month and ending at 7:00 a.m. Pacific Standard Time on the first day of the next succeeding calendar month.
- (j) **NGV** - means natural gas for vehicles.
- (k) **NGV Firm Gas Service** - means the sale and delivery of Gas on a firm basis to the Customer.
- (l) **Rate Schedule 6 or this Rate Schedule** - means this Rate Schedule, including all rates, terms and conditions, and the Table of Charges, as amended from time to time by FortisBC Energy with the consent of the British Columbia Utilities Commission.
- (m) **Service Agreement** - means an agreement between FortisBC Energy and a Customer to provide Service pursuant to this Rate Schedule.
- (n) **Supplier** - means a party who sells Gas to a Shipper or FortisBC Energy or has access to its own supplies of Gas.
- (o) **Table of Charges** - means the table of prices, fees and charges, as amended from time to time by FortisBC Energy with the consent of the British Columbia Utilities Commission, appended to this Rate Schedule.

Deleted: ~~FortisBC Energy~~ - means FortisBC Energy Inc., a body corporate incorporated pursuant to the laws of the Province of British Columbia under number 0778288.¶

~~FortisBC Energy System~~ - means the Gas transmission and distribution system owned and operated by FortisBC Energy, as such system is expanded, reduced or modified from time to time.

Franchise Fees - means Municipal Operating Fees. ¶

~~Gas~~ - means the residue remaining after raw gas has been subjected to any or all of the following permissible processes¶
~~the removal of any of its constituent parts other than methane, and the removal of methane to such extent as is necessary in removing other constituents;¶~~

~~the compression, regulation, cooling, cleaning or any other chemical or physical process other than the addition of diluents, such as air or nitrogen, to such extent as may be required in its production, gathering, transmission, transportation, storage, removal from storage and delivery; and¶~~

~~the addition of odorant by FortisBC Energy.¶~~

but for greater certainty Gas does not include propane.¶

¶
~~General Terms and Conditions~~ - means the general terms and conditions of FortisBC Energy from time to time approved by the British Columbia Utilities Commission.¶

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Deleted: ~~Municipal Operating Fees~~ - Means the aggregate of all monies payable by FortisBC Energy to municipalities or First Nations¶

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Deleted: ~~Pacific Clock Time~~ - means Pacific Standard Time or Daylight Savings Time as it applies in Surrey, British Columbia.¶

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FORTISBC ENERGY INC.
RATE SCHEDULE 6

(p) Transporter - means, in the case of the Columbia area, TransCanada Pipelines Limited (Foothills System B.C.) and NOVA Gas Transmission Ltd., and in the case of the Inland and Lower Mainland areas, Westcoast Energy Inc., Northwest Pipeline LLC, FortisBC Huntingdon Inc., and any other gas pipeline transportation company connected to the facilities of FortisBC Energy from which FortisBC Energy receives Gas for the purposes of Gas service or resale.

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(g) Transporter's Service Terms - means the general terms and conditions of the applicable Transporter, as filed with and approved from time to time by the National Energy Board or other applicable governmental authority.

(r) 10³m³ - means 1,000 cubic metres.

1.2 Change in Definition of "Day"

FortisBC Energy may amend the definition of "Day" from time to time to suitably align its operations with those of its Transporters. If FortisBC Energy amends the definition of "Day", a pro-rata adjustment of quantities of Gas and charges to account for any Day of more or less than 24 hours will be made and the terms of the Service Agreement will be similarly adjusted.

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2. Applicability

2.1 Description of Applicability

This Rate Schedule applies to the sale of firm Gas through one meter set for the purpose of compression and dispensing as fuel to operate vehicles.

2.2 British Columbia Utilities Commission

This Rate Schedule may be amended from time to time with the consent of the British Columbia Utilities Commission.

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FortisBC Energy will only sell Gas pursuant to an executed Service Agreement which may be amended from time to time with the consent of the British Columbia Utilities Commission.¶

3. Conditions of Service

3.1 Conditions

FortisBC Energy will only sell Gas under this Rate Schedule to Customers in the territory served by FortisBC Energy under the FortisBC Energy tariff of which this Rate Schedule is a part if:

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(a) the Customer has entered into a Natural Gas Vehicle Service Agreement (Service Agreement);

(b) adequate Gas volumes for such Service are available;

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(c) adequate capacity exists on the FortisBC Energy System;

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(d) the Customer purchases under this Rate Schedule all of the Gas required for its facilities specified in the Service Agreement; and

(e) FortisBC Energy has installed at the Delivery Point the facilities and equipment referred to in Section 8.1 (Facilities and Equipment).

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3.2 Security

In order to secure the prompt and orderly payment of the charges to be paid by the Customer to FortisBC Energy under the Service Agreement FortisBC Energy may require the Customer to provide, and at all times maintain, an irrevocable letter of credit in favour of FortisBC Energy issued by a financial institution acceptable to FortisBC Energy in an amount equal to the estimated maximum amount payable by the Customer under this Rate Schedule and the Service Agreement for a period of 90 Days. Where FortisBC Energy requires a Customer to provide a letter of credit and the Customer is able to

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provide alternative security acceptable to FortisBC Energy, FortisBC Energy may accept such security in lieu of a letter of credit.

3.3 Right to Sell

Customer will not sell Gas except as fuel for vehicles.

4. Sales

4.1 Sale of Gas

Subject to Section 13 of the General Terms and Conditions of FortisBC Energy (Interruption of Service), FortisBC Energy will sell to the Customer and the Customer will buy from FortisBC Energy at the Delivery Point such quantity of Gas as is required by the Customer for the operation of the Customer's facilities specified in the Service Agreement estimated to be the maximum quantity per Day set out in the Service Agreement, for the charges and on all of the terms and conditions set out in either this Rate Schedule or the Service Agreement.

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4.2 Maximum Hourly Quantities

FortisBC Energy will not be obliged to deliver in any one Hour more than 5% of the maximum quantity of Gas per Day set out in the Service Agreement.

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4.3 Gas Pressure

Where specifically requested by the Customer, FortisBC Energy may agree to deliver Gas to the Customer at the Delivery Point at a minimum pressure specified in the Customer's Service Agreement. The Customer will reimburse FortisBC Energy for costs it reasonably incurs in maintaining such minimum pressure above that set out in the General Terms and Conditions of FortisBC Energy. FortisBC Energy's ability to maintain a minimum pressure at the Delivery Point is subject to FortisBC Energy receiving Gas from a Transporter at the pressure specified in the Transporter's Service Terms.

Deleted: All Gas delivered by FortisBC Energy at the Delivery Point to the Customer will not be at less than the pressure specified in the Service Agreement

5. Table of Charges

5.1 Charges

In respect of all quantities of Gas delivered to the Delivery Point pursuant to this Rate Schedule and the Service Agreement, the Customer will pay to FortisBC Energy all of the charges set out in the Table of Charges, except as specified in the Service Agreement.

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6. Term of Service Agreement

6.1 Term

The initial term of ~~the~~ Service Agreement ~~will~~ begin on the Commencement Date and will expire at 7:00 a.m. Pacific Standard Time on the ~~next November 1st provided that if the foregoing results in an initial term of less than one Year, then the initial term will instead expire at the end of one further Contract Year.~~

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6.2 Automatic Renewal

Except as specified in the Service Agreement, the term of the Service Agreement will continue ~~from~~ Year to Year ~~after the expiry of the initial term unless~~ cancelled by either FortisBC Energy or the Customer upon not less than 6 ~~months~~ notice prior to the end of the ~~Contract Year~~ then in effect.

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6.3 Early Termination

The term of the Service Agreement is subject to early termination in accordance with ~~Section 10 (Default or Bankruptcy).~~ ~~The Customer will reimburse FortisBC Energy for any net incremental utility Gas supply costs incurred by FortisBC Energy as a result of the Customer cancelling the Service Agreement prior to the end of the Contract Year then in effect. This reimbursement will include only those costs which are approved by the British Columbia Utilities Commission, and were unavoidable and could not be reduced by mitigation.~~

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6.4 Survival of Covenants

Upon the termination of the Service Agreement, whether pursuant to ~~Section 10 (Default or Bankruptcy)~~ or otherwise:

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- (a) all claims, causes of action or other outstanding obligations remaining or being unfulfilled as at the date of termination; and
- (b) all of the provisions in this Rate Schedule and in the Service Agreement relating to the obligation of any of the parties to account to or indemnify the other and to pay to the other any monies owing as at the date of termination in connection with the Service Agreement,

will survive such termination.

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7. Statements and Payments

7.1 Statements to be Provided

FortisBC Energy will, each Month, deliver to the Customer a statement for the preceding Month showing the Gas quantities delivered to the Customer and the amount due.

FortisBC Energy will, on or about the 45th day after the end of a Contract Year, deliver to the Customer a separate statement for the preceding Contract Year showing the amount required from the Customer in respect of any indemnity due under this Rate Schedule or a Service Agreement. Any errors in any statement will be promptly reported to the other party as provided hereunder, and statements will be final and binding unless questioned within one Year after the date of the statement.

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7.2 Payment and Late Payment Charge

Payment for the full amount of the statement, including federal, provincial and municipal taxes or fees applicable thereon, will be made to FortisBC Energy at its Vancouver, British Columbia office, or such other place in Canada as it will designate, on or before the 1st Business Day after the 21st calendar day following the billing date. If the Customer fails or neglects to make any payment required under this Rate Schedule, or any portion thereof, to FortisBC Energy when due, FortisBC Energy will include in the next bill to the Customer a late payment charge of 1 .5% per month (19.56% per annum) on the outstanding amount.

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7.3 Examination of Records

Each of FortisBC Energy and the Customer will have the right to examine at reasonable times the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, charge, computation or demand made pursuant to any provisions of this Rate Schedule or the Service Agreement.

8. Measuring Equipment

8.1 Facilities and Equipment

FortisBC Energy will install, maintain and operate at the Delivery Point such metering and communications facilities and equipment as FortisBC Energy determines are necessary or desirable for measuring the quantity of Gas delivered pursuant to this Rate Schedule to the Customer and the Customer will permit FortisBC Energy, without cost to FortisBC Energy, to use the Customer's communications lines and power for the purpose of installing, maintaining and operating the measuring equipment of FortisBC Energy. Communication facilities and equipment will be installed at the cost of the Customer.

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8.2 Measuring Site

If FortisBC Energy reasonably determines that it is necessary to install the facilities and equipment referred to in Section 8.1 (Facilities and Equipment) on the Customer's property, the Customer will, without charge, provide a suitable site along with utilities and enclosures for the installation of the facilities and equipment of FortisBC Energy. FortisBC Energy will at all times have clear access to the site and to all of its facilities and equipment. All facilities and equipment installed by FortisBC Energy on the Customer's property will remain the property of FortisBC Energy and may be removed by FortisBC Energy upon termination of the Service Agreement.

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8.3 Calibration and Test of Measuring Equipment

The accuracy of the measuring equipment of FortisBC Energy will be verified by standard tests and methods at regular intervals and at other times at the initiative of FortisBC Energy or upon the reasonable request of the Customer. Notice of the time and nature of each test conducted in response to communications with or at the request of the Customer will be given by FortisBC Energy to the Customer sufficiently in advance to permit a representative of the Customer to be present. If during a test the measuring equipment is found to be registering inaccurately, it will be adjusted at once to read as accurately as possible. The results of each test and adjustment, if any, made by FortisBC Energy, whether or not the Customer is present for such test, will be accepted until the next test. All tests of such measuring equipment of FortisBC Energy will be made at the expense of FortisBC Energy, except that the Customer will bear the expense of tests made at its request if the measuring equipment is found to be inaccurate by an amount equal to 2% or less.

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8.4 Inaccuracy Exceeding 2%

If upon any test the measuring equipment is found to be inaccurate by an amount exceeding 2%, any previous readings of such equipment will be corrected to zero error for any period during which it is definitely known or is agreed upon that the error existed. If the period is not definitely known or is not agreed upon, such correction will be for a period covering the last half of the time elapsed since the date of the last test. Under no circumstances will an adjustment be made for a period of more than the preceding 12 months.

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8.5 Correction of Measuring Errors

If the measuring equipment is out of service or out of repair so that the quantity of Gas delivered cannot be correctly determined by the reading thereof, the Gas delivered during the period such measuring equipment is out of service or out of repair will be estimated on the basis of the best available data, using the first of the following methods which is feasible:

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- (a) ~~by correcting the error if the percentage of error is ascertained by calibration test or mathematical calculation;~~
- (b) by using the registration of any check measuring equipment if installed and accurately registering; and
- (c) by estimating the quantity of Gas delivered to the Customer during the preceding periods under similar conditions when the meter was registering accurately.

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8.6 Customer's Equipment

The Customer may at its own expense install, maintain and operate its own measuring equipment for the purposes of monitoring or checking the measuring equipment of FortisBC Energy, provided that the Customer will install such equipment so as not to interfere with the operation of the measuring equipment of FortisBC Energy.

8.7 Right to be Present

FortisBC Energy and the Customer will have the right to inspect all equipment installed or furnished by the other and the charts and other measurement or test data of the other at all times during business hours, and to be present at the time of any installing, testing, cleaning, changing, repairing, calibrating or adjusting done in connection with the measuring equipment of the other party, but all such activities will be performed by the party furnishing the measuring equipment.

8.8 Preservation of Records

Both parties will ~~cause to be preserved~~ each test datum, chart and other record of Gas measurement for a period of 2 years.

9. Measurement

9.1 Unit of Volume

The unit of volume of Gas for all purposes hereunder will be 1 cubic metre at a temperature of 15° Celsius and an absolute pressure of 101.325 kilopascals.

9.2 Determination of Volume

Gas delivered hereunder will be metered using metering apparatus approved by ~~Measurement~~ Canada and the determination of standard volumes delivered hereunder will be in accordance with terms and conditions pursuant to the *Electricity and Gas Inspection Act* of Canada.

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9.3 Conversion to Energy Units

In accordance with the *Electricity and Gas Inspection Act* of Canada, volumes of Gas delivered each Day will be converted to energy units by multiplying the standard volume by the Heat Content of each unit of Gas. Volumes will be specified in 10^3m^3 rounded to two decimal places and energy will be specified in Gigajoules rounded to the nearest Gigajoule.

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10. Default or Bankruptcy

10.1 Default

If the Customer at any time fails or neglects:

- (a) to make any payment due to FortisBC Energy or to any other person under this Rate Schedule or the Service Agreement within 30 days after payment is due, or
- (b) to correct any default of any of the other terms, covenants, agreements, conditions or obligations imposed upon it under this Rate Schedule or the Service Agreement, within 30 days after FortisBC Energy gives to the Customer notice of such default or, in the case of a default that cannot with due diligence be corrected within a period of 30 days, the Customer fails to proceed promptly after the giving of such notice with due diligence to correct the same and thereafter to prosecute the correcting of such default with all due diligence,

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then FortisBC Energy may in addition to any other remedy that it has, at its option and without liability therefore:

- (c) suspend further service to the Customer and may refuse to deliver Gas to the Customer until the default has been fully remedied, and no such suspension or refusal will relieve the Customer from any obligation under this Rate Schedule or the Service Agreement; or
- (d) terminate the Service Agreement, and no such termination of the Service Agreement pursuant hereto will exclude the right of FortisBC Energy to collect any amount due to it from the Customer for what would otherwise have been the remainder of the term of the Service Agreement.

10.2 Bankruptcy or Insolvency

If the Customer becomes bankrupt or insolvent or commits or suffers an act of bankruptcy or insolvency or a receiver is appointed pursuant to a statute or under a debt instrument or the Customer seeks protection from the demands of its creditors pursuant to any legislation enacted for that purpose, FortisBC Energy will have the right, at its sole

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discretion, to terminate the Service Agreement by giving notice in writing to the Customer and thereupon FortisBC Energy may cease further delivery of Gas to the Customer and the amount then outstanding for Gas provided under the Service Agreement will immediately be due and payable by the Customer.

11. Notice

11.1 Notice

Any notice, request, statement or bill that is required to be given or that may be given under this Rate Schedule or under the Service Agreement will, unless otherwise specified, be in writing and will be considered as fully delivered when mailed, personally delivered or sent by fax or other method approved by FortisBC Energy to the other in accordance with the following:

If to FortisBC Energy

FORTISBC ENERGY INC.

MAILING ADDRESS:

16705 Fraser Highway
Surrey, B.C.
V4N 0E8

BILLING AND PAYMENT:

Attention: Industrial Billing
Telephone: 1-855-873-8773
Email: industrial.billing@fortisbc.com
Fax: (888) 224-2710

CUSTOMER RELATIONS:

Attention: Commercial & Industrial Energy Solutions
Telephone: (604) 576-7028
Email: commercial.energy@fortisbc.com
Fax: (604) 576-7122

LEGAL AND OTHER:

Attention: Legal Services
Telephone: (604) 576-7000
Fax: (604) 592-7520

If to the Customer, then as set out in the Service Agreement.

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11.2 Specific Notices

Notwithstanding Section 11.1 (Notice), notices with respect to Force Majeure will be sufficient if:

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(a) given by FortisBC Energy in writing by fax or other electronic means, or orally in person, or by telephone (to be confirmed in writing) to the person or persons designated from time to time by the Customer as authorized to receive such notices; or

(b) given by the Customer by telephone (to be confirmed in writing) in the following manner:

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To claim Force Majeure... "Please be advised that (name of company and location of plant) has (reason for claiming Force Majeure as provided Section 13 (Force Majeure)), and hereby claims suspension by reason of Force Majeure in accordance with the terms of Rate Schedule 6 effective 7:00 a.m. Pacific Standard Time (date of Force Majeure suspension to become effective, but not to be retroactive)."

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To terminate Force Majeure... "Please be advised that (name of company and location of plant) requests a return to normal natural gas service in accordance with Rate Schedule 6 and the Service Agreement effective 7:00 a.m. Pacific Standard Time (date of Force Majeure suspension to end, but not to be retroactive) whereby the suspension by reason of Force Majeure currently in force will be terminated."

12. Indemnity and Limitation on Liability

12.1 Limitation on Liability

FortisBC Energy, its employees, contractors or agents are not responsible or liable for any loss or damages for or on account of any interruption or curtailment of Gas Service permitted under the General Terms and Conditions of FortisBC Energy or this Rate Schedule.

12.2 Indemnity

The Customer will indemnify and hold harmless each of FortisBC Energy, its employees, contractors and agents from and against any and all adverse claims, losses, suits, actions, judgments, demands, debts, accounts, damages, costs, penalties and expenses (including all legal fees and disbursements) arising from or out of each of the following:

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Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: June 1, 2018 Accepted for Filing: _____

BCUC Secretary: _____ Original Page R-6.9

- (a) Municipal Operating Fees not otherwise collected by FortisBC Energy under the Table of Charges; and
- (b) all federal, provincial, municipal taxes (or payments made in lieu thereof) and royalties, whether payable on the delivery of Gas to FortisBC Energy by the Customer or on the delivery of Gas to the Customer by FortisBC Energy, or on any other Service provided by FortisBC Energy to the Customer.

13. Force Majeure

13.1 Force Majeure

Subject to the other provisions of Section 13 (Force Majeure), if either party is unable or fails by reason of Force Majeure to perform in whole or in part any obligation or covenant set out in this Rate Schedule under which Service is rendered or in the Service Agreement, the obligations of both FortisBC Energy and the Customer will be suspended to the extent necessary for the period of the Force Majeure condition.

13.2 Curtailment Notice

If FortisBC Energy claims suspension pursuant to Section 13 (Force Majeure), FortisBC Energy will be deemed to have issued to the Customer a notice of curtailment.

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13.3 Exceptions

Neither party will be entitled to the benefit of the provisions of Section 13.1 (Force Majeure) under any of the following circumstances:

- (a) to the extent that the failure was caused by the negligence or contributory negligence of the party claiming suspension;
- (b) to the extent that the failure was caused by the party claiming suspension having failed to diligently attempt to remedy the condition and to resume the performance of the covenants or obligations with reasonable dispatch; or
- (c) unless as soon as possible after the happening of the occurrence relied on or as soon as possible after determining that the occurrence was in the nature of Force Majeure and would affect the claiming party's ability to observe or perform any of its covenants or obligations under the Rate Schedule or the Service Agreement, the party claiming suspension will have given to the other party notice to the effect that the party is unable by reason of Force Majeure (the nature of which will be specified) to perform the particular covenants or obligations.

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BCUC Secretary: _____ Original Page R-6.10

13.4 Notice to Resume

The party claiming suspension will likewise give notice, as soon as possible after the Force Majeure condition has been remedied, to the effect that it has been remedied and that the party has resumed, or is then in a position to resume, the performance of the covenants or obligations.

13.5 Settlement of Labour Disputes

Notwithstanding any of the provisions of this Section 13 (Force Majeure), the settlement of labour disputes or industrial disturbances will be entirely within the discretion of the particular party involved and the party may make settlement of it at the time and on terms and conditions as it may deem to be advisable and no delay in making settlement will deprive the party of the benefit of Section 13.1 (Force Majeure).

13.6 No Exemption for Payments

Notwithstanding any of the provisions of this Section 13 (Force Majeure), Force Majeure will not relieve or release either party from its obligations to make payments to the other.

13.7 Periodic Repair by FortisBC Energy

FortisBC Energy may temporarily shut off the delivery of Gas for the purpose of repairing or replacing a portion of the FortisBC Energy System or its equipment and FortisBC Energy will make reasonable efforts to give the Customer as much notice as possible with respect to such interruption, not to be less than 8 hours' prior notice except when prevented by Force Majeure. FortisBC Energy will make reasonable efforts to schedule repairs or replacement to minimize interruption of Gas service to the Customer and to restore Service as quickly as possible.

13.8 Alteration of Facilities

The Customer will pay to FortisBC Energy all reasonable costs associated with the alteration of facilities made at the discretion of FortisBC Energy to measure quantities reduced by reason of Force Majeure claimed by the Customer and to restore such facilities after the Force Majeure condition ends.

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14. Arbitration

14.1 Arbitration

Any dispute between the parties arising from this Rate Schedule or the Service Agreement will be resolved by a single arbitrator pursuant to the *Arbitration Act* of British Columbia or successor legislation, save as expressly provided herein.

14.2 Demand for Arbitration

Either party may commence arbitration proceedings by sending to the other party a demand for arbitration setting out the nature of the dispute.

14.3 Arbitrator

The parties will have 10 days from receipt of the demand referred to in Section 14.2 (Demand for Arbitration) of this Rate Schedule to agree upon the arbitrator, failing which either party may apply to the Supreme Court of British Columbia to select the arbitrator. The arbitrator must be sufficiently qualified by education and training to decide the particular questions in dispute. Unless otherwise agreed, the arbitrator may not be a past or present employee, officer or director of any of the parties or their respective successors or affiliates, any customer or supplier of the Customer or FortisBC Energy.

14.4 Commencement and Decision

The arbitrator will proceed immediately to hear and determine the matter in dispute and will render a written decision, signed by the arbitrator, within 45 days after the appointment, subject to any reasonable delay due to unforeseen circumstances. Notwithstanding the foregoing, if the arbitrator fails to render a decision within 60 days after the appointment then either party may elect to have a new arbitrator appointed in like manner as if none had previously been appointed.

14.5 Decision

The decision of the arbitrator will be final and binding upon the parties and the parties will abide by the decision and perform the terms and conditions thereof.

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15. Interpretation

15.1 Interpretation

Except where the context requires otherwise or except as otherwise expressly provided, in this Rate Schedule or in a Service Agreement:

- (a) all references to a designated section are to the designated section of this Rate Schedule unless otherwise specifically stated;
- (b) the singular of any term includes the plural, and vice versa, and the use of any term is equally applicable to any gender and, where applicable, body corporate;
- (c) any reference to a corporate entity includes and is also a reference to any corporate entity that is a successor to such entity;
- (d) all words, phrases and expressions used in this Rate Schedule or in a Service Agreement that have a common usage in the gas industry and that are not defined in the General Terms and Conditions of FortisBC Energy, the Definitions or in the Service Agreement have the meanings commonly ascribed thereto in the gas industry; and
- (e) the headings of the sections set out in this Rate Schedule or in the Service Agreement are for convenience of reference only and will not be considered in any interpretation of this Rate Schedule or the Service Agreement.

Deleted: <#>Definitions in General Terms and Conditions of FortisBC Energy¶
<#>Except where the context requires otherwise or except as otherwise expressly provided in this Rate Schedule, all words and phrases defined in the General Terms and Conditions and used in this Rate Schedule or in a Service Agreement have the meanings set out in the General Terms and Conditions.¶
<#>Change in Definition of "Day"¶
<#>FortisBC Energy may amend the definition of "Day" from time to time to suitably align its operations with those of its Transporters. If FortisBC Energy amends the meaning of "Day", a pro-rata adjustment of quantities of Gas and charges to account for any Day of more or less than 24 hours will be made and the term of the Service Agreement will be similarly adjusted.¶
<#>Further Definitions¶
<#>Additionally, except where the context requires otherwise, each of the words and phrases described in the Definitions have the meanings as set out in the Definitions.¶

16. Miscellaneous

16.1 Waiver

No waiver by either FortisBC Energy or the Customer of any default by the other in the performance of any of the provisions of this Rate Schedule or the Service Agreement will operate or be construed as a waiver of any other or future default or defaults, whether of a like or different character.

16.2 Enurement

The Service Agreement will enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns, including without limitation successors by merger, amalgamation or consolidation.

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Effective Date: ~~June 1, 2018~~ Accepted for Filing: _____

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16.3 Assignment

The Customer will not assign the Service Agreement or any of its rights or obligations thereunder without the prior written consent of FortisBC Energy which consent will not be unreasonably withheld or delayed. No assignment will release the Customer from its obligations under this Rate Schedule or under the Service Agreement that existed prior to the date on which the assignment takes effect. This provision applies to every proposed assignment by the Customer.

16.4 Amendments to be in Writing

Except as set out in this Rate Schedule, no amendment or variation of the Service Agreement will be effective or binding upon the parties unless such amendment or variation is set out in writing and duly executed by the parties.

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16.5 Proper Law

The Service Agreement will be construed and interpreted in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

16.6 Time is of Essence

Time is of the essence of this Rate Schedule, the Service Agreement and of the terms and conditions thereof.

16.7 Subject to Legislation

Notwithstanding any other provision hereof, this Rate Schedule and the Service Agreement and the rights and obligations of FortisBC Energy and the Customer under this Rate Schedule and the Service Agreement are subject to all present and future laws, rules, regulations and orders of any legislative body, governmental agency or duly constituted authority now or hereafter having jurisdiction over FortisBC Energy or the Customer.

16.8 Further Assurances

Each of FortisBC Energy and the Customer will, on demand by the other, execute and deliver or cause to be executed and delivered all such further documents and instruments and do all such further acts and things as the other may reasonably require to evidence, carry out and give full effect to the terms, conditions, intent and meaning of this Rate Schedule and the Service Agreement and to assure the completion of the transactions contemplated hereby.

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BCUC Secretary: _____ Original Page R-6.14

16.9 Form of Payments

All payments required to be made under statements and invoices rendered pursuant to this Rate Schedule or the Service Agreement will be made by ~~wire~~ transfer to, or cheque or bank cashier's cheque drawn on a Canadian chartered bank or trust company, payable in lawful money of Canada at par in immediately available funds in Vancouver, British Columbia.

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FORTISBC ENERGY INC.
RATE SCHEDULE 6

Table of Charges

Mainland and
Vancouver Island
Service Area

Delivery Margin Related Charges

1. Basic Charge per Day	\$	<u>X.XXXX</u>
2. Delivery Charge per Gigajoule	\$	<u>X.XXX</u>

Commodity Related Charges

3. Commodity Cost Recovery Charge per Gigajoule	\$	<u>X.XXX</u>
4. Storage and Transport Charge per Gigajoule	\$	<u>X.XXX</u>
5. Rider 6 per Gigajoule	\$	<u>X.XXX</u>

Subtotal of per Gigajoule Commodity Related Charges \$ X.XXX

Moved up [1]: ~~British Columbia Utilities~~ means the British Columbia Utilities Commission constituted under the *Utilities Commission Act* of British Columbia and includes and is also a reference to
~~any commission that is a successor to such commission, and~~
~~any commission that is constituted pursuant to any statute that may be passed which supplements or supersedes the Utilities Commission Act of British Columbia.~~
~~Commencement Date~~ - means the Day specified as the Commencement Date in the Service Agreement.
~~Contract Year~~ - means a period of 12 consecutive Months commencing at the beginning of the 1st Day of November and ending at the beginning of the next succeeding 1st Day of November.

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FORTISBC ENERGY INC.
RATE SCHEDULE 6

Delivery Margin Related Riders

~~Rider 2~~ ~~(Reserved for future use.)~~

Rider 3 (Reserved for future use.)

~~Rider 4~~ ~~(Reserved for future use.)~~

Rider 5 Revenue Stabilization Adjustment Charge - Not applicable.

Rider 7 (Reserved for future use.)

Commodity Cost Recovery Related Riders

Rider 1 Propane Surcharge - Not applicable.

Storage and Transport Related Riders

~~Rider 6~~ **Midstream Cost Reconciliation Account** - Applicable to Mainland, Vancouver Island and Whistler Service Area Customers, excluding Revelstoke, for the Year ending December 31, ~~2018~~.

Municipal Operating Fee Charge

~~3.09% of the aggregate of the above charges is payable (in addition to the above charges) if the facilities to which Gas is delivered under this Rate Schedule are located within the municipal boundaries of municipalities or First Nations lands (formerly, reserves within the *Indian Act*) to which FortisBC Energy pays Municipal Operating Fees.~~

Minimum Charge per month

The minimum charge per month, will be ~~aggregate of~~ the Basic Charge and ~~the~~ Municipal Operating Fee charge.

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Deleted: Phase-in Rider Balancing Account - Applicable to Mainland, Vancouver Island and Whistler Service Area Customers for the Year ending December 31, 2017.

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Deleted: Rate Stabilization Deferral Account - Applicable to Mainland Service Area Customers for the Year ending December 31, 2017.

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Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: ~~June 1, 2018~~ Accepted for Filing: _____

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Special Conditions

FortisBC Energy may, in its sole discretion, reduce the Delivery Charge per Gigajoule to any Customer where such reduction is necessary to encourage expansion of the NGV market. Any reduction in the Delivery Charge will be specified in the Service Agreement.

FortisBC Energy may make a promotional grant towards the cost to purchase a factory-built NGV vehicle, or the cost to convert a vehicle to natural gas to meet requirements as set by the Government of Canada, provided that such vehicles will obtain Gas from refuelling facilities in a FortisBC Energy ~~Service Area~~. The amount of the grant would not exceed \$10 per GJ, based on estimated consumption over a one year period, up to a maximum total grant by vehicle type as listed in the table below:

Factory Built NGV Incentive Grants		
Vehicle Description	GVW (#)	Maximum Grant
Light Duty	< 10,000	\$ 2,500
Medium Duty	< 17,000	\$ 5,000
Heavy Duty	> 17,000	\$ 10,000

The amount of each grant will not exceed the 5 year projected net revenue to FortisBC Energy from each corresponding vehicle.

FortisBC Energy may also fund Special Demonstration project grants, tied to an individual vehicle purchased by a customer. The amount of the Special Demonstration grant will not exceed the premium cost for the natural gas option for the vehicle. The total funds paid out under the Special Demonstration project grants will not exceed \$100,000 in any one year.

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**NATURAL GAS VEHICLE SERVICE AGREEMENT
FOR RATE SCHEDULE 6**

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This Agreement is dated ____ day of _____, 20____, between FortisBC Energy Inc. ("FortisBC Energy") and _____ (the "Customer").

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WHEREAS:

- A. FortisBC Energy owns and operates the FortisBC Energy System;
- B. The Customer is the operator of _____ located in or near _____ (the "Premises") in the Province of British Columbia, from which the Customer desires to dispense NGV;
- C. The Customer / or _____ is the registered owner of the Premises; and
- D. The Customer desires to purchase from FortisBC Energy NGV Firm Gas Service for the Premises in accordance with Rate Schedule 6.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the terms, conditions and limitations contained herein, the parties agree as follows:

1. Specific Information

Estimated Maximum Quantity _____ Gigajoules per day

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Commencement Date: _____

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(Maximum Day Delivery)¶
¶
and _____ Gigajoules per hour¶

Expiry Date: _____

(only specify an expiry date if term of Service Agreement is not automatically renewed from Year to Year as set out in Section 6.2 of Rate Schedule 6)

Deleted: Expiry Date of First Contract Term:

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Delivery Point: _____

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Pressure at the Delivery Point: _____

(only specify where applicable as set out in Section 4.3 of Rate Schedule 6)

Service Address: _____

Account Number: _____

Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: June 1, 2018 Accepted for Filing: _____

BCUC Secretary: _____ Original Page SA-6.1

Address of Customer for receiving notices:

(name of Customer)

Attention: _____

(address of Customer)

Telephone: _____

Fax: _____

Email: _____

The information set out above is hereby approved by the parties and each reference in either this agreement or Rate Schedule 6 to any such information is to the information set out above.

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2. Rate Schedule 6

2.1 Additional Terms

All rates, terms and conditions set out in Rate Schedule 6 and the General Terms and Conditions of FortisBC Energy, as any of them may be amended by FortisBC Energy and approved from time to time by the British Columbia Utilities Commission, are in addition to the rates, terms and conditions contained in this Service Agreement and form part of this Service Agreement and bind FortisBC Energy and the Customer as if set out in this Service Agreement.

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2.2 Payment of Amounts

Without limiting the generality of the foregoing, the Customer will pay to FortisBC Energy all of the amounts set out in Rate Schedule 6 for the Services provided under Rate Schedule 6 and this Service Agreement.

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2.3 Conflict

Where anything in either Rate Schedule 6 or the General Terms and Conditions of FortisBC Energy conflicts with any of the rates, terms and conditions set out in this Service Agreement, this Service Agreement governs. Where anything in Rate Schedule

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Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

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6 conflicts with any of the rates, terms and conditions set out in the General Terms and Conditions of FortisBC Energy, Rate Schedule 6 governs.

2.4 Acknowledgement

The Customer acknowledges receiving and reading a copy of Rate Schedule 6 and the General Terms and Conditions of FortisBC Energy and agrees to comply with and be bound by all terms and conditions set out therein.

3. Rates

3.1 For NGV Firm Gas Service, the Customer agrees to pay (check one):

_____ the charges set out in the Table of Charges of Rate Schedule 6, which may be amended from time to time by FortisBC Energy with the consent of the British Columbia Utilities Commission

or

_____ the following special charges, fixed for the term of the Service Agreement.

plus the Commodity Cost Recovery Charge per Gigajoule, the Storage and Transport Charge per Gigajoule, all applicable Commodity Cost Recovery Charge related riders and all applicable Storage and Transport Charge related riders, as set out in the Table of Charges of Rate Schedule 6.

Deleted: Notwithstanding any of the provisions of

Deleted: ~~Limitation on Liability and Indemnity~~

~~Limitation on Liability~~

Neither FortisBC Energy, its employees, contractors or agents will be liable in damages for or on account of any interruption or curtailment permitted under the General Terms and Conditions of FortisBC Energy, this Service Agreement or Rate Schedule 6.

~~Indemnity~~

The Customer will indemnify and hold harmless each of FortisBC Energy, its employees, contractors and agents from and against any and all adverse claims, losses, suits, actions, judgements, demands, debts, accounts, damages, costs, penalties and expenses (including all legal fees and disbursements) arising from or out of

~~Municipal Operating Fees not otherwise collected by FortisBC Energy under the Table of Charges; and~~

~~all federal, provincial, municipal taxes (or payments made in lieu thereof) and royalties, whether payable on the delivery of Gas to FortisBC Energy by the Customer or on the delivery of Gas to the Customer by FortisBC Energy, or on any other service provided by FortisBC Energy to the Customer.~~

3.3 These indemnities will survive the termination of this Agreement.

~~Force Majeure~~

~~Force Majeure~~

Subject to the other provisions of this section 4, if either party is unable or fails by reason of Force Majeure to perform in whole or in part any obligation or covenant set out in this Service Agreement, the obligations of both FortisBC Energy and the Customer will be suspended to the extent necessary for the period of the Force Majeure condition.

~~Curtailment Notice~~

If FortisBC Energy claims suspension pursuant to this section 4, FortisBC Energy will be deemed to have issued to the Customer a notice of curtailment.

~~Exceptions~~

Neither party will be entitled to the benefit of the provisions of section 4.1 of this

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Effective Date: June 1, 2018 Accepted for Filing: _____

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IN WITNESS WHEREOF the parties hereto have executed this Service Agreement.

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FORTISBC ENERGY INC.

(here insert name of Customer)

BY: _____
(Signature)

BY: _____
(Signature)

(Title)

(Title)

(Name – Please Print)

(Name – Please Print)

DATE: _____

DATE: _____

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Effective Date: June 1, 2018 Accepted for Filing: _____

BCUC Secretary: _____



FORTISBC ENERGY INC.

RATE SCHEDULE 6A

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REFUELING SERVICE¶
¶

Pages R-6A.i and R-6A.1 to R-6A.7 are cancelled and reserved for future use.

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Hamilton* . Original

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FORTISBC ENERGY INC.

RATE SCHEDULE 6P

PUBLIC SERVICE – NATURAL GAS VEHICLE REFUELING SERVICE

Effective June 1, 2018

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Effective Date: June 1, 2018 Accepted for Filing: _____

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Effective Date: June 1, 2018 Accepted for Filing: _____
BCUC Secretary: _____ Original Page R-6P.i

1. Definitions

1.1 Definitions

Except where the context requires otherwise, all words and phrases defined below or in the General Terms and Conditions of FortisBC Energy and used in this Rate Schedule or in a Service Agreement have the meanings set out below or in the General Terms and Conditions of FortisBC Energy. Where any of the definitions set out below conflict with the definitions in the General Terms and Conditions of FortisBC Energy, the definitions set out below govern.

(a) **Customer** - means a person who enters into a Service Agreement with FortisBC Energy.

(b) **Day** – means, subject to Section 1.2 (Change in Definition of “Day”), any period of twenty-four consecutive hours beginning and ending at 7:00 a.m. Pacific Standard Time.

(c) **Delivery Point** - means the location or point where FortisBC Energy dispenses Gas to a Customer pursuant to this Rate Schedule.

(d) **Force Majeure** - means any acts of God, strikes, lockouts, or other industrial disturbances, civil disturbances, arrests and restraints of rulers or people, interruptions by government or court orders, present or future valid orders of any regulatory body having proper jurisdiction, acts of the public enemy, wars, riots, blackouts, insurrections, failure or inability to secure materials or labour by reason of regulations or orders of government, serious epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, explosions, breakage or accident to machinery or lines of pipes, or freezing of wells or pipelines, or the failure of gas supply, temporary or otherwise, from a Supplier of gas, which act of Force Majeure was not due to negligence of the party claiming Force Majeure. Further, Force Majeure will also include a declaration of force majeure by a Transporter that results in Gas being unavailable for delivery at the Interconnection Point.

(e) **Gas** - means the residue remaining after raw gas has been subjected to any or all of the following permissible processes:

(i) the removal of any of its constituent parts other than methane, and the removal of methane to such extent as is necessary in removing other constituents;

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- (ii) the compression, regulation, cooling, cleaning or any other chemical or physical process other than the addition of diluents, such as air or nitrogen, to such extent as may be required in its production, gathering, transmission, transportation, storage, removal from storage and delivery; and
- (iii) the addition of odorant by FortisBC Energy,
- but for greater certainty Gas does not include propane.
- (f) **Heat Content** - means the gross heating value of the Gas, determined on the basis of a temperature of 15° Celsius with the Gas free of all water vapour and at an absolute pressure of 101.325 kilopascals, with the products of combustion cooled to the initial temperature of the Gas and the water formed by the combustion condensed to the liquid state. The Heat Content will be expressed in megajoules per cubic metre of Gas (MJ/m³) rounded to two decimal places.
- (g) **Month** - means, subject to any changes from time to time required by FortisBC Energy, the period beginning at 7:00 a.m. Pacific Standard Time on the first day of the calendar month and ending at 7:00 a.m. Pacific Standard Time on the first day of the next succeeding calendar month.
- (h) **NGV** - means natural gas for vehicles
- (i) **Rate Schedule 6P or this Rate Schedule** - means this Rate Schedule, including all rates, terms and conditions, Definitions and the Table of Charges, as amended from time to time by FortisBC Energy with the consent of the British Columbia Utilities Commission.
- (j) **Service Agreement** - means an agreement between FortisBC Energy and a Customer to provide Service pursuant to this Rate Schedule and the terms and conditions described in Section 3.3 (Service Agreement) of this Rate Schedule.
- (k) **Supplier** - means a party who sells Gas to a Shipper or FortisBC Energy or has access to its own supplies of Gas.
- (l) **Table of Charges** - means the table of prices, fees and charges, as amended from time to time by FortisBC Energy with the consent of the British Columbia Utilities Commission, appended to this Rate Schedule.
- (m) **Transporter** - means, in the case of the Columbia area, TransCanada PipeLines Limited (Foothills System B.C.) and NOVA Gas Transmission Ltd., and in the case of the Inland and Lower Mainland areas, Westcoast Energy Inc., Northwest Pipeline LLC, FortisBC Huntingdon Inc., and any other gas pipeline transportation company connected to the facilities of FortisBC Energy from which FortisBC Energy receives Gas for the purposes of Gas service or resale.

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- (n) **Transporter's Service Terms** - means the general terms and conditions of the applicable Transporter, as filed with and approved from time to time by the National Energy Board or other applicable governmental authority.
- (o) **10³m³** - means 1,000 cubic metres.

1.2 Change in Definition of "Day"

FortisBC Energy may amend the definition of "Day" from time to time to suitably align its operations with those of its Transporters. If FortisBC Energy amends the definition of "Day", a pro-rata adjustment of quantities of Gas and charges to account for any Day of more or less than 24 hours will be made and the terms of the Service Agreement will be similarly adjusted.

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2. Applicability

2.1 Description of Applicability

This Rate Schedule applies to the sale of firm Gas from FortisBC Energy to Customers under the Conditions of Service set forth in Section 3 (Conditions of Service), for the purpose of compression and dispensing Gas as fuel to operate vehicles. This Rate Schedule is applicable only to Customers who use a dispenser provided by FortisBC Energy for public use for on-site vehicle refueling service through a compressor(s) not exceeding 0.03 m³ per minute.

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2.2 Applicable In

The Lower Mainland area at:

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16705 Fraser Highway, Surrey, British Columbia

2.3 British Columbia Utilities Commission

This Rate Schedule may be amended from time to time with the consent of the British Columbia Utilities Commission.

3. Conditions of Service

3.1 Conditions

This Rate Schedule is available in the Lower Mainland area served by FortisBC Energy under the FortisBC Energy tariff of which this Rate Schedule is a part if:

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(p) adequate Gas volumes for such Service are available;

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(q) adequate capacity exists on the FortisBC Energy System;

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(r) Customers' access to the designated dispensing area is for the sole purpose of on-site natural gas vehicle refueling. Access to the site is from 7:00 a.m. Pacific Standard Time to 5:00 p.m. Pacific Standard Time Monday to Friday, excluding statutory holidays, as well as Easter Monday and Boxing Day; and

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(s) FortisBC Energy has installed at the Delivery Point the facilities and equipment referred to in Section 4.1 (Facilities and Equipment).

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3.2 Sale of Gas

Subject to ~~Section 13 of the General Terms and Conditions of FortisBC Energy~~ (Interruption of Service), FortisBC Energy will sell to the Customer and the Customer will ~~buy from~~ FortisBC Energy at ~~the~~ Delivery Point such quantity of Gas as is required by the Customer for the operation of the Customer's vehicle, for the charges as calculated in accordance of the Table of Charges contained herein and shown on the gas dispenser, and on all of the terms and conditions as set out in this Rate Schedule.

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3.3 Service Agreement

By dispensing Gas from the Delivery Point, the Customer acknowledges and agrees with FortisBC Energy Inc. that

- (a) the Customer will be bound by the terms and conditions of this Rate Schedule;
- (b) the Customer agrees to pay the FortisBC Energy the charges for the quantity of Gas dispensed from this Delivery Point by either debit or credit card at the time of dispensing, as per ~~Section 3.4 (Form of Payments)~~; and
- (c) by entering / swiping a debit or credit card, the Customer gives the FortisBC Energy the authority to charge that debit or credit card for the charges for such quantity of Gas dispensed from the Delivery Point.

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3.4 Form of Payments

All payments required to be made at the point of sale and pursuant to this Rate Schedule will be made via credit card or debit card, payable in lawful money of Canada at par in immediately available funds in Vancouver, British Columbia.

4. Measuring Equipment

4.1 Facilities and Equipment

FortisBC Energy will install, maintain and operate at the Delivery Point such metering and communications facilities and equipment as FortisBC Energy determines are necessary or desirable for measuring the quantity of Gas delivered pursuant to this Rate Schedule to the Customer.

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5. Measurement

5.1 Unit of Volume

The unit of volume of Gas for all purposes hereunder will be 1 cubic metre at a temperature of 15° Celsius and an absolute pressure of 101.325 kilopascals.

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5.2 Determination of Volume

Gas delivered hereunder will be metered using metering apparatus approved by Measurement Canada and the determination of standard volumes delivered hereunder will be in accordance with terms and conditions pursuant to the *Electricity and Gas Inspection Act* of Canada.

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Department of Consumer & Corporate Affairs
of

5.3 Conversion to Energy Units

In accordance with the *Electricity and Gas Inspection Act* of Canada, volumes of Gas delivered each Day will be converted to energy units by multiplying the standard volume by the Heat Content of each unit of Gas. Volumes will be specified in 10³m³ rounded to two decimal places and energy will be specified in Gigajoules rounded to the nearest Gigajoule.

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6. Interpretation

6.1 Interpretation

Except where the context requires otherwise or except as otherwise expressly provided, in this Rate Schedule or in a Service Agreement:

- (a) all references to a designated section are to the designated section of this Rate Schedule unless otherwise specifically stated;
- (b) the singular of any term includes the plural, and vice versa, and the use of any term is equally applicable to any gender and, where applicable, body corporate;
- (c) any reference to a corporate entity includes and is also a reference to any corporate entity that is a successor to such entity;
- (d) all words, phrases and expressions used in this Rate Schedule or in a Service Agreement that have a common usage in the gas industry and that are not defined in the General Terms and Conditions of FortisBC Energy, the Definitions or in the Service Agreement have the meanings commonly ascribed thereto in the gas industry; and

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- (e) the headings of the sections set out in this Rate Schedule or in the Service Agreement are for convenience of reference only and will not be considered in any interpretation of this Rate Schedule or the Service Agreement.

7. Miscellaneous

7.1 Waiver

No waiver by either FortisBC Energy or the Customer of any default by the other in the performance of any of the provisions of this Rate Schedule will operate or be construed as a waiver of any other or future default or defaults, whether of a like or different character.

7.2 Further Assurances

Each of FortisBC Energy and the Customer will, on demand, execute and deliver or cause to be executed and delivered all such further documents and instruments and do all such further acts and things that may reasonably require to evidence, carry out and give full effect to the terms, conditions, intent and meaning of this Rate Schedule and to assure the completion of the transactions contemplated hereby.

7.3 Special Condition

FortisBC Energy reserves the right, in its sole discretion, to refuse Vehicle Refueling Service to Customers at locations within all of its Service Areas that are not economically accessible or viable or that do not have adequate NGV support services, such as vehicle conversion / maintenance centres.

8. Limitations on Liability

8.1 Limitations on Liability

The following provisions of "Limitations on Liability" set forth in Section 24 (Limitations on Liability) of the FortisBC Energy General Terms and Conditions are applicable to provision of Service under this Rate Schedule: Sections 24.1 (Responsibility for the Delivery of Gas), 24.2(a) (Responsibility Before the Delivery Point), 24.3 (Responsibility After Delivery Point), 24.5 (Customer Indemnification).

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Except where the context requires otherwise or except as otherwise expressly provided in this Rate Schedule, all words and phrases defined in the FortisBC Energy's General Terms and Conditions and used in this Rate Schedule have the meanings set out in the General Terms and Conditions. Additionally, except where the context requires otherwise, each of the words and phrases described in the Definitions in this Rate Schedule have the meanings as set out in the Definitions below.¶

~~<#>British Columbia Utilities~~

Commission - means the British Columbia Utilities Commission constituted under the *Utilities Commission Act* of British Columbia and includes and is also a reference to¶

~~<#>any commission that is a successor to such commission; and¶~~

~~<#>any commission that is constituted pursuant to any statute that may be passed which supplements or supersedes the *Utilities Commission Act* of British Columbia.¶~~

~~<#>Customer~~ - means a person who enters into a Service Agreement with FortisBC Energy.¶

~~<#>Day~~ - means any period of twenty-four consecutive hours beginning and ending at 7:00 a.m. Pacific Standard Time.¶

~~<#>Definitions~~ - means the definitions appended to this Rate Schedule.¶

~~<#>Delivery Point~~ - means the location or point where FortisBC Energy dispensing Gas to a Customer pursuant to this Rate Schedule.¶

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Table of Charges

	Lower Mainland Area		Deleted: Service
Delivery Margin Related Charges			
1. Delivery Charge per Gigajoule	\$	X.XXX	Deleted: 4.499
Commodity Related Charges			
2. Commodity Cost Recovery Charge per Gigajoule	\$	X.XXX	Deleted: <#>Rider 2 per Gigajoule ...
3. Storage and Transport Charge per Gigajoule	\$	X.XXX	Deleted: 2.050
4. Rider 6 per Gigajoule	\$	X.XXX	Deleted: 0.314
			Deleted:
			Deleted: (0.062)
<hr/>			
Subtotal of per Gigajoule Commodity Related Charges	\$	X.XXX	Deleted: 2.302
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5. Compression Charge per Gigajoule	\$	X.XXX	Deleted: 8.441
TOTAL per Gigajoule Rate	\$	XX.XXX	Deleted: 14.961
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Delivery Margin Related Riders

Rider 2 (Reserved for future use.)

Rider 3 (Reserved for future use.)

Rider 4 (Reserved for future use.)

Rider 7 (Reserved for future use.)

Storage and Transport Related Riders

Rider 6 Midstream Cost Reconciliation Account - Applicable to Mainland, Vancouver Island and Whistler Service Area Customers, excluding Revelstoke, for the Year ending December 31, 2018.

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Deleted: Phase-in Rider Balancing Account - Applicable to Mainland, Vancouver Island and Whistler Service Area Customers for the Year ending December 31, 2017.

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Deleted: Rate Stabilization Deferral Account - Applicable to Mainland Service Area Customers for the Year ending December 31, 2017.

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FORTISBC ENERGY INC.

RATE SCHEDULE 7

GENERAL INTERRUPTIBLE SERVICE

Effective **June 1, 2018**

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1. Definitions

1.1 Definitions

Except where the context requires otherwise, all words and phrases defined below or in the General Terms and Conditions of FortisBC Energy and used in this Rate Schedule or in a Service Agreement have the meanings set out below or in the General Terms and Conditions of FortisBC Energy. Where any of the definitions set out below conflict with the definitions in the General Terms and Conditions of FortisBC Energy, the definitions set out below govern.

- (a) **Commencement Date** - means the day specified as the Commencement Date in the Service Agreement.
- (b) **Contract Year** - means a period of 12 consecutive Months commencing at the beginning of the 1st Day of November and ending at the beginning of the next succeeding 1st Day of November.
- (c) **Customer** - means a person who enters into a Service Agreement with FortisBC Energy.
- (d) **Day** - means, subject to Section 1.2 (Change in Definition of "Day"), any period of twenty-four consecutive hours beginning and ending at 7:00 a.m. Pacific Standard Time.
- (e) **Delivery Point** - means the point specified in a Sales Service Agreement or a Transportation Agreement where FortisBC Energy delivers Gas to a Customer or a Shipper.
- (f) **Force Majeure** - means any acts of God, strikes, lockouts, or other industrial disturbances, civil disturbances, arrests and restraints of rulers or people, interruptions by government or court orders, present or future valid orders of any regulatory body having proper jurisdiction, acts of the public enemy, wars, riots, blackouts, insurrections, failure or inability to secure materials or labour by reason of regulations or orders of government, serious epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, explosions, breakage or accident to machinery or lines of pipes, or freezing of wells or pipelines, or the failure of gas supply, temporary or otherwise, from a Supplier of gas, which act of Force Majeure was not due to negligence of the party claiming Force Majeure. Further, Force Majeure will also include a declaration of force majeure by a Transporter that results in Gas being unavailable for delivery at the Interconnection Point.

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FORTISBC ENERGY INC.
RATE SCHEDULE 7

- (g) **Interruption Period** - means the period or periods during which the Customer is required pursuant to Sections 4.2 (Curtailment), 4.3 (Notice of Curtailment) or Section 14 (Force Majeure) to interrupt, cease, limit or curtail the receipt of Gas.
- (h) **Month** - means, subject to any changes from time to time required by FortisBC Energy, the period beginning at 7:00 a.m. Pacific Standard Time on the first day of the calendar month and ending at 7:00 a.m. Pacific Standard Time on the first day of the next succeeding calendar month.
- (i) **Rate Schedule 7 or this Rate Schedule** - means this Rate Schedule, including all rates, terms and conditions, and the Table of Charges, as amended from time to time by FortisBC Energy with the consent of the British Columbia Utilities Commission.
- (j) **Service Agreement** - means an agreement between FortisBC Energy and a Customer to provide Service pursuant to this Rate Schedule.
- (k) **Sumas Daily Price** - means the "NW Sumas" Daily Midpoint Price as set out in Gas Daily's Daily Price Survey for Gas delivered to Northwest Pipeline Corporation at Sumas, converted to Canadian dollars using the noon exchange rate as quoted by the Bank of Canada one Business Day prior to the Gas flow date, for each Day. Energy units are converted from MMBtu to Gigajoule by application of a conversion factor equal to 1.055056 Gigajoule per MMBtu.
- (l) **Supplier** - means a party who sells Gas to a Shipper or FortisBC Energy or has access to its own supplies of Gas.
- (m) **Table of Charges** - means the table of prices, fees and charges, as amended from time to time by FortisBC Energy with the consent of the British Columbia Utilities Commission, appended to this Rate Schedule.
- (n) **Transporter** - means, in the case of the Columbia area, TransCanada PipeLines Limited (Foothills System, B.C.) and NOVA Gas Transmission Ltd., and in the case of the Inland and Lower Mainland areas, Westcoast Energy Inc., Northwest Pipeline LLC, FortisBC Huntingdon Inc., and any other gas pipeline transportation company connected to the facilities of FortisBC Energy from which FortisBC Energy receives Gas for the purposes of Gas service or resale.
- (o) **Transporter's Service Terms** - means the general terms and conditions of the applicable Transporter, as filed with and approved from time to time by the National Energy Board or other applicable governmental authority.
- (p) **Unauthorized Overrun Gas** - means any Gas taken on any Day by a Customer in excess of the curtailed quantity specified in any notice from FortisBC Energy to interrupt or curtail the Customer's take, and for greater certainty, Unauthorized Overrun Gas includes all Gas taken by a Customer to the extent that the obligation of FortisBC Energy to deliver such Gas is suspended by reason of Force Majeure.

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1.2 Change in Definition of "Day"

FortisBC Energy may amend the definition of "Day" from time to time to suitably align its operations with those of its Transporters. If FortisBC Energy amends the definition of "Day", a pro-rata adjustment of quantities of Gas and charges to account for any Day of more or less than 24 hours will be made and the terms of the Service Agreement will be similarly adjusted.

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2. Applicability

2.1 Description of Applicability

This Rate Schedule applies to the provision of a bundled interruptible transportation service and the sale of firm Gas, no portion of which may be resold, through one meter station to a Customer. For greater certainty, interruptible transportation service under this Rate Schedule means the provision by FortisBC Energy of transportation service to a Customer which may be interrupted or curtailed by FortisBC Energy pursuant to Sections 4.2 (Curtailment), 11 (Default or Bankruptcy) and 14 (Force Majeure) and the General Terms and Conditions of FortisBC Energy. For greater certainty, firm Gas supply under this Rate Schedule means the Gas FortisBC Energy is obligated to sell to a Customer on a firm basis subject to interruption or curtailment pursuant to Sections 11 (Default for Bankruptcy), 14 (Force Majeure) and the General Terms and Conditions of FortisBC Energy.

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2.2 British Columbia Utilities Commission

This Rate Schedule may be amended from time to time with the consent of the British Columbia Utilities Commission.

3. Conditions of Service

3.1 Conditions

FortisBC Energy will only sell Gas under this Rate Schedule to Customers in the territory served by FortisBC Energy under the FortisBC Energy tariff of which this Rate Schedule is a part if:

- (a) the Customer has entered into a General Interruptible Service Agreement (Service Agreement);
- (b) adequate Gas volumes for such Service are available;

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- (c) adequate capacity exists on the FortisBC Energy System;
- (d) at all times when adequate quantities of Gas are available for sale by FortisBC Energy to the Customer at the facilities specified in the Service Agreement, the Customer will use such Gas as the only Gas for such facilities;
- (e) FortisBC Energy has installed at the Delivery Point the facilities and equipment referred to in Section 9.1, (Facilities and Equipment); and
- (f) the Customer has provided FortisBC Energy with no less than 2 Months notice of their intention to receive service under this Rate Schedule.

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3.2 Security

In order to secure the prompt and orderly payment of the charges to be paid by the Customer to FortisBC Energy under the Service Agreement, FortisBC Energy may require the Customer to provide, and at all times maintain, an irrevocable letter of credit in favour of FortisBC Energy issued by a financial institution acceptable to FortisBC Energy in an amount equal to the estimated maximum amount payable by the Customer under this Rate Schedule and the Service Agreement for a period of 90 Days. Where FortisBC Energy requires a Customer to provide a letter of credit and the Customer is able to provide alternative security acceptable to FortisBC Energy, FortisBC Energy may accept such security in lieu of a letter of credit.

3.3 **Warning if Switching from Interruptible Transportation Service or Interruptible Sales to Firm Transportation Service or Sales**

A Customer wishing to request a switch at the end of the term of an interruptible Transportation Agreement or an interruptible Gas Service Agreement to a firm transportation Rate Schedule or to a firm sales Rate Schedule must comply with the requirements for Firm Service set out in the applicable Rate Schedule, including the following:

- (a) give 12 months prior notice to FortisBC Energy of the Customer's desire to do so; and
- (b) after receiving an estimate from FortisBC Energy of costs FortisBC Energy will reasonably incur to provide such Service, agree to reimburse FortisBC Energy for any such costs.

Notwithstanding Section 3.3(a), FortisBC Energy will make reasonable efforts to accommodate a Customer on less than 12 months prior notice if FortisBC Energy is able, with such shorter notice, to arrange for the firm purchase and firm transportation of Gas under a firm sales Rate Schedule, or transportation under a firm transportation Rate Schedule.

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4. Sales

4.1 Sale of Gas

Subject to Section 13 of the General Terms and Conditions of FortisBC Energy (Interruption of Service), FortisBC Energy will sell to the Customer and the Customer will buy from FortisBC Energy at the Delivery Point such quantity of Gas as is required by the Customer for the operation of the Customer's facilities specified in the Service Agreement, estimated to be the maximum quantity per Day set out in the Service Agreement, for the charges and on all of the terms and conditions set out in either this Rate Schedule or the Service Agreement.

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4.2 Curtailment

If at any time FortisBC Energy, acting reasonably, determines that it does not have capacity on the FortisBC Energy System to accommodate the Customer's request for interruptible Gas Service under this Rate Schedule, FortisBC Energy may, for any length of time, interrupt or curtail the delivery of Gas to the Customer at the Delivery Point under this Rate Schedule.

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4.3 Notice of Curtailment

Each notice from FortisBC Energy to the Customer with respect to the interruption or curtailment by FortisBC Energy of deliveries of Gas to the Delivery Point will be by telephone, by facsimile ("fax") and/or by other electronic means and will specify the quantity of Gas to which the Customer is curtailed and the time at which such curtailment is to be made. FortisBC Energy will make reasonable efforts to give the Customer as much notice as possible with respect to such curtailment, not to be less than 2 hours, prior notice unless prevented by Force Majeure.

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4.4 Default Regarding Curtailment

The Customer will comply with each notice to interrupt or curtail the Customer's take. If the Customer at any time fails or neglects to comply with a notice from FortisBC Energy to interrupt or curtail the Customer's take, FortisBC Energy may, in addition to any other remedy that it may then or thereafter have, at its option, without liability therefor, and without any prior notice to the Customer:

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(a) turn off the valve at the Delivery Point; or

(b) deliver such Gas and charge the Customer for such Gas consumed on that Day the Unauthorized Overrun Gas charge set out in the Table of Charges.

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4.5 Failure to Comply

If during any one Contract Year the Customer fails or neglects to comply with three notices from FortisBC Energy to interrupt or curtail the Customer's take, unless the Customer provides to FortisBC Energy assurances, to the satisfaction of FortisBC Energy, that the Customer will comply with all further interruption or curtailment notices, FortisBC Energy may, in addition to any other remedy that it may then or thereafter have, at its option and without liability therefor, switch the Customer to a firm Gas sales Rate Schedule, beginning at the commencement of the next following Month. If the Customer and FortisBC Energy do not execute a new Service Agreement pursuant to the firm Gas sales Rate Schedule, from the date of such switch the Service Agreement will be deemed to be a Service Agreement pursuant to the firm Gas sales Rate Schedule, with all necessary changes.

4.6 Maximum Hourly Quantities

FortisBC Energy will not be obliged to deliver in any one Hour more than 5% of the quantity of Gas per Day set out in the Service Agreement.

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4.7 Gas Pressure

Where specifically requested by the Customer, FortisBC Energy may agree to deliver Gas to the Customer at the Delivery Point at a minimum pressure specified in the Customer's Service Agreement. The Customer will reimburse FortisBC Energy for costs it reasonably incurs in maintaining such minimum pressure above that set out in the General Terms and Conditions of FortisBC Energy. FortisBC Energy's ability to maintain a minimum pressure at the Delivery Point is subject to FortisBC Energy receiving Gas from a Transporter at the pressure specified in the Transporter's Service Terms.

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5. Table of Charges

5.1 Charges

In respect of all quantities of Gas delivered to the Delivery Point pursuant to this Rate Schedule and the Service Agreement, the Customer will pay to FortisBC Energy all of the charges set out in the Table of Charges.

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6. Unauthorized Gas Use

6.1 Charges for Unauthorized Service

On any Day the Customer takes Unauthorized Overrun Gas, the Customer will pay to FortisBC Energy the unauthorized overrun charge set out in the Table of Charges.

6.2 Payments Not License

Payments made by the Customer to FortisBC Energy for Unauthorized Overrun Gas neither give the Customer the right to take Unauthorized Overrun Gas, nor exclude or limit any other remedies available to FortisBC Energy for the Customer's taking of Unauthorized Overrun Gas.

7. Term of Service Agreement

7.1 Term

The initial term of the Service Agreement will begin on the Commencement Date and will expire at 7:00 a.m. Pacific Standard Time on the next November 1st, provided that if the foregoing results in an initial term of less than one Year, then the initial term will instead expire at the end of one further Contract Year.

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7.2 Automatic Renewal

Except as specified in the Service Agreement, the term of the Service Agreement will continue from Year to Year after the expiry of the initial term unless cancelled by either FortisBC Energy or the Customer, subject to Section 3.3 (Warning if Switching from Interruptible Transportation Service or Interruptible Sales to Firm Transportation Service or Sales), upon not less than 2 months notice prior to the end of the Contract Year then in effect.

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7.3 Early Termination

The term of the Service Agreement is subject to early termination in accordance with Section 11, (Default or Bankruptcy).

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7.4 Survival of Covenants

Upon the termination of the Service Agreement, whether pursuant to Section 11, (Default or Bankruptcy) or otherwise:

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- (a) all claims, causes of action or other outstanding obligations remaining or being unfulfilled as at the date of termination; and
- (b) all of the provisions in this Rate Schedule and in the Service Agreement relating to the obligation of any of the parties to account to or indemnify the other and to pay to the other any monies owing as at the date of termination in connection with the Service Agreement.

will survive such termination.

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8. Statements and Payments

8.1 Statements to be Provided

FortisBC Energy will each Month, deliver to the Customer a statement for the preceding Month showing the Gas quantities delivered to the Customer and the amount due. FortisBC Energy will, on or about the 45th day after the end of a Contract Year, deliver to the Customer a separate statement for the preceding Contract Year showing the amount required from the Customer in respect of any indemnity due under this Rate Schedule or a Service Agreement. Any errors in any statement will be promptly reported to the other party as provided hereunder, and statements will be final and binding unless questioned within one Year after the date of the statement.

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8.2 Payment and Late Payment Charge

Payment for the full amount of the statement, including federal, provincial and municipal taxes or fees applicable thereon, will be made to FortisBC Energy at its Vancouver, British Columbia office, or such other place in Canada as it will designate, on or before the 1st Business Day after the 21st calendar day following the billing date. If the Customer fails or neglects to make any payment required under this Rate Schedule, or any portion thereof, to FortisBC Energy when due, FortisBC Energy will include in the next bill to the Customer a late payment charge of 1.5% per month (19.56% per annum) on the outstanding amount.

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8.3 Examination of Records

Each of FortisBC Energy and the Customer will have the right to examine at reasonable times the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, charge, computation or demand made pursuant to any provisions of this Rate Schedule or the Service Agreement.

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9. Measuring Equipment

9.1 Facilities and Equipment

FortisBC Energy will install, maintain and operate at the Delivery Point such metering and communications facilities and equipment as FortisBC Energy determines are necessary or desirable for measuring the quantity of Gas delivered pursuant to this Rate Schedule to the Customer and the Customer will permit FortisBC Energy, without cost to FortisBC Energy, to use the Customer's communications lines and power for the purpose of installing, maintaining and operating the measuring equipment of FortisBC Energy. Communication facilities and equipment will be installed at the cost of the Customer.

9.2 Measuring Site

If FortisBC Energy reasonably determines that it is necessary to install the facilities and equipment referred to in **Section 9.1** (Facilities and Equipment) on the Customer's property, the Customer will, without charge, provide a suitable site along with utilities and enclosures for the installation of the facilities and equipment of FortisBC Energy. FortisBC Energy will at all times have clear access to the site and to all of its facilities and equipment. All facilities and equipment installed by FortisBC Energy on the Customer's property will remain the property of FortisBC Energy and may be removed by FortisBC Energy upon termination of the Service Agreement.

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9.3 Calibration and Test of Measuring Equipment

The accuracy of the measuring equipment of FortisBC Energy will be verified by standard tests and methods at regular intervals and at other times at the initiative of FortisBC Energy or upon the reasonable request of the Customer. Notice of the time and nature of each test conducted in response to communications with or at the request of the Customer will be given by FortisBC Energy to the Customer sufficiently in advance to permit a representative of the Customer to be present. If during a test the measuring equipment is found to be registering inaccurately, it will be adjusted at once to read as accurately as possible. The results of each test and adjustment, if any, made by FortisBC Energy, whether or not the Customer is present for such test, will be accepted until the next test. All tests of such measuring equipment of FortisBC Energy will be made at the expense of FortisBC Energy, except that the Customer will bear the expense of tests made at its request if the measuring equipment is found to be inaccurate by an amount equal to 2% or less.

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9.4 Inaccuracy Exceeding 2%

If upon any test the measuring equipment is found to be inaccurate by an amount exceeding 2%, any previous readings of such equipment will be corrected to zero error for any period during which it is definitely known or is agreed upon that the error existed. If the period is not definitely known or is not agreed upon, such correction will be for a period covering the last half of the time elapsed since the date of the last test. ~~Under no~~ circumstances will an adjustment be made for a period of more than the preceding 12 ~~months.~~

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9.5 Correction of Measuring Errors

If the measuring equipment is out of service or out of repair so that the quantity of Gas delivered cannot be correctly determined by the reading thereof, the Gas delivered during the period such measuring equipment is out of service or out of repair will be estimated on the basis of the best available data, using the first of the following methods which is feasible:

- (a) by correcting the error if the percentage of error is ascertained by calibration test or mathematical calculation;
- (b) by using the registration of any check measuring equipment if installed and accurately registering; and
- (c) by estimating the quantity of Gas delivered to the Customer during the preceding periods under similar conditions when the meter was registering accurately.

9.6 Customer's Equipment

The Customer may at its own expense install, maintain and operate its own measuring equipment for the purposes of monitoring or checking the measuring equipment of FortisBC Energy, provided that the Customer will install such equipment so as not to interfere with the operation of the measuring equipment of FortisBC Energy.

9.7 Right to be Present

FortisBC Energy and the Customer will have the right to inspect all equipment installed or furnished by the other and the charts and other measurement or test data of the other at all times during business ~~hours,~~ and to be present at the time of any installing, testing, cleaning, changing, repairing, calibrating or adjusting done in connection with the measuring equipment of the other party, but all such activities will be performed by the party furnishing the measuring equipment.

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9.8 Preservation of Records

Both parties will cause to be preserved each test datum, chart and other record of Gas measurement for a period of 2 years.

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10. Measurement

10.1 Unit of Volume

The unit of volume of Gas for all purposes hereunder will be 1 cubic metre at a temperature of 15° Celsius and an absolute pressure of 101.325 kilopascals.

10.2 Determination of Volume

Gas delivered hereunder will be metered using metering apparatus approved by Measurement Canada and the determination of standard volumes delivered hereunder will be in accordance with terms and conditions pursuant to the *Electricity and Gas Inspection Act* of Canada.

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10.3 Conversion to Energy Units

In accordance with the *Electricity and Gas Inspection Act* of Canada, volumes of Gas delivered each Day will be converted to energy units by multiplying the standard volume by the Heat Content of each unit of Gas. Volumes will be specified in 10³m³ rounded to two decimal places and energy will be specified in Gigajoules rounded to the nearest Gigajoule.

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11. Default or Bankruptcy

11.1 Default

If the Customer at any time fails or neglects:

- (a) to make any payment due to FortisBC Energy or to any other person under this Rate Schedule or the Service Agreement within 30 days after payment is due; or

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- (b) to correct any default of any of the other terms, covenants, agreements, conditions or obligations imposed upon it under this Rate Schedule or the Service Agreement, within 30 ~~days~~ after FortisBC Energy gives to the Customer notice of such default or, in the case of a default that cannot with due diligence be corrected within a period of 30 ~~days~~, the Customer fails to proceed promptly after the giving of such notice with due diligence to correct the same and thereafter to prosecute the correcting of such default with all due diligence;

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then FortisBC Energy may in addition to any other remedy that it has, including the rights of FortisBC Energy set out in ~~Sections 4.4~~ (Default Regarding Curtailment), ~~4.5~~ (Failure to Comply) and ~~6~~ (Unauthorized Gas Use), at its option and without liability therefore:

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- (c) suspend further service to the Customer and may refuse to deliver Gas to the Customer until the default has been fully remedied, and no such suspension or refusal will relieve the Customer from any obligation under this Rate Schedule or the Service Agreement; or
- (d) terminate the Service Agreement, and no such termination of the Service Agreement pursuant hereto will exclude the right of FortisBC Energy to collect any amount due to it from the Customer for what would otherwise have been the remainder of the term of the Service Agreement.

11.2 Bankruptcy or Insolvency

If the Customer becomes bankrupt or insolvent or commits or suffers an act of bankruptcy or insolvency or a receiver is appointed pursuant to a statute or under a debt instrument or the Customer seeks protection from the demands of its creditors pursuant to any legislation enacted for that purpose, FortisBC Energy will have the right, at its sole discretion, to terminate the Service Agreement by giving notice in writing to the Customer and thereupon FortisBC Energy may cease further delivery of Gas to the Customer and the amount then outstanding for Gas provided under the Service Agreement will immediately be due and payable by the Customer.

12. Notice

12.1 Notice

Any notice, request, statement or bill that is required to be given or that may be given under this Rate Schedule or under the Service Agreement will, unless otherwise specified, be in writing and will be considered as fully delivered when mailed, personally delivered or sent by fax ~~or other method approved by FortisBC Energy~~ to the other in accordance with the following:

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FORTISBC ENERGY INC.
RATE SCHEDULE 7

If to FortisBC Energy FORTISBC ENERGY INC.

MAILING ADDRESS: 16705 Fraser Highway
Surrey, B.C.
V4N 0E8

BILLING AND PAYMENT Attention: Industrial Billing
Telephone: 1-855-873-8773
Email: industrial.billing@fortisbc.com
Fax: (888) 224-2710

CUSTOMER RELATIONS: Attention: Commercial & Industrial Energy
Solutions
Telephone: (604) 576-7028
Email: commercial.energy@fortisbc.com
Fax: (604) 576-7122

LEGAL AND OTHER: Attention: Director, Legal Services
Telephone: (604) 576-7000
Fax: (604) 592-7520

If to the Customer, then as set out in the Transportation Agreement.

12.2 Specific Notices

Notwithstanding [Section 12.1](#), (Notice), notices with respect to Force Majeure will be sufficient if:

(a) given by FortisBC Energy in writing by fax [or other electronic means](#), or orally in person, or by telephone (to be confirmed in writing) to the person or persons designated from time to time by the Customer as authorized to receive such notices; or

(b) given by the Customer by telephone (to be confirmed [in writing](#)) in the following manner:

To claim Force Majeure... "Please be advised that (name of company and location of plant) has (reason for claiming Force Majeure as provided in [Section 14 \(Force Majeure\)](#)) and hereby claims suspension by reason of Force Majeure in accordance with the terms of Rate Schedule 7 effective 7:00 a.m. Pacific Standard Time (date [of](#) Force Majeure suspension to become effective, but not to be retroactive)."

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To terminate Force Majeure... "Please be advised that (name of company and location of plant) requests a return to normal natural gas service in accordance with Rate Schedule 7 and the Service Agreement effective 7:00 a.m. Pacific Standard Time (date of Force Majeure suspension to end, but not to be retroactive) whereby the suspension by reason of Force Majeure currently in force will be terminated."

13. Indemnity and Limitation on Liability

13.1 Limitation on Liability

FortisBC Energy, its employees, contractors or agents are not responsible or liable for any loss or damages for or on account of any interruption or curtailment of Gas ~~Service~~ permitted under the General Terms and Conditions of FortisBC Energy or this Rate Schedule.

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13.2 Indemnity

The Customer will indemnify and hold harmless each of FortisBC Energy, its employees, contractors and agents from and against any and all adverse claims, losses, suits, actions, judgments, demands, debts, accounts, damages, costs, penalties and expenses (including all legal fees and disbursements) arising from or out of each of the following:

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- (a) Municipal Operating Fees not otherwise collected by FortisBC Energy under the Table of Charges; and
- (b) all federal, provincial, municipal taxes (or payments made in lieu thereof) and royalties, whether payable on the delivery of Gas to FortisBC Energy by the Customer or on the delivery of Gas to the Customer by FortisBC Energy, or on any other ~~Service~~ provided by FortisBC Energy to the Customer.

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14. Force Majeure

14.1 Force Majeure

Subject to the other provisions of this ~~Section 14 (Force Majeure)~~, if either party is unable or fails by reason of Force Majeure to perform in whole or in part any obligation or covenant set out in this Rate Schedule under which ~~Service~~ is rendered or in the Service Agreement, the obligations of both FortisBC Energy and the Customer will be suspended to the extent necessary for the period of the Force Majeure condition.

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14.2 Curtailment Notice

If FortisBC Energy claims suspension pursuant to this ~~Section 14~~, FortisBC Energy will be deemed to have issued to the Customer a notice of curtailment.

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14.3 Exceptions

Neither party will be entitled to the benefit of the provisions of ~~Section 14.1 (Force Majeure)~~ under any of the following circumstances:

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- (a) to the extent that the failure was caused by the negligence or contributory negligence of the party claiming suspension;
- (b) to the extent that the failure was caused by the party claiming suspension having failed to diligently attempt to remedy the condition and to resume the performance of the covenants or obligations with reasonable dispatch; or
- (c) unless as soon as possible after the happening of the occurrence relied on or as soon as possible after determining that the occurrence was in the nature of Force Majeure and would affect the claiming party's ability to observe or perform any of its covenants or obligations under the Rate Schedule or the Service Agreement, the party claiming suspension will have given to the other party notice to the effect that the party is unable by reason of Force Majeure (the nature of which will be specified) to perform the particular covenants or obligations.

14.4 Notice to Resume

The party claiming suspension will likewise give notice, as soon as possible after the Force Majeure condition has been remedied, to the effect that it has been remedied and that the party has resumed, or is then in a position to resume, the performance of the covenants or obligations.

14.5 Settlement of Labour Disputes

Notwithstanding any of the provisions of this ~~Section 14 (Force Majeure)~~, the settlement of labour disputes or industrial disturbances will be entirely within the discretion of the particular party involved and the party may make settlement of it at the time and on terms and conditions as it may deem to be advisable and no delay in making settlement will deprive the party of the benefit of ~~Section 14.1 (Force Majeure)~~.

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14.6 No Exemption for Payments

Notwithstanding any of the provisions of this ~~Section 14 (Force Majeure)~~, Force Majeure will not relieve or release either party from its obligations to make payments to the other.

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14.7 Periodic Repair by FortisBC Energy

FortisBC Energy may temporarily shut off the delivery of Gas for the purpose of repairing or replacing a portion of the FortisBC Energy System or its equipment and FortisBC Energy will make reasonable efforts to give the Customer as much notice as possible with respect to such interruption, not to be less than 8 ~~hours~~, prior notice except when prevented by Force Majeure. FortisBC Energy will make reasonable efforts to schedule repairs or replacement to minimize interruption ~~or curtailment~~ of Gas ~~Service~~ to the Customer and to restore ~~Service~~ as quickly as possible.

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14.8 Alteration of Facilities

The Customer will pay to FortisBC Energy all reasonable costs associated with the alteration of facilities made at the discretion of FortisBC Energy to measure quantities reduced by reason of Force Majeure claimed by the Customer and to restore such facilities after the Force Majeure ~~condition~~ ends.

15. Arbitration

15.1 Arbitration

Any dispute between the parties arising from this Rate Schedule or the Service Agreement will be resolved by a single arbitrator pursuant to the ~~Arbitration Act~~ of British Columbia or successor legislation, save as expressly provided herein.

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15.2 Demand for Arbitration

Either party may commence arbitration proceedings by sending to the other party a demand for arbitration setting out the nature of the dispute.

15.3 Arbitrator

The parties will have 10 ~~days~~ from receipt of the demand referred to in ~~Section 15.2 (Demand for Arbitration)~~ of this Rate Schedule to agree upon the arbitrator, failing which either party may apply to the Supreme Court of British Columbia to select the arbitrator. The arbitrator must be sufficiently qualified by education and training to decide the particular questions in dispute. Unless otherwise agreed, the arbitrator may not be a past or present employee, officer or director of any of the parties or their respective successors or affiliates, any customer or supplier of the Customer or FortisBC Energy.

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15.4 Commencement and Decision

The arbitrator will proceed immediately to hear and determine the matter in dispute and will render a written decision, signed by the arbitrator, within 45 ~~days~~ after the appointment, subject to any reasonable delay due to unforeseen circumstances.

Notwithstanding the foregoing, if the arbitrator fails to render a decision within 60 ~~days~~ after the appointment then either party may elect to have a new arbitrator appointed in like manner as if none had previously been appointed.

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15.5 Decision

The decision of the arbitrator will be final and binding upon the parties and the parties will abide by the decision and perform the terms and conditions thereof.

16. Interpretation

16.1 Interpretation

Except where the context requires otherwise or except as otherwise expressly provided, in this Rate Schedule or in a Service Agreement:

- (a) all references to a designated section are to the designated section of this Rate Schedule unless otherwise specifically stated;
- (b) the singular of any term includes the plural, and vice versa, and the use of any term is equally applicable to any gender and, where applicable, body corporate;
- (c) any reference to a corporate entity includes and is also a reference to any corporate entity that is a successor to such entity;
- (d) all words, phrases and expressions used in this Rate Schedule or in a Service Agreement that have a common usage in the ~~gas~~ industry and that are not defined in the General Terms and Conditions of FortisBC Energy, the Definitions or in the Service Agreement have the meanings commonly ascribed thereto in the ~~gas~~ industry; and
- (e) the headings of the sections set out in this Rate Schedule or in the Service Agreement are for convenience of reference only and will not be considered in any interpretation of this Rate Schedule or the Service Agreement.

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17. Miscellaneous

17.1 Waiver

No waiver by either FortisBC Energy or the Customer of any default by the other in the performance of any of the provisions of this Rate Schedule or the Service Agreement will operate or be construed as a waiver of any other or future default or defaults, whether of a like or different character.

17.2 Enurement

The Service Agreement will enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns, including without limitation successors by merger, amalgamation or consolidation.

17.3 Assignment

The Customer will not assign the Service Agreement or any of its rights or obligations thereunder without the prior written consent of FortisBC Energy which consent will not be unreasonably withheld or delayed. No assignment will release the Customer from its obligations under this Rate Schedule or under the Service Agreement that existed prior to the date on which the assignment takes effect. This provision applies to every proposed assignment by the Customer.

17.4 Amendments to be in Writing

Except as set out in this Rate Schedule, no amendment or variation of the Service Agreement will be effective or binding upon the parties unless such amendment or variation is set out in writing and duly executed by the parties.

17.5 Proper Law

The Service Agreement will be construed and interpreted in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

17.6 Time is of Essence

Time is of the essence of this Rate Schedule, the Service Agreement and of the terms and conditions thereof.

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17.7 Subject to Legislation

Notwithstanding any other provision hereof, this Rate Schedule and the Service Agreement and the rights and obligations of FortisBC Energy and the Customer under this Rate Schedule and the Service Agreement are subject to all present and future laws, rules, regulations and orders of any legislative body, governmental agency or duly constituted authority now or hereafter having jurisdiction over FortisBC Energy or the Customer.

17.8 Further Assurances

Each of FortisBC Energy and the Customer will, on demand by the other, execute and deliver or cause to be executed and delivered all such further documents and instruments and do all such further acts and things as the other may reasonably require to evidence, carry out and give full effect to the terms, conditions, intent and meaning of this Rate Schedule and the Service Agreement and to assure the completion of the transactions contemplated hereby.

17.9 Form of Payments

All payments required to be made under statements and invoices rendered pursuant to this Rate Schedule or the Service Agreement will be made by wire transfer to, or cheque or bank cashier's cheque drawn on, a Canadian chartered bank or trust company, payable in lawful money of Canada at par in immediately available funds in Vancouver, British Columbia.

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Table of Charges

Mainland and
Vancouver Island
Service Area

Delivery Margin Related Charge

1. **Basic Charge** per Month \$ XXX.XX
2. **Delivery Charge** per Gigajoule
(not in excess of curtailment
notice) \$ X.XXX

Commodity Related Charges

3. **Commodity Cost Recovery
Charge** per Gigajoule \$ X.XXX¹
4. **Storage and Transport
Charge** per Gigajoule \$ X.XXX¹
5. **Rider 6** per Gigajoule \$ X.XXX
- Subtotal of per Gigajoule
Commodity Related Charges \$ X.XXX

6. **Charge** for Unauthorized
Overrun Gas

- (a) Per Gigajoule on first 5
percent of specified quantity Sumas Daily
Price²
- (b) Per Gigajoule on all Gas
over 5 percent of specified
quantity The greater of
\$20.00/GJ or
1.5 x the Sumas
Daily Price²

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1.5 x the Sumas Daily Price²

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1.5 x the Sumas Daily Price²

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Delivery Margin Related Riders

Rider 2 (Reserved for future use.)

Rider 3 (Reserved for future use.)

Rider 4 (Reserved for future use.)

Rider 5 Revenue Stabilization Adjustment Charge - Not applicable.

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Commodity Cost Recovery Related Riders

Rider 1 Propane Surcharge - Not applicable.

Storage and Transport Related Riders

Rider 6 Midstream Cost Reconciliation Account - Applicable to Mainland, Vancouver Island and Whistler Service Area Customers, excluding Revelstoke, for the Year ending December 31, 2018.

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Municipal Operating Fee Charge

3.09% of the aggregate of the above charges is payable (in addition to the above charges) if the facilities to which Gas is delivered under this Rate Schedule are located within the municipal boundaries of municipalities or First Nations lands (formerly, reserves within the *Indian Act*) to which FortisBC Energy pays Municipal Operating Fees.

Minimum Charge per month

The minimum charge per month will be the aggregate of the Basic Charge and the Municipal Operating Fee charge.

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FORTISBC ENERGY INC.
RATE SCHEDULE 7

Notes:

1. **Commodity Cost Recovery Charge and Storage and Transport Charge** - the Commodity Cost Recovery Charge and Storage and Transport Charge are subject to change in accordance with changes to the Rate Schedule 5 Commodity Cost Recovery Charge and Storage and Transport Charge.
2. As defined under Section 1.1, the Sumas Daily Price quoted each Day will apply to Gas consumed on that gas day.

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Deleted: Sumas Daily Price - "Sumas Daily Price" means the Canadian Gas NW Sumas Daily Midpoint Price as set out in Gas Daily's Daily Price Survey for Gas delivered to Northwest Pipeline Corporation at Sumas, converted to \$CDN per Gigajoule using the noon exchange rate as quoted by the Bank of Canada one business Day prior to Gas flow date. Energy units are converted from MMBtu to Gigajoule by application of a conversion factor equal to 1.055056 Gigajoule per MMBtu.¶

3. **Unauthorized Overrun Gas** - The charges on the first 5 percent of Unauthorized Overrun Gas are subject to change at any time that there is a change in the rates to residential customers.

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**GENERAL INTERRUPTIBLE SERVICE AGREEMENT
FOR RATE SCHEDULE 7**

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This Agreement is dated _____, 20____, between FortisBC Energy Inc. ("FortisBC Energy") and _____ (the "Customer").

WHEREAS:

FortisBC Energy owns and operates the FortisBC Energy System;

The Customer is the owner and operator of a _____ located in or near _____, British Columbia; and

The Customer desires to purchase from FortisBC Energy bundled interruptible Gas transportation Service and firm gas supply for such facilities in accordance with Rate Schedule 7 and the terms set out herein.

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NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the terms, conditions and limitations contained herein, the parties agree as follows:

1. Specific Information

Estimated Maximum Quantity _____ Gigajoules per day

Commencement Date: _____

Expiry Date: _____

(only specify an expiry date if term of Service Agreement is not to automatically renewed from year to year as set out in Section 7.2 of Rate Schedule 7)

Delivery Point: _____

Pressure at the Delivery Point: _____

(only specify where applicable as set out in Section 4.7 of Rate Schedule 7)

Service Address: _____

Account Number: _____

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Effective Date: June 1, 2018 Accepted for Filing: _____

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Address of Customer for receiving notices:

(name of Customer) Attention: _____

(address of Customer) Telephone: _____

_____ Fax: _____

_____ Email: : _____

The information set out above is hereby approved by the parties and each reference in either this agreement or Rate Schedule 7 to any such information is to the information set out above.

2. Rate Schedule 7

2.1 Additional Terms

All rates, terms and conditions set out in Rate Schedule 7 and the General Terms and Conditions of FortisBC Energy, as any of them may be amended by FortisBC Energy and approved from time to time by the British Columbia Utilities Commission, are in addition to the terms and conditions contained in this Service Agreement and form part of this Service Agreement and bind FortisBC Energy and the Customer as if set out in this Service Agreement.

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2.2 Payment of Amounts

Without limiting the generality of the foregoing, the Customer will pay to FortisBC Energy all of the amounts set out in Rate Schedule 7 for the Services provided under Rate Schedule 7 and this Service Agreement.

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2.3 Conflict

Where anything in either Rate Schedule 7 or the General Terms and Conditions of FortisBC Energy conflicts with any of the rates, terms and conditions set out in this Service Agreement, this Service Agreement governs. Where anything in Rate Schedule 7 conflicts with any of the rates, terms and conditions set out in the General Terms and Conditions of FortisBC Energy, Rate Schedule 7 governs.

2.4 Acknowledgment

The Customer acknowledges receiving and reading a copy of Rate Schedule 7 and the General Terms and Conditions of FortisBC Energy and agrees to comply with and be bound by all terms and conditions set out therein. Without limiting the generality of the foregoing, the Customer acknowledges that it is able to accommodate interruption or curtailment of Gas service and releases FortisBC Energy from any liability for the Customer's inability to accommodate an interruption or curtailment of Gas ~~Service~~.

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IN WITNESS WHEREOF the parties hereto have executed this Service Agreement.

FORTISBC ENERGY INC.

(here insert name of Customer)

BY: _____
(Signature)

BY: _____
(Signature)

(Title)

(Title)

(Name – Please Print)

(Name – Please Print)

DATE: _____

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FORTISBC ENERGY INC.

RATE SCHEDULE 11B

**BIOMETHANE LARGE VOLUME INTERRUPTIBLE
SALES**

Effective June 1, 2018

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Effective Date: June 1, 2018 Accepted for Filing: _____

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FORTISBC ENERGY INC.
RATE SCHEDULE 11B

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1. Definitions

1.1 Definitions

Except where the context requires otherwise, or except as otherwise expressly provided in the Rate Schedule under which the Customer receives transportation Service, all words and phrases defined below or in the General Terms and Conditions of FortisBC Energy and used in this Rate Schedule or in a Transportation Agreement have the meanings set out below or in the General Terms and Conditions of FortisBC Energy. Where any of the definitions set out below conflict with the definitions in the General Terms and Conditions of FortisBC Energy, the definitions set out below govern.

- (a) **Commencement Date** - means the day specified as the Commencement Date in the Sales Agreement.
- (b) **Customer** - means a Shipper or Shipper Agent who enters into a Sales Agreement with FortisBC.
- (c) **Day** - means subject to Section 1.2 (Change in Definition of "Day"), any period of twenty-four consecutive hours beginning and ending at 7:00 a.m. Pacific Standard Time.
- (d) **Group** - means a group of Shippers who each transport Gas under a transportation Rate Schedule, have a common Shipper Agent, and who have each entered into a Transportation Agreement.
- (e) **Point of Sale** - the point of sale will be from FortisBC Energy certified Biomethane facilities attached to the FortisBC Energy distribution system.
- (f) **Sales Agreement** - means an agreement between FortisBC Energy and a Customer for the sale of Biomethane pursuant to this Rate Schedule.
- (g) **Shipper** - means a person who enters into a Transportation Agreement with FortisBC Energy and who is also the consumer of the Gas transported.
- (h) **Shipper Agent** - means a person who enters into a Shipper Agent Agreement with FortisBC Energy.
- (i) **Transportation Agreement** - means an agreement between FortisBC Energy and a Shipper to provide Service pursuant to a transportation Rate Schedule.

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1.2 **Change in Definition of "Day"**

FortisBC Energy may amend the definition of "Day" from time to time to suitably align its operations with those of its Transporters. If FortisBC Energy amends the definition of "Day", a pro-rata adjustment of quantities of Gas and charges to account for any Day of more or less than 24 hours will be made and the terms of the Sales Agreement will be similarly adjusted.

2. **Applicability, Availability and Amendment**

2.1 **Description of Applicability**

This Rate Schedule applies to the sale of interruptible Biomethane, at the Point of Sale, no portion of which may be resold, except for the case where the Customer is a Shipper Agent, in which case the Biomethane must be resold to one or more members of its Groups.

2.2 **Availability**

This Rate Schedule is available in all Service Areas served by FortisBC Energy, except for the Municipality of Revelstoke and Fort Nelson.

2.3 **British Columbia Utilities Commission**

This Rate Schedule may be amended from time to time with the consent of the British Columbia Utilities Commission.

3. **Conditions of Sales**

3.1 **Conditions**

FortisBC Energy will only sell Biomethane to a Customer under this Rate Schedule in the applicable territory served by FortisBC Energy, under the FortisBC Energy tariff of which this Rate Schedule is a part and if:

- (a) the Customer has entered into a Biomethane Large Volume Interruptible Sales Agreement ("Sales Agreement");
- (b) the Customer has entered into a Transportation Agreement pursuant to Rate Schedule 22, 22A, 22B, 23, 25, 26 or 27; or all members of the Group which the Customer represents, if the Customer is a Shipper Agent, have entered into a Transportation Agreement under the applicable Rate Schedule; and

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(c) adequate Biomethane volumes are available for sale by FortisBC Energy to the Customer for the facilities specified in the Sales Agreement.

3.2 Security

In order to secure the prompt and orderly payment of the charges to be paid by the Customer to FortisBC Energy under the Sales Agreement, FortisBC Energy may require the Customer to provide, and at all times maintain, an irrevocable letter of credit in favour of FortisBC Energy issued by a financial institution acceptable to FortisBC Energy in an amount equal to the estimated maximum amount payable by the Customer under this Rate Schedule and the Sales Agreement for a period of 90 Days. Where FortisBC Energy requires a Customer to provide a letter of credit and the Customer is able to provide alternative security acceptable to FortisBC Energy, FortisBC Energy may accept such security in lieu of a letter of credit.

4. Terms of Sale

4.1 Sale of Biomethane

Subject to all of the terms and conditions set out in this Rate Schedule and the Sales Agreement, FortisBC Energy will sell to the Customer and the Customer will buy from FortisBC Energy on each Day the quantity of Biomethane authorized by FortisBC Energy in accordance with Section 6 (Nomination).

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4.2 Curtailment

FortisBC Energy may at any time, for any reason and for any length of time, interrupt or curtail Biomethane sales under this Rate Schedule.

4.3 Notice of Curtailment

Each notice from FortisBC Energy to the Customer with respect to the interruption or curtailment by FortisBC Energy of deliveries of Biomethane will be by telephone, by facsimile ("fax") and/or by other electronic means, and will specify the quantity of Biomethane to which the Customer is curtailed and the time at which such curtailment is to be made. FortisBC Energy will make reasonable efforts to give the Customer as much notice as possible with respect to such curtailment, not to be less than 2 hours prior notice unless prevented by Force Majeure.

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5. Table of Charges

5.1 Charges

In respect of all quantities of Biomethane sold to the Customer under this Rate Schedule, the Customer will pay to FortisBC Energy all of the charges set out in the Table of Charges.

5.2 ~~Transportation~~ Charges

Customers ~~will~~ be responsible for paying the FortisBC Energy delivery charges ~~s~~ as set out in a Customer's applicable transportation contract.

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6. Nomination

6.1 Requested Quantity

The Customer will provide ~~notice~~ to FortisBC Energy ~~on the~~ Web Information and Nomination System ("~~WINS~~"), ~~or~~ other method approved by FortisBC Energy, prior to 7:30 a.m. ~~Pacific Standard Time~~ on each Day (or such other time as may be specified from time to time by FortisBC Energy) the Customer's Requested Quantity for the Day commencing in approximately 24 ~~hours~~.

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6.2 Authorized Quantity

FortisBC Energy will ~~notify the Customer on WINS or other method approved by FortisBC Energy if the Authorized Quantity is less than the Requested Quantity,~~

Deleted: each Day, determine the Authorized Quantity to be made available to the Customer under this Rate Schedule and will advise the Customer if such Authorized Quantity is less than the Customer's Requested Quantity.

7. Groups ~~Nominations~~

7.1 Notices To and From Shipper Agents

If the Customer is a member of a Group then:

- (a) communications regarding curtailments, interruptions, quantities of Biomethane requested ~~or~~ quantities of Biomethane authorized will be between the Shipper Agent for the Group and FortisBC Energy;

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Order No.: _____ Issued By: Diane Roy, ~~Vice President~~, Regulatory ~~Affairs~~,

Effective Date: June 1, 2018 Accepted for Filing: _____

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- (b) notices from FortisBC Energy with respect to interruption or curtailment pursuant to Section 4.3 (Notice of Curtailment) will be to the Shipper Agent for the Group and will specify the quantity of Biomethane to which the Group is curtailed and the time at which such curtailment is to be made; it will be the responsibility of the Shipper Agent to notify Customers which are members of the Group of interruptions or curtailments;
- (c) the Shipper Agent will provide to FortisBC Energy the Requested Quantity for the Group pursuant to Section 6.1 (Requested Quantity) and if the Shipper Agent does not so notify FortisBC Energy, then the Group's Requested Quantity for the Day commencing in approximately 24 h hours will be deemed to be the Group's quantity pursuant to Section 6.2 (Authorized Quantity) for the Day just commencing; and
- (d) FortisBC Energy will each Day determine the Authorized Quantity to be made available to the Group under this Rate Schedule and will advise the Shipper Agent if such Authorized Quantity is less than the Group's Requested Quantity.

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8. Term of Sales Agreement

8.1 Term

The initial term of the Sales Agreement will begin on the Commencement Date and will expire at 7:00 a.m. Pacific Standard Time on the next November 1st.

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8.2 Automatic Renewal

Except as specified in the Sales Agreement, the term of the Sales Agreement will continue from Year to Year after the expiry of the initial term unless cancelled by either FortisBC Energy or the Customer upon not less than 10 Days notice prior to the end of the Contract Year then in effect.

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8.3 Early Termination

The term of the Sales Agreement is subject to early termination in accordance with Section 12 (Default or Bankruptcy).

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8.4 Survival of Covenants

Upon the termination of the Sales Agreement, whether pursuant to Section 12 (Default or Bankruptcy) or otherwise,

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- (a) all claims, causes of action or other outstanding obligations remaining or being unfulfilled as at the date of termination; and
- (b) all of the provisions in this Rate Schedule and in the Sales Agreement relating to the obligation of any of the parties to account to or indemnify the other and to pay to the other any monies owing as at the date of termination in connection with the Sales Agreement,

will survive such termination

9. Statements and Payments

9.1 Statements to be Provided

FortisBC Energy will, on or about the 15th day of each Month, deliver to the Customer a statement for the preceding Month showing the Gas quantities delivered to the Customer and the amount due. If the Customer is a member of a Group then the statement and the calculation of the amount due from the Customer will be based on information supplied by the Shipper Agent, or based on other information available to FortisBC Energy, as set out in the Shipper Agent Agreement. FortisBC Energy will, on or about the 45th day after the end of a Contract Year, deliver to the Customer a separate statement for the preceding Contract Year showing the amount required from the Customer in respect of any indemnity due under this Rate Schedule or a Sales Agreement. Any errors in any statement will be promptly reported to the other party as provided hereunder, and statements will be final and binding unless questioned within one Year after the date of the statement.

9.2 Payment and Interest

Payment for the full amount of the statement, including federal, provincial and municipal taxes or fees applicable thereon, will be made to FortisBC Energy at its Vancouver, British Columbia office, or such other place in Canada as it will designate, on or before the 1st Business Day after the 10th calendar day following the billing date. If the Customer fails or neglects to make any payment required under this Rate Schedule, or any portion thereof, to FortisBC Energy when due, interest on the outstanding amount will accrue, at the rate of interest declared by the chartered bank in Canada principally used by FortisBC Energy, for loans in Canadian dollars to its most creditworthy commercial borrowers payable on demand and commonly referred to as its "prime rate", plus:

Deleted: <#>Indemnity and Limitation on Liability¶

<#>Limitation on Liability¶

FortisBC Energy, its employees, contractors or agents are not responsible or liable for any loss or damages for or on account of any interruption or curtailment of Biomethane sales permitted under the General Terms and Conditions of FortisBC Energy or this Rate Schedule.¶

<#>Indemnity¶

The Customer will indemnify and hold harmless each of FortisBC Energy, its employees, contractors and agents from and against any and all adverse claims, losses, suits, actions, judgments, demands, debts, accounts, damages, costs, penalties and expenses (including all legal fees and disbursements) arising from or out of each of the following:¶

¶
<#>Municipal Operating Fees not otherwise collected by FortisBC Energy, under the Table of Charges; and¶
<#>all federal, provincial, municipal taxes (or payments made in lieu thereof) and royalties, whether payable on the delivery of Biomethane to the Customer by FortisBC Energy or on the delivery of Biomethane to FortisBC Energy by the Customer, or on any other service provided by FortisBC Energy to the Customer.¶

<#>Principal Obligor¶

The Customer entering into a Rate Schedule 11B Sales Agreement will be the principal obligor.

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- (a) 2% from the date when such payment was due for the first 30 days that such payment remains unpaid and 5% thereafter until the same is paid where the Customer has not, during the immediately preceding 6-month period, failed to make any payment when due hereunder; or

- (b) 5% from the date when such payment was due to and including the date the same is paid where the Customer has, during the immediately preceding 6-month period, failed to make any payment when due hereunder.

9.3 Examination of Records

Each of FortisBC Energy and the Customer will have the right to examine at reasonable times the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, charge, computation or demand made pursuant to any provisions of this Rate Schedule or the Sales Agreement.

10. Measurement

10.1 Unit of Volume

The unit of volume of Gas for all purposes hereunder will be 1 cubic metre at a temperature of 15° Celsius and an absolute pressure of 101.325 kilopascals.

10.2 Determination of Volume

Gas delivered hereunder will be metered using metering apparatus approved by Measurement Canada and the determination of standard volumes delivered hereunder will be in accordance with terms and conditions pursuant to the *Electricity and Gas Inspection Act* of Canada.

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10.3 Conversion to Energy Units

In accordance with the *Electricity and Gas Inspection Act* of Canada, volumes of Gas delivered each Day will be converted to energy units by multiplying the standard volume by the Heat Content of each unit of Gas. Volumes will be specified in 10³m³ rounded to two decimal places and energy will be specified in Gigajoules rounded to one decimal place.

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11. Representations, Warranties and Covenants

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Deleted: Title to Gas

11.1 Representation and Warranty

FortisBC Energy represents and warrants the title to all Biomethane delivered to the Customer at the Point of Sale under this Rate Schedule and the right of FortisBC Energy to sell such Biomethane, and represents and warrants that such Biomethane will be free and clear of all liens, encumbrances and claims.

11.2 Transfer of Title

Title to Biomethane sold under this Rate Schedule will pass to the Customer at the Point of Sale.

12. Default or Bankruptcy

12.1 Default

If the Customer at any time fails or neglects:

- (a) to make any payment due to FortisBC Energy or to any other person under this Rate Schedule or the Sales Agreement within 30 days after payment is due; or
- (b) to correct any default of any of the other terms, covenants, agreements, conditions or obligations imposed upon it under this Rate Schedule or the Sales Agreement, within 30 days after FortisBC Energy gives to the Customer notice of such default or, in the case of a default that cannot with due diligence be corrected within a period of 30 days, the Customer fails to proceed promptly after the giving of such notice with due diligence to correct the same and thereafter to prosecute the correcting of such default with all due diligence,

then FortisBC Energy may in addition to any other remedy that it has, and at its option and without liability therefore:

Deleted: , including the rights of FortisBC Energy set out in sections 4.4 (Default Regarding Curtailment)

- (c) suspend further transportation ~~Service~~ to the Customer and may refuse to deliver Gas to the Customer until the default has been fully remedied, and no such suspension or refusal will relieve the Customer from any obligation under this Rate Schedule or the Sales Agreement; or
- (d) terminate the Sales Agreement, and no such termination of the Sales Agreement pursuant hereto will exclude the right of FortisBC Energy to collect any amount due to it from the Customer for what would otherwise have been the remainder of the term of the Sales Agreement.

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12.2 Bankruptcy or Insolvency

If the Customer becomes bankrupt or insolvent or commits or suffers an act of bankruptcy or insolvency or a receiver is appointed pursuant to a statute or under a debt instrument or the Customer seeks protection from the demands of its creditors pursuant to any legislation enacted for that purpose, FortisBC Energy will have the right, at its sole discretion, to terminate the Sales Agreement by giving notice in writing to the Customer and thereupon FortisBC Energy may cease further delivery of Gas to the Customer and the amount then outstanding for Gas provided under the Sales Agreement will immediately be due and payable by the Customer.

13. Notice

13.1 Notice

Any notice, request, statement or bill that is required to be given or that may be given under this Rate Schedule or under the Sales Agreement will, unless otherwise specified, be in writing and will be considered as fully delivered when mailed, personally delivered or sent by fax or other method approved by FortisBC Energy to the other in accordance with the following:

If to FortisBC Energy

FORTISBC ENERGY INC.

MAILING ADDRESS:

16705 Fraser Highway
Surrey, B.C.
V4N 0E8

BILLING AND PAYMENT:

Attention: Industrial Billing
Telephone: 1-855-873-8773
Email: industrial.billing@fortisbc.com
Fax: (888) 224-2710

CUSTOMER RELATIONS:

Attention: Commercial & Industrial Energy
Solutions
Telephone: (604) 576-7028
Email: commercial.energy@fortisbc.com
Fax: (604) 576-7122

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LEGAL AND OTHER:

Attention: Legal Services
Telephone: (604) 576-7000
Fax: (604) 592-7520

13.2 Specific Notices

Notwithstanding Section 13 (Notice), notices with respect to Force Majeure will be sufficient if:

(e) given by FortisBC Energy in writing by fax or other electronic means, or orally in person, or by telephone (to be confirmed in writing) to the person or persons designated from time to time by the Shipper as authorized to receive such notices; or

(f) given by the Shipper by telephone (to be confirmed in writing) in the following manner:

To claim Force Majeure..."Please be advised that (name of company and location of plant) has (reason for claiming Force Majeure as provided in Section 15 (Force Majeure) and hereby claims suspension by reason of Force Majeure in accordance with the terms of Rate Schedule 11B effective 7:00 a.m. Pacific Standard Time (date of Force Majeure suspension to become effective, but not to be retroactive)."

To terminate Force Majeure..."Please be advised that (name of company and location of plant) requests a return to normal natural gas service in accordance with Rate Schedule 11B and the Transportation Agreement effective 7:00 a.m. Pacific Standard Time (date of Force Majeure suspension to end, but not to be retroactive) whereby the suspension by reason of Force Majeure currently in force will be terminated."

14. Indemnity and Limitation on Liability

14.1 Limitation on Liability

FortisBC Energy, its employees, contractors or agents are not responsible or liable for any loss or damages for or on account of any interruption or curtailment of Biomethane sales permitted under the General Terms and Conditions of FortisBC Energy or this Rate Schedule.

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14.2 Indemnity

The Customer will indemnify and hold harmless each of FortisBC Energy, its employees, contractors and agents from and against any and all adverse claims, losses, suits, actions, judgments, demands, debts, accounts, damages, costs, penalties and expenses (including all legal fees and disbursements) arising from or out of each of the following:

- (a) Municipal Operating Fees not otherwise collected by FortisBC Energy, under the Table of Charges; and
- (b) all federal, provincial, municipal taxes (or payments made in lieu thereof) and royalties, whether payable on the delivery of Biomethane to the Customer by FortisBC Energy or on the delivery of Biomethane to FortisBC Energy by the Customer, or on any other service provided by FortisBC Energy to the Customer.

14.3 Principal Obligor

The Customer entering into a Rate Schedule 11B Sales Agreement will be the principal obligor.

15. Force Majeure

15.1 Force Majeure

Subject to the other provisions of this Section 15.1 (Force Majeure), if either party is unable or fails by reason of Force Majeure to perform in whole or in part any obligation or covenant set out in this Rate Schedule under which Service is rendered or in the Sales Agreement, the obligations of both FortisBC Energy and the Customer will be suspended to the extent necessary for the period of the Force Majeure condition.

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15.2 Curtailment Notice

If FortisBC Energy claims suspension pursuant to this Section 15.1 (Force Majeure), FortisBC Energy will be deemed to have issued to the Customer a notice of curtailment.

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15.3 Exceptions

Neither party will be entitled to the benefit of the provisions of Section 15.1 (Force Majeure) under any of the following circumstances:

- (a) to the extent that the failure was caused by the negligence or contributory negligence of the party claiming suspension;

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- (b) to the extent that the failure was caused by the party claiming suspension having failed to diligently attempt to remedy the condition and to resume the performance of the covenants or obligations with reasonable dispatch; or
- (c) unless as soon as possible after the happening of the occurrence relied on or as soon as possible after determining that the occurrence was in the nature of Force Majeure and would affect the claiming party's ability to observe or perform any of its covenants or obligations under this Rate Schedule or the Sales Agreement, the party claiming suspension will have given to the other party notice to the effect that the party is unable by reason of Force Majeure (the nature of which will be specified) to perform the particular covenants or obligations.

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15.4 Notice to Resume

The party claiming suspension will likewise give notice, as soon as possible after the Force Majeure condition has been remedied, to the effect that it has been remedied and that the party has resumed, or is then in a position to resume, the performance of the covenants or obligations.

15.5 Settlement of Labour Disputes

Notwithstanding any of the provisions of this Section 15 (Force Majeure), the settlement of labour disputes or industrial disturbances will be entirely within the discretion of the particular party involved and the party may make settlement of it at the time and on terms and conditions as it may deem to be advisable and no delay in making settlement will deprive the party of the benefit of Section 15.1 (Force Majeure).

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15.6 No Exemption for Payments

Notwithstanding any of the provisions of this Section 15 (Force Majeure), Force Majeure will not relieve or release either party from its obligations to make payments to the other.

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15.7 Periodic Repair by FortisBC Energy

FortisBC Energy may temporarily shut off the delivery of Gas for the purpose of repairing or replacing a portion of the FortisBC Energy System or its equipment and FortisBC Energy will make reasonable efforts to give the Customer as much notice as possible with respect to such interruption, not to be less than 8 hours prior notice except when prevented by Force Majeure. FortisBC Energy will make reasonable efforts to schedule repairs or replacement to minimize interruption or curtailment of transportation Service to the Customer, and to restore Service as quickly as possible.

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15.8 Customer's Gas

If FortisBC Energy curtails or interrupts transportation of Gas by reason of Force Majeure the Customer will make its supply of Gas available to FortisBC Energy, to the extent required by FortisBC Energy, to maintain service priority to those customers or classes of customers which FortisBC Energy determines should be served. FortisBC Energy, in its sole discretion, will either increase the balance in the Customer's inventory account by the amount taken by FortisBC Energy and return an equivalent quantity of Gas to the Customer as soon as reasonable, or pay the Customer an amount equal to either FortisBC Energy's average Gas cost, or the Customer's average Gas cost, for the Day(s) during which such Gas was taken, whichever Gas cost the Customer, in its sole discretion, elects.

15.9 Alteration of Facilities

The Customer will pay to FortisBC Energy all reasonable costs associated with the alteration of facilities made at the discretion of FortisBC Energy to measure quantities reduced by reason of Force Majeure claimed by the Customer and to restore such facilities after the Force Majeure condition ends.

16. ~~Arbitration~~

16.1 ~~Arbitration~~

~~Any dispute between the parties arising from this Rate Schedule or the Sales Agreement will be resolved by a single arbitrator pursuant to the Arbitration Act of British Columbia or successor legislation, save as expressly provided herein.~~

16.2 Demand for Arbitration

~~Either party may commence arbitration proceedings by sending to the other party a demand for arbitration setting out the nature of the dispute.~~

16.3 Arbitrator

~~The parties will have 10 days from receipt of the demand referred to in Section 16.2 (Demand for Arbitration) of this Rate Schedule to agree upon the arbitrator, failing which either party may apply to the Supreme Court of British Columbia to select the arbitrator. The arbitrator must be sufficiently qualified by education and training to decide the particular questions in dispute. Unless otherwise agreed, the arbitrator may not be a past or present employee, officer or director of any of the parties or their respective successors or affiliates, any customer or supplier of the Shipper or FortisBC Energy.~~

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If FortisBC Energy and the Customer fail to resolve the dispute through mediation, the unresolved dispute shall be referred to, and finally resolved or determined by arbitration under the National Arbitration Rules of the ADR Institute of Canada Inc. for Dispute Resolution. Unless FortisBC Energy and the Customer agree otherwise the arbitration will be conducted by a single arbitrator.

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16.4 Commencement and Decision

The arbitrator will proceed immediately to hear and determine the matter in dispute and will render a written decision, signed by the arbitrator, within 45 days after the appointment, subject to any reasonable delay due to unforeseen circumstances. Notwithstanding the foregoing, if the arbitrator fails to render a decision within 60 days after the appointment then either party may elect to have a new arbitrator appointed in like manner as if none had previously been appointed.

16.5 Decision

The decision of the arbitrator will be final and binding upon the parties and the parties will abide by the decision and perform the terms and conditions thereof.

17. Interpretation

17.1 Interpretation

Except where the context requires otherwise or except as otherwise expressly provided, in this Rate Schedule or in a Sales Agreement:

- (a) all references to a designated section are to the designated section of this Rate Schedule unless otherwise specifically stated;
- (b) the singular of any term includes the plural, and vice versa, and the use of any term is equally applicable to any gender and, where applicable, body corporate;
- (c) any reference to a corporate entity includes and is also a reference to any corporate entity that is a successor to such entity;
- (d) all words, phrases and expressions used in this Rate Schedule or in a Sales Agreement that have a common usage in the gas industry and that are not defined in the General Terms and Conditions of FortisBC Energy, the Definitions or in the Sales Agreement have the meanings commonly ascribed thereto in the gas industry; and
- (e) the headings of the sections set out in this Rate Schedule or in the Sales Agreement are for convenience of reference only and will not be considered in any interpretation of this Rate Schedule or the Sales Agreement.

Deleted: Written Award¶

The arbitrator shall issue a written award that sets forth the essential findings and conclusions on which the award is based. The arbitrator will allow discovery as required by law in arbitration proceedings

Deleted: Failure to Render a Decision¶

If the arbitrator fails to render a decision within thirty (30) days following the final hearing of the arbitration, any party to the arbitration may terminate the appointment of the arbitrator and a new arbitrator shall be appointed in accordance with these provisions. If FortisBC Energy and the Customer are unable to agree on an arbitrator or if the appointment of an arbitrator is terminated in the manner provided for above, then either FortisBC Energy or the Customer shall be entitled to apply to a judge of the British Columbia Supreme Court to appoint an arbitrator and the arbitrator so appointed shall proceed to determine the matter mutatis mutandis in accordance with the provisions of this section 15

Deleted: <#>Award¶

<#>The arbitrator shall have the authority to award:¶
<#>money damages;¶
<#>interest on unpaid amounts from the date due;¶
<#>specific performance; and¶
<#>permanent relief.¶
<#>Costs¶
<#>The costs and expenses of the arbitration, but not those incurred by the parties, shall be shared equally, unless the arbitrator determines that a specific party prevailed. In such a case, the non-prevailing party shall pay all costs and expenses of the arbitration, but not those of the prevailing party.¶
<#>Obligations Continue¶
<#>The parties will continue to fulfill their respective obligations pursuant to this Rate Schedule or in a Sales Agreement during the resolution of any dispute in accordance with this section 15.¶

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18. Miscellaneous

18.1 Waiver

No waiver by either FortisBC Energy or the Customer of any default by the other in the performance of any of the provisions of this Rate Schedule or the Sales Agreement will operate or be construed as a waiver of any other or future default or defaults, whether of a like or different character.

18.2 Enurement

The Sales Agreement will enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns, including without limitation successors by merger, amalgamation or consolidation.

18.3 Assignment

The Customer will not assign the Sales Agreement or any of its rights ~~and~~ obligations thereunder without the prior written consent of FortisBC Energy which consent will not be unreasonably withheld or delayed. No assignment will release the Customer from its obligations under this Rate Schedule or under the Sales Agreement that existed prior to the date on which the assignment takes effect. This provision applies to every proposed assignment by the Customer.

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18.4 Amendments to be in Writing

Except as set out in this Rate Schedule, no amendment or variation of the Sales Agreement will be effective or binding upon the parties unless such amendment or variation is set out in writing and duly executed by the parties.

18.5 Proper Law

The Sales Agreement will be construed and interpreted in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

18.6 Time is of Essence

Time is of the essence of this Rate Schedule, the Sales Agreement and of the terms and conditions thereof.

18.7 Subject to Legislation

Notwithstanding any other provision hereof, this Rate Schedule and the Sales Agreement and the rights and obligations of FortisBC Energy and the Customer under

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this Rate Schedule and the Sales Agreement are subject to all present and future laws, rules, regulations and orders of any legislative body, governmental agency or duly constituted authority now or hereafter having jurisdiction over FortisBC Energy or the Customer.

18.8 Further Assurances

Each of FortisBC Energy and the Customer will, on demand by the other, execute and deliver or cause to be executed and delivered all such further documents and instruments and do all such further acts and things as the other may reasonably require to evidence, carry out and give full effect to the terms, conditions, intent and meaning of this Rate Schedule and the Sales Agreement and to assure the completion of the transactions contemplated hereby.

18.9 Form of Payments

All payments required to be made under statements and invoices rendered pursuant to this Rate Schedule or the Sales Agreement will be made by wire transfer to, or cheque or bank cashier's cheque drawn on a Canadian chartered bank or trust company, payable in lawful money of Canada at par in immediately available funds in Vancouver, British Columbia.

Moved up [1]: <#>Title to Gas¶

<#>Representation and Warranty¶

FortisBC Energy represents and warrants the title to all Biomethane delivered to the Customer at the Point of Sale under this Rate Schedule and the right of FortisBC Energy to sell such Biomethane, and represents and warrants that such Biomethane will be free and clear of all liens, encumbrances and claims.¶

<#>Transfer of Title¶

Title to Biomethane sold under this Rate Schedule will pass to the Customer at the Point of Sale.¶

Deleted: <#>Title to Gas¶

<#>Representation and Warranty¶

FortisBC Energy represents and warrants the title to all Biomethane delivered to the Customer at the Point of Sale under this Rate Schedule and the right of FortisBC Energy to sell such Biomethane, and represents and warrants that such Biomethane will be free and clear of all liens, encumbrances and claims.¶

<#>Transfer of Title¶

Title to Biomethane sold under this Rate Schedule will pass to the Customer at the Point of Sale.¶

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Table of Charges

Cost of Biomethane¹
(Biomethane Energy Recovery
Charge) per Gigajoule

Mainland ~~and~~
~~Vancouver Island~~
Service Area

\$ ~~XX.XXX~~

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Service Area~~

~~Deleted: Whistler¶
Service Area~~

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Municipal Operating Fee Charge

3.09% of the aggregate of the above charges, is payable (in addition to the above charges) if the facilities to which the Biomethane sold under this Rate Schedule is delivered is within the municipal boundaries of municipalities or First Nations lands (formerly, reserves within the *Indian Act*) to which FortisBC Energy pays Municipal Operating Fees.

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Notes:

1. The Cost of Biomethane (Biomethane Energy Recovery Charge) per Gigajoule has been determined in accordance with Section 28.4 (Price Determination) in the General Terms and Conditions of FortisBC Energy). The Cost of Biomethane effective ~~June 1, 2018~~ equals the sum of:

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(i) The British Columbia Utilities Commission approved January 1st Commodity Cost Recovery Charge per Gigajoule

\$ ~~X.XXX~~

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(ii) The current British Columbia carbon tax applicable to conventional natural gas Customers per Gigajoule

\$ ~~X.XXX~~

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(iii) Other taxes applicable to conventional natural gas sales per Gigajoule

\$ 0.000

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(iv) A premium of \$7.00 per Gigajoule

\$ 7.000

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¶~~

(v) **Total Cost of Biomethane per Gigajoule**

\$ ~~X.XXX~~

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Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: June 1, 2018 Accepted for Filing: _____

BCUC Secretary: _____ ~~Original~~ Page R-11B.20

**BIOMETHANE LARGE VOLUME INTERRUPTIBLE SALES AGREEMENT
FOR RATE SCHEDULE 11B**

This Agreement is dated _____, 20____, between FortisBC Energy Inc. ("FortisBC Energy") and _____ (the "Customer").

WHEREAS:

- A. FortisBC Energy owns and operates the FortisBC Energy System;
- B. The Customer or Shipper Agent for the Customer is the owner and operator of a _____ located in or near _____, British Columbia; and
- C. The Customer desires to purchase from FortisBC Energy interruptible Biomethane for such facilities in accordance with Rate Schedule 11B and the terms set out herein.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the terms, conditions and limitations contained herein, the parties agree as follows:

1. Specific Information

Applicable Transportation Rate Schedule: ☐ 22 ☐ 22A ☐ 22B
☐ 23 ☐ 25 ☒ 26 ☒ 27

Commencement Date: _____

Expiry Date: _____
(only specify expiry date if term of Sales Agreement is not automatically renewed from Year to Year as set out in Section 8.2 of Rate Schedule 11B)

Refer to Rate Schedule 22, 22A, 22B, 23, 25, 26 or 27 Transportation Agreement for Address of Customer for receiving notices.

The information set out above is hereby approved by the parties and each reference in either this Sales Agreement or Rate Schedule 11B to any such information is to the information set out above.

Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: June 1, 2018 Accepted for Filing: _____

BCUC Secretary: _____ Original Page SA-11B.1

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2. Rate Schedule 11B

2.1 Point of Delivery

All Biomethane sales under this Sales Agreement will occur at the Point of Sale.

2.2 Title Transfer

Title Transfer to the Customer will occur at the Point of Sale.

2.3 Additional Terms

All rates, terms and conditions set out in Rate Schedule 11B and the General Terms and Conditions of FortisBC Energy, as any of them may be amended by FortisBC Energy and approved from time to time by the British Columbia Utilities Commission, are in addition to the terms and conditions contained in this Sales Agreement and form part of this Sales Agreement and bind FortisBC Energy and the Customer as if set out in this Sales Agreement.

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2.4 Payment of Amounts

Without limiting the generality of the foregoing, the Customer will pay to FortisBC Energy all of the amounts set out in Rate Schedule 11B for the Services provided under that Rate Schedule and this Sales Agreement.

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2.5 Conflict

Where anything in either Rate Schedule 11B, or the General Terms and Conditions of FortisBC Energy, conflicts with any of the terms and conditions set out in this Sales Agreement, this Sales Agreement governs. Where anything in Rate Schedule 11B conflicts with any of the rates, terms and conditions set out in the General Terms and Conditions of FortisBC Energy, Rate Schedule 11B governs.

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2.6 Acknowledgment

The Customer acknowledges receiving and reading a copy of Rate Schedule 11B, the applicable transportation Rate Schedule and the General Terms and Conditions of FortisBC Energy and agrees to comply with and be bound by all terms and conditions set out therein. Without limiting the generality of the foregoing, the Customer acknowledges that it is able to accommodate such interruption or curtailment of Biomethane sales and releases FortisBC Energy from any liability for the Customer's inability to accommodate such interruption or curtailment of Biomethane sales.

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Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: June 1, 2018 Accepted for Filing: _____

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IN WITNESS WHEREOF the parties hereto have executed this Sales Agreement.

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FORTISBC ENERGY INC.

(Name of Customer)

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BY: _____
(Signature)

BY: _____
(Signature)

(Title)

(Title)

(Name – Please Print)

(Name – Please Print)

DATE: _____

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Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: June 1, 2018 Accepted for Filing: _____

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FORTISBC ENERGY INC.

RATE SCHEDULE 14A

TERM AND SPOT GAS SALES

Effective June 1, 2018

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Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: June 1, 2018 Accepted for Filing: _____

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Order No.: _____ Issued By: Diane Roy, ~~Vice President~~, Regulatory ~~Affairs~~
Effective Date: ~~June 1, 2018~~ Accepted for Filing: _____
BCUC Secretary: _____ Original Page R-14A.i

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| Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

| Effective Date: June 1, 2018 Accepted for Filing: _____

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1. Definitions

1.1 Definitions in Rate Schedule

Except where the context requires otherwise, or except as otherwise expressly provided in the Rate Schedule under which the Customer receives transportation ~~Service~~, all words and phrases defined in the transportation Rate Schedule and the General Terms and Conditions of FortisBC Energy and used in this Rate Schedule or in a Sales Agreement have the meanings set out in the transportation Rate Schedule, with necessary changes, and the General Terms and Conditions of FortisBC Energy.

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1.2 Definition of Customer

For the purpose of this Rate Schedule 14A, the entity entering into ~~Rate Schedule 14A~~ with FortisBC Energy will be the Customer.

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2. Applicability, ~~Availability~~ and ~~Amendment~~

2.1 Description of Applicability

This Rate Schedule applies to the sale of term and spot Gas at the Point of Sale as defined in the Sales Agreement for use in the Service Areas of FortisBC Energy. For greater certainty, term Gas sales under this Rate Schedule means the sale by FortisBC Energy of Gas to a Customer on a firm basis for a period greater than 30 Days. Spot Gas sales under this Rate Schedule means the sale by FortisBC Energy of Gas to a Customer on a firm basis for a period of 30 Days or less.

~~2.2 Availability~~

~~This Rate Schedule is available in all Service Areas served by FortisBC Energy, except for the Municipality of Revelstoke.~~

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2.3 ~~British Columbia Utilities Commission~~

This Rate Schedule may be amended from time to time with the consent of the British Columbia Utilities Commission.

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Effective Date: ~~June 1, 2018~~ Accepted for Filing: _____

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3. Conditions of Sales

3.1 Conditions

FortisBC Energy will only sell Gas to a Customer under this Rate Schedule if the Gas is to be used in the applicable territory served by FortisBC Energy under the FortisBC Energy tariff of which this Rate Schedule is a part and if:

- (a) the Customer has entered into a Term and Spot Gas Sales Agreement ("Sales Agreement");
- (b) the Customer has entered into a Transportation Agreement under the applicable Rate Schedule pursuant to Rate Schedule 22, 22A, 22B, 23, 25, 26 or 27;
- (c) the Customer does not have or has not appointed a Shipper Agent;
- (d) adequate Gas volumes are available for term and spot Gas sales by FortisBC Energy;
- (e) the Customer has provided FortisBC Energy with 2 months notice prior to the beginning of the Gas Year of its intention to purchase Gas under this Rate Schedule; and
- (f) FortisBC Energy has a sufficient number of Customers who have signed onto this Rate Schedule 14A and the Sales Agreements to treat those Customers as a Group ("14A Customers") and perform on their behalf the functions that a Shipper Agent would normally perform for a Group of Shippers, subject to the provisions of this Rate Schedule 14A and the Sales Agreement.

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3.2 Security

In order to secure the prompt and orderly payment of the charges to be paid by the Customer to FortisBC Energy under the Sales Agreement, FortisBC Energy may require the Customer to provide, and at all times maintain, an irrevocable letter of credit in favour of FortisBC Energy issued by a financial institution acceptable to FortisBC Energy in an amount equal to the estimated maximum amount payable by the Customer under this Rate Schedule and the Sales Agreement for a period of 90 Days. Where FortisBC Energy requires a Customer to provide a letter of credit and the Customer is able to provide alternative security acceptable to FortisBC Energy, FortisBC Energy may accept such security in lieu of a letter of credit.

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Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: June 1, 2018 Accepted for Filing:

BCUC Secretary: _____ Original Page R-14A.2

4. Terms of Sale

4.1 Sale of Gas

Subject to all of the terms and conditions set out in this Rate Schedule and the Sales Agreement, FortisBC Energy will sell to the Customer and the Customer will buy from FortisBC Energy on each Day the quantity of Gas authorized by FortisBC Energy in accordance with ~~Section 6~~ (Nomination).

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4.2 Exclusivity

Gas sold to the Customer under this Rate Schedule will constitute the Customer's sole Gas supply at the Point of Sale.

5. Charges

5.1 Charges

In respect of all quantities of Gas sold to the Customer under this Rate Schedule the Customer will pay to FortisBC Energy ~~all of~~ the charges set out in the Sales Agreement. The price of all quantities of Gas under this Rate Schedule is subject to prior approval by the British Columbia Utilities Commission.

5.2 Applicable Charges

Charges under this Rate Schedule include Gas commodity cost and delivery cost of Gas over the Transporter's system, connecting to the FortisBC Energy system. In addition, Customers ~~will~~ be responsible for paying the FortisBC Energy delivery charges ~~s~~ as set out in a Customer's applicable transportation contract.

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Effective Date: ~~June 1, 2018~~ Accepted for Filing: _____

BCUC Secretary: _____ Original Page R-14A.3

6. Nomination

6.1 Group Nominations and Balancing

For the purpose of nominating and balancing pursuant to Section 7 of this agreement, FortisBC Energy will group Shippers in the same Service Area. FortisBC Energy will nominate and balance on behalf of all members of the 14A Group of Shippers on an aggregate basis pursuant to Sections 7 (Nomination) and 8 (Gas Balancing), 10 (Peaking Gas Service) and 11 (Access to East Kootenay Exchange (EKE) Interconnection Point) of Rate Schedules 23, 25 and 26 and Sections 7 (Nomination) and 8 (Gas Balancing) of Rate Schedule 27, and FortisBC Energy will be the agent for each member of the Group for the purposes of any and all matters set out in Sections 7 (Nomination) and 8 (Gas Balancing), 10 (Peaking Gas Service) and 11 (Access to East Kootenay Exchange (EKE) Interconnection Point). Notwithstanding the foregoing, where a Shipper under Rate Schedules 22, 22A or 22B is a member of the 14A Group of Shippers, Section 10 (Group Nomination and Balancing) of Rate Schedule 22 will apply to the Group on an aggregate basis.

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6.2 Determination of Charges

The charges for Balancing Gas and Unauthorized Overrun Gas, set out in the Table of Charges under the applicable transportation Rate Schedule, will be determined based on the quantities requested by and the quantities transported to each member of the Group. Shippers may be required to request their daily Gas quantity to FortisBC Energy by 2:30 p.m. Local Time on Gas Day 1 for delivery on Gas Day 3. Those Shippers whose Gas consumption fluctuates by more than 20 percent on each Day due to plant activity or production schedules, must notify FortisBC Energy by 2:30 p.m. Local Time on Gas Day 1 to be delivered on Gas Day 3.

Any charges for Balancing Gas incurred by the Group will be allocated pro-rata to the appropriate Shippers as the ratio of their excess compared to the total balancing charge, if the Shippers' transported quantity exceeds their requested quantity by more than 10 percent.

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The 14A Group of Shippers may incur unauthorized overrun charges if the quantity consumed by the Group exceeds the nominated quantity during times of Gas supply curtailment, as specified in Sections 4.2 and 4.3 of the applicable Rate Schedule. Any charges for Unauthorized Overrun Gas incurred by the Group will be allocated pro-rata to the appropriate Shippers as the ratio of their excess compared to the total unauthorized overrun charge.

Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: June 1, 2018 Accepted for Filing: _____

BCUC Secretary: _____ Original Page R-14A.4

7. FortisBC Energy Obligations

7.1 Management of Balancing Gas

FortisBC Energy is responsible for the management of all Balancing Gas for the 14A Customers. The Customer is responsible to pay its allocated share of the charges for Balancing Gas, as defined in Section 6.2 (Determination of Charges).

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7.2 14A Nominations and Balancing

FortisBC Energy will nominate and balance in accordance with the sections of the applicable transportation Rate Schedules. FortisBC Energy will undertake on behalf of the Customer the obligations for nominations and Gas balancing under Sections 8 (Nomination) and 9 (Gas Balancing) of Rate Schedule 22 or the equivalent sections under Rate Schedules 23, 25, 26 or 27 subject to prior agreement with the Customer. FortisBC Energy may request from time to time information from the Customer related to the Customer's production levels and/or plant activity, deemed reasonable to assist FortisBC Energy in its execution of the nominating and balancing Service and the Customer will provide the requested information promptly. FortisBC Energy does not assume, as part of its performance of such obligation, any responsibility for costs and related charges resulting from such nominating and Gas Balancing activities, such as any resulting imbalance charges under Rate Schedule 22, or volume risk associated with the purchase of firm supply contracts, which will remain with the Customer.

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8. Term of Sales Agreement

8.1 Term

The initial term of the Sales Agreement will begin on the Commencement Date and will expire at 7:00 a.m. Pacific Standard Time on the Expiry Date if an Expiry Date is specified in the Sales Agreement.

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8.2 Automatic Renewal

Except as specified in the Sales Agreement, the term of the Sales Agreement will continue from Year to Year after the expiry of the initial term unless cancelled by either FortisBC Energy or the Customer as set out in Section 2.5 (Terms Applicable to all Rate Schedule 14A Customers) of Appendix A attached to the Sales Agreement.

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BCUC Secretary: _____ Original Page R-14A.5

9. Indemnity and Limitation on Liability

9.1 Limitation on Liability

FortisBC Energy, its employees, contractors or agents are not responsible or liable for any loss or damages for or on account of any interruption or curtailment of Gas service permitted under the General Terms and Conditions of FortisBC Energy or this Rate Schedule.

9.2 Indemnity

The Customer will indemnify and hold harmless each of FortisBC Energy, its employees, contractors and agents from and against any and all adverse claims, losses, suits, actions, judgments, demands, debts, accounts, damages, costs, penalties and expenses (including all legal fees and disbursements) arising from or out of each of the following:

- (a) Municipal Operating Fees not otherwise collected by FortisBC Energy, under the Sales Agreement;
- (b) all federal, provincial, municipal taxes (or payments made in lieu thereof) and royalties, whether payable on the delivery of Gas to the Customer by FortisBC Energy or on the delivery of Gas to FortisBC Energy by the Customer, or on any other service provided by FortisBC Energy to the Customer; and
- (c) failure or refusal by the Customer to pay any amounts owing in respect of any Gas that is purchased for or on behalf of the Customer in connection with the Sales Agreement.

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9.3 Principal Obligor

The Customer entering into a Rate Schedule 14A Sales Agreement will be the principal obligor.

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10. Force Majeure

10.1 Force Majeure

Subject to the other provisions of this Section 10 (Force Majeure), if either party is unable or fails by reason of Force Majeure to perform in whole or in part any obligation or covenant set out in this Rate Schedule under which Service is rendered or in the Sales Agreement, the obligations of both FortisBC Energy and the Customer will be suspended to the extent necessary for the period of the Force Majeure condition.

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Effective Date: June 1, 2018 Accepted for Filing: _____

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10.2 Curtailment Notice

If FortisBC Energy claims suspension pursuant to this ~~Section 10 (Force Majeure)~~, FortisBC Energy will be deemed to have issued to the Customer a notice of curtailment.

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10.3 Exceptions

Neither party will be entitled to the benefit of the provisions of ~~Section 10.1 (Force Majeure)~~ under any of the following circumstances:

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- (a) to the extent that the failure was caused by the negligence or contributory negligence of the party claiming suspension;
- (b) to the extent that the failure was caused by the party claiming suspension having failed to diligently attempt to remedy the condition and to resume the performance of the covenants or obligations with reasonable dispatch; or
- (a) unless as soon as possible after the happening of the occurrence relied on or as soon as possible after determining that the occurrence was in the nature of Force Majeure and would affect the claiming party's ability to observe or perform any of its covenants or obligations under this Rate Schedule or the Sales Agreement, the party claiming suspension will have given to the other party notice to the effect that the party is unable by reason of Force Majeure (the nature of which will be specified) to perform the particular covenants or obligations.

10.4 Notice to Resume

The party claiming suspension will likewise give notice, as soon as possible after the Force Majeure condition has been remedied, to the effect that it has been remedied and that the party has resumed, or is then in a position to resume, the performance of the covenants or obligations.

10.5 Settlement of Labour Disputes

Notwithstanding any of the provisions of this ~~Section 10 (Force Majeure)~~, the settlement of labour disputes or industrial disturbances will be entirely within the discretion of the particular party involved and the party may make settlement of it at the time and on terms and conditions as it may deem to be advisable and no delay in making settlement will deprive the party of the benefit of ~~Section 10.1 (Force Majeure)~~.

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10.6 No Exemption for Payments

Notwithstanding any of the provisions of this ~~Section 10~~ (Force Majeure), Force Majeure will not relieve or release either party from its obligations to make payments to the other, including payments for hedges made pursuant to any hedging agreement made between FortisBC Energy and the Customer and any swap transaction effected by FortisBC Energy on behalf of the Customer under any swap contracts entered into between FortisBC Energy and counterparties for the Customer's benefit.

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10.7 Alteration of Facilities

The Customer will pay to FortisBC Energy all reasonable costs associated with the alteration of facilities made at the discretion of FortisBC Energy to measure quantities reduced by reason of Force Majeure claimed by the Customer and to restore such facilities after the Force Majeure condition ends.

11. Transportation Rate Schedule

11.1 Applicable Provisions of Transportation Rate Schedule

The terms and conditions set out in the following sections of Rate Schedule 22 apply to and form part of this Rate Schedule, with necessary changes, and bind FortisBC Energy and the Customer as if set out in this Rate Schedule, except to the extent that they are contrary to the express provisions set out in this Rate Schedule:

- ~~Section 13.3~~ (Early Termination);
- ~~Section 13.4~~ (Survival of Covenants);
- ~~Section 14~~ (Statements and Payments);
- ~~Section 17~~ (Measurement);
- ~~Section 19~~ (Default or Bankruptcy);
- ~~Section 20~~ (Notice);
- ~~Section 23~~ (Arbitration);
- ~~Section 24~~ (Interpretation); and
- ~~Section 25~~ (Miscellaneous).

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Effective Date: ~~June 1, 2018~~ Accepted for Filing: _____

BCUC Secretary: _____ Original Page R-14A.8

12. Title to Gas

12.1 Representation and Warranty

FortisBC Energy represents and warrants the title to all Gas delivered to the Customer at the Point of Sale under this Rate Schedule and the Sales Agreement and the right of FortisBC Energy to sell such Gas, and represents and warrants that such Gas will be free and clear of all liens, encumbrances and claims.

12.2 Transfer of Title

Title to Gas sold under this Rate Schedule and the Sales Agreement will pass to the Customer at the Point of Sale, as identified in the Rate Schedule 14A Sales Agreement.

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| Order No.: _____ Issued By: Diane Roy, **Vice President, Regulatory Affairs**
| Effective Date: **June 1, 2018** **Accepted for Filing:** _____
| BCUC Secretary: _____ Original Page R-14A.9

TERM AND SPOT GAS SALES AGREEMENT
FOR RATE SCHEDULE 14A

This Term and Spot Gas Sales Agreement (the "Sales Agreement") is dated _____, 20____, between FortisBC Energy Inc. ("FortisBC Energy") and _____, (the "Customer").

WHEREAS:

- A. FortisBC Energy owns and operates the FortisBC Energy ~~System~~; and
- B. The Customer desires to purchase Term and Spot Gas, on a firm supply basis, from FortisBC Energy in accordance with Rate Schedule 14A and the terms set out herein;

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NOW THEREFORE THIS SALES AGREEMENT WITNESSES THAT in consideration of the terms, conditions and limitations contained herein, the parties agree as follows:

1. Specific Information

Applicable Transportation Rate Schedule: ☐ 22 ☐ 22A ☐ 22B
☐ 23 ☐ 25 ☒ 26 ☐ 27

Rate Schedule 14A Rate Option: _____

Commencement Date: _____

Expiry Date: _____

Address of Customer for receiving notices: _____
(no expiry date need be specified)

(name of Customer) Attention: _____

(address of Customer) Telephone: _____

Fax: _____

Email: _____

Location of Service: _____

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Effective Date: June 1, 2018 Accepted for Filing: _____

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The information set out above is hereby approved by the parties and each reference in either this Sales Agreement or Rate Schedule 14A to any such information is to the information set out above.

2. Other Terms and Conditions

2.1 Specified Terms

Any other terms and conditions applicable to the Services provided under Rate Schedule 14A and this Sales Agreement are set out in the applicable Appendix A attached to this Sales Agreement.

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3. Rate Schedule 14A

3.1 Additional Terms

Subject to Section 3.3 (Conflict) of this Sales Agreement all rates, terms and conditions set out in Rate Schedule 14A and the General Terms and Conditions of FortisBC Energy, as any of them may be amended by FortisBC Energy and approved from time to time by the British Columbia Utilities Commission, are in addition to the rates, terms and conditions contained in this Sales Agreement and form part of this Sales Agreement and bind FortisBC Energy and the Customer as if set out in this Sales Agreement.

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3.2 Payment of Amounts

Without limiting the generality of the foregoing, the Customer will pay to FortisBC Energy all of the amounts set out in the applicable Appendix A attached to this Sales Agreement for the Services provided under Rate Schedule 14A and this Sales Agreement.

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3.3 Conflict

Where anything in either Rate Schedule 14A, or the General Terms and Conditions of FortisBC Energy, conflicts with any of the rates, terms and conditions set out in this Sales Agreement, this Sales Agreement governs. Where anything in Rate Schedule 14A conflicts with any of the rates, terms and conditions set out in the General Terms and Conditions of FortisBC Energy, Rate Schedule 14A governs.

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3.4 **Appendices Incorporated in Sales Agreement**

Any and all appendices attached to this Sales Agreement from time to time and referred to herein, are hereby incorporated into and made a part of this Sales Agreement and are of contractual effect. Each appendix will be for the period of time stated therein, and the termination of any appendix will not result in the termination of this Sales Agreement.

3.5 **Acknowledgement**

The Customer acknowledges receiving and reading a copy of Rate Schedule 14A, the applicable transportation Rate Schedule and the General Terms and Conditions of FortisBC Energy and agrees to comply with and be bound by all terms and conditions set out therein.

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IN WITNESS WHEREOF the parties hereto have executed this Sales Agreement.

FORTISBC ENERGY INC.

(Name of Customer)

BY: _____
(Signature)

BY: _____
(Signature)

(Title)

(Title)

(Name – Please Print)

(Name – Please Print)

DATE: _____

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APPENDIX A

By their signatures evidenced below, the parties, FortisBC Energy Inc. ("FortisBC Energy") and _____ (the "Customer"), acknowledge that they have entered into a Term and Spot Gas Sales Agreement dated _____, 20____ (the "Sales Agreement"), that they are bound by and accept all of the terms and conditions of the Sales Agreement, subject to the following, and that this is the Appendix A referred to in the Sales Agreement (unless otherwise defined, all capitalized terms used herein have the same meaning as defined in the Sales Agreement):

1. Gas Prices

For Gas delivered for any period between November 1 to October 31 (the "Contract Year"), the various Gas sales options specified in the following Gas Sales Options Table will be made available to Customers under this Sales Agreement.

Supply Type		Price (<u>Canadian Dollars ("CDN")</u> per <u>Gigajoule ("GJ")</u>)
Daily Index Rate	<input type="checkbox"/>	Daily Index + Market Factor (Greater of CDN \$0.06 per GJ or cost) (see <u>Sections 2.3 & 2.5</u>)
Monthly Index Rate	<input type="checkbox"/>	Monthly Index + Market Factor (Greater of CDN \$0.06 per GJ or cost) (see <u>Sections 2.3 & 2.5</u>)
Term Fixed Rate (Up to 85% of volume at fixed price)	<input type="checkbox"/> <input type="checkbox"/>	Fixed price + Market Factor + transaction cost (see <u>Sections 2.4 & 2.5</u>)
Gas Management Fee	<input type="checkbox"/>	\$ _____ CDN \$0.05 - \$0.09 per GJ of usage (see <u>Section 2.5</u>)

Municipal Operating Fee Charge

3.09% of the aggregate of the above charges, is payable (in addition to the above charges) if the facilities to which the Gas sold under this Rate Schedule is delivered is within the municipal boundaries of municipalities or First Nations lands (formerly, reserves within the *Indian Act*) to which FortisBC Energy pays Municipal Operating Fees.

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1. Franchise Fee Charge of

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2. Other Terms and Conditions of Service

2.1 Point of Delivery

- (a) **Point of Sale** - ~~all~~ Gas sales under this Sales Agreement will occur at the Interconnection Point ("Point of Sale").
- (b) **Title Transfer** - ~~title~~ transfer to the Customer will occur at the Point of Sale.

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2.2 Definitions

- (a) **Average Daily Consumption** - "Average Daily Consumption" means the calculated arithmetic mean of Gas consumption for a specified period based on actual Gas consumption over the previous 5-Year period. For example, the Average Daily Consumption for the Month of January would be calculated as the sum of all Gas consumption during the Month of January during the previous 5 Years divided by 5 and divided again by 31. FortisBC Energy reserves the right to adjust a Customer's calculated Average Daily Consumption if necessary in order to reflect that Customer's prospective consumption over the term of this Sales Agreement.
- (b) **Daily Index** - "Daily Index" means the Canadian Gas NW Sumas Daily Midpoint Price as set out in Gas Daily's Daily Price Survey for Gas delivered to Northwest Pipeline Corp. at Sumas, converted to \$CDN per Gigajoule using the noon exchange rate as quoted by the Bank of Canada one business Day prior to Gas flow date.
- (c) **Daily Index Rate** - "Daily Index Rate" means the Daily Index plus the Market Factor, which is the greater of CDN \$0.06 per Gigajoule or cost.
- (d) **Firm Supply** - "Firm Supply" or "Firm Gas Supply" under this Sales Agreement means the sale of Gas by FortisBC Energy to the Customer subject to interruption or curtailment by FortisBC Energy pursuant to ~~Section 19~~ (Default for Bankruptcy) and ~~Section 22~~ (Force Majeure) of Rate Schedule 22, and the General Terms and Conditions of FortisBC Energy.
- (e) **Index Rate** - "Index Rate" means pricing based on either the Daily Index Rate or Monthly Index Rate for the applicable time period shown in the Gas Sales Options Table.
- (f) **Interconnection Point** - "Interconnection Point" means the point where the FortisBC Gas system interconnects with the facilities of one of the Transporters of FortisBC, as specified in a Transportation Agreement.

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- (g) **Market Factor** - "Market Factor" is the charge that is the premium above the Daily Index, Monthly Index, or fixed price that is calculated by FortisBC Energy for that Month to cover costs related to securing incremental supply for that Month, including premiums and demand charges related to incremental physical purchases and contribution to the reservation fees and variable costs of core assets which may be used during that Month. For greater clarity this premium will be determined from actual market quotations at Sumas received by FortisBC Energy and will be defined as the "Market Factor".
- (h) **Minimum Monthly Consumption** - "Minimum Monthly Consumption" means the lowest monthly consumption level during the specified period based on actual Gas consumption over the previous 5-Year period. FortisBC Energy reserves the right to adjust a Customer's calculated Minimum Monthly Consumption if necessary in order to reflect that Customer's prospective consumption over the term of this Sales Agreement.
- (i) **Monthly Index** - "Monthly Index" means the Northwest Pipeline Corp. Canadian Border Index as set out in Inside F.E.R.C.'s Gas Market Report Monthly prices of spot Gas delivered to pipelines at Sumas, converted to \$CDN per Gigajoule using the noon exchange rate as quoted by the Bank of Canada for the first Day of each Month in which Monthly Index pricing will apply.
- (j) **Monthly Index Rate** - "Monthly Index Rate" means the Monthly Index plus the Market Factor, which is the greater of CDN \$0.06 per Gigajoule or cost.
- (k) **Monthly Index Quantity** - "Monthly Index Quantity" means a quantity of Gas nominated by the Customer for a particular Month which quantities will not exceed 90% of the Customer's expected consumption for that Month, and which will be priced at the Monthly Index Rate.
- (l) **Summer Term** - "Summer Term" means April 1 through to October 31.
- (m) **Take-or-Pay Volume** - "Take-or-Pay Volume" means a quantity of Gas for which the Customer is required to pay for whether or not the Customer consumes that quantity of Gas.
- (n) **Term Fixed Rate** - "Term Fixed Rate" means pricing that is constant throughout a specified period for an agreed upon quantity of gas.
- (o) **Transporter** - means, in the case of the Columbia area, TransCanada PipeLines Limited (Foothills System, B.C.) and NOVA Gas Transmission Ltd., and in the case of the Inland and Lower Mainland areas, Westcoast Energy Inc., Northwest Pipeline LLC, FortisBC Huntingdon Inc., and any other gas pipeline transportation company connected to the facilities of FortisBC Energy from which FortisBC Energy receives Gas for the purposes of Gas transportation or resale.

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- (p) **Volume Shortfall** - "Volume Shortfall" means a quantity of Gas which is the difference between the purchased, nominated or an agreed upon quantity and the Customer's consumption. A Volume Shortfall can only occur if the Customer's consumption is less than the purchased, nominated or agreed upon quantity.
- (q) **Winter Term** - "Winter Term" means November 1 through to March 31.

2.3 Terms Applicable to the Index Rate Option

- (a) **Pricing Election** - Customers may elect the Daily Index Rate or a combination of Daily Index Rate and Monthly Index Rate Gas pursuant to ~~Section 2.2(c)(i).~~ Monthly Index Rate quantities may constitute up to 90% of the Customer's expected consumption. Remaining consumption ~~will~~ be purchased at the Daily Index Rate. All Monthly Index Rate and Daily Index Rate quantities will be subject to Take-or-Pay. FortisBC Energy will maintain and manage an inventory account on behalf of the Customer if the Customer's nominated quantity does not equal the quantity consumed on each Day.
- (b) **Monthly Index Quantity** - Customers choosing the Monthly Index Rate will provide to FortisBC Energy by fax or other method approved by FortisBC Energy prior to the Monthly deadline specified by FortisBC Energy the Customer's requested Monthly Index Quantity elected at the Monthly Index Rate for each Day of the immediately following Month. If the Customer does not notify FortisBC Energy in accordance with the foregoing, then the Customer's requested Monthly Index Quantity for the Month commencing will be deemed to be the lesser of the Customer's nominated quantity for the previous Month or a quantity which FortisBC Energy determines is appropriate given the Customer's historic load pattern. The Customer may not nominate Monthly Index Quantities in excess of those historically consumed without consent from FortisBC Energy.
- (c) **Availability of Firm Gas Supply under Index Rate Option** - Participation in Firm Gas Supply under the Index Rate option will be available to the Customer at any point during the Gas Contract Year, subject to the following:
- (i) FortisBC Energy is able to purchase incremental Gas supply required to serve the Customer under the Index Rate option;
 - (ii) The Customer provides written notice to FortisBC Energy at least 30 Days prior to the first Day of the commencement Month of its intent to participate under this option; and
 - (iii) The Customer meets FortisBC Energy's credit requirements.

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2.4 Terms Applicable to the Term Fixed Rate Option

- (a) **Term Fixed Rate** - The Customer may elect a constant daily Term Fixed Rate quantity for the Winter Term and/or the Summer Term or some consecutive Months. All Term Fixed Rate quantities will be subject to Take-or-Pay. The remaining consumption will be purchased at the Daily Index Rate or Monthly Index Rate, pursuant to Section 2.4(b). Term Fixed Rate quantities constitute baseload supply, and therefore will be deemed to be the first Gas taken. The following restrictions apply to the election of the Term Fixed Rate:
- (i) When pricing has been fixed or agreed to for an agreed upon term such pricing will remain in effect to the end of such term;
 - (ii) Customers will provide written acceptance as to the terms of the transaction in advance of the transaction time and date;
 - (iii) Customers electing the Term Fixed Rate are subject to any costs incurred by FortisBC Energy in connection with the purchase, swap or re-sale of Gas by FortisBC Energy to effect or obtain the requested Term Fixed Rate;
 - (iv) A minimum fixed price volume is applicable. The minimum price conversion volume is set at 1,000 Gigajoules per Day, or such other volume FortisBC Energy may agree to transact on behalf of the Customer. FortisBC Energy may aggregate Customer volumes to a minimum 1,000 Gigajoules per Day; however, Customers must agree on the maximum fixed price to be transacted on their behalf;
 - (v) Customers may not fix a price on quantities which are in excess of those historically consumed by the Customer without consent from FortisBC Energy;
 - (vi) FortisBC Energy will only be deemed to have executed a fixed price for a Customer if FortisBC Energy confirms such execution subsequent to a Customer requesting a Term Fixed Rate transaction;
 - (vii) FortisBC Energy will not transact a fixed price on behalf of the Customer for a period of more than one Year and the term must not be more than one Year in the future;
 - (viii) FortisBC Energy will not transact a fixed price on behalf of the Customer for a period less than one Month. It is at FortisBC Energy's sole discretion to transact a fixed price for a period less than the Winter Term or Summer Term; and
 - (ix) Customers may fix a different price for each term, subject to Section 2.4(a)(i) and (iv).

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- (b) **Index Pricing Elections** - Customers must elect Daily Index Rate or a combination of the Monthly Index Rate and Daily Index Rate Gas as described in Section 2.3. Term Fixed Rate quantities may constitute up to 85% of the Customer's expected consumption. A combination of Term Fixed Rate and Monthly Index Rate quantities may constitute up to 90% of the Customer's expected consumption. The remaining consumption will be purchased at the Daily Index Rate. Each Day, Gas purchases up to the Term Fixed Rate quantity will be deemed to be Term Fixed Rate Gas, and remaining purchases up to the requested Monthly Index Quantity will be deemed to be Monthly Index Rate Gas. All Monthly Index Rate and Daily Index Rate quantities will be subject to Take-or-Pay. FortisBC Energy will maintain and manage an inventory account on behalf of the Customer if the Customer's nominated quantity does not equal the quantity consumed on each Day.

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- (c) **Availability of Firm Gas Supply under Term Fixed Rate Option** - Participation in Firm Gas Supply under the Term Fixed Rate option will be available to the Customers subject to the following:

- (i) FortisBC Energy is able to purchase incremental Gas supply and arrange any Gas commodity financial transactions, pursuant to Section 2.2(f) or foreign exchange transactions required to serve the Customer under the Term Fixed Rate option;
- (ii) The Customer provides written notice at least 60 Days prior to the first Day of the selected term, as specified in Section 2.4(a), of its intent to participate in this option;
- (iii) The Customer acknowledges that the deadline for converting quantities to a fixed price for the Winter Term, Summer Term, or some other agreed upon term is 6 business Days prior to the commencement Month. If the Customer does not fix a price on or before the deadline the Customer will be placed on the Index Rate option; and
- (iv) The Customer meets FortisBC Energy's credit requirements.

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2.5 Terms Applicable to all Rate Schedule 14A Customers

- (a) **Gas Management Fee** - For greater clarity, the Gas Management fee specified in the Gas Sales Options Table applies to all sales Gas quantities sold under this Schedule.

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- (b) **Assignment of Transmission South Interior Firm Customer Capacity on Westcoast Energy Inc. System** - At the discretion of FortisBC Energy, a Customer holding transmission south interior firm capacity on the Westcoast Energy Inc. system to the FortisBC Energy interconnect with the Westcoast Energy Inc. system may elect to purchase Gas at the Stn 2 Daily Index Midpoint Price as set out in Gas Daily's Daily Price Survey for Gas delivered to Stn 2 plus the applicable Westcoast Energy Inc. Delivery and Fuel Costs and a Market Factor, which is the greater of CDN \$0.06 per Gigajoule or cost, or the Stn 2 Monthly Index price as set out in the Canadian Gas Reporter's Natural Gas Market Report issued on the first business Day of the Month for Gas delivered to Stn 2 plus the applicable Westcoast Energy Inc. Delivery and Fuel Costs and a Market Factor, which is the greater of CDN \$0.06 per Gigajoule or cost, or Stn 2 Term Fixed Rate Gas delivered to Stn 2 plus the applicable Westcoast Energy Inc. Delivery and Fuel Costs and any Market Factor. The Customer will be required to assign such Westcoast Energy Inc. capacity to FortisBC Energy for the duration of the Customer's purchase of Gas under this Rate Schedule 14A Sales Agreement. FortisBC Energy ~~will~~ assign back such firm capacity to the Customer when the Customer ceases to purchase Gas supply through this Rate Schedule 14A Sales Agreement and the Customer will be responsible for all charges related to such firm capacity upon termination of this Sales Agreement. FortisBC Energy will accept the charges for such capacity and will bill the Customer at the same rate as billed to FortisBC Energy by Westcoast Energy Inc.

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- (c) **Automatic Renewal** - The term of this Agreement will continue from Year to Year after the expiry of the initial term, unless cancelled by either FortisBC Energy or the Customer upon not less than 60 Days written notice prior to the end of the Contract Year then in effect. Customers may elect another rate option under Rate Schedule 14A, subject to the participation deadlines outlined in the applicable rate option.

For greater certainty, this Agreement cannot be cancelled by the Customer prior to the expiry of any Term Fixed Rate supply transactions made by FortisBC Energy on behalf of the Customer.

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FORTISBC ENERGY INC.
RATE SCHEDULE 14A

This ____ day of _____, 20 ____.

This ____ day of _____, 20 ____.

FORTISBC ENERGY INC.

(Name of Customer)

BY: _____
(Signature)

BY: _____
(Signature)

(Title)

(Title)

(Name – Please Print)

(Name – Please Print)

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FORTISBC ENERGY INC.

RATE SCHEDULE 22

LARGE VOLUME TRANSPORTATION SERVICE

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TABLE OF CHARGES R-22.35

TRANSPORTATION AGREEMENT TA-22.1

SCHEDULE A SHIPPER AGENT AGREEMENT SA-22.1

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1. Definitions

1.1 Definitions

Except where the context requires otherwise, all words and phrases defined below or in the General Terms and Conditions of FortisBC Energy and used in this Rate Schedule or in a Transportation Agreement have the meanings set out below or in the General Terms and Conditions of FortisBC Energy. Where any of the definitions set out below conflict with the definitions in the General Terms and Conditions of FortisBC Energy, the definitions set out below govern.

- (a) **Authorized Quantity** - means, subject to interruptions or curtailments as provided in [Section 4](#) (Transportation) or due to provisions of the Transportation Agreement, the quantity of energy (in Gigajoules) for each Day approved by the Transporter for transportation [Service](#) on the Transporter's pipeline system, based on the quantity requested pursuant to [Section 8.1](#) (Requested Quantity), adjusted as set out in [Section 8.2](#) (Adjustment of Requested Quantity) or the quantity of energy approved for sale by FortisBC Energy under an applicable Rate Schedule, or any component or aggregate of these quantities, as the context requires.
- (b) **Backstopping Gas** - means Gas made available by FortisBC Energy as an interruptible backup supply if on any Day the Authorized Quantity is less than the Requested Quantity, adjusted as set out in [Section 8.2](#) (Adjustment of Requested Quantity).
- (c) **Balancing Gas** - means any Gas taken during a Day which is in excess of the Authorized Quantity, subject to [Section 9.2](#) (Provision of Gas Balancing).
- (d) **Commencement Date** - means the day specified as the Commencement Date in the Transportation Agreement.
- (e) **Contract Year** - means a period of 12 consecutive Months commencing at the beginning of the 1st Day of November and ending at the beginning of the next succeeding 1st Day of November.
- (f) **Day** - means, subject to [Section 1.2](#) (Change in Definition of "Day"), any period of twenty-four consecutive hours beginning and ending at 7:00 a.m. Pacific Standard Time.
- (g) **Delivery Point** - means the point specified in a Sales [Service Agreement](#) or a Transportation Agreement where FortisBC Energy delivers Gas to a Customer or a Shipper.

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- (h) **Demand Surcharge Quantity** - has the meaning ascribed thereto in Section 7.3 (Demand Surcharge).
- (i) **DTQ or Daily Transportation Quantity** - means the Firm DTQ.
- (j) **EKE** - means the East Kootenay Exchange, an Interconnection Point where the FortisBC Energy System interconnects with the facilities of TransCanada PipeLines Limited (Foothills System, B.C.).
- (k) **Firm DTQ** - means the maximum quantity of Gas that FortisBC Energy is obligated to transport for and deliver on a firm basis to a Shipper at the Delivery Point on any particular Day, which reasonably reflects the Shipper's requirements and is specified in a Transportation Agreement.
- (l) **Firm EKE Receipt Service** - means the firm receipt Service by which the Shipper provides Gas to FortisBC Energy at EKE for firm transportation to a Delivery Point in the Inland area, as described in Section 12.1 (Firm EKE Receipt Service).
- (m) **Firm MTQ** - means the firm transportation quantity delivered during a Month under this Rate Schedule, more specifically described as the lesser of the following quantities of Gas
- (i) the quantity of Gas FortisBC Energy has sold to or received from a Shipper during a Month plus any imbalance carried forward from the previous Month; and
 - (ii) the quantity of Gas obtained by multiplying the Firm DTQ by the number of Days in the Month, adjusted to reflect any quantity of Gas the Shipper fails to deliver to the Interconnection Point when provided by FortisBC Energy to the Transporter and any adjustment pursuant to Section 6.3 (Reduced MTQ), such adjustments, if overlapping, to only count once.
- (n) **Force Majeure** - means any acts of God, strikes, lockouts, or other industrial disturbances, civil disturbances, arrests and restraints of rulers or people, interruptions by government or court orders, present or future valid orders of any regulatory body having proper jurisdiction, acts of the public enemy, wars, riots, blackouts, insurrections, failure or inability to secure materials or labour by reason of regulations or orders of government, serious epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, explosions, breakage or accident to machinery or lines of pipes, or freezing of wells or pipelines, or the failure of gas supply, temporary or otherwise, from a Supplier of gas, which act of Force Majeure was not due to negligence of the party claiming Force Majeure. Further, Force Majeure will also include a declaration of force majeure by a Transporter that results in Gas being unavailable for delivery at the Interconnection Point.

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- (o) **Group** - means a group of Shippers who each transport Gas under a transportation Rate Schedule, have a common Shipper Agent, and who have each entered into a Transportation Agreement.
- (p) **Interconnection Point** - means a point where the FortisBC Energy System interconnects with the facilities of one of the Transporters of FortisBC Energy, as specified in a Transportation Agreement.
- (q) **Interruptible EKE Receipt Service** - means the interruptible receipt Service by which the Shipper provides Gas to FortisBC Energy at EKE for firm transportation to a Delivery Point in the Inland area or the Lower Mainland area, as described in Section 12.2 (Interruptible EKE Receipt Service).
- (r) **Interruptible MTQ** - means the interruptible transportation quantity delivered during a Month under this Rate Schedule, more specifically described as the quantity of Gas delivered to a Shipper at the Delivery Point during a Month, less the Firm MTQ and any Unauthorized Overrun Gas taken during that Month.
- (s) **Minimum Quantity** - means 12,000 Gigajoules per Month modified by any adjustments for curtailment or Force Majeure as set out in Section 6.2 (Minimum Charge Credits).
- (t) **Month** - means, subject to any changes from time to time required by FortisBC Energy, the period beginning at 7:00 a.m. Pacific Standard Time on the first day of the calendar month and ending at 7:00 a.m. Pacific Standard Time on the first day of the next succeeding calendar month.
- (u) **MTQ or Monthly Transportation Quantity** - means the firm Monthly Transportation Quantity or the interruptible Monthly Transportation Quantity, or both, as the context requires.
- (v) **Non-Bypass Shipper** - means a Shipper that receives Service under Rate Schedule 23, 25 or 22A and pays rates as set out in the standard Table of Charges for the applicable Rate Schedule.
- (w) **Peak Day Demand** - means the quantity of energy used for the purposes of determining the Peaking Gas and EKE Receipt Service available to a firm Non-Bypass Shipper, as calculated pursuant to Section 11.3 (Peak Day Demand).
- (x) **Peaking Gas** - means Gas which is provided to the Shipper by FortisBC Energy in accordance with the provisions of Section 11 (Peaking Gas Service).
- (y) **Peaking Gas Quantity** - means the Peaking Gas available to a Non-Bypass Shipper on a Day, determined pursuant to the provisions of Section 11.4 (Peaking Gas Quantity).

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- (z) **Rate Schedule 22 or this Rate Schedule** - means this Rate Schedule, including all rates, terms and conditions, and the Table of Charges, as amended from time to time by FortisBC Energy with the consent of the British Columbia Utilities Commission.
- (aa) **Rate Schedule 22A** - means Rate Schedule 22A, including all rates, terms and conditions, and the Table of Charges appended thereto, as amended from time to time by FortisBC Energy with the consent of the British Columbia Utilities Commission.
- (bb) **Rate Schedule 22B** - means Rate Schedule 22B, including all rates, terms and conditions, and the Table of Charges appended thereto, as amended from time to time by FortisBC Energy with the consent of the British Columbia Utilities Commission.
- (cc) **Replacement Gas** - means Gas which is provided to a Shipper by FortisBC Energy in the event the Shipper fails to return Peaking Gas Quantity pursuant to Section 11.6 (Return of Peaking Gas Quantity).
- (dd) **Requested Peaking Gas Quantity** - means the quantity of energy for each Day requested as Peaking Gas under this Rate Schedule.
- (ee) **Requested Quantity** - means the quantity of energy for each Day requested for firm and interruptible transportation **Service** under Rate Schedule 22, or for sales by FortisBC Energy under an applicable Rate Schedule, or any component or aggregate of these quantities, as the context requires.
- (ff) **Shipper** - means a person who enters into a Transportation Agreement with FortisBC Energy **and** who is also the consumer of the Gas transported.
- (gg) **Shipper Agent** - means a person who enters into a Shipper Agent Agreement with FortisBC Energy.
- (hh) **Shipper Agent Agreement** - means an agreement between FortisBC Energy and a Shipper Agent pursuant to which the Shipper Agent agrees to act as agent for a Group.
- (ii) **Southern Crossing Pipeline** - means the pipeline and other facilities constructed by FortisBC Energy from EKE to an interconnection with existing FortisBC Energy facilities near Oliver that will enable FortisBC Energy to transport Gas between EKE and the Delivery Point.
- (ii) **Sumas Daily Price** - means the "NW Sumas" Daily Midpoint Price as set out in Gas Daily's Daily Price Survey for Gas delivered to Northwest Pipeline Corporation at Sumas, converted to Canadian dollars using the noon exchange rate as quoted by the Bank of Canada, one Business Day prior to the Gas flow date, for each Day. Energy units are converted from MMBtu to Gigajoule by application of a conversion factor equal to 1.055056 Gigajoule per MMBtu.

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- (kk) **Supplier** - means a party who sells Gas to a Shipper or FortisBC Energy or has access to its own supplies of Gas.
- (ll) **Table of Charges** - means the table of prices, fees and charges, as amended from time to time by FortisBC Energy with the consent of the British Columbia Utilities Commission, appended to this Rate Schedule, or in the specific context of Rate Schedules 22A and 22B, the Table of Charges appended to such respective Rate Schedule.
- (mm) **Timely Nomination Cycle** – means nominations received for the following Day or subsequent Day(s), which closes at 11:00 a.m. Pacific Standard Time.
- (nn) **Transportation Agreement** - means an agreement between FortisBC Energy and a Shipper to provide Service pursuant to a transportation Rate Schedule.
- (oo) **Transporter** - means, in the case of the Columbia area, TransCanada PipeLines Limited, (Foothills System, B.C.) and NOVA Gas Transmission Ltd., and in the case of the Inland and Lower Mainland areas, Westcoast Energy Inc., Northwest Pipeline LLC, FortisBC Huntingdon Inc., and any other gas pipeline transportation company connected to the facilities of FortisBC Energy from which FortisBC Energy receives Gas for the purposes of Gas transportation or resale.
- (pp) **Transporter's Service Terms** - means the general terms and conditions of the applicable Transporter, as filed with and approved from time to time by the National Energy Board or other applicable governmental authority.
- (qq) **Unauthorized Overrun Gas** - means any Gas taken on any Day in excess of the curtailed quantity specified in any notice to interrupt or curtail a Shipper's take, or to interrupt or curtail a Group's take, and for greater certainty, Unauthorized Overrun Gas includes all Gas taken by a Shipper or a Group to the extent that the obligation of FortisBC Energy to deliver such Gas is suspended by reason of Force Majeure.

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Unauthorized Transportation Service - means any transportation service utilized in excess of the curtailed quantity specified in any notice to interrupt or curtail transportation service.

1.2 Change in Definition of "Day"

FortisBC Energy may amend the definition of "Day" from time to time to suitably align its operations with those of its Transporters. If FortisBC Energy amends the definition of "Day", a pro-rata adjustment of quantities of Gas and charges to account for any Day of more or less than 24 hours will be made and the terms of the Transportation Agreement will be similarly adjusted.

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2. Applicability

2.1 Description of Applicability

This Rate Schedule applies to the provision of firm and/or interruptible transportation Service (subject to a minimum of 12,000 Gigajoules per Month) through the FortisBC Energy System and through one Meter Set to one Shipper except as previously agreed upon. For greater certainty, firm transportation Service under this Rate Schedule means the transportation Service FortisBC Energy is obligated to provide to a Shipper on a firm basis subject to interruption or curtailment pursuant to Sections 19 (Default or Bankruptcy), 1 (Force Majeure) and the General Terms and Conditions of FortisBC Energy. Interruptible transportation Service means the provision by FortisBC Energy of transportation Service to a Shipper which may be interrupted or curtailed by FortisBC Energy pursuant to Sections 4.2 (Curtailment), 19 (Default or Bankruptcy), 1 (Force Majeure) and the General Terms and Conditions of FortisBC Energy.

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2.2 British Columbia Utilities Commission

This Rate Schedule may be amended from time to time with the consent of the British Columbia Utilities Commission.

3. Conditions of Service

3.1 Conditions

FortisBC Energy does not provide transportation Service as a common carrier. FortisBC Energy will only transport Gas under this Rate Schedule to Shippers in the territory served by FortisBC Energy under the FortisBC Energy tariff of which this Rate Schedule is a part if:

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- (a) the Shipper has entered into a Transportation Agreement;
- (b) adequate capacity exists on the FortisBC Energy System; and
- (c) FortisBC Energy has installed at the Delivery Point the facilities and equipment referred to in Section 16.1 (Facilities and Equipment).

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3.2 Security

In order to secure the prompt and orderly payment of the charges to be paid by the Shipper to FortisBC Energy under the Transportation Agreement, FortisBC Energy may require the Shipper to provide, and at all times maintain, an irrevocable letter of credit in favour of FortisBC Energy issued by a financial institution acceptable to FortisBC Energy in an amount equal to the estimated maximum amount payable by the Shipper under this Rate Schedule and the Transportation Agreement for a period of 90 Days. Where FortisBC Energy requires a Shipper to provide a letter of credit and the Shipper is able to provide alternative security acceptable to FortisBC Energy, FortisBC Energy may accept such security in lieu of a letter of credit.

3.3 Warning if Switching from Interruptible Transportation Service or Interruptible Sales to Firm Transportation Service or Sales

A Shipper wishing to request a switch at the end of the term of an interruptible Transportation Agreement or an interruptible Gas Service Agreement to a firm sales Rate Schedule, or to firm transportation under this Rate Schedule, or to increase their Firm DTQ under this Rate Schedule must comply with the requirements for Firm Service set out in the applicable Rate Schedule, including the following:

- (a) give 12 months prior notice to FortisBC Energy of the Shipper's desire to do so; and
- (b) after receiving an estimate from FortisBC Energy of costs FortisBC Energy will reasonably incur to provide such Service, agree to reimburse FortisBC Energy for any such costs.

Notwithstanding Section 3.3(a), FortisBC Energy will make reasonable efforts to accommodate a Shipper on less than 12 months prior notice if FortisBC Energy is able, with such shorter notice, to arrange for the firm purchase and firm transportation of Gas under a firm sales Rate Schedule, or transportation under a firm transportation Rate Schedule.

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4. Transportation

4.1 Transportation of Gas

Subject to Section 13 of the General Terms and Conditions of FortisBC Energy (Interruption of Service) and all of the terms and conditions of this Rate Schedule, FortisBC Energy will on each Day transport for and deliver to the Shipper at the Delivery Point the Authorized Quantity, received at the Interconnection Point from the Transporter, up to the Requested Quantity, where adequate capacity exists on the FortisBC Energy System. On each Day, if the Shipper's Gas received at the Interconnection Point is not consumed by the Shipper or is not authorized for delivery to the Shipper, FortisBC Energy will be entitled to utilize such Gas subject to all the terms of this Rate Schedule and the Transportation Agreement.

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4.2 Curtailment

If at any time FortisBC Energy, acting reasonably, determines that it does not have capacity on the FortisBC Energy System to accommodate the Shipper's request for interruptible transportation FortisBC Energy may, for any length of time, interrupt or curtail transportation Service under this Rate Schedule. Consistent with the provisions of Section 8.5 (Failure to Deliver to Interconnection Point), if at any time FortisBC Energy, acting reasonably, determines that it is not able to provide Balancing Gas or Backstopping Gas, FortisBC Energy may curtail the Shipper's take to the lesser of the Authorized Quantity or the Firm DTQ.

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4.3 Notice of Curtailment

Each notice from FortisBC Energy to the Shipper with respect to the interruption or curtailment by FortisBC Energy of deliveries of Gas to the Delivery Point will be by telephone, by facsimile ("fax"), and/or by other electronic means, and will specify the quantity of Gas to which the Shipper is curtailed and the time at which such curtailment is to be made. FortisBC Energy will make reasonable efforts to give the Shipper as much notice as possible with respect to such curtailment, not to be less than 2 hours prior notice unless prevented by Force Majeure.

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4.4 Default Regarding Curtailment

The Shipper will comply with each notice to interrupt or curtail the Shipper's take. If the Shipper at any time fails or neglects to comply with a notice to interrupt or curtail the Shipper's take as set out in Section 8.5 (Failure to Deliver to Interconnection Point), FortisBC Energy may, in addition to any other remedy that it may then or thereafter have, at its option, without liability therefor and without any prior notice to the Shipper:

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- (a) turn off the valve at the Delivery Point; or
- (b) deliver such Gas and charge the Shipper for such Gas consumed on that Day the Unauthorized Overrun Gas charge set out in the Table of Charges.

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4.5 Maximum Hourly Quantities

FortisBC Energy will not be obliged to receive or deliver in one Hour more than 5% of the quantity of Gas that the Shipper is authorized to receive on any Day.

4.6 Gas Pressure

Where specifically requested by the Shipper, FortisBC Energy may agree to deliver Gas to the Shipper at the Delivery Point at a minimum pressure specified in the Shipper's Transportation Agreement. The Shipper will reimburse FortisBC Energy for costs it reasonably incurs in maintaining such minimum pressure above that set out in the General Terms and Conditions of FortisBC Energy. FortisBC Energy's ability to maintain a minimum pressure at the Delivery Point is subject to FortisBC Energy receiving Gas at the Interconnection Point at the pressure specified in the Transporter's Service Terms.

5. Table of Charges

5.1 Charges

In respect of all quantities of Gas delivered to the Delivery Point pursuant to this Rate Schedule and the Transportation Agreement, the Shipper will pay to FortisBC Energy all of the charges set out in the Table of Charges, whether or not the Shipper is a member of a Group. The Shipper Agent may elect to pay to FortisBC Energy the charges for the Backstopping Gas and the Balancing Gas taken, any Unauthorized Overrun Gas taken, and any Replacement Gas incurred for members of its Group. In the event the Shipper Agent fails to make an election or pay these charges for and on behalf of the Shippers which are members of its Group, FortisBC Energy will bill the Shippers directly.

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6. Minimum Charge

6.1 Minimum Charge

The minimum charge for any Month will be based upon a Minimum Quantity of 12,000 Gigajoules for that Month. The minimum charge will be calculated as the sum of the following:

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- (a) the Basic Charge and transportation Administration Charge;
- (b) the Delivery Charge per Month per Gigajoule of Firm DTQ times the Firm DTQ, (if applicable);
- (c) the Delivery Charge per Gigajoule of Firm MTQ times (the Firm MTQ or the Minimum Quantity, whichever is less), (if applicable);
- (d) ~~the Delivery Charge per Gigajoule of Interruptible MTQ times (the Minimum Quantity less the Firm MTQ, if a positive amount); plus~~
- (e) the Municipal Operating Fee ~~charge~~, (if applicable).

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6.2 Minimum Charge Credits

If on any Day either FortisBC Energy fails to deliver to the Shipper the quantity of Gas that the Shipper has requested and delivered to the Interconnection Point on that Day, or the Shipper is entitled to relief by reason of Force Majeure, then a pro-rata credit will apply to the applicable delivery charges for firm Service and an adjustment will apply to the Minimum Quantity set out in Section 6.1 (Minimum Charge). The Minimum Quantity will be reduced by the quantity that would have been delivered in the absence of the curtailment. Provided, however, in the case of Force Majeure arising out of strike or lockout, the credit provisions will apply for no more than 90 Days in any Contract Year with the Minimum Quantity for each Month prorated by the number of Days of Force Majeure in that Month.

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6.3 Reduced MTQ

The Firm MTQ will be reduced by the firm quantities on which credits have been calculated under Section 6.2 (Minimum Charge Credits).

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6.4 Delivery Rate during Force Majeure

In respect of all Gas received by the Shipper while the Shipper is entitled to relief by reason of Force Majeure, the Shipper will pay a delivery charge equivalent to three times the applicable delivery charge set out in the Table of Charges (calculated on a per unit basis at 100 percent load factor).

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6.5 Limitation on Minimum Charge Credits

Notwithstanding Section 6.2 (Minimum Charge Credits), no credit will apply in respect of an event of Force Majeure that has occurred upstream of the Transporter, or for Gas sold, delivered or transported on an interruptible basis to the Interconnection Point.

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7. Unauthorized Use

7.1 Charges for Unauthorized Service

On any Day a Shipper takes Unauthorized Overrun Gas and/or Unauthorized Transportation Service, the Shipper will pay to FortisBC Energy the unauthorized overrun charge set out in the Table of Charges. The Shipper Agent may elect to pay these charges for the members of its Group. In the event the Shipper Agent fails to make an election or does not pay these charges for and on behalf of the Shippers which are members of its Group, FortisBC Energy will bill the Shippers directly.

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7.2 Payments Not License

Payments made to FortisBC Energy for Unauthorized Overrun Gas or Unauthorized Transportation Service neither give the right to take Unauthorized Overrun Gas or Unauthorized Transportation Service, nor exclude or limit any other remedies available to FortisBC Energy for the taking or use of Unauthorized Overrun Gas or Unauthorized Transportation Service.

7.3 Demand Surcharge

If on three or more Days during a Contract Year, a Shipper which is not a member of a Group, or a Group, takes Gas in excess of the greater of:

- (a) 110% of a curtailed quantity specified by FortisBC Energy in accordance with Section 4.3 (Notice of Curtailment); or
- (b) a curtailed quantity specified by FortisBC Energy in accordance with Section 4.3 (Notice of Curtailment) plus 100 Gigajoules,

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the demand surcharge set out in the Table of Charges will apply. The demand surcharge will be calculated and become payable at the end of a Month of the third or more occurrence, on the average of the two largest quantities of Unauthorized Overrun Gas or Unauthorized Transportation Service taken (the "Demand Surcharge Quantity") as follows:

Demand surcharge equals the product of:

the demand surcharge per Gigajoule specified in the Table of Charges

times 12

times the Demand Surcharge Quantity.

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7.4 Recalculation of Demand Surcharge

The demand surcharge will be recalculated if the Shipper or the Group again uses Unauthorized Overrun Gas or Unauthorized Transportation Service which causes the Demand Surcharge Quantity to increase. Any additional demand surcharge will become payable at the end of the Month in which a new Demand Surcharge Quantity is established.

8. Nomination

8.1 Requested Quantity

The Shipper or Shipper Agent will provide notice to FortisBC Energy on the Web Information and Nomination System ("WINS"), or other method approved by FortisBC Energy, prior to the Timely Nomination Cycle on each Day (or such other time as may be specified from time to time by FortisBC Energy) such information as may be requested by FortisBC Energy, which will include, but is not limited to, the Shipper or Shipper Agent's Requested Quantity for the Day commencing in approximately 24 hours, and/or subsequent Day(s). If the Shipper or Shipper Agent does not notify FortisBC Energy in accordance with the foregoing, then the Shipper or Shipper Agent's Requested Quantity for the Day commencing in approximately 24 hours will be deemed to be zero, subject to Section 8.2 (Adjustment of Requested Quantity). The Shipper or Shipper Agent is required to provide their best estimate of the quantity of Gas the Shipper(s) will actually consume on such Day.

8.2 Adjustment of Requested Quantity

The Shipper or Shipper Agent will provide notice to FortisBC Energy on the WINS, or other method approved by FortisBC Energy, of adjustments to the Requested Quantity for the Day commencing in approximately 24 hours. Adjustments to the Requested Quantity must adhere to the elapsed pro-rata practices of the applicable Transporter(s). FortisBC Energy may adjust, in consultation with the Shipper, the Shipper's Requested Quantity, described in Section 8.1 (Requested Quantity), when in the reasonable opinion of FortisBC Energy such modification is required in order to limit the build-up of inventory account quantities.

8.3 Request to Transporter

FortisBC Energy will provide to the Transporter the Shipper's Requested Quantity, adjusted as set out in Section 8.2 (Adjustment of Requested Quantity).

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8.4 Delivery to Interconnection Point

The Shipper will cause to be delivered to the Interconnection Point on each Day a quantity of Gas at least equal to the Shipper's Requested Quantity, adjusted as set out in Section 8.2 (Adjustment of Requested Quantity).

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8.5 Failure to Deliver to Interconnection Point

If on any Day the Authorized Quantity from the Transporter is less than the quantity requested from the Transporter pursuant to Section 8.3 (Request to Transporter), then, in addition to curtailments permitted under Section 4 (Transportation), FortisBC Energy may, in its discretion, interrupt or curtail Service hereunder to the lesser of such Authorized Quantity or the Firm DTQ. Alternatively, FortisBC Energy may deliver additional Gas to the Shipper at the Interconnection Point and charge the Shipper Backstopping Gas as set out in the Table of Charges.

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8.6 Authorized Quantity

FortisBC Energy will notify the Shipper or the Shipper Agent on WINS or other method approved by FortisBC Energy if the Authorized Quantity is less than the Requested Quantity.

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8.7 Determination of DTQ

Subject to Sections 3 (Conditions of Service) and 13.2 (Automatic Renewal), the Shipper will provide to FortisBC Energy by fax or other method approved by FortisBC Energy 30 Days prior to the Commencement Day of each Contract Year the Shipper's Firm DTQ for the following Contract Year. If the Shipper does not provide FortisBC Energy notice in accordance with this Section 8.7 (Determination of DTQ), then the Shipper's Firm DTQ for the following Contract Year will be deemed to be the same as the current Contract Year. If a Shipper appoints a Shipper Agent to act on its behalf, the Shipper authorizes the Shipper Agent to determine the Firm DTQ set out in the Transportation Agreement, for each Contract Year. This authorization will remain in effect for the term of the Transportation Agreement or for so long as the Shipper Agent acts as agent for the Shipper, whichever period is shorter.

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9. Gas Balancing

9.1 Gas Balancing

Gas balancing hereunder is intended for matching day to day imbalances that cannot be reasonably forecast by the Shipper. Subject to all the terms of this Rate Schedule, FortisBC Energy will on each Day balance for the Shipper at the Interconnection Point the difference between the Shipper's Authorized Quantity under the Transportation Agreement and its actual consumption of Gas.

9.2 Provision of Gas Balancing

When on any Day the Shipper requires Gas for balancing, FortisBC Energy will:

- (a) ~~allow~~ the Shipper ~~to use~~ up to the amount available in the Shipper's inventory account pursuant to ~~Section 9.4~~ (Adjustments to Inventory);
- (b) ~~for quantities~~ of Gas above the amount available in the Shipper's inventory, ~~sell~~ to the Shipper at the commodity charge set out in the Table of Charges; and
- (c) for quantities of Gas needed to balance actual consumption that exceeds the greater of 100 Gigajoules or ~~10~~ percent of the Shipper's Authorized Quantity, charge the Shipper ~~for Balancing Gas~~ at the ~~applicable rate(s)~~ as set out in the Table of Charges.

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9.3 Curtailment of Gas Balancing

FortisBC Energy may for any reason and for any length of time, interrupt or curtail Gas balancing under this Rate Schedule.

9.4 Adjustments to Inventory

When on any Day the Shipper delivers more Gas to the Interconnection Point than its actual consumption, except for Gas purchased by FortisBC Energy under Section ~~22.8~~ (Shipper's Gas), FortisBC Energy will maintain an inventory account for the Shipper and will increase the balance in the account by the excess amount received. FortisBC Energy reserves the right to limit Gas quantities maintained in the Shipper's inventory account and will from time to time, ~~at its discretion and~~ in consultation with the Shipper, return excess inventory at no charge to the Shipper; this will not relieve the Shipper from its obligation to provide accurate nominations pursuant to ~~Section 8.1~~ (Requested Quantity).

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9.5 Imbalance Following Termination

If FortisBC Energy has received a quantity of Gas in excess of the quantity delivered to the Shipper during the term of a Transportation Agreement, then the Shipper may request the excess quantity be returned within 90 Days following termination of the Transportation Agreement.

9.6 Balancing of Peaking Gas

Balancing of Peaking Gas is described in Section 11.6 (Return of Peaking Gas Quantity).

10. Group Nominations and Balancing

10.1 Group Nominations and Balancing

If a Shipper appoints a Shipper Agent and becomes a member of a Group and if the Shipper and Shipper Agent have agreed to execute or have executed a Shipper Agent Agreement, and if the members of the Group are in the same Service Area of FortisBC Energy and receive Service under a transportation Rate Schedule, the Shipper Agent will nominate and balance on behalf of all members of the Group on an aggregate basis pursuant to Sections 8 (Nomination), 9 (Gas Balancing), 11(Peaking Gas Service) and 12 (Access to East Kootenay Exchange (EKE) Interconnection Point) of this Rate Schedule, as modified by this Section, and the Shipper Agent will be the agent for each of the members of a Group for the purposes of any and all matters set out in Sections 8 (Nomination), 9 (Gas Balancing) 11(Peaking Gas Service) and 12 (Access to East Kootenay Exchange (EKE) Interconnection Point). The Shipper Agent may also elect, pursuant to the Shipper Agent Agreement, to pay some or all of the charges specified in Sections 5.1 (Charges) and 7.1 (Charges for Unauthorized Service) for and on behalf of the Shippers in its Group. The Shipper acknowledges and agrees that FortisBC Energy may rely, for the purpose of payment allocations, on written notification from the Shipper Agent of such election as a basis for the Shipper Agent's authority to act on behalf of Shipper. Where the Shipper Agent fails to execute a Shipper Agent Agreement, the Shipper will be deemed to be and treated by FortisBC Energy as an individual Group of one Shipper, except for the purposes of Sections 10.4 (Notices To and From Shipper Agents) and 14.1 (Statements to be Provided) hereunder, and will be deemed to have agreed to purchase Gas from FortisBC Energy pursuant to the applicable transportation Rate Schedule and will accordingly be responsible for the payment of all charges thereunder, including any and all Balancing Gas and Unauthorized Overrun Gas charges attributable to that Shipper.

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10.2 Determination of Charges

The charges for Backstopping Gas, Balancing Gas, Unauthorized Overrun Gas, Replacement Gas and demand surcharges as set out in the Table of Charges, will be determined based on the quantities transported on behalf of all members of the Group on an aggregate basis.

10.3 Security

FortisBC Energy may require the Shipper Agent to provide security, as set out in Section 3.2 (Security), with necessary changes, for the performance of the Shipper Agent's obligations under the Shipper Agent Agreement.

10.4 Notices To and From Shipper Agents

If the Shipper is a member of a Group then:

- (a) communications regarding curtailments or interruptions arising from Gas supply constraints and limitations, quantities of Gas requested and quantities of Gas authorized will be between the Shipper Agent for the Group and FortisBC Energy; and
- (b) notices from FortisBC Energy with respect to interruption or curtailment pursuant to Section 4.3 (Notice of Curtailment) arising from Gas supply constraints or limitations will be to the Shipper Agent for the Group and will specify the quantity of Gas to which the Group is curtailed and the time at which such curtailment is to be made; it will be the responsibility of the Shipper Agent to notify Shippers which are members of the Group of interruptions or curtailments.

11. Peaking Gas Service

11.1 Applicability

In each Contract Year, Peaking Gas Service is available only to firm Non-Bypass Shippers for Gas which is delivered to a Delivery Point in the Mainland and Vancouver Island Service Area, and for which the Transportation Agreement was in effect on the 1st Day of November of the subject Contract Year.

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The Shipper Agent will notify FortisBC Energy of the Shipper's

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11.2 15-Day Maximum

A Non-Bypass Shipper may request Peaking Gas for a maximum of 15 Days during each Contract Year. Any Day for which any portion of the Shipper's Peaking Gas Quantity is requested and authorized will be considered one of the 15 Days of Peaking Gas entitlement even if the quantity of authorized Peaking Gas is not used or is only partially used.

11.3 Peak Day Demand

For the purposes of determining the Peaking Gas Quantity available to a Non-Bypass Shipper on a Day, the Peak Day Demand of a Rate Schedule 22 Shipper is the DTQ set out in the Shipper's Transportation Agreement.

11.4 Peaking Gas Quantity

The quantity of Peaking Gas available on a Day to a Non-Bypass Shipper ("Peaking Gas Quantity") will be a percentage of that Shipper's Peak Day Demand. The Peaking Gas Quantity available to firm Non-Bypass Shippers for the next Contract Year will be determined by FortisBC Energy, and FortisBC Energy will in writing notify each Non-Bypass Shipper of that Shipper's Peaking Gas Quantity, at least 30 Days prior to the commencement of each Contract Year. The Peaking Gas Quantity available to a Non-Bypass Shipper in a Contract Year will be:

- (a) $\text{Total Non-Bypass Transport Demand} = \frac{\text{Peaking Gas Factor}}{\text{Forecast Sales Demand} + \text{Non-Bypass Transport Demand}}$
- (b) $\text{Peaking Gas Factor} * \text{Southern Crossing Pipeline ("SCP") Peaking Gas} = \text{Non-Bypass Transport Volume}$
- (c) $\text{Non-Bypass Transport Volume} = \frac{\text{Peaking Gas Percentage}}{\text{Non-Bypass Transport Demand}}$
- (d) $\text{Peaking Gas Percentage} * \text{a Non-Bypass Shipper's Peak Day Demand} = \text{Peaking Gas Quantity}$

Where:

"Non-Bypass Transport Demand" is the aggregate Peak Day Demand of all Non-Bypass Shippers for the Contract Year commencing the next November 1st; "Forecast Sales Demand" is the FortisBC Energy forecast of the aggregate peak day demand for the Year commencing the next November 1st for all Gas sales Customers of FortisBC Energy excluding those in the Fort Nelson Service Area; and "SCP Peaking Gas" is the quantity of Peaking Gas available to FortisBC Energy in the Year commencing the next Contract Year.

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11.5 Requested Peaking Gas Quantity

A Shipper will notify FortisBC Energy of its Requested Peaking Gas Quantity pursuant to nomination procedures described in Section 8.1 (Requested Quantity) of this Rate Schedule except as otherwise described in Sections 11.6(a) and 11.6(b) below. The Requested Peaking Gas Quantity must be explicitly stated on the nomination and may be less than but may not exceed the Shipper's Peaking Gas Quantity described in Section 11.4 (Peaking Gas Quantity).

- (a) **Prior Day Notices of Curtailment** - On a Day when FortisBC Energy has given notice of curtailment for the next or subsequent Day, a Shipper may nominate the Requested Peaking Gas Quantity in WINS for the next Day prior to the evening nomination cycle the Day preceding the Day for which notice of curtailment has been given.
- (b) **Same Day Notices of Curtailment** - On a Day when FortisBC Energy has given notice of curtailment to be effective during that Day, a Shipper may nominate the Requested Peaking Gas Quantity in WINS up until one Hour after the notice of curtailment has been given by FortisBC Energy; provided that FortisBC Energy has usable nomination cycles available during that Day with the Transporter(s). Requests for Requested Peaking Gas Quantity received after the time when FortisBC Energy has usable nomination cycles available during that Day will be authorized only on an as available basis. If notice of Requested Peaking Gas Quantity is given to FortisBC Energy during the Day for which Peaking Gas is being requested, then the Peaking Gas Quantity available to Shipper on that Day will be reduced consistent with the elapsed pro-rata practices of the applicable Transporter(s).
- (c) **Non-Curtailment Days** - On Days for which FortisBC Energy has not given notice of curtailment, requests for Peaking Gas Quantity will be made in accordance with the provisions described in Section 8.1 (Requested Quantity).

11.6 Return of Peaking Gas Quantity

A Shipper may view its Peaking Gas Quantity authorized, returned, and not yet returned via an inventory report in the WINS. Peaking Gas must be returned to FortisBC Energy within 6 Business Days of the Day in respect of which it was authorized. The Shipper must nominate the returned Peaking Gas Quantity in the WINS described in Section 11.4 (Peaking Gas Quantity). Peaking Gas returned will be applied against the earliest Peaking Gas Quantity authorized and not yet returned. The Shipper has the option to elect to return Peaking Gas from the Peaking Gas inventory which is kept for this purpose. If Peaking Gas is not returned to FortisBC Energy within 6 Business Days of the Day in respect of which it was authorized, FortisBC Energy will provide the Shipper with an equivalent quantity of Replacement Gas. The charge for Replacement Gas will be as set out in the Table of Charges.

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11.7 Last Gas Ordered

Peaking Gas Quantity will be considered the last Gas ordered and taken during the Day.

11.8 Transport of Peaking Gas Quantity

Peaking Gas Quantity will be deemed to be provided to the Shipper at the Interconnection Point, and the volumes consumed by the Shipper will be included in the Shipper's daily transport volume at the Interconnection Point for the purposes of calculating applicable transport charges.

12. Access to East Kootenay Exchange (EKE) Interconnection Point

12.1 Firm EKE Receipt Service

- (a) **Applicability** - Firm receipt Service access from the EKE Interconnection Point ("Firm EKE Receipt Service") is available to Non-Bypass Shippers for Gas which is delivered to a Delivery Point in the Inland area and for which the Shipper has a Transportation Agreement which is effective on the August 1st preceding the subject Contract Year ("Inland Non-Bypass Shippers").
- (b) **Availability** - The total quantity of Firm EKE Receipt Service available in aggregate to Inland Non-Bypass Shippers ("EKE Transport Volume") will be determined by FortisBC Energy for each Contract Year. "Forecast Inland Sales Demand" is the FortisBC Energy forecast of the aggregate peak day demand for the Year commencing the next November 1st for all firm Gas sales Customers of FortisBC Energy in the Inland area; and "ITS Constraint" is the capacity of the FortisBC Energy Interior transmission system available to flow Gas from Oliver in a northbound direction during periods of peak demand.
- (c) **Election** - Annual elections for Firm EKE Receipt Service for the next Contract Year must be submitted in writing by Shippers to FortisBC Energy within 5 Business Days of the date on which FortisBC Energy provides the allocated EKE Transport Volume. The election must indicate the quantity of Firm EKE Receipt Service requested. The quantity requested must not exceed the Shipper's Peak Day Demand. FortisBC Energy will pro-rate the Firm EKE Receipt Service requests based on the requested quantities if the aggregate Firm EKE Receipt Service requests exceed the available EKE Transport Volume.

12.2 Interruptible EKE Receipt Service

- (a) **Applicability** - Interruptible receipt Service access to the EKE Interconnection Point ("Interruptible EKE Receipt Service") is available only to firm Non-Bypass Shippers for which Gas is delivered to a Delivery Point in the Inland area and Lower Mainland area ("Eligible Interruptible Non-Bypass Shippers").

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- (b) **Quantity Available** - The quantity of Interruptible EKE Receipt Service available to Eligible Interruptible Non-Bypass Shippers will be determined by FortisBC Energy. In determining the quantity of Interruptible EKE Receipt Service available FortisBC Energy will take into account system delivery constraints including the requirement to flow Gas from the facilities of Westcoast Energy Inc. into the Inland area, and the quantity of Firm EKE Receipt Service not utilized. The quantity of Interruptible EKE Receipt Service available to Eligible Interruptible Non-Bypass Shippers will be a pro-rata portion of the aggregate available demands of all firm Gas sales Customers and all firm transportation Customers in the Inland and Lower Mainland areas.
- (c) **Maximum Nomination** - A Shipper may not request Interruptible EKE Receipt Service in excess of the Shipper's Peak Day Demand less the Firm EKE Receipt Service of the Shipper. If FortisBC Energy receives requests for Interruptible EKE Receipt Service in excess of the aggregate available Interruptible EKE Receipt Service available for the Day (as determined in Section 6.2(b) (Quantity Available)), FortisBC Energy will apportion the available Interruptible EKE Receipt Service on a pro-rata basis of requested Interruptible EKE Receipt Service.

13. Term of Transportation Agreement

13.1 Term

The initial term of the Transportation Agreement will begin on the Commencement Date and will expire at 7:00 a.m. Pacific Standard Time on the next November 1st provided that if the foregoing results in an initial term of less than one Year, then the initial term will instead expire at the end of one further Contract Year.

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13.2 Automatic Renewal

Except as specified in the Transportation Agreement, the term of the Transportation Agreement will continue from Year to Year after the expiry of the initial term unless cancelled by either FortisBC Energy or the Shipper, subject to Section 3.3 (Warning if Switching from Interruptible Transportation Service or Interruptible Sales to Firm Transportation Service or Sales) upon not less than 2 months notice prior to the end of the Contract Year then in effect.

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13.3 Early Termination

The term of the Transportation Agreement is subject to early termination in accordance with Section 19 (Default or Bankruptcy).

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13.4 Survival of Covenants

Upon the termination of the Transportation Agreement, whether pursuant to Section 19 (Default or Bankruptcy) or otherwise:

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- (a) all claims, causes of action or other outstanding obligations remaining or being unfulfilled as at the date of termination; and
- (b) all of the provisions in this Rate Schedule and in the Transportation Agreement relating to the obligation of any of the parties to account to or indemnify the other and to pay to the other any monies owing as at the date of termination in connection with the Transportation Agreement,

will survive such termination.

14. Statements and Payments

14.1 Statements to be Provided

FortisBC Energy will, on or about the 15th day of each Month, deliver to the Shipper a statement for the preceding Month showing the Gas quantities delivered to the Shipper and the amount due. If the Shipper is a member of a Group then the statement and the calculation of the amount due from the Shipper will be based on information supplied by the Shipper Agent, or based on other information available to FortisBC Energy, as set out in the Shipper Agent Agreement. FortisBC Energy will, on or about the 45th day after the end of a Contract Year, deliver to the Shipper a separate statement for the preceding Contract Year showing the amount required from the Shipper in respect of any indemnity due under this Rate Schedule or a Transportation Agreement. Any errors in any statement will be promptly reported to the other party as provided hereunder, and statements will be final and binding unless questioned within one Year after the date of the statement.

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14.2 Payment and Interest

Payment for the full amount of the statement, including federal, provincial and municipal taxes or fees applicable thereon, will be made to FortisBC Energy at its Vancouver, British Columbia office, or such other place in Canada as it will designate, on or before the 1st Business Day after the 15th calendar day following the billing date. If the Shipper fails or neglects to make any payment required under this Rate Schedule, or any portion thereof, to FortisBC Energy when due, interest on the outstanding amount will accrue, at the rate of interest declared by the chartered bank in Canada principally used by FortisBC Energy, for loans in Canadian dollars to its most creditworthy commercial borrowers payable on demand and commonly referred to as its "prime rate", plus:

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- (a) 2% from the date when such payment was due for the first 30 days that such payment remains unpaid and 5% thereafter until the same is paid where the Shipper has not, during the immediately preceding 6 month period, failed to make any payment when due hereunder; or
- (b) 5% from the date when such payment was due to and including the date the same is paid where the Shipper has, during the immediately preceding 6 month period, failed to make any payment when due hereunder.

14.3 Examination of Records

Each of FortisBC Energy and the Shipper will have the right to examine at reasonable times the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, charge, computation or demand made pursuant to any provisions of this Rate Schedule or the Transportation Agreement.

15. Quality

15.1 Minimum Standards

All Gas delivered to the Interconnection Point by or on behalf of the Shipper and all Gas delivered to the Delivery Point will conform to the quality specifications set out in the Transporter's Service Terms.

16. Measuring Equipment

16.1 Facilities and Equipment

FortisBC Energy will install, maintain and operate at the Delivery Point such metering and communications facilities and equipment as FortisBC Energy determines are necessary or desirable for measuring the quantity of Gas delivered pursuant to this Rate Schedule to the Shipper and the Shipper will permit FortisBC Energy, without cost to FortisBC Energy, to use the Shipper's communications lines and power for the purpose of installing, maintaining and operating the measuring equipment of FortisBC Energy. Communication facilities and equipment will be installed at the cost of the Shipper.

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16.2 Measuring Site

If FortisBC Energy reasonably determines that it is necessary to install the facilities and equipment referred to in [Section 16.1](#) (Facilities and Equipment) on the Shipper's property, the Shipper will, without charge, provide a suitable site along with utilities and enclosures for the installation of the facilities and equipment of FortisBC Energy. FortisBC Energy will at all times have clear access to the site and to all of its facilities and equipment. All facilities and equipment installed by FortisBC Energy on the Shipper's property will remain the property of FortisBC Energy and may be removed by FortisBC Energy upon termination of the Transportation Agreement.

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16.3 Calibration and Test of Measuring Equipment

The accuracy of the measuring equipment of FortisBC Energy will be verified by standard tests and methods at regular intervals and at other times at the initiative of FortisBC Energy or upon the reasonable request of the Shipper. Notice of the time and nature of each test conducted in response to communications with or at the request of the Shipper will be given by FortisBC Energy to the Shipper sufficiently in advance to permit a representative of the Shipper to be present. If during a test the measuring equipment is found to be registering inaccurately, it will be adjusted at once to read as accurately as possible. The results of each test and adjustment, if any, made by FortisBC Energy, whether or not the Shipper is present for such test, will be accepted until the next test. All tests of such measuring equipment of FortisBC Energy will be made at the expense of FortisBC Energy, except that the Shipper will bear the expense of tests made at its request if the measuring equipment is found to be inaccurate by an amount equal to 2% or less.

16.4 Inaccuracy Exceeding 2%

If upon any test the measuring equipment is found to be inaccurate by an amount exceeding 2%, any previous readings of such equipment will be corrected to zero error for any period during which it is definitely known or is agreed upon that the error existed. If the period is not definitely known or is not agreed upon, such correction will be for a period covering the last half of the time elapsed since the date of the last test. [Under](#) no circumstances will an adjustment be made for a period of more than the preceding 12 months.

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16.5 Correction of Measuring Errors

If the measuring equipment is out of service or out of repair so that the quantity of Gas delivered cannot be correctly determined by the reading thereof, the Gas delivered during the period such measuring equipment is out of service or out of repair will be estimated on the basis of the best available data, using the first of the following methods which is feasible:

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- (a) by correcting the error if the percentage of error is ascertained by calibration test or mathematical calculation;
- (b) by using the registration of any check measuring equipment if installed and accurately registering; and
- (c) by estimating the quantity of Gas delivered to the Shipper during the preceding periods under similar conditions when the meter was registering accurately.

16.6 Shipper's Equipment

The Shipper may at its own expense install, maintain and operate its own measuring equipment for the purposes of monitoring or checking the measuring equipment of FortisBC Energy, provided that the Shipper will install such equipment so as not to interfere with the operation of the measuring equipment of FortisBC Energy.

16.7 Right to be Present

FortisBC Energy and the Shipper will have the right to inspect all equipment installed or furnished by the other and the charts and other measurement or test data of the other at all times during business hours, and to be present at the time of any installing, testing, cleaning, changing, repairing, calibrating or adjusting done in connection with the measuring equipment of the other party, but all such activities will be performed by the party furnishing the measuring equipment.

16.8 Preservation of Records

Both parties will cause to be preserved each test datum, chart and other record of Gas measurement for a period of 2 years.

17. Measurement

17.1 Unit of Volume

The unit of volume of Gas for all purposes hereunder will be 1 cubic metre at a temperature of 15° Celsius and an absolute pressure of 101.325 kilopascals.

17.2 Determination of Volume

Gas delivered hereunder will be metered using metering apparatus approved by Measurement Canada and the determination of standard volumes delivered hereunder will be in accordance with terms and conditions pursuant to the *Electricity and Gas Inspection Act* of Canada.

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17.3 Conversion to Energy Units

In accordance with the *Electricity and Gas Inspection Act* of Canada, volumes of Gas delivered each Day will be converted to energy units by multiplying the standard volume by the Heat Content of each unit of Gas. Volumes will be specified in 10^3m^3 rounded to two decimal places and energy will be specified in Gigajoules rounded to the nearest Gigajoule.

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18. Representations, Warranties and Covenants

18.1 Title

The Shipper represents and warrants to FortisBC Energy that the Shipper will have good title to all Gas to be delivered to FortisBC Energy at the Interconnection Point on behalf of the Shipper from Suppliers other than FortisBC Energy, free and clear of all liens, encumbrances and claims.

18.2 Title Not That of FortisBC Energy

FortisBC Energy agrees that title to all Gas transported pursuant to the Transportation Agreement remains with the Shipper.

18.3 Acknowledgement

The Shipper acknowledges that the Gas transported under the Transportation Agreement will be commingled with Gas within the FortisBC Energy System.

19. Default or Bankruptcy

19.1 Default

If the Shipper at any time fails or neglects:

- (a) to make any payment due to FortisBC Energy or to any other person under this Rate Schedule or the Transportation Agreement within 30 days after payment is due; or

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Effective Date: June 1, 2018 Accepted for Filing: _____

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- (b) to correct any default of any of the other terms, covenants, agreements, conditions or obligations imposed upon it under this Rate Schedule or the Transportation Agreement, within 30 days after FortisBC Energy gives to the Shipper notice of such default or, in the case of a default that cannot with due diligence be corrected within a period of 30 days, the Shipper fails to proceed promptly after the giving of such notice with due diligence to correct the same and thereafter to prosecute the correcting of such default with all due diligence,

then FortisBC Energy may in addition to any other remedy that it has, including the rights of FortisBC Energy set out in Sections 4.4 (Default Regarding Curtailment) and 7 (Unauthorized Use), at its option and without liability therefore:

Deleted: sections 4.4

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- (c) suspend further transportation Service to the Shipper and may refuse to deliver Gas to the Shipper until the default has been fully remedied, and no such suspension or refusal will relieve the Shipper from any obligation under this Rate Schedule or the Transportation Agreement; or

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- (d) terminate the Transportation Agreement, and no such termination of the Transportation Agreement pursuant hereto will exclude the right of FortisBC Energy to collect any amount due to it from the Shipper for what would otherwise have been the remainder of the term of the Transportation Agreement.

19.2 Bankruptcy or Insolvency

If the Shipper becomes bankrupt or insolvent or commits or suffers an act of bankruptcy or insolvency or a receiver is appointed pursuant to a statute or under a debt instrument or the Shipper seeks protection from the demands of its creditors pursuant to any legislation enacted for that purpose, FortisBC Energy will have the right, at its sole discretion, to terminate the Transportation Agreement by giving notice in writing to the Shipper and thereupon FortisBC Energy may cease further delivery of Gas to the Shipper and the amount then outstanding for Gas provided under the Transportation Agreement will immediately be due and payable by the Shipper.

20. Notice

20.1 Notice

Any notice, request, statement or bill that is required to be given or that may be given under this Rate Schedule or under the Transportation Agreement will, unless otherwise specified, be in writing and will be considered as fully delivered when mailed, personally delivered or sent by fax or other method approved by FortisBC Energy to the other in accordance with the following:

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Effective Date: June 1, 2018 Accepted for Filing: _____

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FORTISBC ENERGY INC.
RATE SCHEDULE 22

If to FortisBC Energy FORTISBC ENERGY INC.

MAILING ADDRESS: 16705 Fraser Highway
Surrey, B.C.
V4N 0E8

BILLING AND PAYMENT: Attention: Industrial Billing
Telephone: 1-855-873-8773
Email: industrial.billing@fortisbc.com
Fax: [1-888-224-2710](tel:1-888-224-2710)

Deleted: (604) 293-2920

CUSTOMER RELATIONS: Attention: Commercial & Industrial Energy Solutions
Telephone: (604) [576-7028](tel:576-7028)
Email: commercial.energy@fortisbc.com
Fax: [604-576-7122](tel:604-576-7122)

Deleted: 592-7843

Deleted: Fax: (604) 592-7894

LEGAL AND OTHER: Attention: Legal Services
Telephone: (604) [576-7000](tel:576-7000)
Fax: (604) [592-7520](tel:592-7520)

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If to the Shipper, then as set out in the Transportation Agreement.

If to the Shipper Agent, then as set out in the Shipper Agent Agreement.

20.2 Specific Notices

Notwithstanding [Section 20.1](#) (Notice), notices with respect to Force Majeure will be sufficient if:

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(a) given by FortisBC Energy in writing by fax or other electronic means, or orally in person, or by telephone (to be confirmed in writing) to the person or persons designated from time to time by the Shipper as authorized to receive such notices; or

(b) given by the Shipper by telephone (to be confirmed in writing) in the following manner:

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To claim Force Majeure..."Please be advised that (name of company and location of plant) has (reason for claiming Force Majeure as provided in [Section 1, \(Force Majeure\)](#)) and hereby claims suspension by reason of Force Majeure in accordance with the terms of Rate Schedule 22 effective 7:00 a.m. Pacific Standard Time (date of Force Majeure suspension to become effective, but not to be retroactive)."

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To terminate Force Majeure..."Please be advised that (name of company and location of plant) requests a return to normal natural gas service in accordance with Rate Schedule 22 and the Transportation Agreement effective 7:00 a.m. Pacific Standard Time (date of Force Majeure suspension to end, but not to be retroactive) whereby the suspension by reason of Force Majeure currently in force will be terminated."

21. Indemnity and Limitation on Liability

21.1 Limitation on Liability

FortisBC Energy, its employees, contractors or agents are not responsible or liable for any loss or damages for or on account of any interruption or curtailment of transportation ~~Service~~ permitted under the General Terms and Conditions of FortisBC Energy or this Rate Schedule.

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21.2 Indemnity

The Shipper will indemnify and hold harmless each of FortisBC Energy, its employees, contractors and agents from and against any and all adverse claims, losses, suits, actions, judgments, demands, debts, accounts, damages, costs, penalties and expenses (including all legal fees and disbursements) arising from or out of each of the following:

- (a) any defect in title to any Gas delivered to FortisBC Energy at the Interconnection Point on behalf of the Shipper from Suppliers other than FortisBC Energy, or arising from any charges that are applicable to the Gas delivered to FortisBC Energy;
- (b) Municipal Operating Fees not otherwise collected by FortisBC Energy under the Table of Charges;
- (c) nominations made in accordance with ~~Section 8 (Nomination)~~ or ~~10 (Group Nominations and Balancing)~~ of this Rate Schedule by FortisBC Energy to the Transporter with respect to the Shipper's transportation volumes whether or not the Shipper is a member of a Group;
- (d) Gas delivered by the Transporter or Shipper to FortisBC Energy failing to meet the quality specifications set out in ~~Section 15.1 (Minimum Standards)~~ of this Rate Schedule; and
- (e) all federal, provincial, municipal taxes (or payments made in lieu thereof) and royalties, whether payable on the delivery of Gas to FortisBC Energy by the Shipper or on the delivery of Gas to the Shipper by FortisBC Energy, or on any other ~~Service~~ provided by FortisBC Energy to the Shipper.

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21.3 Principal Obligant

If the Shipper is a member of a Group, the obligations of each of the Shipper Agent (acting for and on behalf of the Shippers that are members of the Group) and the Shipper (in the event of the failure of the Shipper Agent to make such payments and limited to the charges related to that Shipper) to pay to, or to the order of, FortisBC Energy the charges for Backstopping Gas, Balancing Gas, Replacement Gas, Unauthorized Overrun Gas and demand surcharges set out in the Table of Charges, are those of principal obligant and not of surety and are independent of the respective obligations of the Shipper Agent and the Shipper towards each other pursuant to the Shipper Agent Agreement.

Deleted: unauthorized overruns and Demand Surcharges

22. Force Majeure

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22.1 Force Majeure

Subject to the other provisions of this Section 1 (Force Majeure), if either party is unable or fails by reason of Force Majeure to perform in whole or in part any obligation or covenant set out in this Rate Schedule under which Service is rendered or in the Transportation Agreement, the obligations of both FortisBC Energy and the Shipper will be suspended to the extent necessary for the period of the Force Majeure condition.

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22.2 Curtailment Notice

If FortisBC Energy claims suspension pursuant to this Section 1 (Force Majeure), FortisBC Energy will be deemed to have issued to the Shipper a notice of curtailment.

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22.3 Exceptions

Neither party will be entitled to the benefit of the provisions of Section 22.1 (Force Majeure) under any of the following circumstances:

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- (a) to the extent that the failure was caused by the negligence or contributory negligence of the party claiming suspension;
- (b) to the extent that the failure was caused by the party claiming suspension having failed to diligently attempt to remedy the condition and to resume the performance of the covenants or obligations with reasonable dispatch; or

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- (c) unless as soon as possible after the happening of the occurrence relied on or as soon as possible after determining that the occurrence was in the nature of Force Majeure and would affect the claiming party's ability to observe or perform any of its covenants or obligations under the Rate Schedule or the Transportation Agreement, the party claiming suspension will have given to the other party notice to the effect that the party is unable by reason of Force Majeure (the nature of which will be specified) to perform the particular covenants or obligations.

22.4 Notice to Resume

The party claiming suspension will likewise give notice, as soon as possible after the Force Majeure condition has been remedied, to the effect that it has been remedied and that the party has resumed, or is then in a position to resume, the performance of the covenants or obligations.

22.5 Settlement of Labour Disputes

Notwithstanding any of the provisions of this Section 1, (Force Majeure) and subject to Section 6.2 (Minimum Charge Credits), the settlement of labour disputes or industrial disturbances will be entirely within the discretion of the particular party involved and the party may make settlement of it at the time and on terms and conditions as it may deem to be advisable and no delay in making settlement will deprive the party of the benefit of Section 22.1 (Force Majeure).

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22.6 No Exemption for Payments

Notwithstanding any of the provisions of this Section 1, (Force Majeure), Force Majeure will not relieve or release either party from its obligations to make payments to the other.

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22.7 Periodic Repair by FortisBC Energy

FortisBC Energy may temporarily shut off the delivery of Gas for the purpose of repairing or replacing a portion of the FortisBC Energy System or its equipment and FortisBC Energy will make reasonable efforts to give the Shipper as much notice as possible with respect to such interruption, not to be less than 8 hours, prior notice except when prevented by Force Majeure. FortisBC Energy will make reasonable efforts to schedule repairs or replacement to minimize interruption or curtailment of transportation, Service to the Shipper, and to restore Service as quickly as possible.

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22.8 Shipper's Gas

If FortisBC Energy curtails or interrupts transportation of Gas by reason of Force Majeure the Shipper will make its supply of Gas available to FortisBC Energy, to the extent required by FortisBC Energy, to maintain Service priority to those customers or classes of customers which FortisBC Energy determines should be served. FortisBC Energy, in its sole discretion, will either increase the balance in the Shipper's inventory account by the amount taken by FortisBC Energy and return an equivalent quantity of Gas to the Shipper as soon as reasonable, or pay the Shipper an amount equal to either FortisBC Energy's average Gas cost, or the Shipper's average Gas cost, for the Day(s) during which such Gas was taken, whichever Gas cost the Shipper, in its sole discretion, elects.

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22.9 Alteration of Facilities

The Shipper will pay to FortisBC Energy all reasonable costs associated with the alteration of facilities made at the discretion of FortisBC Energy to measure quantities reduced by reason of Force Majeure claimed by the Shipper and to restore such facilities after the Force Majeure condition ends.

23. Arbitration

23.1 Arbitration

Any dispute between the parties arising from this Rate Schedule or the Transportation Agreement will be resolved by a single arbitrator pursuant to the Arbitration Act of British Columbia or successor legislation, save as expressly provided herein.

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23.2 Demand for Arbitration

Either party may commence arbitration proceedings by sending to the other party a demand for arbitration setting out the nature of the dispute.

23.3 Arbitrator

The parties will have 10 days from receipt of the demand referred to in Section 23.2 (Demand for Arbitration) of this Rate Schedule to agree upon the arbitrator, failing which either party may apply to the Supreme Court of British Columbia to select the arbitrator. The arbitrator must be sufficiently qualified by education and training to decide the particular questions in dispute. Unless otherwise agreed, the arbitrator may not be a past or present employee, officer or director of any of the parties or their respective successors or affiliates, any customer or supplier of the Shipper or FortisBC Energy.

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23.4 Commencement and Decision

The arbitrator will proceed immediately to hear and determine the matter in dispute and will render a written decision, signed by the arbitrator, within 45 days after the appointment, subject to any reasonable delay due to unforeseen circumstances. Notwithstanding the foregoing, if the arbitrator fails to render a decision within 60 days after the appointment then either party may elect to have a new arbitrator appointed in like manner as if none had previously been appointed.

23.5 Decision

The decision of the arbitrator will be final and binding upon the parties and the parties will abide by the decision and perform the terms and conditions thereof.

24. Interpretation

24.1 Interpretation

Except where the context requires otherwise or except as otherwise expressly provided, in this Rate Schedule or in a Transportation Agreement:

- (a) all references to a designated section are to the designated section of this Rate Schedule unless otherwise specifically stated;
- (b) the singular of any term includes the plural, and vice versa, and the use of any term is equally applicable to any gender and, where applicable, body corporate;
- (c) any reference to a corporate entity includes and is also a reference to any corporate entity that is a successor to such entity;
- (d) all words, phrases and expressions used in this Rate Schedule or in a Transportation Agreement that have a common usage in the gas industry and that are not defined in the General Terms and Conditions of FortisBC Energy, the Definitions or in the Transportation Agreement have the meanings commonly ascribed thereto in the gas industry; and
- (e) the headings of the sections set out in this Rate Schedule or in the Transportation Agreement are for convenience of reference only and will not be considered in any interpretation of this Rate Schedule or the Transportation Agreement.

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25. Miscellaneous

25.1 Waiver

No waiver by either FortisBC Energy or the Shipper of any default by the other in the performance of any of the provisions of this Rate Schedule or the Transportation Agreement will operate or be construed as a waiver of any other or future default or defaults, whether of a like or different character.

25.2 Enurement

The Transportation Agreement will enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns, including without limitation successors by merger, amalgamation or consolidation.

25.3 Assignment

The Shipper will not assign the Transportation Agreement or any of its rights or obligations thereunder without the prior written consent of FortisBC Energy which consent will not be unreasonably withheld or delayed. No assignment will release the Shipper from its obligations under this Rate Schedule or under the Transportation Agreement that existed prior to the date on which the assignment takes effect. This provision applies to every proposed assignment by the Shipper.

25.4 Amendments to be in Writing

Except as set out in this Rate Schedule, no amendment or variation of the Transportation Agreement will be effective or binding upon the parties unless such amendment or variation is set out in writing and duly executed by the parties.

25.5 Proper Law

The Transportation Agreement will be construed and interpreted in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

25.6 Time is of Essence

Time is of the essence of this Rate Schedule, the Transportation Agreement and of the terms and conditions thereof.

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25.7 Subject to Legislation

Notwithstanding any other provision hereof, this Rate Schedule and the Transportation Agreement and the rights and obligations of FortisBC Energy and the Shipper under this Rate Schedule and the Transportation Agreement are subject to all present and future laws, rules, regulations and orders of any legislative body, governmental agency or duly constituted authority now or hereafter having jurisdiction over FortisBC Energy or the Shipper.

25.8 Further Assurances

Each of FortisBC Energy and the Shipper will, on demand by the other, execute and deliver or cause to be executed and delivered all such further documents and instruments and do all such further acts and things as the other may reasonably require to evidence, carry out and give full effect to the terms, conditions, intent and meaning of this Rate Schedule and the Transportation Agreement and to assure the completion of the transactions contemplated hereby.

25.9 Form of Payments

All payments required to be made under statements and invoices rendered pursuant to this Rate Schedule or the Transportation Agreement will be made by wire transfer to, or cheque or bank cashier's cheque drawn on a Canadian chartered bank or trust company, payable in lawful money of Canada at par in immediately available funds in Vancouver, British Columbia.

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Table of Charges

Mainland and
Vancouver Island
Service Area

Transportation

1. **Basic Charge** per Month \$ X.XXX.XX
2. **Delivery Charge** for firm transportation Service
 - (a) per Month per Gigajoule of Firm DTQ \$ X.XXX
 - (b) per Gigajoule of Firm MTQ \$ X.XXX
3. **Delivery Charge** per Gigajoule of Interruptible MTQ \$ X.XXX
4. **Unauthorized Overrun Gas Charges**
 - (a) Per Gigajoule charge on first 5 percent of specified quantity Sumas Daily Price¹
 - (b) Per Gigajoule charge on all Gas over 5 percent of specified quantity The greater of \$20.00/GJ or the Sumas Daily Price¹ x 1.5
 - (c) Demand surcharge per Gigajoule of Demand Surcharge Quantity \$ 17.00

5. Charge per Gigajoule of Balancing Service provided

- (a) Quantities of Gas less than 10% of the Rate Schedule 22 Authorized Quantity
 - (i) between and including April 1 and October 31 No charge
 - (ii) between and including November 1 and March 31 No charge
- (b) Quantities of Gas over the greater of 100 Gigajoules or equal to or in excess of 10% or less than 20% of the Rate Schedule 22 Authorized Quantity
 - (i) between and including April 1 and October 31 \$ 0.25
 - (ii) between and including November 1 and March 31 \$ 0.25

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~~Deleted:~~ Whistler¶ Service Area

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FORTISBC ENERGY INC.
RATE SCHEDULE 22

Mainland and
Vancouver Island
Service Area

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Service Area

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Service Area

(c) Quantities of Gas over the greater of 100
Gigajoules or equal to or in excess of 20%
of the Rate Schedule 22 Authorized
Quantity

(i) between and including April 1 and
October 31

\$ 0.30

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(ii) between and including November 1
and March 31

\$ 1.10

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6. **Charge per Gigajoule of Balancing and
Backstopping Gas**

Sumas Daily
Price¹

7. Replacement Gas²

Sumas Daily
Price¹ Plus 20
Percent

8. **Administration Charge** per Month

\$ 39.00

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Rider 1 **Propane Surcharge** - Not applicable.

~~Rider 2 (Reserved for future use.)~~

Rider 3 (Reserved for future use.)

~~Rider 4 (Reserved for future use.)~~

Rider 5 **Revenue Stabilization Adjustment Charge** - Not applicable.

Municipal Operating Fee Charge

3.09% of the aggregate of the above charges is payable (in addition to the above charges) if the facilities to which Gas is delivered under this Rate Schedule are located within the boundaries of municipalities or First Nations lands (formerly, reserves within the *Indian Act*) to which FortisBC Energy pays Municipal Operating Fees.

Notes:

- ~~1. As defined under Section 1.1, the Sumas Daily Price quoted each Day will apply to Gas consumed on that gas day.~~
- ~~2. The Sumas Daily Price for the sixth Business Day following the Day for which the Peaking Gas was authorized plus 20 percent.~~

Deleted: **Rider 2 Phase-in Rider Balancing Account** - Applicable to Mainland, Vancouver Island and Whistler Service Area Customers for the Year ending December 31, 2017.¶

Deleted: **Rider 4 Rate Stabilization Deferral Account** - Applicable to Mainland Service Area Customers for the Year ending December 31, 2017.

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Deleted: Sumas Daily Price - means the "NW Sumas" Daily Midpoint Price as set out in Gas Daily's Daily Price Survey for Gas delivered to Northwest Pipeline Corporation at Sumas, converted to Canadian dollars using the noon exchange rate as quoted by the Bank of Canada one business day prior to Gas flow date, for each Day. Energy units are converted from MMBtu to Gigajoule by application of a conversion factor equal to 1.055056 Gigajoule per MMBtu

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<#>Not applicable to Customers located in the Columbia Service Area.¶

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EXAMPLE CALCULATIONS FOR RATE SCHEDULE 22

1. Minimum Charge (Section 6.1) Calculation

For an interruptible Shipper, the Minimum Charge for the month of November (assuming no curtailments) would be:

Minimum Charge

(a)	Basic Charge and Administration Charge	\$ X,XXX.00
(b)	Delivery Charge for Interruptible MTQ (\$ X,XXX /GJ x 12,000 GJ)	XX,XXX.00
		XX,XXX.00
(c)	If the Shipper is located in one of the Interior areas, in most cases a Municipal Operating Fee charge will also apply (\$ XX,XXX.00 x 3.09%)	XXX.00
		\$XX,XXX.00

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Any applicable federal or provincial taxes will be added to the applicable total bill as calculated above.

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2. Demand Surcharge (Section 7.3) Calculation

Assume an Inland area the Shipper is curtailed to 1/2 the Firm DTQ on December 7, 8 and 9, equal to 1,000 Gigajoules (the "curtailed quantity").

On those Days, the Shipper actually consumes 1,150, 1,200 and 1,300 Gigajoules, so has exceeded 110% of its curtailed quantity on three occasions in December.

The Demand Surcharge Quantity, based on the maximum 2 Days of Unauthorized Overrun Gas, is:

$$= \frac{(1,200 - 1,000) + (1,300 - 1,000)}{2}$$

$$= \frac{500}{2}$$

$$= 250 \text{ Gigajoules}$$

The demand surcharge is:

$$= \$17.00 \times 12 \times 250$$

$$= \$51,000$$

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| Effective Date: June 1, 2018 Accepted for Filing: _____
| BCUC Secretary: _____ Original Page R-22.40

**TRANSPORTATION AGREEMENT
FOR RATE SCHEDULES 22, 22A, 22B, 23, 25, 26 AND 27**

This Agreement is dated _____, 20____, between FortisBC Energy Inc. ("FortisBC Energy") and _____ (the "Shipper").

WHEREAS:

- A. FortisBC Energy owns and operates the FortisBC Energy System; and
- B. The Shipper has requested that FortisBC Energy arrange for the transportation of Gas on a firm and/or interruptible basis through the FortisBC Energy System to _____ located in or near _____ British Columbia in accordance with a transportation Rate Schedule as set out below and the terms set out herein.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the terms, conditions and limitations contained herein, the parties agree as follows:

1. Specific Information

Applicable Rate Schedule:

☐ 22 ☐ 22A ☐ 22B
☐ 23 ☐ 25 ☐ 26 ☐ 27

Type of Service:

☐ Firm ☐ Interruptible
☐ Firm and Interruptible

Firm DTQ / DTQ:

_____ Gigajoules per day

Shipper Agent and / or Group, if applicable:

Commencement Date:

Expiry Date:

(only specify expiry date if term of Transportation Agreement is not automatically renewed from Year to Year as set out in the Automatic Renewal Section of the applicable transportation Rate Schedule)

Service Address:

Account Number:

Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: June 1, 2018 Accepted for Filing: _____

BCUC Secretary: _____ Original Page TA-22.1

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Interconnection Point: The point at (_____ km-post _____)
where the Transporter's pipeline system in
British Columbia interconnects with the
FortisBC Energy System

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Address of Shipper for receiving notices:

(name of Shipper) Attention: _____

(address of Shipper) Telephone: _____

_____ Fax: _____

_____ Email: _____

The information set out above is hereby approved by the parties and each reference in
either this agreement or the applicable transportation Rate Schedule to any such
information is to the information set out above.

2. Rate Schedule 22 / 22A / 22B / 23 / 25 / 26 / 27

2.1 Additional Terms

All rates, terms and conditions set out in the applicable transportation Rate Schedule
(22, 22A, 22B, 23, 25, 26 or 27) and the General Terms and Conditions of FortisBC
Energy, as any of them may be amended by FortisBC Energy and approved from time to
time by the British Columbia Utilities Commission, are in addition to the terms and
conditions contained in this Transportation Agreement and form part of this
Transportation Agreement and bind FortisBC Energy and the Shipper as if set out in this
Transportation Agreement.

2.2 Payment of Amounts

Without limiting the generality of the foregoing, the Shipper will pay to FortisBC Energy
all of the amounts set out in the applicable transportation Rate Schedule for the Services
provided under such Rate Schedule and this Transportation Agreement.

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2.3 **Conflict**

Where anything in either the applicable transportation Rate Schedule or the General Terms and Conditions of FortisBC Energy conflicts with any of the terms and conditions set out in this Transportation Agreement, this Transportation Agreement governs. Where anything in the applicable transportation Rate Schedule conflicts with any of the rates, terms and conditions set out in the General Terms and Conditions of FortisBC Energy, the Rate Schedule governs.

2.4 **Member of a Group**

Where the Shipper will be a member of a Group which has a Shipper Agent acting as agent for the members of the Group, the Shipper must complete Appendix A attached to this Transportation Agreement and the Shipper thereby agrees that the terms and conditions of Appendix A form part of this Transportation Agreement and bind the Shipper as if set out in this Transportation Agreement.

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2.5 **Acknowledgement**

The Shipper acknowledges receiving and reading a copy of the applicable transportation Rate Schedule (22, 22A, 22B, 23, 25, 26 or 27) and the General Terms and Conditions of FortisBC Energy and agrees to comply with and be bound by all terms and conditions set out therein. Without limiting the generality of the foregoing, where the transportation Service is interruptible, the Shipper acknowledges that it is able to accommodate such interruption or curtailment and releases FortisBC Energy from any liability for the Shipper's inability to accommodate such interruption or curtailment of transportation Service.

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IN WITNESS WHEREOF the parties hereto have executed this Transportation Agreement.

FORTISBC ENERGY INC.

(here insert name of Shipper)

BY: _____
(Signature)

(Title)

(Name – Please Print)

BY: _____
(Signature)

(Title)

(Name – Please Print)

DATE: _____

DATE: _____

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Order No.: _____ Issued By: Diane Roy, **Vice President**, Regulatory **Affairs**
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APPENDIX A NOTICE OF APPOINTMENT OF SHIPPER AGENT

1. _____ (Shipper) hereby gives notice to FortisBC that Shipper has appointed _____ (the Shipper Agent) to act as agent for Shipper in all matters relating to gas supply and to transportation Service on the FortisBC Energy System. Shipper also gives notice to FortisBC Energy that Shipper wishes to be a member of a Group and the Shipper will cause the Shipper Agent to enter into a Shipper Agent Agreement or other agreement with FortisBC Energy that binds the Shipper Agent to pay the charges which the Shipper Agent elects to pay for and on behalf of the Shipper.
2. Shipper acknowledges and agrees that the Shipper Agent will provide aggregate nominations for the Group to FortisBC Energy.
3. Shipper acknowledges and agrees that if the Group includes a member which is a Shipper under Rate Schedule 22, 22A, or 22B, the Group and its members will be subject to the demand surcharge provisions of Rate Schedule 22.
4. Shipper acknowledges and agrees that when there are constraints or limitations of Gas supply FortisBC Energy will notify the Shipper Agent and it will then be the responsibility of the Shipper Agent to notify Shipper of any curtailment or interruption arising from the constraint or limitation of Gas supply.
5. Shipper acknowledges and agrees that the Shipper Agent will provide FortisBC Energy with information which will be used by FortisBC Energy to bill Shipper for Backstopping Gas, Balancing Gas, Unauthorized Overrun Gas charges and demand surcharges.
6. Shipper acknowledges that FortisBC Energy will bill Shipper on the basis of information provided to FortisBC Energy by the Shipper Agent. Shipper agrees that it is bound by the information supplied to FortisBC Energy by the Shipper Agent and Shipper agrees that it will not dispute the information provided to FortisBC Energy by the Shipper Agent. Shipper agrees that the Shipper Agent may elect to pay some or all of the charges for Gas identified in Section 3.7 (Monthly Billing Information) of the standard form Shipper Agent Agreement and Shipper acknowledges that if the Shipper Agent fails to provide information to FortisBC Energy then notwithstanding any election that has been made by the Shipper Agent to pay some or all of the charges for Gas identified in Section 3.7 (Monthly Billing Information) of the standard form Shipper Agent Agreement, FortisBC Energy will bill Shipper directly on the bases set out in Section 3.8 (Lack of Allocation Information) of the standard form Shipper Agent Agreement of FortisBC Energy. Shipper agrees to pay FortisBC Energy as billed, and if Shipper disagrees with any of the billing information used by FortisBC Energy the Shipper will deal with the Shipper Agent to resolve that disagreement. Disputes between

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FORTISBC ENERGY INC.
RATE SCHEDULE 22

- the Shipper and the Shipper Agent will not constitute a basis for non-payment by Shipper to FortisBC Energy of the amounts billed.
7. Shipper will provide FortisBC Energy with 30 days notice, except with the prior approval from FortisBC Energy, if Shipper wishes to leave the Group, to be effective on the beginning of the next calendar month following the expiry of the notice period.
8. Shipper acknowledges and agrees that FortisBC Energy may disband the Group pursuant to Section 10 (Disbanding of the Group) of the standard form Shipper Agent Agreement.
9. Shipper will indemnify and hold harmless each of FortisBC Energy, its employees, contractors and agents from and against any and all adverse claims, losses, suits, actions, judgments, demands, debts, accounts, damages, costs, penalties and expenses (including all legal fees and disbursements) arising from any act or omission of the Shipper Agent related to the agency created by the Shipper Agent Agreement.
10. Shipper acknowledges receiving a copy of the standard form Shipper Agent Agreement of FortisBC Energy.

(here insert name of Shipper)

BY: _____

(Signature)

(Title)

(Name - Please Print)

DATE: _____

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SCHEDULE A
SHIPPER AGENT AGREEMENT

This Agreement is dated _____, 20____, between FortisBC Energy Inc. ("FortisBC Energy") and _____ (the "Shipper Agent").

WHEREAS:

- A. The Shipper Agent wishes to act as agent on behalf of all members of a Group in respect of transportation Service on the FortisBC Energy System; and
- B. The Shippers who are members of the Group have entered into Transportation Agreements with FortisBC Energy.

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NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the terms, conditions and limitations contained herein, the parties agree as follows:

1. Specific Information

Members of Group:
(if space is insufficient, continue list on an additional page)

Commencement Date of this agreement:

Expiry Date of this agreement:

(no expiry date need be specified)

Address of Shipper Agent for receiving notices:

(name of Shipper Agent)

(address of Shipper Agent)

Attention: _____

Telephone: _____

Fax: _____

Alternate Tel(s): _____

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The information set out above is hereby approved by the parties and each reference in either this agreement or the applicable Transportation Rate Schedules to any such information is to the information set out above.

2. Definitions

2.1 Definitions in Rate Schedule 22

Except where the context requires otherwise or except as otherwise expressly provided in this agreement, all words and phrases defined in Rate Schedule 22 or in the General Terms or Conditions of FortisBC Energy have the meanings set out in the Rate Schedule 22 and in the General Terms and Conditions of FortisBC Energy.

3. Shipper Agent Obligations

3.1 Management of Balancing Gas

The Shipper Agent is responsible for the management of all Balancing Gas for the Group and its members.

3.2 Management of Backstopping Gas

The Shipper Agent is responsible for the management of all Backstopping Gas supplied by FortisBC Energy to the Group and its members.

3.3 Management of Peaking Gas Service

The Shipper Agent is responsible for the management of all Peaking Gas supplied by FortisBC Energy to the Group and its members as well as the return of Peaking Gas Quantities and any Replacement Gas.

3.4 Group Nominations and Balancing

The Shipper Agent will provide Group nomination and balancing to FortisBC Energy in accordance with the sections of the applicable transportation Rate Schedules.

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The Shipper Agent is responsible for the management of Positive Imbalances and Negative Imbalances for West to East SCP Transportation Service under Rate Schedule 40 supplied by FortisBC Energy to the Group and its members.¶

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3.5 Standard Gas Supply Priority Schedule (Standard Priority Schedule)

Before the Commencement Date of this agreement and before the commencement of each Contract Year the Shipper Agent will provide to FortisBC Energy a Standard Priority Schedule which will advise FortisBC Energy of the priority between members of the Group if a constraint or limitation of Gas supply occurs. The Shipper Agent may provide to FortisBC Energy a revised Standard Priority Schedule from time to time and will provide to FortisBC Energy a revised Standard Priority Schedule if there is a change in membership of the Group.

3.6 Gas Supply Constraints or Limitations

Upon receipt of a notice from FortisBC Energy of curtailment or interruptions pursuant to Section 4.4 (Notice of Gas Supply Constraint or Limitation) Shipper Agent will determine the allocation of Gas supply between members of the Group and will notify the Shippers which are members of the Group of the curtailment or interruption. Within two hours of receipt of notice from FortisBC Energy pursuant to Section 4.4, or such longer period as FortisBC Energy considers reasonable in the circumstances, the Shipper Agent will provide to FortisBC Energy a schedule setting out the Gas supply allocation for the Group to apply during that curtailment or interruption. If the Shipper Agent fails to provide a schedule setting out the Gas supply allocation for the Group to apply during the curtailment or interruption then FortisBC Energy will curtail Shippers on the basis set out in the Standard Priority Schedule.

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3.7 Monthly Billing Information

At the end of each month, and within two Business Days of FortisBC Energy providing to the Shipper Agent a schedule of charges incurred (if any) pursuant to Section 4.2 (Monthly Provision of Data), the Shipper Agent will notify FortisBC Energy which charges the Shipper Agent elects to pay on behalf of the members of the Group and, if notice is not received, FortisBC Energy will bill the Shippers directly on a pro-rata basis.

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3.8 Lack of Allocation Information

If, at the end of a month, the Shipper Agent fails to provide to FortisBC Energy the monthly allocation schedule of charges incurred (if any) pursuant to Section 3.7 (Monthly Billing Information) then FortisBC Energy will bill on the basis of the best available information. For Balancing Gas FortisBC Energy will bill on a basis proportional to the actual takes of the Shippers during the month. For Backstopping Gas FortisBC Energy will bill on a basis proportional to the actual Day-to-Day takes of the Shippers during the Days when Backstopping Gas was supplied. For Unauthorized Overrun Gas FortisBC Energy will bill on the basis of the schedule(s) setting out the Gas supply allocation for the Group provided to FortisBC Energy pursuant to Section 3.7, or if the Shipper Agent fails to provide a schedule pursuant to Section 3.7, then on the basis of the applicable Standard Priority Schedule provided by the Shipper Agent pursuant to Section 3.5 (Standard Gas Supply Priority Schedule (Standard Priority Schedule)). For Replacement Gas FortisBC Energy will bill on a basis proportional to actual Day-to-Day takes of the Non-Bypass Shippers during the Day for which the Peaking Gas Quantities were not returned. For Positive Imbalances and Negative Imbalances for West to East SCP Transportation Service FortisBC Energy will bill on a basis proportional to the Peak Day Demand of the Non-Bypass Shippers. If further information becomes available, FortisBC Energy will adjust the billings on the basis of the further information.

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3.9 Charges for Extra Services

If FortisBC Energy incurs extra expenses from a Shipper Agent failing to provide information, or failing to provide information in a timely manner, or failing to provide correct information, or otherwise failing to meet its obligations under this agreement, then FortisBC Energy may charge the Shipper Agent for such extra expenses and the Shipper Agent agrees to pay FortisBC Energy the reasonable extra expenses incurred as a result of such failure.

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If the Shipper Agent becomes aware that a Supplier has ceased, or will cease, to supply Gas to a member of the Group; or if the Shipper Agent provides to FortisBC Energy a Requested Quantity for the Group which does not include a quantity for a member of the Group, due to a lack of Gas supply to the member of the Group or due to concerns about a possible lack of Gas supply to the member of the Group, then the Shipper Agent will immediately notify FortisBC Energy. If the Shipper Agent fails to so notify FortisBC Energy then the Shipper Agent is liable to FortisBC Energy for the price of any Gas which FortisBC Energy delivers to that member of the Group after the time when the Shipper Agent should have provided notice to FortisBC Energy.¶

4. FortisBC Energy Obligations

4.1 Daily Provision of Data

FortisBC Energy will provide to the Shipper Agent a report on the Web Information and Nomination System ("WINS") setting out FortisBC Energy's best available data on the daily takes of the Group both by individual Shipper and in aggregate on a daily basis.

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4.2 Monthly Provision of Data

Within 10 working days after the end of each month FortisBC Energy will provide to the Shipper Agent a report on the WINS setting out the finalized daily takes of each member of the Group.

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4.3 Capacity Constraints

If FortisBC Energy, acting reasonably, determines that it does not have capacity on the FortisBC Energy System to accommodate interruptible transportation ~~Service~~ to any member of the Group then FortisBC Energy will directly notify that Shipper pursuant to Notice of Curtailment ~~Section~~ of the applicable Rate Schedule and will deal directly with the Shipper if the Shipper takes Unauthorized Overrun Gas or Unauthorized Transportation Service.

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4.4 Notice of Gas Supply Constraint or Limitation

If Gas supply constraints or limitations occur; either due to a constraint or limitation of supply from FortisBC Energy of Backstopping Gas or Balancing Gas, or a constraint or limitation of supply from another Supplier; FortisBC Energy will notify the Shipper Agent of any curtailment or interruption, will specify the quantity of Gas to which the Group in aggregate is curtailed and the time at which time such curtailment is to be made. FortisBC Energy will make reasonable efforts to give the Shipper Agent as much notice as possible with respect to such curtailment or interruption, not to be less than 4 hours prior notice unless prevented by Force Majeure.

5. Changes to Group

5.1 Amendments to Group

Schedule ~~A~~ sets out the Shippers who are the members of the Group represented by the Shipper Agent to this agreement. No additions or deletions may be made to the Group without the Shipper Agent providing notice to FortisBC Energy ~~in a method approved by~~ FortisBC Energy ~~showing such additions and deletions and the effective dates of such additions and deletions in accordance with~~ Section 5 (Changes to Group) of this agreement.

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5.2 Deletions From Group

If the Shipper Agent wishes to cease acting as agent for a Shipper or a Shipper wishes to cease being a member of the Group, upon receipt by FortisBC Energy of not less than, except with the prior approval from FortisBC Energy, 30 days prior written notice ~~or other method approved by FortisBC Energy~~, from either the Shipper or Shipper Agent and provided that the Shipper Agent has provided to FortisBC Energy the effective date of deletion of the Shipper from the Group, such Shipper ~~will~~ be deleted from the Group effective on the beginning of the next calendar month following the expiry of the notice period.

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5.3 Additions To Group

If the Shipper Agent wishes to add a Shipper to a Group and the Shipper wishes to be added to the Group, and the Shipper has entered into a Transportation Agreement and completed an Appendix A - Notice of Appointment of Shipper Agent, and both the Shipper and the Shipper Agent have given to FortisBC Energy not less than, except with the prior approval from FortisBC Energy, 30 days prior written notice, or other method approved by FortisBC Energy, of such addition and provided that the Shipper Agent has provided to FortisBC Energy the effective date of the addition of the Shipper to the Group, such Shipper will be added to the Group effective on the beginning of the next calendar month following the expiry of the notice period.

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6. Statements and Payments

6.1 Statements to be Provided

If the Shipper Agent elects to pay some or all of the charges for Gas taken by the Shippers as described in Section 3.7 (Monthly Billing Information), FortisBC Energy will, on or about the 15th day of each month, deliver to the Shipper Agent a statement for the preceding month showing the Gas quantities, and the applicable charges for which the Shipper Agent is responsible and the amount due. Any errors in any statement will be promptly reported to the other party as provided hereunder, and statements will be final and binding unless questioned within one year after the date of the statement.

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6.2 Payment and Interest

Payment for the full amount of the statement, including federal, provincial and municipal taxes or fees applicable thereon, will be made to, or to the order of, FortisBC Energy at its Surrey, British Columbia office (mailing address: P.O. Box 6666 Stn. Terminal, Vancouver, B.C., V6B 6M9), or such other place in Canada as it will designate, on or before the 1st Business Day after the 15th calendar day following the billing date. If the Shipper Agent or Shipper fails or neglects to make any payment required under this Shipper Agent Agreement, or any portion thereof, to or to the order of FortisBC Energy when due, interest on the outstanding amount will accrue, at the rate of interest declared by the chartered bank in Canada principally used by FortisBC Energy, for loans in Canadian dollars to its most creditworthy commercial borrowers payable on demand and commonly referred to as its "prime rate", plus:

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- (a) 2% from the date when such payment was due for the first 30 days that such payment remains unpaid and 5% thereafter until the same is paid where the Shipper Agent or Shipper has not, during the immediately preceding 6 month period, failed to make any payment when due hereunder; or

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- (b) 5% from the date when such payment was due to and including the date the same is paid where the Shipper Agent or Shipper has, during the immediately preceding 6 month period, failed to make any payment when due hereunder.

7. Term

7.1 Term

The term of this agreement will commence on the Commencement Date specified in Section 1 (Specific Information) of this agreement and will expire either:

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- (a) 30 days following written notice from the Shipper Agent that the Shipper Agent wishes to cease to nominate for transportation Service and balancing on behalf of the Group; or
- (b) the expiry or termination of the Transportation Agreements of all of the members of the Group; or
- (c) the expiry date specified in Section 1 (Specific Information) of this agreement; or
- (d) 5 days following notice from FortisBC Energy to the Shipper Agent, and to the Shippers which are members of the Group, under Section 10.1 (Failure to Provide Information) and Section 10.2 (Default).

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whichever date is earlier.

7.2 Survival of Covenants

Upon the termination of this agreement:

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- (a) all claims, causes of action or other outstanding obligations remaining or being unfulfilled as at the date of termination; and
- (b) all of the provisions in this agreement relating to the obligation of either of the parties to provide information to the other in connection with this agreement,

will survive such termination.

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8. Representations, Warranties and Covenants

8.1 Representations and Warranties

The Shipper Agent represents and warrants to and covenants with FortisBC Energy as follows:

- (a) the members of the Group are listed in Section 1 (Specific Information) of this agreement;
- (b) the Shipper Agent is the agent of each of the members of the Group and has the authority of each of the members of the Group for the purposes of any and all matters set out in the applicable transportation Rate Schedule and this agreement; and
- (c) FortisBC Energy may rely on any act or thing done, or document executed, by the Shipper Agent in connection with of any and all matters set out in the applicable transportation Rate Schedule and this agreement.

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9. Limitation on Liability and Indemnity

9.1 Limitation on Liability

Neither FortisBC Energy, its employees, contractors or agents will be liable in damages for or on account of any interruption or curtailment of transportation Service or Gas supply.

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9.2 Indemnity

The Shipper Agent will indemnify and hold harmless each of FortisBC Energy, its employees, contractors and agents from and against any and all adverse claims, losses, suits, actions, judgments, demands, debts, accounts, damages, costs, penalties and expenses (including all legal fees and disbursements) arising from any act or omission of the Shipper Agent related to the agency created by the Shipper Agent Agreement.

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10. Disbanding of the Group

10.1 Failure to Provide Information

If the Shipper Agent fails to provide FortisBC Energy with the information or schedules which the Shipper Agent is required to provide to FortisBC Energy pursuant to this agreement or is otherwise in breach of this agreement then, acting reasonably in the circumstances and on 5 days notice to the Shipper Agent and to the members of the Group, FortisBC Energy may disband the Group and deal directly with the Shippers which were members of the Group.

10.2 Default

If any Shipper which is a member of the Group is in default under the Default or Bankruptcy ~~Section~~ of the applicable Rate Schedule or becomes bankrupt or insolvent, then that Shipper will cease to be a member of the Group.

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11. Arbitration

11.1 Arbitration

Any dispute between the parties arising from this agreement will be resolved by a single arbitrator pursuant to the ~~Arbitration Act~~ of British Columbia or successor legislation, save as expressly provided herein.

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11.2 Demand for Arbitration

Either party may commence arbitration proceedings by sending to the other party a demand for arbitration setting out the nature of the dispute.

11.3 Arbitrator

The parties will have 10 days from receipt of the demand referred to in ~~Section 11.2 (Demand for Arbitration)~~ to agree upon the arbitrator, failing which either party may apply to the Supreme Court of British Columbia to select the arbitrator. The arbitrator must be sufficiently qualified by education and training to decide the particular questions in dispute. Unless otherwise agreed, the arbitrator may not be a past or present employee, officer or director of either of the parties or their respective successors or affiliates, any supplier of the Shipper or FortisBC Energy, or any member of the Group.

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Effective Date: ~~June 1, 2018~~ Accepted for Filing: _____

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11.4 Commencement and Decision

The arbitrator will proceed immediately to hear and determine the matter in dispute and will render a written decision, signed by the arbitrator, within 45 days after the appointment, subject to any reasonable delay due to unforeseen circumstances. Notwithstanding the foregoing, if the arbitrator fails to render a decision within 60 days after the appointment then either party may elect to have a new arbitrator appointed in like manner as if none had previously been appointed.

11.5 Decision

The decision of the arbitrator will be final and binding upon the parties and the parties will abide by the decision and perform the terms and conditions thereof.

12. Notice

12.1 Notice

Any notice, request, statement or bill that is required to be given or that may be given under this agreement will, unless otherwise specified, be in writing and will be considered as fully delivered when mailed, personally delivered, or sent by fax or other method approved by FortisBC Energy to the other party.

13. Acknowledgement

13.1 Acknowledgement

The Shipper Agent acknowledges receiving and reading a copy of Rate Schedules 22, 22A, 22B, 23, 25, 26 and 27 and the General Terms and Conditions of FortisBC Energy and will comply with and be bound by all terms and conditions set out therein.

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IN WITNESS WHEREOF the parties hereto have executed this agreement.

FORTISBC ENERGY INC.

(here insert name of Shipper Agent)

BY: _____
(Signature)

(Title)

(Name – Please Print)

BY: _____
(Signature)

(Title)

(Name – Please Print)

DATE: _____

DATE: _____

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FORTISBC ENERGY INC.

RATE SCHEDULE 22A

**TRANSPORTATION SERVICE (CLOSED)
INLAND AREA**

Effective **June 1, 2018**

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1. Applicability

1.1 Description of Applicability

This Rate Schedule applies to the provision of firm and interruptible transportation Service through one meter station (except as otherwise specified in the Transportation Agreement) to the following existing large industrial Shippers:

<u>NAME OF SHIPPER</u>	<u>LOCATION OF SHIPPER</u>
Zellstoff Celgar Ltd.	Castlegar
Teck <u>Metals</u> Ltd.	Trail
<u>Domtar Pulp and Paper Inc.</u>	Kamloops
<u>Canoe Forest Products Ltd.</u>	<u>Canoe</u>
<u>DBA PeroxyChem</u> Canada	Prince George
Highland Valley Copper	Logan Lake
Moly-Cop Canada	Kamloops
<u>Tolko Industries Ltd.</u>	Kamloops
<u>Mackenzie Pulp Mill Corp</u>	Mackenzie

For greater certainty, firm transportation Service under this Rate Schedule means the transportation Service FortisBC Energy is obligated to provide to a Shipper on a firm basis subject to interruption or curtailment pursuant to Sections 19 (Default or Bankruptcy) and 22 (Force Majeure) of Rate Schedule 22 and the General Terms and Conditions of FortisBC Energy. Interruptible transportation Service under this Rate Schedule means the provision by FortisBC Energy of transportation Service to a Shipper which may be interrupted or curtailed by FortisBC Energy pursuant to Sections 4.2 (Curtailment), 19 (Default or Bankruptcy) and 22 (Force Majeure) of Rate Schedule 22 and the General Terms and Conditions of FortisBC Energy.

1.2 Transportation Agreement

FortisBC Energy will only transport Gas under this Rate Schedule pursuant to an executed Transportation Agreement under Rate Schedule 22.

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Deleted: Products

Deleted: Weyerhaeuser Company Limited . Kamloops¶
O.I.

Deleted: Corp. Lavington¶
FMC Canada Limited . Canoe¶
FMC of Canada Limited

Deleted: Northwood Pulp Ltd. Prince George¶

Deleted: Cariboo Pulp & Paper Company . Quesnel¶
Conifex Inc. Mackenzie¶

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Husky Oil Operations Ltd. Prince George
Refinery . Prince George¶
Louisiana-Pacific Canada Ltd. Chetwynd¶
Canadian Forest Products Pulp Ltd.
(Canfor) .
Prince George Pulp Prince George¶
Quesnel River Pulp Company . Quesnel¶
¶

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1.3 British Columbia Utilities Commission

This Rate Schedule may be amended from time to time with the consent of the British Columbia Utilities Commission.

2. Table of Charges

2.1 Charges

In respect of transportation Service pursuant to Rate Schedule 22A and the Transportation Agreement, the Shipper will pay to FortisBC Energy all of the charges set out in the Table of Charges attached hereto. For greater certainty, it is expressly confirmed that the Table of Charges attached to Rate Schedule 22 does not apply to this Rate Schedule 22A.

3. Terms and Conditions

3.1 Other Terms and Conditions

The terms and conditions set out in Rate Schedule 22 apply to and form part of this Rate Schedule, with necessary changes and bind FortisBC Energy and the Shipper as if set out in this Rate Schedule, except as excluded by operation of Section 3.2 (Inapplicable Terms and Conditions).

3.2 Inapplicable Terms and Conditions

The following terms and conditions set out in Rate Schedule 22 do not apply, and are not incorporated by reference, into this Rate Schedule and will not be construed in any way to affect the meaning or intent of any provision this Rate Schedule:

- Section 2 (Applicability)
- Section 5 (Table of Charges)

If any term or provision of this Rate Schedule is inconsistent with any term or provision of Rate Schedule 22, the term or provision of this Rate Schedule will prevail.

3.3 Shippers on Bypass Rates

Shippers who have executed long term Service Agreements on rates, terms and conditions competitive with a bypass pipeline alternative remain subject to the rates, terms and conditions set out in the respective long term Service Agreement.

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Definitions¶

Definitions¶

Except where the context requires otherwise all words and phrases defined below or in the General Terms and Conditions of FortisBC Energy and used in this Rate Schedule or in a Transportation Agreement have the meanings set out below or in the General Terms and Conditions of FortisBC Energy. Where any of the definitions set out below conflict with the definitions in the General Terms and Conditions of FortisBC Energy, the definitions set out below govern.¶

Business Day - means a Day that commences on other than a Saturday, a Sunday, or a statutory holiday in the Province of British Columbia.¶

EKE - means the East Kootenay Exchange, an Interconnection Point where the FortisBC Energy System interconnects with the facilities of TransCanada PipeLines Limited, B.C. System.¶

Firm EKE Receipt Service - means the firm receipt service by which the Shipper provides Gas to FortisBC Energy at EKE for firm transportation to a Delivery Point in the Inland Service Area, as described in section 6.1.¶

Interruptible EKE Receipt Service - means the interruptible receipt service by which the Shipper provides Gas to FortisBC Energy at EKE for firm transportation to a Delivery Point in the Inland Service Area or the Lower Mainland Service Area, as described in section 6.2.¶

Non-Bypass Shipper - means a Shipper that receives service under Rate Schedule 23, 25 or 22A and pays rates as set out in the standard Table of Charges for the applicable Rate Schedule.¶

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3.4 Curtailment of Firm Service

Subject to Section 3.5 (Firm Curtailment Alternative), FortisBC Energy may, in order to provide Service to its firm Gas sales Customers, curtail firm transportation under this Rate Schedule and use the Shipper's Gas up to a maximum daily quantity of 1/2 the Firm DTQ for a maximum of 5 Days during each Contract Year. If FortisBC Energy and the Shipper agree, the Shipper may, from time to time, be curtailed by less than 1/2 the Firm DTQ and may be curtailed the balance of such one Day curtailment on a subsequent Day.

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3.5 Firm Curtailment Alternative

Where FortisBC Energy determines that adequate capacity exists on the FortisBC Energy System, Shipper may elect to execute an agreement with FortisBC Energy that makes available to FortisBC Energy peaking supplies during the period November 1st through March 31st of each Contract Year in order to avoid curtailment pursuant to Section 3.4 (Curtailment of Firm Service). Peaking supplies will equal 1/2 the Firm DTQ for:

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- (a) a maximum of 10 Days where the Gas must be nominated by the Shipper with the Transporter in advance of the Day that the peaking supplies are required; or
- (b) a maximum of 5 Days where the Shipper is able to and makes available to FortisBC Energy peaking supplies on the Day that the peaking supplies are required.

The Shipper will notify FortisBC Energy of its election to provide peaking supplies under option (a) or (b) above prior to the commencement of each Contract Year.

3.6 Adjustment to Firm Curtailments

If the Shipper has a Firm DTQ that is subject to curtailment under Section 3.4 (Curtailment of Firm Service), commencing on the first Day of the Month following a Month during which the Shipper becomes subject to a demand surcharge or recalculated surcharge, firm curtailments applicable to the Shipper will be modified, subject to the determination by FortisBC Energy that adequate capacity exists on its system. The adjustment will equal the lesser of the Demand Surcharge Quantity calculated in Section 7.3 (Demand Surcharge) of Rate Schedule 22 and the amount otherwise subject to firm curtailment.

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3.7 Shipper's Gas

Part of the Gas to be transported under this Rate Schedule forms an important and integral part of the Gas supply of FortisBC Energy used to meet the requirements of its firm Customers. A Shipper will deliver to FortisBC Energy at the Interconnection Point Gas a quantity equal to ½ the Shipper's Firm DTQ when FortisBC Energy exercises its right pursuant to Section 3.4 (Curtailment of Firm Service) to curtail firm transportation and use the Shipper's Gas. It is reasonably foreseeable that FortisBC Energy may be unable to meet its requirements to deliver Gas to its firm Customers if a Shipper fails to meet its commitment hereunder to deliver Gas to FortisBC Energy. If a Shipper fails to meet its commitment to deliver Gas to FortisBC Energy, FortisBC Energy has the right to immediately obtain substitute supplies of Gas in quantities equivalent in energy to the Gas which the Shipper fails to deliver. A Shipper will reimburse FortisBC Energy for all reasonable costs paid by FortisBC Energy in acquiring and delivering substitute supplies of Gas, including any demand and commodity tolls incurred. A Shipper will reimburse FortisBC Energy for the reasonable costs paid by FortisBC Energy to acquire and deliver substitute supplies upon demand by FortisBC Energy at any time after such costs are actually incurred by FortisBC Energy. The costs of substitute supplies that are recoverable by FortisBC Energy from a Shipper will not exceed the costs that were or would have been incurred in acquiring and delivering the lowest cost Gas which was at the time available to FortisBC Energy in the Service Area in which the Shipper is located and of which FortisBC Energy would reasonably have been expected to have been aware, given the immediacy of the Gas needs of FortisBC Energy. For the purposes of this Section, the Shipper's commitment to deliver Gas to FortisBC Energy will not be lessened by any occurrence other than an event of Force Majeure on the facilities of the Transporter.

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Deleted: <#>Peaking Gas Service¶
<#>Applicability¶

In each Contract Year, Peaking Gas Service is available only to Non-Bypass Shippers for Gas which is delivered to a Delivery Point in the Inland Service Area, and for which the Transportation Agreement was in effect on the 1st Day of November of the subject Contract Year.¶

<#>15-Day Maximum¶

A Non-Bypass Shipper may request Peaking Gas for a maximum of 15 Days during each Contract Year. Any Day for which any portion of the Shipper's Peaking Gas Quantity is requested and authorized will be considered one of the 15 Days of Peaking Gas entitlement even if the quantity of authorized Peaking Gas is not used or only partially used.¶

<#>Contract Year 2000/2001¶

Should the Southern Crossing Pipeline ("SCP") not be fully operational by the 1st Day of November 2000, the number of Days for which Peaking Gas may be requested during the Contract Year which commences on the 1st Day of November 2000 will be:¶
the number of Days that SCP is operational during the 2000/2001 Contract Year * 15¶
365¶

rounded to the nearest whole number.

Peaking Gas may only be requested after the SCP has become fully operational.¶

<#>Peak Day Demand¶

For purposes of determining the Peaking Gas Quantity available to a Non-Bypass Shipper on a Day, the Peak Day Demand of a Rate Schedule 22A Shipper is the DTQ set out in the Shipper's Transportation Agreement. ¶...

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Table of Charges

	Inland Area	Deleted: Service
Transportation		
1. Basic Charge per Month	\$ X.XXX.XX	Deleted: 4,810.00
2. Delivery Charges for firm transportation		
(a) per Month per Gigajoule of Firm DTQ	\$ XX.XXX	Deleted: 15.704
(b) per Gigajoule of Firm MTQ	\$ X.XXX	Deleted: 0.110
3. Delivery Charges per Gigajoule of Interruptible MTQ	\$ X.XXX	Deleted: 1.241
		Deleted:
4. Unauthorized Overrun Gas Charges		Deleted: <#>Rider 2 per Gigajoule ...
(a) per Gigajoule charge on first 5 percent of specified quantity	Sumas Daily Price ¹	
(b) per Gigajoule charge on all Gas over 5 percent of specified quantity	The greater of \$20.00/GJ or 1.5 x the Sumas Daily Price ¹	
(c) Demand Surcharge per Gigajoule of Demand Surcharge Quantity	\$ 17.00 ²	
5. Charge per Gigajoule of Balancing Service provided		
(a) Quantities of Gas less than 10% of the Rate Schedule 22A Authorized Quantity		
(i) between and including April 1 and October 31	No charge	Deleted: Charge per Gigajoule
(ii) between and including November 1 and March 31	No charge	Deleted: Balancing Service provided (
(b) Quantities of Gas over the greater of 100 Gigajoules or equal to or in excess of 10% or less than 20% of the Rate Schedule 22A Authorized Quantity		Inserted Cells
		Inserted Cells
		Inserted Cells
(i) between and including April 1 and October 31	\$ 0.25	Deleted: 22
(ii) between and including November 1 and March 31	\$ 0.25	Deleted:)
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FORTISBC ENERGY INC.
RATE SCHEDULE 22A

	Inland <u>Area</u>		Deleted: <u>Service</u>
(c) <u>Quantities of Gas over the greater of 100 Gigajoules or equal to or in excess of 20% of the Rate Schedule 22A Authorized Quantity</u>			
(i) between and including April 1 and October 31	\$ 0.30		Deleted: a
(ii) between and including November 1 and March 31	\$ 1.10		Deleted: b
6. Charge per Gigajoule of <u>Balancing and Backstopping Gas</u>	Sumas Daily Price ¹		
7. Replacement Gas ³	Sumas Daily Price ¹ Plus 20 Percent		
8. Administration Charge per Month	\$ <u>39.00</u>		Deleted: 78

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FORTISBC ENERGY INC.
RATE SCHEDULE 22A

Rider 1 **Propane Surcharge** - Not applicable.

~~Rider 2~~ ~~(Reserved for future use.)~~

Rider 3 (Reserved for future use.)

~~Rider 4~~ ~~(Reserved for future use.)~~

Rider 5 **Revenue Stabilization Adjustment Charge** - Not applicable.

Municipal Operating Fee Charge

3.09% of the aggregate of the above charges is payable (in addition to the above charges) if the facilities to which Gas is delivered under Rate Schedule 22A are located within the boundaries municipalities or First Nations lands (formerly, reserves within the *Indian Act*) to which FortisBC Energy pays Municipal Operating Fees.

Notes:

1. Sumas Daily Price - means the "NW Sumas" Daily Midpoint Price as set out in Gas Daily's Daily Price Survey for Gas delivered to Northwest Pipeline Corporation at Sumas, converted to Canadian dollars using the noon exchange rate as quoted by the Bank of Canada one Business Day prior to Gas flow date, for each Day. Energy units are converted from MMBtu to Gigajoule by application of a conversion factor equal to 1.055056 Gigajoule per MMBtu.
2. The demand surcharge is calculated in accordance with Section 7.3 (Demand Surcharge) of Rate Schedule 22.
3. The Sumas Daily Price for the sixth Business Day following the Day for which the Peaking Gas was authorized plus 20 percent.

Deleted: **Rider 2 Phase-in Rider Balancing Account** - Applicable to Mainland, Vancouver Island and Whistler Service Area Customers for the Year ending December 31, 2017. ¶

Deleted: **Rider 4 . Rate Stabilization Deferral Account** - Applicable to Mainland Service Area Customers for the Year ending December 31, 2017. ¶

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**TRANSPORTATION AGREEMENT
FOR RATE SCHEDULES 22, 22A, 22B, 23, 25, 26 AND 27**

This Agreement is dated _____, 20____, between FortisBC Energy Inc. ("FortisBC Energy") and _____ (the "Shipper").

WHEREAS:

- A. FortisBC Energy owns and operates the FortisBC Energy System; and
- B. The Shipper has requested that FortisBC Energy arrange for the transportation of Gas on a firm and/or interruptible basis through the FortisBC Energy System to _____ located in or near _____ British Columbia in accordance with a transportation Rate Schedule as set out below and the terms set out herein.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the terms, conditions and limitations contained herein, the parties agree as follows:

1. Specific Information

Applicable Rate Schedule: ☐ 22 ☐ 22A ☐ 22B
☐ 23 ☐ 25 ☐ 26 ☐ 27

Type of Service: ☐ Firm ☐ Interruptible
☐ Firm and Interruptible

Firm DTQ / DTQ: _____ Gigajoules per day

Shipper Agent and / or Group, if applicable: _____

Commencement Date: _____

Expiry Date: _____
(only specify expiry date if term of Transportation Agreement is not automatically renewed from Year to Year as set out in the Automatic Renewal Section of the applicable transportation Rate Schedule)

Service Address: _____

Account Number: _____

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FORTISBC ENERGY INC.
RATE SCHEDULE 22A

Interconnection Point: _____
The point at (_____ km-post)
where the Transporter's pipeline system in
British Columbia interconnects with the
FortisBC Energy System

Address of Shipper for receiving notices:

(name of Shipper) Attention: _____

(address of Shipper) Telephone: _____

_____ Fax: _____

_____ Email: _____

The information set out above is hereby approved by the parties and each reference in either this agreement or the applicable transportation Rate Schedule to any such information is to the information set out above.

2. Rate Schedule 22 / 22A / 22B / 23 / 25 / 26 / 27

2.1 Additional Terms

All rates, terms and conditions set out in the applicable transportation Rate Schedule (22, 22A, 22B, 23, 25, 26 or 27) and the General Terms and Conditions of FortisBC Energy, as any of them may be amended by FortisBC Energy and approved from time to time by the British Columbia Utilities Commission, are in addition to the terms and conditions contained in this Transportation Agreement and form part of this Transportation Agreement and bind FortisBC Energy and the Shipper as if set out in this Transportation Agreement.

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2.2 Payment of Amounts

Without limiting the generality of the foregoing, the Shipper will pay to FortisBC Energy all of the amounts set out in the applicable transportation Rate Schedule for the Services provided under such Rate Schedule and this Transportation Agreement.

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2.3 Conflict

Where anything in either the applicable transportation Rate Schedule or the General Terms and Conditions of FortisBC Energy conflicts with any of the terms and conditions set out in this Transportation Agreement, this Transportation Agreement governs. Where anything in the applicable transportation Rate Schedule conflicts with any of the rates, terms and conditions set out in the General Terms and Conditions of FortisBC Energy, the Rate Schedule governs.

2.4 Member of a Group

Where the Shipper will be a member of a Group which has a Shipper Agent acting as agent for the members of the Group, the Shipper must complete Appendix A attached to this Transportation Agreement and the Shipper thereby agrees that the terms and conditions of Appendix A form part of this Transportation Agreement and bind the Shipper as if set out in this Transportation Agreement.

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2.5 Acknowledgement

The Shipper acknowledges receiving and reading a copy of the applicable transportation Rate Schedule (22, 22A, 22B, 23, 25, 26 or 27) and the General Terms and Conditions of FortisBC Energy and agrees to comply with and be bound by all terms and conditions set out therein. Without limiting the generality of the foregoing, where the transportation Service is interruptible, the Shipper acknowledges that it is able to accommodate such interruption or curtailment and releases FortisBC Energy from any liability for the Shipper's inability to accommodate such interruption or curtailment of transportation Service.

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IN WITNESS WHEREOF the parties hereto have executed this Transportation Agreement.

FORTISBC ENERGY INC.

(here insert name of Shipper)

BY: _____
(Signature)

BY: _____
(Signature)

(Title)

(Title)

(Name – Please Print)

(Name – Please Print)

DATE: _____

DATE: _____

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**APPENDIX A
NOTICE OF APPOINTMENT OF SHIPPER AGENT**

1. _____ (Shipper) hereby gives notice to FortisBC
that Shipper has appointed _____ (the Shipper Agent) to
act as agent for Shipper in all matters relating to gas supply and to transportation
Service on the FortisBC Energy System. Shipper also gives notice to FortisBC Energy
that Shipper wishes to be a member of a Group, and the Shipper will cause the Shipper
Agent to enter into a Shipper Agent Agreement or other agreement with FortisBC Energy
that binds the Shipper Agent to pay the charges which the Shipper Agent elects to pay
for and on behalf of the Shipper.
2. Shipper acknowledges and agrees that the Shipper Agent will provide aggregate
nominations for the Group to FortisBC Energy.
3. Shipper acknowledges and agrees that if the Group includes a member which is a
Shipper under Rate Schedule 22, 22A, or 22B, the Group and its members will be
subject to the demand surcharge provisions of Rate Schedule 22.
4. Shipper acknowledges and agrees that when there are constraints or limitations of Gas
supply FortisBC Energy will notify the Shipper Agent and it will then be the responsibility
of the Shipper Agent to notify Shipper of any curtailment or interruption arising from the
constraint or limitation of Gas supply.
5. Shipper acknowledges and agrees that the Shipper Agent will provide FortisBC Energy
with information which will be used by FortisBC Energy to bill Shipper for Backstopping
Gas, Balancing Gas, Unauthorized Overrun Gas charges and demand surcharges.
6. Shipper acknowledges that FortisBC Energy will bill Shipper on the basis of information
provided to FortisBC Energy by the Shipper Agent. Shipper agrees that it is bound by
the information supplied to FortisBC Energy by the Shipper Agent and Shipper agrees
that it will not dispute the information provided to FortisBC Energy by the Shipper Agent.
Shipper agrees that the Shipper Agent may elect to pay some or all of the charges for
Gas identified in Section 3.7 (Monthly Billing Information) of the standard form Shipper
Agent Agreement of Rate Schedule 22 and Shipper acknowledges that if the Shipper
Agent fails to provide information to FortisBC Energy then notwithstanding any election
that has been made by the Shipper Agent to pay some or all of the charges for Gas
identified in Section 3.7 (Monthly Billing Information) of the standard form Shipper Agent
Agreement of Rate Schedule 22, FortisBC Energy will bill Shipper directly on the bases
set out in Section 3.8 (Lack of Allocation Information) of the standard form Shipper Agent
Agreement of Rate Schedule 22. Shipper agrees to pay FortisBC Energy as billed, and
if Shipper disagrees with any of the billing information used by FortisBC Energy the

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Nominations and Balancing) of Rate
Schedule 22 will apply to the Group on an
aggregate basis, and

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agrees that the Shipper Agent will provide
Gas supply priority schedules to FortisBC
Energy which will advise FortisBC Energy of
the allocation of Gas supply amongst
members of the Group during constraints or
limitations of Gas supply.¶

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FORTISBC ENERGY INC.
RATE SCHEDULE 22A

Shipper will deal with the Shipper Agent to resolve that disagreement. Disputes between the Shipper and the Shipper Agent will not constitute a basis for non-payment by Shipper to FortisBC Energy of the amounts billed.

7. Shipper will provide FortisBC Energy with 30 days notice, except with the prior approval from FortisBC Energy, if Shipper wishes to leave the Group, to be effective on the beginning of the next calendar month following the expiry of the notice period.

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8. Shipper acknowledges and agrees that FortisBC Energy may disband the Group pursuant to Section 10 (Disbanding of the Group) of the standard form Shipper Agent Agreement of Rate Schedule 22.

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9. Shipper will indemnify and hold harmless each of FortisBC Energy, its employees, contractors and agents from and against any and all adverse claims, losses, suits, actions, judgments, demands, debts, accounts, damages, costs, penalties and expenses (including all legal fees and disbursements) arising from any act or omission of the Shipper Agent related to the agency created by the Shipper Agent Agreement.

10. Shipper acknowledges receiving a copy of the standard form Shipper Agent Agreement of FortisBC Energy.

(here insert name of Shipper)

BY:

(Signature)

(Title)

(Name - Please Print)

DATE: _____

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FORTISBC ENERGY INC.

RATE SCHEDULE 22B

**TRANSPORTATION SERVICE (CLOSED)
COLUMBIA AREA**

Effective June 1, 2018

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1. Applicability

1.1 Description of Applicability

This Rate Schedule applies to the provision of firm and interruptible transportation Service through one meter station (except as otherwise specified in the Transportation Agreement) to the following existing large industrial Shippers:

NAME OF SHIPPER

LOCATION OF SHIPPER

<u>Skookumchuck Pulp Inc.</u>	<u>Skookumchuck</u>
<u>Teck Coal Ltd. (Fording River Operations)</u>	Elkford
<u>Teck Coal Ltd. (Elkview Operations)</u>	Sparwood
<u>Teck Coal Ltd. (Greenhills Operations)</u>	Elkford
<u>Teck Coal Ltd. (Line Creek Operations)</u>	Sparwood

For greater certainty, firm transportation Service under this Rate Schedule means the transportation Service FortisBC Energy is obligated to provide to a Shipper on a firm basis subject to interruption or curtailment pursuant to Sections 19 (Default or Bankruptcy) and 22 (Force Majeure) of Rate Schedule 22 and the General Terms and Conditions of FortisBC Energy. Interruptible transportation Service under this Rate Schedule means the provision by FortisBC Energy of transportation Service to a Shipper which may be interrupted or curtailed by FortisBC Energy pursuant to Sections 4.2 (Curtailment), 19 (Default or Bankruptcy) and 22 (Force Majeure) of Rate Schedule 22 and the General Terms and Conditions of FortisBC Energy.

1.2 Transportation Agreement

FortisBC Energy will only transport Gas under this Rate Schedule pursuant to an executed Transportation Agreement under Rate Schedule 22.

1.3 British Columbia Utilities Commission

This Rate Schedule may be amended from time to time with the consent of the British Columbia Utilities Commission.

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Crestbrook Forest Industries Ltd. .

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2. Table of Charges

2.1 Charges

In respect of transportation ~~Service~~ pursuant to Rate Schedule 22B and the Transportation Agreement, the Shipper will pay to FortisBC Energy all of the charges set out in the Table of Charges attached hereto. For greater certainty it is expressly confirmed that the Table of Charges attached to Rate Schedule 22 does not apply to this Rate Schedule 22B.

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3. Terms and Conditions

3.1 Other Terms and Conditions

The terms and conditions set out in Rate Schedule 22 apply to and form part of this Rate Schedule, with necessary changes, and bind FortisBC Energy and the Shipper as if set out in this Rate Schedule, except as excluded by operation of ~~Section~~ 3.2 (Inapplicable Terms and Conditions).

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3.2 Inapplicable Terms and Conditions

The following terms and conditions set out in Rate Schedule 22 do not apply, and are not incorporated by reference, to this Rate Schedule 22B and ~~will~~ not be construed in any way to affect the meaning or intent of any provision of Rate Schedule:

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- ~~Section~~ 2 (Applicability)
- ~~Section~~ 5 (Table of Charges)
- ~~Section~~ 8 (Nomination)
- ~~Section~~ 11 (Peaking Gas ~~Service~~)
- ~~Section~~ 12 (Access to the East Kootenay Exchange (EKE) Interconnection Point)

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If any term or provision of this Rate Schedule is inconsistent with any term or provision of Rate Schedule 22, the term or provision of this Rate Schedule will prevail.

4. Increases to Firm DTQ

4.1 Increases to Firm DTQ

For any increase to the Shipper's Firm DTQ above the Shipper's lowest Firm DTQ as set on or after January 1, 1994, Delivery Charges will be subject to negotiation.

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5. Nomination

5.1 Requested Quantity

The Shipper or Shipper Agent will provide notice to FortisBC Energy on the Web Information and Nomination System ("WINS"), or other method approved by FortisBC Energy, prior to the Timely Nomination Cycle on each Day (or such other time as may be specified from time to time by FortisBC Energy) such information as may be requested by FortisBC Energy, which will include, but is not limited to, the Shipper or Shipper Agent's Requested Quantity for the Day commencing in approximately 24 hours and/or subsequent Day(s). If the Shipper or Shipper Agent does not notify FortisBC Energy in accordance with the foregoing, then the Shipper or Shipper Agent's Requested Quantity for the Day commencing in approximately 24 hours will be deemed to be zero, subject to Section 5.2 (Adjustment of Requested Quantity). The Shipper or Shipper Agent is required to provide their best estimate of the quantity of Gas the Shipper(s) will actually consume on such Day.

Deleted: <#>Capacity on Transporter's Pipeline¶

The Shipper will on or before the Commencement Date notify FortisBC Energy of the identity of the party holding capacity for the Shipper on the Transporter's pipeline, and from time to time when such party changes.¶

Deleted: The Shipper's Requested Quantity each Day will equal the Shipper's best estimate of the quantity of Gas the Shipper will actually consume on such Day.¶

5.2 Adjustment of Requested Quantity

The Shipper or Shipper Agent will provide notice to FortisBC Energy on the WINS, or other method approved by FortisBC Energy, of adjustments to the Requested Quantity for the Day commencing in approximately 24 hours. Adjustments to the Requested Quantity must adhere to the elapsed pro-rata practices of the applicable Transporter(s). FortisBC Energy may adjust, in consultation with the Shipper, the Shipper's Requested Quantity, described in Section 1.1, (Requested Quantity), when in the reasonable opinion of FortisBC Energy such modification is required in order to limit the build-up of inventory account quantities.

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5.3 Request to Transporter

FortisBC Energy will provide to the Transporter the Shipper's Requested Quantity, adjusted as set out in Section 5.2 (Adjustment of Requested Quantity).

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Deleted: . Such quantity will not include requests for Gas sold by FortisBC Energy.

5.4 Delivery to Interconnection Point

The Shipper will ~~cause to be~~ delivered to the Interconnection Point on each Day a quantity of Gas at least equal to the Shipper's Requested Quantity, adjusted as set out in Section 5.2 (Adjustment of Requested Quantity).

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5.5 Failure to Deliver to Interconnection Point

If on any Day the Authorized Quantity from the Transporter is less than the quantity requested from the Transporter pursuant to Section 5.3 (Request to Transporter), then, in addition to curtailments permitted under Section 4 (Transportation) of Rate Schedule 22, FortisBC Energy may, in its discretion, interrupt or curtail Service hereunder to the Authorized Quantity. Alternatively, FortisBC Energy may deliver additional Gas to the Shipper at the Interconnection Point and charge the Shipper Backstopping Gas as set out in the Table of Charges.

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Deleted: the charge for Backstopping Gas as set out in the Table of Charges. If FortisBC Energy is unable to ascertain which Shipper's supply has caused a deficiency, FortisBC Energy may, in its discretion, interrupt or curtail service to the Shippers on a prorata basis or another basis deemed equitable by FortisBC Energy based on available information. FortisBC Energy will reallocate the deficiency as soon as reasonable if it obtains information that allows it to determine responsibility and FortisBC Energy will disclose to the Shippers how it allocated or reallocated the deficiency.

5.6 Authorized Quantity

FortisBC Energy will notify the Shipper or the Shipper Agent on WINS or other method approved by FortisBC Energy if the Authorized Quantity is less than the Requested Quantity.

Deleted: **<#>Gas Balancing¶**
<#>Gas Balancing by Transporter¶
Gas balancing hereunder is intended for matching day to day imbalances that cannot be reasonably forecast by the Shipper. The Shipper will arrange to have delivered each Day to the Interconnection Point a quantity of Gas equal to the Shipper's actual Gas consumption. It is acknowledged that FortisBC Energy and the Shipper will rely on the Transporter to each Day balance for the Shipper the difference between the Shipper's Authorized Quantity from the Transporter and the Shipper's deliveries to the Transporter. When on any Day the Shipper requires Gas for balancing, the Shipper will arrange for the Transporter to deliver Balancing Gas to the Shipper as it deems appropriate. ¶
<#>Gas Balancing by FortisBC Energy¶
FortisBC Energy will not provide any Gas to the Shipper for balancing purposes and will not maintain a Gas inventory account for the Shipper. ¶
<#>Other Rate Schedule and Balancing¶
If the Shipper has elected to purchase Gas under an applicable Rate Schedule from FortisBC Energy, the Shipper will be subject to section 9 (Gas Balancing) of Rate Schedule 22 for such Gas.¶

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Table of Charges

	Columbia Area (Except <u>Teck Coal Ltd. Elkview Operations</u>)	<u>Teck Coal Ltd</u> (<u>Elkview Operations</u>)	
			Deleted: Service
			Deleted: Coal Corporation
			Deleted: Coal
Transportation			
1. Basic Charge per Month	\$ X.XXX.XX	\$ X.XXX.XX	Deleted: 4,537.00
2. Delivery Charges for firm transportation			Deleted: 4,537.00
(a) per Month per Gigajoule of Firm DTQ	\$ XX.XXX	\$ X.XXX	Deleted: 10.137
			Deleted: 2.301
(b) per Gigajoule of Firm MTQ	\$ X.XXX	\$ X.XXX	Deleted: 0.108
			Deleted: 0.108
3. Delivery Charges per Gigajoule of Interruptible MTQ			
(a) between and including April 1 and October 31	\$ X.XXX	\$ X.XXX	Deleted: 1.011
			Deleted: 0.254
(b) between and including November 1 and March 31	\$ X.XXX	\$ X.XXX	Deleted: 1.455
			Deleted: \$. 0.360
4. Unauthorized Overrun <u>Gas</u> Charges			Deleted: <#>Rider 2 per Gigajoule
(a) per Gigajoule charge on first 5 percent of specified quantity	Sumas Daily Price ¹	Sumas Daily Price ¹	
(b) per Gigajoule charge on all Gas over 5 percent of specified quantity	The greater of \$20.00/GJ or 1.5 x the Sumas Daily Price ¹	The greater of \$20.00/GJ or 1.5 x the Sumas Daily Price ¹	
(c) Demand Surcharge per Gigajoule of Demand Surcharge Quantity	\$ 17.00 ²	\$ 17.00 ²	
5. <u>Charge per Gigajoule of Balancing Service provided</u>			
(a) <u>Quantities of Gas less than 10% of the Rate Schedule 22B Authorized Quantity</u>			Deleted: G-182-16
			Deleted: -
(i) <u>between and including April 1 and</u>	<u>No charge</u>	<u>No charge</u>	Deleted: January 1, 2017
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FORTISBC ENERGY INC.
RATE SCHEDULE 22B

	<u>October 31</u>		
	(ii) <u>between and</u> <u>including November</u> <u>1 and March 31</u>	<u>No charge</u>	<u>No charge</u>
(b)	<u>Quantities of Gas over the</u> <u>greater of 100 Gigajoules</u> <u>or equal to or in excess of</u> <u>10% or less than 20% of</u> <u>the Rate Schedule 22B</u> <u>Authorized Quantity</u>		
	(i) <u>between and</u> <u>including April 1 and</u> <u>October 31</u>	<u>\$ 0.25</u>	<u>\$ 0.25</u>
	(ii) <u>between and</u> <u>including November</u> <u>1 and March 31</u>	<u>\$ 0.25</u>	<u>\$ 0.25</u>
(c)	<u>Quantities of Gas over the</u> <u>greater of 100 Gigajoules</u> <u>or equal to or in excess of</u> <u>20% of the Rate Schedule</u> <u>22B Authorized Quantity</u>		
	(i) <u>between and</u> <u>including April 1 and</u> <u>October 31</u>	<u>\$ 0.30</u>	<u>\$ 0.30</u>
	(ii) <u>between and</u> <u>including November</u> <u>1 and March 31</u>	<u>\$ 1.10</u>	<u>\$ 1.10</u>
6.	Charge per Gigajoule of <u>Balancing and</u> Backstopping Gas	Sumas Daily Price ¹	Sumas Daily Price ¹
7.	Administration Charge per Month	\$ <u>39.00</u>	\$ <u>39.00</u>

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FORTISBC ENERGY INC.
RATE SCHEDULE 22B

Rider 1 **Propane Surcharge** - Not applicable.

~~Rider 2 (Reserved for future use.)~~

Rider 3 (Reserved for future use.)

~~Rider 4 (Reserved for future use.)~~

Rider 5 **Revenue Stabilization Adjustment Charge** - Not applicable.

Municipal Operating Fee Charge

3.09% of the aggregate of the above charges is payable (in addition to the above charges) if the facilities to which Gas is delivered under Rate Schedule 22B are located within the municipal boundaries of municipalities or First Nations lands (formerly, reserves within the *Indian Act*) to which FortisBC Energy pays Municipal Operating Fees.

Notes:

1. **Sumas Daily Price** - means the "NW Sumas" Daily Midpoint Price as set out in Gas Daily's Daily Price Survey for ~~Gas~~ delivered to Northwest Pipeline Corporation at Sumas, converted to Canadian dollars using the noon exchange rate as quoted by the Bank of Canada, ~~one Business Day prior to Gas flow date, for each Day~~. Energy units are converted from MMBtu to Gigajoule by application of a conversion factor equal to 1.055056 Gigajoule per MMBtu.
2. The demand surcharge is calculated in accordance with ~~Section 7.3~~ (Demand Surcharge) of Rate Schedule 22.

Deleted: **Rider 2 Phase-in Rider Balancing Account** - Applicable to Mainland, Vancouver Island and Whistler Service Area Customers for the Year ending December 31, 2017. ¶

Deleted: **Rider 4 . Rate Stabilization Deferral Account** - Applicable to Mainland Service Area Customers for the Year ending December 31, 2017. ¶

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¶

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**TRANSPORTATION AGREEMENT
FOR RATE SCHEDULES 22, 22A, 22B, 23, 25, 26 AND 27**

This Agreement is dated _____, 20____, between FortisBC Energy Inc. ("FortisBC Energy") and _____ (the "Shipper").

WHEREAS:

- A. FortisBC Energy owns and operates the FortisBC Energy System; and
- B. The Shipper has requested that FortisBC Energy arrange for the transportation of Gas on a firm and/or interruptible basis through the FortisBC Energy System to _____ located in or near _____ British Columbia in accordance with a transportation Rate Schedule as set out below and the terms set out herein.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the terms, conditions and limitations contained herein, the parties agree as follows:

1. Specific Information

Applicable Rate Schedule: ☐ 22 ☐ 22A ☐ 22B
☐ 23 ☐ 25 ☐ 26 ☐ 27

Type of Service: ☐ Firm ☐ Interruptible
☐ Firm and Interruptible

Firm DTQ / DTQ: _____ Gigajoules per day

Shipper Agent and / or Group, if applicable: _____

Commencement Date: _____

Expiry Date: _____

(only specify expiry date if term of Transportation Agreement is not automatically renewed from Year to Year as set out in the Automatic Renewal Section of the applicable transportation Rate Schedule)

Service Address: _____

Account Number: _____

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Interconnection Point: The point at (_____ km-post _____)
where the Transporter's pipeline system in
British Columbia interconnects with the
FortisBC Energy System

Address of Shipper for receiving notices:

(name of Shipper) Attention: _____

(address of Shipper) Telephone: _____

_____ Fax: _____

_____ Email: _____

The information set out above is hereby approved by the parties and each reference in either this agreement or the applicable transportation Rate Schedule to any such information is to the information set out above.

2. Rate Schedule 22 / 22A / 22B / 23 / 25 / 26 / 27

2.1 Additional Terms

All rates, terms and conditions set out in the applicable transportation Rate Schedule (22, 22A, 22B, 23, 25, 26 or 27) and the General Terms and Conditions of FortisBC Energy, as any of them may be amended by FortisBC Energy and approved from time to time by the British Columbia Utilities Commission, are in addition to the terms and conditions contained in this Transportation Agreement and form part of this Transportation Agreement and bind FortisBC Energy and the Shipper as if set out in this Transportation Agreement.

2.2 Payment of Amounts

Without limiting the generality of the foregoing, the Shipper will pay to FortisBC Energy all of the amounts set out in the applicable transportation Rate Schedule for the Services provided under such Rate Schedule and this Transportation Agreement.

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2.3 Conflict

Where anything in either the applicable transportation Rate Schedule or the General Terms and Conditions of FortisBC Energy conflicts with any of the terms and conditions set out in this Transportation Agreement, this Transportation Agreement governs. Where anything in the applicable transportation Rate Schedule conflicts with any of the rates, terms and conditions set out in the General Terms and Conditions of FortisBC Energy, the Rate Schedule governs.

2.4 Member of a Group

Where the Shipper will be a member of a Group which has a Shipper Agent acting as agent for the members of the Group, the Shipper must complete Appendix A attached to this Transportation Agreement and the Shipper thereby agrees that the terms and conditions of Appendix A form part of this Transportation Agreement and bind the Shipper as if set out in this Transportation Agreement.

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2.5 Acknowledgement

The Shipper acknowledges receiving and reading a copy of the applicable transportation Rate Schedule (22, 22A, 22B, 23, 25, 26 or 27) and the General Terms and Conditions of FortisBC Energy and agrees to comply with and be bound by all terms and conditions set out therein. Without limiting the generality of the foregoing, where the transportation Service is interruptible, the Shipper acknowledges that it is able to accommodate such interruption or curtailment and releases FortisBC Energy from any liability for the Shipper's inability to accommodate such interruption or curtailment of transportation Service.

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IN WITNESS WHEREOF the parties hereto have executed this Transportation Agreement.

FORTISBC ENERGY INC.

(here insert name of Shipper)

BY: _____
(Signature)

BY: _____
(Signature)

(Title)

(Title)

(Name – Please Print)

(Name – Please Print)

DATE: _____

DATE: _____

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APPENDIX A
NOTICE OF APPOINTMENT OF SHIPPER AGENT

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1. _____ (Shipper) hereby gives notice to FortisBC Energy that Shipper has appointed _____ (the Shipper Agent) to act as agent for Shipper in all matters relating to gas supply and to transportation Service on the FortisBC Energy System. Shipper also gives notice to FortisBC Energy that Shipper wishes to be a member of a Group and the Shipper will cause the Shipper Agent to enter into a Shipper Agent Agreement or other agreement with FortisBC Energy that binds the Shipper Agent to pay the charges which the Shipper Agent elects to pay for and on behalf of the Shipper.
2. Shipper acknowledges and agrees that the Shipper Agent will provide aggregate nominations for the Group to FortisBC Energy.
3. Shipper acknowledges and agrees that if the Group includes a member which is a Shipper under Rate Schedule 22, 22A, or 22B, the Group and its members will be subject to the demand surcharge provisions of Rate Schedule 22.
4. Shipper acknowledges and agrees that when there are constraints or limitations of Gas supply FortisBC Energy will notify the Shipper Agent and it will then be the responsibility of the Shipper Agent to notify Shipper of any curtailment or interruption arising from the constraint or limitation of Gas supply.
5. Shipper acknowledges and agrees that the Shipper Agent will provide FortisBC Energy with information which will be used by FortisBC Energy to bill Shipper for Backstopping Gas, Balancing Gas, Unauthorized Overrun Gas charges and demand surcharges.
6. Shipper acknowledges that FortisBC Energy will bill Shipper on the basis of information provided to FortisBC Energy by the Shipper Agent. Shipper agrees that it is bound by the information supplied to FortisBC Energy by the Shipper Agent and Shipper agrees that it will not dispute the information provided to FortisBC Energy by the Shipper Agent. Shipper agrees that the Shipper Agent may elect to pay some or all of the charges for Gas identified in Section 3.7 (Monthly Billing Information) of the standard form Shipper Agent Agreement of Rate Schedule 22 and Shipper acknowledges that if the Shipper Agent fails to provide information to FortisBC Energy then notwithstanding any election that has been made by the Shipper Agent to pay some or all of the charges for Gas identified in Section 3.7 (Monthly Billing Information) of the standard form Shipper Agent Agreement of Rate Schedule 22, FortisBC Energy will bill Shipper directly on the bases set out in Section 3.8 (Lack of Allocation Information) of the standard form Shipper Agent Agreement of Rate Schedule 22. Shipper agrees to pay FortisBC Energy as billed, and if Shipper disagrees with any of the billing information used by FortisBC Energy the

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FORTISBC ENERGY INC.
RATE SCHEDULE 22B

Shipper will deal with the Shipper Agent to resolve that disagreement. Disputes between the Shipper and the Shipper Agent will not constitute a basis for non-payment by Shipper to FortisBC Energy of the amounts billed.

7. Shipper will provide FortisBC Energy with 30 days notice, except with the prior approval from FortisBC Energy, if Shipper wishes to leave the Group, to be effective on the beginning of the next calendar month following the expiry of the notice period.

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8. Shipper acknowledges and agrees that FortisBC Energy may disband the Group pursuant to Section 10 (Disbanding of the Group) of the standard form Shipper Agent Agreement of Rate Schedule 22.

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9. Shipper will indemnify and hold harmless each of FortisBC Energy, its employees, contractors and agents from and against any and all adverse claims, losses, suits, actions, judgments, demands, debts, accounts, damages, costs, penalties and expenses (including all legal fees and disbursements) arising from any act or omission of the Shipper Agent related to the agency created by the Shipper Agent Agreement.

10. Shipper acknowledges receiving a copy of the standard form Shipper Agent Agreement of FortisBC Energy.

(here insert name of Shipper)

BY: _____

(Signature)

(Title)

(Name - Please Print)

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FORTISBC ENERGY INC.

RATE SCHEDULE 23

LARGE COMMERCIAL TRANSPORTATION SERVICE

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1. Definitions

1.1 Definitions

Except where the context requires otherwise, all words and phrases defined below or in the General Terms and Conditions of FortisBC Energy and used in this Rate Schedule or in a Transportation Agreement have the meanings set out below or in the General Terms and Conditions of FortisBC Energy. Where any of the definitions set out below conflict with the definitions in the General Terms and Conditions of FortisBC Energy, the definitions set out below govern.

- (a) **Authorized Quantity** - means, subject to interruptions or curtailments as provided in Section Error! Reference source not found, (Transportation) or due to provisions of the Transportation Agreement, the quantity of energy (in Gigajoules) for each Day approved by the Transporter, for transportation Service on the Transporter's pipeline system, based on the quantity requested pursuant to Section 7.1, (Requested Quantity), adjusted as set out in Section 7.2, (Adjustment of Requested Quantity) or the quantity of energy approved for sale by FortisBC Energy under an applicable Rate Schedule, or any component or aggregate of these quantities, as the context requires.
- (b) **Backstopping Gas** - means Gas made available by FortisBC Energy as an interruptible backup supply if on any Day the Authorized Quantity is less than the Requested Quantity, adjusted as set out in Section 7.2, (Adjustment of Requested Quantity).
- (c) **Balancing Gas** - means any Gas taken during a Day which is in excess of the Authorized Quantity, subject to Section 8.2, (Provision of Gas Balancing).
- (d) **Commencement Date** - means the day specified as the Commencement Date in the Transportation Agreement.
- (e) **Contract Year** - means a period of 12 consecutive Months commencing at the beginning of the 1st Day of November and ending at the beginning of the next succeeding 1st Day of November.
- (f) **Day** - means, subject to Section 1.2, (Change in Definition of "Day"), any period of twenty-four consecutive hours beginning and ending at 7:00 a.m. Pacific Standard Time.
- (g) **Delivery Point** - means the point specified in a Sales Service Agreement or a Transportation Agreement where FortisBC Energy delivers Gas to a Customer or a Shipper.

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<#>Capacity Factor - means the Shipper's average daily use of Gas divided by the product of the average daily use of Gas for the Month of greatest use during the winter period (November 1 to March 31) multiplied by 1.25. ¶

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- (h) **DTQ or Daily Transportation Quantity** - means the Firm DTQ.
- (i) **EKE** - means the East Kootenay Exchange, an Interconnection Point where the FortisBC Energy System interconnects with the facilities of TransCanada PipeLines Limited, (Foothills System, B.C.).
- (j) **Firm DTQ** - means the maximum quantity of Gas that FortisBC Energy is obligated to transport for and deliver on a firm basis to a Shipper at the Delivery Point on any particular Day, which reasonably reflects the Shipper's requirements and is specified in a Transportation Agreement.
- (k) **Firm EKE Receipt Service** - means the firm receipt Service by which the Shipper provides Gas to FortisBC Energy at EKE for firm transportation to a Delivery Point in the Inland area, as described in Section 11.1 (Firm EKE Receipt Service).
- (l) **Force Majeure** - means any acts of God, strikes, lockouts, or other industrial disturbances, civil disturbances, arrests and restraints of rulers or people, interruptions by government or court orders, present or future valid orders of any regulatory body having proper jurisdiction, acts of the public enemy, wars, riots, blackouts, insurrections, failure or inability to secure materials or labour by reason of regulations or orders of government, serious epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, explosions, breakage or accident to machinery or lines of pipes, or freezing of wells or pipelines, or the failure of gas supply, temporary or otherwise, from a Supplier of gas, which act of Force Majeure was not due to negligence of the party claiming Force Majeure. Further, Force Majeure will also include a declaration of force majeure by a Transporter that results in Gas being unavailable for delivery at the Interconnection Point.
- (m) **Group** - means a group of Shippers who each transport Gas under a transportation Rate Schedule, have a common Shipper Agent, and who have each entered into a Transportation Agreement.
- (n) **Interconnection Point** - means a point where the FortisBC Energy System interconnects with the facilities of one of the Transporters of FortisBC Energy, as specified in a Transportation Agreement.
- (o) **Interruptible EKE Receipt Service** - means the interruptible receipt Service by which the Shipper provides Gas to FortisBC Energy at EKE for firm transportation to a Delivery Point in the Inland area or the Lower Mainland area, as described in Section 11.2 (Interruptible EKE Receipt Service).
- (p) **Month** - means, subject to any changes from time to time required by FortisBC Energy, the period beginning at 7:00 a.m. Pacific Standard Time on the first day of the calendar month and ending at 7:00 a.m. Pacific Standard Time on the first day of the next succeeding calendar month.

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FORTISBC ENERGY INC.
RATE SCHEDULE 23

- (q) **Non-Bypass Shipper** - means a Shipper that receives Service under Rate Schedule 23, 25 or 22A and pays rates as set out in the standard Table of Charges for the applicable Rate Schedule.
- (r) **Peak Day Demand** - means the quantity of energy used for the purposes of determining the Peaking Gas and EKE Receipt Service available to a firm Non-Bypass Shipper, as calculated pursuant to Section 10.3 (Peak Day Demand).
- (s) **Peaking Gas** - means Gas which is provided to the Shipper by FortisBC Energy in accordance with the provisions of Section 10 (Peaking Gas Service).
- (t) **Peaking Gas Quantity** - means the Peaking Gas available to a Non-Bypass Shipper on a Day, determined pursuant to the provisions of Section 10.4 (Peaking Gas Quantity).
- (u) **Rate Schedule 23 or this Rate Schedule** - means this Rate Schedule, including all rates, terms and conditions, and the Table of Charges, as amended from time to time by FortisBC Energy with the consent of the British Columbia Utilities Commission.
- (v) **Replacement Gas** - means Gas which is provided to a Shipper by FortisBC Energy in the event the Shipper fails to return Peaking Gas Quantity pursuant to Section 10.6 (Return of Peaking Gas Quantity).
- (w) **Requested Peaking Gas Quantity** - means the quantity of energy for each Day requested as Peaking Gas under this Rate Schedule.
- (x) **Requested Quantity** - means the quantity of energy for each Day requested for firm transportation Service under Rate Schedule 23, or for sales by FortisBC Energy under an applicable Rate Schedule, or any component or aggregate of these quantities, as the context requires.
- (y) **Shipper** - means a person who enters into a Transportation Agreement with FortisBC Energy and who is also the consumer of the Gas transported.
- (z) **Shipper Agent** - means a person who enters into a Shipper Agent Agreement with FortisBC Energy.
- (aa) **Shipper Agent Agreement** - means an agreement between FortisBC Energy and a Shipper Agent pursuant to which the Shipper Agent agrees to act as agent for a Group.
- (bb) **Southern Crossing Pipeline** - means the pipeline and other facilities constructed by FortisBC Energy from EKE to an interconnection with existing FortisBC Energy facilities near Oliver that will enable FortisBC Energy to transport Gas between EKE and the Delivery Point.

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Deleted: <#> Pacific Clock Time - means Pacific Standard Time or Daylight Savings Time as it applies in Surrey, British Columbia.¶

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- (cc) **Sumas Daily Price** - means the "NW Sumas" Daily Midpoint Price as set out in Gas Daily's Daily Price Survey for Gas delivered to Northwest Pipeline Corporation at Sumas, converted to Canadian dollars using the noon exchange rate as quoted by the Bank of Canada, one Business Day prior to the Gas flow date, for each Day. Energy units are converted from MMBtu to Gigajoule by application of a conversion factor equal to 1.055056 Gigajoule per MMBtu.
- (dd) **Supplier** - means a party who sells Gas to a Shipper or FortisBC Energy or has access to its own supplies of Gas.
- (ee) **Table of Charges** - means the table of prices, fees and charges, as amended from time to time by FortisBC Energy with the consent of the British Columbia Utilities Commission, appended to this Rate Schedule.
- (ff) **Timely Nomination Cycle** – means nominations received for the following Day or subsequent Day(s), which closes at 11:00 a.m. Pacific Standard Time.
- (gg) **Transportation Agreement** - means an agreement between FortisBC Energy and a Shipper to provide Service pursuant to a transportation Rate Schedule.
- (hh) **Transporter** - means, in the case of the Columbia area, TransCanada PipeLines Limited, (Foothills System, B.C.) and NOVA Gas Transmission Ltd. and in the case of the Inland and Lower Mainland areas, Westcoast Energy Inc., Northwest Pipeline LLC, FortisBC Huntingdon Inc., and any other gas pipeline transportation company connected to the facilities of FortisBC Energy from which FortisBC Energy receives Gas for the purposes of Gas transportation or resale.
- (ii) **Transporter's Service Terms** - means the general terms and conditions of the applicable Transporter, as filed with and approved from time to time by the National Energy Board or other applicable governmental authority.
- (jj) **Unauthorized Overrun Gas** - means any Gas taken on any Day in excess of the curtailed quantity specified in any notice to interrupt or curtail a Shipper's take, or to interrupt or curtail a Group's take, and for greater certainty, Unauthorized Overrun Gas includes all Gas taken by a Shipper or a Group to the extent that the obligation of FortisBC Energy to deliver such Gas is suspended by reason of Force Majeure.

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1.2 Change in Definition of "Day"

FortisBC Energy may amend the definition of "Day" from time to time to suitably align its operations with those of its Transporters. If FortisBC Energy amends the definition of "Day", a pro-rata adjustment of quantities of Gas and charges to account for any Day of more or less than 24 hours will be made and the terms of the Transportation Agreement will be similarly adjusted.

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2. Applicability

2.1 Description of Applicability

This Rate Schedule is applicable to Shippers with a normalized annual consumption at one Premises of greater than 2,000 Gigajoules of firm Gas, for use in approved appliances in commercial, institutional or small industrial operations.

2.2 British Columbia Utilities Commission

This Rate Schedule may be amended from time to time with the consent of the British Columbia Utilities Commission.

3. Conditions of Service

3.1 Conditions

FortisBC Energy does not provide transportation ~~Service~~ as a common carrier. FortisBC Energy will only transport Gas under this Rate Schedule to Shippers in the territory served by FortisBC Energy under the FortisBC Energy tariff of which this Rate Schedule is a part if:

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- (a) the Shipper has entered into a Transportation Agreement;
- (b) adequate capacity exists on the FortisBC Energy System; and
- (c) FortisBC Energy has installed at the Delivery Point the facilities and equipment referred to in ~~Section 15.1~~ (Facilities and Equipment).

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3.2 Security

In order to secure the prompt and orderly payment of the charges to be paid by the Shipper to FortisBC Energy under the Transportation Agreement, FortisBC Energy may require the Shipper to provide, and at all times maintain, an irrevocable letter of credit in favour of FortisBC Energy issued by a financial institution acceptable to FortisBC Energy in an amount equal to the estimated maximum amount payable by the Shipper under this Rate Schedule and the Transportation Agreement for a period of 90 Days. Where FortisBC Energy requires a Shipper to provide a letter of credit and the Shipper is able to provide alternative security acceptable to FortisBC Energy, FortisBC Energy may accept such security in lieu of a letter of credit.

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3.3 **Warning if Switching from Interruptible Transportation Service or Interruptible Sales to Firm Transportation Service or Sales**

A Shipper wishing to request a switch at the end of the term of an interruptible Transportation Agreement or an interruptible Gas Service Agreement to a firm sales Rate Schedule, or to firm transportation under this Rate Schedule, or to increase their Firm DTQ under this Rate Schedule must comply with the requirements for Firm Service set out in the applicable Rate Schedule, including the following:

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- (a) give 12 months prior notice to FortisBC Energy of the Shipper's desire to do so; and
- (b) after receiving an estimate from FortisBC Energy of costs FortisBC Energy will reasonably incur to provide such Service, agree to reimburse FortisBC Energy for any such costs.

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Notwithstanding Section 3.3(a), FortisBC Energy will make reasonable efforts to accommodate a Shipper on less than 12 months prior notice if FortisBC Energy is able, with such shorter notice, to arrange for the firm purchase and firm transportation of Gas under a firm sales Rate Schedule, or transportation under a firm transportation Rate Schedule.

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4. Transportation

4.1 Transportation of Gas

Subject to Section 13 of the General Terms and Conditions of FortisBC Energy (Interruption of Service), and all of the terms and conditions of this Rate Schedule, FortisBC Energy will on each Day transport for and deliver to the Shipper at the Delivery Point the Authorized Quantity, received at the Interconnection Point from the Transporter up to the Requested Quantity, where adequate capacity exists on the FortisBC Energy System. On each Day, if the Shipper's Gas received at the Interconnection Point is not consumed by the Shipper or is not authorized for delivery to the Shipper, FortisBC Energy will be entitled to utilize such Gas subject to all the terms of this Rate Schedule and the Transportation Agreement.

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4.2 Curtailment

Consistent with the provisions of Section 7.5 (Failure to Deliver to Interconnection Point), if at any time FortisBC Energy, acting reasonably, determines that it is not able to provide Balancing Gas or Backstopping Gas, FortisBC Energy may curtail the Shipper's take to the lesser of the Authorized Quantity or the Firm DTQ.

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4.3 Notice of Curtailment

Each notice from FortisBC Energy to the Shipper with respect to the interruption or curtailment by FortisBC Energy of deliveries of Gas to the Delivery Point will be by telephone, by facsimile ("fax"), and/or by other electronic means, and will specify the quantity of Gas to which the Shipper is curtailed and the time at which such curtailment is to be made. FortisBC Energy will make reasonable efforts to give the Shipper as much notice as possible with respect to such curtailment, not to be less than 8 Hours prior notice unless prevented by Force Majeure.

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4.4 Default Regarding Curtailment

The Shipper will comply with each notice to interrupt or curtail the Shipper's take. If the Shipper at any time fails or neglects to comply with a notice to interrupt or curtail the Shipper's take as set out in Section 7.5 (Failure to Deliver to Interconnection Point), FortisBC Energy may, in addition to any other remedy that it may then or thereafter have, at its option, without liability therefor and without any prior notice to the Shipper

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- (a) turn off the valve at the Delivery Point; or
- (b) deliver such Gas and charge the Shipper for such Gas consumed on that Day the Unauthorized Overrun Gas charge set out in the Table of Charges.

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4.5 Maximum Hourly Quantities

FortisBC Energy will not be obliged to receive or deliver in one Hour more than 5% of the quantity of Gas that the Shipper is authorized to receive on any Day.

4.6 Gas Pressure

Where specifically requested by the Shipper, FortisBC Energy may agree to deliver Gas to the Shipper at the Delivery Point at a minimum pressure specified in the Shipper's Transportation Agreement. The Shipper will reimburse FortisBC Energy for costs it reasonably incurs in maintaining such minimum pressure above that set out in the General Terms and Conditions of FortisBC Energy. FortisBC Energy's ability to maintain a minimum pressure at the Delivery Point is subject to FortisBC Energy receiving Gas at the Interconnection Point at the pressure specified in the Transporter's Service Terms.

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5. Table of Charges

5.1 Charges

In respect of all quantities of Gas delivered to the Delivery Point pursuant to this Rate Schedule and the Transportation Agreement, the Shipper will pay to FortisBC Energy all of the charges set out in the Table of Charges whether or not the Shipper is a member of a Group. The Shipper Agent may elect to pay to FortisBC Energy the charges for the Backstopping Gas and the Balancing Gas taken, any Unauthorized Overrun Gas taken, and any Replacement Gas incurred for members of its Group. In the event the Shipper Agent fails to make an election or pay these charges for and on behalf of the Shippers which are members of its Group, FortisBC Energy will bill the Shippers directly.

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6. Unauthorized Use

6.1 Charges for Unauthorized Service

On any Day a Shipper takes Unauthorized Overrun Gas and/or Unauthorized Transportation Service, the Shipper will pay to FortisBC Energy the unauthorized overrun charge set out in the Table of Charges. The Shipper Agent may elect to pay these charges for the members of its Group. In the event the Shipper Agent fails to make an election or does not pay these charges for and on behalf of the Shippers which are members of its Group, FortisBC Energy will bill the Shippers directly.

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6.2 Payments Not License

Payments made to FortisBC Energy for Unauthorized Overrun Gas or Unauthorized Transportation Service neither give the right to take Unauthorized Overrun Gas or Unauthorized Transportation Service, nor exclude or limit any other remedies available to FortisBC Energy for the taking or use of Unauthorized Overrun Gas or Unauthorized Transportation Service.

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6.3 Demand Surcharge

If the Shipper is a member of a Group which includes a Shipper under Rate Schedules 22, 22A or 22B, then the Group and its members will be subject to demand surcharges under Section 7 (Unauthorized Use) of Rate Schedule 22.

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7. Nomination

7.1 Requested Quantity

The Shipper or Shipper Agent will provide notice to FortisBC Energy on the Web Information and Nomination System ("WINS"), or other method approved by FortisBC Energy, prior to the Timely Nomination Cycle on each Day (or such other time as may be specified from time to time by FortisBC Energy) such information as may be requested by FortisBC Energy, which will include, but is not limited to, the Shipper or Shipper Agent's Requested Quantity for the Day commencing in approximately 24 hours and/or subsequent Day(s). If the Shipper or Shipper Agent does not notify FortisBC Energy in accordance with the foregoing, then the Shipper or Shipper Agent's Requested Quantity for the Day commencing in approximately 24 hours will be deemed to be zero, subject to Section 7.2 (Adjustment of Requested Quantity). The Shipper or Shipper Agent is required to provide their best estimate of the quantity of Gas the Shipper(s) will actually consume on such Day.

7.2 Adjustment of Requested Quantity

The Shipper or Shipper Agent will provide notice to FortisBC Energy on the WINS, or other method approved by FortisBC Energy, of adjustments to the Requested Quantity for the Day commencing in approximately 24 hours. Adjustments to the Requested Quantity must adhere to the elapsed pro-rata practices of the applicable Transporter(s). FortisBC Energy may adjust, in consultation with the Shipper, the Shipper's Requested Quantity, described in Section 7.1 (Requested Quantity), when in the reasonable opinion of FortisBC Energy such modification is required in order to limit the build-up of inventory account quantities.

7.3 Request to Transporter

FortisBC Energy will provide to the Transporter the Shipper's Requested Quantity, adjusted as set out in Section 7.2 (Adjustment of Requested Quantity).

7.4 Delivery to Interconnection Point

The Shipper will cause to be delivered to the Interconnection Point on each Day a quantity of Gas at least equal to the Shipper's Requested Quantity, adjusted as set out in Section 7.2 (Adjustment of Requested Quantity).

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The Shipper will on or before the Commencement Date notify FortisBC Energy of the identity of the party holding capacity for the Shipper on the Transporter pipeline(s), and thereafter from time to time on a prompt basis when such party changes.¶

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7.5 Failure to Deliver to Interconnection Point

If on any Day the Authorized Quantity from the Transporter is less than the quantity requested from the Transporter pursuant to Section 7.3 (Request to Transporter), then in addition to curtailments permitted under Section 4 (Transportation), FortisBC Energy may, in its discretion, interrupt or curtail Service hereunder to the lesser of such Authorized Quantity or the Firm DTQ. Alternatively, FortisBC Energy may deliver additional Gas to the Shipper at the Interconnection Point and charge the Shipper Backstopping Gas as set out in the Table of Charges.

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Deleted: the charge for Backstopping Gas as set out in the Table of Charges. If FortisBC Energy is unable to ascertain which Shipper's supply has caused a deficiency, FortisBC Energy may, in its discretion, interrupt or curtail service to the Shippers on a prorata basis or another basis deemed equitable by FortisBC Energy based on available information. FortisBC Energy will reallocate the deficiency as soon as reasonable if it obtains information that allows it to determine responsibility and FortisBC Energy will disclose to the Shippers how it allocated or reallocated the deficiency.

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7.6 Authorized Quantity

FortisBC Energy will notify the Shipper or the Shipper Agent on WINS or other method approved by FortisBC Energy if the Authorized Quantity is less than the Requested Quantity.

7.7 Determination of DTQ

Subject to Sections 3 (Conditions of Service) and 12.2 (Automatic Renewal), the Shipper will provide to FortisBC Energy by fax or other method approved by FortisBC Energy 30 Days prior to the Commencement Day of each Contract Year the Shipper's Firm DTQ for the following Contract Year. If the Shipper does not provide FortisBC Energy notice in accordance with this Section 7.7 (Determination of DTQ), then the Shipper's Firm DTQ for the following Contract Year will be deemed to be the same as the current Contract Year. If a Shipper appoints a Shipper Agent to act on its behalf, the Shipper authorizes the Shipper Agent to determine the Firm DTQ set out in the Transportation Agreement, for each Contract Year. This authorization will remain in effect for the term of the Transportation Agreement or for so long as the Shipper Agent acts as agent for the Shipper, whichever period is shorter.

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8. Gas Balancing

8.1 Gas Balancing

Gas balancing hereunder is intended for matching day to day imbalances that cannot be reasonably forecast by the Shipper. Subject to all the terms of this Rate Schedule, FortisBC Energy will on each Day balance for the Shipper at the Interconnection Point the difference between the Shipper's Authorized Quantity under the Transportation Agreement and its actual consumption of Gas.

8.2 Provision of Gas Balancing

When on any Day the Shipper requires Gas for balancing, FortisBC Energy will:

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(a) ~~allow the Shipper to use up to the amount available in the Shipper's inventory account pursuant to Section 8.4 (Adjustments to Inventory);~~

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(b) ~~for quantities of Gas above the amount available in the Shipper's inventory, sell to the Shipper at the commodity charge set out in the Table of Charges; and~~

(c) ~~for quantities of Gas needed to balance actual consumption that exceeds the greater of 100 Gigajoules or 10 percent of the Shipper's Authorized Quantity, charge the Shipper for Balancing Gas at the applicable rate(s) as set out in the Table of Charges.~~

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8.3 **Curtailment of Gas Balancing**

~~FortisBC Energy may for any reason and for any length of time, interrupt or curtail Gas balancing under this Rate Schedule.~~

8.4 **Adjustments to Inventory**

~~When on any Day the Shipper delivers more Gas to the Interconnection Point than its actual consumption, except for Gas purchased by FortisBC Energy under Section 21.8 (Shipper's Gas), FortisBC Energy will maintain an inventory account for the Shipper and will increase the balance in the account by the excess amount received. FortisBC Energy reserves the right to limit Gas quantities maintained in the Shipper's inventory account and will from time to time, at its discretion and in consultation with the Shipper, return excess inventory at no charge to the Shipper; this will not relieve the Shipper from its obligation to provide accurate nominations pursuant to Section 7.1, (Requested Quantity).~~

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except in the case of Backstopping Gas and Unauthorized Overrun Gas, for underdeliveries (the sum of the Authorized Quantities is less than the Shipper's actual Monthly consumption as measured by FortisBC Energy), FortisBC Energy will sell to the Shipper the deficiency quantities at the Balancing Gas charge set out in the Table of Charges.

8.5 **Imbalance Following Termination**

If FortisBC Energy has received a quantity of Gas in excess of the quantity delivered to the Shipper during the term of a Transportation Agreement, then the Shipper may request the excess quantity be returned within 90 Days following termination of the Transportation Agreement.

8.6 **Balancing of Peaking Gas**

Balancing of Peaking Gas is described in ~~Section 10.6 (Return of Peaking Gas Quantity).~~

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9. Group Nominations and Balancing

9.1 Group Nominations and Balancing

If a Shipper appoints a Shipper Agent and becomes a member of a Group and if the Shipper and Shipper Agent have agreed to execute or have executed a Shipper Agent Agreement, and if the members of the Group are in the same Service Area of FortisBC Energy and receive Service under a transportation Rate Schedule, the Shipper Agent will nominate and balance on behalf of all members of the Group on an aggregate basis pursuant to Sections 7, (Nomination), 8, (Gas Balancing), 10, (Peaking Gas Service) and 11, (Access to East Kootenay Exchange (EKE) Interconnection Point) of this Rate Schedule, as modified by this Section, and the Shipper Agent will be the agent for each of the members of a Group for the purposes of any and all matters set out in Sections 7, (Nomination), 8, (Gas Balancing), 10, (Peaking Gas Service) and 11, (Access to East Kootenay Exchange (EKE) Interconnection Point). The Shipper Agent may also elect pursuant to the Shipper Agent Agreement, to pay some or all of the charges specified in Sections 5.1, (Charges) and 6.1, (Charges for Unauthorized Service) for and on behalf of the Shippers in its Group. The Shipper acknowledges and agrees that FortisBC Energy may rely, for the purpose of payment allocations, on written notification from the Shipper Agent of such election as a basis for the Shipper Agent's authority to act on behalf of the Shipper. Where the Shipper Agent fails to execute a Shipper Agent Agreement, the Shipper will be deemed to be and treated by FortisBC Energy as an individual Group of one Shipper, except for the purposes of Sections 9.4, (Notices To and From Shipper Agents) and 13.1, (Statements to be Provided) hereunder, and will be deemed to have agreed to purchase Gas from FortisBC Energy pursuant to the applicable transportation Rate Schedule and will accordingly be responsible for the payment of all charges thereunder, including any and all Balancing Gas and Unauthorized Overrun Gas charges attributable to that Shipper.

9.2 Determination of Charges

The charges for Backstopping Gas, Balancing Gas, Unauthorized Overrun Gas and Replacement Gas set out in the Table of Charges, and demand surcharges as set out in the Rate Schedule 22 Table of Charges, will be determined based on the quantities transported on behalf of all members of the Group on an aggregate basis.

9.3 Security

FortisBC Energy may require the Shipper Agent to provide security, as set out in Section 3.2, (Security), with necessary changes, for the performance of the Shipper Agent's obligations under the Shipper Agent Agreement.

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9.4 Notices To and From Shipper Agents

If the Shipper is a member of a Group then:

- (a) communications regarding curtailments or interruptions arising from Gas supply constraints and limitations, quantities of Gas requested and quantities of Gas authorized will be between the Shipper Agent for the Group and FortisBC Energy; and
- (b) notices from FortisBC Energy with respect to interruption or curtailment pursuant to Section 4.3 (Notice of Curtailment) arising from Gas supply constraints or limitations will be to the Shipper Agent for the Group and will specify the quantity of Gas to which the Group is curtailed and the time at which such curtailment is to be made; it will be the responsibility of the Shipper Agent to notify Shippers which are members of the Group of interruptions or curtailments.

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10. Peaking Gas Service

10.1 Applicability

In each Contract Year, Peaking Gas Service is available only to firm Non-Bypass Shippers for Gas which is delivered to a Delivery Point in the Mainland and Vancouver Island Service Area and for which the Transportation Agreement was in effect on the 1st Day of November of the subject Contract Year.

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<#>Contract Year 2000/2001¶
Should the Southern Crossing Pipeline ("SCP") not be fully operational by the 1st Day of November 2000, the number of Days for which Peaking Gas may be requested during the Contract Year which commences on the 1st Day of November 2000 will be:¶
the number of Days that SCP is operational during the 2000/2001 Contract Year * 15¶
365¶
rounded to the nearest whole number.
Peaking Gas may only be requested after the SCP has become fully operational.¶

10.2 15-Day Maximum

A Non-Bypass Shipper may request Peaking Gas for a maximum of 15 Days during each Contract Year. Any Day for which any portion of the Shipper's Peaking Gas Quantity is requested and authorized will be considered one of the 15 Days of Peaking Gas entitlement even if the quantity of authorized Peaking Gas is not used or is only partially used.

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10.3 Peak Day Demand

For the purposes of determining the Peaking Gas Quantity available to a Non-Bypass Shipper on a Day, the Peak Day Demand of a Rate Schedule 23 Shipper is the DTQ set out in the Shipper's Transportation Agreement.

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10.4 Peaking Gas Quantity

The quantity of Peaking Gas available on a Day to a Non-Bypass Shipper ("Peaking Gas Quantity") will be a percentage of that Shipper's Peak Day Demand. The Peaking Gas Quantity available to firm Non-Bypass Shippers for the next Contract Year will be determined by FortisBC Energy, and FortisBC Energy will in writing notify each Non-Bypass Shipper of that Shipper's Peaking Gas Quantity, at least 30 Days prior to the commencement of each Contract Year. The Peaking Gas Quantity available to a Non-Bypass Shipper in a Contract Year will be:

- (a)
$$\frac{\text{Total Non-Bypass Transport Demand}}{\text{Forecast Sales Demand} + \text{Non-Bypass Transport Demand}} = \text{Peaking Gas Factor}$$
- (b)
$$\text{Peaking Gas Factor} * \text{Southern Crossing Pipeline ("SCP")} \text{ Peaking Gas} = \text{Non-Bypass Transport Volume}$$
- (c)
$$\frac{\text{Non-Bypass Transport Volume}}{\text{Non-Bypass Transport Demand}} = \text{Peaking Gas Percentage}$$
- (d)
$$\text{Peaking Gas Percentage} * \text{a Non-Bypass Shipper's Peak Day Demand} = \text{Peaking Gas Quantity}$$

Where:

"Non-Bypass Transport Demand" is the aggregate Peak Day Demand of all Non-Bypass Shippers for the Contract Year commencing the next November 1st; "Forecast Sales Demand" is the FortisBC Energy forecast of the aggregate peak day demand for the Year commencing the next November 1st for all Gas sales Customers of FortisBC Energy excluding those in the Fort Nelson Service Area; and "SCP Peaking Gas" is the quantity of Peaking Gas available to FortisBC Energy in the Year commencing the next Contract Year.

10.5 Requested Peaking Gas Quantity

A Shipper will notify FortisBC Energy of its Requested Peaking Gas Quantity pursuant to nomination procedures described in Section 7.1 (Requested Quantity) of this Rate Schedule except as otherwise described in Sections 10.5(a) and 10.5(b) below. The Requested Peaking Gas Quantity must be explicitly stated on the nomination and may be less than but may not exceed the Shipper's Peaking Gas Quantity described in Section 10.4 (Peaking Gas Quantity).

- (a) **Prior Day Notices of Curtailment** - On a Day when FortisBC Energy has given notice of curtailment for the next or subsequent Day, a Shipper may nominate the Requested Peaking Gas Quantity in WINS for the next Day, prior to the evening nomination cycle on the Day preceding the Day for which notice of curtailment has been given.

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(b) **Same Day Notices of Curtailment** - On a Day when FortisBC Energy has given notice of curtailment to be effective during that Day, a Shipper may ~~nominates the~~ Requested Peaking Gas Quantity ~~in WINS~~ up until one Hour after the notice of curtailment has been given by FortisBC Energy; provided that FortisBC Energy has usable nomination cycles available during that Day with the Transporter(s). Requests for Requested Peaking Gas Quantity received after the time when FortisBC Energy has usable nomination cycles available during that Day will be authorized only on an as available basis. If notice of Requested Peaking Gas Quantity is given to FortisBC Energy during the Day for which Peaking Gas is being requested then the Peaking Gas Quantity available to Shipper on that Day will be reduced consistent with the elapsed pro-rata practices of ~~the~~ applicable Transporter(s).

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(c) **Non-Curtailment Days** - On Days for which FortisBC Energy has not given notice of curtailment, requests for Peaking Gas Quantity ~~will~~ be made in accordance with the provisions described in ~~Section 7.1, (Requested Quantity).~~

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10.6 Return of Peaking Gas Quantity

~~A Shipper may view its Peaking Gas Quantity authorized, returned, and not yet returned via an inventory report in the WINS.~~ Peaking Gas must be returned to FortisBC Energy within 6 Business Days of the Day in respect of which it was authorized. ~~The~~ Shipper must ~~nominates the returned~~ Peaking Gas Quantity ~~in the WINS~~ described in ~~Section 10.4 (Peaking Gas Quantity).~~ Peaking Gas returned will be applied against the earliest Peaking Gas Quantity authorized and not yet returned. ~~The~~ Shipper has ~~the~~ option to elect to return Peaking Gas from the Peaking Gas inventory which is kept for this purpose. If Peaking Gas is not returned to FortisBC Energy within 6 Business Days ~~of the Day in respect of which it was authorized~~, FortisBC Energy will provide ~~the~~ Shipper with an equivalent quantity of Replacement Gas. The charge for Replacement Gas will be as set out in the Table of Charges.

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10.7 Last Gas Ordered

Peaking Gas Quantity will be considered the last Gas ordered and taken during the Day.

10.8 Transport of Peaking Gas Quantity

Peaking Gas Quantity will be deemed to be provided to the Shipper at the Interconnection Point, and the volumes consumed by the Shipper will be included in the Shipper's ~~daily~~ transport volume ~~at the Interconnection Point~~ for the purposes of calculating ~~applicable~~ transport charges.

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11. Access to East Kootenay Exchange (EKE) Interconnection Point

11.1 Firm EKE Receipt Service

- (a) **Applicability** - Firm receipt Service access from the EKE Interconnection Point ("Firm EKE Receipt Service") is available to Non-Bypass Shippers for Gas which is delivered to a Delivery Point in the Inland area and for which the Shipper has a Transportation Agreement which is effective on the August 1st preceding the subject Contract Year ("Inland Non-Bypass Shippers").

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- (b) **Availability** - The total quantity of Firm EKE Receipt Service available in aggregate to Inland Non-Bypass Shippers ("EKE Transport Volume") will be determined by FortisBC Energy for each Contract Year. "Forecast Inland Sales Demand" is the FortisBC Energy forecast of the aggregate peak day demand for the Year commencing the next November 1st for all firm Gas sales Customers of FortisBC Energy in the Inland area; and "ITS Constraint" is the capacity of the FortisBC Energy Interior transmission system available to flow Gas from Oliver in a northbound direction during periods of peak demand.

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<#>¶
<#>Inland Non-Bypass Transport Demand
* ITS Constraint = EKE Transport Volume¶
<#>Forecast Inland Sales Demand +
Inland Non-Bypass Transport Demand ¶
<#>¶
<#>Where:¶
"Inland Non-Bypass Transport Demand" is the aggregate Peak Day Demand of all Non-Bypass Shippers in the Inland Service Area for the Contract Year commencing the next November 1;

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- (c) **Election** - Annual elections for Firm EKE Receipt Service for the next Contract Year must be submitted in writing by Shippers to FortisBC Energy within 5 Business Days of the date on which FortisBC Energy provides the allocated EKE Transport Volume. The election must indicate the quantity of Firm EKE Receipt Service requested. The quantity requested must not exceed the Shipper's Peak Day Demand. FortisBC Energy will pro-rate the Firm EKE Receipt Service requests based on the requested quantities if the aggregate Firm EKE Receipt Service requests exceed the available EKE Transport Volume. ▼

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11.2 Interruptible EKE Receipt Service

- (a) **Applicability** - Interruptible receipt Service access to the EKE Interconnection Point ("Interruptible EKE Receipt Service") is available only to firm Non-Bypass Shippers for which Gas is delivered to a Delivery Point in the Inland area and Lower Mainland area ("Eligible Interruptible Non-Bypass Shippers").

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- (b) **Quantity Available** - The quantity of Interruptible EKE Receipt Service available to Eligible Interruptible Non-Bypass Shippers will be determined by FortisBC Energy. In determining the quantity of Interruptible EKE Receipt Service available FortisBC Energy will take into account system delivery constraints including the requirement to flow Gas from the facilities of Westcoast Energy Inc. into the Inland area, and the quantity of Firm EKE Receipt Service not utilized. The quantity of Interruptible EKE Receipt Service available to Eligible Interruptible Non-Bypass Shippers will be a pro-rata portion of the aggregate available demands of all firm Gas sales Customers and all firm transportation Customers in the Inland and Lower Mainland areas.
- (c) **Maximum Nomination** - A Shipper may not request Interruptible EKE Receipt Service in excess of the Shipper's Peak Day Demand less the Firm EKE Receipt Service of the Shipper. If FortisBC Energy receives requests for Interruptible EKE Receipt Service in excess of the aggregate available Interruptible EKE Receipt Service available for the Day (as determined in Section 11.2(b) (Quantity Available)), FortisBC Energy will apportion the available Interruptible EKE Receipt Service on a pro-rata basis of requested Interruptible EKE Receipt Service.

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12. Term of Transportation Agreement

12.1 **Term**

The initial term of the Transportation Agreement will begin on the Commencement Date and will expire at 7:00 a.m. Pacific Standard Time on the next November 1st provided that if the foregoing results in an initial term of less than one Year, then the initial term will instead expire at the end of one further Contract Year.

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12.2 **Automatic Renewal**

Except as specified in the Transportation Agreement, the term of the Transportation Agreement will continue from Year to Year after the expiry of the initial term unless cancelled by either FortisBC Energy or the Shipper, subject to Section 3.3, (Warning if Switching from Interruptible Transportation Service or Interruptible Sales to Firm Transportation Service or Sales) upon not less than 2 months notice prior to the end of the Contract Year then in effect.

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12.3 Early Termination

The term of the Transportation Agreement is subject to early termination in accordance with Section 18 (Default or Bankruptcy).

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12.4 Survival of Covenants

Upon the termination of the Transportation Agreement, whether pursuant to Section 18 (Default or Bankruptcy) or otherwise:

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- (a) all claims, causes of action or other outstanding obligations remaining or being unfulfilled as at the date of termination; and
- (b) all of the provisions in this Rate Schedule and in the Transportation Agreement relating to the obligation of any of the parties to account to or indemnify the other and to pay to the other any monies owing as at the date of termination in connection with the Transportation Agreement,

will survive such termination.

13. Statements and Payments

13.1 Statements to be Provided

FortisBC Energy will, on or about the 15th day of each Month, deliver to the Shipper, a statement for the preceding Month showing the Gas quantities delivered to the Shipper and the amount due. If the Shipper is a member of a Group then the statement and the calculation of the amount due from the Shipper will be based on information supplied by the Shipper Agent, or based on other information available to FortisBC Energy, as set out in the Shipper Agent Agreement. FortisBC Energy will, on or about the 45th day after the end of a Contract Year, deliver to the Shipper a separate statement for the preceding Contract Year showing the amount required from the Shipper in respect of any indemnity due under this Rate Schedule or a Transportation Agreement. Any errors in any statement will be promptly reported to the other party as provided hereunder, and statements will be final and binding unless questioned within one Year after the date of the statement.

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13.2 Payment and Late Payment Charge

Payment for the full amount of the statement, including federal, provincial and municipal taxes or fees applicable thereon, will be made to FortisBC Energy at its Vancouver, British Columbia office, or such other place in Canada as it will designate, on or before the 1st ~~Business Day~~ after the 21st calendar day following the billing date. If the Shipper fails or neglects to make any payment required under this Rate Schedule, or any portion thereof, to FortisBC Energy when due, FortisBC Energy will include in the next bill to the Shipper a late payment charge of 1.5% per month (19.56% per annum) on the outstanding amount.

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13.3 Examination of Records

Each of FortisBC Energy and the Shipper will have the right to examine at reasonable times the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, charge, computation or demand made pursuant to any provisions of this Rate Schedule or the Transportation Agreement.

14. Quality

14.1 Minimum Standards

All Gas delivered to ~~the~~ Interconnection Point by or on behalf of the Shipper and all Gas delivered to the Delivery Point will conform to the quality specifications set out in the ~~Transporter's~~ Service Terms.

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15. Measuring Equipment

15.1 Facilities and Equipment

FortisBC Energy will ~~install~~, maintain and operate at the Delivery Point such metering and communications facilities and equipment as FortisBC Energy determines are necessary or desirable for measuring the quantity of Gas delivered pursuant to this Rate Schedule to the Shipper and the Shipper will permit FortisBC Energy, without cost to FortisBC Energy, to use the Shipper's communications lines and power for the purpose of installing, maintaining and operating the measuring equipment of FortisBC Energy. Communication facilities and equipment will be installed at the cost of the Shipper.

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15.2 Measuring Site

If FortisBC Energy reasonably determines that it is necessary to install the facilities and equipment referred to in Section 15.1, (Facilities and Equipment) on the Shipper's property, the Shipper will, without charge, provide a suitable site along with utilities and enclosures for the installation of the facilities and equipment of FortisBC Energy. FortisBC Energy will at all times have clear access to the site and to all of its facilities and equipment. All facilities and equipment installed by FortisBC Energy on the Shipper's property will remain the property of FortisBC Energy and may be removed by FortisBC Energy upon termination of the Transportation Agreement.

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15.3 Calibration and Test of Measuring Equipment

The accuracy of the measuring equipment of FortisBC Energy will be verified by standard tests and methods at regular intervals and at other times at the initiative of FortisBC Energy or upon the reasonable request of the Shipper. Notice of the time and nature of each test conducted in response to communications with or at the request of the Shipper will be given by FortisBC Energy to the Shipper sufficiently in advance to permit a representative of the Shipper to be present. If during a test the measuring equipment is found to be registering inaccurately, it will be adjusted at once to read as accurately as possible. The results of each test and adjustment, if any, made by FortisBC Energy, whether or not the Shipper is present for such test, will be accepted until the next test. All tests of such measuring equipment of FortisBC Energy will be made at the expense of FortisBC Energy, except that the Shipper will bear the expense of tests made at its request if the measuring equipment is found to be inaccurate by an amount equal to 2% or less.

15.4 Inaccuracy Exceeding 2%

If upon any test the measuring equipment is found to be inaccurate by an amount exceeding 2%, any previous readings of such equipment will be corrected to zero error for any period during which it is definitely known or is agreed upon that the error existed. If the period is not definitely known or is not agreed upon, such correction will be for a period covering the last half of the time elapsed since the date of the last test. Under no circumstances will an adjustment be made for a period of more than the preceding 12 months.

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15.5 Correction of Measuring Errors

If the measuring equipment is out of service or out of repair so that the quantity of Gas delivered cannot be correctly determined by the reading thereof, the Gas delivered during the period such measuring equipment is out of service or out of repair will be estimated on the basis of the best available data, using the first of the following methods which is feasible:

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- (a) by correcting the error if the percentage of error is ascertained by calibration test or mathematical calculation;
- (b) by using the registration of any check measuring equipment if installed and accurately registering; and
- (c) by estimating the quantity of Gas delivered to the Shipper during the preceding periods under similar conditions when the meter was registering accurately.

15.6 Shipper's Equipment

The Shipper may at its own expense install, maintain and operate its own measuring equipment for the purposes of monitoring or checking the measuring equipment of FortisBC Energy, provided that the Shipper will install such equipment so as not to interfere with the operation of the measuring equipment of FortisBC Energy.

15.7 Right to be Present

FortisBC Energy and the Shipper will have the right to inspect all equipment installed or furnished by the other and the charts and other measurement or test data of the other at all times during business hours, and to be present at the time of any installing, testing, cleaning, changing, repairing, calibrating or adjusting done in connection with the measuring equipment of the other party, but all such activities will be performed by the party furnishing the measuring equipment.

15.8 Preservation of Records

Both parties will cause to be preserved each test datum, chart and other record of Gas measurement for a period of 2 years.

16. Measurement

16.1 Unit of Volume

The unit of volume of Gas for all purposes hereunder will be 1 cubic metre at a temperature of 15° Celsius and an absolute pressure of 101.325 kilopascals.

16.2 Determination of Volume

Gas delivered hereunder will be metered using metering apparatus approved by Measurement Canada and the determination of standard volumes delivered hereunder will be in accordance with terms and conditions pursuant to the *Electricity and Gas Inspection Act* of Canada.

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16.3 Conversion to Energy Units

In accordance with the *Electricity and Gas Inspection Act* of Canada, volumes of Gas delivered each Day will be converted to energy units by multiplying the standard volume by the Heat Content of each unit of Gas. Volumes will be specified in 10^3m^3 rounded to two decimal places and energy will be specified in Gigajoules rounded to ~~the nearest~~ Gigajoule.

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17. Representations, Warranties and Covenants

17.1 Title

The Shipper represents and warrants ~~to~~ FortisBC Energy that the Shipper will have good title to all Gas to be delivered to FortisBC Energy at the Interconnection Point on behalf of the Shipper from Suppliers other than FortisBC Energy, free and clear of all liens, encumbrances and claims.

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17.2 Title Not That of FortisBC Energy

FortisBC Energy agrees that title to all Gas transported pursuant to the Transportation Agreement remains with the Shipper.

17.3 Acknowledgement

The Shipper acknowledges that the Gas transported under the Transportation Agreement will be commingled with Gas within the FortisBC Energy System.

18. Default or Bankruptcy

18.1 Default

If the Shipper at any time fails or neglects:

- (a) to make any payment due to FortisBC Energy or to any other person under this Rate Schedule or the Transportation Agreement within 30 days after payment is due; or

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- (b) to correct any default of any of the other terms, covenants, agreements, conditions or obligations imposed upon it under this Rate Schedule or the Transportation Agreement, within 30 days after FortisBC Energy gives to the Shipper notice of such default or, in the case of a default that cannot with due diligence be corrected within a period of 30 days, the Shipper fails to proceed promptly after the giving of such notice with due diligence to correct the same and thereafter to prosecute the correcting of such default with all due diligence,

then FortisBC Energy may in addition to any other remedy that it has, including the rights of FortisBC Energy set out in Sections 4.4 (Default Regarding Curtailment), and 6 (Unauthorized Use), at its option and without liability therefore:

- (c) suspend further transportation Service to the Shipper and may refuse to deliver Gas to the Shipper until the default has been fully remedied, and no such suspension or refusal will relieve the Shipper from any obligation under this Rate Schedule or the Transportation Agreement; or
- (d) terminate the Transportation Agreement, and no such termination of the Transportation Agreement pursuant hereto will exclude the right of FortisBC Energy to collect any amount due to it from the Shipper for what would otherwise have been the remainder of the term of the Transportation Agreement.

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18.2 Bankruptcy or Insolvency

If the Shipper becomes bankrupt or insolvent or commits or suffers an act of bankruptcy or insolvency or a receiver is appointed pursuant to a statute or under a debt instrument or the Shipper seeks protection from the demands of its creditors pursuant to any legislation enacted for that purpose, FortisBC Energy will have the right, at its sole discretion, to terminate the Transportation Agreement by giving notice in writing to the Shipper and thereupon FortisBC Energy may cease further delivery of Gas to the Shipper and the amount then outstanding for Gas provided under the Transportation Agreement will immediately be due and payable by the Shipper.

19. Notice

19.1 Notice

Any notice, request, statement or bill that is required to be given or that may be given under this Rate Schedule or under the Transportation Agreement will, unless otherwise specified, be in writing and will be considered as fully delivered when mailed, personally delivered or sent by fax or other method approved by FortisBC Energy to the other in accordance with the following:

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FORTISBC ENERGY INC.
RATE SCHEDULE 23

If to FortisBC Energy FORTISBC ENERGY INC.

MAILING ADDRESS: 16705 Fraser Highway
Surrey, B.C.
V4N 0E8

BILLING AND PAYMENT: Attention: Industrial Billing
Telephone: 1-855-873-8773
Email: industrial.billing@fortisbc.com
Fax: (888) 224-2710

CUSTOMER RELATIONS: Attention: Commercial & Industrial Energy
Solutions
Telephone: (604) 576-7028
Email: commercial.energy@fortisbc.com
Fax: (604) 576-7122

LEGAL AND OTHER: Attention: Legal Services
Telephone: (604) 576-7000
Fax: (604) 592-7520

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If to the Shipper, then as set out in the Transportation Agreement.

If to the Shipper Agent, then as set out in the Shipper Agent Agreement.

19.2 Specific Notices

Notwithstanding [Section 19.1](#), (Notice), notices with respect to Force Majeure will be sufficient if:

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(a) given by FortisBC Energy in writing by fax or other electronic means, or orally in person, or by telephone (to be confirmed in writing) to the person or persons designated from time to time by the Shipper as authorized to receive such notices; or

(b) given by the Shipper by telephone (to be confirmed in writing) in the following manner:

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To claim Force Majeure..."Please be advised that (name of company and location of plant) has (reason for claiming Force Majeure as provided in Section 21 (Force Majeure)) and hereby claims suspension by reason of Force Majeure in accordance with the terms of Rate Schedule 23 effective 7:00 a.m. Pacific Standard Time (date of Force Majeure suspension to become effective, but not to be retroactive)."

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To terminate Force Majeure..."Please be advised that (name of company and location of plant) requests a return to normal natural gas service in accordance with Rate Schedule 23 and the Transportation Agreement effective 7:00 a.m. Pacific Standard Time (date of Force Majeure suspension to end, but not to be retroactive) whereby the suspension by reason of Force Majeure currently in force will be terminated."

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20. Indemnity and Limitation on Liability

20.1 Limitation on Liability

FortisBC Energy, its employees, contractors or agents are not responsible or liable for any loss or damages for or on account of any interruption or curtailment of transportation Service permitted under the General Terms and Conditions of FortisBC Energy, or this Rate Schedule.

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20.2 Indemnity

The Shipper will indemnify and hold harmless each of FortisBC Energy, its employees, contractors and agents from and against any and all adverse claims, losses, suits, actions, judgments, demands, debts, accounts, damages, costs, penalties and expenses (including all legal fees and disbursements) arising from or out of each of the following:

- (a) any defect in title to any Gas delivered to FortisBC Energy at the Interconnection Point on behalf of the Shipper from Suppliers other than FortisBC Energy, or arising from any charges that are applicable to the Gas delivered to FortisBC Energy;
- (b) Municipal Operating Fees not otherwise collected by FortisBC Energy under the Table of Charges;
- (c) nominations made in accordance with Section 7, (Nomination) or 9, (Group Nominations and Balancing) of this Rate Schedule by FortisBC Energy to the Transporter with respect to the Shipper's transportation volumes, whether or not the Shipper is a member of a Group;
- (d) Gas delivered by the Transporter or Shipper to FortisBC Energy failing to meet the quality specifications set out in Section 14.1, (Minimum Standards) of this Rate Schedule; and
- (e) all federal, provincial, municipal taxes (or payments made in lieu thereof) and royalties, whether payable on the delivery of Gas to FortisBC Energy by the Shipper or on the delivery of Gas to the Shipper by FortisBC Energy, or on any other Service provided by FortisBC Energy to the Shipper.

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20.3 Principal Obligor

If the Shipper is a member of a Group, the obligations of each of the Shipper Agent (acting for and on behalf of the Shippers that are members of the Group) and the Shipper (in the event of the failure of the Shipper Agent to make such payments and limited to the charges related to that Shipper) to pay to, or to the order of, FortisBC Energy, the charges for Backstopping Gas, Balancing Gas, Replacement Gas, Unauthorized Overrun Gas charges set out in the Table of Charges, and demand surcharges set out in the Rate Schedule 22 Table of Charges, are those of principal obligor and not of surety and are independent of the respective obligations of the Shipper Agent and the Shipper towards each other pursuant to the Shipper Agent Agreement.

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21. Force Majeure

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21.1 Force Majeure

Subject to the other provisions of this Section 21 (Force Majeure), if either party is unable or fails by reason of Force Majeure to perform in whole or in part any obligation or covenant set out in this Rate Schedule under which Service is rendered or in the Transportation Agreement, the obligations of both FortisBC Energy and the Shipper will be suspended to the extent necessary for the period of the Force Majeure condition.

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21.2 Curtailment Notice

If FortisBC Energy claims suspension pursuant to this Section 21 (Force Majeure), FortisBC Energy will be deemed to have issued to the Shipper a notice of curtailment.

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21.3 Exceptions

Neither party will be entitled to the benefit of the provisions of Section 21.1 (Force Majeure) under any of the following circumstances:

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- (a) to the extent that the failure was caused by the negligence or contributory negligence of the party claiming suspension;
- (b) to the extent that the failure was caused by the party claiming suspension having failed to diligently attempt to remedy the condition and to resume the performance of the covenants or obligations with reasonable dispatch; or

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- (c) unless as soon as possible after the happening of the occurrence relied on or as soon as possible after determining that the occurrence was in the nature of Force Majeure and would affect the claiming party's ability to observe or perform any of its covenants or obligations under the Rate Schedule or the Transportation Agreement, the party claiming suspension will have given to the other party notice to the effect that the party is unable by reason of Force Majeure (the nature of which will be specified) to perform the particular covenants or obligations.

21.4 Notice to Resume

The party claiming suspension will likewise give notice, as soon as possible after the Force Majeure condition has been remedied, to the effect that it has been remedied and that the party has resumed, or is then in a position to resume, the performance of the covenants or obligations.

21.5 Settlement of Labour Disputes

Notwithstanding any of the provisions of this ~~Section 21 (Force Majeure)~~, the settlement of labour disputes or industrial disturbances will be entirely within the discretion of the particular party involved and the party may make settlement of it at the time and on terms and conditions as it may deem to be advisable and no delay in making settlement will deprive the party of the benefit of ~~Section 21.1 (Force Majeure)~~.

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21.6 No Exemption for Payments

Notwithstanding any of the provisions of this ~~Section 21 (Force Majeure)~~ Force Majeure will not relieve or release either party from its obligations to make payments to the other.

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21.7 Periodic Repair by FortisBC Energy

FortisBC Energy may temporarily shut off the delivery of Gas for the purpose of repairing or replacing a portion of the FortisBC Energy System or its equipment and FortisBC Energy will make reasonable efforts to give the Shipper as much notice as possible with respect to such interruption, not to be less than 8 hours, prior notice except when prevented by Force Majeure. FortisBC Energy will make reasonable efforts to schedule repairs or replacement to minimize ~~interruption~~ or curtailment of transportation ~~Service~~ to the Shipper, and to restore ~~Service~~ as quickly as possible.

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21.8 Shipper's Gas

If FortisBC Energy curtails or interrupts transportation of Gas by reason of Force Majeure the Shipper will make its supply of Gas available to FortisBC Energy, to the extent required by FortisBC Energy, to maintain Service priority to those customers or classes of customers which FortisBC Energy determines should be served. FortisBC Energy, in its sole discretion, will either increase the balance in the Shipper's inventory account by the amount taken by FortisBC Energy and return an equivalent quantity of Gas to the Shipper as soon as reasonable, or pay the Shipper an amount equal to either FortisBC Energy's average Gas cost, or the Shipper's average Gas cost, for the Day(s) during which such Gas was taken, whichever Gas cost the Shipper, in its sole discretion, elects.

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21.9 Alteration of Facilities

The Shipper will pay to FortisBC Energy all reasonable costs associated with the alteration of facilities made at the discretion of FortisBC Energy to measure quantities reduced by reason of Force Majeure claimed by the Shipper and to restore such facilities after the Force Majeure condition ends.

22. Arbitration

22.1 Arbitration

Any dispute between the parties arising from this Rate Schedule or the Transportation Agreement will be resolved by a single arbitrator pursuant to the Arbitration Act of British Columbia or successor legislation, save as expressly provided herein.

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22.2 Demand for Arbitration

Either party may commence arbitration proceedings by sending to the other party a demand for arbitration setting out the nature of the dispute.

22.3 Arbitrator

The parties will have 10 days from receipt of the demand referred to in Section 22.2 (Demand for Arbitration) of this Rate Schedule to agree upon the arbitrator, failing which either party may apply to the Supreme Court of British Columbia to select the arbitrator. The arbitrator must be sufficiently qualified by education and training to decide the particular questions in dispute. Unless otherwise agreed, the arbitrator may not be a past or present employee, officer or director of any of the parties or their respective successors or affiliates, any customer or supplier of the Shipper or FortisBC Energy.

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22.4 Commencement and Decision

The arbitrator will proceed immediately to hear and determine the matter in dispute and will render a written decision, signed by the arbitrator, within 45 days after the appointment, subject to any reasonable delay due to unforeseen circumstances. Notwithstanding the foregoing, if the arbitrator fails to render a decision within 60 days after the appointment then either party may elect to have a new arbitrator appointed in like manner as if none had previously been appointed.

22.5 Decision

The decision of the arbitrator will be final and binding upon the parties and the parties will abide by the decision and perform the terms and conditions thereof.

23. Interpretation

23.1 Interpretation

Except where the context requires otherwise or except as otherwise expressly provided, in this Rate Schedule or in a Transportation Agreement:

- (a) all references to a designated section are to the designated section of this Rate Schedule unless otherwise specifically stated;
- (b) the singular of any term includes the plural, and vice versa, and the use of any term is equally applicable to any gender and, where applicable, body corporate;
- (c) any reference to a corporate entity includes and is also a reference to any corporate entity that is a successor to such entity;
- (d) all words, phrases and expressions used in this Rate Schedule or in a Transportation Agreement that have a common usage in the gas industry and that are not defined in the General Terms and Conditions of FortisBC Energy, the Definitions or in the Transportation Agreement have the meanings commonly ascribed thereto in the gas industry; and
- (e) the headings of the sections set out in this Rate Schedule or in the Transportation Agreement are for convenience of reference only and will not be considered in any interpretation of this Rate Schedule or the Transportation Agreement.

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24. Miscellaneous

24.1 Waiver

No waiver by either FortisBC Energy or the Shipper of any default by the other in the performance of any of the provisions of this Rate Schedule or the Transportation Agreement will operate or be construed as a waiver of any other or future default or defaults, whether of a like or different character.

24.2 Enurement

The Transportation Agreement will enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns, including without limitation successors by merger, amalgamation or consolidation.

24.3 Assignment

The Shipper will not assign the Transportation Agreement or any of its rights or obligations thereunder without the prior written consent of FortisBC Energy which consent will not be unreasonably withheld or delayed. No assignment will release the Shipper from its obligations under this Rate Schedule or under the Transportation Agreement that existed prior to the date on which the assignment takes effect. This provision applies to every proposed assignment by the Shipper.

24.4 Amendments to be in Writing

Except as set out in this Rate Schedule, no amendment or variation of the Transportation Agreement will be effective or binding upon the parties unless such amendment or variation is set out in writing and duly executed by the parties.

24.5 Proper Law

The Transportation Agreement will be construed and interpreted in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

24.6 Time is of Essence

Time is of the essence of this Rate Schedule, the Transportation Agreement and of the terms and conditions thereof.

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BCUC Secretary: _____ Original Page R-23.16

24.7 Subject to Legislation

Notwithstanding any other provision hereof, this Rate Schedule and the Transportation Agreement and the rights and obligations of FortisBC Energy and the Shipper under this Rate Schedule and the Transportation Agreement are subject to all present and future laws, rules, regulations and orders of any legislative body, governmental agency or duly constituted authority now or hereafter having jurisdiction over FortisBC Energy or the Shipper.

24.8 Further Assurances

Each of FortisBC Energy and the Shipper will, on demand by the other, execute and deliver or cause to be executed and delivered all such further documents and instruments and do all such further acts and things as the other may reasonably require to evidence, carry out and give full effect to the terms, conditions, intent and meaning of this Rate Schedule and the Transportation Agreement and to assure the completion of the transactions contemplated hereby.

24.9 Form of Payments

All payments required to be made under statements and invoices rendered pursuant to this Rate Schedule or the Transportation Agreement will be made by wire transfer to, or cheque or bank cashier's cheque drawn on a Canadian chartered bank or trust company, payable in lawful money of Canada at par in immediately available funds in Vancouver, British Columbia.

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| Effective Date: June 1, 2018 Accepted for Filing: _____

| BCUC Secretary: _____ Original Page R-23.17

Table of Charges

Mainland and
Vancouver
Island
Service Area

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Service Area

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Service Area

Transportation

1. **Basic Charge** per Month
2. **Delivery Charge** per Gigajoule
3. **Administrative Charge** per Month

\$XXX.XX

\$ X.XXX

\$ 39.00

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Sales

4. Unauthorized Overrun Gas Charges

- (a) Per Gigajoule on first 5 percent of specified quantity

Sumas Daily Price¹

- (b) Per Gigajoule on all Gas over 5 percent of specified quantity

The greater of
\$20.00/GJ or
1.5 x the
Sumas Daily
Price¹

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Balancing Gas supplied

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Sumas Daily Price¹

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1.5 x the Sumas Daily Price¹

5. Charge per Gigajoule of Balancing Service provided

(a) Quantities of Gas
less than 10% of
the Rate Schedule
23 Authorized
Quantity

(i) between and
including April 1
and October 31

No charge

(ii) between and
including
November 1 and
March 31

No charge

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Revision of

Order No.: Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: June 1, 2018 Accepted for Filing:

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(b) Quantities of Gas over the greater of 100 Gigajoules or equal to or in excess of 10% or less than 20% of the Rate Schedule 23 Authorized Quantity

(i) between and including April 1 and October 31 \$ 0.25

(ii) between and including November 1 and March 31 \$ 0.25

(c) Quantities of Gas over the greater of 100 Gigajoules or equal to or in excess of 20% of the Rate Schedule 23 Authorized Quantity

(i) between and including April 1 and October 31 \$ 0.30

(ii) between and including November 1 and March 31 \$ 1.10

6. **Charge per Gigajoule of Balancing and Backstopping Gas**

Sumas Daily Price¹

7. **Replacement Gas²**

Sumas Daily Price¹ plus 20 Percent

8. **Rider 5 per Gigajoule**

\$ X.XXX

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Original Page R-23.19

FORTISBC ENERGY INC.
RATE SCHEDULE 23

Rider 1 Propane Surcharge - Not applicable.

~~Rider 2 Reserved for future use.)~~

Rider 3 (Reserved for future use.)

~~Rider 4 Reserved for future use.)~~

Rider 5 Revenue Stabilization Adjustment Charge - Applicable to Mainland ~~and~~
Vancouver Island Service Area Customers for the Year ending
December 31, ~~2018~~.

Municipal Operating Fee Charge

3.09% of the aggregate of the above charges, is payable (in addition to the above charges) if the facilities to which Gas is delivered under this Rate Schedule are located within the municipal boundaries of municipalities or First Nations lands (formerly, reserves within the *Indian Act*) to which FortisBC Energy pays Municipal Operating Fees.

Minimum Charge per month

The minimum charge per month will be the aggregate of the Basic Charge, the transportation ~~Administration~~ Charge and the Municipal Operating Fee charge.

Notes:

- As defined under Section ~~1.1~~, the Sumas Daily Price quoted each Day will apply to ~~Gas~~ consumed on that gas day.
- The Sumas Daily Price for the sixth Business Day following the Day for which the Peaking Gas was authorized plus 20 percent.

Deleted: Rider 2 Phase-in Rider Balancing Account - Applicable to Mainland, Vancouver Island and Whistler Service Area Customers for the Year ending December 31, 2017. ¶

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Original Page R-23.20

**TRANSPORTATION AGREEMENT
FOR RATE SCHEDULES 22, 22A, 22B, 23, 25, 26 AND 27**

This Agreement is dated _____, 20____, between FortisBC Energy Inc. ("FortisBC Energy") and _____ (the "Shipper").

WHEREAS:

- A. FortisBC Energy owns and operates the FortisBC Energy System; and
- B. The Shipper has requested that FortisBC Energy arrange for the transportation of Gas on a firm and/or interruptible basis through the FortisBC Energy System to _____ located in or near _____ British Columbia in accordance with a transportation Rate Schedule as set out below and the terms set out herein.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the terms, conditions and limitations contained herein, the parties agree as follows:

1. Specific Information

Applicable Rate Schedule: ☐ 22 ☐ 22A ☐ 22B
☐ 23 ☐ 25 ☐ 26 ☐ 27

Type of Service: ☐ Firm ☐ Interruptible
☐ Firm and Interruptible

Firm DTQ / DTQ: _____ Gigajoules per day

Shipper Agent and / or Group, if applicable: _____

Commencement Date: _____

Expiry Date: _____

(only specify expiry date if term of Transportation Agreement is not automatically renewed from Year to Year as set out in the Automatic Renewal Section of the applicable transportation Rate Schedule)

Service Address: _____

Account Number: _____

Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: June 1, 2018 Accepted for Filing: _____

BCUC Secretary: _____ Original Page TA-23.1

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Interconnection Point:

The point at (_____ km-post _____)
where the Transporter's pipeline system in
British Columbia interconnects with the
FortisBC Energy System

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Address of Shipper for receiving notices:

(name of Shipper) Attention: _____

(address of Shipper) Telephone: _____

_____ Fax: _____

_____ Email: _____

The information set out above is hereby approved by the parties and each reference in
either this agreement or the applicable transportation Rate Schedule to any such
information is to the information set out above.

2. Rate Schedule 22 / 22A / 22B / 23 / 25 / 26 / 27

2.1 Additional Terms

All rates, terms and conditions set out in the applicable transportation Rate Schedule
(22, 22A, 22B, 23, 25, 26 or 27) and the General Terms and Conditions of FortisBC
Energy, as any of them may be amended by FortisBC Energy and approved from time to
time by the British Columbia Utilities Commission, are in addition to the terms and
conditions contained in this Transportation Agreement and form part of this
Transportation Agreement and bind FortisBC Energy and the Shipper as if set out in this
Transportation Agreement.

2.2 Payment of Amounts

Without limiting the generality of the foregoing, the Shipper will pay to FortisBC Energy
all of the amounts set out in the applicable transportation Rate Schedule for the Services
provided under such Rate Schedule and this Transportation Agreement.

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Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: June 1, 2018 Accepted for Filing: _____

BCUC Secretary: _____ Original Page TA-23.2

2.3 Conflict

Where anything in either the applicable transportation Rate Schedule or the General Terms and Conditions of FortisBC Energy conflicts with any of the terms and conditions set out in this Transportation Agreement, this Transportation Agreement governs. Where anything in the applicable transportation Rate Schedule conflicts with any of the rates, terms and conditions set out in the General Terms and Conditions of FortisBC Energy, the Rate Schedule governs.

2.4 Member of a Group

Where the Shipper will be a member of a Group which has a Shipper Agent acting as agent for the members of the Group, the Shipper must complete Appendix A attached to this Transportation Agreement and the Shipper thereby agrees that the terms and conditions of Appendix A form part of this Transportation Agreement and bind the Shipper as if set out in this Transportation Agreement.

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2.5 Acknowledgement

The Shipper acknowledges receiving and reading a copy of the applicable transportation Rate Schedule (22, 22A, 22B, 23, 25, 26 or 27) and the General Terms and Conditions of FortisBC Energy and agrees to comply with and be bound by all terms and conditions set out therein. Without limiting the generality of the foregoing, where the transportation Service is interruptible, the Shipper acknowledges that it is able to accommodate such interruption or curtailment and releases FortisBC Energy from any liability for the Shipper's inability to accommodate such interruption or curtailment of transportation Service.

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Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: June 1, 2018 Accepted for Filing: _____

BCUC Secretary: _____ Original Page TA-23.3

IN WITNESS WHEREOF the parties hereto have executed this Transportation Agreement.

FORTISBC ENERGY INC.

(here insert name of Shipper)

BY: _____
(Signature)

BY: _____
(Signature)

(Title)

(Title)

(Name – Please Print)

(Name – Please Print)

DATE: _____

DATE: _____

Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: June 1, 2018 Accepted for Filing: _____

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**APPENDIX A
NOTICE OF APPOINTMENT OF SHIPPER AGENT**

1. _____ (Shipper) hereby gives notice to FortisBC Energy that Shipper has appointed _____ (the Shipper Agent) to act as agent for Shipper in all matters relating to gas supply and to transportation, ~~Service~~ on the FortisBC Energy System. Shipper also gives notice to FortisBC Energy that Shipper wishes to be a member of a Group, and the Shipper will cause the Shipper Agent to enter into a Shipper Agent Agreement or other agreement with FortisBC Energy that binds the Shipper Agent to pay the charges which the Shipper Agent elects to pay for and on behalf of the Shipper.
2. Shipper acknowledges and agrees that the Shipper Agent will provide aggregate nominations for the Group to FortisBC Energy.
3. Shipper acknowledges and agrees that if the Group includes a member which is a Shipper under Rate Schedule 22, 22A, or 22B, the Group and its members will be subject to the ~~demand surcharge~~ provisions of Rate Schedule 22.
4. Shipper acknowledges and agrees that ~~when there are~~ constraints or limitations of Gas supply ~~FortisBC Energy will notify the Shipper Agent and it will then be the responsibility of the Shipper Agent to notify Shipper of any curtailment or interruption arising from the constraint or limitation of Gas supply.~~
5. Shipper acknowledges and agrees that the Shipper Agent will provide FortisBC Energy with information which will be used by FortisBC Energy to bill Shipper for Backstopping Gas, Balancing Gas, ~~Unauthorized Overrun Gas~~ charges and ~~demand surcharges~~.
6. Shipper acknowledges that FortisBC Energy will bill Shipper on the basis of information provided to FortisBC Energy by the Shipper Agent. Shipper agrees that it is bound by the information supplied to FortisBC Energy by the Shipper Agent and Shipper agrees that it will not dispute the information provided to FortisBC Energy by the Shipper Agent. Shipper agrees that the Shipper Agent may elect to pay some or all of the charges for Gas identified in ~~Section 3.7 (Monthly Billing Information)~~ of the standard form Shipper Agent Agreement and Shipper acknowledges that if the Shipper Agent fails to provide information to FortisBC Energy then notwithstanding any election that has been made by the Shipper Agent to pay some or all of the charges for Gas identified in ~~Section 3.7 (Monthly Billing Information)~~ of the standard form Shipper Agent Agreement, FortisBC Energy will bill Shipper directly on the bases set out in ~~Section 3.8 (Lack of Allocation Information)~~ of the standard form Shipper Agent Agreement of FortisBC Energy. Shipper agrees to pay FortisBC Energy as billed, and if Shipper disagrees with any of the billing information used by FortisBC Energy the Shipper will deal with the Shipper Agent to resolve that disagreement. Disputes between the Shipper and the Shipper

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5

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Order No.: _____ Issued By: Diane Roy, ~~Vice President~~, Regulatory ~~Affairs~~

Effective Date: ~~June 1, 2018~~ Accepted for Filing: _____

BCUC Secretary: _____ Original Page TA-23.5

FORTISBC ENERGY INC.
RATE SCHEDULE 23

Agent will not constitute a basis for non-payment by Shipper to FortisBC Energy of the amounts billed.

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7. Shipper will provide FortisBC Energy with 30 days notice, except with the prior approval from FortisBC Energy, if Shipper wishes to leave the Group, to be effective on the beginning of the next calendar month following the expiry of the notice period.

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8. Shipper acknowledges and agrees that FortisBC Energy may disband the Group pursuant to Section 10 (Disbanding of the Group) of the standard form Shipper Agent Agreement.

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9. Shipper will indemnify and hold harmless each of FortisBC Energy, its employees, contractors and agents from and against any and all adverse claims, losses, suits, actions, judgments, demands, debts, accounts, damages, costs, penalties and expenses (including all legal fees and disbursements) arising from any act or omission of the Shipper Agent related to the agency created by the Shipper Agent Agreement.

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10. Shipper acknowledges receiving a copy of the standard form Shipper Agent Agreement of FortisBC Energy.

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(here insert name of Shipper)

BY: _____

(Signature)

(Title)

(Name - Please Print)

DATE: _____

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Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: June 1, 2018 Accepted for Filing: _____

BCUC Secretary: _____ Original Page TA-23.6

SCHEDULE A
SHIPPER AGENT AGREEMENT

This Agreement is dated _____, 20____, between FortisBC Energy Inc. ("FortisBC Energy") and _____ (the "Shipper Agent").

WHEREAS:

- A. The Shipper Agent wishes to act as agent on behalf of all members of a Group in respect of transportation Service on the FortisBC Energy System; and
- B. The Shippers who are members of the Group have entered into Transportation Agreements with FortisBC Energy.

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NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the terms, conditions and limitations contained herein, the parties agree as follows:

1. Specific Information

Members of Group:
(if space is insufficient, continue list on an additional page)

Commencement Date of this agreement:

Expiry Date of this agreement:

(no expiry date need be specified)

Address of Shipper Agent for receiving notices:

(name of Shipper Agent)

(address of Shipper Agent)

Attention: _____

Telephone: _____

Fax: _____

Alternate Tel(s): _____

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Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: June 1, 2018 Accepted for Filing: _____

BCUC Secretary: _____ Original Page SA-23.1

The information set out above is hereby approved by the parties and each reference in either this agreement or the applicable Transportation Rate Schedules to any such information is to the information set out above.

2. Definitions

2.1 Definitions in Rate Schedule 23

Except where the context requires otherwise or except as otherwise expressly provided in this agreement, all words and phrases defined in Rate Schedule 23 or in the General Terms or Conditions of FortisBC Energy have the meanings set out in the Rate Schedule 23 and in the General Terms and Conditions of FortisBC Energy.

3. Shipper Agent Obligations

3.1 Management of Balancing Gas

The Shipper Agent is responsible for the management of all Balancing Gas for the Group and its members.

3.2 Management of Backstopping Gas

The Shipper Agent is responsible for the management of all Backstopping Gas supplied by FortisBC Energy to the Group and its members.

3.3 Management of Peaking Gas Service

The Shipper Agent is responsible for the management of all Peaking Gas supplied by FortisBC Energy to the Group and its members as well as the return of Peaking Gas Quantities and any Replacement Gas.

3.4 Group Nominations and Balancing

The Shipper Agent will provide Group nomination and balancing to FortisBC Energy in accordance with the sections of the applicable transportation Rate Schedules.

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The Shipper Agent is responsible for the management of Positive Imbalances and Negative Imbalances for West to East SCP Transportation Service under Rate Schedule 40 supplied by FortisBC Energy to the Group and its members.¶

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Effective Date: June 1, 2018 Accepted for Filing: _____

BCUC Secretary: _____ Original Page SA-23.2

3.5 Standard Gas Supply Priority Schedule (Standard Priority Schedule)

Before the Commencement Date of this agreement and before the commencement of each Contract Year the Shipper Agent will provide to FortisBC Energy a Standard Priority Schedule which will advise FortisBC Energy of the priority between members of the Group if a constraint or limitation of Gas supply occurs. The Shipper Agent may provide to FortisBC Energy a revised Standard Priority Schedule from time to time and will provide to FortisBC Energy a revised Standard Priority Schedule if there is a change in membership of the Group.

3.6 Gas Supply Constraints or Limitations

Upon receipt of a notice from FortisBC Energy of curtailment or interruptions pursuant to Section 4.4 (Notice of Gas Supply Constraint or Limitation) Shipper Agent will determine the allocation of Gas supply between members of the Group and will notify the Shippers which are members of the Group of the curtailment or interruption. Within two hours of receipt of notice from FortisBC Energy pursuant to Section 4.4, or such longer period as FortisBC Energy considers reasonable in the circumstances, the Shipper Agent will provide to FortisBC Energy a schedule setting out the Gas supply allocation for the Group to apply during that curtailment or interruption. If the Shipper Agent fails to provide a schedule setting out the Gas supply allocation for the Group to apply during the curtailment or interruption then FortisBC Energy will curtail Shippers on the basis set out in the Standard Priority Schedule.

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3.7 Monthly Billing Information

At the end of each month, and within two Business Days of FortisBC Energy providing to the Shipper Agent a schedule of charges incurred (if any) pursuant to Section 4.2 (Monthly Provision of Data), the Shipper Agent will notify FortisBC Energy which charges the Shipper Agent elects to pay on behalf of the members of the Group and, if notice is not received, FortisBC Energy will bill the Shippers directly on a pro-rata basis.

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Effective Date: June 1, 2018 Accepted for Filing: _____

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3.8 Lack of Allocation Information

If, at the end of a month, the Shipper Agent fails to provide to FortisBC Energy the monthly allocation schedule of charges incurred (if any) pursuant to Section 3.7, (Monthly Billing Information) then FortisBC Energy will bill on the basis of the best available information. For Balancing Gas FortisBC Energy will bill on a basis proportional to the actual takes of the Shippers during the month. For Backstopping Gas FortisBC Energy will bill on a basis proportional to the actual Day-to-Day takes of the Shippers during the Days when Backstopping Gas was supplied. For Unauthorized Overrun Gas FortisBC Energy will bill on the basis of the schedule(s) setting out the Gas supply allocation for the Group provided to FortisBC Energy pursuant to Section 3.7, or if the Shipper Agent fails to provide a schedule pursuant to Section 3.7, then on the basis of the applicable Standard Priority Schedule provided by the Shipper Agent pursuant to Section 3.5 (Standard Gas Supply Priority Schedule (Standard Priority Schedule)). For Replacement Gas FortisBC Energy will bill on a basis proportional to actual Day-to-Day takes of the Non-Bypass Shippers during the Day for which the Peaking Gas Quantities were not returned. For Positive Imbalances and Negative Imbalances for West to East SCP Transportation Service FortisBC Energy will bill on a basis proportional to the Peak Day Demand of the Non-Bypass Shippers. If further information becomes available, FortisBC Energy will adjust the billings on the basis of the further information.

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3.9 Charges for Extra Services

If FortisBC Energy incurs extra expenses from a Shipper Agent failing to provide information, or failing to provide information in a timely manner, or failing to provide correct information, or otherwise failing to meet its obligations under this agreement, then FortisBC Energy may charge the Shipper Agent for such extra expenses and the Shipper Agent agrees to pay FortisBC Energy the reasonable extra expenses incurred as a result of such failure.

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<#>Lack of Gas Supply or Nomination¶
If the Shipper Agent becomes aware that a Supplier has ceased, or will cease, to supply Gas to a member of the Group; or if the Shipper Agent provides to FortisBC Energy a Requested Quantity for the Group which does not include a quantity for a member of the Group, due to a lack of Gas supply to the member of the Group or due to concerns about a possible lack of Gas supply to the member of the Group, then the Shipper Agent will immediately notify FortisBC Energy. If the Shipper Agent fails to so notify FortisBC Energy then the Shipper Agent is liable to FortisBC Energy for the price of any Gas which FortisBC Energy delivers to that member of the Group after the time when the Shipper Agent should have provided notice to FortisBC Energy.

4. FortisBC Energy Obligations

4.1 Daily Provision of Data

FortisBC Energy will provide to the Shipper Agent a report on the Web Information and Nomination System ("WINS") setting out FortisBC Energy's best available data on the daily takes of the Group both by individual Shipper and in aggregate on a daily basis.

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4.2 Monthly Provision of Data

Within 10 working days after the end of each month FortisBC Energy will provide to the Shipper Agent a report on the WINS setting out the finalized daily takes of each member of the Group.

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BCUC Secretary: _____ Original Page SA-23.4

4.3 Capacity Constraints

If FortisBC Energy, acting reasonably, determines that it does not have capacity on the FortisBC Energy System to accommodate interruptible transportation Service to any member of the Group then FortisBC Energy will directly notify that Shipper pursuant to Notice of Curtailment Section of the applicable Rate Schedule and will deal directly with the Shipper if the Shipper takes Unauthorized Overrun Gas or Unauthorized Transportation Service.

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4.4 Notice of Gas Supply Constraint or Limitation

If Gas supply constraints or limitations occur; either due to a constraint or limitation of supply from FortisBC Energy of Backstopping Gas or Balancing Gas, or a constraint or limitation of supply from another Supplier; FortisBC Energy will notify the Shipper Agent of any curtailment or interruption, will specify the quantity of Gas to which the Group in aggregate is curtailed and the time at which time such curtailment is to be made. FortisBC Energy will make reasonable efforts to give the Shipper Agent as much notice as possible with respect to such curtailment or interruption, not to be less than 4 hours prior notice unless prevented by Force Majeure.

5. Changes to Group

5.1 Amendments to Group

Schedule A sets out the Shippers who are the members of the Group represented by the Shipper Agent to this agreement. No additions or deletions may be made to the Group without the Shipper Agent providing notice to FortisBC Energy in a method approved by FortisBC Energy showing such additions and deletions and the effective dates of such additions and deletions in accordance with Section 5 (Changes to Group) of this agreement.

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Deleted: of an amended Schedule "A"

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5.2 Deletions From Group

If the Shipper Agent wishes to cease acting as agent for a Shipper or a Shipper wishes to cease being a member of the Group, upon receipt by FortisBC Energy of not less than except with the prior approval of FortisBC Energy, 30 days prior written notice, or other method approved by FortisBC Energy, from either the Shipper or Shipper Agent and provided that the Shipper Agent has provided to FortisBC Energy the effective date of deletion of the Shipper from the Group, such Shipper will be deleted from the Group on the beginning of the next calendar month following the expiry of the notice period.

Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

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BCUC Secretary: _____ Original Page SA-23.5

5.3 Additions To Group

If the Shipper Agent wishes to add a Shipper to a Group and the Shipper wishes to be added to the Group, and the Shipper has entered into a Transportation Agreement and completed an Appendix A - Notice of Appointment of Shipper Agent, and both the Shipper and the Shipper Agent have given to FortisBC Energy not less than, except with the prior approval from FortisBC Energy, 30 days prior written notice, or other method approved by FortisBC Energy, of such addition and provided that the Shipper Agent has provided to FortisBC Energy the effective date of the addition of the Shipper to the Group, such Shipper will be added to the Group effective on the beginning of the next calendar month following the expiry of the notice period.

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6. Statements and Payments

6.1 Statements to be Provided

If the Shipper Agent elects to pay some or all of the charges for Gas taken by the Shippers as described in Section 3.7 (Monthly Billing Information), FortisBC Energy will, on or about the 15th day of each month, deliver to the Shipper Agent a statement for the preceding month showing the Gas quantities, and the applicable charges for which the Shipper Agent is responsible and the amount due. Any errors in any statement will be promptly reported to the other party as provided hereunder, and statements will be final and binding unless questioned within one year after the date of the statement.

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6.2 Payment and Interest

Payment for the full amount of the statement, including federal, provincial and municipal taxes or fees applicable thereon, will be made to, or to the order of, FortisBC Energy at its Surrey, British Columbia office (mailing address: P.O. Box 6666 Stn. Terminal, Vancouver, B.C., V6B 6M9), or such other place in Canada as it will designate, on or before the 1st Business Day after the 10th calendar day following the billing date. If the Shipper Agent or Shipper fails or neglects to make any payment required under this Shipper Agent Agreement, or any portion thereof, to or to the order of FortisBC Energy when due, interest on the outstanding amount will accrue, at the rate of interest declared by the chartered bank in Canada principally used by FortisBC Energy, for loans in Canadian dollars to its most creditworthy commercial borrowers payable on demand and commonly referred to as its "prime rate", plus:

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- (a) 2% from the date when such payment was due for the first 30 days that such payment remains unpaid and 5% thereafter until the same is paid where the Shipper Agent or Shipper has not, during the immediately preceding 6 month period, failed to make any payment when due hereunder; or

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- (b) 5% from the date when such payment was due to and including the date the same is paid where the Shipper Agent or Shipper has, during the immediately preceding 6 month period, failed to make any payment when due hereunder.

7. Term

7.1 Term

The term of this agreement will commence on the Commencement Date specified in Section 1 (Specific Information) of this agreement and will expire either:

- (a) 30 days following written notice from the Shipper Agent that the Shipper Agent wishes to cease to nominate for transportation Service and balancing on behalf of the Group; or
- (b) the expiry or termination of the Transportation Agreements of all of the members of the Group; or
- (c) the expiry date specified in Section 1 (Specific Information) of this agreement; or
- (d) 5 days following notice from FortisBC Energy to the Shipper Agent, and to the Shippers which are members of the Group, under Section 10.1 (Failure to Provide Information) and Section 10.2 (Default).

whichever date is earlier.

7.2 Survival of Covenants

Upon the termination of this agreement:

- (a) all claims, causes of action or other outstanding obligations remaining or being unfulfilled as at the date of termination; and
- (b) all of the provisions in this agreement relating to the obligation of either of the parties to provide information to the other in connection with this agreement,

will survive such termination.

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8. Representations, Warranties and Covenants

8.1 Representations and Warranties

The Shipper Agent represents and warrants to and covenants with FortisBC Energy as follows:

- (a) the members of the Group are listed in Section 1 (Specific Information) of this agreement;
- (b) the Shipper Agent is the agent of each of the members of the Group and has the authority of each of the members of the Group for the purposes of any and all matters set out in the applicable transportation Rate Schedule and this agreement; and
- (c) FortisBC Energy may rely on any act or thing done, or document executed, by the Shipper Agent in connection with of any and all matters set out in the applicable transportation Rate Schedule and this agreement.

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9. Limitation on Liability and Indemnity

9.1 Limitation on Liability

Neither FortisBC Energy, its employees, contractors or agents will be liable in damages for or on account of any interruption or curtailment of transportation Service or Gas supply.

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9.2 Indemnity

The Shipper Agent will indemnify and hold harmless each of FortisBC Energy, its employees, contractors and agents from and against any and all adverse claims, losses, suits, actions, judgments, demands, debts, accounts, damages, costs, penalties and expenses (including all legal fees and disbursements) arising from any act or omission of the Shipper Agent related to the agency created by the Shipper Agent Agreement.

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10. Disbanding of the Group

10.1 Failure to Provide Information

If the Shipper Agent fails to provide FortisBC Energy with the information or schedules which the Shipper Agent is required to provide to FortisBC Energy pursuant to this agreement or is otherwise in breach of this agreement then, acting reasonably in the circumstances and on 5 days notice to the Shipper Agent and to the members of the Group, FortisBC Energy may disband the Group and deal directly with the Shippers which were members of the Group.

10.2 Default

If any Shipper which is a member of the Group is in default under the Default or Bankruptcy ~~Section~~ of the applicable Rate Schedule or becomes bankrupt or insolvent, then that Shipper will cease to be a member of the Group.

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11. Arbitration

11.1 Arbitration

Any dispute between the parties arising from this agreement will be resolved by a single arbitrator pursuant to the ~~Arbitration Act~~ of British Columbia or successor legislation, save as expressly provided herein.

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11.2 Demand for Arbitration

Either party may commence arbitration proceedings by sending to the other party a demand for arbitration setting out the nature of the dispute.

11.3 Arbitrator

The parties will have 10 days from receipt of the demand referred to in ~~Section 11.2~~ (Demand for Arbitration) to agree upon the arbitrator, failing which either party may apply to the Supreme Court of British Columbia to select the arbitrator. The arbitrator must be sufficiently qualified by education and training to decide the particular questions in dispute. Unless otherwise agreed, the arbitrator may not be a past or present employee, officer or director of either of the parties or their respective successors or affiliates, any supplier of the Shipper or FortisBC Energy, or any member of the Group.

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11.4 Commencement and Decision

The arbitrator will proceed immediately to hear and determine the matter in dispute and will render a written decision, signed by the arbitrator, within 45 days after the appointment, subject to any reasonable delay due to unforeseen circumstances. Notwithstanding the foregoing, if the arbitrator fails to render a decision within 60 days after the appointment then either party may elect to have a new arbitrator appointed in like manner as if none had previously been appointed.

11.5 Decision

The decision of the arbitrator will be final and binding upon the parties and the parties will abide by the decision and perform the terms and conditions thereof.

12. Notice

12.1 Notice

Any notice, request, statement or bill that is required to be given or that may be given under this agreement will, unless otherwise specified, be in writing and will be considered as fully delivered when mailed, personally delivered, or sent by fax or other method approved by FortisBC Energy to the other party.

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13. Acknowledgement

13.1 Acknowledgement

The Shipper Agent acknowledges receiving and reading a copy of Rate Schedules 22, 22A, 22B, 23, 25, 26 and 27 and the General Terms and Conditions of FortisBC Energy and will comply with and be bound by all terms and conditions set out therein.

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IN WITNESS WHEREOF the parties hereto have executed this agreement.

FORTISBC ENERGY INC.

(here insert name of Shipper Agent)

BY: _____
(Signature)

(Title)

(Name – Please Print)

BY: _____
(Signature)

(Title)

(Name – Please Print)

DATE: _____

DATE: _____

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FORTISBC ENERGY INC.

RATE SCHEDULE 25

GENERAL FIRM TRANSPORTATION SERVICE

Effective June 1, 2018

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1. Definitions

1.1 Definitions

Except where the context requires otherwise, all words and phrases defined below or in the General Terms and Conditions of FortisBC Energy and used in this Rate Schedule or in a Transportation Agreement have the meanings set out below or in the General Terms and Conditions of FortisBC Energy. Where any of the definitions set out below conflict with the definitions in the General Terms and Conditions of FortisBC Energy, the definitions set out below govern.

- (a) **Authorized Quantity** - means, subject to interruptions or curtailments as provided in Section 4 (Transportation) or due to provisions of the Transportation Agreement, the quantity of energy (in Gigajoules) for each Day approved by the Transporter for transportation Service on the Transporter's pipeline system, based on the quantity requested pursuant to Section 7.1 (Requested Quantity), adjusted as set out in Section 7.2 (Adjustment of Requested Quantity) or the quantity of energy approved for sale by FortisBC Energy under an applicable Rate Schedule, or any component or aggregate of these quantities, as the context requires.
- (b) **Backstopping Gas** - means Gas made available by FortisBC Energy as an interruptible backup supply if on any Day the Authorized Quantity is less than the Requested Quantity, adjusted as set out in Section 7.2 (Adjustment of Requested Quantity).
- (c) **Balancing Gas** - means any Gas taken during a Day which is in excess of the Authorized Quantity, subject to Section 8.2 (Provision of Gas Balancing).
- (d) **Commencement Date** - means the day specified as the Commencement Date in the Transportation Agreement.
- (e) **Contract Year** - means a period of 12 consecutive Months commencing at the beginning of the 1st Day of November and ending at the beginning of the next succeeding 1st Day of November.
- (f) **Day** - means, subject to Section 1.2 (Change in Definition of "Day"), any period of twenty-four consecutive hours beginning and ending at 7:00 a.m. Pacific Standard Time.
- (g) **Delivery Point** - means the point specified in a Sales Service Agreement or a Transportation Agreement where FortisBC Energy delivers Gas to a Customer or a Shipper.

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- (h) **DTQ or Daily Transportation Quantity** - means the Firm DTQ.
- (i) **EKE** - means the East Kootenay Exchange, an Interconnection Point where the FortisBC Energy System interconnects with the facilities of TransCanada PipeLines Limited, (Foothills System, B.C.).
- (j) **Firm DTQ** - means the maximum quantity of Gas that FortisBC Energy is obligated to transport for and deliver on a firm basis to a Shipper at the Delivery Point on any particular Day, which reasonably reflects the Shipper's requirements and is specified in a Transportation Agreement.
- (k) **Firm EKE Receipt Service** - means the firm receipt Service by which the Shipper provides Gas to FortisBC Energy at EKE for firm transportation to a Delivery Point in the Inland area, as described in Section 11.1 (Firm EKE Receipt Service).
- (l) **Firm EKE Receipt Service** - means the firm receipt Service by which the Shipper provides Gas to FortisBC Energy at EKE for firm transportation to a Delivery Point in the Inland area, as described in Section 11.1 (Firm EKE Receipt Service).
- (m) **Force Majeure** - means any acts of God, strikes, lockouts, or other industrial disturbances, civil disturbances, arrests and restraints of rulers or people, interruptions by government or court orders, present or future valid orders of any regulatory body having proper jurisdiction, acts of the public enemy, wars, riots, blackouts, insurrections, failure or inability to secure materials or labour by reason of regulations or orders of government, serious epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, explosions, breakage or accident to machinery or lines of pipes, or freezing of wells or pipelines, or the failure of gas supply, temporary or otherwise, from a Supplier of gas, which act of Force Majeure was not due to negligence of the party claiming Force Majeure. Further, Force Majeure will also include a declaration of force majeure by a Transporter that results in Gas being unavailable for delivery at the Interconnection Point.
- (n) **Group** - means a group of Shippers who each transport Gas under a transportation Rate Schedule, have a common Shipper Agent, and who have each entered into a Transportation Agreement.
- (o) **Interconnection Point** - means a point where the FortisBC Energy System interconnects with the facilities of one of the Transporters of FortisBC Energy, as specified in a Transportation Agreement.
- (p) **Interruptible EKE Receipt Service** - means the interruptible receipt Service by which the Shipper provides Gas to FortisBC Energy at EKE for firm transportation to a Delivery Point in the Inland area or the Lower Mainland area, as described in Section 11.2, (Interruptible EKE Receipt Service).

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- (q) **Month** - means, subject to any changes from time to time required by FortisBC Energy, the period beginning at 7:00 a.m. Pacific Standard Time on the first day of the calendar month and ending at 7:00 a.m. Pacific Standard Time on the first day of the next succeeding calendar month.
- (r) **Non-Bypass Shipper** - means a Shipper that receives Service under Rate Schedule 23, 25 or 22A and pays rates as set out in the standard Table of Charges for the applicable Rate Schedule.
- (s) **Peak Day Demand** - means the quantity of energy used for the purposes of determining the Peaking Gas and EKE Receipt Service available to a firm Non-Bypass Shipper, as calculated pursuant to Section 10.3 (Peak Day Demand).
- (t) **Peaking Gas** - means Gas which is provided to the Shipper by FortisBC Energy in accordance with the provisions of Section 10 (Peaking Gas Service).
- (u) **Peaking Gas Quantity** - means the Peaking Gas available to a Non-Bypass Shipper on a Day, determined pursuant to the provisions of Section 10.4 (Peaking Gas Quantity).
- (v) **Rate Schedule 25 or this Rate Schedule** - means this Rate Schedule, including all rates, terms and conditions, and the Table of Charges, as amended from time to time by FortisBC Energy with the consent of the British Columbia Utilities Commission.
- (w) **Replacement Gas** - means Gas which is provided to a Shipper by FortisBC Energy in the event the Shipper fails to return Peaking Gas Quantity pursuant to Section 10.6 (Return of Peaking Gas Quantity).
- (x) **Requested Peaking Gas Quantity** - means the quantity of energy for each Day requested as Peaking Gas under this Rate Schedule.
- (y) **Requested Quantity** - means the quantity of energy for each Day requested for firm transportation Service under Rate Schedule 25, or for sales by FortisBC Energy under an applicable Rate Schedule, or any component or aggregate of these quantities, as the context requires.
- (z) **Shipper** - means a person who enters into a Transportation Agreement with FortisBC Energy and who is also the consumer of the Gas transported.
- (aa) **Shipper Agent** - means a person who enters into a Shipper Agent Agreement with FortisBC Energy.
- (bb) **Shipper Agent Agreement** - means an agreement between FortisBC Energy and a Shipper Agent pursuant to which the Shipper Agent agrees to act as agent for a Group.

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- (cc) **Southern Crossing Pipeline** - means the pipeline and other facilities constructed by FortisBC Energy from EKE to an interconnection with existing FortisBC Energy facilities near Oliver that will enable FortisBC Energy to transport Gas between EKE and the Delivery Point.
- (dd) **Sumas Daily Price** - means the "NW Sumas" Daily Midpoint Price as set out in Gas Daily's Daily Price Survey for Gas delivered to Northwest Pipeline Corporation at Sumas, converted to Canadian dollars using the noon exchange rate as quoted by the Bank of Canada one Business Day prior to the Gas flow date, for each Day. Energy units are converted from MMBtu to Gigajoule by application of a conversion factor equal to 1.055056 Gigajoule per MMBtu.
- (ee) **Supplier** - means a party who sells Gas to a Shipper or FortisBC Energy or has access to its own supplies of Gas.
- (ff) **Table of Charges** - means the table of prices, fees and charges, as amended from time to time by FortisBC Energy with the consent of the British Columbia Utilities Commission, appended to this Rate Schedule.
- (gg) **Timely Nomination Cycle** – means nominations received for the following Day or subsequent Day(s), which closes at 11:00 a.m. Pacific Standard Time.
- (hh) **Transportation Agreement** - means an agreement between FortisBC Energy and a Shipper to provide Service pursuant to a transportation Rate Schedule.
- (ii) **Transporter** - means, in the case of the Columbia area, TransCanada PipeLines Limited, (Foothills System, B.C.) and NOVA Gas Transmission Ltd. and in the case of the Inland and Lower Mainland areas, Westcoast Energy Inc., Northwest Pipeline LLC, FortisBC Huntingdon Inc., and any other gas pipeline transportation company connected to the facilities of FortisBC Energy from which FortisBC Energy receives Gas for the purposes of Gas transportation or resale.
- (jj) **Transporter's Service Terms** - means the general terms and conditions of the applicable Transporter, as filed with and approved from time to time by the National Energy Board or other applicable governmental authority.
- (kk) **Unauthorized Overrun Gas** - means any Gas taken on any Day in excess of the curtailed quantity specified in any notice to interrupt or curtail a Shipper's take or to interrupt or curtail a Group's take, and for greater certainty, Unauthorized Overrun Gas includes all Gas taken by a Shipper or a Group to the extent that the obligation of FortisBC Energy to deliver such Gas is suspended by reason of Force Majeure.

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1.2 Change in Definition of "Day"

FortisBC Energy may amend the definition of "Day" from time to time to suitably align its operations with those of its Transporters. If FortisBC Energy amends the definition of "Day", a pro-rata adjustment of quantities of Gas and charges to account for any Day of more or less than 24 ~~h~~ours will be made and the ~~term~~s of the Transportation Agreement will be similarly adjusted.

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2. Applicability

2.1 Description of Applicability

This Rate Schedule applies to the provision of firm transportation ~~Service~~ through the FortisBC Energy System and through one meter station to one Shipper. For greater certainty, firm transportation ~~Service~~ under this Rate Schedule means the transportation ~~Service~~ FortisBC Energy is obligated to provide to a Shipper on a firm basis subject to interruption or curtailment pursuant to ~~Sections 18~~ (Default or Bankruptcy), ~~21~~ (Force Majeure) and the General Terms and Conditions of FortisBC Energy.

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2.2 British Columbia Utilities Commission

This Rate Schedule may be amended from time to time with the consent of the British Columbia Utilities Commission.

3. Conditions of Service

3.1 Conditions

FortisBC Energy does not provide transportation ~~Service~~ as a common carrier. FortisBC Energy will only transport Gas under this Rate Schedule to Shippers in the territory served by FortisBC Energy under the FortisBC Energy tariff of which this Rate Schedule is a part if:

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- (a) the Shipper has entered into a Transportation Agreement;
- (b) adequate capacity exists on the FortisBC Energy System; and
- (c) FortisBC Energy has installed at the Delivery Point the facilities and equipment referred to in ~~Section 15.1~~ (Facilities and Equipment).

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3.2 Security

In order to secure the prompt and orderly payment of the charges to be paid by the Shipper to FortisBC Energy under the Transportation Agreement, FortisBC Energy may require the Shipper to provide, and at all times maintain, an irrevocable letter of credit in favour of FortisBC Energy issued by a financial institution acceptable to FortisBC Energy in an amount equal to the estimated maximum amount payable by the Shipper under this Rate Schedule and the Transportation Agreement for a period of 90 Days. Where FortisBC Energy requires a Shipper to provide a letter of credit and the Shipper is able to provide alternative security acceptable to FortisBC Energy, FortisBC Energy may accept such security in lieu of a letter of credit.

3.3 Warning if Switching from Interruptible Transportation Service or Interruptible Sales to Firm Transportation Service or Sales

A Shipper wishing to request a switch at the end of the term of an interruptible Transportation Agreement or an interruptible Gas Service Agreement to a firm sales Rate Schedule, or to firm transportation under this Rate Schedule, or to increase their Firm DTQ under this Rate Schedule must comply with the requirements for Firm Service set out in the applicable Rate Schedule, including the following:

- (a) give 12 months prior notice to FortisBC Energy of the Shipper's desire to do so; and
- (b) after receiving an estimate from FortisBC Energy of costs FortisBC Energy will reasonably incur to provide such Service, agree to reimburse FortisBC Energy for any such costs.

Notwithstanding Section 3.3(a), FortisBC Energy will make reasonable efforts to accommodate a Shipper on less than 12 months prior notice if FortisBC Energy is able, with such shorter notice, to arrange for the firm purchase and firm transportation of Gas under a firm sales Rate Schedule, or transportation under a firm transportation, Rate Schedule.

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4. Transportation

4.1 Transportation of Gas

Subject to Section 13 of the General Terms and Conditions of FortisBC Energy (Interruption of Service), and all of the terms and conditions of this Rate Schedule, FortisBC Energy will on each Day transport for and deliver to the Shipper at the Delivery Point the Authorized Quantity, received at the Interconnection Point from the Transporter up to the Requested Quantity, where adequate capacity exists on the FortisBC Energy System. On each Day, if the Shipper's Gas received at the Interconnection Point is not consumed by the Shipper or is not authorized for delivery to the Shipper, FortisBC Energy will be entitled to utilize such Gas subject to all the terms of this Rate Schedule and the Transportation Agreement.

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4.2 Curtailment

Consistent with the provisions of Section 7.5 (Failure to Deliver to Interconnection Point), if at any time FortisBC Energy, acting reasonably, determines that it is not able to provide Balancing Gas or Backstopping Gas, FortisBC Energy may curtail the Shipper's take to the lesser of the Authorized Quantity or the Firm DTQ.

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4.3 Notice of Curtailment

Each notice from FortisBC Energy to the Shipper with respect to the interruption or curtailment by FortisBC Energy of deliveries of Gas to the Delivery Point will be by telephone, by facsimile ("fax") and/or by other electronic means, and will specify the quantity of Gas to which the Shipper is curtailed and the time at which such curtailment is to be made. FortisBC Energy will make reasonable efforts to give the Shipper as much notice as possible with respect to such curtailment, not to be less than 8 Hours prior notice unless prevented by Force Majeure.

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4.4 Default Regarding Curtailment

The Shipper will comply with each notice to interrupt or curtail the Shipper's take. If the Shipper at any time fails or neglects to comply with a notice to interrupt or curtail the Shipper's take as set out in Section 7.5 (Failure to Deliver to Interconnection Point), FortisBC Energy may, in addition to any other remedy that it may then or thereafter have, at its option, without liability therefor and without any prior notice to the Shipper:

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(a) turn off the valve at the Delivery Point; or

(b) deliver such Gas and charge the Shipper for such Gas consumed on that Day the Unauthorized Overrun Gas charge set out in the Table of Charges.

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4.5 Maximum Hourly Quantities

FortisBC Energy will not be obliged to receive or deliver in one Hour more than 5% of the quantity of Gas that the Shipper is authorized to receive on any Day.

4.6 Gas Pressure

Where specifically requested by the Shipper, FortisBC Energy may agree to deliver Gas to the Shipper at the Delivery Point at a minimum pressure specified in the Shipper's Transportation Agreement. The Shipper will reimburse FortisBC Energy for costs it reasonably incurs in maintaining such minimum pressure above that set out in the General Terms and Conditions of FortisBC Energy. FortisBC Energy's ability to maintain a minimum pressure at the Delivery Point is subject to FortisBC Energy receiving Gas at the Interconnection Point at the pressure specified in the Transporter's Service Terms.

5. Table of Charges

5.1 Charges

In respect of all quantities of Gas delivered to the Delivery Point pursuant to this Rate Schedule and the Transportation Agreement, the Shipper will pay to FortisBC Energy all of the charges set out in the Table of Charges whether or not the Shipper is a member of a Group. The Shipper Agent may elect to pay to FortisBC Energy the charges for the Backstopping Gas and the Balancing Gas taken, any Unauthorized Overrun Gas taken, and any Replacement Gas incurred for members of its Group. In the event the Shipper Agent fails to make an election or pay these charges for and on behalf of the Shippers which are members of its Group, FortisBC Energy will bill the Shippers directly.

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6. Unauthorized Use

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6.1 Charges for Unauthorized Service

On any Day a Shipper takes Unauthorized Overrun Gas and/or Unauthorized Transportation Service, the Shipper will pay to FortisBC Energy the unauthorized overrun charge set out in the Table of Charges. The Shipper Agent may elect to pay these charges for the members of its Group. In the event the Shipper Agent fails to make an election or does not pay these charges for and on behalf of the Shippers which are members of its Group, FortisBC Energy will bill the Shippers directly.

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6.2 Payments Not License

Payments made to FortisBC Energy for Unauthorized Overrun Gas ~~or Unauthorized Transportation Service~~ neither give the right to take Unauthorized Overrun Gas ~~or Unauthorized Transportation Service~~, nor exclude or limit any other remedies available to FortisBC Energy for the taking ~~or use of~~ Unauthorized Overrun Gas ~~or Unauthorized Transportation Service~~.

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6.3 Demand Surcharge

If the Shipper is a member of a Group which includes a Shipper under Rate Schedules 22, 22A or 22B, then the Group and its members will be subject to ~~demand surcharges~~ under ~~Section 7~~ (Unauthorized Use) of Rate Schedule 22.

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The Shipper will on or before the Commencement Date notify FortisBC Energy of the identity of the party holding capacity for the Shipper on the Transporter pipeline(s), and thereafter from time to time on a prompt basis when such party changes.

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7. Nomination

7.1 Requested Quantity

The Shipper ~~or Shipper Agent~~ will provide notice to FortisBC Energy ~~on the Web Information and Nomination System ("WINS")~~ or other method approved by FortisBC Energy, prior to ~~the Timely Nomination Cycle~~ on each Day (or such other time as may be specified from time to time by FortisBC Energy) such information as may be requested by FortisBC Energy, which will include, but is not limited to, the ~~Shipper or Shipper Agent's~~ Requested Quantity for the Day commencing in approximately 24 ~~hours and/or subsequent Day(s)~~. If the Shipper ~~or Shipper Agent~~ does not notify FortisBC Energy in accordance with the foregoing, then the ~~Shipper or Shipper Agent's~~ Requested Quantity for the Day commencing in approximately 24 ~~hours~~ will be deemed to be ~~zero, subject to Section 7.2~~ (Adjustment of Requested Quantity). The ~~Shipper or Shipper Agent is required to provide their~~ best estimate of the quantity of Gas the Shipper(s) will actually consume on such Day.

7.2 Adjustment of Requested Quantity

~~The Shipper or Shipper Agent will provide notice to FortisBC Energy on the WINS, or other method approved by FortisBC Energy, of adjustments to the Requested Quantity for the Day commencing in approximately 24 hours. Adjustments to the Requested Quantity must adhere to the elapsed pro-rata practices of the applicable Transporter(s).~~ FortisBC Energy may adjust, in consultation with the Shipper, the Shipper's Requested Quantity, described in ~~Section 7.1~~ (Requested Quantity), when in the reasonable opinion of FortisBC Energy such modification is required in order to ~~limit the build-up of inventory account quantities~~.

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7.3 Request to Transporter

FortisBC Energy will provide to the Transporter, the Shipper's Requested Quantity adjusted as set out in Section 7.2 (Adjustment of Requested Quantity).

7.4 Delivery to Interconnection Point

The Shipper will cause to be delivered to the Interconnection Point on each Day a quantity of Gas at least equal to the Shipper's Requested Quantity, adjusted as set out in Section 7.2 (Adjustment of Requested Quantity).

7.5 Failure to Deliver to Interconnection Point

If on any Day the Authorized Quantity from the Transporter is less than the quantity requested from the Transporter pursuant to Section 7.3 (Request to Transporter), then in addition to curtailments permitted under Section 4 (Transportation) FortisBC Energy may, in its discretion, interrupt or curtail Service hereunder to the lesser of such Authorized Quantity or the Firm DTQ. Alternatively, FortisBC Energy may deliver additional Gas to the Shipper at the Interconnection Point and charge the Shipper Backstopping Gas as set out in the Table of Charges.

7.6 Authorized Quantity

FortisBC Energy will notify the Shipper or the Shipper Agent on WINS or other method approved by FortisBC Energy if the Authorized Quantity is less than the Requested Quantity.

7.7 Determination of DTQ

Subject to Section 3 (Conditions of Service) and 12.2(Automatic Renewal), the Shipper will provide to FortisBC Energy by fax or other method approved by FortisBC Energy 30 Days prior to the Commencement Day of each Contract Year the Shipper's Firm DTQ for the following Contract Year. If the Shipper does not provide FortisBC Energy notice in accordance with this Section 7.7 (Determination of DTQ), then the Shipper's Firm DTQ for the following Contract Year will be deemed to be the same as the current Contract Year. If a Shipper appoints a Shipper Agent to act on its behalf, the Shipper authorizes the Shipper Agent to determine the DTQ set out in the Transportation Agreement, for each Contract Year. This authorization will remain in effect for the term of the Transportation Agreement or for so long as the Shipper Agent acts as agent for the Shipper, whichever period is shorter.

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8. Gas Balancing

8.1 Gas Balancing

Gas balancing hereunder is intended for matching day to day imbalances that cannot be reasonably forecast by the Shipper. Subject to all the terms of this Rate Schedule, FortisBC Energy will on each Day balance for the Shipper at the Interconnection Point the difference between the Shipper's Authorized Quantity under the Transportation Agreement and its actual consumption of Gas.

8.2 Provision of Gas Balancing

When on any Day the Shipper requires Gas for balancing, FortisBC Energy will:

- (a) allow the Shipper to use up to the amount available in the Shipper's inventory account pursuant to Section 8.4 (Adjustments to Inventory);
- (b) for quantities of Gas above the amount available in the Shipper's inventory, sell to the Shipper at the commodity charge set out in the Table of Charges; and
- (c) for quantities of Gas needed to balance actual consumption that exceeds the greater of 100 Gigajoules or 10 percent of the Shipper's Authorized Quantity, charge the Shipper for Balancing Gas at the applicable rate(s) as set out in the Table of Charges.

8.3 Curtailment of Gas Balancing

FortisBC Energy may for any reason and for any length of time, interrupt or curtail Gas balancing under this Rate Schedule.

8.4 Adjustments to Inventory

When on any Day the Shipper delivers more Gas to the Interconnection Point than its actual consumption, except for Gas purchased by FortisBC Energy under Section 21.8 (Shipper's Gas), FortisBC Energy will maintain an inventory account for the Shipper and will increase the balance in the account by the excess amount received. FortisBC Energy reserves the right to limit Gas quantities maintained in the Shipper's inventory account and will from time to time, at its discretion and in consultation with the Shipper, return excess inventory at no charge to the Shipper; this will not relieve the Shipper from its obligation to provide accurate nominations pursuant to Section 7.1, (Requested Quantity).

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8.5 Imbalance Following Termination

If FortisBC Energy has received a quantity of Gas in excess of the quantity delivered to the Shipper during the term of a Transportation Agreement, then the Shipper may request the excess quantity be returned within 90 Days following termination of the Transportation Agreement.

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8.6 Balancing of Peaking Gas

Balancing of Peaking Gas is described in Section 10.6 (Return of Peaking Gas Quantity).

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9. Group Nominations and Balancing

9.1 Group Nominations and Balancing

If a Shipper appoints a Shipper Agent and becomes a member of a Group and if the Shipper and Shipper Agent have agreed to execute or have executed a Shipper Agent Agreement, and if the members of the Group are in the same Service Area of FortisBC Energy and receive Service under a transportation Rate Schedule, the Shipper Agent will nominate and balance on behalf of all members of the Group on an aggregate basis pursuant to Sections 7, (Nomination), 8, (Gas Balancing), 10, (Peaking Gas Service) and 11, (Access to East Kootenay Exchange (EKE) Interconnection Point) of this Rate Schedule, as modified by this Section, and the Shipper Agent will be the agent for each of the members of a Group for the purposes of any and all matters set out in Sections 7, (Nomination), 8, (Gas Balancing), 10, (Peaking Gas Service) and 11, (Access to East Kootenay Exchange (EKE) Interconnection Point). The Shipper Agent may also elect, pursuant to the Shipper Agent Agreement, to pay some or all of the charges specified in Sections 5.1, (Charges) and 6.1, (Charges for Unauthorized Service) for and on behalf of the Shippers in its Group. The Shipper acknowledges and agrees that FortisBC Energy may rely, for the purpose of payment allocations, on written notification from the Shipper Agent of such election as a basis for the Shipper Agent's authority to act on behalf of the Shipper. Where the Shipper Agent fails to execute a Shipper Agent Agreement, the Shipper will be deemed to be and treated by FortisBC Energy as an individual Group of one Shipper, except for the purposes of Sections 9.4, (Notices To and From Shipper Agents) and 13.1, (Statements to be Provided) hereunder, and will be deemed to have agreed to purchase Gas from FortisBC Energy pursuant to the applicable transportation Rate Schedule and will accordingly be responsible for the payment of all charges thereunder, including any and all Balancing Gas and Unauthorized Overrun Gas charges attributable to that Shipper.

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9.2 Determination of Charges

The charges for Backstopping Gas, Balancing Gas, Unauthorized Overrun Gas and Replacement Gas, set out in the Table of Charges, and **demand surcharges** as set out in the Rate Schedule 22 Table of Charges, will be determined based on the quantities transported on behalf of all members of the Group on an aggregate basis.

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The Shipper Agent will notify FortisBC Energy of the Shipper's Requested Quantity described in section 7.2 (Requested Quantity) on behalf of all members of a Group on an aggregated basis. If the Shipper Agent does not so notify FortisBC Energy, then the Group's Requested Quantity for the Day commencing in approximately 24 Hours will be deemed to be the Group's quantity pursuant to section 7.2 (Requested Quantity) for the Day just commencing.¶

9.3 Security

FortisBC Energy may require the Shipper Agent to provide security, as set out in **Section 3.2** (Security), with necessary changes, for the performance of the Shipper Agent's obligations under the Shipper Agent Agreement.

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9.4 Notices To and From Shipper Agents

If the Shipper is a member of a Group then:

- (a) communications regarding curtailments or interruptions arising from Gas supply constraints and limitations, quantities of Gas requested and quantities of Gas authorized will be between the Shipper Agent for the Group and FortisBC Energy; and
- (b) notices from FortisBC Energy with respect to interruption or curtailment pursuant to **Section 4.3** (Notice of Curtailment) arising from Gas supply constraints or limitations will be to the Shipper Agent for the Group and will specify the quantity of Gas to which the Group is curtailed and the time at which such curtailment is to be made; it will be the responsibility of the Shipper Agent to notify Shippers which are members of the Group of interruptions or curtailments.

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10. Peaking Gas Service

10.1 Applicability

In each Contract Year, Peaking Gas Service is available only to **firm** Non-Bypass Shippers for Gas which is delivered to a Delivery Point in the **Mainland and Vancouver Island Service Area** and for which the Transportation Agreement was in effect on the 1st Day of November of the subject Contract Year.

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10.2 15-Day Maximum

A Non-Bypass Shipper may request Peaking Gas for a maximum of 15 Days during each Contract Year. Any Day for which any portion of the Shipper's Peaking Gas Quantity is requested and authorized will be considered one of the 15 Days of Peaking Gas entitlement even if the quantity of authorized Peaking Gas is not used or is only partially used.

10.3 Peak Day Demand

For the purposes of determining the Peaking Gas Quantity available to a Non-Bypass Shipper on a Day, the Peak Day Demand of a Rate Schedule 25 Shipper is the DTQ set out in the Shipper's Transportation Agreement.

10.4 Peaking Gas Quantity

The quantity of Peaking Gas available on a Day to a Non-Bypass Shipper ("Peaking Gas Quantity") will be a percentage of that Shipper's Peak Day Demand. The Peaking Gas Quantity available to firm Non-Bypass Shippers for the next Contract Year will be determined by FortisBC Energy, and FortisBC Energy will in writing notify each Non-Bypass Shipper of that Shipper's Peaking Gas Quantity, at least 30 Days prior to the commencement of each Contract Year. The Peaking Gas Quantity available to a Non-Bypass Shipper in a Contract Year will be:

- (a)
$$\frac{\text{Total Non-Bypass Transport Demand}}{\text{Forecast Sales Demand} + \text{Non-Bypass Transport Demand}} = \text{Peaking Gas Factor}$$
- (b)
$$\text{Peaking Gas Factor} * \text{Southern Crossing Pipeline ("SCP")} \text{ Peaking Gas} = \text{Non-Bypass Transport Volume}$$
- (c)
$$\frac{\text{Non-Bypass Transport Volume}}{\text{Non-Bypass Transport Demand}} = \text{Peaking Gas Percentage}$$
- (d)
$$\text{Peaking Gas Percentage} * \text{a Non-Bypass Shipper's Peak Day Demand} = \text{Peaking Gas Quantity}$$

Where:

"Non-Bypass Transport Demand" is the aggregate Peak Day Demand of all Non-Bypass Shippers for the Contract Year commencing the next November 1st; "Forecast Sales Demand" is the FortisBC Energy forecast of the aggregate peak day demand for the Year commencing the next November 1st for all Gas sales Customers of FortisBC Energy excluding those in the Fort Nelson Service Area; and "SCP Peaking Gas" is the quantity of Peaking Gas available to FortisBC Energy in the Year commencing the next Contract Year.

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<#>Contract Year 2000/2001¶
Should the Southern Crossing Pipeline ("SCP") not be fully operational by the 1st Day of November 2000, the number of Days for which Peaking Gas may be requested during the Contract Year which commences on the 1st Day of November 2000 will be:¶
the number of Days that SCP is operational during the 2000/2001 Contract Year * 15¶
365¶
rounded to the nearest whole number.
Peaking Gas may only be requested after the SCP has become fully operational.¶

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10.5 Requested Peaking Gas Quantity

A Shipper will notify FortisBC Energy of its Requested Peaking Gas Quantity pursuant to nomination procedures described in Section 7.1 (Requested Quantity) of this Rate Schedule except as otherwise described in Sections 10.5(a) and 10.5(b) below. The Requested Peaking Gas Quantity must be explicitly stated on the nomination and may be less than but may not exceed the Shipper's Peaking Gas Quantity described in Section 10.4 (Peaking Gas Quantity).

- (a) **Prior Day Notices of Curtailment** - On a Day when FortisBC Energy has given notice of curtailment for the next or subsequent Day, a Shipper may nominate the Requested Peaking Gas Quantity in WINS for the next Day, prior to the evening nomination cycle on the Day preceding the Day for which notice of curtailment has been given.
- (b) **Same Day Notices of Curtailment** - On a Day when FortisBC Energy has given notice of curtailment to be effective during that Day, a Shipper may nominate the Requested Peaking Gas Quantity in WINS up until one Hour after the notice of curtailment has been given by FortisBC Energy; provided that FortisBC Energy has usable nomination cycles available during that Day with the Transporter(s). Requests for Requested Peaking Gas Quantity received after the time when FortisBC Energy has usable nomination cycles available during that Day will be authorized only on an as available basis. If notice of Requested Peaking Gas Quantity is given to FortisBC Energy during the Day for which Peaking Gas is being requested then the Peaking Gas Quantity available to Shipper on that Day will be reduced consistent with the elapsed pro-rata practices of the applicable Transporter(s).
- (c) **Non-Curtailment Days** - On Days for which FortisBC Energy has not given notice of curtailment, requests for Peaking Gas Quantity will be made in accordance with the provisions described in Section 7.1 (Requested Quantity).

10.6 Return of Peaking Gas Quantity

A Shipper may view its Peaking Gas Quantity authorized, returned, and not yet returned via an inventory report in the WINS. Peaking Gas must be returned to FortisBC Energy within 6 Business Days of the Day in respect of which it was authorized. The Shipper must nominate the returned Peaking Gas Quantity in the WINS described in Section 7.1 (Requested Quantity). Peaking Gas returned will be applied against the earliest Peaking Gas Quantity authorized and not yet returned. The Shipper has the option to elect to return Peaking Gas from the Peaking Gas inventory which is kept for this purpose. If Peaking Gas is not returned to FortisBC Energy within 6 Business Days of the Day in respect of which it was authorized, FortisBC Energy will provide the Shipper with an equivalent quantity of Replacement Gas. The charge for Replacement Gas will be as set out in the Table of Charges.

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10.7 Last Gas Ordered

Peaking Gas Quantity will be considered the last Gas ordered and taken during the Day.

10.8 Transport of Peaking Gas Quantity

Peaking Gas Quantity will be deemed to be provided to the Shipper at the Interconnection Point, and the volumes consumed by the Shipper will be included in the Shipper's daily transport volume at the Interconnection Point for the purposes of calculating applicable transport charges.

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11. Access to East Kootenay Exchange (EKE) Interconnection Point

11.1 Firm EKE Receipt Service

(a) **Applicability** - Firm receipt Service access from the EKE Interconnection Point ("Firm EKE Receipt Service") is available to Non-Bypass Shippers for Gas which is delivered to a Delivery Point in the Inland area and for which the Shipper has a Transportation Agreement which is effective on the August 1st preceding the subject Contract Year ("Inland Non-Bypass Shippers").

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Inland Non-Bypass Transport Demand * ITS Constraint = EKE Transport Volume
Forecast Inland Sales Demand + Inland Non-Bypass Transport Demand
Where:
"Inland Non-Bypass Transport Demand" is the aggregate Peak Day Demand of all Non-Bypass Shippers in the Inland Service Area for the Contract Year commencing the next November 1;

(b) **Availability** - The total quantity of Firm EKE Receipt Service available in aggregate to Inland Non-Bypass Shippers ("EKE Transport Volume") will be determined by FortisBC Energy for each Contract Year. "Forecast Inland Sales Demand" is the FortisBC Energy forecast of the aggregate peak day demand for the Year commencing the next November 1st for all firm Gas sales Customers of FortisBC Energy in the Inland area; and "ITS Constraint" is the capacity of the FortisBC Energy Interior transmission system available to flow Gas from Oliver in a northbound direction during periods of peak demand.

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(c) **Election** - Annual elections for Firm EKE Receipt Service for the next Contract Year must be submitted in writing by Shippers to FortisBC Energy within 5 Business Days of the date on which FortisBC Energy provides the allocated EKE Transport Volume. The election must indicate the quantity of Firm EKE Receipt Service requested. The quantity requested must not exceed the Shipper's Peak Day Demand. FortisBC Energy will pro-rate the Firm EKE Receipt Service requests based on the requested quantities if the aggregate Firm EKE Receipt Service requests exceed the available EKE Transport Volume.

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11.2 Interruptible EKE Receipt Service

(a) **Applicability** - Interruptible receipt Service access to the EKE Interconnection Point ("Interruptible EKE Receipt Service") is available only to firm Non-Bypass Shippers for which Gas is delivered to a Delivery Point in the Inland area and Lower Mainland area ("Eligible Interruptible Non-Bypass Shippers").

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- (b) **Quantity Available** - The quantity of Interruptible EKE Receipt Service available to Eligible Interruptible Non-Bypass Shippers will be determined by FortisBC Energy. In determining the quantity of Interruptible EKE Receipt Service available FortisBC Energy will take into account system delivery constraints including the requirement to flow Gas from the facilities of Westcoast Energy Inc. into the Inland area, and the quantity of Firm EKE Receipt Service not utilized. The quantity of Interruptible EKE Receipt Service available to Eligible Interruptible Non-Bypass Shippers will be a pro-rata portion of the aggregate available demands of all firm Gas sales Customers and all firm transportation Customers in the Inland and Lower Mainland areas.
- (c) **Maximum Nomination** - A Shipper may not request Interruptible EKE Receipt Service in excess of the Shipper's Peak Day Demand less the Firm EKE Receipt Service of the Shipper. If FortisBC Energy receives requests for Interruptible EKE Receipt Service in excess of the aggregate available Interruptible EKE Receipt Service available for the Day (as determined in Section 11.2(b) (Quantity Available)), FortisBC Energy will apportion the available Interruptible EKE Receipt Service on a pro-rata basis of requested Interruptible EKE Receipt Service.

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12. **Term of Transportation Agreement**

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12.1 **Term**

The initial term of the Transportation Agreement will begin on the Commencement Date and will expire at 7:00 a.m. Pacific Standard Time on the next November 1st, provided that if the foregoing results in an initial term of less than one Year, then the initial term will instead expire at the end of one further Contract Year.

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12.2 **Automatic Renewal**

Except as specified in the Transportation Agreement, the term of the Transportation Agreement will continue from Year to Year after the expiry of the initial term unless cancelled by either FortisBC Energy or the Shipper, subject to Section 3.3, (Warning if Switching from Interruptible Transportation Service or Interruptible Sales to Firm Transportation Service or Sales) upon not less than 2 months notice prior to the end of the Contract Year then in effect.

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12.3 **Early Termination**

The term of the Transportation Agreement is subject to early termination in accordance with Section 18 (Default or Bankruptcy).

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12.4 Survival of Covenants

Upon the termination of the Transportation Agreement, whether pursuant to Section 18, (Default or Bankruptcy) or otherwise:

- (a) all claims, causes of action or other outstanding obligations remaining or being unfulfilled as at the date of termination; and
- (b) all of the provisions in this Rate Schedule and in the Transportation Agreement relating to the obligation of any of the parties to account to or indemnify the other and to pay to the other any monies owing as at the date of termination in connection with the Transportation Agreement.

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13. Statements and Payments

13.1 Statements to be Provided

FortisBC Energy will, on or about the 15th day of each Month, deliver to the Shipper, a statement for the preceding Month showing the Gas quantities delivered to the Shipper and the amount due. If the Shipper is a member of a Group then the statement and the calculation of the amount due from the Shipper will be based on information supplied by the Shipper Agent, or based on other information available to FortisBC Energy, as set out in the Shipper Agent Agreement. FortisBC Energy will, on or about the 45th day after the end of a Contract Year, deliver to the Shipper a separate statement for the preceding Contract Year showing the amount required from the Shipper in respect of any indemnity due under this Rate Schedule or a Transportation Agreement. Any errors in any statement will be promptly reported to the other party as provided hereunder, and statements will be final and binding unless questioned within one Year after the date of the statement.

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13.2 Payment and Late Payment Charge

Payment for the full amount of the statement, including federal, provincial and municipal taxes or fees applicable thereon, will be made to FortisBC Energy at its Vancouver, British Columbia office, or such other place in Canada as it will designate, on or before the 1st Business Day after the 21st calendar day following the billing date. If the Shipper fails or neglects to make any payment required under this Rate Schedule, or any portion thereof, to FortisBC Energy when due, FortisBC Energy will include in the next bill to the Shipper a late payment charge of 1.5% per month (19.56% per annum) on the outstanding amount.

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13.3 Examination of Records

Each of FortisBC Energy and the Shipper will have the right to examine at reasonable times the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, charge, computation or demand made pursuant to any provisions of this Rate Schedule or the Transportation Agreement.

14. Quality

14.1 Minimum Standards

All Gas delivered to ~~the~~ Interconnection Point by or on behalf of the Shipper and all Gas delivered to the Delivery Point will conform to the quality specifications set out in the ~~Transporter's Service Terms~~.

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15. Measuring Equipment

15.1 Facilities and Equipment

FortisBC Energy will install, maintain and operate at the Delivery Point such metering and communications facilities and equipment as FortisBC Energy determines are necessary or desirable for measuring the quantity of Gas delivered pursuant to this Rate Schedule to the Shipper and the Shipper will permit FortisBC Energy, without cost to FortisBC Energy, to use the Shipper's communications lines and power for the purpose of installing, maintaining and operating the measuring equipment of FortisBC Energy. Communication facilities and equipment will be installed at the cost of the Shipper.

15.2 Measuring Site

If FortisBC Energy reasonably determines that it is necessary to install the facilities and equipment referred to in ~~Section 15.1~~ (Facilities and Equipment) on the Shipper's property, the Shipper will, without charge, provide a suitable site along with utilities and enclosures for the installation of the facilities and equipment of FortisBC Energy. FortisBC Energy will at all times have clear access to the site and to all of its facilities and equipment. All facilities and equipment installed by FortisBC Energy on the Shipper's property will remain the property of FortisBC Energy and may be removed by FortisBC Energy upon termination of the Transportation Agreement.

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15.3 Calibration and Test of Measuring Equipment

The accuracy of the measuring equipment of FortisBC Energy will be verified by standard tests and methods at regular intervals and at other times at the initiative of FortisBC Energy or upon the reasonable request of the Shipper. Notice of the time and nature of each test conducted in response to communications with or at the request of the Shipper will be given by FortisBC Energy to the Shipper sufficiently in advance to permit a representative of the Shipper to be present. If during a test the measuring equipment is found to be registering inaccurately, it will be adjusted at once to read as accurately as possible. The results of each test and adjustment, if any, made by FortisBC Energy, whether or not the Shipper is present for such test, will be accepted until the next test. All tests of such measuring equipment of FortisBC Energy will be made at the expense of FortisBC Energy, except that the Shipper will bear the expense of tests made at its request if the measuring equipment is found to be inaccurate by an amount equal to 2% or less.

15.4 Inaccuracy Exceeding 2%

If upon any test the measuring equipment is found to be inaccurate by an amount exceeding 2%, any previous readings of such equipment will be corrected to zero error for any period during which it is definitely known or is agreed upon that the error existed. If the period is not definitely known or is not agreed upon, such correction will be for a period covering the last half of the time elapsed since the date of the last test. ~~Under no~~ circumstances will an adjustment be made for a period of more than the preceding 12 months.

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15.5 Correction of Measuring Errors

If the measuring equipment is out of service or out of repair so that the quantity of Gas delivered cannot be correctly determined by the reading thereof, the Gas delivered during the period such measuring equipment is out of service or out of repair will be estimated on the basis of the best available data, using the first of the following methods which is feasible:

- (a) by correcting the error if the percentage of error is ascertained by calibration test or mathematical calculation;
- (b) by using the registration of any check measuring equipment if installed and accurately registering; and
- (c) by estimating the quantity of Gas delivered to the Shipper during the preceding periods under similar conditions when the meter was registering accurately.

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15.6 Shipper's Equipment

The Shipper may at its own expense install, maintain and operate its own measuring equipment for the purposes of monitoring or checking the measuring equipment of FortisBC Energy, provided that the Shipper will install such equipment so as not to interfere with the operation of the measuring equipment of FortisBC Energy.

15.7 Right to be Present

FortisBC Energy and the Shipper will have the right to inspect all equipment installed or furnished by the other and the charts and other measurement or test data of the other at all times during business hours, and to be present at the time of any installing, testing, cleaning, changing, repairing, calibrating or adjusting done in connection with the measuring equipment of the other party, but all such activities will be performed by the party furnishing the measuring equipment.

15.8 Preservation of Records

Both parties will cause to be preserved each test datum, chart and other record of Gas measurement for a period of 2 years.

16. Measurement

16.1 Unit of Volume

The unit of volume of Gas for all purposes hereunder will be 1 cubic metre at a temperature of 15° Celsius and an absolute pressure of 101.325 kilopascals.

16.2 Determination of Volume

Gas delivered hereunder will be metered using metering apparatus approved by Measurement Canada and the determination of standard volumes delivered hereunder will be in accordance with terms and conditions pursuant to the *Electricity and Gas Inspection Act* of Canada.

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16.3 Conversion to Energy Units

In accordance with the *Electricity and Gas Inspection Act* of Canada, volumes of Gas delivered each Day will be converted to energy units by multiplying the standard volume by the Heat Content of each unit of Gas. Volumes will be specified in 10³m³ rounded to two decimal places and energy will be specified in Gigajoules rounded to the nearest Gigajoule.

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17. Representations, Warranties and Covenants

17.1 Title

The Shipper represents and warrants ~~to~~ FortisBC Energy that the Shipper will have good title to all Gas to be delivered to FortisBC Energy at the Interconnection Point on behalf of the Shipper from Suppliers other than FortisBC Energy, free and clear of all liens, encumbrances and claims.

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17.2 Title Not That of FortisBC Energy

FortisBC Energy agrees that title ~~to~~ all Gas transported pursuant to the Transportation Agreement remains with the Shipper.

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17.3 Acknowledgement

The Shipper acknowledges that the Gas transported under the Transportation Agreement will be commingled with Gas within the FortisBC Energy System.

18. Default or Bankruptcy

18.1 Default

If the Shipper at any time fails or neglects:

- (a) to make any payment due to FortisBC Energy or to any other person under this Rate Schedule or the Transportation Agreement within 30 days after payment is due; or
- (b) to correct any default ~~of~~ any of the other terms, covenants, agreements, conditions or obligations imposed upon it under this Rate Schedule or the Transportation Agreement, within 30 days after FortisBC Energy gives to the Shipper notice of such default or, in the case of a default that cannot with due diligence be corrected within a period of 30 days, the Shipper fails to proceed promptly after the giving of such notice with due diligence to correct the same and thereafter to prosecute the correcting of such default with all due diligence,

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then FortisBC Energy may in addition to any other remedy that it has, including the rights of FortisBC Energy set out in ~~Sections 4.4~~ (Default Regarding Curtailment), and 6 (Unauthorized Use), at its option and without liability therefore:

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- (c) suspend further transportation Service to the Shipper and may refuse to deliver Gas to the Shipper until the default has been fully remedied, and no such suspension or refusal will relieve the Shipper from any obligation under this Rate Schedule or the Transportation Agreement; or
- (d) terminate the Transportation Agreement, and no such termination of the Transportation Agreement pursuant hereto will exclude the right of FortisBC Energy to collect any amount due to it from the Shipper for what would otherwise have been the remainder of the term of the Transportation Agreement.

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18.2 Bankruptcy or Insolvency

If the Shipper becomes bankrupt or insolvent or commits or suffers an act of bankruptcy or insolvency or a receiver is appointed pursuant to a statute or under a debt instrument or the Shipper seeks protection from the demands of its creditors pursuant to any legislation enacted for that purpose, FortisBC Energy will have the right, at its sole discretion, to terminate the Transportation Agreement by giving notice in writing to the Shipper and thereupon FortisBC Energy may cease further delivery of Gas to the Shipper and the amount then outstanding for Gas provided under the Transportation Agreement will immediately be due and payable by the Shipper.

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19. Notice

19.1 Notice

Any notice, request, statement or bill that is required to be given or that may be given under this Rate Schedule or under the Transportation Agreement will, unless otherwise specified, be in writing and will be considered as fully delivered when mailed, personally delivered or sent by fax or other method approved by FortisBC Energy to the other in accordance with the following:

If to FortisBC Energy

FORTISBC ENERGY INC.

MAILING ADDRESS:

16705 Fraser Highway
Surrey, B.C.
V4N 0E8

BILLING AND PAYMENT:

Attention: Industrial Billing
Telephone: 1-855-873-8773
Email: industrial.billing@fortisbc.com
Fax: (888) 224-2710

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FORTISBC ENERGY INC.
RATE SCHEDULE 25

CUSTOMER RELATIONS: Attention: Commercial & Industrial Energy Solutions
Telephone: (604) 576-7028
Email: commercial.energy@fortisbc.com
Fax: (604) 576-7122

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LEGAL AND OTHER: Attention: Legal Services
Telephone: (604) 576-7000
Fax: (604) 592-7520

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If to the Shipper, then as set out in the Transportation Agreement.

If to the Shipper Agent, then as set out in the Shipper Agent Agreement.

19.2 **Specific Notices**

Notwithstanding Section 19.1 (Notice), notices with respect to Force Majeure will be sufficient if:

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(a) given by FortisBC Energy in writing by fax or other electronic means, or orally in person, or by telephone (to be confirmed in writing) to the person or persons designated from time to time by the Shipper as authorized to receive such notices; or

(b) given by the Shipper by telephone (to be confirmed by in writing) in the following manner:

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To claim Force Majeure... "Please be advised that (name of company and location of plant) has (reason for claiming Force Majeure as provided in Section 21 (Force Majeure) and hereby claims suspension by reason of Force Majeure in accordance with the terms of Rate Schedule 25 effective 7:00 a.m. Pacific Standard Time (date of Force Majeure suspension to become effective, but not to be retroactive)."

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To terminate Force Majeure... "Please be advised that (name of company and location of plant) requests a return to normal natural gas service in accordance with Rate Schedule 25 and the Transportation Agreement effective 7:00 a.m. Pacific Standard Time (date of Force Majeure suspension to end, but not to be retroactive) whereby the suspension by reason of Force Majeure currently in force will be terminated."

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20. Indemnity and Limitation on Liability

20.1 Limitation on Liability

FortisBC Energy, its employees, contractors or agents are not responsible or liable for any loss or damages for or on account of any interruption or curtailment of transportation Service permitted under the General Terms and Conditions of FortisBC Energy, or this Rate Schedule.

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20.2 Indemnity

The Shipper will indemnify and hold harmless each FortisBC Energy, its employees, contractors and agents from and against any and all adverse claims, losses, suits, actions, judgments, demands, debts, accounts, damages, costs, penalties and expenses (including all legal fees and disbursements) arising from or out of each of the following:

- (a) any defect in title to any Gas delivered to FortisBC Energy at the Interconnection Point on behalf of the Shipper from Suppliers other than FortisBC Energy, or arising from any charges that are applicable to the Gas delivered to FortisBC Energy;
- (b) Municipal Operating Fees not otherwise collected by FortisBC Energy under the Table of Charges;
- (c) nominations made in accordance with Sections 7, (Nomination) or 9, (Group Nominations and Balancing) of this Rate Schedule by FortisBC Energy to the Transporter with respect to the Shipper's transportation volumes, whether or not the Shipper is a member of a Group;
- (d) Gas delivered by the Transporter or Shipper to FortisBC Energy failing to meet the quality specifications set out in Section 14.1, (Minimum Standards) of this Rate Schedule; and
- (e) all federal, provincial, municipal taxes (or payments made in lieu thereof) and royalties, whether payable on the delivery of Gas to FortisBC Energy by the Shipper or on the delivery of Gas to the Shipper by FortisBC Energy, or on any other Service provided by FortisBC Energy to the Shipper.

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20.3 Principal Obligor

If the Shipper is a member of a Group, the obligations of each of the Shipper Agent (acting for and on behalf of the Shippers that are members of the Group) and the Shipper (in the event of the failure of the Shipper Agent to make such payments and limited to the charges related to that Shipper) to pay to, or to the order of, FortisBC Energy the charges for Backstopping Gas, Balancing Gas, Replacement Gas, Unauthorized Overrun Gas charges set out in the Table of Charges, and demand surcharges set out in the Rate Schedule 22 Table of Charges, are those of principal obligor and not of surety and are independent of the respective obligations of the Shipper Agent and the Shipper towards each other pursuant to the Shipper Agent Agreement.

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21. Force Majeure

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21.1 Force Majeure

Subject to the other provisions of this Section 21 (Force Majeure), if either party is unable or fails by reason of Force Majeure to perform in whole or in part any obligation or covenant set out in this Rate Schedule under which Service is rendered or in the Transportation Agreement, the obligations of both FortisBC Energy and the Shipper will be suspended to the extent necessary for the period of the Force Majeure condition.

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21.2 Curtailment Notice

If FortisBC Energy claims suspension pursuant to this Section 21 (Force Majeure), FortisBC Energy will be deemed to have issued to the Shipper a notice of curtailment.

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21.3 Exceptions

Neither party will be entitled to the benefit of the provisions of Section 21.1 (Force Majeure) under any of the following circumstances:

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- (a) to the extent that the failure was caused by the negligence or contributory negligence of the party claiming suspension;
- (b) to the extent that the failure was caused by the party claiming suspension having failed to diligently attempt to remedy the condition and to resume the performance of the covenants or obligations with reasonable dispatch; or

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- (c) unless as soon as possible after the happening of the occurrence relied on or as soon as possible after determining that the occurrence was in the nature of Force Majeure and would affect the claiming party's ability to observe or perform any of its covenants or obligations under the Rate Schedule or the Transportation Agreement, the party claiming suspension will have given to the other party notice to the effect that the party is unable by reason of Force Majeure (the nature of which will be specified) to perform the particular covenants or obligations.

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21.4 Notice to Resume

The party claiming suspension will likewise give notice, as soon as possible after the Force Majeure condition has been remedied, to the effect that it has been remedied and that the party has resumed, or is then in a position to resume, the performance of the covenants or obligations.

21.5 Settlement of Labour Disputes

Notwithstanding any of the provisions of this Section 21 (Force Majeure), the settlement of labour disputes or industrial disturbances will be entirely within the discretion of the particular party involved and the party may make settlement of it at the time and on terms and conditions as it may deem to be advisable and no delay in making settlement will deprive the party of the benefit of Section 21.1 (Force Majeure).

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21.6 No Exemption for Payments

Notwithstanding any of the provisions of this Section 21 (Force Majeure), Force Majeure will not relieve or release either party from its obligations to make payments to the other.

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21.7 Periodic Repair by FortisBC Energy

FortisBC Energy may temporarily shut off the delivery of Gas for the purpose of repairing or replacing a portion of the FortisBC Energy System or its equipment and FortisBC Energy will make reasonable efforts to give the Shipper as much notice as possible with respect to such interruption, not to be less than 8 hours, prior notice except when prevented by Force Majeure. FortisBC Energy will make reasonable efforts to schedule repairs or replacement to minimize interruption or curtailment of transportation Service to the Shipper, and to restore Service as quickly as possible.

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Effective Date: June 1, 2018 Accepted for Filing: _____

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21.8 Shipper's Gas

If FortisBC Energy curtails or interrupts transportation of Gas by reason of Force Majeure the Shipper will make its supply of Gas available to FortisBC Energy, to the extent required by FortisBC Energy, to maintain Service priority to those customers or classes of customers which FortisBC Energy determines should be served. FortisBC Energy, in its sole discretion, will either increase the balance in the Shipper's inventory account by the amount taken by FortisBC Energy and return an equivalent quantity of Gas to the Shipper as soon as reasonable, or pay the Shipper an amount equal to either FortisBC Energy's average Gas cost, or the Shipper's average Gas cost, for the Day(s) during which such Gas was taken, whichever Gas cost the Shipper, in its sole discretion, elects.

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21.9 Alteration of Facilities

The Shipper will pay to FortisBC Energy all reasonable costs associated with the alteration of facilities made at the discretion of FortisBC Energy to measure quantities reduced by reason of Force Majeure claimed by the Shipper and to restore such facilities after the Force Majeure condition ends.

22. Arbitration

22.1 Arbitration

Any dispute between the parties arising from this Rate Schedule or the Transportation Agreement will be resolved by a single arbitrator pursuant to the Arbitration Act of British Columbia or successor legislation, save as expressly provided herein.

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22.2 Demand for Arbitration

Either party may commence arbitration proceedings by sending to the other party a demand for arbitration setting out the nature of the dispute.

22.3 Arbitrator

The parties will have 10 days from receipt of the demand referred to in Section 22.2 (Demand for Arbitration) of this Rate Schedule to agree upon the arbitrator, failing which either party may apply to the Supreme Court of British Columbia to select the arbitrator. The arbitrator must be sufficiently qualified by education and training to decide the particular questions in dispute. Unless otherwise agreed, the arbitrator may not be a past or present employee, officer or director of any of the parties or their respective successors or affiliates, any customer or supplier of the Shipper or FortisBC Energy.

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22.4 Commencement and Decision

The arbitrator will proceed immediately to hear and determine the matter in dispute and will render a written decision, signed by the arbitrator, within 45 days after the appointment, subject to any reasonable delay due to unforeseen circumstances. Notwithstanding the foregoing, if the arbitrator fails to render a decision within 60 days after the appointment then either party may elect to have a new arbitrator appointed in like manner as if none had previously been appointed.

22.5 Decision

The decision of the arbitrator will be final and binding upon the parties and the parties will abide by the decision and perform the terms and conditions thereof.

23. Interpretation

23.1 Interpretation

Except where the context requires otherwise or except as otherwise expressly provided, in this Rate Schedule or in a Transportation Agreement:

- (a) all references to a designated section are to the designated section of this Rate Schedule unless otherwise specifically stated;
- (b) the singular of any term includes the plural, and vice versa, and the use of any term is equally applicable to any gender and, where applicable, body corporate;
- (c) any reference to a corporate entity includes and is also a reference to any corporate entity that is a successor ~~to~~ such entity;
- (d) all words, phrases and expressions used in this Rate Schedule or in a Transportation Agreement that have a common usage in the gas industry and that are not defined in the General Terms and Conditions of FortisBC Energy, the Definitions or in the Transportation Agreement have the meanings commonly ascribed thereto in the gas industry; and
- (e) the headings of the sections set out in this Rate Schedule or in the Transportation Agreement are for convenience of reference only and will not be considered in any interpretation of this Rate Schedule or the Transportation Agreement.

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24. Miscellaneous

24.1 Waiver

No waiver by either FortisBC Energy or the Shipper of any default by the other in the performance of any of the provisions of this Rate Schedule or the Transportation Agreement will operate or be construed as a waiver of any other or future default or defaults, whether of a like or different character.

24.2 Enurement

The Transportation Agreement will enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns, including without limitation successors by merger, amalgamation or consolidation.

24.3 Assignment

The Shipper will not assign the Transportation Agreement or any of its rights and obligations thereunder without the prior written consent of FortisBC Energy which consent will not be unreasonably withheld or delayed. No assignment will release the Shipper from its obligations under this Rate Schedule or under the Transportation Agreement that existed prior to the date on which the assignment takes effect. This provision applies to every proposed assignment by the Shipper.

24.4 Amendments to be in Writing

Except as set out in this Rate Schedule, no amendment or variation of the Transportation Agreement will be effective or binding upon the parties unless such amendment or variation is set out in writing and duly executed by the parties.

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24.5 Proper Law

The Transportation Agreement will be construed and interpreted in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

24.6 Time is of Essence

Time is of the essence of this Rate Schedule, the Transportation Agreement and of the terms and conditions thereof.

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Effective Date: June 1, 2018 Accepted for Filing: _____

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24.7 Subject to Legislation

Notwithstanding any other provision hereof, this Rate Schedule and the Transportation Agreement and the rights and obligations of FortisBC Energy and the Shipper under this Rate Schedule and the Transportation Agreement are subject to all present and future laws, rules, regulations and orders of any legislative body, governmental agency or duly constituted authority now or hereafter having jurisdiction over FortisBC Energy or the Shipper.

24.8 Further Assurances

Each of FortisBC Energy and the Shipper will, on demand by the other, execute and deliver or cause to be executed and delivered all such further documents and instruments and do all such further acts and things as the other may reasonably require to evidence, carry out and give full effect to the terms, conditions, intent and meaning of this Rate Schedule and the Transportation Agreement and to assure the completion of the transactions contemplated hereby.

24.9 Form of Payments

All payments required to be made under statements and invoices rendered pursuant to this Rate Schedule or the Transportation Agreement will be made by wire transfer to, or cheque or bank cashier's cheque drawn on a Canadian chartered bank or trust company, payable in lawful money of Canada at par in immediately available funds in Vancouver, British Columbia.

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Table of Charges

Mainland and
Vancouver Island
Service Area

Transportation

1. Basic Charge per Month
2. Demand Charge per Month per Gigajoule of Daily Demand
3. Delivery Charge per Gigajoule
4. Administrative Charge per Month

\$~~XXX.XX~~

\$ ~~XX.XXX~~²

\$ ~~X.XXX~~

\$ ~~39.00~~

Sales

5. Unauthorized Overrun Gas Charges

- (a) Per Gigajoule on first 5 percent of specified quantity

Sumas Daily Price¹

- (b) Per Gigajoule on all Gas over 5 percent of specified quantity

The greater of \$20.00/GJ or 1.5 x the Sumas Daily Price¹

6. Charge per Gigajoule of Balancing Service provided

- (a) Quantities of Gas less than 10% of the Rate Schedule 25 Authorized Quantity

(i) between and including April 1 and October 31

No charge

(ii) between and including November 1 and March 31

No charge

- (b) Quantities of Gas

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Service Area

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Service Area

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FORTISBC ENERGY INC.
RATE SCHEDULE 25

over the greater of
100 Gigajoules or
equal to or in excess
of 10% or less than
20% of the Rate
Schedule 25
Authorized Quantity

(i) between and \$ 0.25
including April 1
and October 31

(ii) between and \$ 0.25
including
November 1 and
March 31

(c) Quantities of Gas
over the greater of
100 Gigajoules or
equal to or in excess
of 20% of the Rate
Schedule 25
Authorized Quantity

(i) between and \$ 0.30
including April 1
and October 31

(ii) between and \$ 1.10
including
November 1 and
March 31

7. Charge per Gigajoule of Sumas Daily
Balancing and Price¹
Backstopping Gas

8. Replacement Gas³ Sumas Daily
Price¹ plus 20
Percent

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Rider 1 **Propane Surcharge** - Not applicable.

~~Rider 2~~ ~~(Reserved for future use.)~~

Rider 3 (Reserved for future use.)

~~Rider 4~~ ~~(Reserved for future use.)~~

Rider 5 **Revenue Stabilization Adjustment Charge** - Not applicable.

Municipal Operating Fee Charge

3.09% of the aggregate of the above charges, is payable (in addition to the above charges) if the facilities to which Gas is delivered under this Rate Schedule are located within the municipal boundaries of municipalities or First Nations lands (formerly, reserves within the *Indian Act*) to which FortisBC Energy pays Municipal Operating Fees.

Minimum Charge per month

The minimum charge per month will be the aggregate of the Basic Charge, Demand Charges, the ~~transportation~~ Administration ~~C~~harge and the Municipal Operating Fee charge.

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Notes:

1. As defined under Section 1.1, the Sumas Daily Price quoted each Day will apply to Gas consumed on that gas day.
2. Daily Demand is equal to 1 10 multiplied by the greater of:
 - (a) the Customer's highest average daily consumption of any month during the winter period (November 1 to March 31), or
 - (b) one half of the Customer's highest average daily consumption of any month during the summer period (April 1 to October 31).

The calculation of Daily Demand will be based on the Customer's actual gas use during the preceding Contract Year.
3. The Sumas Daily Price for the sixth Business Day following the Day for which the Peaking Gas was authorized plus 20 percent.

Deleted: Sumas Daily Price - means the "NW Sumas" Daily Midpoint Price as set out in Gas Daily's Daily Price Survey for Gas delivered to Northwest Pipeline Corporation at Sumas, converted to Canadian dollars using the noon exchange rate as quoted by the Bank of Canada one business day prior to Gas flow date, for each Day. Energy units are converted from MMBtu to Gigajoule by application of a conversion factor equal to 1.055056 Gigajoule per MMBtu.¶

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**TRANSPORTATION AGREEMENT
FOR RATE SCHEDULES 22, 22A, 22B, 23, 25, 26 AND 27**

This Agreement is dated _____, 20____, between FortisBC Energy Inc. ("FortisBC Energy") and _____ (the "Shipper").

WHEREAS:

- A. FortisBC Energy owns and operates the FortisBC Energy System; and
- B. The Shipper has requested that FortisBC Energy arrange for the transportation of Gas on a firm and/or interruptible basis through the FortisBC Energy System to _____ located in or near _____ British Columbia in accordance with a transportation Rate Schedule as set out below and the terms set out herein.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the terms, conditions and limitations contained herein, the parties agree as follows:

1. Specific Information

Applicable Rate Schedule: ☐ 22 ☐ 22A ☐ 22B
☐ 23 ☐ 25 ☐ 26 ☐ 27

Type of Service: ☐ Firm ☐ Interruptible
☐ Firm and Interruptible

Firm DTQ / DTQ: _____ Gigajoules per day

Shipper Agent and / or Group, if applicable: _____

Commencement Date: _____

Expiry Date: _____

(only specify expiry date if term of Transportation Agreement is not automatically renewed from Year to Year as set out in the Automatic Renewal Section of the applicable transportation Rate Schedule)

Service Address: _____

Account Number: _____

Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: June 1, 2018 Accepted for Filing: _____

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Interconnection Point: The point at (_____ km-post _____)
where the Transporter's pipeline system in
British Columbia interconnects with the
FortisBC Energy System

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Address of Shipper for receiving notices:

(name of Shipper) Attention: _____

(address of Shipper) Telephone: _____

_____ Fax: _____

_____ Email: _____

The information set out above is hereby approved by the parties and each reference in
either this agreement or the applicable transportation Rate Schedule to any such
information is to the information set out above.

2. Rate Schedule 22 / 22A / 22B / 23 / 25 / 26 / 27

2.1 Additional Terms

All rates, terms and conditions set out in the applicable transportation Rate Schedule
(22, 22A, 22B, 23, 25, 26 or 27) and the General Terms and Conditions of FortisBC
Energy, as any of them may be amended by FortisBC Energy and approved from time to
time by the British Columbia Utilities Commission, are in addition to the terms and
conditions contained in this Transportation Agreement and form part of this
Transportation Agreement and bind FortisBC Energy and the Shipper as if set out in this
Transportation Agreement.

2.2 Payment of Amounts

Without limiting the generality of the foregoing, the Shipper will pay to FortisBC Energy
all of the amounts set out in the applicable transportation Rate Schedule for the Services
provided under such Rate Schedule and this Transportation Agreement.

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Effective Date: June 1, 2018 Accepted for Filing: _____

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2.3 Conflict

Where anything in either the applicable transportation Rate Schedule or the General Terms and Conditions of FortisBC Energy conflicts with any of the terms and conditions set out in this Transportation Agreement, this Transportation Agreement governs. Where anything in the applicable transportation Rate Schedule conflicts with any of the rates, terms and conditions set out in the General Terms and Conditions of FortisBC Energy, the Rate Schedule governs.

2.4 Member of a Group

Where the Shipper will be a member of a Group which has a Shipper Agent acting as agent for the members of the Group, the Shipper must complete Appendix A attached to this Transportation Agreement and the Shipper thereby agrees that the terms and conditions of Appendix A form part of this Transportation Agreement and bind the Shipper as if set out in this Transportation Agreement.

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2.5 Acknowledgement

The Shipper acknowledges receiving and reading a copy of the applicable transportation Rate Schedule (22, 22A, 22B, 23, 25, 26 or 27) and the General Terms and Conditions of FortisBC Energy and agrees to comply with and be bound by all terms and conditions set out therein. Without limiting the generality of the foregoing, where the transportation Service is interruptible, the Shipper acknowledges that it is able to accommodate such interruption or curtailment and releases FortisBC Energy from any liability for the Shipper's inability to accommodate such interruption or curtailment of transportation Service.

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IN WITNESS WHEREOF the parties hereto have executed this Transportation Agreement.

FORTISBC ENERGY INC.

(here insert name of Shipper)

BY: _____

(Signature)

BY: _____

(Signature)

(Title)

(Title)

(Name – Please Print)

(Name – Please Print)

DATE: _____

DATE: _____

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**APPENDIX A
NOTICE OF APPOINTMENT OF SHIPPER AGENT**

1. _____ (Shipper) hereby gives notice to FortisBC Energy that Shipper has appointed _____ (the Shipper Agent) to act as agent for Shipper in all matters relating to gas supply and to transportation, Service on the FortisBC Energy System. Shipper also gives notice to FortisBC Energy that Shipper wishes to be a member of a Group, and the Shipper will cause the Shipper Agent to enter into a Shipper Agent Agreement or other agreement with FortisBC Energy that binds the Shipper Agent to pay the charges which the Shipper Agent elects to pay for and on behalf of the Shipper.
2. Shipper acknowledges and agrees that the Shipper Agent will provide aggregate nominations for the Group to FortisBC Energy.
3. Shipper acknowledges and agrees that if the Group includes a member which is a Shipper under Rate Schedule 22, 22A, or 22B, the Group and its members will be subject to the demand surcharge provisions of Rate Schedule 22.
4. Shipper acknowledges and agrees that when there are constraints or limitations of Gas supply FortisBC Energy will notify the Shipper Agent and it will then be the responsibility of the Shipper Agent to notify Shipper of any curtailment or interruption arising from the constraint or limitation of Gas supply.
5. Shipper acknowledges and agrees that the Shipper Agent will provide FortisBC Energy with information which will be used by FortisBC Energy to bill Shipper for Backstopping Gas, Balancing Gas, Unauthorized Overrun Gas charges and demand surcharges.
6. Shipper acknowledges that FortisBC Energy will bill Shipper on the basis of information provided to FortisBC Energy by the Shipper Agent. Shipper agrees that it is bound by the information supplied to FortisBC Energy by the Shipper Agent and Shipper agrees that it will not dispute the information provided to FortisBC Energy by the Shipper Agent. Shipper agrees that the Shipper Agent may elect to pay some or all of the charges for Gas identified in Section 3.7 (Monthly Billing Information) of the standard form Shipper Agent Agreement and Shipper acknowledges that if the Shipper Agent fails to provide information to FortisBC Energy then notwithstanding any election that has been made by the Shipper Agent to pay some or all of the charges for Gas identified in Section 3.7 (Monthly Billing Information) of the standard form Shipper Agent Agreement, FortisBC Energy will bill Shipper directly on the bases set out in Section 3.8 (Lack of Allocation Information) of the standard form Shipper Agent Agreement of FortisBC Energy. Shipper agrees to pay FortisBC Energy as billed, and if Shipper disagrees with any of the billing information used by FortisBC Energy the Shipper will deal with the Shipper Agent to resolve that disagreement. Disputes between the Shipper and the Shipper

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Effective Date: June 1, 2018 Accepted for Filing: _____

BCUC Secretary: _____ Original Page TA-25.4

FORTISBC ENERGY INC.
RATE SCHEDULE 25

Agent will not constitute a basis for non-payment by Shipper to FortisBC Energy of the amounts billed.

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7. Shipper will provide FortisBC Energy with 30 days notice, except with the prior approval from FortisBC Energy, if Shipper wishes to leave the Group, to be effective on the beginning of the next calendar month following the expiry of the notice period.

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8. Shipper acknowledges and agrees that FortisBC Energy may disband the Group pursuant to Section 10 (Disbanding of the Group) of the standard form Shipper Agent Agreement.

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Deleted: section 10

9. Shipper will indemnify and hold harmless each of FortisBC Energy, its employees, contractors and agents from and against any and all adverse claims, losses, suits, actions, judgments, demands, debts, accounts, damages, costs, penalties and expenses (including all legal fees and disbursements) arising from any act or omission of the Shipper Agent related to the agency created by the Shipper Agent Agreement.

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10. Shipper acknowledges receiving a copy of the standard form Shipper Agent Agreement of FortisBC Energy.

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(here insert name of Shipper)

BY: _____

(Signature)

(Title)

(Name - Please Print)

DATE: _____

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Effective Date: June 1, 2018 Accepted for Filing: _____

BCUC Secretary: _____ Original Page TA-25.5

SCHEDULE A

SHIPPER AGENT AGREEMENT

This Agreement is dated _____, 20____, between FortisBC Energy Inc. ("FortisBC Energy") and _____ (the "Shipper Agent").

WHEREAS:

- A. The Shipper Agent wishes to act as agent on behalf of all members of a Group in respect of transportation Service on the FortisBC Energy System; and
- B. The Shippers who are members of the Group have entered into Transportation Agreements with FortisBC Energy.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the terms, conditions and limitations contained herein, the parties agree as follows:

1. Specific Information

Members of Group:

(if space is insufficient, continue list on an additional page)

Commencement Date of this agreement:

Expiry Date of this agreement:

(no expiry date need be specified)

Address of Shipper Agent for receiving notices:

(name of Shipper Agent)

(address of Shipper Agent)

Attention: _____

Telephone: _____

Fax: _____

Alternate Tel(s): _____

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Effective Date: June 1, 2018 Accepted for Filing: _____

BCUC Secretary: _____ Original Page SA-25.1

The information set out above is hereby approved by the parties and each reference in either this agreement or the applicable Transportation Rate Schedules to any such information is to the information set out above.

2. Definitions

2.1 Definitions in Rate Schedule 25

Except where the context requires otherwise or except as otherwise expressly provided in this agreement, all words and phrases defined in Rate Schedule 25 or in the General Terms or Conditions of FortisBC Energy have the meanings set out in the Rate Schedule 25 and in the General Terms and Conditions of FortisBC Energy.

3. Shipper Agent Obligations

3.1 Management of Balancing Gas

The Shipper Agent is responsible for the management of all Balancing Gas for the Group and its members.

3.2 Management of Backstopping Gas

The Shipper Agent is responsible for the management of all Backstopping Gas supplied by FortisBC Energy to the Group and its members.

3.3 Management of Peaking Gas Service

The Shipper Agent is responsible for the management of all Peaking Gas supplied by FortisBC Energy to the Group and its members as well as the return of Peaking Gas Quantities and any Replacement Gas.

3.4 Group Nominations and Balancing

The Shipper Agent will provide Group nomination and balancing to FortisBC Energy in accordance with the sections of the applicable transportation Rate Schedules.

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BCUC Secretary: _____ Original Page SA-25.2

3.5 Standard Gas Supply Priority Schedule (Standard Priority Schedule)

Before the Commencement Date of this agreement and before the commencement of each Contract Year the Shipper Agent will provide to FortisBC Energy a Standard Priority Schedule which will advise FortisBC Energy of the priority between members of the Group if a constraint or limitation of Gas supply occurs. The Shipper Agent may provide to FortisBC Energy a revised Standard Priority Schedule from time to time and will provide to FortisBC Energy a revised Standard Priority Schedule if there is a change in membership of the Group.

3.6 Gas Supply Constraints or Limitations

Upon receipt of a notice from FortisBC Energy of curtailment or interruptions pursuant to Section 4.4, (Notice of Gas Supply Constraint or Limitation) Shipper Agent will determine the allocation of Gas supply between members of the Group and will notify the Shippers which are members of the Group of the curtailment or interruption. Within two hours of receipt of notice from FortisBC Energy pursuant to Section 4.4, or such longer period as FortisBC Energy considers reasonable in the circumstances, the Shipper Agent will provide to FortisBC Energy a schedule setting out the Gas supply allocation for the Group to apply during that curtailment or interruption. If the Shipper Agent fails to provide a schedule setting out the Gas supply allocation for the Group to apply during the curtailment or interruption then FortisBC Energy will curtail Shippers on the basis set out in the Standard Priority Schedule.

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3.7 Monthly Billing Information

At the end of each month, and within two Business Days of FortisBC Energy providing to the Shipper Agent a schedule of charges incurred (if any) pursuant to Section 4.2 (Monthly Provision of Data), the Shipper Agent will notify FortisBC Energy which charges the Shipper Agent elects to pay on behalf of the members of the Group and, if notice is not received, FortisBC Energy will bill the Shippers directly on a pro-rata basis.

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3.8 Lack of Allocation Information

If, at the end of a month, the Shipper Agent fails to provide to FortisBC Energy the monthly allocation schedule of charges incurred (if any) pursuant to Section 3.7, (Monthly Billing Information) then FortisBC Energy will bill on the basis of the best available information. For Balancing Gas FortisBC Energy will bill on a basis proportional to the actual takes of the Shippers during the month. For Backstopping Gas FortisBC Energy will bill on a basis proportional to the actual Day-to-Day takes of the Shippers during the Days when Backstopping Gas was supplied. For Unauthorized Overrun Gas FortisBC Energy will bill on the basis of the schedule(s) setting out the Gas supply allocation for the Group provided to FortisBC Energy pursuant to Section 3.7, or if the Shipper Agent fails to provide a schedule pursuant to Section 3.7, then on the basis of the applicable Standard Priority Schedule provided by the Shipper Agent pursuant to Section 3.5 (Standard Gas Supply Priority Schedule (Standard Priority Schedule)). For Replacement Gas FortisBC Energy will bill on a basis proportional to actual Day-to-Day takes of the Non-Bypass Shippers during the Day for which the Peaking Gas Quantities were not returned. For Positive Imbalances and Negative Imbalances for West to East SCP Transportation Service FortisBC Energy will bill on a basis proportional to the Peak Day Demand of the Non-Bypass Shippers. If further information becomes available, FortisBC Energy will adjust the billings on the basis of the further information.

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3.9 Charges for Extra Services

If FortisBC Energy incurs extra expenses from a Shipper Agent failing to provide information, or failing to provide information in a timely manner, or failing to provide correct information, or otherwise failing to meet its obligations under this agreement, then FortisBC Energy may charge the Shipper Agent for such extra expenses and the Shipper Agent agrees to pay FortisBC Energy the reasonable extra expenses incurred as a result of such failure.

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4. FortisBC Energy Obligations

4.1 Daily Provision of Data

FortisBC Energy will provide to the Shipper Agent a report on the Web Information and Nomination System ("WINS") setting out FortisBC Energy's best available data on the daily takes of the Group both by individual Shipper and in aggregate on a daily basis.

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4.2 Monthly Provision of Data

Within 10 working days after the end of each month FortisBC Energy will provide to the Shipper Agent a report on the WINS setting out the finalized daily takes of each member of the Group.

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4.3 Capacity Constraints

If FortisBC Energy, acting reasonably, determines that it does not have capacity on the FortisBC Energy System to accommodate interruptible transportation ~~Service~~ to any member of the Group then FortisBC Energy will directly notify that Shipper pursuant to Notice of Curtailment ~~Section~~ of the applicable Rate Schedule and will deal directly with the Shipper if the Shipper takes Unauthorized Overrun Gas or Unauthorized Transportation Service.

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4.4 Notice of Gas Supply Constraint or Limitation

If Gas supply constraints or limitations occur; either due to a constraint or limitation of supply from FortisBC Energy of Backstopping Gas or Balancing Gas, or a constraint or limitation of supply from another Supplier; FortisBC Energy will notify the Shipper Agent of any curtailment or interruption, will specify the quantity of Gas to which the Group in aggregate is curtailed and the time at which time such curtailment is to be made. FortisBC Energy will make reasonable efforts to give the Shipper Agent as much notice as possible with respect to such curtailment or interruption, not to be less than 4 hours prior notice unless prevented by Force Majeure.

5. Changes to Group

5.1 Amendments to Group

Schedule ~~A~~ sets out the Shippers who are the members of the Group represented by the Shipper Agent to this agreement. No additions or deletions may be made to the Group without the Shipper Agent providing notice to FortisBC Energy ~~in a method approved by~~ FortisBC Energy, showing such additions and deletions and the effective dates of such additions and deletions in accordance with ~~Section 5 (Changes to Group)~~ of this agreement.

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5.2 Deletions From Group

If the Shipper Agent wishes to cease acting as agent for a Shipper or a Shipper wishes to cease being a member of the Group, upon receipt by FortisBC Energy of not less than, except with the prior approval ~~of~~ FortisBC Energy, 30 days prior written notice, ~~or other method approved by FortisBC Energy~~, from either the Shipper or Shipper Agent and provided that the Shipper Agent has provided to FortisBC Energy the effective date of deletion of the Shipper from the Group, ~~such Shipper will be deleted from the Group~~ on the beginning of the next calendar month following the expiry of the notice period.

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5.3 Additions To Group

If the Shipper Agent wishes to add a Shipper to a Group and the Shipper wishes to be added to the Group, and the Shipper has entered into a Transportation Agreement and completed an Appendix A - Notice of Appointment of Shipper Agent, and both the Shipper and the Shipper Agent have given to FortisBC Energy not less than, except with the prior approval from FortisBC Energy, 30 days prior written notice, or other method approved by FortisBC Energy, of such addition and provided that the Shipper Agent has provided to FortisBC Energy the effective date of the addition of the Shipper to the Group, such Shipper will be added to the Group effective on the beginning of the next calendar month following the expiry of the notice period.

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6. Statements and Payments

6.1 Statements to be Provided

If the Shipper Agent elects to pay some or all of the charges for Gas taken by the Shippers as described in Section 3.7 (Monthly Billing Information), FortisBC Energy will, on or about the 15th day of each month, deliver to the Shipper Agent a statement for the preceding month showing the Gas quantities, and the applicable charges for which the Shipper Agent is responsible and the amount due. Any errors in any statement will be promptly reported to the other party as provided hereunder, and statements will be final and binding unless questioned within one year after the date of the statement.

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6.2 Payment and Interest

Payment for the full amount of the statement, including federal, provincial and municipal taxes or fees applicable thereon, will be made to, or to the order of, FortisBC Energy at its Surrey, British Columbia office (mailing address: P.O. Box 6666 Stn. Terminal, Vancouver, B.C., V6B 6M9), or such other place in Canada as it will designate, on or before the 1st Business Day after the 10th calendar day following the billing date. If the Shipper Agent or Shipper fails or neglects to make any payment required under this Shipper Agent Agreement, or any portion thereof, to or to the order of FortisBC Energy when due, interest on the outstanding amount will accrue, at the rate of interest declared by the chartered bank in Canada principally used by FortisBC Energy, for loans in Canadian dollars to its most creditworthy commercial borrowers payable on demand and commonly referred to as its "prime rate", plus:

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- (a) 2% from the date when such payment was due for the first 30 days that such payment remains unpaid and 5% thereafter until the same is paid where the Shipper Agent or Shipper has not, during the immediately preceding 6 month period, failed to make any payment when due hereunder; or

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- (b) 5% from the date when such payment was due to and including the date the same is paid where the Shipper Agent or Shipper has, during the immediately preceding 6 month period, failed to make any payment when due hereunder.

7. Term

7.1 Term

The term of this agreement will commence on the Commencement Date specified in Section 1 (Specific Information) of this agreement and will expire either:

- (a) 30 days following written notice from the Shipper Agent that the Shipper Agent wishes to cease to nominate for transportation Service and balancing on behalf of the Group; or
- (b) the expiry or termination of the Transportation Agreements of all of the members of the Group; or
- (c) the expiry date specified in Section 1 (Specific Information) of this agreement; or
- (d) 5 days following notice from FortisBC Energy to the Shipper Agent, and to the Shippers which are members of the Group, under Section 10.1 (Failure to Provide Information) and Section 10.2 (Default).

whichever date is earlier.

7.2 Survival of Covenants

Upon the termination of this agreement:

- (a) all claims, causes of action or other outstanding obligations remaining or being unfulfilled as at the date of termination; and
- (b) all of the provisions in this agreement relating to the obligation of either of the parties to provide information to the other in connection with this agreement,

will survive such termination.

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8. Representations, Warranties and Covenants

8.1 Representations and Warranties

The Shipper Agent represents and warrants to and covenants with FortisBC Energy as follows:

- (a) the members of the Group are listed in Section 1 (Specific Information) of this agreement;
- (b) the Shipper Agent is the agent of each of the members of the Group and has the authority of each of the members of the Group for the purposes of any and all matters set out in the applicable transportation Rate Schedule and this agreement; and
- (c) FortisBC Energy may rely on any act or thing done, or document executed, by the Shipper Agent in connection with of any and all matters set out in the applicable transportation Rate Schedule and this agreement.

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9. Limitation on Liability and Indemnity

9.1 Limitation on Liability

Neither FortisBC Energy, its employees, contractors or agents will be liable in damages for or on account of any interruption or curtailment of transportation Service or Gas supply.

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9.2 Indemnity

The Shipper Agent will indemnify and hold harmless each of FortisBC Energy, its employees, contractors and agents from and against any and all adverse claims, losses, suits, actions, judgments, demands, debts, accounts, damages, costs, penalties and expenses (including all legal fees and disbursements) arising from any act or omission of the Shipper Agent related to the agency created by the Shipper Agent Agreement.

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10. Disbanding of the Group

10.1 Failure to Provide Information

If the Shipper Agent fails to provide FortisBC Energy with the information or schedules which the Shipper Agent is required to provide to FortisBC Energy pursuant to this agreement or is otherwise in breach of this agreement then, acting reasonably in the circumstances and on 5 days notice to the Shipper Agent and to the members of the Group, FortisBC Energy may disband the Group and deal directly with the Shippers which were members of the Group.

10.2 Default

If any Shipper which is a member of the Group is in default under the Default or Bankruptcy ~~Section~~ of the applicable Rate Schedule or becomes bankrupt or insolvent, then that Shipper will cease to be a member of the Group.

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11. Arbitration

11.1 Arbitration

Any dispute between the parties arising from this agreement will be resolved by a single arbitrator pursuant to the ~~Arbitration Act~~ of British Columbia or successor legislation, save as expressly provided herein.

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11.2 Demand for Arbitration

Either party may commence arbitration proceedings by sending to the other party a demand for arbitration setting out the nature of the dispute.

11.3 Arbitrator

The parties will have 10 days from receipt of the demand referred to in ~~Section 11.2~~ (Demand for Arbitration) to agree upon the arbitrator, failing which either party may apply to the Supreme Court of British Columbia to select the arbitrator. The arbitrator must be sufficiently qualified by education and training to decide the particular questions in dispute. Unless otherwise agreed, the arbitrator may not be a past or present employee, officer or director of either of the parties or their respective successors of affiliates, any supplier of the Shipper or FortisBC Energy, or any member of the Group.

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11.4 Commencement and Decision

The arbitrator will proceed immediately to hear and determine the matter in dispute and will render a written decision, signed by the arbitrator, within 45 days after the appointment, subject to any reasonable delay due to unforeseen circumstances. Notwithstanding the foregoing, if the arbitrator fails to render a decision within 60 days after the appointment then either party may elect to have a new arbitrator appointed in like manner as if none had previously been appointed.

11.5 Decision

The decision of the arbitrator will be final and binding upon the parties and the parties will abide by the decision and perform the terms and conditions thereof.

12. Notice

12.1 Notice

Any notice, request, statement or bill that is required to be given or that may be given under this agreement will, unless otherwise specified, be in writing and will be considered as fully delivered when mailed, personally delivered, or sent by fax or other method approved by FortisBC Energy to the other party.

13. Acknowledgement

13.1 Acknowledgement

The Shipper Agent acknowledges receiving and reading a copy of Rate Schedules 22, 22A, 22B, 23, 25, 26 and 27 and the General Terms and Conditions of FortisBC Energy and will comply with and be bound by all terms and conditions set out therein.

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IN WITNESS WHEREOF the parties hereto have executed this agreement.

FORTISBC ENERGY INC.

(here insert name of Shipper Agent)

BY: _____
(Signature)

BY: _____
(Signature)

(Title)

(Title)

(Name – Please Print)

(Name – Please Print)

DATE: _____

DATE: _____

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FORTISBC ENERGY INC.

RATE SCHEDULE 26

NATURAL GAS VEHICLE
TRANSPORTATION SERVICE

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RATE SCHEDULE 26

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1. Definitions

1.1 Definitions

Except where the context requires otherwise, all words and phrases defined below or in the General Terms and Conditions of FortisBC Energy and used in this Rate Schedule or in a Transportation Agreement have the meanings set out below or in the General Terms and Conditions of FortisBC Energy. Where any of the definitions set out below conflict with the definitions in the General Terms and Conditions of FortisBC Energy, the definitions set out below govern.

- (a) **Authorized Quantity** - means, subject to interruptions or curtailments as provided in Section 4 (Transportation) or due to provisions of the Transportation Agreement, the quantity of energy (in Gigajoules) for each Day approved by the Transporter for transportation Service on the Transporter's pipeline system, based on the quantity requested pursuant to Section 7.1 (Requested Quantity), adjusted as set out in Section 7.2 (Adjustment of Requested Quantity) or the quantity of energy approved for sale by FortisBC Energy under an applicable Rate Schedule, or any component or aggregate of these quantities, as the context requires.
- (b) **Backstopping Gas** - means Gas made available by FortisBC Energy as an interruptible backup supply if on any Day the Authorized Quantity is less than the Requested Quantity, adjusted as set out in Section 7.2 (Adjustment of Requested Quantity).
- (c) **Balancing Gas** - means any Gas taken during a Day which is in excess of the Authorized Quantity, subject to Section 8.1 (Gas Balancing).
- (d) **Commencement Date** - means the day specified as the Commencement Date in the Transportation Agreement.
- (e) **Contract Year** - means a period of 12 consecutive Months commencing at the beginning of the 1st Day of November and ending at the beginning of the next succeeding 1st Day of November.
- (f) **Day** - means, subject to Section 1.2 (Change in Definition of "Day"), any period of twenty-four consecutive hours beginning and ending at 7:00 a.m. Pacific Standard Time.
- (g) **Delivery Point** - means the point specified in a Sales Service Agreement or a Transportation Agreement where FortisBC Energy delivers Gas to a Customer or a Shipper.

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~~Capacity Factor~~ - means the Shipper's average daily use of Gas divided by the product of the average daily use of Gas for the Month of greatest use during the winter period (November 1 to March 31) multiplied by 1.25. ¶

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- (h) **DTQ or Daily Transportation Quantity** - means the Firm DTQ.
- (i) **EKE** - means the East Kootenay Exchange, an Interconnection Point where the FortisBC Energy System interconnects with the facilities of TransCanada PipeLines Limited, (Foothills System, B.C.).
- (j) **Firm DTQ** - means the maximum quantity of Gas that FortisBC Energy is obligated to transport for and deliver on a firm basis to a Shipper at the Delivery Point on any particular Day, which reasonably reflects the Shipper's requirements and is specified in a Transportation Agreement.
- (k) **Firm EKE Receipt Service** - means the firm receipt Service by which the Shipper provides Gas to FortisBC Energy at EKE for firm transportation to a Delivery Point in the Inland area, as described in Section 11.1 (Firm EKE Receipt Service).
- (l) **Force Majeure** - means any acts of God, strikes, lockouts, or other industrial disturbances, civil disturbances, arrests and restraints of rulers or people, interruptions by government or court orders, present or future valid orders of any regulatory body having proper jurisdiction, acts of the public enemy, wars, riots, blackouts, insurrections, failure or inability to secure materials or labour by reason of regulations or orders of government, serious epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, explosions, breakage or accident to machinery or lines of pipes, or freezing of wells or pipelines, or the failure of gas supply, temporary or otherwise, from a Supplier of gas, which act of Force Majeure was not due to negligence of the party claiming Force Majeure. Further, Force Majeure will also include a declaration of force majeure by a Transporter that results in Gas being unavailable for delivery at the Interconnection Point.
- (m) **Group** - means a group of Shippers who each transport Gas under a transportation Rate Schedule, have a common Shipper Agent, and who have each entered into a Transportation Agreement.
- (n) **Interconnection Point** - means a point where the FortisBC Energy System interconnects with the facilities of one of the Transporters of FortisBC Energy, as specified in a Transportation Agreement.
- (o) **Interruptible EKE Receipt Service** - means the interruptible receipt Service by which the Shipper provides Gas to FortisBC Energy at EKE for firm transportation to a Delivery Point in the Inland area or the Lower Mainland area, as described in Section 11.2 (Interruptible EKE Receipt Service).
- (p) **Month** - means, subject to any changes from time to time required by FortisBC Energy, the period beginning at 7:00 a.m. Pacific Standard Time on the first day of the calendar month and ending at 7:00 a.m. Pacific Standard Time on the first day of the next succeeding calendar month.

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(q) **NGV** - means natural gas for vehicles.

(r) **Non-Bypass Shipper** - means a Shipper that receives Service under Rate Schedule 23, 25 or 22A and pays rates as set out in the standard Table of Charges for the applicable Rate Schedule.

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(s) **Peak Day Demand** - means the quantity of energy used for the purposes of determining the Peaking Gas and EKE Receipt Service available to a Non-Bypass Shipper, as calculated pursuant to Section 10.3 (Peak Day Demand).

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(t) **Peaking Gas** - means Gas which is provided to the Shipper by FortisBC Energy in accordance with the provisions of Section 10 (Peaking Gas Service).

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(u) **Peaking Gas Quantity** - means the Peaking Gas available to a Non-Bypass Shipper on a Day, determined pursuant to the provisions of Section 10.4 (Peaking Gas Quantity).

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(v) **Rate Schedule 26 or this Rate Schedule** - means this Rate Schedule, including all rates, terms and conditions, and the Table of Charges, as amended from time to time by FortisBC Energy with the consent of the British Columbia Utilities Commission.

(w) **Replacement Gas** - means Gas which is provided to a Shipper by FortisBC Energy in the event the Shipper fails to return Peaking Gas Quantity pursuant to Section 10.6 (Return of Peaking Gas Quantity).

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(x) **Requested Peaking Gas Quantity** - means the quantity of energy for each Day requested as Peaking Gas under this Rate Schedule.

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(y) **Requested Quantity** - means the quantity of energy for each Day requested for firm transportation Service under this Rate Schedule 26, or for sales by FortisBC Energy under an applicable Rate Schedule, or any component or aggregate of these quantities, as the context requires.

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(z) **Shipper** - means a person who enters into a Transportation Agreement with FortisBC Energy and who is also the consumer of the Gas transported.

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(aa) **Shipper Agent** - means a person who enters into a Shipper Agent Agreement with FortisBC Energy.

(bb) **Shipper Agent Agreement** - means an agreement between FortisBC Energy and a Shipper Agent pursuant to which the Shipper Agent agrees to act as agent for a Group.

(cc) **Southern Crossing Pipeline** - means the pipeline and other facilities constructed by FortisBC Energy from EKE to an interconnection with existing FortisBC Energy facilities near Oliver that will enable FortisBC Energy to transport Gas between EKE and the Delivery Point.

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(dd) **Sumas Daily Price** - means the "NW Sumas" Daily Midpoint Price as set out in Gas Daily's Daily Price Survey for Gas delivered to Northwest Pipeline Corporation at Sumas, converted to Canadian dollars using the noon exchange rate as quoted by the Bank of Canada, one Business Day prior to the Gas flow date, for each Day. Energy units are converted from MMBtu to Gigajoule by application of a conversion factor equal to 1.055056 Gigajoule per MMBtu.

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(ee) **Supplier** - means a party who sells Gas to a Shipper or FortisBC Energy or has access to its own supplies of Gas.

(ff) **Table of Charges** - means the table of prices, fees and charges, as amended from time to time by FortisBC Energy with the consent of the British Columbia Utilities Commission, appended to this Rate Schedule.

(gg) **Timely Nomination Cycle** – means nominations received for the following Day or subsequent Day(s), which closes at 11:00 a.m. Pacific Standard Time.

(hh) **Transportation Agreement** - means an agreement between FortisBC Energy and a Shipper to provide Service pursuant to a transportation Rate Schedule.

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(ii) **Transporter** - means, in the case of the Columbia area, TransCanada PipeLines Limited, (Foothills System, B.C.) and NOVA Gas Transmission Ltd., and in the case of the Inland and Lower Mainland areas, Westcoast Energy Inc., Northwest Pipeline LLC, FortisBC Huntingdon Inc., and any other gas pipeline transportation company connected to the facilities of FortisBC Energy from which FortisBC Energy receives Gas for the purposes of Gas transportation or resale.

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(jj) **Transporter's Service Terms** - means the general terms and conditions of the applicable Transporter, as filed with and approved from time to time by the National Energy Board or other applicable governmental authority.

(kk) **Unauthorized Overrun Gas** - means any Gas taken on any Day in excess of the curtailed quantity specified in any notice to interrupt or curtail a Shipper's take, or to interrupt or curtail a Group's take, and for greater certainty, Unauthorized Overrun Gas includes all Gas taken by a Shipper or a Group to the extent that the obligation of FortisBC Energy to deliver such Gas is suspended by reason of Force Majeure.

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1.2 Change in Definition of "Day"

FortisBC Energy may amend the definition of "Day" from time to time to suitably align its operations with those of its Transporters. If FortisBC Energy amends the definition of "Day", a pro-rata adjustment of quantities of Gas and charges to account for any Day of more or less than 24 hours will be made and the terms of the Transportation Agreement will be similarly adjusted.

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2. Applicability

2.1 Description of Applicability

This Rate Schedule is applicable to Shippers with a normalized annual consumption at one Premises of greater than 2,000 Gigajoules of firm Gas. The Gas being shipped under this Rate Schedule must be used in fuel for vehicles.

2.2 British Columbia Utilities Commission

This Rate Schedule may be amended from time to time with the consent of the British Columbia Utilities Commission.

3. Conditions of Service

3.1 Conditions

FortisBC Energy does not provide transportation ~~Service~~ as a common carrier. FortisBC Energy will only transport Gas under this Rate Schedule to Shippers in the territory served by FortisBC Energy under the FortisBC Energy tariff of which this Rate Schedule is a part if:

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- (a) the Shipper has entered into a Transportation Agreement;
- (b) adequate capacity exists on the FortisBC Energy System; and
- (c) FortisBC Energy has installed at the Delivery Point the facilities and equipment referred to in ~~Section 15.1~~ (Facilities and Equipment).

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3.2 Security

In order to secure the prompt and orderly payment of the charges to be paid by the Shipper to FortisBC Energy under the Transportation Agreement, FortisBC Energy may require the Shipper to provide, and at all times maintain, an irrevocable letter of credit in favour of FortisBC Energy issued by a financial institution acceptable to FortisBC Energy in an amount equal to the estimated maximum amount payable by the Shipper under this Rate Schedule and the Transportation Agreement for a period of 90 Days. Where FortisBC Energy requires a Shipper to provide a letter of credit and the Shipper is able to provide alternative security acceptable to FortisBC Energy, FortisBC Energy may accept such security in lieu of a letter of credit.

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3.3 **Warning if Switching from Interruptible Transportation Service or Interruptible Sales to Firm Transportation Service or Sales**

A Shipper wishing to request a switch at the end of the term of an interruptible Transportation Agreement or an interruptible Gas Service Agreement to a firm sales Rate Schedule, or to firm transportation under this Rate Schedule, or to increase their Firm DTQ under this Rate Schedule must comply with the requirements for Firm Service set out in the applicable Rate Schedule, including the following:

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- (a) give 12 months prior notice to FortisBC Energy of the Shipper's desire to do so; and
- (b) after receiving an estimate from FortisBC Energy of costs FortisBC Energy will reasonably incur to provide such Service, agree to reimburse FortisBC Energy for any such costs.

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Notwithstanding Section 3.3(a), FortisBC Energy will make reasonable efforts to accommodate a Shipper on less than 12 months prior notice if FortisBC Energy is able, with such shorter notice, to arrange for the firm purchase and firm transportation of Gas under a firm sales Rate Schedule, or transportation under a firm transportation Rate Schedule.

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3.4 **Right to Sell**

Customer will not sell Gas except as fuel for vehicles.

4. Transportation

4.1 **Transportation of Gas**

Subject to Section 13 of the General Terms and Conditions of FortisBC Energy (Interruption of Service), and all of the terms and conditions of this Rate Schedule, FortisBC Energy will on each Day transport for and deliver to the Shipper at the Delivery Point the Authorized Quantity, received at the Interconnection Point from the Transporter up to the Requested Quantity, where adequate capacity exists on the FortisBC Energy System. On each Day, if the Shipper's Gas received at the Interconnection Point is not consumed by the Shipper or is not authorized for delivery to the Shipper, FortisBC Energy will be entitled to utilize such Gas subject to all the terms of this Rate Schedule and the Transportation Agreement.

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4.2 Curtailment

Consistent with the provisions of Section 7.5 (Failure to Deliver to Interconnection Point), if at any time FortisBC Energy, acting reasonably, determines that it is not able to provide Balancing Gas or Backstopping Gas, FortisBC Energy may curtail the Shipper's take to the lesser of the Authorized Quantity or the Firm DTQ.

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4.3 Notice of Curtailment

Each notice from FortisBC Energy to the Shipper with respect to the interruption or curtailment by FortisBC Energy of deliveries of Gas to the Delivery Point will be by telephone, by facsimile ("fax"), and/or by other electronic means, and will specify the quantity of Gas to which the Shipper is curtailed and the time at which such curtailment is to be made. FortisBC Energy will make reasonable efforts to give the Shipper as much notice as possible with respect to such curtailment, not to be less than 8 Hours prior notice unless prevented by Force Majeure.

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4.4 Default Regarding Curtailment

The Shipper will comply with each notice to interrupt or curtail the Shipper's take. If the Shipper at any time fails or neglects to comply with a notice to interrupt or curtail the Shipper's take as set out in Section 7.5 (Failure to Deliver to Interconnection Point), FortisBC Energy may, in addition to any other remedy that it may then or thereafter have, at its option, without liability therefor and without any prior notice to the Shipper:

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- (a) turn off the valve at the Delivery Point; or
- (b) deliver such Gas and charge the Shipper for such Gas consumed on that Day the Unauthorized Overrun Gas charge set out in the Table of Charges.

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4.5 Maximum Hourly Quantities

FortisBC Energy will not be obliged to receive or deliver in one Hour more than 5% of the quantity of Gas that the Shipper is authorized to receive on any Day.

4.6 Gas Pressure

Where specifically requested by the Shipper, FortisBC Energy may agree to deliver Gas to the Shipper at the Delivery Point at a minimum pressure specified in the Shipper's Transportation Agreement. The Shipper will reimburse FortisBC Energy for costs it reasonably incurs in maintaining such minimum pressure above that set out in the General Terms and Conditions of FortisBC Energy. FortisBC Energy's ability to maintain a minimum pressure at the Delivery Point is subject to FortisBC Energy receiving Gas at the Interconnection Point at the pressure specified in the Transporter's Service Terms.

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5. Table of Charges

5.1 Charges

In respect of all quantities of Gas delivered to the Delivery Point pursuant to this Rate Schedule and the Transportation Agreement, the Shipper will pay to FortisBC Energy all of the charges set out in the Table of Charges whether or not the Shipper is a member of a Group. The Shipper Agent may elect to pay to FortisBC Energy the charges for the Backstopping Gas and the Balancing Gas taken, any Unauthorized Overrun Gas taken, and any Replacement Gas incurred for members of its Group. In the event the Shipper Agent fails to make an election or pay these charges for and on behalf of the Shippers which are members of its Group, FortisBC Energy will bill the Shippers directly.

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6. Unauthorized Use

6.1 Charges for Unauthorized Service

On any Day a Shipper takes Unauthorized Overrun Gas and/or Unauthorized Transportation Service, the Shipper will pay to FortisBC Energy the unauthorized overrun charge set out in the Table of Charges. The Shipper Agent may elect to pay these charges for the members of its Group. In the event the Shipper Agent fails to make an election or does not pay these charges for and on behalf of the Shippers which are members of its Group, FortisBC Energy will bill the Shippers directly.

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6.2 Payments Not License

Payments made to FortisBC Energy for Unauthorized Overrun Gas or Unauthorized Transportation Service neither give the right to take Unauthorized Overrun Gas or Unauthorized Transportation Service, nor exclude or limit any other remedies available to FortisBC Energy for the taking or use of Unauthorized Overrun Gas or Unauthorized Transportation Service.

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6.3 Demand Surcharge

If the Shipper is a member of a Group which includes a Shipper under Rate Schedules 22, 22A or 22B, then the Group and its members will be subject to demand surcharges under Section 7 (Unauthorized Use) of Rate Schedule 22.

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7. Nomination

7.1 Requested Quantity

The Shipper or Shipper Agent will provide notice to FortisBC Energy on the Web Information and Nomination System ("WINS") or other method approved by FortisBC Energy, prior to the Timely Nomination Cycle on each Day (or such other time as may be specified from time to time by FortisBC Energy) such information as may be requested by FortisBC Energy, which will include, but is not limited to, the Shipper or Shipper Agent's Requested Quantity for the Day commencing in approximately 24 hours and/or subsequent Day(s). If the Shipper or Shipper Agent does not notify FortisBC Energy in accordance with the foregoing, then the Shipper or Shipper Agent's Requested Quantity for the Day commencing in approximately 24 hours will be deemed to be zero, subject to Section 7.2 (Adjustment of Requested Quantity). The Shipper or Shipper Agent is required to provide their best estimate of the quantity of Gas the Shipper(s) will actually consume on such Day.

7.2 Adjustment of Requested Quantity

The Shipper or Shipper Agent will provide notice to FortisBC Energy on the WINS, or other method approved by FortisBC Energy, of adjustments to the Requested Quantity for the Day commencing in approximately 24 hours. Adjustments to the Requested Quantity must adhere to the elapsed pro-rata practices of the applicable Transporter(s). FortisBC Energy may adjust, in consultation with the Shipper, the Shipper's Requested Quantity, described in Section 7.1 (Requested Quantity), when in the reasonable opinion of FortisBC Energy such modification is required in order to limit the build-up of inventory account quantities.

7.3 Request to Transporter

FortisBC Energy will provide to the Transporter the Shipper's Requested Quantity to be adjusted as set out in Section 7.2 (Adjustment of Requested Quantity).

7.4 Delivery to Interconnection Point

The Shipper will cause to be delivered to the Interconnection Point on each Day a quantity of Gas at least equal to the Shipper's Requested Quantity, adjusted as set out in Section 7.2 (Adjustment of Requested Quantity).

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The Shipper will on or before the Commencement Date notify FortisBC Energy of the identity of the party holding capacity for the Shipper on the Transporter pipeline(s), and thereafter from time to time on a prompt basis when such party changes.¶

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7.5 Failure to Deliver to Interconnection Point

If on any Day the Authorized Quantity from the Transporter is less than the quantity requested from the Transporter pursuant to Section 7.3 (Request to Transporter), then in addition to curtailments permitted under Section 4 (Transportation), FortisBC Energy may, in its discretion, interrupt or curtail Service hereunder to the lesser of such Authorized Quantity or the Firm DTQ. Alternatively, FortisBC Energy may deliver additional Gas to the Shipper at the Interconnection Point and charge the Shipper Backstopping Gas as set out in the Table of Charges.

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7.6 Authorized Quantity

FortisBC Energy will notify the Shipper or the Shipper Agent on WINS or other method approved by FortisBC Energy if the Authorized Quantity is less than the Requested Quantity.

7.7 Determination of DTQ

Subject to Section 3 (Conditions of Service) and 12.2 (Automatic Renewal), the Shipper will provide to FortisBC Energy by fax or other method approved by FortisBC Energy 30 Days prior to the Commencement Day of each Contract Year the Shipper's Firm DTQ for the following Contract Year. If the Shipper does not provide FortisBC Energy notice in accordance with this Section 7.7 (Determination of DTQ), then the Shipper's Firm DTQ for the following Contract Year will be deemed to be the same as the current Contract Year. If a Shipper appoints a Shipper Agent to act on its behalf, the Shipper authorizes the Shipper Agent to determine the DTQ set out in the Transportation Agreement, for each Contract Year. This authorization will remain in effect for the term of the Transportation Agreement or for so long as the Shipper Agent acts as agent for the Shipper, whichever period is shorter.

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8. Gas Balancing

8.1 Gas Balancing

Gas balancing hereunder is intended for matching day to day imbalances that cannot be reasonably forecast by the Shipper. Subject to all the terms of this Rate Schedule, FortisBC Energy will on each Day balance for the Shipper at the Interconnection Point the difference between the Shipper's Authorized Quantity under the Transportation Agreement and its actual consumption of Gas.

8.2 Provision of Gas Balancing

When on any Day the Shipper requires Gas for balancing, FortisBC Energy will:

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(a) ~~allow the Shipper to use up to the amount available in the Shipper's inventory account pursuant to Section 8.4 (Adjustments to Inventory);~~

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(b) ~~for quantities of Gas above the amount available in the Shipper's inventory, sell to the Shipper at the commodity charge set out in the Table of Charges; and~~

(c) ~~for quantities of Gas needed to balance actual consumption that exceeds the greater of 100 Gigajoules or 10 percent of the Shipper's Authorized Quantity, charge the Shipper for Balancing Gas at the applicable rate(s) as set out in the Table of Charges.~~

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8.3 **Curtailment of Gas Balancing**

~~FortisBC Energy may for any reason and for any length of time, interrupt or curtail Gas balancing under this Rate Schedule.~~

8.4 **Adjustments to Inventory**

~~When on any Day the Shipper delivers more Gas to the Interconnection Point than its actual consumption, except for Gas purchased by FortisBC Energy under Section 21.8 (Shipper's Gas), FortisBC Energy will maintain an inventory account for the Shipper and will increase the balance in the account by the excess amount received. FortisBC Energy reserves the right to limit Gas quantities maintained in the Shipper's inventory account and will from time to time, at its discretion and in consultation with the Shipper, return excess inventory at no charge to the Shipper; this will not relieve the Shipper from its obligation to provide accurate nominations pursuant to Section 7.1, (Requested Quantity).~~

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8.5 **Imbalance Following Termination**

~~If FortisBC Energy has received a quantity of Gas in excess of the quantity delivered to the Shipper during the term of a Transportation Agreement, then the Shipper may request the excess quantity be returned within 90 Days following termination of the Transportation Agreement.~~

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8.6 **Balancing of Peaking Gas**

~~Balancing of Peaking Gas is described in Section 10.6 (Return of Peaking Gas Quantity).~~

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9. Group Nominations and Balancing

9.1 Group **Nominations** and Balancing

If a Shipper appoints a Shipper Agent and becomes a member of a Group and if the Shipper and Shipper Agent have agreed to execute or have executed a Shipper Agent Agreement, and if the members of the Group are in the same Service Area of FortisBC Energy and receive **Service** under a transportation Rate Schedule, the Shipper Agent will nominate and balance on behalf of all members of the Group on an aggregate basis pursuant to **Sections 7**, (Nomination), **8**, (Gas Balancing), **10**, (Peaking Gas **Service**) and **11** (**Access to East Kootenay Exchange (EKE) Interconnection Point**) of this Rate Schedule, as modified by this **Section**, and the Shipper Agent will be the agent for each of the members of a Group for the purposes of any and all matters set out in **Sections 7**, (Nomination), **8**, (Gas Balancing), **10**, (Peaking Gas **Service**) and **11** (**Access to East Kootenay Exchange (EKE) Interconnection Point**). The Shipper Agent may also elect pursuant to the Shipper Agent Agreement, to pay some or all of the charges specified in **Sections 5.1**, (**Charges**) and **6.1**, (**Charges for Unauthorized Service**) for and on behalf of the Shippers in its Group. The Shipper acknowledges and agrees that FortisBC Energy may rely, for the purpose of payment allocations, on **written** notification from the Shipper Agent of such election as a basis for the Shipper Agent's authority to act on behalf of Shipper. Where the Shipper Agent fails to execute a Shipper Agent Agreement, the Shipper will be deemed to be and treated by FortisBC Energy as an individual Group of one Shipper, except for the purposes of **Sections 9.4**, (**Notices To and From Shipper Agents**) and **13.1**, (**Statements to be Provided**) hereunder, and will be deemed to have agreed to purchase Gas from FortisBC Energy pursuant to the applicable transportation **Rate Schedule** and will accordingly be responsible for the payment of all charges thereunder, including any and all Balancing Gas and Unauthorized Overrun Gas charges attributable to that Shipper.

9.2 **Determination of Charges**

The charges for Backstopping Gas, Balancing Gas, Unauthorized Overrun Gas and Replacement Gas set out in the Table of Charges, and **demand surcharges** as set out in the Rate Schedule 22 Table of Charges, will be determined based on the quantities transported on behalf of all members of the Group on an aggregate basis.

9.3 **Security**

FortisBC Energy may require the Shipper Agent to provide security, as set out in **Section 3.2**, (Security), with necessary changes, for the performance of the Shipper Agent's obligations under the Shipper Agent Agreement.

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Deleted:) and 11 (EKE Receipt Service). Notwithstanding the foregoing, where a Shipper under Rate Schedules 22, 22A or 22B is a member of the Group, section 9 (Gas Balancing) and section 10 (Group Nomination and Balancing) of Rate Schedule 22 will apply to the Group on an aggregate basis.

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9.4 Notices To and From Shipper Agents

If the Shipper is a member of a Group then:

- (a) communications regarding curtailments or interruptions arising from Gas supply constraints and limitations, quantities of Gas requested and quantities of Gas authorized will be between the Shipper Agent for the Group and FortisBC Energy; and
- (b) notices from FortisBC Energy with respect to interruption or curtailment pursuant to Section 4.3 (Notice of Curtailment) arising from Gas supply constraints or limitations will be to the Shipper Agent for the Group and will specify the quantity of Gas to which the Group is curtailed and the time at which such curtailment is to be made; it will be the responsibility of the Shipper Agent to notify Shippers which are members of the Group of interruptions or curtailments.

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10. Peaking Gas Service

10.1 Applicability

In each Contract Year, Peaking Gas Service is available only to firm Non-Bypass Shippers for Gas which is delivered to a Delivery Point in the Mainland and Vancouver Island Service Area and for which the Transportation Agreement was in effect on the 1st Day of November of the subject Contract Year.

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10.2 15-Day Maximum

A Non-Bypass Shipper may request Peaking Gas for a maximum of 15 Days during each Contract Year. Any Day for which any portion of the Shipper's Peaking Gas Quantity is requested and authorized will be considered one of the 15 Days of Peaking Gas entitlement even if the quantity of authorized Peaking Gas is not used or is only partially used.

10.3 Peak Day Demand

For the purposes of determining the Peaking Gas Quantity available to a Non-Bypass Shipper on a Day, the Peak Day Demand of a Rate Schedule 26 Shipper is the DTQ set out in the Shipper's Transportation Agreement.

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10.4 Peaking Gas Quantity

The quantity of Peaking Gas available on a Day to a Non-Bypass Shipper ("Peaking Gas Quantity") will be a percentage of that Shipper's Peak Day Demand. The Peaking Gas Quantity available to firm Non-Bypass Shippers for the next Contract Year will be determined by FortisBC Energy, and FortisBC Energy will in writing notify each Non-Bypass Shipper of that Shipper's Peaking Gas Quantity, at least 30 Days prior to the commencement of each Contract Year. The Peaking Gas Quantity available to a Non-Bypass Shipper in a Contract Year will be:

- (a)
$$\frac{\text{Total Non-Bypass Transport Demand}}{\text{Forecast Sales Demand} + \text{Non-Bypass Transport Demand}} = \text{Peaking Gas Factor}$$
- (b)
$$\text{Peaking Gas Factor} * \text{Southern Crossing Pipeline ("SCP")} \text{ Peaking Gas} = \text{Non-Bypass Transport Volume}$$
- (c)
$$\frac{\text{Non-Bypass Transport Volume}}{\text{Non-Bypass Transport Demand}} = \text{Peaking Gas Percentage}$$
- (d)
$$\text{Peaking Gas Percentage} * \text{a Non-Bypass Shipper's Peak Day Demand} = \text{Peaking Gas Quantity}$$

Where:

"Non-Bypass Transport Demand" is the aggregate Peak Day Demand of all Non-Bypass Shippers for the Contract Year commencing the next November 1st; "Forecast Sales Demand" is the FortisBC Energy forecast of the aggregate peak day demand for the Year commencing the next November 1st for all Gas sales Customers of FortisBC Energy excluding those in the Fort Nelson Service Area; and "SCP Peaking Gas" is the quantity of Peaking Gas available to FortisBC Energy in the Year commencing the next Contract Year.

10.5 Requested Peaking Gas Quantity

A Shipper will notify FortisBC Energy of its Requested Peaking Gas Quantity pursuant to nomination procedures described in Section 7.1 (Requested Quantity) of this Rate Schedule except as otherwise described in Sections 10.5(a) and 10.5(b) below. The Requested Peaking Gas Quantity must be explicitly stated on the nomination and may be less than but may not exceed the Shipper's Peaking Gas Quantity described in Section 10.4 (Peaking Gas Quantity).

- (a) **Prior Day Notices of Curtailment** - On a Day when FortisBC Energy has given notice of curtailment for the next or subsequent Day, a Shipper may nominate the Requested Peaking Gas Quantity in WINS for the next Day, prior to the evening nomination cycle on the Day preceding the Day for which notice of curtailment has been given.

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(b) **Same Day Notices of Curtailment** - On a Day when FortisBC Energy has given notice of curtailment to be effective during that Day, a Shipper may n nominate the Requested Peaking Gas Quantity in WINS up until one Hour after the notice of curtailment has been given by FortisBC Energy; provided that FortisBC Energy has usable nomination cycles available during that Day with the Transporter(s). Requests for Requested Peaking Gas Quantity received after the time when FortisBC Energy has usable nomination cycles available during that Day will be authorized only on an as available basis. If notice of Requested Peaking Gas Quantity is given to FortisBC Energy during the Day for which Peaking Gas is being requested then the Peaking Gas Quantity available to Shipper on that Day will be reduced consistent with the elapsed pro-rata practices of the applicable Transporter(s).

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(c) **Non-Curtailment Days** - On Days for which FortisBC Energy has not given notice of curtailment, requests for Peaking Gas Quantity will be made in accordance with the provisions described in Section 7.1, (Requested Quantity).

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10.6 Return of Peaking Gas Quantity

A Shipper may view its Peaking Gas Quantity authorized, returned, and not yet returned via an inventory report in the WINS. Peaking Gas must be returned to FortisBC Energy within 6 Business Days of the Day in respect of which it was authorized. The Shipper must n nominate the returned Peaking Gas Quantity in the WINS described in Section 7.1 (Requested Quantity). Peaking Gas returned will be applied against the earliest Peaking Gas Quantity authorized and not yet returned. The Shipper has the option to elect to return Peaking Gas from the Peaking Gas inventory which is kept for this purpose. If Peaking Gas is not returned to FortisBC Energy within 6 Business Days of the Day in respect of which it was authorized, FortisBC Energy will provide the Shipper with an equivalent quantity of Replacement Gas. The charge for Replacement Gas will be as set out in the Table of Charges.

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10.7 Last Gas Ordered

Peaking Gas Quantity will be considered the last Gas ordered and taken during the Day.

10.8 Transport of Peaking Gas Quantity

Peaking Gas Quantity will be deemed to be provided to the Shipper at the Interconnection Point, and the volumes consumed by the Shipper will be included in the Shipper's daily transport volume at the Interconnection Point for the purposes of calculating applicable transport charges.

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11. Access to East Kootenay Exchange (EKE) Interconnection Point

11.1 Firm EKE Receipt Service

- (a) **Applicability** - Firm receipt ~~Service~~ access from the EKE Interconnection Point ("Firm EKE Receipt ~~Service~~") is available to Non-Bypass Shippers for Gas which is delivered to a Delivery Point in the Inland ~~area~~ and for which the Shipper has a Transportation Agreement which is effective on the August 1st preceding the subject Contract Year ("Inland Non-Bypass Shippers").

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- (b) **Availability** - The total quantity of Firm EKE Receipt Service available in aggregate to Inland Non-Bypass Shippers ("EKE Transport Volume") will be determined by FortisBC Energy for each Contract Year. "Forecast Inland Sales Demand" is the FortisBC Energy forecast of the aggregate peak day demand for the Year commencing the next November 1st for all firm Gas sales Customers of FortisBC Energy in the Inland ~~area~~; and "ITS Constraint" is the capacity of the FortisBC Energy Interior transmission system available to flow Gas from Oliver in a northbound direction during periods of peak demand.

Deleted: FortisBC Energy shall publish the EKE Transport Volume which is available for the next Contract Year by July 31 of each Year. The EKE Transport Volume shall be determined as follows:
[<#>Inland Non-Bypass Transport Demand * ITS Constraint = EKE Transport Volume]
[<#>Forecast Inland Sales Demand + Inland Non-Bypass Transport Demand]
[<#>Where:
"Inland Non-Bypass Transport Demand" is the aggregate Peak Day Demand of all Non-Bypass Shippers in the Inland Service Area for the Contract Year commencing the next November 1;

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- (c) **Election** - Annual elections for Firm EKE Receipt Service for the next Contract Year must be submitted in writing by Shippers to FortisBC Energy within 5 Business Days of the date on which FortisBC Energy ~~provides~~ the ~~allocated~~ EKE Transport Volume. The election must indicate the quantity of Firm EKE Receipt Service requested. The quantity requested must not exceed the Shipper's Peak Day Demand. FortisBC Energy will pro-rate the Firm EKE Receipt Service requests based on the requested quantities if ~~the~~ aggregate Firm EKE Receipt Service requests exceed the available EKE Transport Volume.

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11.2 Interruptible EKE Receipt Service

- (a) **Applicability** - Interruptible receipt ~~Service~~ access to the EKE Interconnection Point ("Interruptible EKE Receipt Service") is available only to ~~firm~~ Non-Bypass Shippers for which Gas is delivered to a Delivery Point in the Inland ~~area~~ and Lower Mainland ~~area~~ ("Eligible Interruptible Non-Bypass Shippers").

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- (b) **Quantity Available** - The quantity of Interruptible EKE Receipt Service available to Eligible Interruptible Non-Bypass Shippers will be determined by FortisBC Energy. In determining the quantity of Interruptible EKE Receipt Service available FortisBC Energy will take into account system delivery constraints including the requirement to flow Gas from the facilities of Westcoast Energy Inc. into the Inland ~~area~~, and the quantity of Firm EKE Receipt Service not utilized. The quantity of Interruptible EKE Receipt Service available to Eligible Interruptible Non-Bypass Shippers will be a pro-rata portion of the aggregate available demands of all firm Gas sales Customers and all firm transportation Customers in the Inland and Lower Mainland ~~areas~~.

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- (c) **Maximum Nomination** - A Shipper may not request Interruptible EKE Receipt Service in excess of the Shipper's Peak Day Demand less the Firm EKE Receipt Service of the Shipper. If FortisBC Energy receives requests for Interruptible EKE Receipt Service in excess of the aggregate available Interruptible EKE Receipt Service available for the Day (as determined in [Section 11.2\(b\) \(Quantity Available\)](#)), FortisBC Energy will apportion the available Interruptible EKE Receipt Service on a pro-rata basis of requested Interruptible EKE Receipt Service.
- (d) **Incremental Costs** - Shippers will be responsible for incremental costs associated with transportation on the facilities of Westcoast Energy Inc. from the Inland [area](#) to the Lower Mainland [area](#) (if applicable).

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12. Term of Transportation Agreement

12.1 Term

The initial term of the Transportation Agreement will begin on the Commencement Date and will expire at 7:00 a.m. Pacific Standard Time on the [next](#) November 1st, provided that if the foregoing results in an initial term of less than one [Year](#), then the initial term will instead expire at the end of one further Contract Year.

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12.2 Automatic Renewal

Except as specified in the Transportation Agreement, the term of the Transportation Agreement will continue from [Year](#) to [Year](#) after the expiry of the initial term unless cancelled by either FortisBC Energy or the Shipper, subject to [Section 3.3](#), (Warning if Switching from Interruptible [Transportation Service or Interruptible Sales](#) to Firm Transportation Service or Sales) upon not less than 2 months notice prior to the end of the Contract Year then in effect.

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12.3 Early Termination

The term of the Transportation Agreement is subject to early termination in accordance with [Section 18](#) (Default or Bankruptcy).

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12.4 Survival of Covenants

Upon the termination of the Transportation Agreement, whether pursuant to [Section 18](#) (Default or Bankruptcy) or otherwise:

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- (a) all claims, causes of action or other outstanding obligations remaining or being unfulfilled as at the date of termination; and

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- (b) all of the provisions in this Rate Schedule and in the Transportation Agreement relating to the obligation of any of the parties to account to or indemnify the other and to pay to the other any monies owing as at the date of termination in connection with the Transportation Agreement,

will survive such termination.

13. Statements and Payments

13.1 Statements to be Provided

FortisBC Energy will, on or about the 15th day of each Month, deliver to the Shipper, a statement for the preceding Month showing the Gas quantities delivered to the Shipper and the amount due. If the Shipper is a member of a Group then the statement and the calculation of the amount due from the Shipper will be based on information supplied by the Shipper Agent, or based on other information available to FortisBC Energy, as set out in the Shipper Agent Agreement. FortisBC Energy will, on or about the 45th day after the end of a Contract Year, deliver to the Shipper a separate statement for the preceding Contract Year showing the amount required from the Shipper in respect of any indemnity due under this Rate Schedule or a Transportation Agreement. Any errors in any statement will be promptly reported to the other party as provided hereunder, and statements will be final and binding unless questioned within one Year after the date of the statement.

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13.2 Payment and Late Payment Charge

Payment for the full amount of the statement, including federal, provincial and municipal taxes or fees applicable thereon, will be made to FortisBC Energy at its Vancouver, British Columbia office, or such other place in Canada as it will designate, on or before the 1st Business Day after the 21st calendar day following the billing date. If the Shipper fails or neglects to make any payment required under this Rate Schedule, or any portion thereof, to FortisBC Energy when due, FortisBC Energy will include in the next bill to the Shipper a late payment charge of 1.5% per month (19.56% per annum) on the outstanding amount.

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13.3 Examination of Records

Each of FortisBC Energy and the Shipper will have the right to examine at reasonable times the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, charge, computation or demand made pursuant to any provisions of this Rate Schedule or the Transportation Agreement.

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14. Quality

14.1 Minimum Standards

All Gas delivered to ~~the~~ Interconnection Point by or on behalf of the Shipper and all Gas delivered to the Delivery Point will conform to the quality specifications set out in the ~~Transporter's Service Terms.~~

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15. Measuring Equipment

15.1 Facilities and Equipment

FortisBC Energy will ~~install~~, maintain and operate at the Delivery Point such metering and communications facilities and equipment as FortisBC Energy determines are necessary or desirable for measuring the quantity of Gas delivered pursuant to this Rate Schedule to the Shipper and the Shipper will permit FortisBC Energy, without cost to FortisBC Energy, to use the Shipper's communications lines and power for the purpose of installing, maintaining and operating the measuring equipment of FortisBC Energy. Communication facilities and equipment will be installed at the cost of the Shipper.

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15.2 Measuring Site

If FortisBC Energy reasonably determines that it is necessary to install the facilities and equipment referred to in Section 15.1, (Facilities and Equipment) on the Shipper's property, the Shipper will, without charge, provide a suitable site along with utilities and enclosures for the installation of the facilities and equipment of FortisBC Energy. FortisBC Energy will at all times have clear access to the site and to all of its facilities and equipment. All facilities and equipment installed by FortisBC Energy on the Shipper's property will remain the property of FortisBC Energy and may be removed by FortisBC Energy upon termination of the Transportation Agreement.

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15.3 Calibration and Test of Measuring Equipment

The accuracy of the measuring equipment of FortisBC Energy will be verified by standard tests and methods at regular intervals and at other times at the initiative of FortisBC Energy or upon the reasonable request of the Shipper. Notice of the time and nature of each test conducted in response to communications with or at the request of the Shipper will be given by FortisBC Energy to the Shipper sufficiently in advance to permit a representative of the Shipper to be present. If during a test the measuring equipment is found to be registering inaccurately, it will be adjusted at once to read as accurately as possible. The results of each test and adjustment, if any, made by FortisBC Energy, whether or not the Shipper is present for such test, will be accepted until the next test. All tests of such measuring equipment of FortisBC Energy will be made at the expense of FortisBC Energy, except that the Shipper will bear the expense of tests made at its request if the measuring equipment is found to be inaccurate by an amount equal to 2% or less.

15.4 Inaccuracy Exceeding 2%

If upon any test the measuring equipment is found to be inaccurate by an amount exceeding 2%, any previous readings of such equipment will be corrected to zero error for any period during which it is definitely known or is agreed upon that the error existed. If the period is not definitely known or is not agreed upon, such correction will be for a period covering the last half of the time elapsed since the date of the last test. ~~Under no~~ circumstances will an adjustment be made for a period of more than the preceding 12 months.

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15.5 Correction of Measuring Errors

If the measuring equipment is out of service or out of repair so that the quantity of Gas delivered cannot be correctly determined by the reading thereof, the Gas delivered during the period such measuring equipment is out of service or out of repair will be estimated on the basis of the best available data, using the first of the following methods which is feasible:

- (c) by correcting the error if the percentage of error is ascertained by calibration test or mathematical calculation;
- (d) by using the registration of any check measuring equipment if installed and accurately registering; and
- (e) by estimating the quantity of Gas delivered to the Shipper during the preceding periods under similar conditions when the meter was registering accurately.

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15.6 Shipper's Equipment

The Shipper may at its own expense install, maintain and operate its own measuring equipment for the purposes of monitoring or checking the measuring equipment of FortisBC Energy, provided that the Shipper will install such equipment so as not to interfere with the operation of the measuring equipment of FortisBC Energy.

15.7 Right to be Present

FortisBC Energy and the Shipper will have the right to inspect all equipment installed or furnished by the other and the charts and other measurement or test data of the other at all times during business hours, and to be present at the time of any installing, testing, cleaning, changing, repairing, calibrating or adjusting done in connection with the measuring equipment of the other party, but all such activities will be performed by the party furnishing the measuring equipment.

15.8 Preservation of Records

Both parties will cause to be preserved each test datum, chart and other record of Gas measurement for a period of 2 years.

16. Measurement

16.1 Unit of Volume

The unit of volume of Gas for all purposes hereunder will be 1 cubic metre at a temperature of 15° Celsius and an absolute pressure of 101.325 kilopascals.

16.2 Determination of Volume

Gas delivered hereunder will be metered using metering apparatus approved by Measurement Canada, and the determination of standard volumes delivered hereunder will be in accordance with terms and conditions pursuant to the *Electricity and Gas Inspection Act* of Canada.

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16.3 Conversion to Energy Units

In accordance with the *Electricity and Gas Inspection Act* of Canada, volumes of Gas delivered each Day will be converted to energy units by multiplying the standard volume by the Heat Content of each unit of Gas. Volumes will be specified in 10³m³ rounded to two decimal places and energy will be specified in Gigajoules rounded to the nearest Gigajoule.

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17. Representations, Warranties and Covenants

17.1 Title

The Shipper represents and warrants ~~to~~ FortisBC Energy that the Shipper will have good title to all Gas to be delivered to FortisBC Energy at the Interconnection Point on behalf of the Shipper from Suppliers other than FortisBC Energy, free and clear of all liens, encumbrances and claims.

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17.2 Title Not That of FortisBC Energy

FortisBC Energy agrees that title to all Gas transported pursuant to the Transportation Agreement remains with the Shipper.

17.3 Acknowledgement

The Shipper acknowledges that the Gas transported under the Transportation Agreement will be commingled with Gas within the FortisBC Energy System.

18. Default or Bankruptcy

18.1 Default

If the Shipper at any time fails or neglects:

- (a) to make any payment due to FortisBC Energy or to any other person under this Rate Schedule or the Transportation Agreement within 30 days after payment is due; or
- (b) to correct any default of any of the other terms, covenants, agreements, conditions or obligations imposed upon it under this Rate Schedule or the Transportation Agreement, within 30 days after FortisBC Energy gives to the Shipper notice of such default or, in the case of a default that cannot with due diligence be corrected within a period of 30 days, the Shipper fails to proceed promptly after the giving of such notice with due diligence to correct the same and thereafter to prosecute the correcting of such default with all due diligence,

then FortisBC Energy may in addition to any other remedy that it has, including the rights of FortisBC Energy set out in ~~Sections 4.4~~(Default Regarding Curtailment), and ~~6~~, (Unauthorized Use), at its option and without liability therefore:

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- (c) suspend further transportation Service to the Shipper and may refuse to deliver Gas to the Shipper until the default has been fully remedied, and no such suspension or refusal will relieve the Shipper from any obligation under this Rate Schedule or the Transportation Agreement; or
- (d) terminate the Transportation Agreement, and no such termination of the Transportation Agreement pursuant hereto will exclude the right of FortisBC Energy to collect any amount due to it from the Shipper for what would otherwise have been the remainder of the term of the Transportation Agreement.

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18.2 Bankruptcy or Insolvency

If the Shipper becomes bankrupt or insolvent or commits or suffers an act of bankruptcy or insolvency or a receiver is appointed pursuant to a statute or under a debt instrument or the Shipper seeks protection from the demands of its creditors pursuant to any legislation enacted for that purpose, FortisBC Energy will have the right, at its sole discretion, to terminate the Transportation Agreement by giving notice in writing to the Shipper and thereupon FortisBC Energy may cease further delivery of Gas to the Shipper and the amount then outstanding for Gas provided under the Transportation Agreement will immediately be due and payable by the Shipper.

19. Notice

19.1 Notice

Any notice, request, statement or bill that is required to be given or that may be given under this Rate Schedule or under the Transportation Agreement will, unless otherwise specified, be in writing and will be considered as fully delivered when mailed, personally delivered or sent by fax or other method approved by FortisBC Energy to the other in accordance with the following:

If to FortisBC Energy

FORTISBC ENERGY INC.

MAILING ADDRESS:

16705 Fraser Highway
Surrey, B.C.
V4N 0E8

BILLING AND PAYMENT:

Attention: Industrial Billing
Telephone: 1-855-873-8773
Email: industrial.billing@fortisbc.com
Fax: (888) 224-2710

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FORTISBC ENERGY INC.
RATE SCHEDULE 26

CUSTOMER RELATIONS: Attention: Commercial & Industrial Energy Solutions
Telephone: (604) ~~576-7028~~
Email: ~~commercial.energy@fortisbc.com~~
Fax: (604) ~~576-7122~~

LEGAL AND OTHER: Attention: ~~Legal Services~~
Telephone: (604) ~~576-7000~~
Fax: (604) ~~592-7520~~

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If to the Shipper, then as set out in the Transportation Agreement.

If to the Shipper Agent, then as set out in the Shipper Agent Agreement.

19.2 Specific Notices

Notwithstanding ~~Section 19.1~~ (Notice), notices with respect to Force Majeure will be sufficient if:

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(a) given by FortisBC Energy in writing by fax ~~or other electronic means~~, or orally in person, or by telephone (to be confirmed in writing) to the person or persons designated from time to time by the Shipper as authorized to receive such notices; or

(b) given by the Shipper by telephone (to be confirmed ~~in writing~~) in the following manner:

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To claim Force Majeure... "Please be advised that (name of company and location of plant) has (reason for claiming Force Majeure as provided in ~~Section 21 (Force Majeure)~~ and hereby claims suspension by reason of Force Majeure in accordance with the terms of Rate Schedule 26 effective 7:00 a.m. Pacific Standard Time (date ~~of~~ Force Majeure suspension to become effective, but not to be retroactive)."

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To terminate Force Majeure... "Please be advised that (name of company and location of plant) requests a return to normal natural gas service in accordance with Rate Schedule 26 and the Transportation Agreement effective 7:00 a.m. Pacific Standard Time (date of Force Majeure suspension to end, but not to be retroactive) whereby the suspension by reason of Force Majeure currently in force will be terminated."

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Order No.: _____ Issued By: Diane Roy, ~~Vice President~~, Regulatory ~~Affairs~~

Effective Date: ~~June 1, 2018~~ Accepted for Filing: _____

BCUC Secretary: _____ Original Page R-26.24

20. Indemnity and Limitation on Liability

20.1 Limitation on Liability

FortisBC Energy, its employees, contractors or agents are not responsible or liable for any loss or damages for or on account of any interruption or curtailment of transportation Service permitted under the General Terms and Conditions of FortisBC Energy, or this Rate Schedule.

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20.2 Indemnity

The Shipper will indemnify and hold harmless each FortisBC Energy, its employees, contractors and agents from and against any and all adverse claims, losses, suits, actions, judgments, demands, debts, accounts, damages, costs, penalties and expenses (including all legal fees and disbursements) arising from or out of each of the following:

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(a) any defect in title to any Gas delivered to FortisBC Energy at the Interconnection Point on behalf of the Shipper from Suppliers other than FortisBC Energy, or arising from any charges that are applicable to the Gas delivered to FortisBC Energy;

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(b) Municipal Operating Fees not otherwise collected by FortisBC Energy under the Table of Charges;

(c) nominations made in accordance with Sections 7, (Nomination) or 9, (Group Nominations and Balancing) of this Rate Schedule by FortisBC Energy to the Transporter with respect to the Shipper's transportation volumes, whether or not the Shipper is a member of a Group;

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(d) Gas delivered by the Transporter or Shipper to FortisBC Energy failing to meet the quality specifications set out in Section 14.1, (Minimum Standards) of this Rate Schedule; and

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(e) all federal, provincial, municipal taxes (or payments made in lieu thereof) and royalties, whether payable on the delivery of Gas to FortisBC Energy by the Shipper or on the delivery of Gas to the Shipper by FortisBC Energy, or on any other Service provided by FortisBC Energy to the Shipper.

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20.3 Principal Obligant

If the Shipper is a member of a Group, the obligations of each of the Shipper Agent (acting for and on behalf of the Shippers that are members of the Group) and the Shipper (in the event of the failure of the Shipper Agent to make such payments and limited to the charges related to that Shipper) to pay to, or to the order of, FortisBC Energy, the charges for Backstopping Gas, Balancing Gas, Replacement Gas, Unauthorized Overrun Gas charges set out in the Table of Charges, and demand surcharges set out in the Rate Schedule 22 Table of Charges, are those of principal obligant and not of surety and are independent of the respective obligations of the Shipper Agent and the Shipper towards each other pursuant to the Shipper Agent Agreement.

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21. Force Majeure

21.1 Force Majeure

Subject to the other provisions of this Section 21 (Force Majeure), if either party is unable or fails by reason of Force Majeure to perform in whole or in part any obligation or covenant set out in this Rate Schedule under which Service is rendered or in the Transportation Agreement, the obligations of both FortisBC Energy and the Shipper will be suspended to the extent necessary for the period of the Force Majeure condition.

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21.2 Curtailment Notice

If FortisBC Energy claims suspension pursuant to this Section 21 (Force Majeure), FortisBC Energy will be deemed to have issued to the Shipper a notice of curtailment.

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21.3 Exceptions

Neither party will be entitled to the benefit of the provisions of Section 21.1 (Force Majeure) under any of the following circumstances:

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- (a) to the extent that the failure was caused by the negligence or contributory negligence of the party claiming suspension;
- (b) to the extent that the failure was caused by the party claiming suspension having failed to diligently attempt to remedy the condition and to resume the performance of the covenants or obligations with reasonable dispatch; or

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- (c) unless as soon as possible after the happening of the occurrence relied on or as soon as possible after determining that the occurrence was in the nature of Force Majeure and would affect the claiming party's ability to observe or perform any of its covenants or obligations under the Rate Schedule or the Transportation Agreement, the party claiming suspension will have given to the other party notice to the effect that the party is unable by reason of Force Majeure (the nature of which will be specified) to perform the particular covenants or obligations.

21.4 Notice to Resume

The party claiming suspension will likewise give notice, as soon as possible after the Force Majeure condition has been remedied, to the effect that it has been remedied and that the party has resumed, or is then in a position to resume, the performance of the covenants or obligations.

21.5 Settlement of Labour Disputes

Notwithstanding any of the provisions of this Section 21, (Force Majeure), the settlement of labour disputes or industrial disturbances will be entirely within the discretion of the particular party involved and the party may make settlement of it at the time and on terms and conditions as it may deem to be advisable and no delay in making settlement will deprive the party of the benefit of Section 21.1, (Force Majeure).

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21.6 No Exemption for Payments

Notwithstanding any of the provisions of this Section 21, (Force Majeure), Force Majeure will not relieve or release either party from its obligations to make payments to the other.

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21.7 Periodic Repair by FortisBC Energy

FortisBC Energy may temporarily shut off the delivery of Gas for the purpose of repairing or replacing a portion of the FortisBC Energy System or its equipment and FortisBC Energy will make reasonable efforts to give the Shipper as much notice as possible with respect to such interruption, not to be less than 8 hours, prior notice except when prevented by Force Majeure. FortisBC Energy will make reasonable efforts to schedule repairs or replacement to minimize interruption or curtailment of transportation Service to the Shipper, and to restore Service as quickly as possible.

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21.8 Shipper's Gas

If FortisBC Energy curtails or interrupts transportation of Gas by reason of Force Majeure the Shipper will make its supply of Gas available to FortisBC Energy, to the extent required by FortisBC Energy, to maintain Service priority to those customers or classes of customers which FortisBC Energy determines should be served. FortisBC Energy, in its sole discretion, will either increase the balance in the Shipper's inventory account by the amount taken by FortisBC Energy and return an equivalent quantity of Gas to the Shipper as soon as reasonable, or pay the Shipper an amount equal to either FortisBC Energy's average Gas cost, or the Shipper's average Gas cost, for the Day(s) during which such Gas was taken, whichever Gas cost the Shipper, in its sole discretion, elects.

21.9 Alteration of Facilities

The Shipper will pay to FortisBC Energy all reasonable costs associated with the alteration of facilities made at the discretion of FortisBC Energy to measure quantities reduced by reason of Force Majeure claimed by the Shipper and to restore such facilities after the Force Majeure condition ends.

22. Arbitration

22.1 Arbitration

Any dispute between the parties arising from this Rate Schedule or the Transportation Agreement will be resolved by a single arbitrator pursuant to the Arbitration Act of British Columbia or successor legislation, save as expressly provided herein.

22.2 Demand for Arbitration

Either party may commence arbitration proceedings by sending to the other party a demand for arbitration setting out the nature of the dispute.

22.3 Arbitrator

The parties will have 10 days from receipt of the demand referred to in Section 22.2 (Demand for Arbitration) of this Rate Schedule to agree upon the arbitrator, failing which either party may apply to the Supreme Court of British Columbia to select the arbitrator. The arbitrator must be sufficiently qualified by education and training to decide the particular questions in dispute. Unless otherwise agreed, the arbitrator may not be a past or present employee, officer or director of any of the parties or their respective successors or affiliates, any customer or supplier of the Shipper or FortisBC Energy.

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<#>Mediation ¶
Where any

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Arbitration ¶

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Arbitration ... ¶

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If FortisBC Energy and the Shipper fail to resolve the dispute through mediation, the unresolved dispute shall be referred to, and finally

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<#>Written Award ¶
The arbitrator shall

Moved down [4]: issue a written award that sets forth the essential findings and

Deleted: Rules of the ADR Institute of Canada

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Deleted: ¶

Moved down [5]: Award ¶

Moved down [6]: money damages;¶

Moved down [7]: pay all costs and

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22.4 Commencement and Decision

The arbitrator will proceed immediately to hear and determine the matter in dispute and will render a written decision, signed by the arbitrator, within 45 days after the appointment, subject to any reasonable delay due to unforeseen circumstances. Notwithstanding the foregoing, if the arbitrator fails to render a decision within 60 days after the appointment then either party may elect to have a new arbitrator appointed in like manner as if none had previously been appointed.

22.5 Decision

The decision of the arbitrator will be final and binding upon the parties and the parties will abide by the decision and perform the terms and conditions thereof.

23. Interpretation

23.1 Interpretation

Except where the context requires otherwise or except as otherwise expressly provided, in this Rate Schedule or in a Transportation Agreement:

- (a) all references to a designated section are to the designated section of this Rate Schedule unless otherwise specifically stated;
- (b) the singular of any term includes the plural, and vice versa, and the use of any term is equally applicable to any gender and, where applicable, body corporate;
- (c) any reference to a corporate entity includes and is also a reference to any corporate entity that is a successor to such entity;
- (d) all words, phrases and expressions used in this Rate Schedule or in a Transportation Agreement that have a common usage in the gas industry and that are not defined in the General Terms and Conditions of FortisBC Energy, the Definitions or in the Transportation Agreement have the meanings commonly ascribed thereto in the gas industry; and
- (e) the headings of the sections set out in this Rate Schedule or in the Transportation Agreement are for convenience of reference only and will not be considered in any interpretation of this Rate Schedule or the Transportation Agreement.

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24. Miscellaneous

24.1 Waiver

No waiver by either FortisBC Energy or the Shipper of any default by the other in the performance of any of the provisions of this Rate Schedule or the Transportation Agreement will operate or be construed as a waiver of any other or future default or defaults, whether of a like or different character.

24.2 Enurement

The Transportation Agreement will enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns, including without limitation successors by merger, amalgamation or consolidation.

24.3 Assignment

The Shipper will not assign the Transportation Agreement or any of its rights ~~and~~ obligations thereunder without the prior written consent of FortisBC Energy which consent will not be unreasonably withheld or delayed. No assignment will release the Shipper from its obligations under this Rate Schedule or under the Transportation Agreement that existed prior to the date on which the assignment takes effect. This provision applies to every proposed assignment by the Shipper.

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24.4 Amendments to be in Writing

Except as set out in this Rate Schedule, no amendment or variation of the Transportation Agreement will be effective or binding upon the parties unless such amendment or variation is set out in writing and duly executed by the parties.

24.5 Proper Law

The Transportation Agreement will be construed and interpreted in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

24.6 Time is of Essence

Time is of the essence of this Rate Schedule, the Transportation Agreement and of the terms and conditions thereof.

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24.7 Subject to Legislation

Notwithstanding any other provision hereof, this Rate Schedule and the Transportation Agreement and the rights and obligations of FortisBC Energy and the Shipper under this Rate Schedule and the Transportation Agreement are subject to all present and future laws, rules, regulations and orders of any legislative body, governmental agency or duly constituted authority now or hereafter having jurisdiction over FortisBC Energy or the Shipper.

24.8 Further Assurances

Each of FortisBC Energy and the Shipper will, on demand by the other, execute and deliver or cause to be executed and delivered all such further documents and instruments and do all such further acts and things as the other may reasonably require to evidence, carry out and give full effect to the terms, conditions, intent and meaning of this Rate Schedule and the Transportation Agreement and to assure the completion of the transactions contemplated hereby.

24.9 Form of Payments

All payments required to be made under statements and invoices rendered pursuant to this Rate Schedule or the Transportation Agreement will be made by wire transfer to, or cheque or bank cashier's cheque drawn on a Canadian chartered bank or trust company, payable in lawful money of Canada at par in immediately available funds in Vancouver, British Columbia.

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Table of Charges

Mainland and
Vancouver
Island
Service Area

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Service Area

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Service Area

Transportation

1. Basic Charge per Month
2. Delivery Charge per Gigajoule
3. Administrative Charge per Month

\$ ~~XX.XX~~

\$ ~~X.XXX~~

\$ ~~39.00~~

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Sales

4. Unauthorized Overrun Gas Charges

- (a) Per Gigajoule on first 5 percent of specified quantity

Sumas Daily Price¹

- (b) Per Gigajoule on all Gas over 5 percent of specified quantity

The greater of \$20.00/GJ or 1.5 x the Sumas Daily Price¹

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5. Charge per Gigajoule of Balancing Service provided

- (a) Quantities of Gas less than 10% of the Rate Schedule 26 Authorized Quantity

- (i) between and including April 1 and October 31

No charge

- (ii) between and including November 1 and March 31

No charge

- (b) Quantities of Gas over the greater of 100 Gigajoules or equal to or in excess

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of 10% or less than
20% of the Rate
Schedule 26
Authorized Quantity

(i) between and
including April 1
and October 31 \$ 0.25

(ii) between and
including
November 1 and
March 31 \$ 0.25

(c) Quantities of Gas
over the greater of
100 Gigajoules or
equal to or in excess
of 20% of the Rate
Schedule 26
Authorized Quantity

(i) between and
including April 1
and October 31 \$ 0.30

(ii) between and
including November
1 and March 31 \$ 1.10

**6. Charge per Gigajoule
of Balancing and
Backstopping Gas**

Sumas Daily
Price¹

7. Replacement Gas²

Sumas Daily
Price¹ plus 20
Percent

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Rider 1 **Propane Surcharge** - Not applicable.

~~**Rider 2**~~ ~~(Reserved for future use.)~~

Rider 3 (Reserved for future use.)

~~**Rider 4**~~ ~~(Reserved for future use.)~~

Municipal Operating Fee Charge

3.09% of the aggregate of the above charges, is payable (in addition to the above charges) if the facilities to which Gas is delivered under this Rate Schedule are located within the municipal boundaries of municipalities or First Nations lands (formerly, reserves within the *Indian Act*) to which FortisBC Energy pays Municipal Operating Fees.

Minimum Charge per month

The minimum charge per month will be the aggregate of the Basic Charge, the transportation

~~Administration Charge~~ and the Municipal Operating Fee charge. ▾

Special Conditions

FortisBC Energy may, in its sole discretion, reduce the Charge per Gigajoule to any Customer where such reduction is necessary to encourage expansion of the NGV market. Any reduction in the Charge will be specified in the Transportation Agreement.

FortisBC Energy may make a promotional grant towards the cost to purchase a factory-built NGV vehicle, or the cost to convert a vehicle to natural gas to meet requirements as set by the Government of Canada, provided that such vehicles will obtain Gas from refueling facilities in a FortisBC Energy ~~Service Area~~. The amount of the grant would not exceed \$10 per GJ, based on estimated consumption over a one year period, up to a maximum total grant by vehicle type as listed in the table below:

Deleted: **Rider 2 Phase-in Rider Balancing Account** - Applicable to Mainland, Vancouver Island and Whistler Service Area Customers for the Year ending December 31, 2017. ¶

Deleted: **Rider 4 Rate Stabilization Deferral Account** - Applicable to Mainland Service Area Customers for the Year ending December 31, 2017.

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¶

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It is a condition of the grant that the Customer be provided Service under this Rate Schedule.

Factory Built NGV Incentive Grants		
Vehicle Description	GVW (#)	Maximum Grant
Light Duty	< 10,000	\$ 2,500
Medium Duty	< 17,000	\$ 5,000
Heavy Duty	> 17,000	\$ 10,000

The amount of each grant will not exceed the 5-year projected net revenue to FortisBC Energy from each corresponding vehicle.

FortisBC Energy may also fund Special Demonstration project grants, tied to an individual vehicle purchased by a customer. The amount of the Special Demonstration grant will not exceed the premium cost for the natural gas option for the vehicle. The total funds paid out under the Special Demonstration project grants will not exceed \$100,000 in any one year.

Notes:

1. As defined under ~~Section 1.1~~, the Sumas Daily Price quoted each Day will apply to gas consumed on that gas day.
2. The Sumas Daily Price for the sixth Business Day following the Day for which the Peaking Gas was authorized plus 20 percent.

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**TRANSPORTATION AGREEMENT
FOR RATE SCHEDULES 22, 22A, 22B, 23, 25, 26 AND 27**

This Agreement is dated _____, 20____, between FortisBC Energy Inc. ("FortisBC Energy") and _____ (the "Shipper").

WHEREAS:

- A. FortisBC Energy owns and operates the FortisBC Energy System; and
- B. The Shipper has requested that FortisBC Energy arrange for the transportation of Gas on a firm and/or interruptible basis through the FortisBC Energy System to _____ located in or near _____ British Columbia in accordance with a transportation Rate Schedule as set out below and the terms set out herein.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the terms, conditions and limitations contained herein, the parties agree as follows:

1. Specific Information

Applicable Rate Schedule: ☐ 22 ☐ 22A ☐ 22B
☐ 23 ☐ 25 ☐ 26 ☐ 27

Type of Service: ☐ Firm ☐ Interruptible
☐ Firm and Interruptible

Firm DTQ / DTQ: _____ Gigajoules per day

Shipper Agent and / or Group, if applicable: _____

Commencement Date: _____

Expiry Date: _____

(only specify expiry date if term of Transportation Agreement is not automatically renewed from Year to Year as set out in the Automatic Renewal Section of the applicable transportation Rate Schedule)

Service Address: _____

Account Number: _____

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Effective Date: June 1, 2018 Accepted for Filing: _____

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Interconnection Point: The point at (_____ km-post _____)
where the Transporter's pipeline system in
British Columbia interconnects with the
FortisBC Energy System

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Address of Shipper for receiving notices:

(name of Shipper) Attention: _____

(address of Shipper) Telephone: _____

_____ Fax: _____

_____ Email: _____

The information set out above is hereby approved by the parties and each reference in
either this agreement or the applicable transportation Rate Schedule to any such
information is to the information set out above.

2. Rate Schedule 22 / 22A / 22B / 23 / 25 / 26 / 27

2.1 Additional Terms

All rates, terms and conditions set out in the applicable transportation Rate Schedule
(22, 22A, 22B, 23, 25, 26 or 27) and the General Terms and Conditions of FortisBC
Energy, as any of them may be amended by FortisBC Energy and approved from time to
time by the British Columbia Utilities Commission, are in addition to the terms and
conditions contained in this Transportation Agreement and form part of this
Transportation Agreement and bind FortisBC Energy and the Shipper as if set out in this
Transportation Agreement.

2.2 Payment of Amounts

Without limiting the generality of the foregoing, the Shipper will pay to FortisBC Energy
all of the amounts set out in the applicable transportation Rate Schedule for the Services
provided under such Rate Schedule and this Transportation Agreement.

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Effective Date: June 1, 2018 Accepted for Filing: _____

BCUC Secretary: _____ Original Page TA-26.2

2.3 Conflict

Where anything in either the applicable transportation Rate Schedule or the General Terms and Conditions of FortisBC Energy conflicts with any of the terms and conditions set out in this Transportation Agreement, this Transportation Agreement governs. Where anything in the applicable transportation Rate Schedule conflicts with any of the rates, terms and conditions set out in the General Terms and Conditions of FortisBC Energy, the Rate Schedule governs.

2.4 Member of a Group

Where the Shipper will be a member of a Group which has a Shipper Agent acting as agent for the members of the Group, the Shipper must complete Appendix A attached to this Transportation Agreement and the Shipper thereby agrees that the terms and conditions of Appendix A form part of this Transportation Agreement and bind the Shipper as if set out in this Transportation Agreement.

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2.5 Acknowledgement

The Shipper acknowledges receiving and reading a copy of the applicable transportation Rate Schedule (22, 22A, 22B, 23, 25, 26 or 27) and the General Terms and Conditions of FortisBC Energy and agrees to comply with and be bound by all terms and conditions set out therein. Without limiting the generality of the foregoing, where the transportation Service is interruptible, the Shipper acknowledges that it is able to accommodate such interruption or curtailment and releases FortisBC Energy from any liability for the Shipper's inability to accommodate such interruption or curtailment of transportation Service.

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Effective Date: June 1, 2018 Accepted for Filing: _____

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FORTISBC ENERGY INC.
RATE SCHEDULE 26

IN WITNESS WHEREOF the parties hereto have executed this Transportation Agreement.

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FORTISBC ENERGY INC.

(here insert name of Shipper)

BY: _____
(Signature)

BY: _____
(Signature)

(Title)

(Title)

(Name – Please Print)

(Name – Please Print)

DATE: _____

DATE: _____

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Effective Date: June 1, 2018 Accepted for Filing: _____

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Original Page TA-26.4

APPENDIX A NOTICE OF APPOINTMENT OF SHIPPER AGENT

1. _____ (Shipper) hereby gives notice to FortisBC Energy that Shipper has appointed _____ (the Shipper Agent) to act as agent for Shipper in all matters relating to gas supply and to transportation ~~Service~~ on the FortisBC Energy System. Shipper also gives notice to FortisBC Energy that Shipper wishes to be a member of a Group, and the Shipper will cause the Shipper Agent to enter into a Shipper Agent Agreement or other agreement with FortisBC Energy that binds the Shipper Agent to pay the charges which the Shipper Agent elects to pay for and on behalf of the Shipper.
2. Shipper acknowledges and agrees that the Shipper Agent will provide aggregate nominations for the Group to FortisBC Energy.
3. Shipper acknowledges and agrees that if the Group includes a member which is a Shipper under Rate Schedule 22, 22A, or 22B, the Group and its members will be subject to the ~~demand surcharge~~ provisions of Rate Schedule 22.
4. Shipper acknowledges and agrees that ~~when there are~~ constraints or limitations of Gas supply ~~FortisBC Energy will notify the Shipper Agent and it will then be the responsibility of the Shipper Agent to notify Shipper of any curtailment or interruption arising from the constraint or limitation of Gas supply.~~
5. Shipper acknowledges and agrees that the Shipper Agent will provide FortisBC Energy with information which will be used by FortisBC Energy to bill Shipper for Backstopping Gas, Balancing Gas, ~~Unauthorized Overrun Gas~~ charges and ~~demand surcharges~~.
6. Shipper acknowledges that FortisBC Energy will bill Shipper on the basis of information provided to FortisBC Energy by the Shipper Agent. Shipper agrees that it is bound by the information supplied to FortisBC Energy by the Shipper Agent and Shipper agrees that it will not dispute the information provided to FortisBC Energy by the Shipper Agent. Shipper agrees that the Shipper Agent may elect to pay some or all of the charges for Gas identified in ~~Section 3.7 (Monthly Billing Information)~~ of the standard form Shipper Agent Agreement and Shipper acknowledges that if the Shipper Agent fails to provide information to FortisBC Energy then notwithstanding any election that has been made by the Shipper Agent to pay some or all of the charges for Gas identified in ~~Section 3.7 (Monthly Billing Information)~~ of the standard form Shipper Agent Agreement, FortisBC Energy will bill Shipper directly on the bases set out in ~~Section 3.8 (Lack of Allocation Information)~~ of the standard form Shipper Agent Agreement of FortisBC Energy. Shipper agrees to pay FortisBC Energy as billed, and if Shipper disagrees with any of the billing information used by FortisBC Energy the Shipper will deal with the Shipper Agent to resolve that disagreement. Disputes between the Shipper and the Shipper

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5. Shipper acknowledges and agrees that the Shipper Agent will provide Gas supply priority schedules to FortisBC Energy which will advise FortisBC Energy of the allocation of Gas supply amongst members of the Group during

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Order No.: _____ Issued By: Diane Roy, ~~Vice President~~, Regulatory ~~Affairs~~

Effective Date: ~~June 1, 2018~~ Accepted for Filing: _____

BCUC Secretary: _____ Original Page TA-26.5

FORTISBC ENERGY INC.
RATE SCHEDULE 26

Agent will not constitute a basis for non-payment by Shipper to FortisBC Energy of the amounts billed.

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7. Shipper will provide FortisBC Energy with 30 days notice, except with the prior approval from FortisBC Energy, if Shipper wishes to leave the Group to be effective on the beginning of the next calendar month following the expiry of the notice period.

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8. Shipper acknowledges and agrees that FortisBC Energy may disband the Group pursuant to Section 10 (Disbanding of the Group) of the standard form Shipper Agent Agreement.

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9. Shipper will indemnify and hold harmless each of FortisBC Energy, its employees, contractors and agents from and against any and all adverse claims, losses, suits, actions, judgments, demands, debts, accounts, damages, costs, penalties and expenses (including all legal fees and disbursements) arising from any act or omission of the Shipper Agent related to the agency created by the Shipper Agent Agreement.

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10. Shipper acknowledges receiving a copy of the standard form Shipper Agent Agreement of FortisBC Energy.

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(here insert name of Shipper)

BY: _____

(Signature)

(Title)

(Name - Please Print)

DATE: _____

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Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: June 1, 2018 Accepted for Filing: _____

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SCHEDULE A

SHIPPER AGENT AGREEMENT

This Agreement is dated _____, 20____, between FortisBC Energy Inc. ("FortisBC Energy") and _____ (the "Shipper Agent").

WHEREAS:

- A. The Shipper Agent wishes to act as agent on behalf of all members of a Group in respect of transportation ~~Service~~ on the FortisBC Energy System; and
- B. The Shippers who are members of the Group have entered into Transportation Agreements with FortisBC Energy.

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NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the terms, conditions and limitations contained herein, the parties agree as follows:

1. Specific Information

Members of Group:

(if space is insufficient, continue list on an additional page)

Commencement Date of this agreement:

Expiry Date of this agreement:

(no expiry date need be specified)

Address of Shipper Agent for receiving notices:

(name of Shipper Agent)

(address of Shipper Agent)

Attention: _____

Telephone: _____

Fax: _____

Alternate Tel(s): _____

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Order No.: _____ Issued By: Diane Roy, ~~Vice President~~, Regulatory ~~Affairs~~

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The information set out above is hereby approved by the parties and each reference in either this agreement or the applicable Transportation Rate Schedules to any such information is to the information set out above.

2. Definitions

2.1 Definitions in Rate Schedule 26

Except where the context requires otherwise or except as otherwise expressly provided in this agreement, all words and phrases defined in Rate Schedule 26 or in the General Terms or Conditions of FortisBC Energy have the meanings set out in the Rate Schedule 26 and in the General Terms and Conditions of FortisBC Energy.

3. Shipper Agent Obligations

3.1 Management of Balancing Gas

The Shipper Agent is responsible for the management of all Balancing Gas for the Group and its members.

3.2 Management of Backstopping Gas

The Shipper Agent is responsible for the management of all Backstopping Gas supplied by FortisBC Energy to the Group and its members.

3.3 Management of Peaking Gas Service

The Shipper Agent is responsible for the management of all Peaking Gas supplied by FortisBC Energy to the Group and its members as well as the return of Peaking Gas Quantities and any Replacement Gas.

3.4 Group Nominations and Balancing

The Shipper Agent will provide Group nomination and balancing to FortisBC Energy in accordance with the sections of the applicable transportation Rate Schedules.

Deleted: <#>Management of West to East SCP Transportation Service Imbalances ¶
The Shipper Agent is responsible for the management of Positive Imbalances and Negative Imbalances for West to East SCP Transportation Service under Rate Schedule 40 supplied by FortisBC Energy to the Group and its members.¶

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3.5 **Standard Gas Supply Priority Schedule (Standard Priority Schedule)**

Before the Commencement Date of this agreement and before the commencement of each Contract Year the Shipper Agent will provide to FortisBC Energy a Standard Priority Schedule which will advise FortisBC Energy of the priority between members of the Group if a constraint or limitation of Gas supply occurs. The Shipper Agent may provide to FortisBC Energy a revised Standard Priority Schedule from time to time and will provide to FortisBC Energy a revised Standard Priority Schedule if there is a change in membership of the Group.

3.6 **Gas Supply Constraints or Limitations**

Upon receipt of a notice from FortisBC Energy of curtailment or interruptions pursuant to Section 4.4 (Notice of Gas Supply Constraint or Limitation) Shipper Agent will determine the allocation of Gas supply between members of the Group and will notify the Shippers which are members of the Group of the curtailment or interruption. Within two hours of receipt of notice from FortisBC Energy pursuant to Section 4.4, or such longer period as FortisBC Energy considers reasonable in the circumstances, the Shipper Agent will provide to FortisBC Energy a schedule setting out the Gas supply allocation for the Group to apply during that curtailment or interruption. If the Shipper Agent fails to provide a schedule setting out the Gas supply allocation for the Group to apply during the curtailment or interruption then FortisBC Energy will curtail Shippers on the basis set out in the Standard Priority Schedule.

3.7 **Monthly Billing Information**

At the end of each month, and within two Business Days of FortisBC Energy providing to the Shipper Agent a schedule of charges incurred (if any) pursuant to Section 4.2 (Monthly Provision of Data), the Shipper Agent will notify FortisBC Energy which charges the Shipper Agent elects to pay on behalf of the members of the Group and, if notice is not received, FortisBC Energy will bill the Shippers directly on a pro-rata basis.

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BCUC Secretary: _____ Original Page SA-26.3

3.8 Lack of Allocation Information

If, at the end of a month, the Shipper Agent fails to provide to FortisBC Energy the monthly allocation schedule of charges incurred (if any) pursuant to Section 3.7, (Monthly Billing Information) then FortisBC Energy will bill on the basis of the best available information. For Balancing Gas FortisBC Energy will bill on a basis proportional to the actual takes of the Shippers during the month. For Backstopping Gas FortisBC Energy will bill on a basis proportional to the actual Day-to-Day takes of the Shippers during the Days when Backstopping Gas was supplied. For Unauthorized Overrun Gas FortisBC Energy will bill on the basis of the schedule(s) setting out the Gas supply allocation for the Group provided to FortisBC Energy pursuant to Section 3.7, or if the Shipper Agent fails to provide a schedule pursuant to Section 3.7, then on the basis of the applicable Standard Priority Schedule provided by the Shipper Agent pursuant to Section 3.5 (Standard Gas Supply Priority Schedule (Standard Priority Schedule)). For Replacement Gas FortisBC Energy will bill on a basis proportional to actual Day-to-Day takes of the Non-Bypass Shippers during the Day for which the Peaking Gas Quantities were not returned. For Positive Imbalances and Negative Imbalances for West to East SCP Transportation Service FortisBC Energy will bill on a basis proportional to the Peak Day Demand of the Non-Bypass Shippers. If further information becomes available, FortisBC Energy will adjust the billings on the basis of the further information.

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3.9 Charges for Extra Services

If FortisBC Energy incurs extra expenses from a Shipper Agent failing to provide information, or failing to provide information in a timely manner, or failing to provide correct information, or otherwise failing to meet its obligations under this agreement, then FortisBC Energy may charge the Shipper Agent for such extra expenses and the Shipper Agent agrees to pay FortisBC Energy the reasonable extra expenses incurred as a result of such failure.

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<#>Lack of Gas Supply or Nomination ¶
If the Shipper Agent becomes aware that a Supplier has ceased, or will cease, to supply Gas to a member of the Group; or if the Shipper Agent provides to FortisBC Energy a Requested Quantity for the Group which does not include a quantity for a member of the Group, due to a lack of Gas supply to the member of the Group or due to concerns about a possible lack of Gas supply to the member of the Group, then the Shipper Agent will immediately notify FortisBC Energy. If the Shipper Agent fails to so notify FortisBC Energy then the Shipper Agent is liable to FortisBC Energy for the price of any Gas which FortisBC Energy delivers to that member of the Group after the time when the Shipper Agent should have provided notice to FortisBC Energy.

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4.1 Daily Provision of Data

FortisBC Energy will provide to the Shipper Agent a report on the Web Information and Nomination System ("WINS") setting out FortisBC Energy's best available data on the daily takes of the Group both by individual Shipper and in aggregate on a daily basis.

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4.2 Monthly Provision of Data

Within 10 working days after the end of each month FortisBC Energy will provide to the Shipper Agent a report on the WINS setting out the finalized daily takes of each member of the Group.

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BCUC Secretary: _____ Original Page SA-26.4

4.3 Capacity Constraints

If FortisBC Energy, acting reasonably, determines that it does not have capacity on the FortisBC Energy System to accommodate interruptible transportation Service to any member of the Group then FortisBC Energy will directly notify that Shipper pursuant to Notice of Curtailment Section of the applicable Rate Schedule and will deal directly with the Shipper if the Shipper takes Unauthorized Overrun Gas or Unauthorized Transportation Service.

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4.4 Notice of Gas Supply Constraint or Limitation

If Gas supply constraints or limitations occur; either due to a constraint or limitation of supply from FortisBC Energy of Backstopping Gas or Balancing Gas, or a constraint or limitation of supply from another Supplier; FortisBC Energy will notify the Shipper Agent of any curtailment or interruption, will specify the quantity of Gas to which the Group in aggregate is curtailed and the time at which time such curtailment is to be made. FortisBC Energy will make reasonable efforts to give the Shipper Agent as much notice as possible with respect to such curtailment or interruption, not to be less than 4 hours prior notice unless prevented by Force Majeure.

5. Changes to Group

5.1 Amendments to Group

Schedule A sets out the Shippers who are the members of the Group represented by the Shipper Agent to this agreement. No additions or deletions may be made to the Group without the Shipper Agent providing notice to FortisBC Energy in a method approved by FortisBC Energy, showing such additions and deletions and the effective dates of such additions and deletions in accordance with Section 5 (Changes to Group) of this agreement.

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5.2 Deletions From Group

If the Shipper Agent wishes to cease acting as agent for a Shipper or a Shipper wishes to cease being a member of the Group, upon receipt by FortisBC Energy of not less than except with the prior approval of FortisBC Energy, 30 days prior written notice, or other method approved by FortisBC Energy, from either the Shipper or Shipper Agent and provided that the Shipper Agent has provided to FortisBC Energy the effective date of deletion of the Shipper from the Group, such Shipper will be deleted from the Group on the beginning of the next calendar month following the expiry of the notice period.

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5.3 Additions To Group

If the Shipper Agent wishes to add a Shipper to a Group and the Shipper wishes to be added to the Group, and the Shipper has entered into a Transportation Agreement and completed an Appendix A - Notice of Appointment of Shipper Agent, and both the Shipper and the Shipper Agent have given to FortisBC Energy not less than, except with the prior approval from FortisBC Energy, 30 days prior written notice, or other method approved by FortisBC Energy, of such addition and provided that the Shipper Agent has provided to FortisBC Energy the effective date of the addition of the Shipper to the Group, such Shipper will be added to the Group effective on the beginning of the next calendar month following the expiry of the notice period.

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6. Statements and Payments

6.1 Statements to be Provided

If the Shipper Agent elects to pay some or all of the charges for Gas taken by the Shippers as described in Section 3.7 (Monthly Billing Information), FortisBC Energy will, on or about the 15th day of each month, deliver to the Shipper Agent a statement for the preceding month showing the Gas quantities, and the applicable charges for which the Shipper Agent is responsible and the amount due. Any errors in any statement will be promptly reported to the other party as provided hereunder, and statements will be final and binding unless questioned within one year after the date of the statement.

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6.2 Payment and Interest

Payment for the full amount of the statement, including federal, provincial and municipal taxes or fees applicable thereon, will be made to, or to the order of, FortisBC Energy at its Surrey, British Columbia office (mailing address: P.O. Box 6666 Stn. Terminal, Vancouver, B.C., V6B 6M9), or such other place in Canada as it will designate, on or before the 1st Business Day after the 10th calendar day following the billing date. If the Shipper Agent or Shipper fails or neglects to make any payment required under this Shipper Agent Agreement, or any portion thereof, to or to the order of FortisBC Energy when due, interest on the outstanding amount will accrue, at the rate of interest declared by the chartered bank in Canada principally used by FortisBC Energy, for loans in Canadian dollars to its most creditworthy commercial borrowers payable on demand and commonly referred to as its "prime rate", plus:

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- (a) 2% from the date when such payment was due for the first 30 days that such payment remains unpaid and 5% thereafter until the same is paid where the Shipper Agent or Shipper has not, during the immediately preceding 6 month period, failed to make any payment when due hereunder; or

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Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

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BCUC Secretary: _____ Original Page SA-26.6

- (b) 5% from the date when such payment was due to and including the date the same is paid where the Shipper Agent or Shipper has, during the immediately preceding 6 month period, failed to make any payment when due hereunder.

7. Term

7.1 Term

The term of this agreement will commence on the Commencement Date specified in Section 1 (Specific Information) of this agreement and will expire either:

- (a) 30 days following written notice from the Shipper Agent that the Shipper Agent wishes to cease to nominate for transportation Service and balancing on behalf of the Group;
- (b) the expiry or termination of the Transportation Agreements of all of the members of the Group;
- (c) the expiry date specified in Section 1 (Specific Information) of this agreement; or
- (d) 5 days following notice from FortisBC Energy to the Shipper Agent, and to the Shippers which are members of the Group, under Section 10.1 (Failure to Provide Information) and Section 10.2 (Default).

whichever date is earlier.

7.2 Survival of Covenants

Upon the termination of this agreement:

- (a) all claims, causes of action or other outstanding obligations remaining or being unfulfilled as at the date of termination; and
- (b) all of the provisions in this agreement relating to the obligation of either of the parties to provide information to the other in connection with this agreement,

will survive such termination.

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Effective Date: June 1, 2018 Accepted for Filing: _____

BCUC Secretary: _____ Original Page SA-26.7

8. Representations, Warranties and Covenants

8.1 Representations and Warranties

The Shipper Agent represents and warrants to and covenants with FortisBC Energy as follows:

- (a) the members of the Group are listed in Section 1 (Specific Information) of this agreement;
- (b) the Shipper Agent is the agent of each of the members of the Group and has the authority of each of the members of the Group for the purposes of any and all matters set out in the applicable transportation Rate Schedule and this agreement; and
- (c) FortisBC Energy may rely on any act or thing done, or document executed, by the Shipper Agent in connection with of any and all matters set out in the applicable transportation Rate Schedule and this agreement.

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9. Limitation on Liability and Indemnity

9.1 Limitation on Liability

Neither FortisBC Energy, its employees, contractors or agents will be liable in damages for or on account of any interruption or curtailment of transportation Service or Gas supply.

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9.2 Indemnity

The Shipper Agent will indemnify and hold harmless each of FortisBC Energy, its employees, contractors and agents from and against any and all adverse claims, losses, suits, actions, judgments, demands, debts, accounts, damages, costs, penalties and expenses (including all legal fees and disbursements) arising from any act or omission of the Shipper Agent related to the agency created by the Shipper Agent Agreement.

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10. Disbanding of the Group

10.1 Failure to Provide Information

If the Shipper Agent fails to provide FortisBC Energy with the information or schedules which the Shipper Agent is required to provide to FortisBC Energy pursuant to this agreement or is otherwise in breach of this agreement then, acting reasonably in the circumstances and on 5 days notice to the Shipper Agent and to the members of the Group, FortisBC Energy may disband the Group and deal directly with the Shippers which were members of the Group.

10.2 Default

If any Shipper which is a member of the Group is in default under the Default or Bankruptcy ~~Section~~ of the applicable Rate Schedule or becomes bankrupt or insolvent, then that Shipper will cease to be a member of the Group.

11. Arbitration

11.1 Arbitration

Any dispute between the parties arising from this agreement will be resolved by a single arbitrator pursuant to the *Arbitration Act* of British Columbia or successor legislation, save as expressly provided herein.

11.2 Demand for Arbitration

Either party may commence arbitration proceedings by sending to the other party a demand for arbitration setting out the nature of the dispute.

11.3 Arbitrator

The parties will have 10 days from receipt of the demand referred to in Section 11.2 (Demand for Arbitration) to agree upon the arbitrator, failing which either party may apply to the Supreme Court of British Columbia to select the arbitrator. The arbitrator must be sufficiently qualified by education and training to decide the particular questions in dispute. Unless otherwise agreed, the arbitrator may not be a past or present employee, officer or director of either of the parties or their respective successors or affiliates, any supplier of the Shipper or FortisBC Energy, or any member of the Group.

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Deleted: Where any dispute arises out of or in connection with this Rate Schedule or the provided under it, FortisBC Energy and the Shipper agree to try to resolve the dispute by participating in a structured mediation conference with a mediator under the National Arbitration Rules of the ADR Institute of Canada Inc. for Dispute Resolution.

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<#>Arbitration ¶

Deleted: If FortisBC Energy and the Shipper fail to resolve the dispute through mediation, the unresolved dispute shall be referred to, and finally resolved or determined by arbitration under the National Arbitration Rules of the ADR Institute of Canada Inc. for Dispute Resolution. Unless FortisBC Energy and the Shipper agree otherwise the arbitration will be conducted by a single arbitrator.

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11.4 **Commencement and Decision**

The arbitrator will proceed immediately to hear and determine the matter in dispute and will render a written decision, signed by the arbitrator, within 45 days after the appointment, subject to any reasonable delay due to unforeseen circumstances. Notwithstanding the foregoing, if the arbitrator fails to render a decision within 60 days after the appointment then either party may elect to have a new arbitrator appointed in like manner as if none had previously been appointed.

Deleted: Failure to Render a Decision

11.5 **Decision**

The decision of the arbitrator will be final and binding upon the parties and the parties will abide by the decision and perform the terms and conditions thereof.

Deleted: If the arbitrator fails to render a decision within thirty (30) days following the final hearing of the arbitration, any party to the arbitration may terminate the appointment of the arbitrator and a new arbitrator. The arbitrator shall issue a written award that sets forth the essential findings and conclusions on which the award is based. The arbitrator will allow discovery as required by law in arbitration proceedings.¶

<#>Failure to Render a Decision ¶

If the arbitrator fails to render a decision within thirty (30) days following the final hearing of the arbitration, any party to the arbitration may terminate the appointment of the arbitrator and a new arbitrator shall be appointed in accordance with these provisions. If FortisBC Energy and the Shipper are unable to agree on an arbitrator or if the appointment of an arbitrator is terminated in the manner provided for above, then either FortisBC Energy or the Shipper shall be entitled to apply to a judge of the British Columbia Supreme Court to appoint an arbitrator and the arbitrator so appointed shall proceed to determine the matter mutatis mutandis in accordance with the provisions of this Section.

12. **Notice**

12.1 **Notice**

Any notice, request, statement or bill that is required to be given or that may be given under this agreement will, unless otherwise specified, be in writing and will be considered as fully delivered when mailed, personally delivered, or sent by fax or other method approved by FortisBC Energy to the other party.

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Moved (insertion) [6]

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money damages;¶
interest on unpaid amounts from the date due;¶
specific performance; and¶
permanent relief.¶
Costs

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<#>interest on unpaid amounts from the date due;¶
<#>specific performance; and¶
<#>permanent relief.¶

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13. **Acknowledgement**

13.1 **Acknowledgement**

The Shipper Agent acknowledges receiving and reading a copy of Rate Schedules 22, 22A, 22B, 23, 25, 26 and 27 and the General Terms and Conditions of FortisBC Energy and will comply with and be bound by all terms and conditions set out therein.

Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

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IN WITNESS WHEREOF the parties hereto have executed this agreement.

FORTISBC ENERGY INC.

(here insert name of Shipper Agent)

BY: _____
(Signature)

(Title)

(Name – Please Print)

BY: _____
(Signature)

(Title)

(Name – Please Print)

DATE: _____

DATE: _____

Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

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FORTISBC ENERGY INC.

RATE SCHEDULE 27

**GENERAL INTERRUPTIBLE
TRANSPORTATION SERVICE**

Effective June 1, 2018

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1. Definitions

1.1 Definitions

Except where the context requires otherwise, all words and phrases defined below or in the General Terms and Conditions of FortisBC Energy and used in this Rate Schedule or in a Transportation Agreement have the meanings set out below or in the General Terms and Conditions of FortisBC Energy. Where any of the definitions set out below conflict with the definitions in the General Terms and Conditions of FortisBC Energy, the definitions set out below govern.

- (a) **Authorized Quantity** - means, subject to interruptions or curtailments as provided in Section 4 (Transportation) or due to provisions of the Transportation Agreement, the quantity of energy (in Gigajoules) for each Day approved by the Transporter for transportation Service on the Transporter's pipeline system, based on the quantity requested pursuant to Section 7.1 (Requested Quantity), adjusted as set out in Section 7.2 (Adjustment of Requested Quantity) or the quantity of energy approved for sale by FortisBC Energy under an applicable Rate Schedule, or any component or aggregate of these quantities, as the context requires.
- (b) **Backstopping Gas** - means Gas made available by FortisBC Energy as an interruptible backup supply if on any Day the Authorized Quantity is less than the Requested Quantity, adjusted as set out in Section 7.2 (Adjustment of Requested Quantity).
- (c) **Balancing Gas** - means any Gas taken during a Day which is in excess of the Authorized Quantity, subject to Section 8.2 (Provision of Gas Balancing).
- (d) **Commencement Date** - means the day specified as the Commencement Date in the Transportation Agreement.
- (e) **Contract Year** - means a period of 12 consecutive Months commencing at the beginning of the 1st Day of November and ending at the beginning of the next succeeding 1st Day of November.
- (f) **Day** - means, subject to Section 1.2 (Change in Definition of "Day"), any period of twenty-four consecutive hours beginning and ending at 7:00 a.m. Pacific Standard Time.
- (g) **Delivery Point** - means the point specified in a Sales Service Agreement or a Transportation Agreement where FortisBC Energy delivers Gas to a Customer or a Shipper.

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- (h) **Force Majeure** - means any acts of God, strikes, lockouts, or other industrial disturbances, civil disturbances, arrests and restraints of rulers or people, interruptions by government or court orders, present or future valid orders of any regulatory body having proper jurisdiction, acts of the public enemy, wars, riots, blackouts, insurrections, failure or inability to secure materials or labour by reason of regulations or orders of government, serious epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, explosions, breakage or accident to machinery or lines of pipes, or freezing of wells or pipelines, or the failure of gas supply, temporary or otherwise, from a Supplier of gas, which act of Force Majeure was not due to negligence of the party claiming Force Majeure. Further, Force Majeure will also include a declaration of force majeure by a Transporter that results in Gas being unavailable for delivery at the Interconnection Point.
- (i) **Group** - means a group of Shippers who each transport Gas under a transportation Rate Schedule, have a common Shipper Agent, and who have each entered into a Transportation Agreement.
- (j) **Interruption Period** - means the period or periods during which the Shipper is required pursuant to Sections 4.2 (Curtailment), 4.3 (Notice of Curtailment), or 19 (Force Majeure) to interrupt, cease, limit or curtail the receipt of Gas.
- (k) **Interconnection Point** - means a point where the FortisBC Energy System interconnects with the facilities of one of the Transporters of FortisBC Energy, as specified in a Transportation Agreement.
- (l) **Month** - means, subject to any changes from time to time required by FortisBC Energy, the period beginning at 7:00 a.m. Pacific Standard Time on the first day of the calendar month and ending at 7:00 a.m. Pacific Standard Time on the first day of the next succeeding calendar month.
- (m) **Rate Schedule 27 or this Rate Schedule** - means this Rate Schedule, including all rates, terms and conditions, and the Table of Charges, as amended from time to time by FortisBC Energy with the consent of the British Columbia Utilities Commission.
- (n) **Requested Quantity** - means the quantity of energy for each Day requested for interruptible transportation Service under Rate Schedule 27, or for sales by FortisBC Energy under an applicable Rate Schedule, or any component or aggregate of these quantities, as the context requires.
- (o) **Shipper** - means a person who enters into a Transportation Agreement with FortisBC Energy and who is also the consumer of the Gas transported.
- (p) **Shipper Agent** - means a person who enters into a Shipper Agent Agreement with FortisBC Energy.

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Deleted: <#>Pacific Clock Time - means Pacific Standard Time or Daylight Savings Time as it applies in Surrey, British Columbia.¶

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- (q) **Shippers Agent Agreement** - means an agreement between FortisBC Energy and a Shipper Agent pursuant to which the Shipper Agent agrees to act as agent for a Group.
- (r) **Sumas Daily Price** - means the "NW Sumas" Daily Midpoint Price as set out in Gas Daily's Daily Price Survey for Gas delivered to Northwest Pipeline Corporation at Sumas, converted to Canadian dollars using the noon exchange rate as quoted by the Bank of Canada one Business Day prior to the Gas flow date, for each Day. Energy units are converted from MMBtu to Gigajoule by application of a conversion factor equal to 1.055056 Gigajoule per MMBtu.
- (s) **Supplier** - means a party who sells Gas to a Shipper or FortisBC Energy or has access to its own supplies of Gas.
- (t) **Table of Charges** - means the table of prices, fees and charges, as amended from time to time by FortisBC Energy with the consent of by the British Columbia Utilities Commission, appended to this Rate Schedule.
- (u) **Timely Nomination Cycle** – means nominations received for the following Day or subsequent Day(s), which closes at 11:00 a.m. Pacific Standard Time.
- (v) **Transportation Agreement** - means an agreement between FortisBC Energy and a Shipper to provide Service pursuant to a transportation Rate Schedule.
- (w) **Transporter** - means, in the case of the Columbia area, TransCanada PipeLines Limited, (Foothills System, B.C.) and NOVA Gas Transmission Ltd., and in the case of the Inland and Lower Mainland areas, Westcoast Energy Inc., Northwest Pipeline LLC, FortisBC Huntingdon Inc., and any other gas pipeline transportation company connected to the facilities of FortisBC Energy from which FortisBC Energy receives Gas for the purposes of Gas transportation or resale.
- (x) **Transporter's Service Terms** - means the general terms and conditions of the applicable Transporter, as filed with and approved from time to time by the National Energy Board or other applicable governmental authority.
- (y) **Unauthorized Overrun Gas** - means any Gas taken on any Day in excess of the curtailed quantity specified in any notice to interrupt or curtail a Shipper's take or to interrupt or curtail a Group's take, and for greater certainty, Unauthorized Overrun Gas includes all Gas taken by a Shipper or a Group to the extent that the obligation of FortisBC Energy to deliver such Gas is suspended by reason of Force Majeure.

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1.2 **Change in Definition of "Day"**

FortisBC Energy may amend the definition of "Day" from time to time to suitably align its operations with those of its Transporters. If FortisBC Energy amends the definition of "Day", a pro-rata adjustment of quantities of Gas and charges to account for any Day of more or less than 24 hours will be made and the terms of the Transportation Agreement will be similarly adjusted.

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2. Applicability

2.1 **Description of Applicability**

This Rate Schedule applies to the provision of interruptible transportation Service through the FortisBC Energy System and through one meter station to one Shipper. For greater certainty, interruptible transportation Service under this Rate Schedule means the provision by FortisBC Energy of transportation Service to a Shipper which may be interrupted or curtailed by FortisBC Energy pursuant to Sections 4.2 (Curtailment), 16 (Default or Bankruptcy) and 19 (Force Majeure) and the General Terms and Conditions of FortisBC Energy.

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2.2 **British Columbia Utilities Commission**

This Rate Schedule may be amended from time to time with the consent of the British Columbia Utilities Commission.

3. Conditions of Service

3.1 **Conditions**

FortisBC Energy does not provide transportation Service as a common carrier. FortisBC Energy will only transport Gas under this Rate Schedule to Shippers in the territory served by FortisBC Energy under the FortisBC Energy tariff of which this Rate Schedule is a part if:

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- (a) the Shipper has entered into a Transportation Agreement;
- (b) adequate capacity exists on the FortisBC Energy System; and
- (c) FortisBC Energy has installed at the Delivery Point the facilities and equipment referred to in Section 13.1 (Facilities and Equipment).

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3.2 Security

In order to secure the prompt and orderly payment of the charges to be paid by the Shipper to FortisBC Energy under the Transportation Agreement, FortisBC Energy may require the Shipper to provide, and at all times maintain, an irrevocable letter of credit in favour of FortisBC Energy issued by a financial institution acceptable to FortisBC Energy in an amount equal to the estimated maximum amount payable by the Shipper under this Rate Schedule and the Transportation Agreement for a period of 90 Days. Where FortisBC Energy requires a Shipper to provide a letter of credit and the Shipper is able to provide alternative security acceptable to FortisBC Energy, FortisBC Energy may accept such security in lieu of a letter of credit.

3.3 Warning if Switching from Interruptible Transportation Service or Interruptible Sales to Firm Transportation Service or Sales

A Shipper wishing to request a switch at the end of the term of an interruptible Transportation Agreement or an interruptible Gas Service Agreement to a firm transportation Rate Schedule or to a firm sales Rate Schedule must comply with the requirements for Firm Service set out in the applicable Rate Schedule, including the following:

- (a) give 12 months prior notice to FortisBC Energy of the Shipper's desire to do so; and
- (b) after receiving an estimate from FortisBC Energy of costs FortisBC Energy will reasonably incur to provide such Service, agree to reimburse FortisBC Energy for any such costs.

Notwithstanding Section 3.3(a), FortisBC Energy will make reasonable efforts to accommodate a Shipper on less than 12 months prior notice if FortisBC Energy is able, with such shorter notice, to arrange for the firm purchase and firm transportation of Gas under a firm sales Rate Schedule, or transportation under a firm transportation Rate Schedule.

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4. Transportation

4.1 Transportation of Gas

Subject to Section 13 of the General Terms and Conditions of FortisBC Energy (Interruption of Service) and all of the terms and conditions of this Rate Schedule, FortisBC Energy will on each Day transport for and deliver to the Shipper at the Delivery Point the Authorized Quantity, received at the Interconnection Point from the Transporter, up to the Requested Quantity, where adequate capacity exists on the FortisBC Energy System. On each Day, if the Shipper's Gas received at the Interconnection Point is not consumed by the Shipper or is not authorized for delivery to the Shipper, FortisBC Energy will be entitled to utilize such Gas subject to all the terms of this Rate Schedule and the Transportation Agreement.

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4.2 Curtailment

If at any time FortisBC Energy, acting reasonably, determines that it does not have capacity on the FortisBC Energy System to accommodate the Shipper's request for interruptible transportation FortisBC Energy may, for any length of time, interrupt or curtail transportation Service under this Rate Schedule. Consistent with the provisions of Section 7.5 (Failure to Deliver to Interconnection Point), if at any time FortisBC Energy, acting reasonably, determines that it is not able to provide Balancing Gas or Backstopping Gas, FortisBC Energy may curtail the Shipper's take to the lesser of the Authorized Quantity or the DTQ.

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4.3 Notice of Curtailment

Each notice from FortisBC Energy to the Shipper with respect to the interruption or curtailment by FortisBC Energy of deliveries of Gas to the Delivery Point will be by telephone, by facsimile ("fax") and/or by other electronic means, and will specify the quantity of Gas to which the Shipper is curtailed and the time at which such curtailment is to be made. FortisBC Energy will make reasonable efforts to give the Shipper as much notice as possible with respect to such curtailment, not to be less than 2 hours prior notice unless prevented by Force Majeure.

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4.4 Default Regarding Curtailment

The Shipper will comply with each notice to interrupt or curtail the Shipper's take. If the Shipper at any time fails or neglects to comply with a notice to interrupt or curtail the Shipper's take as set out in Section 7.5 (Failure to Deliver to Interconnection Point), FortisBC Energy may, in addition to any other remedy that it may then or thereafter have, at its option, without liability therefor and without any prior notice to the Shipper:

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- (a) turn off the valve at the Delivery Point; or
- (b) deliver such Gas and charge the Shipper for such Gas consumed on that Day the Unauthorized Overrun Gas charge set out in the Table of Charges.

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4.5 Failure to Comply

If during any one Contract Year the Shipper fails or neglects to comply with three notices from FortisBC Energy to interrupt or curtail the Shipper's take, unless the Shipper provides to FortisBC Energy assurances, to the satisfaction of FortisBC Energy, that the Shipper will comply with all further interruption or curtailment notices, FortisBC Energy may, in addition to any other remedy that it may then or thereafter have, at its option and without liability therefor, switch the Shipper to a firm transportation Rate Schedule, beginning at the commencement of the next following Contract Month. If the Shipper and FortisBC Energy do not execute a new Transportation Agreement pursuant to the firm transportation Rate Schedule, from the date of such switch, the Transportation Agreement will be deemed to a Transportation Agreement pursuant to the firm transportation Rate Schedule, with all necessary changes.

4.6 Maximum Hourly Quantities

FortisBC Energy will not be obliged to receive or deliver in one Hour more than 5% of the quantity of Gas that the Shipper is authorized to receive on any Day.

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4.7 Gas Pressure

Where specifically requested by the Shipper, FortisBC Energy may agree to deliver Gas to the Shipper at the Delivery Point at a minimum pressure specified in the Shipper's Transportation Agreement. The Shipper will reimburse FortisBC Energy for costs it reasonably incurs in maintaining such minimum pressure above that set out in the General Terms and Conditions of FortisBC Energy. FortisBC Energy's ability to maintain a minimum pressure at the Delivery Point is subject to FortisBC Energy receiving Gas at the Interconnection Point at the pressure specified in the Transporter's Service Terms.

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5. Table of Charges

5.1 Charges

In respect of all quantities of Gas delivered to the Delivery Point pursuant to this Rate Schedule and the Transportation Agreement, the Shipper will pay to FortisBC Energy all of the charges set out in the Table of Charges whether or not the Shipper is a member of a Group. The Shipper Agent may elect to pay to FortisBC Energy the charges for the Backstopping Gas and the Balancing Gas taken, and any Unauthorized Overrun Gas taken for members of its Group. In the event the Shipper Agent fails to make an election or pay these charges for and on behalf of the Shippers which are members of its Group, FortisBC Energy will bill the Shippers directly.

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6. Unauthorized Use

6.1 Charges for Unauthorized Service

On any Day a Shipper takes Unauthorized Overrun Gas and/or Unauthorized Transportation Service, the Shipper will pay to FortisBC Energy the unauthorized overrun charge set out in the Table of Charges. The Shipper Agent may elect to pay these charges for the members of its Group. In the event the Shipper Agent fails to make an election or does not pay these charges for and on behalf of the Shippers which are members of its Group, FortisBC Energy will bill the Shippers directly.

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6.2 Payments Not License

Payments made to FortisBC Energy for Unauthorized Overrun Gas or Unauthorized Transportation Service neither give the right to take Unauthorized Overrun Gas or Unauthorized Transportation Service, nor exclude or limit any other remedies available to FortisBC Energy for the taking or use of Unauthorized Overrun Gas or Unauthorized Transportation Service.

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6.3 Demand Surcharge

If the Shipper is a member of a Group which includes a Shipper under Rate Schedules 22, 22A or 22B then the Group and its members will be subject to demand surcharges under Section 7 (Unauthorized Use) of Rate Schedule 22.

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7. Nomination

7.1 Requested Quantity

The Shipper or Shipper Agent will provide notice to FortisBC Energy on the Web Information and Nomination System ("WINS") or other method approved by FortisBC Energy, prior to the Timely Nomination Cycle on each Day (or such other time as may be specified from time to time by FortisBC Energy) such information as may be requested by FortisBC Energy, which will include, but is not limited to, the Shipper or Shipper Agent's Requested Quantity for the Day commencing in approximately 24 hours, and/or subsequent Day(s). If the Shipper or Shipper Agent does not notify FortisBC Energy in accordance with the foregoing, then the Shipper or Shipper Agent's Requested Quantity for the Day commencing in approximately 24 hours will be deemed to be zero, subject to Section 7.2 (Adjustment of Requested Quantity). The Shipper or Shipper Agent is required to provide their best estimate of the quantity of Gas the Shipper(s) will actually consume on such Day.

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The Shipper will on or before the Commencement Date notify FortisBC Energy of the identity of the party holding capacity for Shipper on the Transporter's pipeline, and from time to time when such party changes. ¶

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7.2 Adjustment of Requested Quantity

The Shipper or Shipper Agent will provide notice to FortisBC Energy on the WINS, or other method approved by FortisBC Energy, of adjustments to the Requested Quantity for the Day commencing in approximately 24 hours. Adjustments to the Requested Quantity must adhere to the elapsed pro-rata practices of the applicable Transporter(s). FortisBC Energy may adjust, in consultation with the Shipper, the Shipper's Requested Quantity, described in Section 7.1 (Requested Quantity), when in the reasonable opinion of FortisBC Energy such modification is required in order to limit the build-up of inventory account quantities.

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7.3 Request to Transporter

FortisBC Energy will provide to the Transporter the Shipper's Requested Quantity, adjusted as set out in Section 7.2 (Adjustment of Requested Quantity).

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7.4 Delivery to Interconnection Point

The Shipper will cause to be delivered to the Interconnection Point on each Day a quantity of Gas at least equal to the Shipper's Requested Quantity, adjusted as set out in Section 7.2 (Adjustment of Requested Quantity).

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7.5 Failure to Deliver to Interconnection Point

If on any Day the Authorized Quantity from the Transporter is less than the quantity requested from the Transporter pursuant to Section 7.3 (Request to Transporter), then in addition to curtailments permitted under Section 4 (Transportation), FortisBC Energy may, in its discretion, interrupt or curtail Service hereunder to such Authorized Quantity. Alternatively, FortisBC Energy may deliver additional Gas to the Shipper at the Interconnection Point and charge the Shipper Backstopping Gas as set out in the Table of Charges.

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7.6 Authorized Quantity

FortisBC Energy will notify the Shipper or the Shipper Agent on WINS or other method approved by FortisBC Energy if the Authorized Quantity is less than the Requested Quantity.

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8. Gas Balancing

8.1 Gas Balancing

Gas balancing hereunder is intended for matching day to day imbalances that cannot be reasonably forecast by the Shipper. Subject to all the terms of this Rate Schedule, FortisBC Energy will on each Day balance for the Shipper at the Interconnection Point the difference between the Shipper's Authorized Quantity under the Transportation Agreement and its actual consumption of Gas.

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8.2 Provision of Gas Balancing

When on any Day the Shipper requires Gas for balancing, FortisBC Energy will:

(a) allow the Shipper to use up to the amount available in the Shipper's inventory account pursuant to Section 8.4 (Adjustments to Inventory);

(b) for quantities of Gas above the amount available in the Shipper's inventory, sell to the Shipper at the commodity charge set out in the Table of Charges; and

(c) for quantities of Gas needed to balance actual consumption that exceeds the greater of 100 Gigajoules or 10 percent of the Shipper's Authorized Quantity, charge the Shipper for Balancing Gas at the applicable rate(s) as set out in the Table of Charges.

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8.3 **Curtailment of Gas Balancing**

FortisBC Energy may for any reason and for any length of time, interrupt or curtail Gas balancing under this Rate Schedule.

8.4 **Adjustments to Inventory**

When on any Day the Shipper delivers more Gas to the Interconnection Point than its actual consumption, except for Gas purchased by FortisBC Energy under Section 19.8 (Shipper's Gas), FortisBC Energy will maintain an inventory account for the Shipper and will increase the balance in the account by the excess amount received. FortisBC Energy reserves the right to limit Gas quantities maintained in the Shipper's inventory account and will from time to time, at its discretion and in consultation with the Shipper, return excess inventory at no charge to the Shipper; this will not relieve the Shipper from its obligation to provide accurate nominations pursuant to Section 7.1, (Requested Quantity).

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except in the case of Backstopping Gas and Unauthorized Overrun Gas, for underdeliveries (the sum of the Authorized Quantities is less than the Shipper's actual Monthly consumption as measured by FortisBC Energy), FortisBC Energy will sell to the Shipper the deficiency quantities at the Balancing Gas charge set out in the Table of Charges.

8.5 **Imbalance Following Termination**

If FortisBC Energy has received a quantity of Gas in excess of the quantity delivered to the Shipper during the term of a Transportation Agreement, then the Shipper may request the excess quantity be returned within 90 Days following termination of the Transportation Agreement.

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9. Group Nominations and Balancing

9.1 Group Nominations and Balancing

If a Shipper appoints a Shipper Agent and becomes a member of a Group and if the Shipper and Shipper Agent have agreed to execute or have executed a Shipper Agent Agreement, and if the members of the Group are in the same Service Area of FortisBC Energy and receive Service under a transportation Rate Schedule, the Shipper Agent will nominate and balance on behalf of all members of the Group on an aggregate basis pursuant to Sections 7, (Nomination) and 8, (Gas Balancing) of this Rate Schedule, as modified by this Section, and the Shipper Agent will be the agent for each of the members of a Group for the purposes of any and all matters set out in Sections 7 (Nomination) and 8 (Gas Balancing). The Shipper Agent may also elect, pursuant to the Shipper Agent Agreement, to pay some or all of the charges specified in Sections 5.1 (Charges) and 6.1 (Charges for Unauthorized Service) for and on behalf of the Shippers in its Group. The Shipper acknowledges and agrees that FortisBC Energy may rely, for the purpose of payment allocations, on written notification from the Shipper Agent of such election as a basis for the Shipper Agent's authority to act on behalf of Shipper. Where the Shipper Agent fails to execute a Shipper Agent Agreement, the Shipper will be deemed to be and treated by FortisBC Energy as an individual Group of one Shipper, except for the purposes of Sections 9.4 (Notices To and From Shipper Agents) and 11.1 (Statements to be Provided) hereunder, and will be deemed to have agreed to purchase Gas from FortisBC Energy pursuant to the applicable transportation Rate Schedule and will accordingly be responsible for the payment of all charges thereunder, including any and all Balancing Gas and Unauthorized Overrun Gas charges attributable to that Shipper.

9.2 Determination of Charges

The charges for Backstopping Gas, Balancing Gas, Unauthorized Overrun Gas, set out in the Table of Charges, and demand surcharges as set out in the Rate Schedule 22 Table of Charges, will be determined based on the quantities transported on behalf of all members of the Group on an aggregate basis.

9.3 Security

FortisBC Energy may require the Shipper Agent to provide security, as set out in Section 3.2 (Security), with necessary changes, for the performance of the Shipper Agent's obligations under the Shipper Agent Agreement.

9.4 Notices To and From Shipper Agents

If the Shipper is a member of a Group then:

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The Shipper Agent will notify FortisBC Energy of the Shipper's Requested Quantity, described in section 7.2 (Requested Quantity) on behalf of all members of the Group on an aggregate basis. If the Shipper Agent does not so notify FortisBC Energy, then the Group's Requested Quantity for the Day commencing in approximately 24 hours will be deemed to be the Group's quantity pursuant to section 7.2 (Requested Quantity) for the Day just commencing.¶

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- (a) communications regarding curtailments or interruptions arising from Gas supply constraints and limitations, quantities of Gas requested and quantities of Gas authorized will be between the Shipper ~~Agent~~ for the Group and FortisBC Energy; and
- (b) notices from FortisBC Energy with respect to interruption or curtailment pursuant to ~~Section 4.3~~ (Notice of Curtailment) arising from Gas supply constraints or limitations will be to the Shipper Agent for the Group and will specify the quantity of Gas to which the Group is curtailed and the time at which such curtailment is to be made; it will be the responsibility of the Shipper Agent to notify Shippers which are members of the Group of interruptions or curtailments.

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10. Term of Transportation Agreement

10.1 Term

The initial term of the Transportation Agreement will begin on the Commencement Date and will expire at 7:00 a.m. Pacific Standard Time on the ~~next~~ November 1st provided that if the foregoing results in an initial term of less than one ~~Year~~, then the initial term will instead expire at the end of one further Contract Year.

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10.2 Automatic Renewal

Except as specified in the Transportation Agreement, the term of the Transportation Agreement will continue from ~~Year~~ to ~~Year~~ after the expiry of the initial term unless cancelled by either FortisBC Energy or the Shipper, subject to ~~Section 3.3~~ (Warning if Switching from Interruptible ~~Transportation Service or Interruptible Sales~~ to Firm Transportation Service or Sales), upon not less than 2 months notice prior to the end of the Contract Year then in effect.

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10.3 Early Termination

The term of the Transportation Agreement is subject to early termination in accordance with ~~Section 16~~ (Default or Bankruptcy).

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10.4 Survival of Covenants

Upon the termination of the Transportation Agreement, whether pursuant to ~~Section 16~~ (Default or Bankruptcy) or otherwise:

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- (a) all claims, causes of action or other outstanding obligations remaining or being unfulfilled as at the date of termination; and

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- (b) all of the provisions in this Rate Schedule and in the Transportation Agreement relating to the obligation of any of the parties to account to or indemnify the other and to pay to the other any monies owing as at the date of termination in connection with the Transportation Agreement,

will survive such termination.

11. Statements and Payments

11.1 Statements to be Provided

FortisBC Energy will, on or about the 15th day of each Month, deliver to the Shipper, a statement for the preceding Month showing the Gas quantities delivered to the Shipper and the amount due. If the Shipper is a member of a Group then the statement and the calculation of the amount due from the Shipper will be based on information supplied by the Shipper Agent, or based on other information available to FortisBC Energy, as set out in the Shipper Agent Agreement. FortisBC Energy will, on or about the 45th day after the end of a Contract Year, deliver to the Shipper a separate statement for the preceding Contract Year showing the amount required from the Shipper in respect of any indemnity due under this Rate Schedule or a Transportation Agreement. Any errors in any statement will be promptly reported to the other party as provided hereunder, and statements will be final and binding unless questioned within one Year after the date of the statement.

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11.2 Payment and Late Payment Charge

Payment for the full amount of the statement, including federal, provincial and municipal taxes or fees applicable thereon, will be made to FortisBC Energy at its Vancouver, British Columbia office, or such other place in Canada as it will designate, on or before the 1st Business Day after the 21st calendar day following the billing date. If the Shipper fails or neglects to make any payment required under this Rate Schedule, or any portion thereof, to FortisBC Energy when due, FortisBC Energy will include in the next bill to the Shipper a late payment charge of 1.5% per month (19.56% per annum) on the outstanding amount.

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11.3 Examination of Records

Each of FortisBC Energy and the Shipper will have the right to examine at reasonable times the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, charge, computation or demand made pursuant to any provisions of this Rate Schedule or the Transportation Agreement.

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12. Quality

12.1 Minimum Standards

All Gas delivered to the Interconnection Point by or on behalf of the Shipper and all Gas delivered to the Delivery Point will conform to the quality specifications set out in the Transporter's Service Terms.

13. Measuring Equipment

13.1 Facilities and Equipment

FortisBC Energy will install, maintain and operate at the Delivery Point such metering and communications facilities and equipment as FortisBC Energy determines are necessary or desirable for measuring the quantity of Gas delivered pursuant to this Rate Schedule to the Shipper and the Shipper will permit FortisBC Energy, without cost to FortisBC Energy, to use the Shipper's communications lines and power for the purpose of installing, maintaining and operating the measuring equipment of FortisBC Energy. Communication facilities and equipment will be installed at the cost of the Shipper.

13.2 Measuring Site

If FortisBC Energy reasonably determines that it is necessary to install the facilities and equipment referred to in Section 13.1, (Facilities and Equipment) on the Shipper's property, the Shipper will, without charge, provide a suitable site along with utilities and enclosures for the installation of the facilities and equipment of FortisBC Energy. FortisBC Energy will at all times have clear access to the site and to all of its facilities and equipment. All facilities and equipment installed by FortisBC Energy on the Shipper's property will remain the property of FortisBC Energy and may be removed by FortisBC Energy upon termination of the Transportation Agreement.

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13.3 Calibration and Test of Measuring Equipment

The accuracy of the measuring equipment of FortisBC Energy will be verified by standard tests and methods at regular intervals and at other times at the initiative of FortisBC Energy or upon the reasonable request of the Shipper. Notice of the time and nature of each test conducted in response to communications with or at the request of the Shipper will be given by FortisBC Energy to the Shipper sufficiently in advance to permit a representative of the Shipper to be present. If during a test the measuring equipment is found to be registering inaccurately, it will be adjusted at once to read as accurately as possible. The results of each test and adjustment, if any, made by FortisBC Energy, whether or not the Shipper is present for such test, will be accepted until the next test. All tests of such measuring equipment of FortisBC Energy will be made at the expense of FortisBC Energy, except that the Shipper will bear the expense of tests made at its request if the measuring equipment is found to be inaccurate by an amount equal to 2% or less.

13.4 Inaccuracy Exceeding 2%

If upon any test the measuring equipment is found to be inaccurate by an amount exceeding 2%, any previous readings of such equipment will be corrected to zero error for any period during which it is definitely known or is agreed upon that the error existed. If the period is not definitely known or is not agreed upon, such correction will be for a period covering the last half of the time elapsed since the date of the last test. ~~Under no~~ circumstances will an adjustment be made for a period of more than the preceding 12 months.

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13.5 Correction of Measuring Errors

If the measuring equipment is out of service or out of repair so that the quantity of Gas delivered cannot be correctly determined by the reading thereof, the Gas delivered during the period such measuring equipment is out of service or out of repair will be estimated on the basis of the best available data, using the first of the following methods which is feasible:

- (a) by correcting the error if the percentage of error is ascertained by calibration test or mathematical calculation;
- (b) by using the registration of any check measuring equipment if installed and accurately registering; and
- (c) by estimating the quantity of Gas delivered to the Shipper during the preceding periods under similar conditions when the meter was registering accurately.

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13.6 Shipper's Equipment

The Shipper may at its own expense install, maintain and operate its own measuring equipment for the purposes of monitoring or checking the measuring equipment of FortisBC Energy, provided that the Shipper will install such equipment so as not to interfere with the operation of the measuring equipment of FortisBC Energy.

13.7 Right to be Present

FortisBC Energy and the Shipper will have the right to inspect all equipment installed or furnished by the other and the charts and other measurement or test data of the other at all times during business hours, and to be present at the time of any installing, testing, cleaning, changing, repairing, calibrating or adjusting done in connection with the measuring equipment of the other party, but all such activities will be performed by the party furnishing the measuring equipment.

13.8 Preservation of Records

Both parties will cause to be preserved each test datum, chart and other record of Gas measurement for a period of 2 years.

14. Measurement

14.1 Unit of Volume

The unit of volume of Gas for all purposes hereunder will be 1 cubic metre at a temperature of 15° Celsius and an absolute pressure of 101.325 kilopascals.

14.2 Determination of Volume

Gas delivered hereunder will be metered using metering apparatus approved by Measurement Canada, and the determination of standard volumes delivered hereunder will be in accordance with terms and conditions pursuant to the *Electricity and Gas Inspection Act* of Canada.

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14.3 Conversion to Energy Units

In accordance with the *Electricity and Gas Inspection Act* of Canada, volumes of Gas delivered each Day will be converted to energy units by multiplying the standard volume by the Heat Content of each unit of Gas. Volumes will be specified in 10³m³ rounded to two decimal places and energy will be specified in Gigajoules rounded to the nearest

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15. Representations, Warranties and Covenants

15.1 Title

The Shipper represents and warrants ~~to~~ FortisBC Energy that the Shipper will have good title to all Gas to be delivered to FortisBC Energy at the Interconnection Point on behalf of the Shipper from Suppliers other than FortisBC Energy, free and clear of all liens, encumbrances and claims.

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15.2 Title Not That of FortisBC Energy

FortisBC Energy agrees that title to all ~~Gas~~ transported pursuant to the Transportation Agreement remains with the Shipper.

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15.3 Acknowledgement

The Shipper acknowledges that the Gas transported under the Transportation Agreement will be commingled with Gas within the FortisBC Energy System.

16. Default or Bankruptcy

16.1 Default

If the Shipper at any time fails or neglects:

- (a) to make any payment due to FortisBC Energy or to any other person under this Rate Schedule or the Transportation Agreement within 30 days after payment is due; or
- (b) to correct any default of any of the other terms, covenants, agreements, conditions or obligations imposed upon it under this Rate Schedule or the Transportation Agreement, within 30 days after FortisBC Energy gives to the Shipper notice of such default or, in the case of a default that cannot with due diligence be corrected within a period of 30 days, the Shipper fails to proceed promptly after the giving of such notice with due diligence to correct the same and thereafter to prosecute the correcting of such default with all due diligence,

then FortisBC Energy may in addition to any other remedy that it has, including the rights of FortisBC Energy set out in ~~Sections 4.4~~(Default Regarding Curtailment), and ~~6~~, (Unauthorized Use), at its option and without liability therefore:

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- (c) suspend further transportation Service to the Shipper and may refuse to deliver Gas to the Shipper until the default has been fully remedied, and no such suspension or refusal will relieve the Shipper from any obligation under this Rate Schedule or the Transportation Agreement; or
- (d) terminate the Transportation Agreement, and no such termination of the Transportation Agreement pursuant hereto will exclude the right of FortisBC Energy to collect any amount due to it from the Shipper for what would otherwise have been the remainder of the term of the Transportation Agreement.

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16.2 Bankruptcy or Insolvency

If the Shipper becomes bankrupt or insolvent or commits or suffers an act of bankruptcy or insolvency or a receiver is appointed pursuant to a statute or under a debt instrument or the Shipper seeks protection from the demands of its creditors pursuant to any legislation enacted for that purpose, FortisBC Energy will have the right, at its sole discretion, to terminate the Transportation Agreement by giving notice in writing to the Shipper and thereupon FortisBC Energy may cease further delivery of Gas to the Shipper and the amount then outstanding for Gas provided under the Transportation Agreement will immediately be due and payable by the Shipper.

17. Notice

17.1 Notice

Any notice, request, statement or bill that is required to be given or that may be given under this Rate Schedule or under the Transportation Agreement will, unless otherwise specified, be in writing and will be considered as fully delivered when mailed, personally delivered or sent by fax or other method approved by FortisBC Energy to the other in accordance with the following:

If to FortisBC Energy
MAILING ADDRESS:

FORTISBC ENERGY INC.

16705 Fraser Highway
Surrey, B.C.
V4N 0E8

BILLING AND PAYMENT:

Attention: Industrial Billing
Telephone: 1-855-873-8773
Email: industrial.billing@fortisbc.com
Fax: (888) 224-2710

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FORTISBC ENERGY INC.
RATE SCHEDULE 27

CUSTOMER RELATIONS: Attention: Commercial & Industrial Energy Solutions
Telephone: (604) 576-7028
Email: commercial.energy@fortisbc.com
Fax: (604) 576-7122

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LEGAL AND OTHER: Attention: Legal Services
Telephone: (604) 576-7000
Fax: (604) 592-7520

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If to the Shipper, then as set out in the Transportation Agreement.

If to the Shipper Agent, then as set out in the Shipper Agent Agreement.

17.2 Specific Notices

Notwithstanding Section 17.1 (Notice), notices with respect to Force Majeure will be sufficient if:

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(a) given by FortisBC Energy in writing by fax or other electronic means, or orally in person, or by telephone (to be confirmed in writing) to the person or persons designated from time to time by the Shipper as authorized to receive such notices; or

(b) given by the Shipper by telephone (to be confirmed in writing) in the following manner:

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To claim Force Majeure..."Please be advised that (name of company and location of plant) has (reason for claiming Force Majeure as provided in Section 19 (Force Majeure) and hereby claims suspension by reason of Force Majeure in accordance with the terms of Rate Schedule 27 effective 7:00 a.m. Pacific Standard Time (date of Force Majeure suspension to become effective, but not to be retroactive)."

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To terminate Force Majeure..."Please be advised that (name of company and location of plant) requests a return to normal natural gas service in accordance with Rate Schedule 27 and the Transportation Agreement effective 7:00 a.m. Pacific Standard Time (date of Force Majeure suspension to end, but not to be retroactive) whereby the suspension by reason of Force Majeure currently in force will be terminated."

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18. Indemnity and Limitation on Liability

18.1 Limitation on Liability

FortisBC Energy, its employees, contractors or agents are not responsible or liable for any loss or damages for or on account of any interruption or curtailment of transportation Service permitted under the General Terms and Conditions of FortisBC Energy or this Rate Schedule.

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18.2 Indemnity

The Shipper will indemnify and hold harmless each FortisBC Energy, its employees, contractors and agents from and against any and all adverse claims, losses, suits, actions, judgments, demands, debts, accounts, damages, costs, penalties and expenses (including all legal fees and disbursements) arising from or out of each of the following:

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- (a) any defect in title to any Gas delivered to FortisBC Energy at the Interconnection Point on behalf of the Shipper from Suppliers other than FortisBC Energy, or arising from any charges that are applicable to the Gas delivered to FortisBC Energy;
- (b) Municipal Operating Fees not otherwise collected by FortisBC Energy under the Table of Charges;
- (c) nominations made in accordance with Sections 7 (Nomination) or 9 (Group Nominations and Balancing) of this Rate Schedule by FortisBC Energy to the Transporter with respect to the Shipper's transportation volumes, whether or not the Shipper is a member of a Group;
- (d) Gas delivered by the Transporter or Shipper to FortisBC Energy failing to meet the quality specifications set out in Section 12.1 (Minimum Standards) of this Rate Schedule; and
- (e) all federal, provincial, municipal taxes (or payments made in lieu thereof) and royalties, whether payable on the delivery of Gas to FortisBC Energy by the Shipper or on the delivery of Gas to the Shipper by FortisBC Energy, or on any other Service provided by FortisBC Energy to the Shipper.

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18.3 Principal Obligant

If the Shipper is a member of a Group, the obligations of each of the Shipper Agent (acting for and on behalf of the Shippers that are members of the Group) and the Shipper (in the event of the failure of the Shipper Agent to make such payments and limited to the charges related to that Shipper) to pay to, or to the order of, FortisBC Energy the charges for Backstopping Gas, Balancing Gas, Unauthorized Overrun Gas charges set out in the Table of Charges, and demand surcharges set out in the Rate Schedule 22 Table of Charges, are those of principal obligant and not of surety and are independent of the respective obligations of the Shipper Agent and the Shipper towards each other pursuant to the Shipper Agent Agreement.

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19. Force Majeure

19.1 Force Majeure

Subject to the other provisions of this Section 19 (Force Majeure), if either party is unable or fails by reason of Force Majeure to perform in whole or in part any obligation or covenant set out in this Rate Schedule under which Service is rendered or in the Transportation Agreement, the obligations of both FortisBC Energy and the Shipper will be suspended to the extent necessary for the period of the Force Majeure condition.

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19.2 Curtailment Notice

If FortisBC Energy claims suspension pursuant to this Section 19 (Force Majeure), FortisBC Energy will be deemed to have issued to the Shipper a notice of curtailment.

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19.3 Exceptions

Neither party will be entitled to the benefit of the provisions of Section 19.1 (Force Majeure) under any of the following circumstances:

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- (a) to the extent that the failure was caused by the negligence or contributory negligence of the party claiming suspension;
- (b) to the extent that the failure was caused by the party claiming suspension having failed to diligently attempt to remedy the condition and to resume the performance of the covenants or obligations with reasonable dispatch; or

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- (c) unless as soon as possible after the happening of the occurrence relied on or as soon as possible after determining that the occurrence was in the nature of Force Majeure and would affect the claiming party's ability to observe or perform any of its covenants or obligations under the Rate Schedule or the Transportation Agreement, the party claiming suspension will have given to the other party notice to the effect that the party is unable by reason of Force Majeure (the nature of which will be specified) to perform the particular covenants or obligations.

19.4 Notice to Resume

The party claiming suspension will likewise give notice, as soon as possible after the Force Majeure condition has been remedied, to the effect that it has been remedied and that the party has resumed, or is then in a position to resume, the performance of the covenants or obligations.

19.5 Settlement of Labour Disputes

Notwithstanding any of the provisions of this ~~Section 19 (Force Majeure)~~, the settlement of labour disputes or industrial disturbances will be entirely within the discretion of the particular party involved and the party may make settlement of it at the time and on terms and conditions as it may deem to be advisable and no delay in making settlement will deprive the party of the benefit of ~~Section 19.1 (Force Majeure)~~.

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19.6 No Exemption for Payments

Notwithstanding any of the provisions of this ~~Section 19 (Force Majeure)~~, Force Majeure will not relieve or release either party from its obligations to make payments to the other.

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19.7 Periodic Repair by FortisBC Energy

FortisBC Energy may temporarily shut off the delivery of Gas for the purpose of repairing or replacing a portion of the FortisBC Energy System or its equipment and FortisBC Energy will make reasonable efforts to give the Shipper as much notice as possible with respect to such interruption, not to be less than 8 hours, prior notice except when prevented by Force Majeure. FortisBC Energy will make reasonable efforts to schedule repairs or replacement to minimize interruption or curtailment of transportation ~~Service~~ to the Shipper, and to restore ~~Service~~ as quickly as possible.

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19.8 Shipper's Gas

If FortisBC Energy curtails or interrupts transportation of Gas by reason of Force Majeure the Shipper will make its supply of Gas available to FortisBC Energy, to the extent required by FortisBC Energy, to maintain Service priority to those customers or classes of customers which FortisBC Energy determines should be served. FortisBC Energy, in its sole discretion, will either increase the balance in the Shipper's inventory account by the amount taken by FortisBC Energy and return an equivalent quantity of Gas to the Shipper as soon as reasonable, or pay the Shipper an amount equal to either FortisBC Energy's average Gas cost, or the Shipper's average Gas cost, for the Day(s) during which such Gas was taken, whichever Gas cost the Shipper, in its sole discretion, elects.

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19.9 Alteration of Facilities

The Shipper will pay to FortisBC Energy all reasonable costs associated with the alteration of facilities made at the discretion of FortisBC Energy to measure quantities reduced by reason of Force Majeure claimed by the Shipper and to restore such facilities after the Force Majeure condition ends.

20. Arbitration

20.1 Arbitration

Any dispute between the parties arising from this Rate Schedule or the Transportation Agreement will be resolved by a single arbitrator pursuant to the Arbitration Act of British Columbia or successor legislation, save as expressly provided herein.

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20.2 Demand for Arbitration

Either party may commence arbitration proceedings by sending to the other party a demand for arbitration setting out the nature of the dispute.

20.3 Arbitrator

The parties will have 10 days from receipt of the demand referred to in Section 20.2 (Demand for Arbitration) of this Rate Schedule to agree upon the arbitrator, failing which either party may apply to the Supreme Court of British Columbia to select the arbitrator. The arbitrator must be sufficiently qualified by education and training to decide the particular questions in dispute. Unless otherwise agreed, the arbitrator may not be a past or present employee, officer or director of any of the parties or their respective successors or affiliates, any customer or supplier of the Shipper or FortisBC Energy.

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20.4 Commencement and Decision

The arbitrator will proceed immediately to hear and determine the matter in dispute and will render a written decision, signed by the arbitrator, within 45 days after the appointment, subject to any reasonable delay due to unforeseen circumstances. Notwithstanding the foregoing, if the arbitrator fails to render a decision within 60 days after the appointment then either party may elect to have a new arbitrator appointed in like manner as if none had previously been appointed.

20.5 Decision

The decision of the arbitrator will be final and binding upon the parties and the parties will abide by the decision and perform the terms and conditions thereof.

21. Interpretation

21.1 Interpretation

Except where the context requires otherwise or except as otherwise expressly provided, in this Rate Schedule or in a Transportation Agreement:

- (a) all references to a designated section are to the designated section of this Rate Schedule unless otherwise specifically stated;
- (b) the singular of any term includes the plural, and vice versa, and the use of any term is equally applicable to any gender and, where applicable, body corporate;
- (c) any reference to a corporate entity includes and is also a reference to any corporate entity that is a successor to such entity;
- (d) all words, phrases and expressions used in this Rate Schedule or in a Transportation Agreement that have a common usage in the gas industry and that are not defined in the General Terms and Conditions of FortisBC Energy, the Definitions or in the Transportation Agreement have the meanings commonly ascribed thereto in the gas industry; and
- (e) the headings of the sections set out in this Rate Schedule or in the Transportation Agreement are for convenience of reference only and will not be considered in any interpretation of this Rate Schedule or the Transportation Agreement.

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22. Miscellaneous

22.1 Waiver

No waiver by either FortisBC Energy or the Shipper of any default by the other in the performance of any of the provisions of this Rate Schedule or the Transportation Agreement will operate or be construed as a waiver of any other or future default or defaults, whether of a like or different character.

22.2 Enurement

The Transportation Agreement will enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns, including without limitation successors by merger, amalgamation or consolidation.

22.3 Assignment

The Shipper will not assign the Transportation Agreement or any of its rights ~~and~~ obligations thereunder without the prior written consent of FortisBC Energy which consent will not be unreasonably withheld or delayed. No assignment will release the Shipper from its obligations under this Rate Schedule or under the Transportation Agreement that existed prior to the date on which the assignment takes effect. This provision applies to every proposed assignment by the Shipper.

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22.4 Amendments to be in Writing

Except as set out in this Rate Schedule, no amendment or variation of the Transportation Agreement will be effective or binding upon the parties unless such amendment or variation is set out in writing and duly executed by the parties.

22.5 Proper Law

The Transportation Agreement will be construed and interpreted in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

22.6 Time is of Essence

Time is of the essence of this Rate Schedule, the Transportation Agreement and of the terms and conditions thereof.

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22.7 Subject to Legislation

Notwithstanding any other provision hereof, this Rate Schedule and the Transportation Agreement and the rights and obligations of FortisBC Energy and the Shipper under this Rate Schedule and the Transportation Agreement are subject to all present and future laws, rules, regulations and orders of any legislative body, governmental agency or duly constituted authority now or hereafter having jurisdiction over FortisBC Energy or the Shipper.

22.8 Further Assurances

Each of FortisBC Energy and the Shipper will, on demand by the other, execute and deliver or cause to be executed and delivered all such further documents and instruments and do all such further acts and things as the other may reasonably require to evidence, carry out and give full effect to the terms, conditions, intent and meaning of this Rate Schedule and the Transportation Agreement and to assure the completion of the transactions contemplated hereby.

22.9 Form of Payments

All payments required to be made under statements and invoices rendered pursuant to this Rate Schedule or the Transportation Agreement will be made by wire transfer to, or cheque or bank cashier's cheque drawn on a Canadian chartered bank or trust company, payable in lawful money of Canada at par in immediately available funds in Vancouver, British Columbia

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Table of Charges

Mainland and
Vancouver
Island
Service Area

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Service Area

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Service Area

Transportation

1. Basic Charge per Month

\$ ~~XXX.XX~~

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2. Delivery Charge per
Gigajoule

\$ ~~X.XXX~~

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3. Administrative Charge
per Month

\$ ~~39.00~~

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Sales

4. Unauthorized Overrun Gas Charges

(a) Per Gigajoule on first
5 percent of
specified quantity

Sumas Daily
Price¹

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Balancing Gas supplied

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Moved down [2]: Sumas Daily Price¹

(b) Per Gigajoule on all
Gas over 5 percent
of specified quantity

The greater of
\$20.00/GJ or
1.5 x the Sumas
Daily Price¹

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Sumas Daily Price¹

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Sumas Daily Price¹

5. Charge per Gigajoule of Balancing Service provided

(a) Quantities of Gas
less than 10% of the
Rate Schedule 23
Authorized Quantity

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(i) between and
including April 1
and October 31

No charge

(ii) between and
including
November 1 and
March 31

No charge

(b) Quantities of Gas

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over the greater of
100 Gigajoules or
equal to or in excess
of 10% or less than
20% of the Rate
Schedule 23
Authorized Quantity

(i) between and \$ 0.25
including April 1
and October 31

(ii) between and \$ 0.25
including
November 1 and
March 31

(c) Quantities of Gas
over the greater of
100 Gigajoules or
equal to or in excess
of 20% of the Rate
Schedule 23
Authorized Quantity

(i) between and \$ 0.30
including April 1
and October 31

(ii) between and \$ 1.10
including
November 1 and
March 31

6. Charge per Gigajoule
of Balancing and
Backstopping Gas

Sumas Daily
Price

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Rider 1 **Propane Surcharge** - Not applicable.

~~Rider 2 (Reserved for future use.)~~

Rider 3 (Reserved for future use.)

~~Rider 4 (Reserved for future use.)~~

Rider 5 **Revenue Stabilization Adjustment Charge** - Not applicable.

Deleted: **Rider 2 Phase-in Rider Balancing Account** - Applicable to Mainland, Vancouver Island and Whistler Service Area Customers for the Year ending December 31, 2017. ¶

Deleted: **Rider 4 Rate Stabilization Deferral Account** - Applicable to Mainland Service Area Customers for the Year ending December 31, 2017. ¶

Municipal Operating Fee Charge

3.09% of the aggregate of the above charges, is payable (in addition to the above charges) if the facilities to which Gas is delivered under this Rate Schedule are located within the municipal boundaries of municipalities or First Nations lands (formerly, reserves within the *Indian Act*) to which FortisBC Energy pays Municipal Operating Fees.

Minimum Charge per month

The minimum charge per month will be the aggregate of the Basic Charge, the transportation Administration Charge and the Municipal Operating Fee charge.

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Notes:

1. ~~As defined under Section 1.1, the Sumas Daily Price quoted each Day will apply to Gas consumed on that gas day.~~

Deleted: Sumas Daily Price - means the "NW Sumas" Daily Midpoint Price as set out in Gas Daily's Daily Price Survey for Gas delivered to Northwest Pipeline Corporation at Sumas, converted to Canadian dollars using the noon exchange rate as quoted by the Bank of Canada one business day prior to Gas flow date, for each Day. Energy units are converted from MMBtu to Gigajoule by application of a conversion factor equal to 1.055056 Gigajoule per MMBtu.

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**TRANSPORTATION AGREEMENT
FOR RATE SCHEDULES 22, 22A, 22B, 23, 25, 26 AND 27**

This Agreement is dated _____, 20____, between FortisBC Energy Inc. ("FortisBC Energy") and _____ (the "Shipper").

WHEREAS:

- A. FortisBC Energy owns and operates the FortisBC Energy System; and
- B. The Shipper has requested that FortisBC Energy arrange for the transportation of Gas on a firm and/or interruptible basis through the FortisBC Energy System to _____ located in or near _____ British Columbia in accordance with a transportation Rate Schedule as set out below and the terms set out herein.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the terms, conditions and limitations contained herein, the parties agree as follows:

1. Specific Information

Applicable Rate Schedule:

☐ 22 ☐ 22A ☐ 22B
☐ 23 ☐ 25 ☐ 26 ☐ 27

Type of Service:

☐ Firm ☐ Interruptible
☐ Firm and Interruptible

Firm DTQ / DTQ:

_____ Gigajoules per day

Shipper Agent and / or Group, if applicable:

Commencement Date:

Expiry Date:

(only specify expiry date if term of Transportation Agreement is not automatically renewed from Year to Year as set out in the Automatic Renewal Section of the applicable transportation Rate Schedule)

Service Address:

Account Number:

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Interconnection Point: The point at (_____ km-post _____) where the Transporter's pipeline system in British Columbia interconnects with the FortisBC Energy System

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Address of Shipper for receiving notices:

(name of Shipper) Attention: _____

(address of Shipper) Telephone: _____

_____ Fax: _____

_____ Email: _____

The information set out above is hereby approved by the parties and each reference in either this agreement or the applicable transportation Rate Schedule to any such information is to the information set out above.

2. Rate Schedule 22 / 22A / 22B / 23 / 25 / 26 / 27

2.1 Additional Terms

All rates, terms and conditions set out in the applicable transportation Rate Schedule (22, 22A, 22B, 23, 25, 26 or 27) and the General Terms and Conditions of FortisBC Energy, as any of them may be amended by FortisBC Energy and approved from time to time by the British Columbia Utilities Commission, are in addition to the terms and conditions contained in this Transportation Agreement and form part of this Transportation Agreement and bind FortisBC Energy and the Shipper as if set out in this Transportation Agreement.

2.2 Payment of Amounts

Without limiting the generality of the foregoing, the Shipper will pay to FortisBC Energy all of the amounts set out in the applicable transportation Rate Schedule for the Services provided under such Rate Schedule and this Transportation Agreement.

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2.3 Conflict

Where anything in either the applicable transportation Rate Schedule or the General Terms and Conditions of FortisBC Energy conflicts with any of the terms and conditions set out in this Transportation Agreement, this Transportation Agreement governs. Where anything in the applicable transportation Rate Schedule conflicts with any of the rates, terms and conditions set out in the General Terms and Conditions of FortisBC Energy, the Rate Schedule governs.

2.4 Member of a Group

Where the Shipper will be a member of a Group which has a Shipper Agent acting as agent for the members of the Group, the Shipper must complete Appendix A attached to this Transportation Agreement and the Shipper thereby agrees that the terms and conditions of Appendix A form part of this Transportation Agreement and bind the Shipper as if set out in this Transportation Agreement.

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2.5 Acknowledgement

The Shipper acknowledges receiving and reading a copy of the applicable transportation Rate Schedule (22, 22A, 22B, 23, 25, 26 or 27) and the General Terms and Conditions of FortisBC Energy and agrees to comply with and be bound by all terms and conditions set out therein. Without limiting the generality of the foregoing, where the transportation Service is interruptible, the Shipper acknowledges that it is able to accommodate such interruption or curtailment and releases FortisBC Energy from any liability for the Shipper's inability to accommodate such interruption or curtailment of transportation Service.

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Effective Date: June 1, 2018 Accepted for Filing: _____

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IN WITNESS WHEREOF the parties hereto have executed this Transportation Agreement.

FORTISBC ENERGY INC.

(here insert name of Shipper)

BY: (Signature)

(Title)

(Name – Please Print)

DATE:

BY: (Signature)

(Title)

(Name – Please Print)

DATE:

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**APPENDIX A
NOTICE OF APPOINTMENT OF SHIPPER AGENT**

1. _____ (Shipper) hereby gives notice to FortisBC Energy that Shipper has appointed _____ (the Shipper Agent) to act as agent for Shipper in all matters relating to gas supply and to transportation, ~~Service~~ on the FortisBC Energy System. Shipper also gives notice to FortisBC Energy that Shipper wishes to be a member of a Group and the Shipper will cause the Shipper Agent to enter into a Shipper Agent Agreement or other agreement with FortisBC Energy that binds the Shipper Agent to pay the charges which the Shipper Agent elects to pay for and on behalf of the Shipper.
2. Shipper acknowledges and agrees that the Shipper Agent will provide aggregate nominations for the Group to FortisBC Energy.
3. Shipper acknowledges and agrees that if the Group includes a member which is a Shipper under Rate Schedule 22, 22A, or 22B, the Group and its members will be subject to the ~~demand surcharge~~ provisions of Rate Schedule 22.
4. Shipper acknowledges and agrees that ~~when there are~~ constraints or limitations of Gas supply ~~FortisBC Energy will notify the Shipper Agent and it will then be the responsibility of the Shipper Agent to notify Shipper of any curtailment or interruption arising from the constraint or limitation of Gas supply.~~
5. Shipper acknowledges and agrees that the Shipper Agent will provide FortisBC Energy with information which will be used by FortisBC Energy to bill Shipper for Backstopping Gas, Balancing Gas, ~~Unauthorized Overrun Gas~~ charges and ~~demand surcharges.~~
6. Shipper acknowledges that FortisBC Energy will bill Shipper on the basis of information provided to FortisBC Energy by the Shipper Agent. Shipper agrees that it is bound by the information supplied to FortisBC Energy by the Shipper Agent and Shipper agrees that it will not dispute the information provided to FortisBC Energy by the Shipper Agent. Shipper agrees that the Shipper Agent may elect to pay some or all of the charges for Gas identified in ~~Section 3.6 (Monthly Billing Information)~~ of the standard form Shipper Agent Agreement and Shipper acknowledges that if the Shipper Agent fails to provide information to FortisBC Energy then notwithstanding any election that has been made by the Shipper Agent to pay some or all of the charges for Gas identified in ~~Section 3.6 (Monthly Billing Information)~~ of the standard form Shipper Agent Agreement, FortisBC Energy will bill Shipper directly on the bases set out in ~~Section 3.7 (Lack of Allocation Information)~~ of the standard form Shipper Agent Agreement of FortisBC Energy. Shipper agrees to pay FortisBC Energy as billed, and if Shipper disagrees with any of the billing information used by FortisBC Energy the Shipper will deal with the Shipper Agent to resolve that disagreement. Disputes between the Shipper and the Shipper

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FORTISBC ENERGY INC.
RATE SCHEDULE 27

Agent will not constitute a basis for non-payment by Shipper to FortisBC Energy of the amounts billed.

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7. Shipper will provide FortisBC Energy with 30 days notice, except with the prior approval from FortisBC Energy, if Shipper wishes to leave the Group, to be effective on the beginning of the next calendar month following the expiry of the notice period.

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8. Shipper acknowledges and agrees that FortisBC Energy may disband the Group pursuant to Section 10 (Disbanding of the Group) of the standard form Shipper Agent Agreement.

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9. Shipper will indemnify and hold harmless each of FortisBC Energy, its employees, contractors and agents from and against any and all adverse claims, losses, suits, actions, judgments, demands, debts, accounts, damages, costs, penalties and expenses (including all legal fees and disbursements) arising from any act or omission of the Shipper Agent related to the agency created by the Shipper Agent Agreement.

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10. Shipper acknowledges receiving a copy of the standard form Shipper Agent Agreement of FortisBC Energy.

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(here insert name of Shipper)

BY: _____

(Signature)

(Title)

(Name - Please Print)

DATE: _____

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Original Page IA-27.6

SCHEDULE A

SHIPPER AGENT AGREEMENT

This Agreement is dated _____, 20____, between FortisBC Energy Inc. ("FortisBC Energy") and _____ (the "Shipper Agent").

WHEREAS:

- A. The Shipper Agent wishes to act as agent on behalf of all members of a Group in respect of transportation Service on the FortisBC Energy System; and
- B. The Shippers who are members of the Group have entered into Transportation Agreements with FortisBC Energy.

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NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the terms, conditions and limitations contained herein, the parties agree as follows:

1. Specific Information

Members of Group:

(if space is insufficient, continue list on an additional page)

Commencement Date of this agreement:

Expiry Date of this agreement:

(no expiry date need be specified)

Address of Shipper Agent for receiving notices:

(name of Shipper Agent)

(address of Shipper Agent)

Attention: _____

Telephone: _____

Fax: _____

Alternate Tel(s): _____

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Effective Date: June 1, 2018 Accepted for Filing: _____

BCUC Secretary: _____ Original Page SA-27.1

The information set out above is hereby approved by the parties and each reference in either this agreement or the applicable Transportation Rate Schedules to any such information is to the information set out above.

2. Definitions

2.1 Definitions in Rate Schedule 22

Except where the context requires otherwise or except as otherwise expressly provided in this agreement, all words and phrases defined in Rate Schedule 22 or in the General Terms or Conditions of FortisBC Energy have the meanings set out in the Rate Schedule 22 and in the General Terms and Conditions of FortisBC Energy.

3. Shipper Agent Obligations

3.1 Management of Balancing Gas

The Shipper Agent is responsible for the management of all Balancing Gas for the Group and its members.

3.2 Management of Backstopping Gas

The Shipper Agent is responsible for the management of all Backstopping Gas supplied by FortisBC Energy to the Group and its members.

3.3 Group Nominations and Balancing

The Shipper Agent will provide Group nomination and balancing to FortisBC Energy in accordance with the sections of the applicable transportation Rate Schedules.

3.4 Standard Gas Supply Priority Schedule (Standard Priority Schedule)

Before the Commencement Date of this agreement and before the commencement of each Contract Year the Shipper Agent will provide to FortisBC Energy a Standard Priority Schedule which will advise FortisBC Energy of the priority between members of the Group if a constraint or limitation of Gas supply occurs. The Shipper Agent may provide to FortisBC Energy a revised Standard Priority Schedule from time to time and will provide to FortisBC Energy a revised Standard Priority Schedule if there is a change in membership of the Group.

Deleted: except where a Shipper under Rate Schedules 22, 22A or 22B is a members of the Group, in which case section 9 (Gas Balancing) and section 10 (Group Nomination and Balancing) of Rate Schedule 22 will apply to the Group on an aggregate basis

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3.5 Gas Supply Constraints or Limitations

Upon receipt of a notice from FortisBC Energy of curtailment or interruptions pursuant to Section 4.4 (Notice of Gas Supply Constraint or Limitation) Shipper Agent will determine the allocation of Gas supply between members of the Group and will notify the Shippers which are members of the Group of the curtailment or interruption. Within two hours of receipt of notice from FortisBC Energy pursuant to Section 4.4, or such longer period as FortisBC Energy considers reasonable in the circumstances, the Shipper Agent will provide to FortisBC Energy a schedule setting out the Gas supply allocation for the Group to apply during that curtailment or interruption. If the Shipper Agent fails to provide a schedule setting out the Gas supply allocation for the Group to apply during the curtailment or interruption then FortisBC Energy will curtail Shippers on the basis set out in the Standard Priority Schedule.

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3.6 Monthly Billing Information

At the end of each month, and within two Business Days of FortisBC Energy providing to the Shipper Agent a schedule of charges incurred (if any) pursuant to Section 4.2 (Monthly Provision of Data), the Shipper Agent will notify FortisBC Energy which charges the Shipper Agent elects to pay on behalf of the members of the Group and, if notice is not received, FortisBC Energy will bill the Shippers directly on a pro-rata basis.

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3.7 Lack of Allocation Information

If, at the end of a month, the Shipper Agent fails to provide to FortisBC Energy the monthly allocation schedule of charges incurred (if any) pursuant to Section 3.6 (Monthly Billing Information) then FortisBC Energy will bill on the basis of the best available information. For Balancing Gas FortisBC Energy will bill on a basis proportional to the actual takes of the Shippers during the month. For Backstopping Gas FortisBC Energy will bill on a basis proportional to the actual Day-to-Day takes of the Shippers during the Days when Backstopping Gas was supplied. For Unauthorized Overrun Gas FortisBC Energy will bill on the basis of the schedule(s) setting out the Gas supply allocation for the Group provided to FortisBC Energy pursuant to Section 3.6, or if the Shipper Agent fails to provide a schedule pursuant to Section 3.6, then on the basis of the applicable Standard Priority Schedule provided by the Shipper Agent pursuant to Section 3.4 (Standard Gas Supply Priority Schedule (Standard Priority Schedule)). If further information becomes available, FortisBC Energy will adjust the billings on the basis of the further information.

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3.8 Charges for Extra Services

If FortisBC Energy incurs extra expenses from a Shipper Agent failing to provide information, or failing to provide information in a timely manner, or failing to provide correct information, or otherwise failing to meet its obligations under this agreement, then FortisBC Energy may charge the Shipper Agent for such extra expenses and the Shipper Agent agrees to pay FortisBC Energy the reasonable extra expenses incurred as a result of such failure.

4. FortisBC Energy Obligations

4.1 Deleted Provision of Data

Twice a week FortisBC Energy will provide to the Shipper Agent a report on the Web Information and Nomination System ("WINS") setting out FortisBC Energy's best available data on the daily takes of the Group both by individual Shipper and in aggregate on a daily basis.

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4.2 Monthly Provision of Data

Within 10 working days after the end of each month FortisBC Energy will provide to the Shipper Agent a report on the WINS setting out the finalized daily takes of each member of the Group.

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4.3 Capacity Constraints

If FortisBC Energy, acting reasonably, determines that it does not have capacity on the FortisBC Energy System to accommodate interruptible transportation Service to any member of the Group then FortisBC Energy will directly notify that Shipper pursuant to Notice of Curtailment Section of the applicable Rate Schedule and will deal directly with the Shipper if the Shipper takes Unauthorized Overrun Gas or Unauthorized Transportation Service.

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4.4 Notice of Gas Supply Constraint or Limitation

If Gas supply constraints or limitations occur; either due to a constraint or limitation of supply from FortisBC Energy of Backstopping Gas or Balancing Gas, or a constraint or limitation of supply from another Supplier; FortisBC Energy will notify the Shipper Agent of any curtailment or interruption, will specify the quantity of Gas to which the Group in aggregate is curtailed and the time at which time such curtailment is to be made. FortisBC Energy will make reasonable efforts to give the Shipper Agent as much notice as possible with respect to such curtailment or interruption, not to be less than 4 hours prior notice unless prevented by Force Majeure.

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5. Changes to Group

5.1 Amendments to Group

Schedule A sets out the Shippers who are the members of the Group represented by the Shipper Agent to this agreement. No additions or deletions may be made to the Group without the Shipper Agent providing notice to FortisBC Energy, in a method approved by FortisBC Energy, showing such additions and deletions and the effective dates of such additions and deletions in accordance with Section 5 (Changes to Group) of this agreement.

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5.2 Deletions From Group

If the Shipper Agent wishes to cease acting as agent for a Shipper or a Shipper wishes to cease being a member of the Group, upon receipt by FortisBC Energy of not less than, except with the prior approval of FortisBC Energy, 30 days prior written notice, or other method approved by FortisBC Energy, from either the Shipper or Shipper Agent and provided that the Shipper Agent has provided to FortisBC Energy the effective date of deletion of the Shipper from the Group, such Shipper will be deleted from the Group on the beginning of the next calendar month following the expiry of the notice period.

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5.3 Additions To Group

If the Shipper Agent wishes to add a Shipper to a Group and the Shipper wishes to be added to the Group, and the Shipper has entered into a Transportation Agreement and completed an Appendix A - Notice of Appointment of Shipper Agent, and both the Shipper and the Shipper Agent have given to FortisBC Energy not less than, except with the prior approval from FortisBC Energy, 30 days prior written notice, or other method approved by FortisBC Energy, of such addition and provided that the Shipper Agent has provided to FortisBC Energy the effective date of the addition of the Shipper to the Group, such Shipper will be added to the Group effective on the beginning of the next calendar month following the expiry of the notice period.

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6. Statements and Payments

6.1 Statements to be Provided

If the Shipper Agent elects to pay some or all of the charges for Gas taken by the Shippers as described in Section 3.6 (Monthly Billing Information), FortisBC Energy will, on or about the 15th day of each month, deliver to the Shipper Agent a statement for the preceding month showing the Gas quantities, and the applicable charges for which the Shipper Agent is responsible and the amount due. Any errors in any statement will be promptly reported to the other party as provided hereunder, and statements will be final and binding unless questioned within one year after the date of the statement.

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6.2 Payment and Interest

Payment for the full amount of the statement, including federal, provincial and municipal taxes or fees applicable thereon, will be made to, or to the order of, FortisBC Energy, at its Surrey, British Columbia office (mailing address: P.O. Box 6666 Stn. Terminal, Vancouver, B.C., V6B 6M9), or such other place in Canada as it will designate, on or before the 1st Business Day after the 10th calendar day following the billing date. If the Shipper Agent or Shipper fails or neglects to make any payment required under this Shipper Agent Agreement, or any portion thereof, to or to the order of FortisBC Energy when due, interest on the outstanding amount will accrue, at the rate of interest declared by the chartered bank in Canada principally used by FortisBC Energy, for loans in Canadian dollars to its most creditworthy commercial borrowers payable on demand and commonly referred to as its "prime rate", plus:

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- (a) 2% from the date when such payment was due for the first 30 days that such payment remains unpaid and 5% thereafter until the same is paid where the Shipper Agent or Shipper has not, during the immediately preceding 6 month period, failed to make any payment when due hereunder; or
- (b) 5% from the date when such payment was due to and including the date the same is paid where the Shipper Agent or Shipper has, during the immediately preceding 6 month period, failed to make any payment when due hereunder.

7. Term

7.1 Term

The term of this agreement will commence on the Commencement Date specified in Section 1 (Specific Information) of this agreement and will expire either:

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Effective Date: June 1, 2018 Accepted for Filing: _____

BCUC Secretary: _____ Original Page SA-27.6

- (a) 30 days following written notice from the Shipper Agent that the Shipper Agent wishes to cease to nominate for transportation Service and balancing on behalf of the Group; or
- (b) the expiry or termination of the Transportation Agreements of all of the members of the Group; or
- (c) the expiry date specified in Section 1 (Specific Information) of this agreement; or
- (d) 5 days following notice from FortisBC Energy to the Shipper Agent, and to the Shippers which are members of the Group, under Section 10.1, (Failure to Provide Information) and Section 10.2, (Default).

whichever date is earlier.

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7.2 Survival of Covenants

Upon the termination of this agreement:

- (a) all claims, causes of action or other outstanding obligations remaining or being unfulfilled as at the date of termination; and
- (b) all of the provisions in this agreement relating to the obligation of either of the parties to provide information to the other in connection with this agreement,

will survive such termination.

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8. Representations, Warranties and Covenants

8.1 Representations and Warranties

The Shipper Agent represents and warrants to and covenants with FortisBC Energy as follows:

- (a) the members of the Group are listed in Section 1 (Specific Information) of this agreement;
- (b) the Shipper Agent is the agent of each of the members of the Group and has the authority of each of the members of the Group for the purposes of any and all matters set out in the applicable transportation Rate Schedule and this agreement; and
- (c) FortisBC Energy may rely on any act or thing done, or document executed, by the Shipper Agent in connection with of any and all matters set out in the applicable transportation Rate Schedule and this agreement.

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9. Limitation on Liability and Indemnity

9.1 Limitation on Liability

Neither FortisBC Energy, its employees, contractors or agents will be liable in damages for or on account of any interruption or curtailment of transportation ~~Service~~ or Gas supply.

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9.2 Indemnity

The Shipper Agent will indemnify and hold harmless each of FortisBC Energy, its employees, contractors and agents from and against any and all adverse claims, losses, suits, actions, judgments, demands, debts, accounts, damages, costs, penalties and expenses (including all legal fees and disbursements) arising from any act or omission of the Shipper Agent related to the agency created by the Shipper Agent Agreement.

10. Disbanding of the Group

10.1 Failure to Provide Information

If the Shipper Agent fails to provide FortisBC Energy with the information or schedules which the Shipper Agent is required to provide to FortisBC Energy pursuant to this agreement or is otherwise in breach of this agreement then, acting reasonably in the circumstances and on 5 days notice to the Shipper Agent and to the members of the Group, FortisBC Energy may disband the Group and deal directly with the Shippers which were members of the Group.

10.2 Default

If any Shipper which is a member of the Group is in default under the Default or Bankruptcy ~~Section~~ of the applicable Rate Schedule or becomes bankrupt or insolvent, then that Shipper will cease to be a member of the Group.

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11. Arbitration

11.1 Arbitration

Any dispute between the parties arising from this agreement will be resolved by a single arbitrator pursuant to the ~~Arbitration Act~~ of British Columbia or successor legislation, save as expressly provided herein.

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11.2 Demand for Arbitration

Either party may commence arbitration proceedings by sending to the other party a demand for arbitration setting out the nature of the dispute.

11.3 Arbitrator

The parties will have 10 days from receipt of the demand referred to in Section 11.2 (Demand for Arbitration) to agree upon the arbitrator, failing which either party may apply to the Supreme Court of British Columbia to select the arbitrator. The arbitrator must be sufficiently qualified by education and training to decide the particular questions in dispute. Unless otherwise agreed, the arbitrator may not be a past or present employee, officer or director of either of the parties or their respective successors or affiliates, any supplier of the Shipper or FortisBC Energy, or any member of the Group.

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11.4 Commencement and Decision

The arbitrator will proceed immediately to hear and determine the matter in dispute and will render a written decision, signed by the arbitrator, within 45 days after the appointment, subject to any reasonable delay due to unforeseen circumstances. Notwithstanding the foregoing, if the arbitrator fails to render a decision within 60 days after the appointment then either party may elect to have a new arbitrator appointed in like manner as if none had previously been appointed.

11.5 Decision

The decision of the arbitrator will be final and binding upon the parties and the parties will abide by the decision and perform the terms and conditions thereof.

12. Notice

12.1 Notice

Any notice, request, statement or bill that is required to be given or that may be given under this agreement will, unless otherwise specified, be in writing and will be considered as fully delivered when mailed, personally delivered, or sent by fax or other method approved by FortisBC Energy to the other party.

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13. Acknowledgement

13.1 Acknowledgement

The Shipper Agent acknowledges receiving and reading a copy of Rate Schedules 22, 22A, 22B, 23, 25, 26 and 27 and the General Terms and Conditions of FortisBC Energy and will comply with and be bound by all terms and conditions set out therein.

IN WITNESS WHEREOF the parties hereto have executed this agreement.

FORTISBC ENERGY INC.

(here insert name of Shipper Agent)

BY: _____
(Signature)

BY: _____
(Signature)

(Title)

(Title)

(Name – Please Print)

(Name – Please Print)

DATE: _____

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Effective Date: June 1, 2018 Accepted for Filing: _____

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FORTISBC ENERGY INC.

RATE SCHEDULE 40

Pages R-40 i to R-40.ii and R-40.3 to R-40.16 are cancelled and reserved for future use.

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Effective Date: June 1, 2018 Accepted for Filing: _____

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TARIFF SUPPLEMENT NO. G-21

The October 1, 2005 Agreement between FortisBC Energy Inc. (Formerly Terasen Gas Inc.) and Creative Energy Platforms Inc. (Formerly Central Heat Distribution Ltd.) is no longer in effect.

Pages i, and 1 to 14 are cancelled and reserved for future use.

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RATE SCHEDULE 22

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CREATIVE ENERGY VANCOUVER
PLATFORMS INC.
(Formerly Central Heat Distribution Ltd.)
AND
FORTISBC ENERGY INC.
(Formerly Terasen Gas Inc.)
Effective November 1, 2005

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July 11, 2014

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Order No.: _____ Issued By: Diane Roy, **Vice President**, Regulatory **Affairs**

Effective Date: **June 1, 2018**

BCUC Secretary: _____ Tariff Supplement G-21
Second Revision of Page i

Appendix 11-4

**SUPPORTING CALCULATIONS FOR THE PROPOSED
CHANGE TO THE ADMINISTRATION CHARGE**

Basis for Calculation of
The Administration Charge per Month for FEI Rate Schedules 22, 22A, 22B, 23, 25, 26 and 27
and FEI Fort Nelson Rate Schedule 25

Line	FEI Department	Particulars	Annual Cost 2015	Total Cost 2015	Notes
1					
2	Energy Supply				
3		On-System Transportation cost centre	\$ 197,224.67		
4				<u>\$ 197,224.67</u>	
5					
6	Energy Solutions				
7		Energy Solutions labour cost	\$ 205,726.00		
8				<u>\$ 205,726.00</u>	
9					
10	Measurement Services	Measurement Services labour cost	\$ 280,000.00		
11				<u>\$ 280,000.00</u>	
12					
13	Infrastructure Costs				
14	Energy Supply - IT				
15		IT upgrades and maintenance cost	\$ 120,000.00		
16					
17	Measurement Services				
18		Monthly AMR cellular cost	\$ 143,270.40		
19		MICS data server maintenance cost	\$ 60,000.00		
20		AMR Data collection licence fee	\$ 60,000.00		
21				<u>\$ 383,270.40</u>	
22					
23					
24	Total annual transportation services administration costs for 2015			<u>\$ 1,066,221.07</u>	
25					
26					
27	Total number of transportation service customers for 2015			2,296	2015 AR compliance filing Sec 11, Schedule 7
28	(FEI Rate Schedules 22-27 & FEFN RS 25 (1 customer))				
29					
30					
31	Total annual administration cost per transportation customer for 2015			\$ 464.38	Line 24 / Line 27
32					
33	Monthly administrative cost per transportation customer for 2015			\$ 38.70	Line 31 / 12 months
34					
35	Proposed Administration Charge per Month			<u>\$ 39.00</u>	

Appendix 13

FORT NELSON APPENDICES

Appendix 13-1

MINIMUM SYSTEM STUDY FOR FORT NELSON

MINIMUM SYSTEM AND PEAK LOAD CARRYING CAPABILITY STUDIES

The following appendix discusses the purpose and results of the Minimum System Study and Peak Load Carrying Capability (“PLCC”) Study. Each study was developed to support the Cost of Service Allocation study analysis and the results produced by the two studies aid in the classification of costs associated with Distribution Mains.

1 PURPOSE OF MINIMUM SYSTEM STUDY

Distribution mains costs have been classified as demand or customer related components based on the results of the Minimum System Study.

As described in Section 6.3.5.4 of the Application, the Minimum System Study assumes that a certain level of plant investment is required to serve the minimum loading requirements of customers throughout the service territory. To estimate the value of mains required from a customer connection vs. the demand component FEI follows the steps outlined below:

1. Obtain the length of mains by diameter and material included in all of FEI Fort Nelson service area,
2. Estimate the replacement cost of mains by diameter and material using zone based geo-pricing and inflating prices to 2016 dollars using PBR approved inflation rates,
3. Value Fort Nelson’s mains at their estimated replacement cost,
4. Value Fort Nelson’s mains at the minimum standard size and material (60mm PE),
5. Calculate the customer-related component of Fort Nelson’s mains by dividing number 4 above by number 3 above,
6. Calculate the demand-related component as one minus number 5 above

The percentages calculated in steps 5 and 6 above are applied to Fort Nelson’s distribution mains embedded costs to split those costs into customer and demand related components. However, in the Minimum System Study, the proportion of costs determined to be customer related is overstated since the 60 mm pipe (customer related portion) also has the ability to carry some demand. As a result, an adjustment to account for the PLCC of the minimum system is required and together the two studies better represent the demand and customer related components of the distribution system.

2 MINIMUM SYSTEMS RESULTS

To determine the demand versus customer related proportion, the steel and plastic weighted costs are summed for each pipe diameter and then the summed weighted costs for the minimum distribution system are compared to the total weighted costs for the entire distribution system.

The following tables present the Minimum System Study results for the Fort Nelson's distribution system. The first table summarizes the combined minimum weighted cost per diameter results for all mains, as well as the customer and demand related component percentages. The subsequent tables show the results per material type (steel and plastic/polyethylene). In all three tables the mains have been separated by pipe diameter and each diameter has been allocated length of pipe installed and unit costs per length to determine the actual total weighted cost per pipe diameter.

Table 1: Minimum System Results for All Mains

COMBINED STEEL & PLASTIC MAINS

Line No.	Diameter		Length in Meters	Unit Cost / Length		Weighted Cost	Minimum Size Cost (All Pipe Valued at
	Inches	mm		(\$/m)			
	(1)	(2)	(3)	(4)		(5)	(6)
1	1.0	26	1,144	\$	73.45	\$ 84,012.89	\$ 52,614
2	1.7	42	19,282	\$	52.62	\$ 1,014,665.37	\$ 886,952
3	1.9	48	2,407	\$	124.20	\$ 298,981.69	\$ 110,734
4	2.4	60	74,794	\$	93.04	\$ 6,959,133.02	\$ 3,440,522
5	3.5	88	6,196	\$	165.10	\$ 1,022,876.71	\$ 284,997
6	4.5	114	12,148	\$	175.40	\$ 2,130,834.89	\$ 558,818
7	6.6	168	246	\$	354.13	\$ 86,979.87	\$ 11,298
8	Unknown		80			\$ 9,909.92	\$ 3,670
9	TOTAL		116,296			\$ 11,607,394.35	\$ 5,349,605
10							
11	Customer Related Component			Line 9, Column (6) / Line 9, Column (5)			<u>46%</u>
12	Demand Related Component			1 - Line 11, Column (6)			<u>54%</u>

Table 2: Steel Mains Weighted Cost per Diameter

STEEL MAINS

Line No.	Diameter		Length in Meters	Unit Cost / Length		Weighted Cost	Minimum Size Cost
	Inches	mm		(\$/m)			
1	1.0	26	401.52	\$	124.20	\$ 49,869.16	\$ 18,470
2	1.7	42	1,633.16	\$	124.20	\$ 202,838.97	\$ 75,126
3	1.9	48	2,407.26	\$	124.20	\$ 298,981.69	\$ 110,734
4	2.4	60	44,995.02	\$	124.20	\$ 5,588,381.73	\$ 2,069,771
5	3.5	88	2,237.70	\$	276.19	\$ 618,020.77	\$ 102,934
6	4.5	114	5,107.59	\$	276.19	\$ 1,410,642.29	\$ 234,949
7	6.6	168	88.92	\$	591.88	\$ 52,628.86	\$ 4,090
8	Unknown		79.79	\$	124.20	\$ 9,909.92	\$ 3,670
9	TOTAL		56,950.96			\$ 8,231,273.39	2,619,744

Table 3: Plastic Mains Weighted Cost per Diameter**PLASTIC MAINS**

Line No.	Diameter		Length in Meters	Unit Cost / Length		Weighted Cost	Minimum Size Cost
	Inches	mm		(\$/m)			
1	1.0	26	742.26	\$	46.00	\$ 34,143.73	\$ 34,144
2	1.7	42	17,648.40	\$	46.00	\$ 811,826.40	\$ 811,826
3	1.9	48	0.00	\$	46.00	\$ -	\$ -
4	2.4	60	29,798.94	\$	46.00	\$ 1,370,751.29	\$ 1,370,751
5	3.5	88	3,957.88	\$	102.29	\$ 404,855.93	\$ 182,063
6	4.5	114	7,040.63	\$	102.29	\$ 720,192.61	\$ 323,869
7	6.6	168	156.70	\$	219.22	\$ 34,351.01	\$ 7,208
8	Unknown		0.00	\$	46.00	\$ -	\$ -
9	TOTAL		59,344.81			\$ 3,376,120.97	2,729,861

3 PURPOSE OF PEAK LOAD CARRYING CAPABILITY STUDY

In the Minimum System Study the proportion of costs determined to be customer related is overstated since the customer related portion also has the ability to carry some demand. As a result an adjustment to account for the PLCC of the minimum system is required.

The PLCC adjustment involves the FEI System Capacity Planning Department determining the theoretical capacity of each distribution system in the Province assuming a 60 mm main diameter. The 60 mm main diameter is the minimum size normally installed by the Company as specified by the FEI installation standard. The capacities of the minimum sized distribution systems are then divided by the number of customers served by each distribution system and an average minimum system capacity per customer (the “PLCC Adjustment”) is calculated. This PLCC Adjustment is then multiplied by the number of customers in each rate class, and the corresponding amount is subtracted from the peak demand for that rate class to get the PLCC adjusted peak demand. This PLCC adjusted peak demand is then used to allocate the demand related costs for the Distribution function.

The Minimum System approach with PLCC Adjustment more closely matches the theoretical demand and customer related components of the distribution system, and is important to consider with the increase in the Company’s minimum installation size of mains to 60 mm.

4 PLCC ADJUSTMENT

Table 4 presents the total PLCC Adjustment for the FEI (*0.205 GJ/day/customer*) and details associated with the PLCC calculation, which was calculated through the following steps:

1. The System Planning Department calculates the load capacity of each distribution network in the the Province assuming only 60 mm mains are used.
2. Since each network serves a different number of customers, the average system capacity is calculated by summing the network capacities and dividing by the total number of customers.

Table 4: PLCC Summary – Capacity Calculation of Each Distribution System with 60 mm Mains

Network Area Model	Design Degree Day	Heating Value (MJ/m³)	Network Capacity for PLCC (m³/h)	Customers	Total Network Capacity (GJ/d)
Coquitlam	31.0	38.601	11,162	55,810	10,341
N. Van.-W. Van.	31.0	38.601	8,623	45,591	7,988
Richmond	31.0	38.601	5,837	48,645	5,408
700 kPa - Annacis	31.0	38.601	1,035	681	959
700 kPa - Metro	31.0	38.601	1,502	1,043	1,391
Squamish-Brackendale	35.0	38.601	1,207	4,311	1,118
Vancouver-Burnaby-New West	31.0	38.601	28,372	158,494	24,962
Whistler	41.3	38.601	503	2,875	466
Chilliwack	38.0	38.601	3,924	29,956	3,635
Del-Abb	31 & 34	38.601	34,632	231,803	32,084
Hope	38.0	38.601	844	2,612	782
Kent	38.0	38.601	989	2,651	916
Maple Ridge	31.0	38.601	6,823	28,913	6,321
Mission	34.0	38.601	2,830	11,128	2,622
100 Mile-Clinton	55.0	38.241	2,836	4,836	2,603
Cache Creek-Ashcroft	49.0	38.241	1,825	1,378	1,675
Chetwynd	60.0	38.241	1,201	1,483	1,102
Fort Nelson	62.0	37.559	3,261	2,496	2,939
Greater Kamloops	49.0	38.241	13,489	34,856	12,380
Greater Salmon Arm	45.0	38.008	5,894	12,564	5,376
Hudson Hope	60.0	38.241	978	388	898
Mackenzie	60.0	38.241	984	1,741	903
Merritt-Logan Lake	49.0	38.241	3,559	4,588	3,267
Prince George-Hixon	58.0	38.241	7,890	30,580	7,241
Quesnel	57.0	38.241	2,819	7,949	2,587
Revelstoke	43.0	93.540	127	1,647	285
Williams Lake	55.0	38.241	2,364	7,387	2,170
Castlegar	40.0	37.990	2,884	4,629	2,630
Central Kootenay	40.0	37.990	2,685	7,777	2,448
Cranbrook-Kimberley	51.0	37.990	4,400	13,553	4,012
Creston	40.0	37.990	1,146	3,098	1,045
East Kootenay	51.0	37.990	1,296	6,848	1,182
Greater Kelowna	45.0	38.008	11,689	60,850	10,662
Nelson	40.0	37.990	459	5,310	418
North Okanagan	45.0	38.008	6,923	26,403	6,315
Princeton	45.0	38.008	889	1,532	811
South Okanagan	40.0	38.008	5,035	23,616	4,593
West Kootenay	40.0	37.990	3,139	3,566	2,862
Campbell River and Comox-Courtenay-Cumberland	32.4 & 28.5	38.601	5,800	18,711	5,374
Chemainus-Crofton	30.4	38.601	655	1,284	607
CRD-Victoria	28.7	38.601	9,172	44,405	8,498
Duncan-Shawnigan Lake	30.4	38.601	1,066	5,610	987
Gibson-Roberts Creek-Sechelt	28.6	38.601	1,998	6,468	1,851
Ladysmith	30.4	38.601	1,010	1,906	936
Nanaimo-Harmac	30.4	38.601	4,104	17,098	3,802
Parksville-Qualicum	30.4	38.601	1,599	8,885	1,482
Port Alberni	30.4	38.601	1,408	3,274	1,304
Powell River	28.6	38.601	2,292	3,696	2,123
			1,004,925		206,360

Average consumption per Customer (Average GJ/d Customer) **0.205**

5 SUMMARY

- 6 The Minimum System study with PLCC Adjustment classifies costs associated with distribution mains into customer and demand related components. Along with the use of

the PLCC Adjustment, the two studies produce results that closely match the theoretical demand and customer related components of the distribution system.

Appendix 13-2

**FORT NELSON 2017-2018 REVENUE REQUIREMENTS
APPLICATION FINANCIAL SCHEDULES**

**SUMMARY OF RATE CHANGE
FOR THE YEARS ENDING DECEMBER 31, 2017 and 2018
(\$millions)**

Schedule 1

Line No.	Particulars	2017 Forecast		2018 Forecast		Cumulative		Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	VOLUME/REVENUE RELATED							
2	Customer Growth and Volume	\$ 0.278		\$ 0.033		\$ 0.311		
3	Change in Other Revenue	<u>(0.006)</u>	0.272	<u>0.000</u>	0.033	<u>(0.006)</u>	0.305	
4								
5	O&M CHANGES							
6	Gross O&M Change	0.014		0.021		0.035		
7	Capitalized Overhead Change	<u>(0.002)</u>	0.012	<u>(0.002)</u>	0.019	<u>(0.004)</u>	0.031	
8								
9	DEPRECIATION EXPENSE							
10	Depreciation Rate Change (Depr Study)	(0.042)		(0.002)		(0.044)		
11	Depreciation from Net Additions	<u>(0.018)</u>		<u>0.006</u>		<u>(0.01)</u>		
12	Plant Depreciation		(0.060)		0.004		(0.056)	
13								
14	AMORTIZATION EXPENSE							
15	CIAC Rate Change (Depr Study)	0.008		0.000		0.008		
16	CIAC from Net Additions	<u>0.000</u>		<u>0.000</u>		<u>0.000</u>		
17	CIAC	0.008		0.000		0.008		
18	Net Salvage Rate Change (Depr Study)	0.036		0.000		0.036		
19	Deferrals	<u>0.049</u>	0.093	<u>(0.154)</u>	(0.154)	<u>(0.11)</u>	(0.061)	
20								
21	FINANCING AND RETURN ON EQUITY							
22	Financing Rate Changes	(0.050)		0.007		(0.043)		
23	Financing Ratio Changes	0.014		(0.002)		0.012		
24	Rate Base Growth	<u>0.012</u>	(0.024)	<u>0.004</u>	0.009	<u>0.016</u>	(0.015)	
25								
26	TAX EXPENSE							
27	Property and Other Taxes	0.002		(0.002)		0.000		
28	Other Income Taxes Changes	<u>0.000</u>	0.002	<u>(0.057)</u>	(0.059)	<u>(0.057)</u>	(0.057)	
29								
30	DEFERRED 2017 REVENUE DEFICIENCY		(0.146)		0.292		0.146	
31								
32	Revenue Deficiency (Surplus)	\$ 0.149		\$ 0.144		\$ 0.293		Schedule 21 & 22, Line 11, Column 4
33								
34	Margin @ Existing Rates		2.229		(0.033)	2.196		Schedule 21 & 22, Line 15, Column 3
35	Rate Change		<u>6.68%</u>			<u>13.34%</u>		

**UTILITY RATE BASE
FOR THE YEAR ENDING DECEMBER 31, 2017
(\$000s)**

Schedule 2

Line No.	Particulars	2016 Approved (2)	2017 at Revised Rates (3)	Change (4)	Cross Reference (5)
	(1)				
1	Plant in Service, Beginning	\$ 15,180	\$ 15,423	\$ 243	Schedule 5.2, Line 29, Column 3
2	Net Additions	251	495	244	Schedule 5.2, Line 29, Column 4+5+6
3	Plant in Service, Ending	15,431	15,918	487	
4					
5	Accumulated Depreciation Beginning	\$ (3,819)	\$ (4,114)	\$ (295)	Schedule 7.2, Line 29, Column 5
6	Net Additions	(345)	(307)	38	Schedule 7.2, Line 29, Column 6+7
7	Accumulated Depreciation Ending	(4,164)	(4,421)	(257)	
8					
9	CIAC, Beginning	\$ (1,319)	\$ (1,326)	\$ (7)	Schedule 9, Line 4, Column 2
10	Net Additions	-	-	-	Schedule 9, Line 4, Column 5+6
11	CIAC, Ending	(1,319)	(1,326)	(7)	
12					
13	Accumulated Amortization Beginning - CIAC	\$ 664	\$ 702	\$ 38	Schedule 9, Line 9, Column 2
14	Net Additions	36	28	(8)	Schedule 9, Line 9, Column 5+6
15	Accumulated Amortization Ending - CIAC	700	730	30	
16					
17	Net Plant in Service, Mid-Year	\$ 10,677	\$ 10,793	\$ 116	
18					
19	Capital Work in Progress, No AFUDC	\$ 35	\$ 35	\$ -	
20	Unamortized Deferred Charges	242	297	55	Schedule 13.1, Line 15, Column 10
21	Working Capital	43	51	8	Schedule 17, Line 11, Column 3
22					
23	Mid-Year Utility Rate Base	\$ 10,997	\$ 11,176	\$ 179	

**UTILITY RATE BASE
FOR THE YEAR ENDING DECEMBER 31, 2018
(\$000s)**

Schedule 3

Line No.	Particulars	2017 Forecast	2018 at Revised Rates	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	Plant in Service, Beginning	\$ 15,423	\$ 15,918	\$ 495	Schedule 6.2, Line 29, Column 3
2	Net Additions	495	463	(32)	Schedule 6.2, Line 29, Column 4+5+6
3	Plant in Service, Ending	15,918	16,381	463	
4					
5	Accumulated Depreciation Beginning	\$ (4,114)	\$ (4,421)	\$ (307)	Schedule 8.2, Line 29, Column 5
6	Net Additions	(307)	(256)	51	Schedule 8.2, Line 29, Column 6+7
7	Accumulated Depreciation Ending	(4,421)	(4,677)	(256)	
8					
9	CIAC, Beginning	\$ (1,326)	\$ (1,326)	\$ -	Schedule 10, Line 4, Column 2
10	Net Additions	-	-	-	Schedule 10, Line 4, Column 5+6
11	CIAC, Ending	(1,326)	(1,326)	-	
12					
13	Accumulated Amortization Beginning - CIAC	\$ 702	\$ 730	\$ 28	Schedule 10, Line 9, Column 2
14	Net Additions	28	28	-	Schedule 10, Line 9, Column 5+6
15	Accumulated Amortization Ending - CIAC	730	758	28	
16					
17	Net Plant in Service, Mid-Year	\$ 10,793	\$ 11,019	\$ 226	
18					
19	Capital Work in Progress, No AFUDC	\$ 35	\$ 35	\$ -	
20	Unamortized Deferred Charges	297	126	(171)	Schedule 14.1, Line 15, Column 10
21	Working Capital	51	48	(3)	Schedule 18, Line 11, Column 3
22					
23	Mid-Year Utility Rate Base	\$ 11,176	\$ 11,228	\$ 52	

**CAPITAL EXPENDITURES TO PLANT RECONCILIATION
FOR THE YEARS ENDING DECEMBER 31, 2017 and 2018
(\$000s)**

Schedule 4

Line No.	Particulars (1)	2017 Forecast (2)	2018 Forecast (3)	Cross Reference (4)
1	CAPEX			
2				
3	Total Regular Capital Expenditures	\$ 478	\$ 499	
4				
5	Total Special Projects and CPCNs	\$ -	\$ -	
6				
7	Total Capital Expenditures	\$ 478	\$ 499	
8				
9				
10	RECONCILIATION OF CAPITAL EXPENDITURES TO PLANT			
11				
12	Regular Capital Expenditures	\$ 478	\$ 499	
13	Add - Capitalized Overheads	122	124	Schedule 29, Line 22, Column 5 & 6
14	Add - AFUDC	-	-	
15	Gross Capital Expenditures	600	623	
16	Change in Work in Progress	-	-	
17	Total Additions to Plant - Regular Capital	\$ 600	\$ 623	
18				
19	Special Projects and CPCNs	\$ -	\$ -	
20	Total Additions to Plant - CPCNs	\$ -	\$ -	
21				
22	Grand Total Additions to Plant	\$ 600	\$ 623	

**PLANT IN SERVICE CONTINUITY SCHEDULE
FOR THE YEAR ENDING DECEMBER 31, 2017
(\$000s)**

Schedule 5

Line No.	Account	Particulars	12/31/2016 (3)	CPCN's (4)	Additions (5)	Retirements (6)	12/31/2017 (7)	Cross Reference (8)
(1)	(2)							
1		INTANGIBLE PLANT						
2	117-00	Utility Plant Acquisition Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	
3	175-10	Unamortized Conversion Expense	-	-	-	-	-	
4	178-00	Organization Expense	-	-	-	-	-	
5	179-01	Other Deferred Charges	-	-	-	-	-	
6	401-01	Franchise and Consents	-	-	-	-	-	
7	402-11	Utility Plant Acquisition Adjustment	-	-	-	-	-	
8	402-03	Other Intangible Plant	-	-	-	-	-	
9	431-01	Mfg'd Gas Land Rights	-	-	-	-	-	
10	461-01	Transmission Land Rights	78	-	-	-	78	
11	471-01	Distribution Land Rights	20	-	-	-	20	
12	402-01	Application Software - 12.5%	364	-	23	(11)	376	
13	402-02	Application Software - 20%	39	-	23	(31)	31	
14			<u>\$ 501</u>	<u>\$ -</u>	<u>\$ 46</u>	<u>\$ (42)</u>	<u>\$ 505</u>	
15								
16		MANUFACTURED GAS / LOCAL STORAGE						
17	430-00	Manufact'd Gas - Land	\$ -	\$ -	\$ -	\$ -	\$ -	
18	431-00	Manufact'd Gas - Land Rights	-	-	-	-	-	
19	432-00	Manufact'd Gas - Struct. & Improvements	-	-	-	-	-	
20	433-00	Manufact'd Gas - Equipment	-	-	-	-	-	
21	434-00	Manufact'd Gas - Gas Holders	-	-	-	-	-	
22	436-00	Manufact'd Gas - Compressor Equipment	-	-	-	-	-	
23	437-00	Manufact'd Gas - Measuring & Regulating Equipment	-	-	-	-	-	
24	443	Gas Holders - Storage (non-Tilbury, non-Mt. Hayes)	-	-	-	-	-	
25			<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

**PLANT IN SERVICE CONTINUITY SCHEDULE
FOR THE YEAR ENDING DECEMBER 31, 2017
(\$000s)**

Schedule 5.1

Line No.	Account	Particulars	12/31/2016	CPCN's	Additions	Retirements	12/31/2017	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1		TRANSMISSION PLANT						
2	460-00	Land in Fee Simple	\$ -	\$ -	\$ -	\$ -	\$ -	
3	461-00	Transmission Land Rights	-	-	-	-	-	
4	462-00	Compressor Structures	-	-	-	-	-	
5	463-00	Measuring Structures	10	-	-	-	10	
6	464-00	Other Structures & Improvements	-	-	-	-	-	
7	465-00	Mains	5,619	-	99	-	5,718	
8	465-20	Mains - INSPECTION	-	-	-	-	-	
9	466-00	Compressor Equipment	-	-	-	-	-	
10	466-10	Compressor Equipment - OVERHAUL	-	-	-	-	-	
11	467-10	Measuring & Regulating Equipment	670	-	-	-	670	
12	467-20	Telemetry	6	-	-	-	6	
13	468-00	Communication Structures & Equipment	-	-	-	-	-	
14			<u>\$ 6,305</u>	<u>\$ -</u>	<u>\$ 99</u>	<u>\$ -</u>	<u>\$ 6,404</u>	
15								
16		DISTRIBUTION PLANT						
17	470-00	Land in Fee Simple	\$ -	\$ -	\$ -	\$ -	\$ -	
18	471-00	Distribution Land Rights	-	-	-	-	-	
19	472-00	Structures & Improvements	273	-	-	-	273	
20	473-00	Services	2,426	-	63	(4)	2,485	
21	474-00	House Regulators & Meter Installations	518	-	-	(5)	513	
22	474-02	Meters/Regulators Installations	116	-	-	-	116	
23	475-00	Mains	2,412	-	262	-	2,674	
24	476-00	Compressor Equipment	-	-	-	-	-	
25	477-10	Measuring & Regulating Equipment	1,556	-	80	-	1,636	
26	477-20	Telemetry	214	-	-	-	214	
27	478-10	Meters	13	-	-	-	13	
28	478-20	Instruments	-	-	-	-	-	
29	479-00	Other Distribution Equipment	-	-	-	-	-	
30			<u>\$ 7,528</u>	<u>\$ -</u>	<u>\$ 405</u>	<u>\$ (9)</u>	<u>\$ 7,924</u>	

**PLANT IN SERVICE CONTINUITY SCHEDULE
FOR THE YEAR ENDING DECEMBER 31, 2017
(\$000s)**

Schedule 5.2

Line No.	Account	Particulars	12/31/2016	CPCN's	Additions	Retirements	12/31/2017	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1		GENERAL PLANT & EQUIPMENT						
2	480-00	Land in Fee Simple	\$ 1	\$ -	\$ -	\$ -	\$ 1	
3	481-00	Land Rights	-	-	-	-	-	
4	482-10	Frame Buildings	250	-	-	-	250	
5	482-20	Masonry Buildings	553	-	-	-	553	
6	482-30	Leasehold Improvement	-	-	-	-	-	
7	483-30	GP Office Equipment	6	-	20	-	26	
8	483-40	GP Furniture	1	-	-	-	1	
9	483-10	GP Computer Hardware	163	-	20	(41)	142	
10	483-20	GP Computer Software	21	-	-	(4)	17	
11	483-21	GP Computer Software	-	-	-	-	-	
12	483-22	GP Computer Software	-	-	-	-	-	
13	484-00	Vehicles	29	-	10	-	39	
14	484-10	Vehicles - Leased	-	-	-	-	-	
15	485-10	Heavy Work Equipment	-	-	-	-	-	
16	485-20	Heavy Mobile Equipment	-	-	-	-	-	
17	486-00	Small Tools & Equipment	42	-	-	(9)	33	
18	487-20	Equipment on Customer's Premises	-	-	-	-	-	
19	487	VRA Compressor Installation Costs	-	-	-	-	-	
20	488-10	Telephone	23	-	-	-	23	
21	488-20	Radio	-	-	-	-	-	
22	489-00	Other General Equipment	-	-	-	-	-	
23			<u>\$ 1,089</u>	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ (54)</u>	<u>\$ 1,085</u>	
24								
25		UNCLASSIFIED PLANT						
26	499-00	Plant Suspense	-	-	-	-	-	
27			<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
28								
29		Total Plant in Service	<u>\$ 15,423</u>	<u>\$ -</u>	<u>\$ 600</u>	<u>\$ (105)</u>	<u>\$ 15,918</u>	
30								
31		Cross Reference		Schedule 4, Line 20, Column 2	Schedule 4, Line 17, Column 2			

**PLANT IN SERVICE CONTINUITY SCHEDULE
FOR THE YEAR ENDING DECEMBER 31, 2018
(\$000s)**

Schedule 6

Line No.	Account	Particulars	12/31/2017 (3)	CPCN's (4)	Additions (5)	Retirements (6)	12/31/2018 (7)	Cross Reference (8)
(1)	(2)							
1		INTANGIBLE PLANT						
2	117-00	Utility Plant Acquisition Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	
3	175-10	Unamortized Conversion Expense	-	-	-	-	-	
4	178-00	Organization Expense	-	-	-	-	-	
5	179-01	Other Deferred Charges	-	-	-	-	-	
6	401-01	Franchise and Consents	-	-	-	-	-	
7	402-11	Utility Plant Acquisition Adjustment	-	-	-	-	-	
8	402-03	Other Intangible Plant	-	-	-	-	-	
9	431-01	Mfg'd Gas Land Rights	-	-	-	-	-	
10	461-01	Transmission Land Rights	78	-	-	-	78	
11	471-01	Distribution Land Rights	20	-	-	-	20	
12	402-01	Application Software - 12.5%	376	-	23	(36)	363	
13	402-02	Application Software - 20%	31	-	23	(8)	46	
14			<u>\$ 505</u>	<u>\$ -</u>	<u>\$ 46</u>	<u>\$ (44)</u>	<u>\$ 507</u>	
15								
16		MANUFACTURED GAS / LOCAL STORAGE						
17	430-00	Manufact'd Gas - Land	\$ -	\$ -	\$ -	\$ -	\$ -	
18	431-00	Manufact'd Gas - Land Rights	-	-	-	-	-	
19	432-00	Manufact'd Gas - Struct. & Improvements	-	-	-	-	-	
20	433-00	Manufact'd Gas - Equipment	-	-	-	-	-	
21	434-00	Manufact'd Gas - Gas Holders	-	-	-	-	-	
22	436-00	Manufact'd Gas - Compressor Equipment	-	-	-	-	-	
23	437-00	Manufact'd Gas - Measuring & Regulating Equipment	-	-	-	-	-	
24	443	Gas Holders - Storage (non-Tilbury, non-Mt. Hayes)	-	-	-	-	-	
25			<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

**PLANT IN SERVICE CONTINUITY SCHEDULE
FOR THE YEAR ENDING DECEMBER 31, 2018
(\$000s)**

Schedule 6.1

Line No.	Account	Particulars	12/31/2017	CPCN's	Additions	Retirements	12/31/2018	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1		TRANSMISSION PLANT						
2	460-00	Land in Fee Simple	\$ -	\$ -	\$ -	\$ -	\$ -	
3	461-00	Transmission Land Rights	-	-	-	-	-	
4	462-00	Compressor Structures	-	-	-	-	-	
5	463-00	Measuring Structures	10	-	-	-	10	
6	464-00	Other Structures & Improvements	-	-	-	-	-	
7	465-00	Mains	5,718	-	-	-	5,718	
8	465-20	Mains - INSPECTION	-	-	-	-	-	
9	466-00	Compressor Equipment	-	-	-	-	-	
10	466-10	Compressor Equipment - OVERHAUL	-	-	-	-	-	
11	467-10	Measuring & Regulating Equipment	670	-	-	-	670	
12	467-20	Telemetry	6	-	20	-	26	
13	468-00	Communication Structures & Equipment	-	-	-	-	-	
14			<u>\$ 6,404</u>	<u>\$ -</u>	<u>\$ 20</u>	<u>\$ -</u>	<u>\$ 6,424</u>	
15								
16		DISTRIBUTION PLANT						
17	470-00	Land in Fee Simple	\$ -	\$ -	\$ -	\$ -	\$ -	
18	471-00	Distribution Land Rights	-	-	-	-	-	
19	472-00	Structures & Improvements	273	-	-	-	273	
20	473-00	Services	2,485	-	63	(4)	2,544	
21	474-00	House Regulators & Meter Installations	513	-	-	(21)	492	
22	474-02	Meters/Regulators Installations	116	-	-	-	116	
23	475-00	Mains	2,674	-	424	-	3,098	
24	476-00	Compressor Equipment	-	-	-	-	-	
25	477-10	Measuring & Regulating Equipment	1,636	-	20	-	1,656	
26	477-20	Telemetry	214	-	-	-	214	
27	478-10	Meters	13	-	-	-	13	
28	478-20	Instruments	-	-	-	-	-	
29	479-00	Other Distribution Equipment	-	-	-	-	-	
30			<u>\$ 7,924</u>	<u>\$ -</u>	<u>\$ 507</u>	<u>\$ (25)</u>	<u>\$ 8,406</u>	

**PLANT IN SERVICE CONTINUITY SCHEDULE
FOR THE YEAR ENDING DECEMBER 31, 2018
(\$000s)**

Schedule 6.2

Line No.	Account	Particulars	12/31/2017	CPCN's	Additions	Retirements	12/31/2018	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1		GENERAL PLANT & EQUIPMENT						
2	480-00	Land in Fee Simple	\$ 1	\$ -	\$ -	\$ -	\$ 1	
3	481-00	Land Rights	-	-	-	-	-	
4	482-10	Frame Buildings	250	-	-	-	250	
5	482-20	Masonry Buildings	553	-	-	-	553	
6	482-30	Leasehold Improvement	-	-	-	-	-	
7	483-30	GP Office Equipment	26	-	20	-	46	
8	483-40	GP Furniture	1	-	-	-	1	
9	483-10	GP Computer Hardware	142	-	20	(54)	108	
10	483-20	GP Computer Software	17	-	-	-	17	
11	483-21	GP Computer Software	-	-	-	-	-	
12	483-22	GP Computer Software	-	-	-	-	-	
13	484-00	Vehicles	39	-	10	-	49	
14	484-10	Vehicles - Leased	-	-	-	-	-	
15	485-10	Heavy Work Equipment	-	-	-	-	-	
16	485-20	Heavy Mobile Equipment	-	-	-	-	-	
17	486-00	Small Tools & Equipment	33	-	-	(19)	14	
18	487-20	Equipment on Customer's Premises	-	-	-	-	-	
19	487	VRA Compressor Installation Costs	-	-	-	-	-	
20	488-10	Telephone	23	-	-	(18)	5	
21	488-20	Radio	-	-	-	-	-	
22	489-00	Other General Equipment	-	-	-	-	-	
23			<u>\$ 1,085</u>	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ (91)</u>	<u>\$ 1,044</u>	
24								
25		UNCLASSIFIED PLANT						
26	499-00	Plant Suspense	-	-	-	-	-	
27			<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
28								
29		Total Plant in Service	<u>\$ 15,918</u>	<u>\$ -</u>	<u>\$ 623</u>	<u>\$ (160)</u>	<u>\$ 16,381</u>	
30								
31		Cross Reference		Schedule 4, Line 20, Column 3	Schedule 4, Line 17, Column 3			

**ACCUMULATED DEPRECIATION CONTINUITY SCHEDULE
FOR THE YEAR ENDING DECEMBER 31, 2017
(\$000s)**

Schedule 7

[illegible]

**ACCUMULATED DEPRECIATION CONTINUITY SCHEDULE
FOR THE YEAR ENDING DECEMBER 31, 2017
(\$000s)**

Schedule 7.1

Line No.	Account	Particulars	Gross Plant for Depreciation	Depreciation Rate	12/31/2016	Depreciation Expense	Retirements	Cost of Removal	Adjustments	12/31/2017	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1		TRANSMISSION PLANT									
2	460-00	Land in Fee Simple	\$ -	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
3	461-00	Transmission Land Rights	-	0.00%	-	-	-	-	-	-	
4	462-00	Compressor Structures	-	3.51%	-	-	-	-	-	-	
5	463-00	Measuring Structures	10	2.29%	1	-	-	-	-	1	
6	464-00	Other Structures & Improvements	-	3.66%	-	-	-	-	-	-	
7	465-00	Mains	5,619	1.47%	455	83	-	-	-	538	
8	465-20	Mains - INSPECTION	-	15.20%	-	-	-	-	-	-	
9	466-00	Compressor Equipment	-	2.89%	-	-	-	-	-	-	
10	466-10	Compressor Equipment - OVERHAUL	-	10.19%	-	-	-	-	-	-	
11	467-10	Measuring & Regulating Equipment	670	2.41%	264	16	-	-	-	280	
12	467-20	Telemetry	6	9.75%	6	1	-	-	-	7	
13	468-00	Communication Structures & Equipment	-	0.56%	-	-	-	-	-	-	
14			\$ 6,305		\$ 726	\$ 100	\$ -	\$ -	\$ -	\$ 826	
15											
16		DISTRIBUTION PLANT									
17	470-00	Land in Fee Simple	\$ -	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
18	471-00	Distribution Land Rights	-	0.00%	-	-	-	-	-	-	
19	472-00	Structures & Improvements	273	2.41%	113	7	-	-	-	120	
20	473-00	Services	2,426	2.45%	898	59	(4)	-	-	953	
21	474-00	House Regulators & Meter Installations	518	5.99%	367	31	(5)	-	-	393	
22	474-02	Meters/Regulators Installations	116	4.55%	11	5	-	-	-	16	
23	475-00	Mains	2,412	1.54%	674	37	-	-	-	711	
24	476-00	Compressor Equipment	-	0.00%	-	-	-	-	-	-	
25	477-10	Measuring & Regulating Equipment	1,556	3.05%	603	45	-	-	-	648	
26	477-20	Telemetry	214	2.82%	13	6	-	-	-	19	
27	478-10	Meters	13	7.09%	14	1	-	-	-	15	
28	478-20	Instruments	-	2.99%	-	-	-	-	-	-	
29	479-00	Other Distribution Equipment	-	0.00%	-	-	-	-	-	-	
30			\$ 7,528		\$ 2,693	\$ 191	\$ (9)	\$ -	\$ -	\$ 2,875	

**ACCUMULATED DEPRECIATION CONTINUITY SCHEDULE
FOR THE YEAR ENDING DECEMBER 31, 2017
(\$000s)**

Schedule 7.2

Line No.	Account	Particulars	Gross Plant for Depreciation	Depreciation Rate	12/31/2016	Depreciation Expense	Retirements	Cost of Removal	Adjustments	12/31/2017	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1		GENERAL PLANT & EQUIPMENT									
2	480-00	Land in Fee Simple	\$ 1	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
3	481-00	Land Rights	-	0.00%	-	-	-	-	-	-	
4	482-10	Frame Buildings	250	6.04%	211	15	-	-	-	226	
5	482-20	Masonry Buildings	553	1.95%	70	11	-	-	-	81	
6	482-30	Leasehold Improvement	-	9.49%	-	-	-	-	-	-	
7	483-30	GP Office Equipment	6	6.67%	4	-	-	-	-	4	
8	483-40	GP Furniture	1	5.00%	1	-	-	-	-	1	
9	483-10	GP Computer Hardware	163	20.00%	84	33	(41)	-	-	76	
10	483-20	GP Computer Software	21	12.50%	11	3	(4)	-	-	10	
11	483-21	GP Computer Software	-	0.00%	-	-	-	-	-	-	
12	483-22	GP Computer Software	-	0.00%	-	-	-	-	-	-	
13	484-00	Vehicles	29	10.55%	9	3	-	-	-	12	
14	484-10	Vehicles - Leased	-	9.44%	-	-	-	-	-	-	
15	485-10	Heavy Work Equipment	-	6.38%	-	-	-	-	-	-	
16	485-20	Heavy Mobile Equipment	-	9.85%	-	-	-	-	-	-	
17	486-00	Small Tools & Equipment	42	5.00%	31	2	(9)	-	-	24	
18	487-20	Equipment on Customer's Premises	-	6.67%	-	-	-	-	-	-	
19	487	VRA Compressor Installation Costs	-	0.00%	-	-	-	-	-	-	
20	488-10	Telephone	23	6.67%	19	2	-	-	-	21	
21	488-20	Radio	-	6.67%	-	-	-	-	-	-	
22	489-00	Other General Equipment	-	0.00%	-	-	-	-	-	-	
23			<u>\$ 1,089</u>		<u>\$ 440</u>	<u>\$ 69</u>	<u>\$ (54)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 455</u>	
24											
25		UNCLASSIFIED PLANT									
26	499-00	Plant Suspense	-	0.00%	-	-	-	-	-	-	
27			<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
28											
29		Total	<u>\$ 15,423</u>		<u>\$ 4,114</u>	<u>\$ 412</u>	<u>\$ (105)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,421</u>	
30											
31		Cross Reference	Schedule 5.2, Line 29, Column 3+4								

**ACCUMULATED DEPRECIATION CONTINUITY SCHEDULE
FOR THE YEAR ENDING DECEMBER 31, 2018
(\$000s)**

Schedule 8

[illegible]

**ACCUMULATED DEPRECIATION CONTINUITY SCHEDULE
FOR THE YEAR ENDING DECEMBER 31, 2018
(\$000s)**

Schedule 8.1

Line No.	Account	Particulars	Gross Plant for Depreciation	Depreciation Rate	12/31/2017	Depreciation Expense	Retirements	Cost of Removal	Adjustments	12/31/2018	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1		TRANSMISSION PLANT									
2	460-00	Land in Fee Simple	\$ -	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
3	461-00	Transmission Land Rights	-	0.00%	-	-	-	-	-	-	
4	462-00	Compressor Structures	-	3.51%	-	-	-	-	-	-	
5	463-00	Measuring Structures	10	2.29%	1	-	-	-	-	1	
6	464-00	Other Structures & Improvements	-	3.66%	-	-	-	-	-	-	
7	465-00	Mains	5,718	1.47%	538	84	-	-	-	622	
8	465-20	Mains - INSPECTION	-	15.20%	-	-	-	-	-	-	
9	466-00	Compressor Equipment	-	2.89%	-	-	-	-	-	-	
10	466-10	Compressor Equipment - OVERHAUL	-	10.19%	-	-	-	-	-	-	
11	467-10	Measuring & Regulating Equipment	670	2.41%	280	16	-	-	-	296	
12	467-20	Telemetry	6	9.75%	7	1	-	-	-	8	
13	468-00	Communication Structures & Equipment	-	0.56%	-	-	-	-	-	-	
14			<u>\$ 6,404</u>		<u>\$ 826</u>	<u>\$ 101</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 927</u>	
15											
16		DISTRIBUTION PLANT									
17	470-00	Land in Fee Simple	\$ -	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
18	471-00	Distribution Land Rights	-	0.00%	-	-	-	-	-	-	
19	472-00	Structures & Improvements	273	2.41%	120	7	-	-	-	127	
20	473-00	Services	2,485	2.45%	953	61	(4)	-	-	1,010	
21	474-00	House Regulators & Meter Installations	513	5.99%	393	30	(21)	-	-	402	
22	474-02	Meters/Regulators Installations	116	4.55%	16	5	-	-	-	21	
23	475-00	Mains	2,674	1.54%	711	41	-	-	-	752	
24	476-00	Compressor Equipment	-	0.00%	-	-	-	-	-	-	
25	477-10	Measuring & Regulating Equipment	1,636	3.05%	648	50	-	-	-	698	
26	477-20	Telemetry	214	2.82%	19	6	-	-	-	25	
27	478-10	Meters	13	7.09%	15	1	-	-	-	16	
28	478-20	Instruments	-	2.99%	-	-	-	-	-	-	
29	479-00	Other Distribution Equipment	-	0.00%	-	-	-	-	-	-	
30			<u>\$ 7,924</u>		<u>\$ 2,875</u>	<u>\$ 201</u>	<u>\$ (25)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,051</u>	

**ACCUMULATED DEPRECIATION CONTINUITY SCHEDULE
FOR THE YEAR ENDING DECEMBER 31, 2018
(\$000s)**

Schedule 8.2

Line No.	Account	Particulars	Gross Plant for Depreciation	Depreciation Rate	12/31/2017	Depreciation Expense	Retirements	Cost of Removal	Adjustments	12/31/2018	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1		GENERAL PLANT & EQUIPMENT									
2	480-00	Land in Fee Simple	\$ 1	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
3	481-00	Land Rights	-	0.00%	-	-	-	-	-	-	
4	482-10	Frame Buildings	250	6.04%	226	15	-	-	-	241	
5	482-20	Masonry Buildings	553	1.95%	81	11	-	-	-	92	
6	482-30	Leasehold Improvement	-	9.49%	-	-	-	-	-	-	
7	483-30	GP Office Equipment	26	6.67%	4	2	-	-	-	6	
8	483-40	GP Furniture	1	5.00%	1	-	-	-	-	1	
9	483-10	GP Computer Hardware	142	20.00%	76	28	(54)	-	-	50	
10	483-20	GP Computer Software	17	12.50%	10	2	-	-	-	12	
11	483-21	GP Computer Software	-	0.00%	-	-	-	-	-	-	
12	483-22	GP Computer Software	-	0.00%	-	-	-	-	-	-	
13	484-00	Vehicles	39	10.55%	12	4	-	-	-	16	
14	484-10	Vehicles - Leased	-	9.44%	-	-	-	-	-	-	
15	485-10	Heavy Work Equipment	-	6.38%	-	-	-	-	-	-	
16	485-20	Heavy Mobile Equipment	-	9.85%	-	-	-	-	-	-	
17	486-00	Small Tools & Equipment	33	5.00%	24	2	(19)	-	-	7	
18	487-20	Equipment on Customer's Premises	-	6.67%	-	-	-	-	-	-	
19	487	VRA Compressor Installation Costs	-	0.00%	-	-	-	-	-	-	
20	488-10	Telephone	23	6.67%	21	2	(18)	-	-	5	
21	488-20	Radio	-	6.67%	-	-	-	-	-	-	
22	489-00	Other General Equipment	-	0.00%	-	-	-	-	-	-	
23			<u>\$ 1,085</u>		<u>\$ 455</u>	<u>\$ 66</u>	<u>\$ (91)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 430</u>	
24											
25		UNCLASSIFIED PLANT									
26	499-00	Plant Suspense	-	0.00%	-	-	-	-	-	-	
27			<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
28											
29		Total	<u>\$ 15,918</u>		<u>\$ 4,421</u>	<u>\$ 416</u>	<u>\$ (160)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,677</u>	
30											
31		Cross Reference	Schedule 6.2, Line 29, Column 3+4								

**CONTRIBUTIONS IN AID OF CONSTRUCTION CONTINUITY SCHEDULE
FOR THE YEAR ENDING DECEMBER 31, 2017
(\$000s)**

Schedule 9

Line No.	Particulars	12/31/2016	CPCN / Open Bal Adj	Adjustment	Additions	Retirements	12/31/2017	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	CIAC							
2	Distribution Contributions	\$ 1,161	\$ -	\$ -	\$ -	\$ -	\$ 1,161	
3	Transmission Contributions	165	-	-	-	-	165	
4	Total	\$ 1,326	\$ -	\$ -	\$ -	\$ -	\$ 1,326	
5								
6	Amortization							
7	Distribution Contributions	\$ (675)	\$ -	\$ -	\$ (27)	\$ -	\$ (702)	
8	Transmission Contributions	(27)	-	-	(1)	-	(28)	
9	Total	\$ (702)	\$ -	\$ -	\$ (28)	\$ -	\$ (730)	
10								
11	Net CIAC	\$ 624	\$ -	\$ -	\$ (28)	\$ -	\$ 596	
12								

**CONTRIBUTIONS IN AID OF CONSTRUCTION CONTINUITY SCHEDULE
FOR THE YEAR ENDING DECEMBER 31, 2018
(\$000s)**

Schedule 10

Line No.	Particulars	12/31/2017	CPCN / Open Bal Adj	Adjustment	Additions	Retirements	12/31/2018	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	CIAC							
2	Distribution Contributions	\$ 1,161	\$ -	\$ -	\$ -	\$ -	\$ 1,161	
3	Transmission Contributions	165	-	-	-	-	165	
4	Total	\$ 1,326	\$ -	\$ -	\$ -	\$ -	\$ 1,326	
5								
6	Amortization							
7	Distribution Contributions	\$ (702)	\$ -	\$ -	\$ (26)	\$ -	\$ (728)	
8	Transmission Contributions	(28)	-	-	(2)	-	(30)	
9	Total	\$ (730)	\$ -	\$ -	\$ (28)	\$ -	\$ (758)	
10								
11	Net CIAC	\$ 596	\$ -	\$ -	\$ (28)	\$ -	\$ 568	
12								

**NET SALVAGE CONTINUITY SCHEDULE
FOR THE YEAR ENDING DECEMBER 31, 2017
(\$000s)**

Schedule 11

Line No.	Account	Particulars	Gross Plant for Depreciation	Salvage Rate	12/31/2016	Net Salvage Provision	Retirement Costs / Proceeds on Disp.	12/31/2017	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1		TRANSMISSION PLANT							
2	463-00	Measuring Structures	\$ 10	0.57%	\$ -	\$ -	\$ -	\$ -	
3	465-00	Mains	5,619	0.37%	12	21	-	33	
4	467-10	Measuring & Regulating Equipment	670	0.22%	3	1	-	4	
5			<u>\$ 6,299</u>		<u>\$ 15</u>	<u>\$ 22</u>	<u>\$ -</u>	<u>\$ 37</u>	
6									
7		DISTRIBUTION PLANT							
8	472-00	Structures & Improvements	\$ 273	0.32%	\$ -	\$ 1	\$ -	\$ 1	
9	473-00	Services	2,426	1.61%	11	39	(9)	41	
10	474-00	House Regulators & Meter Installations	518	1.77%	10	9	(2)	17	
11	474-02	Meters/Regulators Installations	116	0.00%	1	-	-	1	
12	475-00	Mains	2,412	0.43%	(3)	10	-	7	
13	477-10	Measuring & Regulating Equipment	1,556	0.46%	19	7	-	26	
14	477-20	Telemetry	214	0.42%	-	1	-	1	
15	478-10	Meters	13	-0.26%	-	-	-	-	
16			<u>\$ 7,528</u>		<u>\$ 38</u>	<u>\$ 67</u>	<u>\$ (11)</u>	<u>\$ 94</u>	
17									
18		GENERAL PLANT & EQUIPMENT							
19	482-20	Masonry Buildings	\$ 553	0.25%	\$ -	\$ 1	\$ -	\$ 1	
20									
21									
22		Total	<u>\$ 14,380</u>		<u>\$ 53</u>	<u>\$ 90</u>	<u>\$ (11)</u>	<u>\$ 132</u>	
23									
24		Cross Reference	Schedule 5-5.2, Column 3+4						

Schedule 12

Line No.	Account	Particulars	Gross Plant for Depreciation	Salvage Rate	12/31/2017	Net Salvage Provision	Retirement Costs / Proceeds on Disp.	12/31/2018	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1		TRANSMISSION PLANT							
2	463-00	Measuring Structures	\$ 10	0.57%	\$ -	\$ -	\$ -	\$ -	
3	465-00	Mains	5,718	0.37%	33	21	-	54	
4	467-10	Measuring & Regulating Equipment	670	0.22%	4	1	-	5	
5			<u>\$ 6,398</u>		<u>\$ 37</u>	<u>\$ 22</u>	<u>\$ -</u>	<u>\$ 59</u>	
6									
7		DISTRIBUTION PLANT							
8	472-00	Structures & Improvements	\$ 273	0.32%	\$ 1	\$ 1	\$ -	\$ 2	
9	473-00	Services	2,485	1.61%	41	40	(9)	72	
10	474-00	House Regulators & Meter Installations	513	1.77%	17	9	(2)	24	
11	474-02	Meters/Regulators Installations	116	0.00%	1	-	-	1	
12	475-00	Mains	2,674	0.43%	7	12	-	19	
13	477-10	Measuring & Regulating Equipment	1,636	0.46%	26	8	-	34	
14	477-20	Telemetry	214	0.42%	1	1	-	2	
15	478-10	Meters	13	-0.26%	-	-	-	-	
16			<u>\$ 7,924</u>		<u>\$ 94</u>	<u>\$ 71</u>	<u>\$ (11)</u>	<u>\$ 154</u>	
17									
18		GENERAL PLANT & EQUIPMENT							
19	482-20	Masonry Buildings	\$ 553	0.25%	\$ 1	\$ 1	\$ -	\$ 2	
20									
21									
22		Total	<u>\$ 14,875</u>		<u>\$ 132</u>	<u>\$ 94</u>	<u>\$ (11)</u>	<u>\$ 215</u>	
23									
24		Cross Reference	Schedule 6- 6.2, Column 3+4						

UNAMORTIZED DEFERRED CHARGES AND AMORTIZATION - RATE BASE
FOR THE YEAR ENDING DECEMBER 31, 2017
(\$000s)

Schedule 13

Line No.	Particulars	12/31/2016	Opening Bal./ Transfer/Adj.	Gross Additions	Less Taxes	Amortization Expense	Rider	Tax on Rider	12/31/2017	Mid-Year Average	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	<u>Margin Related Deferral Accounts</u>										
2	Revenue Stabilization Adjustment Mechanism (RSAM)	\$ 224	\$ -	\$ -	\$ -	\$ -	\$ (151)	\$ 39	\$ 112	\$ 168	
3	Interest on RSAM	2	-	1	-	-	(2)	-	1	2	
4	Gas Cost Reconciliation Account (GCRA)	(174)	-	235	(61)	-	-	-	-	(87)	
5		<u>\$ 52</u>	<u>\$ -</u>	<u>\$ 236</u>	<u>\$ (61)</u>	<u>\$ -</u>	<u>\$ (153)</u>	<u>\$ 39</u>	<u>\$ 113</u>	<u>\$ 83</u>	
6											
7	<u>Energy Policy Deferral Accounts</u>										
8	Energy Efficiency & Conservation (EEC)	\$ 45	\$ -	\$ 30	\$ (8)	\$ (4)	\$ -	\$ -	\$ 63	\$ 54	
9											
10	<u>Non-Controllable Items Deferral Accounts</u>										
11	Property Tax Deferral	\$ (2)	\$ -	\$ -	\$ -	\$ 3	\$ -	\$ -	\$ 1	\$ (1)	
12	Interest Variance	(10)	-	-	-	9	-	-	(1)	(6)	
13	Customer Service Variance Account	(34)	-	-	-	15	-	-	(19)	(27)	
14		<u>\$ (46)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (19)</u>	<u>\$ (34)</u>	

UNAMORTIZED DEFERRED CHARGES AND AMORTIZATION - RATE BASE
FOR THE YEAR ENDING DECEMBER 31, 2017
(\$000s)

Schedule 13.1

Line No.	Particulars	12/31/2016	Opening Bal./ Transfer/Adj.	Gross Additions	Less Taxes	Amortization Expense	Rider	Tax on Rider	12/31/2017	Mid-Year Average	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	<u>Application Costs Deferral Accounts</u>										
2	Generic Cost of Capital Application	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
3	2017-2018 Revenue Requirement Application	56	-	-	-	(28)	-	-	28	42	
4	2015-2016 Revenue Requirement Application	17	-	-	-	(17)	-	-	-	9	
5	2017 Rate Design Application	44	-	65	(16)	-	-	-	93	69	
6	2016 Cost of Capital Application	3	-	-	-	(1)	-	-	2	3	
7		<u>\$ 120</u>	<u>\$ -</u>	<u>\$ 65</u>	<u>\$ (16)</u>	<u>\$ (46)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 123</u>	<u>\$ 123</u>	
8	<u>Other Deferral Accounts</u>										
9	Gains and Losses on Asset Disposition	\$ 91	\$ -	\$ -	\$ -	(11)	\$ -	\$ -	80	86	
10	Net Salvage Provision/Cost	(53)	-	11	-	(90)	-	-	(132)	(93)	
11	Muskwa River Crossing COS	(116)	-	-	-	116	-	-	-	(58)	
12	Muskwa River Crossing Project Costs	272	-	-	-	(272)	-	-	-	136	
13		<u>\$ 194</u>	<u>\$ -</u>	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ (257)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (52)</u>	<u>\$ 71</u>	
14											
15	Total	<u>\$ 365</u>	<u>\$ -</u>	<u>\$ 342</u>	<u>\$ (85)</u>	<u>\$ (280)</u>	<u>\$ (153)</u>	<u>\$ 39</u>	<u>\$ 228</u>	<u>\$ 297</u>	

UNAMORTIZED DEFERRED CHARGES AND AMORTIZATION - RATE BASE
FOR THE YEAR ENDING DECEMBER 31, 2018
(\$000s)

Schedule 14

Line No.	Particulars	12/31/2017	Opening Bal./ Transfer/Adj.	Gross Additions	Less Taxes	Amortization Expense	Rider	Tax on Rider	12/31/2018	Mid-Year Average	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	<u>Margin Related Deferral Accounts</u>										
2	Revenue Stabilization Adjustment Mechanism (RSAM)	\$ 112	\$ -	\$ -	\$ -	\$ -	\$ (151)	\$ 39	\$ -	\$ 56	
3	Interest on RSAM	1	-	-	-	-	(1)	-	-	1	
4	Gas Cost Reconciliation Account (GCRA)	-	-	-	-	-	-	-	-	-	
5		<u>\$ 113</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (152)</u>	<u>\$ 39</u>	<u>\$ -</u>	<u>\$ 57</u>	
6											
7	<u>Energy Policy Deferral Accounts</u>										
8	Energy Efficiency & Conservation (EEC)	\$ 63	\$ -	\$ 30	\$ (8)	\$ (7)	\$ -	\$ -	\$ 78	\$ 71	
9											
10	<u>Non-Controllable Items Deferral Accounts</u>										
11	Property Tax Deferral	\$ 1	\$ -	\$ -	\$ -	\$ (1)	\$ -	\$ -	\$ -	\$ 1	
12	Interest Variance	(1)	-	-	-	1	-	-	-	(1)	
13	Customer Service Variance Account	(19)	-	-	-	16	-	-	(3)	(11)	
14		<u>\$ (19)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3)</u>	<u>\$ (11)</u>	

UNAMORTIZED DEFERRED CHARGES AND AMORTIZATION - RATE BASE
FOR THE YEAR ENDING DECEMBER 31, 2017
(\$000s)

Schedule 14.1

Line No.	Particulars	12/31/2017	Opening Bal./ Transfer/Adj.	Gross Additions	Less Taxes	Amortization Expense	Rider	Tax on Rider	12/31/2018	Mid-Year Average	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	<u>Application Costs Deferral Accounts</u>										
2	Generic Cost of Capital Application	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
3	2017-2018 Revenue Requirement Application	28	-	-	-	(28)	-	-	-	14	
4	2015-2016 Revenue Requirement Application	-	-	-	-	-	-	-	-	-	
5	2017 Rate Design Application	93	-	-	-	-	-	-	93	93	
6	2016 Cost of Capital Application	2	-	-	-	(1)	-	-	1	2	
7		<u>\$ 123</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (29)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94</u>	<u>\$ 109</u>	
8	<u>Other Deferral Accounts</u>										
9	Gains and Losses on Asset Disposition	\$ 80	\$ -	\$ -	\$ -	\$ (12)	\$ -	\$ -	\$ 68	\$ 74	
10	Net Salvage Provision/Cost	(132)	-	11	-	(94)	-	-	(215)	(174)	
11	Muskwa River Crossing COS	-	-	-	-	-	-	-	-	-	
12	Muskwa River Crossing Project Costs	-	-	-	-	-	-	-	-	-	
13		<u>\$ (52)</u>	<u>\$ -</u>	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ (106)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (147)</u>	<u>\$ (100)</u>	
14											
15	Total	<u>\$ 228</u>	<u>\$ -</u>	<u>\$ 41</u>	<u>\$ (8)</u>	<u>\$ (126)</u>	<u>\$ (152)</u>	<u>\$ 39</u>	<u>\$ 22</u>	<u>\$ 126</u>	

UNAMORTIZED DEFERRED CHARGES AND AMORTIZATION - NON-RATE BASE
FOR THE YEAR ENDING DECEMBER 31, 2017
(\$000s)

Line No.	Particulars	12/31/2016	Opening Bal./ Transfer/Adj.	Gross Additions	Less Taxes	Amortization Expense	Rider	Tax on Rider	12/31/2017	Mid-Year Average	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	Non-Rate Base										
2	FN Right-of-Way Agreement	\$ 425	\$ -	\$ 24	\$ -	\$ -	\$ -	\$ -	\$ 449	\$ 437	
3	Deferred 2017 Revenue Deficiency	-	-	146	(38)	-	-	-	108	54	
4	Total Non Rate Base Deferral Accounts	\$ 425	\$ -	\$ 170	\$ (38)	\$ -	\$ -	\$ -	\$ 557	\$ 491	

UNAMORTIZED DEFERRED CHARGES AND AMORTIZATION - NON-RATE BASE
FOR THE YEAR ENDING DECEMBER 31, 2018
(\$000s)

Schedule 16

Line No.	Particulars	12/31/2017	Opening Bal./ Transfer/Adj.	Gross Additions	Less Taxes	Amortization Expense	Rider	Tax on Rider	12/31/2018	Mid-Year Average	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	Non-Rate Base										
2	FN Right-of-Way Agreement	\$ 449	\$ -	\$ 26	\$ -	\$ -	\$ -	\$ -	\$ 475	\$ 462	
3	Deferred 2017 Revenue Deficiency	108	-	(146)	38	-	-	-	-	54	
4	Total Non Rate Base Deferral Accounts	\$ 557	\$ -	\$ (120)	\$ 38	\$ -	\$ -	\$ -	\$ 475	\$ 516	

**WORKING CAPITAL ALLOWANCE
FOR THE YEAR ENDING DECEMBER 31, 2017
(\$000s)**

Schedule 17

Line No.	Particulars (1)	2016 Approved (2)	2017 Forecast (3)	Change (4)	Cross Reference (5)
1	Cash Working Capital				
2	Cash Working Capital	\$ 68	\$ 74	\$ 6	Schedule 19, Line 26, Column 5
3					
4	Less: Funds Available				
5	Reserve for bad debts	(14)	(12)	2	
6	Employee Withholdings	(25)	(25)	-	
7					
8	Other Working Capital Items				
9	Inventory - Materials and Supplied	14	14	-	
10					
11	Total	<u>\$ 43</u>	<u>\$ 51</u>	<u>\$ 8</u>	

**WORKING CAPITAL ALLOWANCE
FOR THE YEAR ENDING DECEMBER 31, 2018
(\$000s)**

Schedule 18

Line No.	Particulars	2017 Forecast	2018 Forecast	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	Cash Working Capital				
2	Cash Working Capital	\$ 74	\$ 71	\$ (3)	Schedule 20, Line 26, Column 5
3					
4	Less: Funds Available				
5	Reserve for bad debts	(12)	(12)	-	
6	Employee Withholdings	(25)	(25)	-	
7					
8	Other Working Capital Items				
9	Inventory - Materials and Supplied	14	14	-	
10					
11	Total	<u>\$ 51</u>	<u>\$ 48</u>	<u>\$ (3)</u>	

CASH WORKING CAPITAL
FOR THE YEAR ENDING DECEMBER 31, 2017
(\$000s)

Schedule 19

Line No.	Particulars	2017 at Revised Rates	Lag (Lead) Days	Extended	Weighted Average Lag (Lead) Days	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)
1	REVENUE					
2	Sales Revenue					
3	Residential & Commercial Tariff Revenue	\$ 2,901	38.5	\$ 111,754		
4	Industrial Tariff Revenue	163	45.2	7,368		
5						
6	Other Revenue					
7	Late Payment Charges	17	38.3	651		
8	Connection Charges	9	38.3	345		
9						
10	Total	<u>\$ 3,090</u>		<u>\$ 120,118</u>	38.9	
11						
12	EXPENSES					
13	Energy Purchases	\$ 686	(40.2)	\$ (27,577)		
14	Operating and Maintenance	894	(25.5)	(22,797)		
15	Property Taxes	141	(2.0)	(282)		
16	Carbon Tax	790	(29.1)	(22,989)		
17	GST	26	(38.8)	(1,009)		
18	PST	18	(37.1)	(668)		
19	Income Tax	132	(15.2)	(2,006)		
20						
21	Total	<u>\$ 2,687</u>		<u>\$ (77,328)</u>	(28.8)	
22						
23	Net Lag (Lead) Days				10.1	
24	Total Expenses				\$ 2,687	
25						
26	Cash Working Capital				<u>\$ 74</u>	

CASH WORKING CAPITAL
FOR THE YEAR ENDING DECEMBER 31, 2018
(\$000s)

Schedule 20

Line No.	Particulars	2018 at Revised Rates	Lag (Lead) Days	Extended	Weighted Average Lag (Lead) Days	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)
1	REVENUE					
2	Sales Revenue					
3	Residential & Commercial Tariff Revenue	\$ 2,989	38.5	\$ 115,125		
4	Industrial Tariff Revenue	173	45.2	7,820		
5						
6	Other Revenue					
7	Late Payment Charges	17	38.3	651		
8	Connection Charges	9	38.3	345		
9						
10	Total	<u>\$ 3,188</u>		<u>\$ 123,941</u>	38.9	
11						
12	EXPENSES					
13	Energy Purchases	\$ 673	(40.2)	\$ (27,055)		
14	Operating and Maintenance	913	(25.5)	(23,282)		
15	Property Taxes	139	(2.0)	(278)		
16	Carbon Tax	775	(29.1)	(22,553)		
17	GST	27	(38.8)	(1,048)		
18	PST	19	(37.1)	(705)		
19	Income Tax	75	(15.2)	(1,140)		
20						
21	Total	<u>\$ 2,621</u>		<u>\$ (76,061)</u>	(29.0)	
22						
23	Net Lag (Lead) Days				9.9	
24	Total Expenses				\$ 2,621	
25						
26	Cash Working Capital				<u>\$ 71</u>	

**UTILITY INCOME AND EARNED RETURN
FOR THE YEAR ENDING DECEMBER 31, 2017
(\$000s)**

Schedule 21

Line No.	Particulars	2016 Approved	2017 FORECAST				Change	Cross Reference
	(1)	(2)	at Existing Rates	Revised Revenue	at Revised Rates	(5)	(6)	(7)
1	ENERGY VOLUMES							
2	Sales Volume (TJ)	597	530		530		(67)	
3	Transportation Volume (TJ)	56	40		40		(16)	
4		653	570	-	570		(83)	Schedule 23, Line 9, Column 3
5								
6	REVENUE AT EXISTING RATES							
7	Sales	\$ 4,859	\$ 2,762	\$ -	\$ 2,762	\$	(2,097)	
8	Deficiency (Surplus)			139	139		139	
9	Transportation	191	153	-	153		(38)	
10	Deficiency (Surplus)			10	10		10	
11	Total	5,050	2,915	149	3,064		(1,986)	Schedule 27, Line 15, Column 8
12				-				
13	COST OF ENERGY	2,543	686	-	686		(1,857)	Schedule 25, Line 9, Column 3
14								
15	MARGIN	2,507	2,229	149	2,378		(129)	
16								
17	EXPENSES							
18	O&M Expense (net)	882	894	-	894		12	Schedule 29, Line 24, Column 5
19	Depreciation & Amortization	631	664	-	664		33	Schedule 31, Line 9, Column 3
20	Property Taxes	139	141	-	141		2	Schedule 33, Line 4, Column 3
21	Deferred 2017 Revenue Deficiency	-	(146)	-	(146)		(146)	Schedule 15, Line 3, Column 4
22	Other Revenue	(20)	(26)	-	(26)		(6)	Schedule 35, Line 5, Column 3
23	Utility Income Before Income Taxes	875	702	149	851		(24)	
24								
25	Income Taxes	132	93	39	132		-	Schedule 37, Line 13, Column 3
26								
27	EARNED RETURN	\$ 743	\$ 609	\$ 110	\$ 719	\$	(24)	Schedule 41, Line 5, Column 7
28								
29	UTILITY RATE BASE	\$ 10,997	\$ 11,174		\$ 11,176	\$	179	Schedule 2, Line 23, Column 3
30	RATE OF RETURN ON UTILITY RATE BASE	6.76%	5.45%		6.43%		-0.32%	Schedule 41, Line 5, Column 6

**UTILITY INCOME AND EARNED RETURN
FOR THE YEAR ENDING DECEMBER 31, 2018
(\$000s)**

Schedule 22

Line No.	Particulars	2017 Forecast	2018 FORECAST				Change	Cross Reference
	(1)	(2)	at Existing Rates	Revised Revenue	at Revised Rates	(5)	(6)	(7)
1	ENERGY VOLUMES							
2	Sales Volume (TJ)	530	520		520		(10)	
3	Transportation Volume (TJ)	40	40		40		(0)	
4		570	560	-	560		(10)	Schedule 24, Line 9, Column 3
5								
6	REVENUE AT EXISTING RATES							
7	Sales	\$ 2,762	\$ 2,716	\$ -	\$ 2,716	\$	(46)	
8	Deficiency (Surplus)	139		273	273		134	
9	Transportation	153	153	-	153		-	
10	Deficiency (Surplus)	10		20	20		10	
11	Total	3,064	2,869	293	3,162		98	Schedule 28, Line 15, Column 8
12				-				
13	COST OF ENERGY	686	673	-	673		(13)	Schedule 26, Line 9, Column 3
14								
15	MARGIN	2,378	2,196	293	2,489		111	
16								
17	EXPENSES							
18	O&M Expense (net)	894	913	-	913		19	Schedule 29, Line 24, Column 6
19	Depreciation & Amortization	664	514	-	514		(150)	Schedule 32, Line 9, Column 3
20	Property Taxes	141	139	-	139		(2)	Schedule 34, Line 4, Column 3
21	Deferred 2017 Revenue Deficiency	(146)	146	-	146		292	Schedule 16, Line 3, Column 4
22	Other Revenue	(26)	(26)	-	(26)		-	Schedule 36, Line 5, Column 3
23	Utility Income Before Income Taxes	851	510	293	803		(48)	
24								
25	Income Taxes	132	(1)	76	75		(57)	Schedule 38, Line 13, Column 3
26								
27	EARNED RETURN	\$ 719	\$ 511	\$ 217	\$ 728	\$	9	Schedule 42, Line 5, Column 7
28								
29	UTILITY RATE BASE	\$ 11,176	\$ 11,223		\$ 11,228	\$	52	Schedule 3, Line 23, Column 3
30	RATE OF RETURN ON UTILITY RATE BASE	6.43%	4.55%		6.48%		0.05%	Schedule 42, Line 5, Column 6

**VOLUME AND REVENUE
FOR THE YEAR ENDING DECEMBER 31, 2017
(\$000s)**

Schedule 23

Line No.	Particulars	2016 Approved	2017 Forecast	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	ENERGY VOLUME SOLD (TJ)				
2	Residential				
3	Rate Schedule 1	267.5	261.8	(5.7)	
4	Commercial				
5	Rate Schedule 2.1	208.6	211.9	3.3	
6	Rate Schedule 2.2	121.0	56.6	(64.4)	
7	Industrial				
8	Rate Schedule 25	55.8	39.7	(16.1)	
9	Total	652.9	570.0	(82.9)	
10					
11	REVENUE AT EXISTING RATES				
12	Residential				
13	Rate Schedule 1	\$ 2,122	\$ 1,303	\$ (819)	
14	Commercial				
15	Rate Schedule 2.1	1,787	1,187	(600)	
16	Rate Schedule 2.2	950	272	(678)	
17	Industrial				
18	Rate Schedule 25	191	153	(38)	
19	Total	\$ 5,050	\$ 2,915	\$ (2,135)	

**VOLUME AND REVENUE
FOR THE YEAR ENDING DECEMBER 31, 2018
(\$000s)**

Schedule 24

Line No.	Particulars	2017 Forecast	2018 Forecast	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	ENERGY VOLUME SOLD (TJ)				
2	Residential				
3	Rate Schedule 1	261.8	259.9	(1.9)	
4	Commercial				
5	Rate Schedule 2.1	211.9	203.7	(8.2)	
6	Rate Schedule 2.2	56.6	56.7	0.1	
7	Industrial				
8	Rate Schedule 25	39.7	39.5	(0.2)	
9	Total	570.0	559.8	(10.2)	
10					
11	REVENUE AT EXISTING RATES				
12	Residential				
13	Rate Schedule 1	\$ 1,303	\$ 1,295	\$ (8)	
14	Commercial				
15	Rate Schedule 2.1	1,187	1,148	(39)	
16	Rate Schedule 2.2	272	273	1	
17	Industrial				
18	Rate Schedule 25	153	153	-	
19	Total	\$ 2,915	\$ 2,869	\$ (46)	

**COST OF ENERGY
FOR THE YEAR ENDING DECEMBER 31, 2017
(\$000s)**

Schedule 25

Line No.	Particulars (1)	2016 Approved (2)	2017 Forecast (3)	Change (4)	Cross Reference (5)
1	COST OF GAS				
2	Residential				
3	Rate Schedule 1	\$ 1,139	\$ 339	\$ (800)	
4	Commercial				
5	Rate Schedule 2.1	889	274	(615)	
6	Rate Schedule 2.2	515	73	(442)	
7	Industrial				
8	Rate Schedule 25	-	-	-	
9	Total	<u>\$ 2,543</u>	<u>\$ 686</u>	<u>\$ (1,857)</u>	

**COST OF ENERGY
FOR THE YEAR ENDING DECEMBER 31, 2018
(\$000s)**

Schedule 26

Line No.	Particulars (1)	2017 Forecast (2)	2018 Forecast (3)	Change (4)	Cross Reference (5)
1	COST OF GAS				
2	Residential				
3	Rate Schedule 1	\$ 339	\$ 336	\$ (3)	
4	Commercial				
5	Rate Schedule 2.1	274	264	(10)	
6	Rate Schedule 2.2	73	73	-	
7	Industrial				
8	Rate Schedule 25	-	-	-	
9	Total	<u>\$ 686</u>	<u>\$ 673</u>	<u>\$ (13)</u>	

**MARGIN AND REVENUE AT EXISTING AND REVISED RATES
FOR THE YEAR ENDING DECEMBER 31, 2017
(\$000s)**

Schedule 27

Line No.	Particulars	2016 Approved Margin	2017 FORECAST			2017 FORECAST			Average Number of Customers	Terajoules	Cross Reference
			Margin at Existing Rates	Effective Increase	Margin at Revised Rates	Revenue at Existing Rates	Effective Increase	Revenue at Revised Rates			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	NON - BYPASS										
2	Residential										
3	Rate Schedule 1	\$ 983	\$ 964	\$ 65	\$ 1,029	\$ 1,303	\$ 65	\$ 1,368	1,959	261.8	
4	Commercial										
5	Rate Schedule 2.1	898	913	61	974	1,187	61	1,248	477	211.9	
6	Rate Schedule 2.2	435	199	13	212	272	13	285	7	56.6	
7	Industrial										
8	Rate Schedule 25	191	153	10	163	153	10	163	2	39.7	
9	Total Non-Bypass	<u>\$ 2,507</u>	<u>\$ 2,229</u>	<u>\$ 149</u>	<u>\$ 2,378</u>	<u>\$ 2,915</u>	<u>\$ 149</u>	<u>\$ 3,064</u>	<u>2,445</u>	<u>570.0</u>	
10											
11											
12	Total Bypass & Special	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	
13											
14											
15	Total	<u>\$ 2,507</u>	<u>\$ 2,229</u>	<u>\$ 149</u>	<u>\$ 2,378</u>	<u>\$ 2,915</u>	<u>\$ 149</u>	<u>\$ 3,064</u>	<u>2,445</u>	<u>570.0</u>	
16											
17	Effective Increase			<u>6.68%</u>			<u>5.11%</u>				

**MARGIN AND REVENUE AT EXISTING AND REVISED RATES
FOR THE YEAR ENDING DECEMBER 31, 2018
(\$000s)**

Schedule 28

Line No.	Particulars	2017 FORECAST Margin	2018 FORECAST			2018 FORECAST			Average Number of Customers	Terajoules	Cross Reference
			Margin at Existing Rates	Effective Increase	Margin at Revised Rates	Revenue at Existing Rates	Effective Increase	Revenue at Revised Rates			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	NON - BYPASS										
2	Residential										
3	Rate Schedule 1	\$ 1,029	\$ 959	\$ 128	\$ 1,087	\$ 1,295	\$ 128	\$ 1,423	1,961	259.9	
4	Commercial										
5	Rate Schedule 2	974	884	118	1,002	1,148	118	1,266	479	203.7	
6	Rate Schedule 3	212	200	27	227	273	27	300	7	56.7	
7	Industrial										
8	Rate Schedule 25	163	153	20	173	153	20	173	2	39.5	
9	Total Non-Bypass	<u>\$ 2,378</u>	<u>\$ 2,196</u>	<u>\$ 293</u>	<u>\$ 2,489</u>	<u>\$ 2,869</u>	<u>\$ 293</u>	<u>\$ 3,162</u>	<u>2,449</u>	<u>559.8</u>	
10											
11											
12	Total Bypass & Special	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	
13											
14											
15	Total	<u>\$ 2,378</u>	<u>\$ 2,196</u>	<u>\$ 293</u>	<u>\$ 2,489</u>	<u>\$ 2,869</u>	<u>\$ 293</u>	<u>\$ 3,162</u>	<u>2,449</u>	<u>559.8</u>	
16											
17	Effective Increase			<u>13.34%</u>			<u>10.21%</u>				

**OPERATING AND MAINTENANCE EXPENSE - RESOURCE VIEW
FOR THE YEARS ENDING DECEMBER 31, 2017 and 2018
(\$000s)**

Schedule 29

Line No.	Particulars	2015 Actual	2016 Approved	2016 Forecast	2017 Forecast	2018 Forecast	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	M&E Costs	\$ 18	\$ 15	\$ 18	\$ 19	\$ 19	
2	MoveUP Costs	-	-	-	-	-	
3	MoveUP Customer Services Costs	-	-	-	-	-	
4	IBEW Costs	320	345	326	330	338	
5							
6	Labour Costs	338	360	344	349	357	
7							
8	Vehicle Costs	38	44	44	44	45	
9	Employee Expenses	18	29	29	29	30	
10	Materials and Supplies	8	1	8	8	8	
11	Computer Costs	-	-	-	-	-	
12	Fees and Administration Costs	521	553	517	526	536	
13	Contractor Costs	31	5	20	21	21	
14	Facilities	16	12	16	41	42	
15	Recoveries & Revenue	(2)	(2)	(2)	(2)	(2)	
16							
17	Non-Labour Costs	630	642	632	667	680	
18							
19							
20	Total Gross O&M Expenses	968	1,002	976	1,016	1,037	
21							
22	Less: Capitalized Overhead	(118)	(120)	(117)	(122)	(124)	
23							
24	Total O&M Expenses	\$ 850	\$ 882	\$ 859	\$ 894	\$ 913	Schedule 21, Line 18, Column 5 Schedule 22, Line 18, Column 5

**OPERATING AND MAINTENANCE EXPENSE - ACTIVITY VIEW
FOR THE YEAR ENDING DECEMBER 31, 2017 and 2018
(\$000s)**

Schedule 30

Line No.	Particulars	Account	2015 Actual	2016 Approved	2016 Forecast	2017 Forecast	2018 Forecast	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Distribution Supervision	110-11	\$ 116	\$ 102	\$ 105	\$ 108	\$ 111	
2	Distribution Supervision Total	110-10	116	102	105	108	111	
3								
4	Operation Centre - Distribution	110-21	95	92	94	96	99	
5	Preventative Maintenance - Distribution	110-22	21	22	23	24	24	
6	Operations - Distribution	110-23	57	60	60	78	80	
7	Emergency Management - Distribution	110-24	51	51	52	54	55	
8	Field Training - Distribution	110-25	23	30	31	32	33	
9	Meter Exchange - Distribution	110-26	24	22	23	24	24	
10	Distribution Operations Total	110-20	271	277	283	308	315	
11								
12	Corrective - Distribution	110-31	48	56	58	60	61	
13	Distribution Maintenance Total	110-30	48	56	58	60	61	
14								
15	Account Services - Distribution	110-41	11	10	11	11	11	
16	Bad Debt Management - Distribution	110-42	6	6	6	7	7	
17	Distribution Meter to Cash Total	110-40	17	16	17	18	18	
18								
19	Distribution Total	110	452	451	463	494	505	
20								
21	Operations Total	100	452	451	463	494	505	
22								
23	Administration & General	540-11	-	-	-	-	-	
24	Shared Services Agreement	540-12	516	551	513	522	532	
25	Retiree Benefits	540-16	-	-	-	-	-	
26	Corporate Total	540-10	516	551	513	522	532	
27								
28	Corporate Total	540	516	551	513	522	532	
29								
30	Corporate Services Total	500	516	551	513	522	532	
31								
32	Total Gross O&M Expenses		968	1,002	976	1,016	1,037	
33								
34	Less: Capitalized Overhead		(118)	(120)	(117)	(122)	(124)	
35								
36	Total O&M Expenses		\$ 850	\$ 882	\$ 859	\$ 894	\$ 913	Schedule 21, Line 18, Column 5 Schedule 22, Line 18, Column 5

**DEPRECIATION AND AMORTIZATION EXPENSE
FOR THE YEAR ENDING DECEMBER 31, 2017
(\$000s)**

Schedule 31

Line No.	Particulars (1)	2016 Approved (2)	2017 Forecast (3)	Change (4)	Cross Reference (5)
1	Depreciation				
2	Depreciation Expense	\$ 472	\$ 412	\$ (60)	Schedule 7.2, Line 29, Column 6
3					
4	Amortization				
5	Rate Base deferrals	\$ 195	\$ 280	\$ 85	Schedule 13.1, Line 15, Column 6
6	CIAC	(36)	(28)	8	Schedule 9, Line 9, Column 5
7		159	252	93	
8					
9	Total	\$ 631	\$ 664	\$ 33	

**DEPRECIATION AND AMORTIZATION EXPENSE
FOR THE YEAR ENDING DECEMBER 31, 2018
(\$000s)**

Schedule 32

Line No.	Particulars (1)	2017 Forecast (2)	2018 Forecast (3)	Change (4)	Cross Reference (5)
1	Depreciation				
2	Depreciation Expense	\$ 412	\$ 416	\$ 4	Schedule 8.2, Line 29, Column 6
3					
4	Amortization				
5	Rate Base deferrals	\$ 280	\$ 126	\$ (154)	Schedule 14.1, Line 15, Column 6
6	CIAC	(28)	(28)	-	Schedule 10, Line 9, Column 5
7		252	98	(154)	
8					
9	Total	\$ 664	\$ 514	\$ (150)	

FORTISBC ENERGY INC. - Fort Nelson

G-162-16 November 23, 2016

Section 9

**PROPERTY AND SUNDRY TAXES
FOR THE YEAR ENDING DECEMBER 31, 2017
(\$000s)**

Schedule 33

Line No.	Particulars (1)	2016 Approved (2)	2017 Forecast (3)	Change (4)	Cross Reference (5)
1	General School and Other	\$ 101	\$ 103	\$ 2	
2	1% In-Lieu of Municipal Taxes	38	38	-	
3					
4	Total	<u>\$ 139</u>	<u>\$ 141</u>	<u>\$ 2</u>	

FORTISBC ENERGY INC. - Fort Nelson

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Section 9

**PROPERTY AND SUNDRY TAXES
FOR THE YEAR ENDING DECEMBER 31, 2018
(\$000s)**

Schedule 34

Line No.	Particulars	2017 Forecast	2018 Forecast	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	General School and Other	\$ 103	\$ 106	\$ 3	
2	1% In-Lieu of Municipal Taxes	38	33	(5)	
3					
4	Total	\$ 141	\$ 139	\$ (2)	

OTHER REVENUE
FOR THE YEAR ENDING DECEMBER 31, 2017
(\$000s)

Schedule 35

Line No.	Particulars	2016 Approved	2017 Forecast	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	Late Payment Charge	\$ 9	\$ 17	\$ 8	
2	Connection Charge	11	9	(2)	
3	Other Recoveries		-	-	
4					
5	Total	\$ 20	\$ 26	\$ 6	

**OTHER REVENUE
FOR THE YEAR ENDING DECEMBER 31, 2018
(\$000s)**

Schedule 36

Line No.	Particulars	2017 Forecast	2018 Forecast	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	Late Payment Charge	\$ 17	\$ 17	\$ -	
2	Connection Charge	9	9	-	
3	Other Recoveries	-	-	-	
4					
5	Total	\$ 26	\$ 26	\$ -	

INCOME TAXES
FOR THE YEAR ENDING DECEMBER 31, 2017
(\$000s)

Schedule 37

Line No.	Particulars	2016 Approved (2)	2017 Forecast (3)	Change (4)	Cross Reference (5)
	(1)				
1	EARNED RETURN	\$ 743	\$ 719	\$ (24)	Schedule 21, Line 27, Column 5
2	Deduct: Interest on Debt	(373)	(342)	31	Schedule 41, Line 1+2, Column 7
3	Adjustments to Taxable Income	5	(1)	(6)	Schedule 37, Line 31
4	Accounting Income After Tax	\$ 375	\$ 376	\$ 1	
5					
6	1 - Current Income Tax Rate	74.00%	74.00%	0.00%	
7	Taxable Income	\$ 507	\$ 508	\$ 1	
8					
9	Current Income Tax Rate	26.00%	26.00%	0.00%	
10	Income Tax - Current	\$ 132	\$ 132	\$ -	
11					
12	Previous Year Adjustment	-	-	-	
13	Total Income Tax	\$ 132	\$ 132	\$ -	
14					
15					
16	ADJUSTMENTS TO TAXABLE INCOME				
17	Addbacks:				
18	Depreciation	\$ 472	\$ 412	\$ (60)	Schedule 31, Line 2, Column 3
19	Amortization of Deferred Charges	195	280	85	Schedule 31, Line 5, Column 3
20	Amortization of Debt Issue Expenses	2	2	-	
21	Pension Expense	81	55	(26)	
22	OPEB Expense	47	34	(13)	
23					
24	Deductions:				
25	Capital Cost Allowance	(628)	(619)	9	Schedule 39, Line 12, Column 6
26	CIAC Amortization	(36)	(28)	8	Schedule 31, Line 6, Column 3
27	Pension Contributions	(61)	(70)	(9)	
28	OPEB Contributions	(16)	(15)	1	
29	Overheads Capitalized Expensed for Tax Purposes	(40)	(41)	(1)	
30	Removal Costs	(11)	(11)	-	Schedule 13.1, Line 10, Column 4
31	Total	\$ 5	\$ (1)	\$ (6)	

INCOME TAXES
FOR THE YEAR ENDING DECEMBER 31, 2018
(\$000s)

Schedule 38

Line No.	Particulars	2017 Forecast	2018 Forecast	Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)
1	EARNED RETURN	\$ 719	\$ 728	\$ 9	Schedule 22, Line 27, Column 5
2	Deduct: Interest on Debt	(342)	(350)	(8)	Schedule 42, Line 1+2, Column 7
3	Adjustments to Taxable Income	(1)	(166)	(165)	Schedule 38, Line 31
4	Accounting Income After Tax	\$ 376	\$ 212	\$ (164)	
5					
6	1 - Current Income Tax Rate	74.00%	74.00%	74.00%	
7	Taxable Income	\$ 508	\$ 287	\$ (221)	
8					
9	Current Income Tax Rate	26.00%	26.00%	26.00%	
10	Income Tax - Current	\$ 132	\$ 75	\$ (57)	
11					
12	Previous Year Adjustment	-	-	-	
13	Total Income Tax	\$ 132	\$ 75	\$ (57)	
14					
15					
16	ADJUSTMENTS TO TAXABLE INCOME				
17	Addbacks:				
18	Depreciation	\$ 412	\$ 416	\$ 4	Schedule 32, Line 2, Column 3
19	Amortization of Deferred Charges	280	126	(154)	Schedule 32, Line 5, Column 3
20	Amortization of Debt Issue Expenses	2	2	-	
21	Pension Expense	55	55	-	
22	OPEB Expense	34	34	-	
23					
24	Deductions:				
25	Capital Cost Allowance	(619)	(634)	(15)	Schedule 40, Line 12, Column 6
26	CIAC Amortization	(28)	(28)	-	Schedule 32, Line 6, Column 3
27	Pension Contributions	(70)	(70)	-	
28	OPEB Contributions	(15)	(15)	-	
29	Overheads Capitalized Expensed for Tax Purposes	(41)	(41)	-	
30	Removal Costs	(11)	(11)	-	Schedule 14.1, Line 10, Column 4
31	Total	\$ (1)	\$ (166)	\$ (165)	

FORTISBC ENERGY INC. - Fort Nelson

G-162-16 November 23, 2016

Section 9

**CAPITAL COST ALLOWANCE
FOR THE YEAR ENDING DECEMBER 31, 2017
(\$000s)**

Schedule 39

Line No.	Class	CCA Rate	12/31/2016 UCC Balance	Adjustments	2017 Additions	2017 CCA	12/31/2017 UCC Balance
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	1(a)	4%	\$ 2,090	\$ -	\$ -	\$ (84)	\$ 2,006
2	1(b)	6%	542	-	-	(33)	509
3	2	6%	212	-	-	(13)	199
4	3	5%	11	-	-	(1)	10
5	8	20%	7	-	20	(3)	24
6	10	30%	11	-	10	(5)	16
7	12	100%	-	-	46	(23)	23
8	49	8%	4,099	-	91	(332)	3,858
9	50	55%	33	-	20	(23)	30
10	51	6%	1,511	-	371	(102)	1,780
11							
12	Total		\$ 8,516	\$ -	\$ 558	\$ (619)	\$ 8,455

**CAPITAL COST ALLOWANCE
FOR THE YEAR ENDING DECEMBER 31, 2018
(\$000s)**

Schedule 40

Line No.	Class	CCA Rate	12/31/2017 UCC Balance	Adjustments	2018 Additions	2018 CCA	12/31/2018 UCC Balance
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	1(a)	4%	\$ 2,006	\$ -	\$ -	\$ (80)	\$ 1,926
2	1(b)	6%	509	-	-	(31)	478
3	2	6%	199	-	-	(12)	187
4	3	5%	10	-	-	(1)	9
5	8	20%	24	-	20	(7)	37
6	10	30%	16	-	10	(6)	20
7	12	100%	23	-	46	(46)	23
8	49	8%	3,858	-	18	(308)	3,568
9	50	55%	30	-	20	(22)	28
10	51	6%	1,780	-	467	(121)	2,126
11							
12	Total		\$ 8,455	\$ -	\$ 581	\$ (634)	\$ 8,402

Section 9

Schedule 41

Line No.	Particulars	2016 Approved Earned Return	Amount	Ratio	2017 Average Embedded Cost	Cost Component	Earned Return	Earned Return Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Long Term Debt	\$ 354	\$ 6,187	55.36%	5.40%	2.99%	\$ 334	\$ (20)	Schedule 43, Line 26&28, Column 5&6&7
2	Short Term Debt	19	686	6.14%	1.20%	0.07%	8	(11)	
3	Common Equity	370	4,303	38.50%	8.75%	3.37%	377	7	
4									
5	Total	<u>\$ 743</u>	<u>\$ 11,176</u>	<u>100.00%</u>		<u>6.43%</u>	<u>\$ 719</u>	<u>\$ (24)</u>	
6									
7	Cross Reference		Schedule 2, Line 23, Column 3						

Schedule 42

Line No.	Particulars	2017 Forecast Earned Return	Amount	Ratio	2018 Average Embedded Cost	Cost Component	Earned Return	Earned Return Change	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Long Term Debt	\$ 334	\$ 6,215	55.35%	5.39%	2.98%	\$ 335	\$ 1	Schedule 44, Line 26&28, Column 5&6&7
2	Short Term Debt	8	690	6.15%	2.20%	0.13%	15	7	
3	Common Equity	377	4,323	38.50%	8.75%	3.37%	378	1	
4									
5	Total	<u>\$ 719</u>	<u>\$ 11,228</u>	<u>100.00%</u>		<u>6.48%</u>	<u>\$ 728</u>	<u>\$ 9</u>	
6									
7	Cross Reference		Schedule 3, Line 23, Column 3						

Section 9

Schedule 43

Line No.	Particulars	Issue Date	Maturity Date	Net Proceeds of Issue	Average Principal Outstanding	Interest * Rate	Interest Expense	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Medium Term Note - Series 11	September 21, 1999	September 21, 2029	147,710	150,000	7.073%	10,610	
2	2004 Long Term Debt Issue - Series 18	April 29, 2004	May 1, 2034	148,085	150,000	6.598%	9,897	
3	2005 Long Term Debt Issue - Series 19	February 25, 2005	February 25, 2035	148,337	150,000	5.980%	8,970	
4	2006 Long Term Debt Issue - Series 21	September 25, 2006	September 25, 2036	119,216	120,000	5.595%	6,714	
5	2007 Medium Term Debt Issue - Series 22	October 2, 2007	October 2, 2037	247,697	250,000	6.067%	15,168	
6	2008 Medium Term Debt Issue - Series 23	May 13, 2008	May 13, 2038	247,588	250,000	5.869%	14,673	
7	2009 Med.Term Debt Issue- Series 24	February 24, 2009	February 24, 2039	98,766	100,000	6.645%	6,645	
8	2011 Medium Term Debt Issue - Series 25	December 9, 2011	December 9, 2041	98,590	100,000	4.334%	4,334	
9	2015 Medium Term Debt Issue - Series 26 (Series A Renewal)	April 13, 2015	April 13, 2045	148,938	150,000	3.413%	5,120	
10	2016 Medium Term Debt Issue - Series 27 (Series B Renewal)	April 8, 2016	April 8, 2026	117,344	118,529	2.695%	3,194	
11	2016 Medium Term Debt Issue - Series 28	April 8, 2016	April 9, 2046	148,500	150,000	3.726%	5,589	
12	2016 Medium Term Debt Issue - Series 29	November 1, 2016	November 1, 2046	198,000	200,000	3.957%	7,914	
13								
14	FEVI L/T Debt Issue - 2008	February 16, 2008	February 15, 2038	247,999	250,000	6.109%	15,273	
15	FEVI L/T Debt Issue - 2010	December 6, 2010	December 6, 2040	98,836	100,000	5.278%	5,278	
16								
17	LILO Obligations - Kelowna				18,177	6.536%	1,188	
18	LILO Obligations - Nelson				2,971	8.381%	249	
19	LILO Obligations - Vernon				8,752	9.735%	852	
20	LILO Obligations - Prince George				22,971	8.589%	1,973	
21	LILO Obligations - Creston				2,200	7.682%	169	
22								
23	Vehicle Lease Obligation				4,295	4.866%	209	
24								
25	Sub-Total				\$ 2,297,895		\$ 124,019	
26	Fort Nelson Division Portion of Long Term				\$ 6,187		\$ 334	
27								
28	Average Embedded Cost					5.40%		
29								
30	* Interest Rate is Effective interest rate as it includes amortization of debt issue costs							

Section 9

Schedule 44

Line No.	Particulars	Issue Date	Maturity Date	Net Proceeds of Issue	Average Principal Outstanding	Interest * Rate	Interest Expense	Cross Reference
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Medium Term Note - Series 11	September 21, 1999	September 21, 2029	147,710	150,000	7.073%	10,610	
2	2004 Long Term Debt Issue - Series 18	April 29, 2004	May 1, 2034	148,085	150,000	6.598%	9,897	
3	2005 Long Term Debt Issue - Series 19	February 25, 2005	February 25, 2035	148,337	150,000	5.980%	8,970	
4	2006 Long Term Debt Issue - Series 21	September 25, 2006	September 25, 2036	119,216	120,000	5.595%	6,714	
5	2007 Medium Term Debt Issue - Series 22	October 2, 2007	October 2, 2037	247,697	250,000	6.067%	15,168	
6	2008 Medium Term Debt Issue - Series 23	May 13, 2008	May 13, 2038	247,588	250,000	5.869%	14,673	
7	2009 Med.Term Debt Issue- Series 24	February 24, 2009	February 24, 2039	98,766	100,000	6.645%	6,645	
8	2011 Medium Term Debt Issue - Series 25	December 9, 2011	December 9, 2041	98,590	100,000	4.334%	4,334	
9	2015 Medium Term Debt Issue - Series 26 (Series A Renewal)	April 13, 2015	April 13, 2045	148,938	150,000	3.413%	5,120	
10	2016 Medium Term Debt Issue - Series 27 (Series B Renewal)	April 8, 2016	April 8, 2026	120,950	122,172	2.695%	3,194	
11	2016 Medium Term Debt Issue - Series 28	April 8, 2016	April 9, 2046	148,500	150,000	3.726%	5,589	
12	2016 Medium Term Debt Issue - Series 29	November 1, 2016	November 1, 2046	198,000	200,000	3.957%	7,914	
13								
14	FEVI L/T Debt Issue - 2008	February 16, 2008	February 15, 2038	247,999	250,000	6.109%	15,273	
15	FEVI L/T Debt Issue - 2010	December 6, 2010	December 6, 2040	98,836	100,000	5.278%	5,278	
16								
17	LILO Obligations - Kelowna				17,248	6.563%	1,132	
18	LILO Obligations - Nelson				2,834	8.539%	242	
19	LILO Obligations - Vernon				8,323	9.912%	825	
20	LILO Obligations - Prince George				21,942	8.750%	1,920	
21	LILO Obligations - Creston				2,106	7.835%	165	
22								
23	Vehicle Lease Obligation				2,515	5.765%	145	
24								
25	Sub-Total				\$ 2,297,140		\$ 123,808	
26	Fort Nelson Division Portion of Long Term				\$ 6,215		\$ 335	
27								
28	Average Embedded Cost					5.39%		
29								
30	* Interest Rate is Effective interest rate as it includes amortization of debt issue costs							

Appendix 13-3

2018 SHARED SERVICES ALLOCATION SPLIT

FORTISBC ENERGY INC.
Appendix 13-3

Fort Nelson 2018 Revenue Requirement Shared Services Allocation Split (\$000)

	FEI O&M split from Appendix 6-3	FEI O&M Amount Included in Shared Services Allocation to Fort Nelson	Percentage	Fort Nelson O&M Amount
1 <u>Operating & Maintenance Expense</u>				
2 Distribution Supervision	\$ 14,376.2	\$ -	0.0%	\$ -
3 Operation Centre - Distribution	11,848.4	-	0.0%	-
4 Preventative Maintenance - Distribution	2,664.7	-	0.0%	-
6 Operations - Distribution	7,104.0	-	0.0%	-
8 Emergency Management - Distribution	6,383.3	-	0.0%	-
10 Field Training - Distribution	2,825.5	-	0.0%	-
12 Meter Exchange - Distribution	3,032.3	-	0.0%	-
14 Corrective - Distribution	5,915.3	-	0.0%	-
16 Account Services - Distribution	1,432.1	-	0.0%	-
18 Bad Debt Management - Distribution	788.6	-	0.0%	-
20 Distribution Total	\$ 56,370.5	\$ -		\$ -
22				
24 Transmission Supervision	1,221.1	1,221.1	0.6%	3.2
26 Pipeline / Right of Way Operations	10,896.8	10,896.8	5.4%	28.5
28 Compression Operations	3,941.1	3,941.1	1.9%	10.3
30 Measurement Control Operations	861.8	861.8	0.4%	2.3
32 Pipeline / Right of Way - Maintenance	3,390.6	3,390.6	1.7%	8.9
34 Compression - Maintenance	2,719.0	2,719.0	1.3%	7.1
36 Measurement Control Operations	459.6	459.6	0.2%	1.2
38 Company Use Gas (Compression & Line Heating)	857.6	-	0.0%	-
40 Transmission Total	\$ 24,347.5	\$ 23,490.0		\$ 61.5
42				
44				
46 LNG Plant Operations	4,809.1	-	0.0%	-
48 LNG Plant Maintenance	1,656.7	-	0.0%	-
50 LNG Plant Total - Tilbury	\$ 6,465.8	\$ -		\$ -
52				
54				
56 Meter Reading	11,776.3	11,776.3	5.8%	30.8
58 Meter Reading Total	\$ 11,776.3	\$ 11,776.3		\$ 30.8
60				
62 Energy Supply & Resource Development	2,506.9	2,506.9	1.2%	6.6
64 Gas Control	2,207.1	2,207.1	1.1%	5.8
66 Energy Supply & Resource Development Tot	\$ 4,714.1	\$ 4,714.1		\$ 12.3

FORTISBC ENERGY INC.
Appendix 13-3

Fort Nelson 2018 Revenue Requirement Shared Services Allocation Split (\$000)

	FEI O&M split from Appendix 6-3	FEI O&M Amount Included in Shared Services Allocation to Fort Nelson	Percentage	Fort Nelson O&M Amount
68				
70 Facilities Management	9,961.9	9,961.9	4.9%	26.1
72 Supply Chain	4,693.2	4,693.2	2.3%	12.3
74 Measurement	7,927.1	7,927.1	3.9%	20.7
76 Property Services	1,424.8	1,424.8	0.7%	3.7
78 System Planning	7,401.7	7,401.7	3.6%	19.4
80 Engineering	8,819.2	8,819.2	4.3%	23.1
82 Project Management	887.9	887.9	0.4%	2.3
84 General Operations Total	\$ 41,115.8	\$ 41,115.8		\$ 107.6
86				
88 Energy Solutions & External Relations Supervision	1,014.3	1,014.3	0.5%	2.7
90 Energy Solutions	8,037.9	8,037.9	4.0%	21.0
92 Energy Efficiency	1,461.3	1,461.3	0.7%	3.8
94 Corporate Communications & External Relations	9,246.4	9,246.4	4.5%	24.2
96 Resource Plan, Market & Business Development	6,325.8	6,325.8	3.1%	16.6
98 Energy Solutions & External Relations Total	\$ 26,085.7	\$ 26,085.7		\$ 68.3
100				
102 Customer Service Supervision	299.8	299.8	0.1%	0.8
104 Customer Assistance	10,960.5	10,960.5	5.4%	28.7
106 Customer Billing	12,187.9	12,187.9	6.0%	31.9
108 Credit & Collections	2,561.3	2,561.3	1.3%	6.7
110 Customer Operations	4,122.9	4,122.9	2.0%	10.8
112 Customer Care Total	\$ 30,132.3	\$ 30,132.3		\$ 78.9
114				
116 Information Systems Supervision	5,045.2	5,045.2	2.5%	13.2
118 Application Management	15,244.2	15,244.2	7.5%	39.9
120 Infrastructure Management	9,197.3	9,197.3	4.5%	24.1
122 Business & IT Services Total	\$ 29,486.8	\$ 29,486.8		\$ 77.2
124				
126 Administration & General	(188.0)	(188.0)	-0.1%	(0.5)
128 Shared Services Agreement	4,680.7	-	0.0%	-
130 Retiree Benefits	-	-	0.0%	-
132 Legal	1,894.8	1,894.8	0.9%	5.0
134 Internal Audit	825.2	825.2	0.4%	2.2
136 Risk Management/Insurance	6,893.0	6,893.0	3.4%	18.0
138 Environment Health & Safety	3,299.8	3,299.8	1.6%	8.6
140 Financial & Regulatory Services	14,204.9	14,204.9	7.0%	37.2
142 Human Resources	9,514.9	9,514.9	4.7%	24.9
144 Administration & General Total	\$ 41,125.2	\$ 36,444.5		\$ 95.4
146				
148 Gross Operating & Maintenance Expense	\$ 271,620.0	\$ 203,245.5	100.0%	\$ 532.0

Appendix 13-4

FORT NELSON BASELINE COSA FINANCIAL SCHEDULES

FORTISBC ENERGY INC. - FORT NELSON SERVICE AREA

Fully Distributed Cost of Service Allocation Study

Rate Design Filing_Common Rates_ 2018 Test Year

Schedule 1

SUMMARY (000's)

Line No.	Particulars	Reference	Total	RATE 1	RATE 2.1	RATE 2.2	RATE 25 NON-BYPASS
1	REVENUE TO COST						
2	Revenue at 2018 Approved Rates ^{1 2}	Line 2 + Line 3	\$ 3,138	\$ 1,423	\$ 1,267	\$ 300	\$ 149
3	Revenue Margin at 2018 Approved Rates ^{1 2}		\$ 2,465	\$ 1,087	\$ 1,003	\$ 227	\$ 149
4	Cost of Gas at 2018 Approved Rates ²		\$ 673	\$ 336	\$ 264	\$ 73	\$ -
5							
6	COST OF SERVICE						
7	Total Utility Cost of Service	Line 7 + Line 8	\$ 3,162	\$ 1,751	\$ 1,065	\$ 212	\$ 134
8	Allocated Cost of Service Margin		\$ 2,489	\$ 1,415	\$ 801	\$ 139	\$ 134
9	Total Cost of Gas		\$ 673	\$ 336	\$ 264	\$ 73	\$ -
10							
11	SURPLUS / DEFICIT						
12	Total Surplus / (Deficit) ³	Line 2 - Line 7	\$ (24)				
13	% Increase to Equal Allocated Costs	- Line 12 / Line 3	1.0%				
14							
15	REVENUES (adjusted to equal COS)						
16	Adjusted Revenue at 2018 Approved Rates ¹	Line 4 + Line 17	\$ 3,162	\$ 1,434	\$ 1,276	\$ 302	\$ 150
17	Adjusted Margin 2018 Approved Rates ¹	Line 3 x (1 + Line 13)	\$ 2,489	\$ 1,098	\$ 1,012	\$ 229	\$ 150
18							
19	REVENUES (adjusted for R/C ratio's)	Line 16	\$ 3,162	\$ 1,434	\$ 1,276	\$ 302	\$ 150
20	COST OF SERVICE (adjusted for R/C ratio's)	Line 7	\$ 3,162	\$ 1,751	\$ 1,065	\$ 212	\$ 134
21							
22	REVENUE TO COST RATIO						
23	Revenue to Cost Ratio before Rebalancing	Line 19 / Line 20	100.0%	81.9%	119.9%	142.3%	112.1%
24							
25	REVENUE REBALANCING						
26	Adjustment		\$ -	\$ -	\$ -	\$ -	\$ -
27	Total Adjusted Revenue	Line 16 + Line 26	\$ 3,162	\$ 1,434	\$ 1,276	\$ 302	\$ 150
28	Total Adjusted Margin	Line 17 + Line 26	\$ 2,489	\$ 1,098	\$ 1,012	\$ 229	\$ 150
29							
30	REVENUE TO COST RATIO AFTER REBALANCING						
31	Margin to Cost Ratio	Line 28 / Line 8	100.0%	77.5%	126.4%	164.5%	112.1%
32	Revenue to Cost Ratio	Line 27 / Line 20	100.0%	81.9%	119.9%	142.3%	112.1%
33							

Note:

1. Includes Test Year Adjustment as described in Section 13.4.1.3

2. G-162-16

3. Test Year adjustment as described in Section 13.4.1.3

FORTISBC ENERGY INC. - FORT NELSON SERVICE AREA

Fully Distributed Cost of Service Allocation Study

Schedule 2

Rate Design Filing_Common Rates_ 2018 Test Year

FUNCTIONALIZATION (000's)

Line No.	Particulars	Total	Gas Supply Operations	Transmission	Distribution	Marketing	Customer Accounting
1	Total Operating & Maintenance Expense	\$ 913	\$ 7	\$ 79	\$ 650	\$ 82	\$ 95
2	Property & Sundry Taxes	\$ 139	\$ -	\$ 69	\$ 70	\$ -	\$ -
3	Depreciation Expense	\$ 388	\$ -	\$ 149	\$ 239	\$ -	\$ -
4	Amortization Expense	\$ 272	\$ -	\$ 120	\$ 161	\$ 7	\$ (16)
5	Other Operating Revenue	\$ (26)	\$ -	\$ -	\$ (9)	\$ -	\$ (17)
6	Income Tax	\$ 75	\$ 0	\$ 39	\$ 35	\$ 0	\$ 0
7	Earned Return	\$ 728	\$ 1	\$ 375	\$ 344	\$ 5	\$ 3
8	Total Cost of Service Margin	\$ 2,489	\$ 8	\$ 831	\$ 1,491	\$ 94	\$ 65
9							
10	Cost of Gas - Commodity	\$ 673	\$ 673	\$ -	\$ -	\$ -	\$ -
11	Total Utility Revenue Requirement	\$ 3,162	\$ 681	\$ 831	\$ 1,491	\$ 94	\$ 65

FORTISBC ENERGY INC. - FORT NELSON SERVICE AREA

Fully Distributed Cost of Service Allocation Study

Schedule 3

Rate Design Filing_Common Rates_ 2018 Test Year

RATE BASE SUMMARY - CLASSIFICATION (000's)

Line No.	Particulars	Total	RATE 1	RATE 2.1	RATE 2.2	RATE 25 NON-BYPASS
1	<u>Gas Plant in Service</u>					
2	Total Gas Plant in Service	\$ 16,150	\$ 8,784	\$ 5,418	\$ 1,010	\$ 939
3	Energy	\$ -	\$ -	\$ -	\$ -	\$ -
4	Demand	\$ 10,203	\$ 4,679	\$ 4,097	\$ 957	\$ 470
5	Customer	\$ 5,946	\$ 4,105	\$ 1,320	\$ 52	\$ 469
6						
7	Total Accumulated Depreciation	\$ (4,549)	\$ (2,578)	\$ (1,419)	\$ (232)	\$ (320)
8	Energy	\$ -	\$ -	\$ -	\$ -	\$ -
9	Demand	\$ (2,184)	\$ (998)	\$ (891)	\$ (209)	\$ (85)
10	Customer	\$ (2,365)	\$ (1,580)	\$ (529)	\$ (23)	\$ (234)
11						
12	TOTAL Net Plant	\$ 11,601	\$ 6,205	\$ 3,999	\$ 778	\$ 619
13	Energy	\$ -	\$ -	\$ -	\$ -	\$ -
14	Demand	\$ 8,019	\$ 3,681	\$ 3,207	\$ 748	\$ 384
15	Customer	\$ 3,581	\$ 2,525	\$ 792	\$ 30	\$ 235
16						
17	<u>Contributions In Aid of Construction</u>					
18	Total Gas Plant in Service	\$ (1,326)	\$ (790)	\$ (402)	\$ (61)	\$ (73)
19	Energy	\$ -	\$ -	\$ -	\$ -	\$ -
20	Demand	\$ (529)	\$ (240)	\$ (225)	\$ (54)	\$ (10)
21	Customer	\$ (797)	\$ (550)	\$ (177)	\$ (7)	\$ (63)
22						
23	Total Accumulated Depreciation	\$ 744	\$ 453	\$ 219	\$ 31	\$ 41
24	Energy	\$ -	\$ -	\$ -	\$ -	\$ -
25	Demand	\$ 253	\$ 114	\$ 110	\$ 27	\$ 2
26	Customer	\$ 491	\$ 339	\$ 109	\$ 4	\$ 39

FORTISBC ENERGY INC. - FORT NELSON SERVICE AREA

Fully Distributed Cost of Service Allocation Study

Schedule 3

Rate Design Filing_Common Rates_ 2018 Test Year

RATE BASE SUMMARY - CLASSIFICATION (000's)

Line No.	Particulars	Total	RATE 1	RATE 2.1	RATE 2.2	RATE 25 NON-BYPASS
27						
28	TOTAL Net Plant	\$ (582)	\$ (337)	\$ (182)	\$ (30)	\$ (33)
29	Energy	\$ -	\$ -	\$ -	\$ -	\$ -
30	Demand	\$ (276)	\$ (126)	\$ (114)	\$ (27)	\$ (9)
31	Customer	\$ (306)	\$ (211)	\$ (68)	\$ (3)	\$ (24)
32						
33	<u>Work in Process, no AFUDC</u>	\$ 35	\$ 18	\$ 12	\$ 3	\$ 2
34	Energy	\$ -	\$ -	\$ -	\$ -	\$ -
35	Demand	\$ 27	\$ 13	\$ 11	\$ 3	\$ 2
36	Customer	\$ 8	\$ 5	\$ 2	\$ 0	\$ 1
37						
38	<u>Unamortized Deferred Charges</u>	\$ 126	\$ 68	\$ 44	\$ 12	\$ 2
39	Energy	\$ 128	\$ 69	\$ 45	\$ 12	\$ 2
40	Demand	\$ (3)	\$ (2)	\$ (1)	\$ (0)	\$ (1)
41	Customer	\$ 1	\$ (0)	\$ 1	\$ 0	\$ 1
42						
43	<u>Cash Working Capital</u>	\$ 48	\$ 26	\$ 17	\$ 4	\$ 2
44	Energy	\$ 17	\$ 8	\$ 7	\$ 2	\$ -
45	Demand	\$ 19	\$ 9	\$ 7	\$ 2	\$ 1
46	Customer	\$ 12	\$ 9	\$ 3	\$ 0	\$ 1
47						
48	Total Utility Rate Base	\$ 11,228	\$ 5,980	\$ 3,889	\$ 766	\$ 592
49	Energy	\$ 145	\$ 78	\$ 51	\$ 14	\$ 2
50	Demand	\$ 7,787	\$ 3,575	\$ 3,110	\$ 725	\$ 378
51	Customer	\$ 3,296	\$ 2,327	\$ 729	\$ 27	\$ 213

FORTISBC ENERGY INC. - FORT NELSON SERVICE AREA

Fully Distributed Cost of Service Allocation Study

Schedule 4

Rate Design Filing_Common Rates_ 2018 Test Year

COST OF SERVICE SUMMARY - CLASSIFICATION (000's)

Line No.	Particulars	Total	RATE 1	RATE 2.1	RATE 2.2	RATE 25 NON-BYPASS
1	<u>Operating & Maintenance Expense</u>	\$ 913	\$ 572	\$ 259	\$ 35	\$ 47
2	Energy	\$ 11	\$ 6	\$ 4	\$ 1	0
3	Demand	\$ 293	\$ 133	\$ 122	\$ 29	8
4	Customer	\$ 609	\$ 433	\$ 133	\$ 5	38
5						
6	<u>Property & Sundry Taxes</u>	\$ 139	\$ 75	\$ 47	\$ 9	\$ 7
7	Energy	\$ -	\$ -	\$ -	\$ -	-
8	Demand	\$ 92	\$ 42	\$ 37	\$ 9	4
9	Customer	\$ 47	\$ 33	\$ 11	\$ 0	3
10						
11	<u>Depreciation Expense</u>	\$ 388	\$ 215	\$ 129	\$ 23	\$ 21
12	Energy	\$ -	\$ -	\$ -	\$ -	-
13	Demand	\$ 230	\$ 105	\$ 92	\$ 22	10
14	Customer	\$ 158	\$ 110	\$ 37	\$ 2	10
15						
16	<u>Amortization Expense</u>	\$ 272	\$ 135	\$ 99	\$ 21	\$ 17
17	Energy	\$ 7	\$ 4	\$ 2	\$ 1	0
18	Demand	\$ 219	\$ 101	\$ 86	\$ 20	12
19	Customer	\$ 46	\$ 31	\$ 11	\$ 0	4
20						
21	<u>Other Operating Revenue</u>	\$ (26)	\$ (19)	\$ (6)	\$ (0)	\$ (1)
22	Energy	\$ -	\$ -	\$ -	\$ -	-
23	Demand	\$ (3)	\$ (1)	\$ (1)	\$ (0)	-
24	Customer	\$ (23)	\$ (17)	\$ (5)	\$ (0)	(1)

FORTISBC ENERGY INC. - FORT NELSON SERVICE AREA

Fully Distributed Cost of Service Allocation Study

Schedule 4

Rate Design Filing_Common Rates_ 2018 Test Year

COST OF SERVICE SUMMARY - CLASSIFICATION (000's)

Line No.	Particulars	Total	RATE 1	RATE 2.1	RATE 2.2	RATE 25 NON-BYPASS
25						
26	<u>Income Tax</u>	\$ 75	\$ 41	\$ 25	\$ 5	\$ 4
27	Energy	\$ 0	\$ 0	\$ 0	\$ 0	-
28	Demand	\$ 50	\$ 23	\$ 20	\$ 5	3
29	Customer	\$ 25	\$ 18	\$ 6	\$ 0	2
30						
31	<u>Earned Return</u>	\$ 728	\$ 395	\$ 246	\$ 47	\$ 40
32	Energy	\$ 1	\$ 1	\$ 0	\$ 0	-
33	Demand	\$ 483	\$ 222	\$ 192	\$ 45	24
34	Customer	\$ 244	\$ 173	\$ 54	\$ 2	15
35						
36	Total Cost of Service Margin	\$ 2,489	\$ 1,415	\$ 801	\$ 139	\$ 134
37	Energy	\$ 19	\$ 10	\$ 7	\$ 2	0
38	Demand	\$ 1,363	\$ 625	\$ 548	\$ 128	62
39	Customer	\$ 1,107	\$ 780	\$ 246	\$ 9	72
40						
41	<u>Cost of Gas Sold (Including Gas Lost)</u>	\$ 673	\$ 336	\$ 264	\$ 73	-
42	Energy	\$ 673	\$ 336	\$ 264	\$ 73	-
43	Demand	\$ -	\$ -	\$ -	\$ -	-
44	Customer	\$ -	\$ -	\$ -	\$ -	-
45						
46	Total Utility Revenue Requirement	\$ 3,162	\$ 1,751	\$ 1,065	\$ 212	\$ 134
47	Energy	\$ 692	\$ 346	\$ 271	\$ 75	0
48	Demand	\$ 1,363	\$ 625	\$ 548	\$ 128	62
49	Customer	\$ 1,107	\$ 780	\$ 246	\$ 9	72

FORTISBC ENERGY INC. - FORT NELSON SERVICE AREA

Fully Distributed Cost of Service Allocation Study

Schedule 5

Rate Design Filing_Common Rates_ 2018 Test Year

RATE BASE SUMMARY - FUNCTIONALIZATION (000's)

Line No.	Particulars	Total	RATE 1	RATE 2.1	RATE 2.2	RATE 25 NON-BYPASS
1	<u>Gas Supply Operations</u>	\$ 17	\$ 8	\$ 7	\$ 2	\$ -
2	Energy	\$ 17	\$ 8	\$ 7	\$ 2	\$ -
3	Demand	\$ -	\$ -	\$ -	\$ -	\$ -
4	Customer	\$ -	\$ -	\$ -	\$ -	\$ -
5						
6	<u>Transmission</u>	\$ 5,780	\$ 2,671	\$ 2,234	\$ 513	\$ 362
7	Energy	\$ -	\$ -	\$ -	\$ -	\$ -
8	Demand	\$ 5,780	\$ 2,671	\$ 2,234	\$ 513	\$ 362
9	Customer	\$ -	\$ -	\$ -	\$ -	\$ -
10						
11	<u>Distribution</u>	\$ 5,309	\$ 3,237	\$ 1,605	\$ 239	\$ 228
12	Energy	\$ -	\$ -	\$ -	\$ -	\$ -
13	Demand	\$ 2,006	\$ 904	\$ 875	\$ 212	\$ 15
14	Customer	\$ 3,303	\$ 2,332	\$ 730	\$ 27	\$ 213
15						
16	<u>Marketing</u>	\$ 73	\$ 42	\$ 23	\$ 6	\$ 2
17	Energy	\$ 71	\$ 41	\$ 22	\$ 6	\$ 2
18	Demand	\$ -	\$ -	\$ -	\$ -	\$ -
19	Customer	\$ 2	\$ 2	\$ 0	\$ 0	\$ 0
20						
21	<u>Customer Accounting</u>	\$ 48	\$ 22	\$ 21	\$ 6	\$ (0)
22	Energy	\$ 57	\$ 28	\$ 22	\$ 6	\$ -
23	Demand	\$ -	\$ -	\$ -	\$ -	\$ -
24	Customer	\$ (9)	\$ (7)	\$ (2)	\$ (0)	\$ (0)
25						
26	Total Utility Rate Base	\$ 11,228	\$ 5,980	\$ 3,889	\$ 766	\$ 592
27	Energy	\$ 145	\$ 78	\$ 51	\$ 14	\$ 2
28	Demand	\$ 7,787	\$ 3,575	\$ 3,110	\$ 725	\$ 378
29	Customer	\$ 3,296	\$ 2,327	\$ 729	\$ 27	\$ 213

FORTISBC ENERGY INC. - FORT NELSON SERVICE AREA

Fully Distributed Cost of Service Allocation Study

Schedule 6

Rate Design Filing_Common Rates_ 2018 Test Year

COST OF SERVICE SUMMARY - FUNCTIONALIZATION (000's)

Line No.	Particulars	Total	RATE 1	RATE 2.1	RATE 2.2	RATE 25 NON-BYPASS
1	<u>Gas Supply Operations</u>	\$ 8	\$ 4	\$ 3	\$ 1	-
2	Energy	\$ 8	\$ 4	\$ 3	\$ 1	-
3	Demand	\$ -	\$ -	\$ -	\$ -	-
4	Customer	\$ -	\$ -	\$ -	\$ -	-
5						
6	<u>Transmission</u>	\$ 831	\$ 384	\$ 321	\$ 74	52
7	Energy	\$ -	\$ -	\$ -	\$ -	-
8	Demand	\$ 831	\$ 384	\$ 321	\$ 74	52
9	Customer	\$ -	\$ -	\$ -	\$ -	-
10						
11	<u>Distribution</u>	\$ 1,491	\$ 906	\$ 445	\$ 63	77
12	Energy	\$ -	\$ -	\$ -	\$ -	-
13	Demand	\$ 532	\$ 241	\$ 227	\$ 54	10
14	Customer	\$ 959	\$ 665	\$ 218	\$ 9	67
15						
16	<u>Marketing</u>	\$ 94	\$ 71	\$ 19	\$ 1	3
17	Energy	\$ 11	\$ 6	\$ 3	\$ 1	0
18	Demand	\$ -	\$ -	\$ -	\$ -	-
19	Customer	\$ 83	\$ 65	\$ 16	\$ 0	2
20						
21	<u>Customer Accounting</u>	\$ 65	\$ 51	\$ 12	\$ 0	2
22	Energy	\$ -	\$ -	\$ -	\$ -	-
23	Demand	\$ -	\$ -	\$ -	\$ -	-
24	Customer	\$ 65	\$ 51	\$ 12	\$ 0	2
25						
26	Total Utility Cost of Service	\$ 2,489	\$ 1,415	\$ 801	\$ 139	134
27	Energy	\$ 19	\$ 10	\$ 7	\$ 2	0
28	Demand	\$ 1,363	\$ 625	\$ 548	\$ 128	62
29	Customer	\$ 1,107	\$ 780	\$ 246	\$ 9	72

FORTISBC ENERGY INC. - FORT NELSON SERVICE AREA
Fully Distributed Cost of Service Allocation Study
Rate Design Filing_Common Rates_ 2018 Test Year

Schedule 7

CLASSIFICATION SUMMARY (000's)

Line No.	Particulars	Total	RATE 1	RATE 2.1	RATE 2.2	RATE 25 NON-BYPASS
1	<u>Billing Determinants</u>					
2						
3	Sales Volume (TJ)	560	260	204	57	40
4	Midstream Sales Volume (TJ)	520	260	204	57	-
5	Commodity Sales Volume (TJ)	520	260	204	57	-
6	Average No. of Customers	2,449	1,961	480	7	1
7						
8	<u>Cost of Service Margin</u>	\$ 2,489	\$ 1,415	\$ 801	\$ 139	\$ 134
9	Energy	\$ 19	\$ 10	\$ 7	\$ 2	\$ 0
10	Unit Energy Charge (\$/GJ)		0.04	0.03	0.03	0.01
11	Demand	\$ 1,363	\$ 625	\$ 548	\$ 128	\$ 62
12	Unit Demand Charge (\$/GJ)		2.40	2.69	2.26	1.57
13	Customer	\$ 1,107	\$ 780	\$ 246	\$ 9	\$ 72
14	Unit Customer Charge (\$/Cust/Day)		1.09	1.40	3.69	196.07
15						
16	Unit Cost of Service Margin (\$/GJ)		5.445	3.930	2.458	3.389
17						
18	<u>Cost of Gas - Commodity</u>	\$ 673	\$ 336	\$ 264	\$ 73	\$ -
19	Energy	\$ 673	\$ 336	\$ 264	\$ 73	\$ -
20	Demand	\$ -	\$ -	\$ -	\$ -	\$ -
21	Customer	\$ -	\$ -	\$ -	\$ -	\$ -
22	Unit Cost of Gas - Commodity (\$/GJ)		1.293	1.296	1.287	0.000
23						
24	<u>Total Utility Cost of Service</u>	\$ 3,162	\$ 1,751	\$ 1,065	\$ 212	\$ 134
25	Energy	\$ 692	\$ 346	\$ 271	\$ 75	\$ 0
26	Demand	\$ 1,363	\$ 625	\$ 548	\$ 128	\$ 62
27	Customer	\$ 1,107	\$ 780	\$ 246	\$ 9	\$ 72
28	Unit Cost of Service (\$/GJ)		6.738	5.226	3.745	3.389
29						
30	<u>Total Revenues @ Proposed Rates</u>	\$ 3,162	\$ 1,434	\$ 1,276	\$ 302	\$ 150
31	Unit Rate (\$/GJ)		5.516	6.265	5.330	3.800
32						
33	<u>Total Revenue Margin @ Proposed Rates</u>	\$ 2,489	\$ 1,098	\$ 1,012	\$ 229	\$ 150
34	Unit Rate (\$/GJ)		4.223	4.969	4.042	3.800

Appendix 13-5

FORT NELSON FINAL COSA FINANCIAL SCHEDULES

FORTISBC ENERGY INC. - FORT NELSON SERVICE AREA

Fully Distributed Cost of Service Allocation Study

Rate Design Filing_Common Rates_ 2018 Test Year

Schedule 1

SUMMARY (000's)

Line No.	Particulars	Reference	Total	RATE 1	RATE 2.1	RATE 2.2	RATE 25 NON-BYPASS
1	REVENUE TO COST						
2	Revenue at 2018 Approved Rates ^{1 2}	Line 2 + Line 3	\$ 3,136	\$ 1,423	\$ 1,170	\$ 397	\$ 147
3	Revenue Margin at 2018 Approved Rates ^{1 2}		\$ 2,463	\$ 1,087	\$ 906	\$ 324	\$ 147
4	Cost of Gas at 2018 Approved Rates ²		\$ 673	\$ 336	\$ 264	\$ 73	\$ -
5							
6	COST OF SERVICE						
7	Total Utility Cost of Service	Line 7 + Line 8	\$ 3,162	\$ 1,747	\$ 1,007	\$ 274	\$ 133
8	Allocated Cost of Service Margin		\$ 2,489	\$ 1,411	\$ 743	\$ 201	\$ 133
9	Total Cost of Gas		\$ 673	\$ 336	\$ 264	\$ 73	\$ -
10							
11	SURPLUS / DEFICIT						
12	Total Surplus / (Deficit)	Line 2 - Line 7	\$ (26)				
13	% Increase to Equal Allocated Costs	- Line 12 / Line 3	1.0%				
14							
15	REVENUES (adjusted to equal COS)						
16	Adjusted Revenue at 2018 Approved Rates ¹	Line 4 + Line 17	\$ 3,162	\$ 1,434	\$ 1,179	\$ 400	\$ 148
17	Adjusted Margin at 2018 Approved Rates ¹	Line 3 x (1 + Line 13)	\$ 2,489	\$ 1,098	\$ 915	\$ 327	\$ 148
18							
19	REVENUES (adjusted for R/C ratio's)	Line 16	\$ 3,162	\$ 1,434	\$ 1,179	\$ 400	\$ 148
20	COST OF SERVICE (adjusted for R/C ratio's)	Line 7	\$ 3,162	\$ 1,747	\$ 1,007	\$ 274	\$ 133
21							
22	REVENUE TO COST RATIO						
23	Revenue to Cost Ratio before Rebalancing	Line 19 / Line 20	100.0%	82.1%	117.1%	145.8%	111.0%
24							
25	REVENUE REBALANCING						
26	Adjustment		\$ -	\$ 131	\$ (71)	\$ (60)	\$ -
27	Total Adjusted Revenue	Line 16 + Line 26	\$ 3,162	\$ 1,565	\$ 1,108	\$ 340	\$ 148
28	Total Adjusted Margin	Line 17 + Line 26	\$ 2,489	\$ 1,229	\$ 844	\$ 267	\$ 148
29							
30	REVENUE TO COST RATIO AFTER REBALANCING						
31	Margin to Cost Ratio	Line 28 / Line 8	100.0%	87.1%	113.6%	132.6%	111.0%
32	Revenue to Cost Ratio	Line 27 / Line 20	100.0%	89.6%	110.0%	123.9%	111.0%
33							

Notes:

1. Includes Test Year Adjustment as described in Section 13.4.1.3

2. G-162-16

3. Test Year adjustment as described in Section 13.4.1.3

FORTISBC ENERGY INC. - FORT NELSON SERVICE AREA

Fully Distributed Cost of Service Allocation Study

Schedule 2

Rate Design Filing_Common Rates_ 2018 Test Year

FUNCTIONALIZATION (000's)

Line No.	Particulars	Total	Gas Supply Operations	Transmission	Distribution	Marketing	Customer Accounting
1	Total Operating & Maintenance Expense	\$ 913	\$ 7	\$ 79	\$ 650	\$ 82	\$ 95
2	Property & Sundry Taxes	\$ 139	\$ -	\$ 69	\$ 70	\$ -	\$ -
3	Depreciation Expense	\$ 388	\$ -	\$ 149	\$ 239	\$ -	\$ -
4	Amortization Expense	\$ 272	\$ -	\$ 120	\$ 161	\$ 7	\$ (16)
5	Other Operating Revenue	\$ (26)	\$ -	\$ -	\$ (9)	\$ -	\$ (17)
6	Income Tax	\$ 75	\$ 0	\$ 39	\$ 35	\$ 0	\$ 0
7	Earned Return	\$ 728	\$ 1	\$ 375	\$ 344	\$ 5	\$ 3
8	Total Cost of Service Margin	\$ 2,489	\$ 8	\$ 831	\$ 1,491	\$ 94	\$ 65
9							
10	Cost of Gas - Commodity	\$ 673	\$ 673	\$ -	\$ -	\$ -	\$ -
11	Total Utility Revenue Requirement	\$ 3,162	\$ 681	\$ 831	\$ 1,491	\$ 94	\$ 65

FORTISBC ENERGY INC. - FORT NELSON SERVICE AREA

Fully Distributed Cost of Service Allocation Study

Schedule 3

Rate Design Filing_Common Rates_ 2018 Test Year

RATE BASE SUMMARY - CLASSIFICATION (000's)

Line No.	Particulars	Total	RATE 1	RATE 2.1	RATE 2.2	RATE 25 NON-BYPASS
1	<u>Gas Plant in Service</u>					
2	Total Gas Plant in Service	\$ 16,150	\$ 8,758	\$ 5,007	\$ 1,447	\$ 937
3	Energy	\$ -	\$ -	\$ -	\$ -	\$ -
4	Demand	\$ 10,203	\$ 4,679	\$ 3,719	\$ 1,336	\$ 470
5	Customer	\$ 5,946	\$ 4,079	\$ 1,289	\$ 111	\$ 467
6						
7	Total Accumulated Depreciation	\$ (4,549)	\$ (2,567)	\$ (1,323)	\$ (340)	\$ (319)
8	Energy	\$ -	\$ -	\$ -	\$ -	\$ -
9	Demand	\$ (2,184)	\$ (998)	\$ (808)	\$ (292)	\$ (85)
10	Customer	\$ (2,365)	\$ (1,568)	\$ (515)	\$ (48)	\$ (234)
11						
12	TOTAL Net Plant	\$ 11,601	\$ 6,192	\$ 3,684	\$ 1,107	\$ 618
13	Energy	\$ -	\$ -	\$ -	\$ -	\$ -
14	Demand	\$ 8,019	\$ 3,681	\$ 2,911	\$ 1,044	\$ 384
15	Customer	\$ 3,581	\$ 2,511	\$ 773	\$ 63	\$ 234
16						
17	<u>Contributions In Aid of Construction</u>					
18	Total Gas Plant in Service	\$ (1,326)	\$ (787)	\$ (376)	\$ (90)	\$ (73)
19	Energy	\$ -	\$ -	\$ -	\$ -	\$ -
20	Demand	\$ (529)	\$ (240)	\$ (204)	\$ (75)	\$ (10)
21	Customer	\$ (797)	\$ (547)	\$ (173)	\$ (15)	\$ (63)
22						
23	Total Accumulated Depreciation	\$ 744	\$ 451	\$ 206	\$ 46	\$ 40
24	Energy	\$ -	\$ -	\$ -	\$ -	\$ -
25	Demand	\$ 253	\$ 114	\$ 100	\$ 37	\$ 2
26	Customer	\$ 491	\$ 337	\$ 106	\$ 9	\$ 39

FORTISBC ENERGY INC. - FORT NELSON SERVICE AREA

Fully Distributed Cost of Service Allocation Study

Schedule 3

Rate Design Filing_Common Rates_ 2018 Test Year

RATE BASE SUMMARY - CLASSIFICATION (000's)

Line No.	Particulars	Total	RATE 1	RATE 2.1	RATE 2.2	RATE 25 NON-BYPASS
27						
28	TOTAL Net Plant	\$ (582)	\$ (336)	\$ (170)	\$ (44)	\$ (33)
29	Energy	\$ -	\$ -	\$ -	\$ -	\$ -
30	Demand	\$ (276)	\$ (126)	\$ (104)	\$ (38)	\$ (9)
31	Customer	\$ (306)	\$ (210)	\$ (66)	\$ (6)	\$ (24)
32						
33	<u>Work in Process, no AFUDC</u>	\$ 35	\$ 18	\$ 11	\$ 4	\$ 2
34	Energy	\$ -	\$ -	\$ -	\$ -	\$ -
35	Demand	\$ 27	\$ 13	\$ 10	\$ 3	\$ 2
36	Customer	\$ 8	\$ 5	\$ 2	\$ 0	\$ 1
37						
38	<u>Unamortized Deferred Charges</u>	\$ 126	\$ 68	\$ 39	\$ 17	\$ 2
39	Energy	\$ 128	\$ 69	\$ 39	\$ 17	\$ 2
40	Demand	\$ (3)	\$ (2)	\$ (1)	\$ (0)	\$ (1)
41	Customer	\$ 1	\$ (0)	\$ 1	\$ 0	\$ 1
42						
43	<u>Cash Working Capital</u>	\$ 48	\$ 26	\$ 15	\$ 5	\$ 2
44	Energy	\$ 17	\$ 8	\$ 6	\$ 3	\$ -
45	Demand	\$ 19	\$ 9	\$ 7	\$ 2	\$ 1
46	Customer	\$ 12	\$ 9	\$ 3	\$ 0	\$ 1
47						
48	Total Utility Rate Base	\$ 11,228	\$ 5,967	\$ 3,580	\$ 1,089	\$ 591
49	Energy	\$ 145	\$ 78	\$ 45	\$ 20	\$ 2
50	Demand	\$ 7,787	\$ 3,575	\$ 2,823	\$ 1,011	\$ 378
51	Customer	\$ 3,296	\$ 2,315	\$ 712	\$ 58	\$ 212

FORTISBC ENERGY INC. - FORT NELSON SERVICE AREA

Fully Distributed Cost of Service Allocation Study

Schedule 4

Rate Design Filing_Common Rates_ 2018 Test Year

COST OF SERVICE SUMMARY - CLASSIFICATION (000's)

Line No.	Particulars	Total	RATE 1	RATE 2.1	RATE 2.2	RATE 25 NON-BYPASS
1	<u>Operating & Maintenance Expense</u>	\$ 913	\$ 570	\$ 244	\$ 52	\$ 47
2	Energy	\$ 11	\$ 6	\$ 3	\$ 2	0
3	Demand	\$ 293	\$ 133	\$ 111	\$ 41	8
4	Customer	\$ 609	\$ 431	\$ 130	\$ 10	38
5						
6	<u>Property & Sundry Taxes</u>	\$ 139	\$ 75	\$ 44	\$ 13	\$ 7
7	Energy	\$ -	\$ -	\$ -	\$ -	-
8	Demand	\$ 92	\$ 42	\$ 33	\$ 12	4
9	Customer	\$ 47	\$ 33	\$ 11	\$ 1	3
10						
11	<u>Depreciation Expense</u>	\$ 388	\$ 214	\$ 120	\$ 34	\$ 20
12	Energy	\$ -	\$ -	\$ -	\$ -	-
13	Demand	\$ 230	\$ 105	\$ 84	\$ 30	10
14	Customer	\$ 158	\$ 109	\$ 36	\$ 3	10
15						
16	<u>Amortization Expense</u>	\$ 272	\$ 135	\$ 91	\$ 30	\$ 17
17	Energy	\$ 7	\$ 4	\$ 2	\$ 1	0
18	Demand	\$ 219	\$ 101	\$ 78	\$ 28	12
19	Customer	\$ 46	\$ 30	\$ 11	\$ 1	4
20						
21	<u>Other Operating Revenue</u>	\$ (26)	\$ (19)	\$ (6)	\$ (1)	\$ (1)
22	Energy	\$ -	\$ -	\$ -	\$ -	-
23	Demand	\$ (3)	\$ (1)	\$ (1)	\$ (0)	-
24	Customer	\$ (23)	\$ (17)	\$ (5)	\$ (0)	(1)

FORTISBC ENERGY INC. - FORT NELSON SERVICE AREA

Fully Distributed Cost of Service Allocation Study

Schedule 4

Rate Design Filing_Common Rates_ 2018 Test Year

COST OF SERVICE SUMMARY - CLASSIFICATION (000's)

Line No.	Particulars	Total	RATE 1	RATE 2.1	RATE 2.2	RATE 25 NON-BYPASS
25						
26	<u>Income Tax</u>	\$ 75	\$ 41	\$ 23	\$ 7	\$ 4
27	Energy	\$ 0	\$ 0	\$ 0	\$ 0	-
28	Demand	\$ 50	\$ 23	\$ 18	\$ 6	3
29	Customer	\$ 25	\$ 18	\$ 5	\$ 0	2
30						
31	<u>Earned Return</u>	\$ 728	\$ 394	\$ 227	\$ 67	\$ 40
32	Energy	\$ 1	\$ 1	\$ 0	\$ 0	-
33	Demand	\$ 483	\$ 222	\$ 174	\$ 62	24
34	Customer	\$ 244	\$ 172	\$ 53	\$ 4	15
35						
36	Total Cost of Service Margin	\$ 2,489	\$ 1,411	\$ 743	\$ 201	\$ 133
37	Energy	\$ 19	\$ 10	\$ 6	\$ 3	0
38	Demand	\$ 1,363	\$ 625	\$ 497	\$ 179	62
39	Customer	\$ 1,107	\$ 776	\$ 240	\$ 20	71
40						
41	<u>Cost of Gas Sold (Including Gas Lost)</u>	\$ 673	\$ 336	\$ 264	\$ 73	\$ -
42	Energy	\$ 673	\$ 336	\$ 264	\$ 73	-
43	Demand	\$ -	\$ -	\$ -	\$ -	-
44	Customer	\$ -	\$ -	\$ -	\$ -	-
45						
46	Total Utility Revenue Requirement	\$ 3,162	\$ 1,747	\$ 1,007	\$ 274	\$ 133
47	Energy	\$ 692	\$ 346	\$ 270	\$ 76	0
48	Demand	\$ 1,363	\$ 625	\$ 497	\$ 179	62
49	Customer	\$ 1,107	\$ 776	\$ 240	\$ 20	71

FORTISBC ENERGY INC. - FORT NELSON SERVICE AREA
 Fully Distributed Cost of Service Allocation Study
 Rate Design Filing_ Common Rates_ 2018 Test Year
RATE BASE SUMMARY - FUNCTIONALIZATION (000's)

Schedule 5

Line No.	Particulars	Total	RATE 1	RATE 2.1	RATE 2.2	RATE 25 NON-BYPASS
1	<u>Gas Supply Operations</u>	\$ 17	\$ 8	\$ 6	\$ 3	\$ -
2	Energy	\$ 17	\$ 8	\$ 6	\$ 3	\$ -
3	Demand	\$ -	\$ -	\$ -	\$ -	\$ -
4	Customer	\$ -	\$ -	\$ -	\$ -	\$ -
5						
6	<u>Transmission</u>	\$ 5,780	\$ 2,671	\$ 2,031	\$ 717	\$ 362
7	Energy	\$ -	\$ -	\$ -	\$ -	\$ -
8	Demand	\$ 5,780	\$ 2,671	\$ 2,031	\$ 717	\$ 362
9	Customer	\$ -	\$ -	\$ -	\$ -	\$ -
10						
11	<u>Distribution</u>	\$ 5,309	\$ 3,224	\$ 1,505	\$ 353	\$ 227
12	Energy	\$ -	\$ -	\$ -	\$ -	\$ -
13	Demand	\$ 2,006	\$ 904	\$ 792	\$ 295	\$ 15
14	Customer	\$ 3,303	\$ 2,320	\$ 713	\$ 58	\$ 212
15						
16	<u>Marketing</u>	\$ 73	\$ 42	\$ 20	\$ 9	\$ 2
17	Energy	\$ 71	\$ 41	\$ 20	\$ 9	\$ 2
18	Demand	\$ -	\$ -	\$ -	\$ -	\$ -
19	Customer	\$ 2	\$ 2	\$ 0	\$ 0	\$ 0
20						
21	<u>Customer Accounting</u>	\$ 48	\$ 22	\$ 18	\$ 9	\$ (0)
22	Energy	\$ 57	\$ 28	\$ 20	\$ 9	\$ -
23	Demand	\$ -	\$ -	\$ -	\$ -	\$ -
24	Customer	\$ (9)	\$ (7)	\$ (2)	\$ (0)	\$ (0)
25						
26	Total Utility Rate Base	\$ 11,228	\$ 5,967	\$ 3,580	\$ 1,089	\$ 591
27	Energy	\$ 145	\$ 78	\$ 45	\$ 20	\$ 2
28	Demand	\$ 7,787	\$ 3,575	\$ 2,823	\$ 1,011	\$ 378
29	Customer	\$ 3,296	\$ 2,315	\$ 712	\$ 58	\$ 212

FORTISBC ENERGY INC. - FORT NELSON SERVICE AREA

Fully Distributed Cost of Service Allocation Study

Schedule 6

Rate Design Filing_Common Rates_ 2018 Test Year

COST OF SERVICE SUMMARY - FUNCTIONALIZATION (000's)

Line No.	Particulars	Total	RATE 1	RATE 2.1	RATE 2.2	RATE 25 NON-BYPASS
1	<u>Gas Supply Operations</u>	\$ 8	\$ 4	\$ 3	\$ 1	-
2	Energy	\$ 8	\$ 4	\$ 3	\$ 1	-
3	Demand	\$ -	\$ -	\$ -	\$ -	-
4	Customer	\$ -	\$ -	\$ -	\$ -	-
5						
6	<u>Transmission</u>	\$ 831	\$ 384	\$ 292	\$ 103	52
7	Energy	\$ -	\$ -	\$ -	\$ -	-
8	Demand	\$ 831	\$ 384	\$ 292	\$ 103	52
9	Customer	\$ -	\$ -	\$ -	\$ -	-
10						
11	<u>Distribution</u>	\$ 1,491	\$ 902	\$ 418	\$ 95	77
12	Energy	\$ -	\$ -	\$ -	\$ -	-
13	Demand	\$ 532	\$ 241	\$ 205	\$ 76	10
14	Customer	\$ 959	\$ 661	\$ 213	\$ 19	67
15						
16	<u>Marketing</u>	\$ 94	\$ 71	\$ 19	\$ 2	3
17	Energy	\$ 11	\$ 6	\$ 3	\$ 1	0
18	Demand	\$ -	\$ -	\$ -	\$ -	-
19	Customer	\$ 83	\$ 65	\$ 16	\$ 1	2
20						
21	<u>Customer Accounting</u>	\$ 65	\$ 51	\$ 12	\$ 0	2
22	Energy	\$ -	\$ -	\$ -	\$ -	-
23	Demand	\$ -	\$ -	\$ -	\$ -	-
24	Customer	\$ 65	\$ 51	\$ 12	\$ 0	2
25						
26	Total Utility Cost of Service	\$ 2,489	\$ 1,411	\$ 743	\$ 201	133
27	Energy	\$ 19	\$ 10	\$ 6	\$ 3	0
28	Demand	\$ 1,363	\$ 625	\$ 497	\$ 179	62
29	Customer	\$ 1,107	\$ 776	\$ 240	\$ 20	71

FORTISBC ENERGY INC. - FORT NELSON SERVICE AREA
 Fully Distributed Cost of Service Allocation Study
 Rate Design Filing_Common Rates_ 2018 Test Year
CLASSIFICATION SUMMARY (000's)

Schedule 7

Line No.	Particulars	Total	RATE 1	RATE 2.1	RATE 2.2	RATE 25 NON-BYPASS
1	<u>Billing Determinants</u>					
2						
3	Sales Volume (TJ)	560	260	180	80	40
4	Midstream Sales Volume (TJ)	520	260	180	80	-
5	Commodity Sales Volume (TJ)	520	260	180	80	-
6	Average No. of Customers	2,449	1,961	472	15	1
7						
8	<u>Cost of Service Margin</u>	\$ 2,489	\$ 1,411	\$ 743	\$ 201	\$ 133
9	Energy \$	19	10	6	3	0
10	Unit Energy Charge (\$/GJ)		0.040	0.032	0.032	0.007
11	Demand \$	1,363	625	497	179	62
12	Unit Demand Charge (\$/GJ)		2.404	2.756	2.235	1.568
13	Customer \$	1,107	776	240	20	71
14	Unit Customer Charge (\$/Cust/Day)		1.083	1.394	3.657	195.114
15						
16	Unit Cost of Service Margin (\$/GJ)		5.428	4.120	2.518	3.380
17						
18	<u>Cost of Gas - Commodity</u>	\$ 673	\$ 336	\$ 264	\$ 73	-
19	Energy \$	673	336	264	73	-
20	Demand \$	-	-	-	-	-
21	Customer \$	-	-	-	-	-
22	Unit Cost of Gas - Commodity (\$/GJ)		1.293	1.463	0.913	0.000
23						
24	<u>Total Utility Cost of Service</u>	\$ 3,162	\$ 1,747	\$ 1,007	\$ 274	\$ 133
25	Energy \$	692	346	270	76	0
26	Demand \$	1,363	625	497	179	62
27	Customer \$	1,107	776	240	20	71
28	Unit Cost of Service (\$/GJ)		6.721	5.583	3.430	3.380
29						
30	<u>Total Revenues @ Proposed Rates</u>	\$ 3,162	\$ 1,565	\$ 1,108	\$ 340	\$ 148
31	Unit Rate (\$/GJ)		6.023	6.144	4.250	3.753
32						
33	<u>Total Revenue Margin @ Proposed Rates</u>	\$ 2,489	\$ 1,229	\$ 844	\$ 267	\$ 148
34	Unit Rate (\$/GJ)		4.730	4.681	3.337	3.753

Appendix 13-6

**PROPOSED FORT NELSON GAS TARIFF
EFFECTIVE JUNE 1, 2018 (BLACKLINED)**



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FORTISBC ENERGY INC. FORT NELSON SERVICE AREA

GAS TARIFF

STATING TERMS AND CONDITIONS AND RATE **SCHEDULES** FOR GAS SERVICE
IN THE FORT NELSON SERVICE AREA OF BRITISH COLUMBIA

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Deleted: March 1, 2011

Deleted: *Original signed by E.M. Hamilton*

Order No.: _____ Issued By: Diane Roy, **Vice President**, Regulatory **Affairs**

Effective Date: **June 1, 2018** Accepted for Filing: _____

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FORTISBC ENERGY INC. FORT NELSON SERVICE AREA TARIFF
INDEX

This Tariff is available for public inspection at:

FortisBC Energy Inc.
Operations Centre
16705 Fraser Highway
Surrey, B.C.
V4N 0E8

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- and -

FortisBC Energy Inc.
Fort Nelson Service Area
3901 Nahanni Drive
Fort Nelson, B.C.
V0C 1R0

The Tariff is also available for inspection on-line at the FortisBC Energy website at
www.fortisbc.com.

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Deleted: Services

Deleted: March 1, 2011

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BCUC Secretary: _____ Original Page FN-i

FORTISBC ENERGY INC. FORT NELSON SERVICE AREA TARIFF

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<u>Section</u>	<u>Page</u>
<u>DEFINITIONS</u>	<u>FN-III</u>
<u>GENERAL TERMS AND CONDITIONS</u>	<u>FN-IV</u>
<u>RATE SCHEDULE 1</u>	<u>FN-1</u>
<u>RATE SCHEDULE 2</u>	<u>FN-2</u>
<u>RATE SCHEDULE 3</u>	<u>FN-3</u>
<u>RATE SCHEDULE 5</u>	<u>FN-5</u>
<u>RATE SCHEDULE 6</u>	<u>FN-6</u>
<u>RATE SCHEDULE 25</u>	<u>FN-25</u>

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General Terms and Conditions . iii¶
Rate Classification and Rates 1¶
Domestic Service . 1¶
General Service 2¶
Industrial Service . 3¶~~

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Definitions

For definitions, please refer to the FortisBC Energy General Terms and Conditions.

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General Terms and Conditions

For General Terms and Conditions of Service for the Fort Nelson Service Area, please refer to the FortisBC Energy General Terms and Conditions.

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Service Area Tariff
General Terms and Conditions



FORTISBC ENERGY INC.
FORT NELSON SERVICE AREA

RATE SCHEDULE 1

RESIDENTIAL SERVICE

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RATE SCHEDULE 1**Rate Schedule 1: Residential Service****Available**

This Rate Schedule is available to Customers in the Fort Nelson Service Area only.

Applicable

This Rate Schedule is applicable to firm Gas supplied at one Premise for use in approved appliances for all residential applications in single-family residences, separately metered single-family townhouses, rowhouses, condominiums, duplexes and apartments and single metered apartment blocks with four or less apartments. This Rate Schedule is also applicable to thermal energy supplied by a Gas fired hydronic heating system (where a Hydronic Heating System is the primary heating source) and measured by a thermal meter for one Premise of a Vertical Subdivision where the thermal meters are used to apportion the Gigajoules of Gas consumed for hydronic heating.

Table of Charges

Fort Nelson
Service Area

Delivery Margin Related Charges

1. <u>Basic Charge per Day</u>	<u>\$ 0.4591</u>
2. <u>Delivery Charge per Gigajoule</u>	<u>\$ 3.512</u>
3. <u>Rider 5 per Gigajoule</u>	<u>\$ X.XXX</u>

Subtotal of per Gigajoule Delivery Margin Related Charges \$ X.XXX

Commodity Related Charges

4. <u>Storage and Transport Charge per Gigajoule</u>	<u>\$ X.XXX</u>
5. <u>Cost of Gas (Commodity Cost Recovery Charge) per Gigajoule</u>	<u>\$ X.XXX</u>

Subtotal of per Gigajoule Commodity Related Charges \$ X.XXX

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Deleted: GENERAL TERMS AND CONDITIONS

Deleted: Classification and Rates¶
Domestic

Deleted: (a) Availability¶
To

Deleted: gas

Deleted: One (1) point of delivery and through
One (1) meter for

Deleted: uses

Deleted: common areas serving strata lot
owners of residential condominium complexes.¶
¶
Option A

Deleted: any customer qualifying for Domestic
Service

Deleted: space heating equipment utilized on
the premises was purchased and installed with
the assistance of a promotional incentive
provided by Company. Subsequent to providing
the promotional incentive, Option A is
applicable.¶
¶
<#>for a term of 120 Months.¶
¶
to all gas bills with

Deleted: billing period of approximately 30
days.¶
¶
Option B is applicable to any customer
qualifying for Domestic Service

Deleted: primary space heating equipment
utilized on the premises was not purchased and
installed with the assistance of a promotional
incentive provided by Company.¶
¶
(b) . Monthly Rate¶
Rate 1¶
Option A: Where the customer's primary space

Deleted: equipment utilized on the premises
was purchased and installed with the assistance
of a promotional incentive provided by the
Company:

Deleted: Minimum daily charge to include ¶
<object>the first 2 Gigajoules/month prorated¶
on a daily basis . \$0.5868¹ plus \$0.0391¶
times the amount of the¶
promotional incentive¶
divided by \$100.¶
<object>¶

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FORTISBC ENERGY INC. FORT NELSON SERVICE AREA TARIFF

RATE SCHEDULE 1

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Delivery Margin Related Rider

Rider 5 Revenue Stabilization Adjustment Charge - Applicable to Fort Nelson Service Area Customers for the Year ending December 31, 2018.

Deleted: .704¹ per Gigajoule¶
Excess of 30 Gigajoules in any month @
\$5.608¹ per Gigajoule¶
<object>¶

¶

¶

¶

Notes:¶

¶

<object>1. . Rate includes the

Deleted: Amount applicable

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Deleted: period January 1, 2017 to

Deleted: 2017, the Revenue Stabilization Adjustment Amount is a charge of \$0.268 per Gigajoule

Minimum Charge per Month

The minimum charge per Month will be the sum of the Basic Charge per billing period.

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Service Area Tariff
General Terms and Conditions



FORTISBC ENERGY INC.
FORT NELSON SERVICE AREA

RATE SCHEDULE 2

SMALL COMMERCIAL SERVICE

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RATE SCHEDULE 2**Deleted:** GENERAL TERMS AND CONDITIONS**Deleted:** General**Deleted:** (a) Availability**Deleted:** to all consumers.**Deleted:** ¶
(b) . Monthly Rate
General Service**Deleted:** 2.1:**Deleted:** customers who have consumed**Deleted:** 6**Deleted:** in the twelve months ended with the most recent October billing**Deleted:** ¶
Minimum daily service charge
<object> to include the first 2 Gigajoules/month prorated
on a daily basis . \$1.4113¹
<object> ¶
Next 298 Gigajoules in any month @ \$6.130¹ per Gigajoule
Excess of . 300 Gigajoules in any month @ \$6.003¹ per Gigajoule¶
Rate 2.2: Applicable to customers who have consumed a quantity of gas equal to or greater than 6,000 Gigajoules in the twelve months ended with the most recent October billing. ¶¶
Minimum monthly service charge
<object> to include the first 2 Gigajoules/month prorated
on a daily basis . \$1.4113¹
<object><object> ¶
Next 298 Gigajoules in any month @ \$6.130¹ per Gigajoule
Excess of . 300 Gigajoules in any month @ \$6.003¹ per Gigajoule¶
With respect to customers who do not have a twelve-month consumption record, the Company shall assign the applicable rate based on a mutually agreed upon annual volume forecast. ¶
<object> ¶¶
Notes: ¶
¶

<object> 1. Rate includes the Revenue Stabilization Adjustment Amount applicable to

Deleted: G-162-16/G-173-16/G-178-16**Deleted:** -**Deleted:** January 1, 2017**Deleted:** December 20, 2016**Deleted:** Original signed by Laurel Ross**Deleted:** Eighteenth Revision of**Rate Schedule 2: Small Commercial Service****Available**This Rate Schedule is available to Customers in the Fort Nelson Service Area only.**Applicable**This Rate Schedule is applicable to Customers with a normalized annual consumption at one Premises of less than 2,000 Gigajoules of firm Gas, for use in approved appliances in commercial, institutional or small industrial operations.**Table of Charges**

	<u>Fort Nelson Service Area</u>
<u>Delivery Margin Related Charges</u>	
<u>1. Basic Charge per Day</u>	<u>\$ 1.0234</u>
<u>2. Delivery Charge per Gigajoule</u>	<u>\$ 3.764</u>
<u>3. Rider 5 per Gigajoule</u>	<u>\$ X.XXX</u>
<u>Subtotal of per Gigajoule Delivery Margin Related Charges</u>	<u>\$ X.XXX</u>
<u>Commodity Related Charges</u>	
<u>4. Storage and Transport Charge per Gigajoule</u>	<u>\$ X.XXX</u>
<u>5. Cost of Gas (Commodity Cost Recovery Charge) per Gigajoule</u>	<u>\$ X.XXX</u>
<u>Subtotal of per Gigajoule Commodity Related Charges</u>	<u>\$ X.XXX</u>

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FORTISBC ENERGY INC. FORT NELSON SERVICE AREA TARIFF

RATE SCHEDULE 2

Delivery Margin Related Rider

Rider 5 Revenue Stabilization Adjustment Charge - Applicable to Fort Nelson Service Area Customers for the Year ending December 31, 2018.

Minimum Charge per Month

The minimum charge per Month will be the sum of the Basic Charge per billing period.

Deleted: GENERAL TERMS AND CONDITIONS

Deleted: firm gas supplied

Deleted: purpose of being further compressed and dispensed as fuel to operate vehicles

Deleted: ¶
<object><object>

Deleted: monthly service

Deleted: ¶
to include

Deleted: first 2 Gigajoules \$43.08¶

¶
<object>Next , 298 Gigajoules in any month @ \$6.867 per Gigajoule¶
Excess of 300 Gigajoules in any month @ \$6.745 per Gigajoule¶

¶
¶
The Company may make a promotional grant

Deleted: up to \$1,700 per vehicle towards

Deleted: vehicle conversion costs of retail customers using public refuelling facilities within the Company's service area. The amount of each grant shall not exceed the four (4) year projected net revenue from each vehicle.¶
<object>¶

¶
¶
¶
¶

Compression/Dispensing Service¶

Rate 2.4: . In addition to gas service rendered and charged for under Rate 2.3, Company may provide on-site compression and refuelling services at rates which are fully compensatory and filed, as required, with the British Columbia Utilities Commission.¶

¶

(c) General Conditions¶

Except for Compression/Dispensing Service - Rate 2.4, service under Rates 2.1 to 2.3 is available on a monthly contract which shall continue from month to month thereafter until either party shall give to the other party at least ten (10) days prior to the expiration of any such month a written notice of desire to terminate the same, whereupon at the expiration of such month, it shall cease and terminate.¶

¶

Deleted: of not less than five (5) years with no seasonal or temporary disconnection of service.

Deleted: G-162-16/G-173-16/G-178-16

Deleted: -

Deleted: January 1, 2017

Deleted: December 20, 2016

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Deleted: FortisBC Energy Inc. Fort Nelson
Service Area Tariff
General Terms and Conditions



FORTISBC ENERGY INC.
FORT NELSON SERVICE AREA

RATE SCHEDULE 3

LARGE COMMERCIAL SERVICE

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RATE SCHEDULE 3**Deleted:** GENERAL TERMS AND CONDITIONS**Rate Schedule 3: Large Commercial Service****Deleted:** Industrial**Available**

This Rate Schedule is available to Customers in the Fort Nelson Service Area only.

Applicable

This Rate Schedule is applicable to Customers with a normalized annual consumption at one Premises of greater than 2,000 Gigajoules of firm Gas, for use in approved appliances in commercial, institutional or small industrial operations.

Deleted: (a) Availability¶
For industrial use only. To firm gas, no portion of which shall be re-sold, supplied at one point of delivery and through one meter.¶
¶
It may be supplied to tenants of the consumer on the consumer's premises through the consumer's system. Consumers under this rate may be restricted by the Company to a total of 790 GJ per day, at the discretion of the Company.¶
¶

(b) . Monthly Rate¶

Deleted: 3.1:**Deleted:** to customers**Deleted:** forecasted**Deleted:** for the ensuing calendar year of a quantity of gas less**Deleted:** 96**Table of Charges**Fort Nelson
Service Area**Delivery Margin Related Charges**

1. <u>Basic Charge per Day</u>	<u>\$ 5.7284</u>
2. <u>Delivery Charge per Gigajoule</u>	<u>\$ 2.905</u>
3. <u>Rider 5 per Gigajoule</u>	<u>\$ X.XXX</u>

Deleted: <#>Delivery Charge per Gigajoule¶
<object>¶
First . 20 Gigajoules in any month @ \$4.186¶
Next . 260 Gigajoules in any month @ \$3.884¶
Excess over . 280 Gigajoules in any month @ \$3.179¶
<object>¶
<#>Gas Cost Recovery Charge per Gigajoule . @ \$. 2.086¶
¶
<#>Minimum Monthly Delivery Charge \$. 1,826.00¶
<object>¶
<#>Rider 5 per Gigajoule \$. 0.268¶
¶Subtotal of per Gigajoule **Delivery Margin Related Charges** \$ X.XXX**Commodity Related Charges**

4. <u>Storage and Transport Charge per Gigajoule</u>	<u>\$ X.XXX</u>
5. <u>Cost of Gas (Commodity Cost Recovery Charge) per Gigajoule</u>	<u>\$ X.XXX</u>

Rate 3.2: Applicable to customers with forecasted consumption for the ensuing calendar year of a quantity of gas equal to or in excess of 96,000 Gigajoules, but less than 360,000 Gigajoules.¶
¶
<#>Delivery Charge per Gigajoule¶
<object>¶
First . 20 Gigajoules in any month @ \$4.186¶
Next . 260 Gigajoules in any month @ \$3.884¶
Excess over . 280 Gigajoules in any month @ \$3.179¶Subtotal of per Gigajoule **Commodity Related Charges** \$ X.XXX**Deleted:** G-162-16/G-173-16/G-178-16**Deleted:** -**Deleted:** January 1, 2017**Deleted:** December 20, 2016**Deleted:** Original signed by Laurel Ross**Deleted:** Fourteenth Revision of**Deleted:** 3**Deleted:** .3

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FORTISBC ENERGY INC. FORT NELSON SERVICE AREA TARIFF

RATE SCHEDULE 3

Delivery Margin Related Rider

Rider 5 Revenue Stabilization Adjustment Charge - Applicable to Fort Nelson Service Area Customers for the Year ending December 31, 2018.

Minimum Charge per Month

The minimum charge per Month will be the sum of the Basic Charge per billing period.

Deleted: GENERAL TERMS AND CONDITIONS

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Deleted: Rate 3.1, 3.2 and 3.3

Deleted: period January 1, 2017 to

Deleted: 2017

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<object>¶

¶

¶

(c) General Conditions¶
<#>This classification and rate is available only on an annual contract, which shall continue from year to year thereafter until either party shall give to the other party at least thirty (30) days prior to the expiration of any such year a written notice of desire to terminate the same, whereupon at the expiration of such year, it shall cease and terminate.¶

¶

<#>No equipment which has been served with gas under this rate shall be served with gas under any other rate, during any calendar year while the customer's agreement for service under this rate is in force, without the permission of the Company.¶

¶

<#>No equipment which has been served with gas under this rate shall be served with gas under any other rate, during any calendar year while the customer's agreement for service under this rate is in force, without the permission of the Company.¶

Deleted: ¶
to include

Deleted: first 2 Gigajoules . \$43.08¶

¶

<object>Next 298 Gigajoules in any month @ \$6.867 per Gigajoule¶

Deleted: up to \$1,700 per vehicle towards

Deleted: vehicle conversion costs of retail customers using public refuelling facilities wit¶

Deleted: of not less than five (5) years with no seasonal or temporary disconnection of service.

Deleted: G-162-16/G-173-16/G-178-16

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FORTISBC ENERGY INC.
FORT NELSON SERVICE AREA

RATE SCHEDULE 5

GENERAL FIRM SERVICE

Effective June 1, 2018

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1. Definitions

1.1 Definitions

Except where the context requires otherwise, all words and phrases defined below or in the General Terms and Conditions of FortisBC Energy and used in this Rate Schedule or in a Service Agreement have the meanings set out below or in the General Terms and Conditions of FortisBC Energy. Where any of the definitions set out below conflict with the definitions in the General Terms and Conditions of FortisBC Energy, the definitions set out below govern.

- (a) **Commencement Date** - means the day specified as the Commencement Date in the Service Agreement.
- (b) **Contract Year** - means a period of 12 consecutive Months commencing at the beginning of the 1st Day of November and ending at the beginning of the next succeeding 1st Day of November.
- (c) **Customer** - means a person who enters into a Service Agreement with FortisBC Energy.
- (d) **Day** - means, subject to Section 1.2 (Change in Definition of "Day"), any period of twenty-four consecutive hours beginning and ending at 7:00 a.m. Pacific Standard Time.
- (e) **Delivery Point** - means the point specified in a Sales Service Agreement or a Transportation Agreement where FortisBC Energy delivers Gas to a Customer or a Shipper.
- (f) **Force Majeure** - means any acts of God, strikes, lockouts, or other industrial disturbances, civil disturbances, arrests and restraints of rulers or people, interruptions by government or court orders, present or future valid orders of any regulatory body having proper jurisdiction, acts of the public enemy, wars, riots, blackouts, insurrections, failure or inability to secure materials or labour by reason of regulations or orders of government, serious epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, explosions, breakage or accident to machinery or lines of pipes, or freezing of wells or pipelines, or the failure of gas supply, temporary or otherwise, from a Supplier of gas, which act of Force Majeure was not due to negligence of the party claiming Force Majeure. Further, Force Majeure will also include a declaration of force majeure by a Transporter that results in Gas being unavailable for delivery at the Interconnection Point.

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FORTISBC ENERGY INC. FORT NELSON SERVICE AREA TARIFF
RATE SCHEDULE 5

- (g) **Month** - means, subject to any changes from time to time required by FortisBC Energy, the period beginning at 7:00 a.m. Pacific Standard Time on the first day of the calendar month and ending at 7:00 a.m. Pacific Standard Time on the first day of the next succeeding calendar month.
- (h) **Rate Schedule 5 or this Rate Schedule** - means this Rate Schedule, including all rates, terms and conditions, and the Table of Charges, as amended from time to time by FortisBC Energy with the consent of the British Columbia Utilities Commission.
- (i) **Service Agreement** - means an agreement between FortisBC Energy and a Customer to provide Service pursuant to this Rate Schedule.
- (j) **Supplier** - means a party who sells Gas to a Shipper or FortisBC Energy or has access to its own supplies of Gas.
- (k) **Table of Charges** - means the table of prices, fees and charges, as amended from time to time by FortisBC Energy with the consent of the British Columbia Utilities Commission, appended to this Rate Schedule.
- (l) **Transporter** - means, in the case of the Fort Nelson Service Area, Westcoast Energy Inc., and any other gas pipeline transportation company connected to the facilities of FortisBC Energy from which FortisBC Energy receives Gas for the purposes of Gas transportation or resale.
- (m) **Transporter's Service Terms** - means the general terms and conditions of the applicable Transporter, as filed with and approved from time to time by the National Energy Board or other applicable governmental authority.

1.2 Change in Definition of "Day"

FortisBC Energy may amend the definition of "Day" from time to time to suitably align its operations with those of its Transporters. If FortisBC Energy amends the definition of "Day", a pro-rata adjustment of quantities of Gas and charges to account for any Day of more or less than 24 hours will be made and the terms of the Service Agreement will be similarly adjusted.

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2. Applicability

2.1 Description of Applicability

This Rate Schedule applies to the sale of firm Gas, no portion of which may be resold, through one meter station to a Customer. For greater certainty, firm Gas service under this Rate Schedule means the Gas FortisBC Energy is obligated to sell to a Customer on a firm basis subject to interruption or curtailment pursuant to Sections 10 (Default for Bankruptcy), 13 (Force Majeure) and the General Terms and Conditions of FortisBC Energy.

2.2 British Columbia Utilities Commission

This Rate Schedule may be amended from time to time with the consent of the British Columbia Utilities Commission.

3. Conditions of Service

3.1 Conditions

FortisBC Energy will only sell Gas under this Rate Schedule to Customers in the territory served by FortisBC Energy under the FortisBC Energy tariff of which this Rate Schedule is a part if:

- (a) the Customer has entered into a General Firm Service Agreement (Service Agreement);
- (b) adequate Gas volumes for such Service are available;
- (c) adequate capacity exists on the FortisBC Energy System;
- (d) the Customer purchases under this Rate Schedule all of the Gas required for its facilities specified in the Service Agreement; and
- (e) FortisBC Energy has installed at the Delivery Point the facilities and equipment referred to in Section 8.1 (Facilities and Equipment).

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3.2 **Security**

In order to secure the prompt and orderly payment of the charges to be paid by the Customer to FortisBC Energy under the Service Agreement, FortisBC Energy may require the Customer to provide, and at all times maintain, an irrevocable letter of credit in favour of FortisBC Energy issued by a financial institution acceptable to FortisBC Energy in an amount equal to the estimated maximum amount payable by the Customer under this Rate Schedule and the Service Agreement for a period of 90 Days. Where FortisBC Energy requires a Customer to provide a letter of credit and the Customer is able to provide alternative security acceptable to FortisBC Energy, FortisBC Energy may accept such security in lieu of a letter of credit.

3.3 **Warning if Switching from Interruptible Transportation Service or Interruptible Sales to Firm Transportation Service or Sales**

A Customer wishing to request a switch at the end of the term of an interruptible Transportation Agreement or an interruptible Gas Service Agreement to a firm transportation Rate Schedule, or to firm sales Gas Service under this Rate Schedule must comply with the requirements for Firm Service set out in the applicable Rate Schedule, including the following:

- (a) give 12 months prior notice to FortisBC Energy of the Customer's desire to do so; and
- (b) after receiving an estimate from FortisBC Energy of costs FortisBC Energy will reasonably incur to provide such Service, agree to reimburse FortisBC Energy for any such costs.

Notwithstanding Section 3.3(a), FortisBC Energy will make reasonable efforts to accommodate a Customer on less than 12 months prior notice if FortisBC Energy is able, with such shorter notice, to arrange for the firm purchase and firm transportation of Gas under a firm sales Rate Schedule, or transportation under a firm transportation Rate Schedule.

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4. Sales

4.1 Sale of Gas

Subject to Section 13 of the General Terms and Conditions of FortisBC Energy (Interruption of Service), FortisBC Energy will sell to the Customer and the Customer will buy from FortisBC Energy at the Delivery Point such quantity of Gas as is required by the Customer for the operation of the Customer's facilities specified in the Service Agreement, estimated to be the maximum quantity per Day set out in the Service Agreement, for the charges and on all of the terms and conditions set out in either this Rate Schedule or the Service Agreement.

4.2 Maximum Hourly Quantities

FortisBC Energy will not be obliged to deliver in any one Hour more than 5% of the maximum quantity of Gas per Day set out in the Service Agreement.

4.3 Gas Pressure

Where specifically requested by the Customer, FortisBC Energy may agree to deliver Gas to the Customer at the Delivery Point at a minimum pressure specified in the Customer's Service Agreement. The Customer will reimburse FortisBC Energy for costs it reasonably incurs in maintaining such minimum pressure above that set out in the General Terms and Conditions of FortisBC Energy. FortisBC Energy's ability to maintain a minimum pressure at the Delivery Point is subject to FortisBC Energy receiving Gas from a Transporter at the pressure specified in the Transporter's Service Terms.

5. Table of Charges

5.1 Charges

In respect of all quantities of Gas delivered to the Delivery Point pursuant to this Rate Schedule and the Service Agreement, the Customer will pay to FortisBC Energy all of the charges set out in the Table of Charges.

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6. Term of Service Agreement

6.1 Term

The initial term of the Service Agreement will begin on the Commencement Date and will expire at 7:00 a.m. Pacific Standard Time on the next November 1st provided that if the foregoing results in an initial term of less than one Year, then the initial term will instead expire at the end of one further Contract Year.

6.2 Automatic Renewal

Except as specified in the Service Agreement, the term of the Service Agreement will continue from Year to Year after the expiry of the initial term unless cancelled by either FortisBC Energy or the Customer subject to Section 3.3 (Warning if Switching from Interruptible Transportation Service or Interruptible Sales to Firm Transportation Service or Sales) upon not less than 2 months notice prior to the end of the Contract Year then in effect.

6.3 Early Termination

The term of the Service Agreement is subject to early termination in accordance with Section 10 (Default or Bankruptcy). The Customer will reimburse FortisBC Energy for any net incremental utility Gas supply costs incurred by FortisBC Energy as a result of the Customer cancelling the Service Agreement prior to the end of the Contract Year then in effect. This reimbursement will include only those costs which are approved by the British Columbia Utilities Commission, and were unavoidable and could not be reduced by mitigation.

6.4 Survival of Covenants

Upon the termination of the Service Agreement, whether pursuant to Section 10 (Default or Bankruptcy) or otherwise:

- (a) all claims, causes of action or other outstanding obligations remaining or being unfulfilled as at the date of termination; and
- (b) all of the provisions in this Rate Schedule and in the Service Agreement relating to the obligation of any of the parties to account to or indemnify the other and to pay to the other any monies owing as at the date of termination in connection with the Service Agreement.

will survive such termination.

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7. Statements and Payments

7.1 Statements to be Provided

FortisBC Energy will, each Month, deliver to the Customer a statement for the preceding Month showing the Gas quantities delivered to the Customer and the amount due. FortisBC Energy will, on or about the 45th day after the end of a Contract Year, deliver to the Customer a separate statement for the preceding Contract Year showing the amount required from the Customer in respect of any indemnity due under this Rate Schedule or a Service Agreement. Any errors in any statement will be promptly reported to the other party as provided hereunder, and statements will be final and binding unless questioned within one Year after the date of the statement.

7.2 Payment and Late Payment Charge

Payment for the full amount of the statement, including federal, provincial and municipal taxes or fees applicable thereon, will be made to FortisBC Energy at its Vancouver, British Columbia office, or such other place in Canada as it will designate, on or before the 1st Business Day after the 21st calendar day following the billing date. If the Customer fails or neglects to make any payment required under this Rate Schedule, or any portion thereof, to FortisBC Energy when due, FortisBC Energy will include in the next bill to the Customer a late payment charge of 1.5% per month (19.56% per annum) on the outstanding amount.

7.3 Examination of Records

Each of FortisBC Energy and the Customer will have the right to examine at reasonable times the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, charge, computation or demand made pursuant to any provisions of this Rate Schedule or the Service Agreement.

8. Measuring Equipment

8.1 Facilities and Equipment

FortisBC Energy will install, maintain and operate at the Delivery Point such metering and communications facilities and equipment as FortisBC Energy determines are necessary or desirable for measuring the quantity of Gas delivered pursuant to this Rate Schedule to the Customer and the Customer will permit FortisBC Energy, without cost to FortisBC Energy, to use the Customer's communications lines and power for the purpose of installing, maintaining and operating the measuring equipment of FortisBC Energy. Communication facilities and equipment will be installed at the cost of the Customer.

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8.2 **Measuring Site**

If FortisBC Energy reasonably determines that it is necessary to install the facilities and equipment referred to in Section 8.1 (Facilities and Equipment) on the Customer's property, the Customer will, without charge, provide a suitable site along with utilities and enclosures for the installation of the facilities and equipment of FortisBC Energy. FortisBC Energy will at all times have clear access to the site and to all of its facilities and equipment. All facilities and equipment installed by FortisBC Energy on the Customer's property will remain the property of FortisBC Energy and may be removed by FortisBC Energy upon termination of the Service Agreement.

8.3 **Calibration and Test of Measuring Equipment**

The accuracy of the measuring equipment of FortisBC Energy will be verified by standard tests and methods at regular intervals and at other times at the initiative of FortisBC Energy or upon the reasonable request of the Customer. Notice of the time and nature of each test conducted in response to communications with or at the request of the Customer will be given by FortisBC Energy to the Customer sufficiently in advance to permit a representative of the Customer to be present. If during a test the measuring equipment is found to be registering inaccurately, it will be adjusted at once to read as accurately as possible. The results of each test and adjustment, if any, made by FortisBC Energy, whether or not the Customer is present for such test, will be accepted until the next test. All tests of such measuring equipment of FortisBC Energy will be made at the expense of FortisBC Energy, except that the Customer will bear the expense of tests made at its request if the measuring equipment is found to be inaccurate by an amount equal to 2% or less.

8.4 **Inaccuracy Exceeding 2%**

If upon any test the measuring equipment is found to be inaccurate by an amount exceeding 2%, any previous readings of such equipment will be corrected to zero error for any period during which it is definitely known or is agreed upon that the error existed. If the period is not definitely known or is not agreed upon, such correction will be for a period covering the last half of the time elapsed since the date of the last test. Under no circumstances will an adjustment be made for a period of more than the preceding 12 months.

8.5 **Correction of Measuring Errors**

If the measuring equipment is out of service or out of repair so that the quantity of Gas delivered cannot be correctly determined by the reading thereof, the Gas delivered during the period such measuring equipment is out of service or out of repair will be estimated on the basis of the best available data, using the first of the following methods which is feasible:

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- (a) by correcting the error if the percentage of error is ascertained by calibration test or mathematical calculation;
- (b) by using the registration of any check measuring equipment if installed and accurately registering; and
- (c) by estimating the quantity of Gas delivered to the Customer during the preceding periods under similar conditions when the meter was registering accurately.

8.6 Customer's Equipment

The Customer may at its own expense install, maintain and operate its own measuring equipment for the purposes of monitoring or checking the measuring equipment of FortisBC Energy, provided that the Customer will install such equipment so as not to interfere with the operation of the measuring equipment of FortisBC Energy.

8.7 Right to be Present

FortisBC Energy and the Customer will have the right to inspect all equipment installed or furnished by the other and the charts and other measurement or test data of the other at all times during business hours, and to be present at the time of any installing, testing, cleaning, changing, repairing, calibrating or adjusting done in connection with the measuring equipment of the other party, but all such activities will be performed by the party furnishing the measuring equipment.

8.8 Preservation of Records

Both parties will cause to be preserved each test datum, chart and other record of Gas measurement for a period of 2 years.

9. Measurement

9.1 Unit of Volume

The unit of volume of Gas for all purposes hereunder will be 1 cubic metre at a temperature of 15° Celsius and an absolute pressure of 101.325 kilopascals.

9.2 Determination of Volume

Gas delivered hereunder will be metered using metering apparatus approved by Measurement Canada and the determination of standard volumes delivered hereunder will be in accordance with terms and conditions pursuant to the *Electricity and Gas Inspection Act of Canada*.

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9.3 Conversion to Energy Units

In accordance with the *Electricity and Gas Inspection Act* of Canada, volumes of Gas delivered each Day will be converted to energy units by multiplying the standard volume by the Heat Content of each unit of Gas. Volumes will be specified in 10³m³ rounded to two decimal places and energy will be specified in Gigajoules rounded to the nearest Gigajoule.

10. Default or Bankruptcy

10.1 Default

If the Customer at any time fails or neglects:

- (a) to make any payment due to FortisBC Energy or to any other person under this Rate Schedule or the Service Agreement within 30 days after payment is due; or
- (b) to correct any default of any of the other terms, covenants, agreements, conditions or obligations imposed upon it under this Rate Schedule or the Service Agreement, within 30 days after FortisBC Energy gives to the Customer notice of such default or, in the case of a default that cannot with due diligence be corrected within a period of 30 days, the Customer fails to proceed promptly after the giving of such notice with due diligence to correct the same and thereafter to prosecute the correcting of such default with all due diligence;

then FortisBC Energy may in addition to any other remedy that it has, at its option and without liability therefore:

- (a) suspend further service to the Customer and may refuse to deliver Gas to the Customer until the default has been fully remedied, and no such suspension or refusal will relieve the Customer from any obligation under this Rate Schedule or the Service Agreement; or
- (b) terminate the Service Agreement, and no such termination of the Service Agreement pursuant hereto will exclude the right of FortisBC Energy to collect any amount due to it from the Customer for what would otherwise have been the remainder of the term of the Service Agreement.

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10.2 Bankruptcy or Insolvency

If the Customer becomes bankrupt or insolvent or commits or suffers an act of bankruptcy or insolvency or a receiver is appointed pursuant to a statute or under a debt instrument or the Customer seeks protection from the demands of its creditors pursuant to any legislation enacted for that purpose, FortisBC Energy will have the right, at its sole discretion, to terminate the Service Agreement by giving notice in writing to the Customer and thereupon FortisBC Energy may cease further delivery of Gas to the Customer and the amount then outstanding for Gas provided under the Service Agreement will immediately be due and payable by the Customer.

11. Notice

11.1 Notice

Any notice, request, statement or bill that is required to be given or that may be given under this Rate Schedule or under the Service Agreement will, unless otherwise specified, be in writing and will be considered as fully delivered when mailed, personally delivered or sent by fax or other method approved by FortisBC Energy to the other in accordance with the following:

<u>If to FortisBC Energy</u>	<u>FORTISBC ENERGY INC.</u>
<u>MAILING ADDRESS:</u>	<u>16705 Fraser Highway</u> <u>Surrey, B.C.</u> <u>V4N 0E8</u>
<u>BILLING AND PAYMENT:</u>	<u>Attention: Industrial Billing</u> <u>Telephone: 1-855-873-8773</u> <u>Email: industrial.billing@fortisbc.com</u> <u>Fax: (888) 224-2710</u>
<u>CUSTOMER RELATIONS:</u>	<u>Attention: Commercial & Industrial Energy</u> <u>Solutions</u> <u>Telephone: (604) 576-7028</u> <u>Email: commercial.energy@fortisbc.com</u> <u>Fax: (604) 576-7122</u>
<u>LEGAL AND OTHER:</u>	<u>Attention: Legal Services</u> <u>Telephone: (604) 576-7000</u> <u>Fax: (604) 592-7520</u>

If to the Customer, then as set out in the Service Agreement.

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11.2 Specific Notices

Notwithstanding Section 11.1 (Notice), notices with respect to Force Majeure will be sufficient if:

- (a) given by FortisBC Energy in writing by fax or other electronic means, or orally in person, or by telephone (to be confirmed in writing) to the person or persons designated from time to time by the Customer as authorized to receive such notices; or
- (b) given by the Customer by telephone (to be confirmed in writing) in the following manner:

To claim Force Majeure..."Please be advised that (name of company and location of plant) has reason for claiming Force Majeure as provided in Section 13 (Force Majeure) and hereby claims suspension by reason of Force Majeure in accordance with the terms of Rate Schedule 5 effective 7:00 a.m. Pacific Standard Time (date of Force Majeure suspension to become effective, but not to be retroactive)."

To terminate Force Majeure..."Please be advised that (name of company and location of plant) requests a return to normal natural gas service in accordance with Rate Schedule 5 and the Service Agreement effective 7:00 a.m. Pacific Standard Time (date of Force Majeure suspension to end, but not to be retroactive) whereby the suspension by reason of Force Majeure currently in force will be terminated."

12. Indemnity and Limitation on Liability

12.1 Limitation on Liability

FortisBC Energy, its employees, contractors or agents are not responsible or liable for any loss or damages for or on account of any interruption or curtailment of Gas Service permitted under the General Terms and Conditions of FortisBC Energy or this Rate Schedule.

12.2 Indemnity

The Customer will indemnify and hold harmless each of FortisBC Energy, its employees, contractors and agents from and against any and all adverse claims, losses, suits, actions, judgments, demands, debts, accounts, damages, costs, penalties and expenses (including all legal fees and disbursements) arising from or out of each of the following:

- (a) Municipal Operating Fees not otherwise collected by FortisBC Energy under the Table of Charges; and

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FORTISBC ENERGY INC. FORT NELSON SERVICE AREA TARIFF
RATE SCHEDULE 5

(b) all federal, provincial, municipal taxes (or payments made in lieu thereof) and royalties, whether payable on the delivery of Gas to FortisBC Energy by the Customer or on the delivery of Gas to the Customer by FortisBC Energy, or on any other Service provided by FortisBC Energy to the Customer.

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13. Force Majeure

13.1 Force Majeure

Subject to the other provisions of Section 13 (Force Majeure), if either party is unable or fails by reason of Force Majeure to perform in whole or in part any obligation or covenant set out in this Rate Schedule under which Service is rendered or in the Service Agreement, the obligations of both FortisBC Energy and the Customer will be suspended to the extent necessary for the period of the Force Majeure condition.

13.2 Curtailment Notice

If FortisBC Energy claims suspension pursuant to Section 13 (Force Majeure), FortisBC Energy will be deemed to have issued to the Customer a notice of curtailment.

13.3 Exceptions

Neither party will be entitled to the benefit of the provisions of Section 13.1 (Force Majeure) under any of the following circumstances:

- (a) to the extent that the failure was caused by the negligence or contributory negligence of the party claiming suspension;
- (b) to the extent that the failure was caused by the party claiming suspension having failed to diligently attempt to remedy the condition and to resume the performance of the covenants or obligations with reasonable dispatch; or
- (c) unless as soon as possible after the happening of the occurrence relied on or as soon as possible after determining that the occurrence was in the nature of Force Majeure and would affect the claiming party's ability to observe or perform any of its covenants or obligations under the Rate Schedule or the Service Agreement, the party claiming suspension will have given to the other party notice to the effect that the party is unable by reason of Force Majeure (the nature of which will be specified) to perform the particular covenants or obligations.

13.4 Notice to Resume

The party claiming suspension will likewise give notice, as soon as possible after the Force Majeure condition has been remedied, to the effect that it has been remedied and that the party has resumed, or is then in a position to resume, the performance of the covenants or obligations.

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13.5 Settlement of Labour Disputes

Notwithstanding any of the provisions of this Section 13 (Force Majeure), the settlement of labour disputes or industrial disturbances will be entirely within the discretion of the particular party involved and the party may make settlement of it at the time and on terms and conditions as it may deem to be advisable and no delay in making settlement will deprive the party of the benefit of Section 13.1 (Force Majeure).

13.6 No Exemption for Payments

Notwithstanding any of the provisions of this Section 13 (Force Majeure), Force Majeure will not relieve or release either party from its obligations to make payments to the other.

13.7 Periodic Repair by FortisBC Energy

FortisBC Energy may temporarily shut off the delivery of Gas for the purpose of repairing or replacing a portion of the FortisBC Energy System or its equipment and FortisBC Energy will make reasonable efforts to give the Customer as much notice as possible with respect to such interruption, not to be less than 8 hours prior notice except when prevented by Force Majeure. FortisBC Energy will make reasonable efforts to schedule repairs or replacement to minimize interruption of Gas service to the Customer and to restore Service as quickly as possible.

13.8 Alteration of Facilities

The Customer will pay to FortisBC Energy all reasonable costs associated with the alteration of facilities made at the discretion of FortisBC Energy to measure quantities reduced by reason of Force Majeure claimed by the Customer and to restore such facilities after the Force Majeure condition ends.

14. Arbitration

14.1 Arbitration

Any dispute between the parties arising from this Rate Schedule or the Service Agreement will be resolved by a single arbitrator pursuant to the *Arbitration Act* of British Columbia or successor legislation, save as expressly provided herein.

14.2 Demand for Arbitration

Either party may commence arbitration proceedings by sending to the other party a demand for arbitration setting out the nature of the dispute.

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14.3 Arbitrator

The parties will have 10 days from receipt of the demand referred to in Section 14.2 (Demand for Arbitration) of this Rate Schedule to agree upon the arbitrator, failing which either party may apply to the Supreme Court of British Columbia to select the arbitrator. The arbitrator must be sufficiently qualified by education and training to decide the particular questions in dispute. Unless otherwise agreed, the arbitrator may not be a past or present employee, officer or director of any of the parties or their respective successors or affiliates, any customer or supplier of the Customer or FortisBC Energy.

14.4 Commencement and Decision

The arbitrator will proceed immediately to hear and determine the matter in dispute and will render a written decision, signed by the arbitrator, within 45 days after the appointment, subject to any reasonable delay due to unforeseen circumstances. Notwithstanding the foregoing, if the arbitrator fails to render a decision within 60 days after the appointment then either party may elect to have a new arbitrator appointed in like manner as if none had previously been appointed.

14.5 Decision

The decision of the arbitrator will be final and binding upon the parties and the parties will abide by the decision and perform the terms and conditions thereof.

15. Interpretation

15.1 Interpretation

Except where the context requires otherwise or except as otherwise expressly provided, in this Rate Schedule or in a Service Agreement:

- (a) all references to a designated section are to the designated section of this Rate Schedule unless otherwise specifically stated;
- (b) the singular of any term includes the plural, and vice versa, and the use of any term is equally applicable to any gender and, where applicable, body corporate;
- (c) any reference to a corporate entity includes and is also a reference to any corporate entity that is a successor to such entity;
- (d) all words, phrases and expressions used in this Rate Schedule or in a Service Agreement that have a common usage in the gas industry and that are not defined in the General Terms and Conditions of FortisBC Energy, the Definitions

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or in the Service Agreement have the meanings commonly ascribed thereto in the gas industry; and

- (e) the headings of the sections set out in this Rate Schedule or in the Service Agreement are for convenience of reference only and will not be considered in any interpretation of this Rate Schedule or the Service Agreement.

16. Miscellaneous

16.1 Waiver

No waiver by either FortisBC Energy or the Customer of any default by the other in the performance of any of the provisions of this Rate Schedule or the Service Agreement will operate or be construed as a waiver of any other or future default or defaults, whether of a like or different character.

16.2 Enurement

The Service Agreement will enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns, including without limitation successors by merger, amalgamation or consolidation.

16.3 Assignment

The Customer will not assign the Service Agreement or any of its rights or obligations thereunder without the prior written consent of FortisBC Energy which consent will not be unreasonably withheld or delayed. No assignment will release the Customer from its obligations under this Rate Schedule or under the Service Agreement that existed prior to the date on which the assignment takes effect. This provision applies to every proposed assignment by the Customer.

16.4 Amendments to be in Writing

Except as set out in this Rate Schedule, no amendment or variation of the Service Agreement will be effective or binding upon the parties unless such amendment or variation is set out in writing and duly executed by the parties.

16.5 Proper Law

The Service Agreement will be construed and interpreted in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

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16.6 Time is of Essence

Time is of the essence of this Rate Schedule, the Service Agreement and of the terms and conditions thereof.

16.7 Subject to Legislation

Notwithstanding any other provision hereof, this Rate Schedule and the Service Agreement and the rights and obligations of FortisBC Energy and the Customer under this Rate Schedule and the Service Agreement are subject to all present and future laws, rules, regulations and orders of any legislative body, governmental agency or duly constituted authority now or hereafter having jurisdiction over FortisBC Energy or the Customer.

16.8 Further Assurances

Each of FortisBC Energy and the Customer will, on demand by the other, execute and deliver or cause to be executed and delivered all such further documents and instruments and do all such further acts and things as the other may reasonably require to evidence, carry out and give full effect to the terms, conditions, intent and meaning of this Rate Schedule and the Service Agreement and to assure the completion of the transactions contemplated hereby.

16.9 Form of Payments

All payments required to be made under statements and invoices rendered pursuant to this Rate Schedule or the Service Agreement will be made by wire transfer to, or cheque or bank cashier's cheque drawn on a Canadian chartered bank or trust company, payable in lawful money of Canada at par in immediately available funds in Vancouver, British Columbia.

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FORTISBC ENERGY INC. FORT NELSON SERVICE AREA TARIFF
RATE SCHEDULE 5

Table of Charges

Fort Nelson
Service Area

Delivery Margin Related Charges

1. <u>Basic Charge</u> per Month	<u>\$ 600.00</u>
2. <u>Demand Charge</u> per Month per Gigajoule of Daily Demand	<u>\$ 28.727¹</u>
3. <u>Delivery Charge</u> per Gigajoule	<u>\$ 1.000</u>
4. <u>Rider 5</u> per Gigajoule	<u>\$ X.XXX</u>

Commodity Related Charges

5. <u>Commodity Cost Recovery Charge</u> per Gigajoule	<u>\$ X.XXX</u>
6. <u>Storage and Transport Charge</u> per Gigajoule	<u>\$ X.XXX</u>

Subtotal of per Gigajoule Commodity Related Charges \$ X.XXX

Notes:

1. Daily Demand is equal to 1.10 multiplied by the greater of:
- (a) the Customer's highest average daily consumption of any month during the winter period (November 1 to March 31); or
 - (b) one half of the Customer's highest average daily consumption of any month during the summer period (April 1 to October 31).

The calculation of Daily Demand will be based on the Customer's actual gas use during the preceding Contract Year.

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FORTISBC ENERGY INC. FORT NELSON SERVICE AREA TARIFF
RATE SCHEDULE 5

Delivery Margin Related Rider

Rider 5 Revenue Stabilization Adjustment Charge - Applicable to Fort Nelson Service Area Customers for the Year ending December 31, 2018.

Minimum Charge per Month

The minimum charge per Month will be the aggregate of the Basic Charge and Demand Charges.

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**GENERAL FIRM SERVICE AGREEMENT
FOR RATE SCHEDULE 5**

This Agreement is dated _____, 20____, between FortisBC Energy Inc. ("FortisBC Energy ") and _____ (the "Customer").

WHEREAS:

- A. FortisBC Energy owns and operates the FortisBC Energy System;
- B. The Customer is the owner and operator of a _____ located in or near _____, British Columbia; and
- C. The Customer desires to purchase from FortisBC Energy firm Gas for such facilities in accordance with Rate Schedule 5 and the terms set out herein.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the terms, conditions and limitations contained herein, the parties agree as follows:

1. Specific Information

Estimated Maximum Quantity _____ Gigajoules per day

Commencement Date: _____

Expiry Date: _____

(only specify an expiry date if term of Service Agreement is not automatically renewed from Year to Year as set out in Section 6.2 of Rate Schedule 5)

Delivery Point: _____

Pressure at the Delivery Point: _____

(only specify where applicable as set out in Section 4.3 of Rate Schedule 5)

Service Address: _____

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FORTISBC ENERGY INC. FORT NELSON SERVICE AREA TARIFF
RATE SCHEDULE 5

Account Number: _____

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FORTISBC ENERGY INC. FORT NELSON SERVICE AREA TARIFF
RATE SCHEDULE 5

Address of Customer for receiving notices:

(name of Customer) Attention: _____

(address of Customer) Telephone: _____

_____ Fax: _____

_____ Email: _____

The information set out above is hereby approved by the parties and each reference in either this agreement or Rate Schedule 5 to any such information is to the information set out above.

2. Rate Schedule 5

2.1 Additional Terms

All rates, terms and conditions set out in Rate Schedule 5 and the General Terms and Conditions of FortisBC Energy, as any of them may be amended by FortisBC Energy and approved from time to time by the British Columbia Utilities Commission, are in addition to the terms and conditions contained in this Service Agreement and form part of this Service Agreement and bind FortisBC Energy and the Customer as if set out in this Service Agreement.

2.2 Payment of Amounts

Without limiting the generality of the foregoing, the Customer will pay to FortisBC Energy all of the amounts set out in Rate Schedule 5 for the Services provided under Rate Schedule 5 and this Service Agreement.

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FORTISBC ENERGY INC. FORT NELSON SERVICE AREA TARIFF
RATE SCHEDULE 5

2.3 Conflict

Where anything in either Rate Schedule 5 or the General Terms and Conditions of FortisBC Energy conflicts with any of the rates, terms and conditions set out in this Service Agreement, this Service Agreement governs. Where anything in Rate Schedule 5 conflicts with any of the rates, terms and conditions set out in the General Terms and Conditions of FortisBC Energy, Rate Schedule 5 governs.

2.4 Acknowledgement

The Customer acknowledges receiving and reading a copy of Rate Schedule 5 and the General Terms and Conditions of FortisBC Energy and agrees to comply with and be bound by all terms and conditions set out therein.

IN WITNESS WHEREOF the parties hereto have executed this Service Agreement.

FORTISBC ENERGY INC.

(here insert name of Customer)

BY: _____

(Signature)

BY: _____

(Signature)

(Title)

(Title)

(Name – Please Print)

(Name – Please Print)

DATE: _____

DATE: _____

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FORTISBC ENERGY INC.
FORT NELSON SERVICE AREA

RATE SCHEDULE 6

NATURAL GAS VEHICLE SERVICE

Effective June 1, 2018

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1. Definitions

1.1 Definitions

Except where the context requires otherwise, all words and phrases defined below or in the General Terms and Conditions of FortisBC Energy and used in this Rate Schedule or in a Service Agreement have the meanings set out below or in the General Terms and Conditions of FortisBC Energy. Where any of the definitions set out below conflict with the definitions in the General Terms and Conditions of FortisBC Energy, the definitions set out below govern.

- (a) **Commencement Date** - means the day specified as the Commencement Date in the Service Agreement.
- (b) **Contract Year** - means a period of 12 consecutive Months commencing at the beginning of the 1st Day of November and ending at the beginning of the next succeeding 1st Day of November.
- (c) **Customer** - means a person who enters into a Service Agreement with FortisBC Energy.
- (d) **Day** - means, subject to Section 1.2 (Change in Definition of "Day"), any period of twenty-four consecutive hours beginning and ending at 7:00 a.m. Pacific Standard Time.
- (e) **Delivery Point** - means the point specified in a Sales Service Agreement or a Transportation Agreement where FortisBC Energy delivers Gas to a Customer or a Shipper.
- (f) **Force Majeure** - means any acts of God, strikes, lockouts, or other industrial disturbances, civil disturbances, arrests and restraints of rulers or people, interruptions by government or court orders, present or future valid orders of any regulatory body having proper jurisdiction, acts of the public enemy, wars, riots, blackouts, insurrections, failure or inability to secure materials or labour by reason of regulations or orders of government, serious epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, explosions, breakage or accident to machinery or lines of pipes, or freezing of wells or pipelines, or the failure of gas supply, temporary or otherwise, from a Supplier of gas, which act of Force Majeure was not due to negligence of the party claiming Force Majeure. Further, Force Majeure will also include a declaration of force majeure by a Transporter that results in Gas being unavailable for delivery at the Interconnection Point.
- (g) **Gas** - means the residue remaining after raw gas has been subjected to any or all of the following permissible processes:

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- (i) the removal of any of its constituent parts other than methane, and the removal of methane to such extent as is necessary in removing other constituents;
- (ii) the compression, regulation, cooling, cleaning or any other chemical or physical process other than the addition of diluents, such as air or nitrogen, to such extent as may be required in its production, gathering, transmission, transportation, storage, removal from storage and delivery; and
- (iii) the addition of odorant by FortisBC Energy.

but for greater certainty Gas does not include propane.

- (h) **Heat Content** - means the gross heating value of the Gas, determined on the basis of a temperature of 15° Celsius with the Gas free of all water vapour and at an absolute pressure of 101.325 kilopascals, with the products of combustion cooled to the initial temperature of the Gas and the water formed by the combustion condensed to the liquid state. The Heat Content will be expressed in megajoules per cubic metre of Gas (MJ/m³) rounded to two decimal places.
- (i) **Month** - means, subject to any changes from time to time required by FortisBC Energy, the period beginning at 7:00 a.m. Pacific Standard Time on the first day of the calendar month and ending at 7:00 a.m. Pacific Standard Time on the first day of the next succeeding calendar month.
- (j) **NGV** - means natural gas for vehicles.
- (k) **NGV Firm Gas Service** - means the sale and delivery of Gas on a firm basis to the Customer.
- (l) **Rate Schedule 6 or this Rate Schedule** - means this Rate Schedule, including all rates, terms and conditions, and the Table of Charges, as amended from time to time by FortisBC Energy with the consent of the British Columbia Utilities Commission.
- (m) **Service Agreement** - means an agreement between FortisBC Energy and a Customer to provide Service pursuant to this Rate Schedule.
- (n) **Supplier** - means a party who sells Gas to a Shipper or FortisBC Energy or has access to its own supplies of Gas.
- (o) **Table of Charges** - means the table of prices, fees and charges, as amended from time to time by FortisBC Energy with the consent of the British Columbia Utilities Commission, appended to this Rate Schedule.

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RATE SCHEDULE 6

(p) **Transporter** - means, in the case of the Fort Nelson Service Area, Westcoast Energy Inc., and any other gas pipeline transportation company connected to the facilities of FortisBC Energy from which FortisBC Energy receives Gas for the purposes of Gas transportation or resale.

(q) **Transporter's Service Terms** - means the general terms and conditions of the applicable Transporter, as filed with and approved from time to time by the National Energy Board or other applicable governmental authority.

(r) **10³m³** - means 1,000 cubic metres.

1.2 Change in Definition of "Day"

FortisBC Energy may amend the definition of "Day" from time to time to suitably align its operations with those of its Transporters. If FortisBC Energy amends the definition of "Day", a pro-rata adjustment of quantities of Gas and charges to account for any Day of more or less than 24 hours will be made and the terms of the Service Agreement will be similarly adjusted.

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2. Applicability

2.1 Description of Applicability

This Rate Schedule applies to the sale of firm Gas through one meter set for the purpose of compression and dispensing as fuel to operate vehicles.

2.2 British Columbia Utilities Commission

This Rate Schedule may be amended from time to time with the consent of the British Columbia Utilities Commission.

3. Conditions of Service

3.1 Conditions

FortisBC Energy will only sell Gas under this Rate Schedule to Customers in the territory served by FortisBC Energy under the FortisBC Energy tariff of which this Rate Schedule is a part if:

- (a) the Customer has entered into a Natural Gas Vehicle Service Agreement (Service Agreement);
- (b) adequate Gas volumes for such Service are available;
- (c) adequate capacity exists on the FortisBC Energy System;
- (d) the Customer purchases under this Rate Schedule all of the Gas required for its facilities specified in the Service Agreement; and
- (e) FortisBC Energy has installed at the Delivery Point the facilities and equipment referred to in Section 8.1 (Facilities and Equipment).

3.2 Security

In order to secure the prompt and orderly payment of the charges to be paid by the Customer to FortisBC Energy under the Service Agreement FortisBC Energy may require the Customer to provide, and at all times maintain, an irrevocable letter of credit in favour of FortisBC Energy issued by a financial institution acceptable to FortisBC Energy in an amount equal to the estimated maximum amount payable by the Customer under this Rate Schedule and the Service Agreement for a period of 90 Days. Where FortisBC Energy requires a Customer to provide a letter of credit and the Customer is

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able to provide alternative security acceptable to FortisBC Energy, FortisBC Energy may accept such security in lieu of a letter of credit.

3.3 Right to Sell

Customer will not sell Gas except as fuel for vehicles.

4. Sales

4.1 Sale of Gas

Subject to Section 13 of the General Terms and Conditions of FortisBC Energy (Interruption of Service), FortisBC Energy will sell to the Customer and the Customer will buy from FortisBC Energy at the Delivery Point such quantity of Gas as is required by the Customer for the operation of the Customer's facilities specified in the Service Agreement estimated to be the maximum quantity per Day set out in the Service Agreement, for the charges and on all of the terms and conditions set out in either this Rate Schedule or the Service Agreement.

4.2 Maximum Hourly Quantities

FortisBC Energy will not be obliged to deliver in any one Hour more than 5% of the maximum quantity of Gas per Day set out in the Service Agreement.

4.3 Gas Pressure

Where specifically requested by the Customer, FortisBC Energy may agree to deliver Gas to the Customer at the Delivery Point at a minimum pressure specified in the Customer's Service Agreement. The Customer will reimburse FortisBC Energy for costs it reasonably incurs in maintaining such minimum pressure above that set out in the General Terms and Conditions of FortisBC Energy. FortisBC Energy's ability to maintain a minimum pressure at the Delivery Point is subject to FortisBC Energy receiving Gas from a Transporter at the pressure specified in the Transporter's Service Terms..

5. Table of Charges

5.1 Charges

In respect of all quantities of Gas delivered to the Delivery Point pursuant to this Rate Schedule and the Service Agreement, the Customer will pay to FortisBC Energy all of the charges set out in the Table of Charges, except as specified in the Service Agreement.

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6. Term of Service Agreement

6.1 Term

The initial term of the Service Agreement will begin on the Commencement Date and will expire at 7:00 a.m. Pacific Standard Time on the next November 1st provided that if the foregoing results in an initial term of less than one Year, then the initial term will instead expire at the end of one further Contract Year.

6.2 Automatic Renewal

Except as specified in the Service Agreement, the term of the Service Agreement will continue from Year to Year after the expiry of the initial term unless cancelled by either FortisBC Energy or the Customer upon not less than 6 months notice prior to the end of the Contract Year then in effect.

6.3 Early Termination

The term of the Service Agreement is subject to early termination in accordance with Section 10 (Default or Bankruptcy). The Customer will reimburse FortisBC Energy for any net incremental utility Gas supply costs incurred by FortisBC Energy as a result of the Customer cancelling the Service Agreement prior to the end of the Contract Year then in effect. This reimbursement will include only those costs which are approved by the British Columbia Utilities Commission, and were unavoidable and could not be reduced by mitigation.

6.4 Survival of Covenants

Upon the termination of the Service Agreement, whether pursuant to Section 10 (Default or Bankruptcy) or otherwise:

- (a) all claims, causes of action or other outstanding obligations remaining or being unfulfilled as at the date of termination; and
- (b) all of the provisions in this Rate Schedule and in the Service Agreement relating to the obligation of any of the parties to account to or indemnify the other and to pay to the other any monies owing as at the date of termination in connection with the Service Agreement.

will survive such termination.

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7. Statements and Payments

7.1 Statements to be Provided

FortisBC Energy will, each Month, deliver to the Customer a statement for the preceding Month showing the Gas quantities delivered to the Customer and the amount due. FortisBC Energy will, on or about the 45th day after the end of a Contract Year, deliver to the Customer a separate statement for the preceding Contract Year showing the amount required from the Customer in respect of any indemnity due under this Rate Schedule or a Service Agreement. Any errors in any statement will be promptly reported to the other party as provided hereunder, and statements will be final and binding unless questioned within one Year after the date of the statement.

7.2 Payment and Late Payment Charge

Payment for the full amount of the statement, including federal, provincial and municipal taxes or fees applicable thereon, will be made to FortisBC Energy at its Vancouver, British Columbia office, or such other place in Canada as it will designate, on or before the 1st Business Day after the 21st calendar day following the billing date. If the Customer fails or neglects to make any payment required under this Rate Schedule, or any portion thereof, to FortisBC Energy when due, FortisBC Energy will include in the next bill to the Customer a late payment charge of 1.5% per month (19.56% per annum) on the outstanding amount.

7.3 Examination of Records

Each of FortisBC Energy and the Customer will have the right to examine at reasonable times the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, charge, computation or demand made pursuant to any provisions of this Rate Schedule or the Service Agreement.

8. Measuring Equipment

8.1 Facilities and Equipment

FortisBC Energy will install, maintain and operate at the Delivery Point such metering and communications facilities and equipment as FortisBC Energy determines are necessary or desirable for measuring the quantity of Gas delivered pursuant to this Rate Schedule to the Customer and the Customer will permit FortisBC Energy, without cost to FortisBC Energy, to use the Customer's communications lines and power for the purpose of installing, maintaining and operating the measuring equipment of FortisBC Energy. Communication facilities and equipment will be installed at the cost of the Customer.

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8.2 **Measuring Site**

If FortisBC Energy reasonably determines that it is necessary to install the facilities and equipment referred to in Section 8.1 (Facilities and Equipment) on the Customer's property, the Customer will, without charge, provide a suitable site along with utilities and enclosures for the installation of the facilities and equipment of FortisBC Energy. FortisBC Energy will at all times have clear access to the site and to all of its facilities and equipment. All facilities and equipment installed by FortisBC Energy on the Customer's property will remain the property of FortisBC Energy and may be removed by FortisBC Energy upon termination of the Service Agreement.

8.3 **Calibration and Test of Measuring Equipment**

The accuracy of the measuring equipment of FortisBC Energy will be verified by standard tests and methods at regular intervals and at other times at the initiative of FortisBC Energy or upon the reasonable request of the Customer. Notice of the time and nature of each test conducted in response to communications with or at the request of the Customer will be given by FortisBC Energy to the Customer sufficiently in advance to permit a representative of the Customer to be present. If during a test the measuring equipment is found to be registering inaccurately, it will be adjusted at once to read as accurately as possible. The results of each test and adjustment, if any, made by FortisBC Energy, whether or not the Customer is present for such test, will be accepted until the next test. All tests of such measuring equipment of FortisBC Energy will be made at the expense of FortisBC Energy, except that the Customer will bear the expense of tests made at its request if the measuring equipment is found to be inaccurate by an amount equal to 2% or less.

8.4 **Inaccuracy Exceeding 2%**

If upon any test the measuring equipment is found to be inaccurate by an amount exceeding 2%, any previous readings of such equipment will be corrected to zero error for any period during which it is definitely known or is agreed upon that the error existed. If the period is not definitely known or is not agreed upon, such correction will be for a period covering the last half of the time elapsed since the date of the last test. Under no circumstances will an adjustment be made for a period of more than the preceding 12 months.

8.5 **Correction of Measuring Errors**

If the measuring equipment is out of service or out of repair so that the quantity of Gas delivered cannot be correctly determined by the reading thereof, the Gas delivered during the period such measuring equipment is out of service or out of repair will be estimated on the basis of the best available data, using the first of the following methods which is feasible:

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- (a) by correcting the error if the percentage of error is ascertained by calibration test or mathematical calculation;
- (b) by using the registration of any check measuring equipment if installed and accurately registering; and
- (c) by estimating the quantity of Gas delivered to the Customer during the preceding periods under similar conditions when the meter was registering accurately.

8.6 Customer's Equipment

The Customer may at its own expense install, maintain and operate its own measuring equipment for the purposes of monitoring or checking the measuring equipment of FortisBC Energy, provided that the Customer will install such equipment so as not to interfere with the operation of the measuring equipment of FortisBC Energy.

8.7 Right to be Present

FortisBC Energy and the Customer will have the right to inspect all equipment installed or furnished by the other and the charts and other measurement or test data of the other at all times during business hours, and to be present at the time of any installing, testing, cleaning, changing, repairing, calibrating or adjusting done in connection with the measuring equipment of the other party, but all such activities will be performed by the party furnishing the measuring equipment.

8.8 Preservation of Records

Both parties will cause to be preserved each test datum, chart and other record of Gas measurement for a period of 2 years.

9. Measurement

9.1 Unit of Volume

The unit of volume of Gas for all purposes hereunder will be 1 cubic metre at a temperature of 15° Celsius and an absolute pressure of 101.325 kilopascals.

9.2 Determination of Volume

Gas delivered hereunder will be metered using metering apparatus approved by Measurement Canada and the determination of standard volumes delivered hereunder will be in accordance with terms and conditions pursuant to the *Electricity and Gas Inspection Act of Canada*.

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9.3 Conversion to Energy Units

In accordance with the *Electricity and Gas Inspection Act* of Canada, volumes of Gas delivered each Day will be converted to energy units by multiplying the standard volume by the Heat Content of each unit of Gas. Volumes will be specified in 10³m³ rounded to two decimal places and energy will be specified in GigaJoules rounded to the nearest GigaJoule.

10. Default or Bankruptcy

10.1 Default

If the Customer at any time fails or neglects:

- (a) to make any payment due to FortisBC Energy or to any other person under this Rate Schedule or the Service Agreement within 30 days after payment is due or
- (b) to correct any default of any of the other terms, covenants, agreements, conditions or obligations imposed upon it under this Rate Schedule or the Service Agreement, within 30 days after FortisBC Energy gives to the Customer notice of such default or, in the case of a default that cannot with due diligence be corrected within a period of 30 days, the Customer fails to proceed promptly after the giving of such notice with due diligence to correct the same and thereafter to prosecute the correcting of such default with all due diligence;

then FortisBC Energy may in addition to any other remedy that it has, at its option and without liability therefore:

- (c) suspend further service to the Customer and may refuse to deliver Gas to the Customer until the default has been fully remedied, and no such suspension or refusal will relieve the Customer from any obligation under this Rate Schedule or the Service Agreement; or
- (d) terminate the Service Agreement, and no such termination of the Service Agreement pursuant hereto will exclude the right of FortisBC Energy to collect any amount due to it from the Customer for what would otherwise have been the remainder of the term of the Service Agreement.

10.2 Bankruptcy or Insolvency

If the Customer becomes bankrupt or insolvent or commits or suffers an act of bankruptcy or insolvency or a receiver is appointed pursuant to a statute or under a debt instrument or the Customer seeks protection from the demands of its creditors pursuant to any legislation enacted for that purpose, FortisBC Energy will have the right, at its sole

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FORTISBC ENERGY INC. FORT NELSON SERVICE AREA TARIFF
RATE SCHEDULE 6

discretion, to terminate the Service Agreement by giving notice in writing to the Customer and thereupon FortisBC Energy may cease further delivery of Gas to the Customer and the amount then outstanding for Gas provided under the Service Agreement will immediately be due and payable by the Customer.

11. Notice

11.1 Notice

Any notice, request, statement or bill that is required to be given or that may be given under this Rate Schedule or under the Service Agreement will, unless otherwise specified, be in writing and will be considered as fully delivered when mailed, personally delivered or sent by fax or other method approved by FortisBC Energy to the other in accordance with the following:

If to FortisBC Energy FORTISBC ENERGY INC.

MAILING ADDRESS: 16705 Fraser Highway
 Surrey, B.C.
 V4N 0E8

BILLING AND PAYMENT: Attention: Industrial Billing
 Telephone: 1-855-873-8773
 Email: industrial.billing@fortisbc.com
 Fax: (888) 224-2710

CUSTOMER RELATIONS: Attention: Commercial & Industrial Energy
 Solutions
 Telephone: (604) 576-7028
 Email: commercial.energy@fortisbc.com
 Fax: (604) 576-7122

LEGAL AND OTHER: Attention: Legal Services
 Telephone: (604) 576-7000
 Fax: (604) 592-7520

If to the Customer, then as set out in the Service Agreement.

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11.2 Specific Notices

Notwithstanding Section 11.1 (Notice), notices with respect to Force Majeure will be sufficient if:

- (a) given by FortisBC Energy in writing by fax or other electronic means, or orally in person, or by telephone (to be confirmed in writing) to the person or persons designated from time to time by the Customer as authorized to receive such notices; or
- (b) given by the Customer by telephone (to be confirmed in writing) in the following manner:

To claim Force Majeure..."Please be advised that (name of company and location of plant) has (reason for claiming Force Majeure as provided Section 13 (Force Majeure)) and hereby claims suspension by reason of Force Majeure in accordance with the terms of Rate Schedule 6 effective 7:00 a.m. Pacific Standard Time (date of Force Majeure suspension to become effective, but not to be retroactive)."

To terminate Force Majeure..."Please be advised that (name of company and location of plant) requests a return to normal natural gas service in accordance with Rate Schedule 6 and the Service Agreement effective 7:00 a.m. Pacific Standard Time (date of Force Majeure suspension to end, but not to be retroactive) whereby the suspension by reason of Force Majeure currently in force will be terminated."

12. Indemnity and Limitation on Liability

12.1 Limitation on Liability

FortisBC Energy, its employees, contractors or agents are not responsible or liable for any loss or damages for or on account of any interruption or curtailment of Gas Service permitted under the General Terms and Conditions of FortisBC Energy or this Rate Schedule.

12.2 Indemnity

The Customer will indemnify and hold harmless each of FortisBC Energy, its employees, contractors and agents from and against any and all adverse claims, losses, suits, actions, judgments, demands, debts, accounts, damages, costs, penalties and expenses (including all legal fees and disbursements) arising from or out of each of the following:

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- (a) Municipal Operating Fees not otherwise collected by FortisBC Energy under the Table of Charges; and
- (b) all federal, provincial, municipal taxes (or payments made in lieu thereof) and royalties, whether payable on the delivery of Gas to FortisBC Energy by the Customer or on the delivery of Gas to the Customer by FortisBC Energy, or on any other Service provided by FortisBC Energy to the Customer.

13. Force Majeure

13.1 Force Majeure

Subject to the other provisions of Section 13 (Force Majeure), if either party is unable or fails by reason of Force Majeure to perform in whole or in part any obligation or covenant set out in this Rate Schedule under which Service is rendered or in the Service Agreement, the obligations of both FortisBC Energy and the Customer will be suspended to the extent necessary for the period of the Force Majeure condition.

13.2 Curtailment Notice

If FortisBC Energy claims suspension pursuant to Section 13 (Force Majeure), FortisBC Energy will be deemed to have issued to the Customer a notice of curtailment.

13.3 Exceptions

Neither party will be entitled to the benefit of the provisions of Section 13.1 (Force Majeure) under any of the following circumstances:

- (a) to the extent that the failure was caused by the negligence or contributory negligence of the party claiming suspension;
- (b) to the extent that the failure was caused by the party claiming suspension having failed to diligently attempt to remedy the condition and to resume the performance of the covenants or obligations with reasonable dispatch; or
- (c) unless as soon as possible after the happening of the occurrence relied on or as soon as possible after determining that the occurrence was in the nature of Force Majeure and would affect the claiming party's ability to observe or perform any of its covenants or obligations under the Rate Schedule or the Service Agreement, the party claiming suspension will have given to the other party notice to the effect that the party is unable by reason of Force Majeure (the nature of which will be specified) to perform the particular covenants or obligations.

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13.4 Notice to Resume

The party claiming suspension will likewise give notice, as soon as possible after the Force Majeure condition has been remedied, to the effect that it has been remedied and that the party has resumed, or is then in a position to resume, the performance of the covenants or obligations.

13.5 Settlement of Labour Disputes

Notwithstanding any of the provisions of this Section 13 (Force Majeure), the settlement of labour disputes or industrial disturbances will be entirely within the discretion of the particular party involved and the party may make settlement of it at the time and on terms and conditions as it may deem to be advisable and no delay in making settlement will deprive the party of the benefit of Section 13.1 (Force Majeure).

13.6 No Exemption for Payments

Notwithstanding any of the provisions of this Section 13 (Force Majeure), Force Majeure will not relieve or release either party from its obligations to make payments to the other.

13.7 Periodic Repair by FortisBC Energy

FortisBC Energy may temporarily shut off the delivery of Gas for the purpose of repairing or replacing a portion of the FortisBC Energy System or its equipment and FortisBC Energy will make reasonable efforts to give the Customer as much notice as possible with respect to such interruption, not to be less than 8 hours prior notice except when prevented by Force Majeure. FortisBC Energy will make reasonable efforts to schedule repairs or replacement to minimize interruption of Gas service to the Customer and to restore Service as quickly as possible.

13.8 Alteration of Facilities

The Customer will pay to FortisBC Energy all reasonable costs associated with the alteration of facilities made at the discretion of FortisBC Energy to measure quantities reduced by reason of Force Majeure claimed by the Customer and to restore such facilities after the Force Majeure condition ends.

14. Arbitration

14.1 Arbitration

Any dispute between the parties arising from this Rate Schedule or the Service Agreement will be resolved by a single arbitrator pursuant to the *Arbitration Act* of British Columbia or successor legislation, save as expressly provided herein.

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14.2 Demand for Arbitration

Either party may commence arbitration proceedings by sending to the other party a demand for arbitration setting out the nature of the dispute.

14.3 Arbitrator

The parties will have 10 days from receipt of the demand referred to in Section 14.2 (Demand for Arbitration) of this Rate Schedule to agree upon the arbitrator, failing which either party may apply to the Supreme Court of British Columbia to select the arbitrator. The arbitrator must be sufficiently qualified by education and training to decide the particular questions in dispute. Unless otherwise agreed, the arbitrator may not be a past or present employee, officer or director of any of the parties or their respective successors or affiliates, any customer or supplier of the Customer or FortisBC Energy.

14.4 Commencement and Decision

The arbitrator will proceed immediately to hear and determine the matter in dispute and will render a written decision, signed by the arbitrator, within 45 days after the appointment, subject to any reasonable delay due to unforeseen circumstances. Notwithstanding the foregoing, if the arbitrator fails to render a decision within 60 days after the appointment then either party may elect to have a new arbitrator appointed in like manner as if none had previously been appointed.

14.5 Decision

The decision of the arbitrator will be final and binding upon the parties and the parties will abide by the decision and perform the terms and conditions thereof.

15. Interpretation

15.1 Interpretation

Except where the context requires otherwise or except as otherwise expressly provided, in this Rate Schedule or in a Service Agreement:

- (a) all references to a designated section are to the designated section of this Rate Schedule unless otherwise specifically stated;
- (b) the singular of any term includes the plural, and vice versa, and the use of any term is equally applicable to any gender and, where applicable, body corporate;
- (c) any reference to a corporate entity includes and is also a reference to any corporate entity that is a successor to such entity;

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- (d) all words, phrases and expressions used in this Rate Schedule or in a Service Agreement that have a common usage in the gas industry and that are not defined in the General Terms and Conditions of FortisBC Energy, the Definitions or in the Service Agreement have the meanings commonly ascribed thereto in the gas industry; and
- (e) the headings of the sections set out in this Rate Schedule or in the Service Agreement are for convenience of reference only and will not be considered in any interpretation of this Rate Schedule or the Service Agreement.

16. Miscellaneous

16.1 Waiver

No waiver by either FortisBC Energy or the Customer of any default by the other in the performance of any of the provisions of this Rate Schedule or the Service Agreement will operate or be construed as a waiver of any other or future default or defaults, whether of a like or different character.

16.2 Enurement

The Service Agreement will enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns, including without limitation successors by merger, amalgamation or consolidation.

16.3 Assignment

The Customer will not assign the Service Agreement or any of its rights or obligations thereunder without the prior written consent of FortisBC Energy which consent will not be unreasonably withheld or delayed. No assignment will release the Customer from its obligations under this Rate Schedule or under the Service Agreement that existed prior to the date on which the assignment takes effect. This provision applies to every proposed assignment by the Customer.

16.4 Amendments to be in Writing

Except as set out in this Rate Schedule, no amendment or variation of the Service Agreement will be effective or binding upon the parties unless such amendment or variation is set out in writing and duly executed by the parties.

16.5 Proper Law

The Service Agreement will be construed and interpreted in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

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16.6 Time is of Essence

Time is of the essence of this Rate Schedule, the Service Agreement and of the terms and conditions thereof.

16.7 Subject to Legislation

Notwithstanding any other provision hereof, this Rate Schedule and the Service Agreement and the rights and obligations of FortisBC Energy and the Customer under this Rate Schedule and the Service Agreement are subject to all present and future laws, rules, regulations and orders of any legislative body, governmental agency or duly constituted authority now or hereafter having jurisdiction over FortisBC Energy or the Customer.

16.8 Further Assurances

Each of FortisBC Energy and the Customer will, on demand by the other, execute and deliver or cause to be executed and delivered all such further documents and instruments and do all such further acts and things as the other may reasonably require to evidence, carry out and give full effect to the terms, conditions, intent and meaning of this Rate Schedule and the Service Agreement and to assure the completion of the transactions contemplated hereby.

16.9 Form of Payments

All payments required to be made under statements and invoices rendered pursuant to this Rate Schedule or the Service Agreement will be made by wire transfer to, or cheque or bank cashier's cheque drawn on a Canadian chartered bank or trust company, payable in lawful money of Canada at par in immediately available funds in Vancouver, British Columbia.

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FORTISBC ENERGY INC. FORT NELSON SERVICE AREA TARIFF
RATE SCHEDULE 6

Table of Charges

Fort Nelson
Service Area

Delivery Margin Related Charges

1. <u>Basic Charge</u> per Month	<u>\$ XX.XX</u>
2. <u>Delivery Charge</u> per Gigajoule	<u>\$ X.XXX</u>

Commodity Related Charges

3. <u>Commodity Cost Recovery Charge</u> per Gigajoule	<u>\$ X.XXX</u>
4. <u>Storage and Transport Charge</u> per Gigajoule	<u>\$ X.XXX</u>

<u>Subtotal of per Gigajoule Commodity Related Charges</u>	<u>\$ X.XXX</u>
---	-----------------

Minimum Charge per month

The minimum charge per month will be the Basic Charge.

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Special Conditions

FortisBC Energy may, in its sole discretion, reduce the Delivery Charge per Gigajoule to any Customer where such reduction is necessary to encourage expansion of the NGV market. Any reduction in the Delivery Charge will be specified in the Service Agreement.

FortisBC Energy may make a promotional grant towards the cost to purchase a factory-built NGV vehicle, or the cost to convert a vehicle to natural gas to meet requirements as set by the Government of Canada, provided that such vehicles will obtain Gas from refuelling facilities in a FortisBC Energy Service Area. The amount of the grant would not exceed \$10 per GJ, based on estimated consumption over a one year period, up to a maximum total grant by vehicle type as listed in the table below:

Factory Built NGV Incentive Grants		
Vehicle Description	GVW (#)	Maximum Grant
Light Duty	< 10,000	\$ 2,500
Medium Duty	< 17,000	\$ 5,000
Heavy Duty	> 17,000	\$ 10,000

The amount of each grant will not exceed the 5 year projected net revenue to FortisBC Energy from each corresponding vehicle.

FortisBC Energy may also fund Special Demonstration project grants, tied to an individual vehicle purchased by a customer. The amount of the Special Demonstration grant will not exceed the premium cost for the natural gas option for the vehicle. The total funds paid out under the Special Demonstration project grants will not exceed \$100,000 in any one year.

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**NATURAL GAS VEHICLE SERVICE AGREEMENT
FOR RATE SCHEDULE 6**

This Agreement is dated _____ day of _____, 20____, between FortisBC Energy Inc. ("FortisBC Energy") and _____ (the "Customer").

WHEREAS:

- A. FortisBC Energy owns and operates the FortisBC Energy System;
- B. The Customer is the operator of _____ located in or near _____ (the "Premises") in the Province of British Columbia, from which the Customer desires to dispense NGV;
- C. The Customer / or _____ is the registered owner of the Premises; and
- D. The Customer desires to purchase from FortisBC Energy NGV Firm Gas Service for the Premises in accordance with Rate Schedule 6.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the terms, conditions and limitations contained herein, the parties agree as follows:

1. Specific Information

Estimated Maximum Quantity _____ Gigajoules per day

Commencement Date: _____

Expiry Date: _____

(only specify an expiry date if term of Service Agreement is not automatically renewed from Year to Year as set out in Section 6.2 of Rate Schedule 6)

Delivery Point: _____

Pressure at the Delivery Point: _____

(only specify where applicable as set out in Section 4.3 of Rate Schedule 6)

Service Address: _____

Account Number: _____

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FORTISBC ENERGY INC. FORT NELSON SERVICE AREA TARIFF
RATE SCHEDULE 6

Address of Customer for receiving notices:

(name of Customer)

Attention: _____

(address of Customer)

Telephone: _____

Fax: _____

Email: _____

The information set out above is hereby approved by the parties and each reference in either this agreement or Rate Schedule 6 to any such information is to the information set out above.

2. Rate Schedule 6

2.1 Additional Terms

All rates, terms and conditions set out in Rate Schedule 6 and the General Terms and Conditions of FortisBC Energy, as any of them may be amended by FortisBC Energy and approved from time to time by the British Columbia Utilities Commission, are in addition to the rates, terms and conditions contained in this Service Agreement and form part of this Service Agreement and bind FortisBC Energy and the Customer as if set out in this Service Agreement.

2.2 Payment of Amounts

Without limiting the generality of the foregoing, the Customer will pay to FortisBC Energy all of the amounts set out in Rate Schedule 6 for the Services provided under Rate Schedule 6 and this Service Agreement.

2.3 Conflict

Where anything in either Rate Schedule 6 or the General Terms and Conditions of FortisBC Energy conflicts with any of the rates, terms and conditions set out in this Service Agreement, this Service Agreement governs. Where anything in Rate Schedule 6 conflicts with any of the rates, terms and conditions set out in the General Terms and Conditions of FortisBC Energy, Rate Schedule 6 governs.

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2.4 Acknowledgement

The Customer acknowledges receiving and reading a copy of Rate Schedule 6 and the General Terms and Conditions of FortisBC Energy and agrees to comply with and be bound by all terms and conditions set out therein.

3. Rates

3.1 For NGV Firm Gas Service, the Customer agrees to pay (check one):

_____ the charges set out in the Table of Charges of Rate Schedule 6, which may be amended from time to time by FortisBC Energy with the consent of the British Columbia Utilities Commission

or

_____ the following special charges, fixed for the term of the Service Agreement.

plus the Commodity Cost Recovery Charge per Gigajoule, the Storage and Transport Charge per Gigajoule, all applicable Commodity Cost Recovery Charge related riders and all applicable Storage and Transport Charge related riders, as set out in the Table of Charges of Rate Schedule 6.

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FORTISBC ENERGY INC. FORT NELSON SERVICE AREA TARIFF
RATE SCHEDULE 6

IN WITNESS WHEREOF the parties hereto have executed this Service Agreement.

FORTISBC ENERGY INC.

(here insert name of Customer)

BY: _____

(Signature)

BY: _____

(Signature)

(Title)

(Title)

(Name – Please Print)

(Name – Please Print)

DATE: _____

DATE: _____

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**FORTISBC ENERGY INC.
FORT NELSON SERVICE AREA**

RATE SCHEDULE 25

GENERAL FIRM TRANSPORTATION SERVICE

Effective June 1, 2018

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Deleted: Director

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Deleted: March 1, 2011

Deleted: *Original signed by E.M. Hamilton*

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1. **Definitions**

1.1 **Definitions**

Except where the context requires otherwise, all words and phrases defined below or in the General Terms and Conditions of FortisBC Energy and used in this Rate Schedule or in a Transportation Agreement have the meanings set out below or in the General Terms and Conditions of FortisBC Energy. Where any of the definitions set out below conflict with the definitions in the General Terms and Conditions of FortisBC Energy, the definitions set out below govern.

- (a) **Authorized Quantity** – means, subject to interruptions or curtailments as provided in Section 4 (Transportation) or due to provisions of the Transportation Agreement, the quantity of energy (in Gigajoules) for each Day approved by the Transporter for transportation Service on the Transporter's pipeline system, based on the quantity requested pursuant to Section 7.1 (Requested Quantity), adjusted as set out in Section 7.2 (Adjustment of Requested Quantity) or the quantity of energy approved for sale by FortisBC Energy under an applicable Rate Schedule, or any component or aggregate of these quantities, as the context requires.
- (b) **Backstopping Gas** - means Gas made available by FortisBC Energy as an interruptible backup supply if on any Day the Authorized Quantity is less than the Requested Quantity, adjusted as set out in Section 7.2 (Adjustment of Requested Quantity).
- (c) **Balancing Gas** - means any Gas taken during a Day which is in excess of the Authorized Quantity, subject to Section 8.2 (Provision of Gas Balancing).
- (d) **Commencement Date** - means the day specified as the Commencement Date in the Transportation Agreement.
- (e) **Contract Year** - means a period of 12 consecutive Months commencing at the beginning of the 1st Day of November and ending at the beginning of the next succeeding 1st Day of November.
- (f) **Day** - means, subject to Section 1.2 (Change in Definition of "Day"), any period of twenty-four consecutive hours beginning and ending at 7:00 a.m. Pacific Standard Time.
- (g) **Delivery Point** - means the point specified in a Sales Service Agreement or a Transportation Agreement where FortisBC Energy delivers Gas to a Customer or a Shipper.
- (h) **DTQ or Daily Transportation Quantity** - means the Firm DTQ.

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- (i) **Firm DTQ** - means the maximum quantity of Gas that FortisBC Energy is obligated to transport for and deliver on a firm basis to a Shipper at the Delivery Point on any particular Day, which reasonably reflects the Shipper's requirements and is specified in a Transportation Agreement.
- (j) **Force Majeure** - means any acts of God, strikes, lockouts, or other industrial disturbances, civil disturbances, arrests and restraints of rulers or people, interruptions by government or court orders, present or future valid orders of any regulatory body having proper jurisdiction, acts of the public enemy, wars, riots, blackouts, insurrections, failure or inability to secure materials or labour by reason of regulations or orders of government, serious epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, explosions, breakage or accident to machinery or lines of pipes, or freezing of wells or pipelines, or the failure of gas supply, temporary or otherwise, from a Supplier of gas, which act of Force Majeure was not due to negligence of the party claiming Force Majeure. Further, Force Majeure will also include a declaration of force majeure by a Transporter that results in Gas being unavailable for delivery at the Interconnection Point.
- (k) **Group** - means a group of Shippers who each transport Gas under a transportation Rate Schedule, have a common Shipper Agent, and who have each entered into a Transportation Agreement.
- (l) **Interconnection Point** - means a point where the FortisBC Energy System interconnects with the facilities of one of the Transporters of FortisBC Energy, as specified in a Transportation Agreement.
- (m) **Month** - means, subject to any changes from time to time required by FortisBC Energy, the period beginning at 7:00 a.m. Pacific Standard Time on the first day of the calendar month and ending at 7:00 a.m. Pacific Standard Time on the first day of the next succeeding calendar month.
- (n) **Rate Schedule 25 or this Rate Schedule** - means this Rate Schedule, including all rates, terms and conditions, and the Table of Charges, as amended from time to time by FortisBC Energy with the consent of the British Columbia Utilities Commission.
- (o) **Requested Quantity** - means the quantity of energy for each Day requested for firm transportation Service under Rate Schedule 25, or for sales by FortisBC Energy under an applicable Rate Schedule, or any component or aggregate of these quantities, as the context requires.
- (p) **Shipper** - means a person who enters into a Transportation Agreement with FortisBC Energy and who is also the consumer of the Gas transported.
- (q) **Shipper Agent** - means a person who enters into a Shipper Agent Agreement with FortisBC Energy.

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- (r) **Shipper Agent Agreement** - means an agreement between FortisBC Energy and a Shipper Agent pursuant to which the Shipper Agent agrees to act as agent for a Group.
- (s) **Station 2 Daily Price** - means the Station 2 Daily Midpoint Price as set out in Gas Daily's Daily Price Survey for Gas delivered to Westcoast Station 2 in Canadian dollars per Gigajoule.
- (t) **Supplier** - means a party who sells Gas to a Shipper or FortisBC Energy or has access to its own supplies of Gas.
- (u) **Table of Charges** - means the table of prices, fees and charges, as amended from time to time by FortisBC Energy with the consent of the British Columbia Utilities Commission, appended to this Rate Schedule.
- (v) **Timely Nomination Cycle** – means nominations received for the following Day or subsequent Day(s), which closes at 11:00 a.m. Pacific Standard Time.
- (w) **Transportation Agreement** - means an agreement between FortisBC Energy and a Shipper to provide Service pursuant to a transportation Rate Schedule.
- (x) **Transporter** - means, in the case of the Fort Nelson Service Area, Westcoast Energy Inc., and any other gas pipeline transportation company connected to the facilities of FortisBC Energy from which FortisBC Energy receives Gas for the purposes of Gas transportation or resale.
- (y) **Transporter's Service Terms** - means the general terms and conditions of the applicable Transporter, as filed with and approved from time to time by the National Energy Board or other applicable governmental authority.
- (z) **Unauthorized Overrun Gas** - means any Gas taken on any Day in excess of the curtailed quantity specified in any notice to interrupt or curtail a Shipper's take or to interrupt or curtail a Group's take, and for greater certainty, Unauthorized Overrun Gas includes all Gas taken by a Shipper or a Group to the extent that the obligation of FortisBC Energy to deliver such Gas is suspended by reason of Force Majeure.

1.2 Change in Definition of "Day"

FortisBC Energy may amend the definition of "Day" from time to time to suitably align its operations with those of its Transporters. If FortisBC Energy amends the definition of "Day", a pro-rata adjustment of quantities of Gas and charges to account for any Day of more or less than 24 hours will be made and the terms of the Transportation Agreement will be similarly adjusted.

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2. Applicability

2.1 Description of Applicability

This Rate Schedule applies to the provision of firm transportation Service through the FortisBC Energy System and through one meter station to one Shipper. For greater certainty, firm transportation Service under this Rate Schedule means the transportation Service FortisBC Energy is obligated to provide to a Shipper on a firm basis subject to interruption or curtailment pursuant to Sections 16 (Default or Bankruptcy), 19 (Force Majeure) and the General Terms and Conditions of FortisBC Energy.

2.2 British Columbia Utilities Commission

This Rate Schedule may be amended from time to time with the consent of the British Columbia Utilities Commission.

3. Conditions of Service

3.1 Conditions

FortisBC Energy does not provide transportation Service as a common carrier. FortisBC Energy will only transport Gas under this Rate Schedule to Shippers in the territory served by FortisBC Energy under the FortisBC Energy tariff of which this Rate Schedule is a part if:

- (a) the Shipper has entered into a Transportation Agreement;
- (b) adequate capacity exists on the FortisBC Energy System, and
- (c) FortisBC Energy has installed at the Delivery Point the facilities and equipment referred to in Section 13.1 (Facilities and Equipment).

3.2 Security

In order to secure the prompt and orderly payment of the charges to be paid by the Shipper to FortisBC Energy under the Transportation Agreement, FortisBC Energy may require the Shipper to provide, and at all times maintain, an irrevocable letter of credit in favour of FortisBC Energy issued by a financial institution acceptable to FortisBC Energy in an amount equal to the estimated maximum amount payable by the Shipper under this Rate Schedule and the Transportation Agreement for a period of 90 Days. Where FortisBC Energy requires a Shipper to provide a letter of credit and the Shipper is able to provide alternative security acceptable to FortisBC Energy, FortisBC Energy may accept such security in lieu of a letter of credit.

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<#>Transportation Agreement - FortisBC Energy will only transport Gas pursuant to an executed Transportation Agreement. FortisBC Energy is not offering to provide service as a common carrier.¶
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<#>the Shipper has contracted for a supply of Gas, which has been approved by ¶ the British Columbia Utilities Commission

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<#>the Shipper has contracted with the Transporter, or has caused to be contracted with the Transporter, firm delivery to the Interconnection Point each Day over the term of the Transportation Agreement of a quantity of Gas equal to the DTQ.¶
<#>¶
<#>where the Shipper is not an End-User of the Gas to be transported pursuant to the Transportation Agreement¶
<#>¶
<#>the End-User is specified in the Transportation Agreement.¶
<#>¶
<#>the Shipper does not deliver Gas to a party other than the End-User specified in the Transportation Agreement.¶
<#>¶
<#>the term of the Transportation Agreement is identical to the term of the gas supply contract between the Shipper and the End-User, which will be for a period of not less than one Contract Year, and¶
<#>¶
<#>Section Break (Next Page)-----
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<#>the Shipper has provided to FortisBC Energy prior to the commencement of service under this Rate Schedule in a form acceptable to FortisBC Energy the following¶
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4. Transportation

4.1 Transportation of Gas

Subject to Section 13 of the General Terms and Conditions of FortisBC Energy (Interruption of Service), and all of the terms and conditions of this Rate Schedule, FortisBC Energy will on each Day transport for and deliver to the Shipper at the Delivery Point the Authorized Quantity, received at the Interconnection Point from the Transporter up to the Requested Quantity, where adequate capacity exists on the FortisBC Energy System. On each Day, if the Shipper's Gas received at the Interconnection Point is not consumed by the Shipper or is not authorized for delivery to the Shipper, FortisBC Energy will be entitled to utilize such Gas subject to all the terms of this Rate Schedule and the Transportation Agreement.

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4.2 Curtailment

Consistent with the provisions of Section 7.5 (Failure to Deliver to Interconnection Point), if at any time FortisBC Energy, acting reasonably, determines that it is not able to provide Balancing Gas or Backstopping Gas, FortisBC Energy may curtail the Shipper's take to the lesser of the Authorized Quantity or the Firm DTQ.

4.3 Notice of Curtailment

Each notice from FortisBC Energy to the Shipper with respect to the interruption or curtailment by FortisBC Energy of deliveries of Gas to the Delivery Point will be by telephone, by facsimile ("fax") and/or by other electronic means, and will specify the quantity of Gas to which the Shipper is curtailed and the time at which such curtailment is to be made. FortisBC Energy will make reasonable efforts to give the Shipper as much notice as possible with respect to such curtailment, not to be less than 8 Hours prior notice unless prevented by Force Majeure.

4.4 Default Regarding Curtailment

The Shipper will comply with each notice to interrupt or curtail the Shipper's take. If the Shipper at any time fails or neglects to comply with a notice to interrupt or curtail the Shipper's take as set out in Section 7.5 (Failure to Deliver to Interconnection Point), FortisBC Energy may, in addition to any other remedy that it may then or thereafter have, at its option, without liability therefor and without any prior notice to the Shipper:

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(a) turn off the valve at the Delivery Point; or

(b) deliver such Gas and charge the Shipper for such Gas consumed on that Day the Unauthorized Overrun Gas charge set out in the Table of Charges.

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4.5 Maximum Hourly Quantities

FortisBC Energy will not be obliged to receive or deliver in one Hour more than 5% of the quantity of Gas that the Shipper is authorized to receive on any Day.

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4.6 Gas Pressure

Where specifically requested by the Shipper, FortisBC Energy may agree to deliver Gas to the Shipper at the Delivery Point at a minimum pressure specified in the Shipper's Transportation Agreement. The Shipper will reimburse FortisBC Energy for costs it reasonably incurs in maintaining such minimum pressure above that set out in the General Terms and Conditions of FortisBC Energy. FortisBC Energy's ability to maintain a minimum pressure at the Delivery Point is subject to FortisBC Energy receiving Gas at the Interconnection Point at the pressure specified in the Transporter's Service Terms.

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5. Table of Charges

5.1 Charges

In respect of all quantities of Gas delivered to the Delivery Point pursuant to this Rate Schedule and the Transportation Agreement, the Shipper will pay to FortisBC Energy all of the charges set out in the Table of Charges whether or not the Shipper is a member of a Group. The Shipper Agent may elect to pay to FortisBC Energy the charges for the Backstopping Gas and the Balancing Gas taken and any Unauthorized Overrun Gas taken for members of its Group. In the event the Shipper Agent fails to make an election or pay these charges for and on behalf of the Shippers which are members of its Group, FortisBC Energy will bill the Shippers directly.

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<#>Pressure at Delivery Point - All Gas delivered by FortisBC Energy at the Delivery Point to or on behalf of the Shipper will not be at less than the pressure specified in the Transportation Agreement.¶
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6. Unauthorized Use

6.1 Charges for Unauthorized Service

On any Day a Shipper takes Unauthorized Overrun Gas and/or Unauthorized Transportation Service, the Shipper will pay to FortisBC Energy the unauthorized overrun charge set out in the Table of Charges. The Shipper Agent may elect to pay these charges for the members of its Group. In the event the Shipper Agent fails to make an election or does not pay these charges for and on behalf of the Shippers which are members of its Group, FortisBC Energy will bill the Shippers directly.

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6.2 Payments Not License

Payments made to FortisBC Energy for Unauthorized Overrun Gas or Unauthorized Transportation Service neither give the right to take Unauthorized Overrun Gas or Unauthorized Transportation Service, nor exclude or limit any other remedies available to FortisBC Energy for the taking or use of Unauthorized Overrun Gas or Unauthorized Transportation Service.

7. Nomination

7.1 Requested Quantity

The Shipper or Shipper Agent will provide notice to FortisBC Energy on the Web Information and Nomination System ("WINS") or other method approved by FortisBC Energy, prior to the Timely Nomination Cycle on each Day (or such other time as may be specified from time to time by FortisBC Energy) such information as may be requested by FortisBC Energy, which will include, but is not limited to, the Shipper or Shipper Agent's Requested Quantity for the Day commencing in approximately 24 hours, and/or subsequent Day(s). If the Shipper or Shipper Agent does not notify FortisBC Energy in accordance with the foregoing, then the Shipper or Shipper Agent's Requested Quantity for the Day commencing in approximately 24 hours will be deemed to be zero, subject to Section 7.2 (Adjustment of Requested Quantity). The Shipper or Shipper Agent is required to provide their best estimate of the quantity of Gas the Shipper(s) will actually consume on such Day.

7.2 Adjustment of Requested Quantity

The Shipper or Shipper Agent will provide notice to FortisBC Energy on the WINS, or other method approved by FortisBC Energy, of adjustments to the Requested Quantity for the Day commencing in approximately 24 hours. Adjustments to the Requested Quantity must adhere to the elapsed pro-rata practices of the applicable Transporter(s). FortisBC Energy may adjust, in consultation with the Shipper, the Shipper's Requested Quantity, described in Section 7.1 (Requested Quantity), when in the reasonable opinion of FortisBC Energy such modification is required in order to limit the build-up of inventory account quantities.

7.3 Request to Transporter

FortisBC Energy will provide to the Transporter the Shipper's Requested Quantity, adjusted as set out in Section 7.2 (Adjustment of Requested Quantity).

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<#>¶
<#>Default Regarding Curtailment - If the Shipper at any time fails or neglects to comply with a notice from FortisBC Energy to discontinue or curtail the Shipper's take as set out in section 6.6 (Failure to Deliver to Interconnection Point), FortisBC Energy may, in addition to any other remedy which it may then or thereafter have, at its option (...)

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FORTISBC ENERGY INC. FORT NELSON SERVICE AREA TARIFF
RATE SCHEDULE 25

7.4 Delivery to Interconnection Point

The Shipper will cause to be delivered to the Interconnection Point on each Day a quantity of Gas at least equal to the Shipper's Requested Quantity, adjusted as set out in Section 7.2 (Adjustment of Requested Quantity).

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7.5 Failure to Deliver to Interconnection Point

If on any Day the Authorized Quantity from the Transporter is less than the quantity requested from the Transporter pursuant to Section 7.3 (Request to Transporter), then in addition to curtailments permitted under Section 4 (Transportation), FortisBC Energy may, in its discretion, interrupt or curtail Service hereunder to the lesser of such Authorized Quantity or the Firm DTQ. Alternatively, FortisBC Energy may deliver additional Gas to the Shipper at the Interconnection Point and charge the Shipper Backstopping Gas as set out in the Table of Charges.

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7.6 Authorized Quantity

FortisBC Energy will notify the Shipper or the Shipper Agent on WINS or other method approved by FortisBC Energy if the Authorized Quantity is less than the Requested Quantity.

7.7 Determination of DTQ

Subject to Section 3 (Conditions of Service) and 10.2 (Automatic Renewal), the Shipper will provide to FortisBC Energy by fax or other method approved by FortisBC Energy 30 Days prior to the Commencement Day of each Contract Year the Shipper's DTQ for the following Contract Year. If the Shipper does not provide FortisBC Energy notice in accordance with this Section 7.7 (Determination of DTQ), then the Shipper's Firm DTQ for the following Contract Year will be deemed to be the same as the current Contract Year. If a Shipper appoints a Shipper Agent to act on its behalf, the Shipper authorizes the Shipper Agent to determine the DTQ set out in the Transportation Agreement, for each Contract Year. This authorization will remain in effect for the term of the Transportation Agreement or for so long as the Shipper Agent acts as agent for the Shipper, whichever period is shorter.

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8. Gas Balancing

8.1 Gas Balancing

Gas balancing hereunder is intended for matching day to day imbalances that cannot be reasonably forecast by the Shipper. Subject to all the terms of this Rate Schedule, FortisBC Energy will on each Day balance for the Shipper at the Interconnection Point the difference between the Shipper's Authorized Quantity under the Transportation Agreement and its actual consumption of Gas.

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8.2 Provision of Gas Balancing

When on any Day the Shipper requires Gas for balancing, FortisBC Energy will:

- (a) allow the Shipper to use up to the amount available in the Shipper's inventory account pursuant to Section 8.4 (Adjustments to Inventory);
- (b) for quantities of Gas above the amount available in the Shipper's inventory, sell to the Shipper at the commodity charge set out in the Table of Charges; and
- (c) for quantities of Gas needed to balance actual consumption that exceeds the greater of 100 Gigajoules or 10 percent of the Shipper's Authorized Quantity, charge the Shipper for Balancing Gas at the applicable rate(s) as set out in the Table of Charges.

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Deleted: service to the Shippers on a basis deemed equitable by FortisBC Energy. FortisBC Energy will reallocate the deficiency if it obtains information that allows it to determine responsibility

8.3 Curtailment of Gas Balancing

FortisBC Energy may for any reason and for any length of time, interrupt or curtail Gas balancing under this Rate Schedule.

8.4 Adjustments to Inventory

When on any Day the Shipper delivers more Gas to the Interconnection Point than its actual consumption, except for Gas purchased by FortisBC Energy under Section 19.8 (Shipper's Gas), FortisBC Energy will maintain an inventory account for the Shipper and will increase the balance in the account by the excess amount received. FortisBC Energy reserves the right to limit Gas quantities maintained in the Shipper's inventory account and will from time to time, at its discretion and in consultation with the Shipper, return excess inventory at no charge to the Shipper; this will not relieve the Shipper from its obligation to provide accurate nominations pursuant to Section 7.1 (Requested Quantity).

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<#>Balancing¶
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for over deliveries (the sum of the Authorized Quantities is greater than the Monthly Transportation Quantity)

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FORTISBC ENERGY INC. FORT NELSON SERVICE AREA TARIFF
RATE SCHEDULE 25

8.5 **Imbalance Following Termination**

If FortisBC Energy has received a quantity of Gas in excess of the quantity delivered to the Shipper during the term of a Transportation Agreement, then the Shipper may request the excess quantity be returned within 90 Days following termination of the Transportation Agreement.

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<#>for under deliveries (the sum of the Authorized Quantities is less than the Monthly Transportation Quantity), and subject to availability of Gas, FortisBC Energy will sell to the Shipper the deficiency quantities at the authorized overrun charge set out in the Table of Charges.¶
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9. **Group Nominations and Balancing**

9.1 **Group Nominations and Balancing**

If a Shipper appoints a Shipper Agent and becomes a member of a Group and if the Shipper and Shipper Agent have agreed to execute or have executed a Shipper Agent Agreement, and if the members of the Group are in the same Service Area of FortisBC Energy and receive Service under a transportation Rate Schedule, the Shipper Agent will nominate and balance on behalf of all members of the Group on an aggregate basis pursuant to Sections 7 (Nomination), and 8 (Gas Balancing) of this Rate Schedule, as modified by this Section, and the Shipper Agent will be the agent for each of the members of a Group for the purposes of any and all matters set out in Sections 1, (Nomination), and 8 (Gas Balancing). The Shipper Agent may also elect pursuant to the Shipper Agent Agreement, to pay some or all of the charges specified in Sections 5.1 (Charges) and 6.1 (Charges for Unauthorized Service) for and on behalf of the Shippers in its Group. The Shipper acknowledges and agrees that FortisBC Energy may rely, for the purpose of payment allocations, on written notification from the Shipper Agent of such election as a basis for the Shipper Agent's authority to act on behalf of the Shipper. Where the Shipper Agent fails to execute a Shipper Agent Agreement, the Shipper will be deemed to be and treated by FortisBC Energy as an individual Group of one Shipper, except for the purposes of Sections 9.4 (Notices To and From Shipper Agents) and 11.1 (Statements to be Provided) hereunder, and will be deemed to have agreed to purchase Gas from FortisBC Energy pursuant to the applicable transportation Rate Schedule and will accordingly be responsible for the payment of all charges thereunder, including any and all Balancing Gas and Unauthorized Overrun Gas charges attributable to that Shipper.

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<#>Monthly Transportation Quantity - The Monthly Transportation Quantity for a Group is the sum of the Monthly Transportation Quantity for each member of the Group.¶
<#>¶

<#>Estimates by Customer Agent - The Customer Agent will notify FortisBC Energy of the Requested Quantity described in section (...)

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9.2 **Determination of Charges**

The charges for Backstopping Gas, Balancing Gas, and Unauthorized Overrun Gas, set out in the Table of Charges, will be determined based on the quantities transported on behalf of all members of the Group on an aggregate basis.

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9.3 Security

FortisBC Energy may require the Shipper Agent to provide security, as set out in Section 3.2 (Security), with necessary changes, for the performance of the Shipper Agent's obligations under the Shipper Agent Agreement.

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9.4 Notices To and From Shipper Agents

If the Shipper is a member of a Group then:

(a) communications regarding curtailments or interruptions arising from Gas supply constraints and limitations, quantities of Gas requested and quantities of Gas authorized will be between the Shipper Agent for the Group and FortisBC Energy; and

(b) notices from FortisBC Energy with respect to interruption or curtailment pursuant to Section 4.3 (Notice of Curtailment) arising from Gas supply constraints or limitations will be to the Shipper Agent for the Group and will specify the quantity of Gas to which the Group is curtailed and the time at which such curtailment is to be made; it will be the responsibility of the Shipper Agent to notify Shippers which are members of the Group of interruptions or curtailments.

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¶ if the Shipper is the End-User,

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<#> if the Shipper is not the End-User, the term of the Transportation Agreement will be as described in section 2.1(d) (iii).¶ <#>¶

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10. Term of Transportation Agreement

10.1 Term

The initial term of the Transportation Agreement will begin on the Commencement Date and will expire at 7:00 a.m. Pacific Standard Time on the next November 1st, provided that if the foregoing results in an initial term of less than one Year, then the initial term will instead expire at the end of one further Contract Year.

10.2 Automatic Renewal

Except as specified in the Transportation Agreement, the term of the Transportation Agreement will continue from Year to Year after the expiry of the initial term unless cancelled by either FortisBC Energy or the Shipper upon not less than 2 months notice prior to the end of the Contract Year then in effect.

10.3 Early Termination

The term of the Transportation Agreement is subject to early termination in accordance with Section 16 (Default or Bankruptcy).

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10.4 Survival of Covenants

Upon the termination of the Transportation Agreement, whether pursuant to Section 16 (Default or Bankruptcy) or otherwise:

- (a) all claims, causes of action or other outstanding obligations remaining or being unfulfilled as at the date of termination; and
- (b) all of the provisions in this Rate Schedule and in the Transportation Agreement relating to the obligation of any of the parties to account to or indemnify the other and to pay to the other any monies owing as at the date of termination in connection with the Transportation Agreement,

will survive such termination.

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11. Statements and Payments

11.1 Statements to be Provided

FortisBC Energy will, on or about the 15th day of each Month, deliver to the Shipper, a statement for the preceding Month showing the Gas quantities delivered to the Shipper and the amount due. If the Shipper is a member of a Group then the statement and the calculation of the amount due from the Shipper will be based on information supplied by the Shipper Agent, or based on other information available to FortisBC Energy, as set out in the Shipper Agent Agreement. FortisBC Energy will, on or about the 45th day after the end of a Contract Year, deliver to the Shipper a separate statement for the preceding Contract Year showing the amount required from the Shipper in respect of any indemnity due under this Rate Schedule or a Transportation Agreement. Any errors in any statement will be promptly reported to the other party as provided hereunder, and statements will be final and binding unless questioned within one Year after the date of the statement.

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11.2 Payment and Late Payment Charge

Payment for the full amount of the statement, including federal, provincial and municipal taxes or fees applicable thereon, will be made to FortisBC Energy at its Vancouver, British Columbia office, or such other place in Canada as it will designate, on or before the 1st Business Day after the 21st calendar day following the billing date. If the Shipper fails or neglects to make any payment required under this Rate Schedule, or any portion thereof, to FortisBC Energy when due, FortisBC Energy will include in the next bill to the Shipper a late payment charge of 1.5% per month (19.56% per annum) on the outstanding amount.

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RATE SCHEDULE 25

11.3 Examination of Records

Each of FortisBC Energy and the Shipper will have the right to examine at reasonable times the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, charge, computation or demand made pursuant to any provisions of this Rate Schedule or the Transportation Agreement.

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12. Quality

12.1 Minimum Standards

All Gas delivered to the Interconnection Point by or on behalf of the Shipper and all Gas delivered to the Delivery Point will conform to the quality specifications set out in the Transporter's Service Terms.

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13. Measuring Equipment

13.1 Facilities and Equipment

FortisBC Energy will install, maintain and operate at the Delivery Point such metering and communications facilities and equipment as FortisBC Energy determines are necessary or desirable for measuring the quantity of Gas delivered pursuant to this Rate Schedule to the Shipper and the Shipper will permit FortisBC Energy, without cost to FortisBC Energy, to use the Shipper's communications lines and power for the purpose of installing, maintaining and operating the measuring equipment of FortisBC Energy. Communication facilities and equipment will be installed at the cost of the Shipper.

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13.2 Measuring Site

If FortisBC Energy reasonably determines that it is necessary to install the facilities and equipment referred to in Section 13.1 (Facilities and Equipment) on the Shipper's property, the Shipper will, without charge, provide a suitable site along with utilities and enclosures for the installation of the facilities and equipment of FortisBC Energy. FortisBC Energy will at all times have clear access to the site and to all of its facilities and equipment. All facilities and equipment installed by FortisBC Energy on the Shipper's property will remain the property of FortisBC Energy and may be removed by FortisBC Energy upon termination of the Transportation Agreement.

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13.3 Calibration and Test of Measuring Equipment

The accuracy of the measuring equipment of FortisBC Energy will be verified by standard tests and methods at regular intervals and at other times at the initiative of FortisBC Energy or upon the reasonable request of the Shipper. Notice of the time and nature of each test conducted in response to communications with or at the request of the Shipper will be given by FortisBC Energy to the Shipper sufficiently in advance to permit a representative of the Shipper to be present. If during a test the measuring equipment is found to be registering inaccurately, it will be adjusted at once to read as accurately as possible. The results of each test and adjustment, if any, made by FortisBC Energy, whether or not the Shipper is present for such test, will be accepted until the next test. All tests of such measuring equipment of FortisBC Energy will be made at the expense of FortisBC Energy, except that the Shipper will bear the expense of tests made at its request if the measuring equipment is found to be inaccurate by an amount equal to 2% or less.

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13.4 Inaccuracy Exceeding 2%

If upon any test the measuring equipment is found to be inaccurate by an amount exceeding 2%, any previous readings of such equipment will be corrected to zero error for any period during which it is definitely known or is agreed upon that the error existed. If the period is not definitely known or is not agreed upon, such correction will be for a period covering the last half of the time elapsed since the date of the last test. Under no circumstances will an adjustment be made for a period of more than the preceding 12 months.

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13.5 Correction of Measuring Errors

If the measuring equipment is out of service or out of repair so that the quantity of Gas delivered cannot be correctly determined by the reading thereof, the Gas delivered during the period such measuring equipment is out of service or out of repair will be estimated on the basis of the best available data, using the first of the following methods which is feasible:

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- (a) by correcting the error if the percentage of error is ascertained by calibration test or mathematical calculation;
- (b) by using the registration of any check measuring equipment if installed and accurately registering; and
- (c) by estimating the quantity of Gas delivered to the Shipper during the preceding periods under similar conditions when the meter was registering accurately.

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13.6 **Shipper's Equipment**

The Shipper may at its own expense install, maintain and operate its own measuring equipment for the purposes of monitoring or checking the measuring equipment of FortisBC Energy, provided that the Shipper will install such equipment so as not to interfere with the operation of the measuring equipment of FortisBC Energy.

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13.7 **Right to be Present**

FortisBC Energy and the Shipper will have the right to inspect all equipment installed or furnished by the other and the charts and other measurement or test data of the other at all times during business hours, and to be present at the time of any installing, testing, cleaning, changing, repairing, calibrating or adjusting done in connection with the measuring equipment of the other party, but all such activities will be performed by the party furnishing the measuring equipment.

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13.8 **Preservation of Records**

Both parties will cause to be preserved each test datum, chart and other record of Gas measurement for a period of 2 years.

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14. Measurement

14.1 **Unit of Volume**

The unit of volume of Gas for all purposes hereunder will be 1 cubic metre at a temperature of 15° Celsius and an absolute pressure of 101.325 kilopascals.

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14.2 **Determination of Volume**

Gas delivered hereunder will be metered using metering apparatus approved by Measurement Canada and the determination of standard volumes delivered hereunder will be in accordance with terms and conditions pursuant to the *Electricity and Gas Inspection Act* of Canada.

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of Consumer & Corporate Affairs of

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14.3 Conversion to Energy Units

- 1.1 In accordance with the *Electricity and Gas Inspection Act* of Canada, volumes of Gas delivered each Day will be converted to energy units by multiplying the standard volume by the Heat Content of each unit of Gas. Volumes will be specified in 10^3m^3 rounded to two decimal places and energy will be specified in Gigajoules rounded to the nearest Gigajoule.

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15. Representations, Warranties and Covenants

15.1 Title

The Shipper represents and warrants to FortisBC Energy that the Shipper will have good title to all Gas to be delivered to FortisBC Energy at the Interconnection Point on behalf of the Shipper from Suppliers other than FortisBC Energy, free and clear of all liens, encumbrances and claims.

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15.2 Title Not That of FortisBC Energy

FortisBC Energy agrees that title to all Gas transported pursuant to the Transportation Agreement remains with the Shipper.

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15.3 Acknowledgement

The Shipper acknowledges that the Gas transported under the Transportation Agreement will be commingled with Gas within the FortisBC Energy System.

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16. Default or Bankruptcy

16.1 Default

If the Shipper at any time fails or neglects:

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- (a) to make any payment due to FortisBC Energy or to any other person under this Rate Schedule or the Transportation Agreement within 30 days after payment is due; or

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FORTISBC ENERGY INC. FORT NELSON SERVICE AREA TARIFF
RATE SCHEDULE 25

- (b) to correct any default of any of the other terms, covenants, agreements, conditions or obligations imposed upon it under this Rate Schedule or the Transportation Agreement, within 30 days after FortisBC Energy gives to the Shipper notice of such default or, in the case of a default that cannot with due diligence be corrected within a period of 30 days, the Shipper fails to proceed promptly after the giving of such notice with due diligence to correct the same and thereafter to prosecute the correcting of such default with all due diligence,

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then FortisBC Energy may in addition to any other remedy that it has, including the rights of FortisBC Energy set out in Sections 4.4 (Default Regarding Curtailment), and 6 (Unauthorized Use), at its option and without liability therefore:

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- (a) suspend further transportation Service to the Shipper and may refuse to deliver Gas to the Shipper until the default has been fully remedied, and no such suspension or refusal will relieve the Shipper from any obligation under this Rate Schedule or the Transportation Agreement; or
- (b) terminate the Transportation Agreement, and no such termination of the Transportation Agreement pursuant hereto will exclude the right of FortisBC Energy to collect any amount due to it from the Shipper for what would otherwise have been the remainder of the term of the Transportation Agreement.

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16.2 Bankruptcy or Insolvency

If the Shipper becomes bankrupt or insolvent or commits or suffers an act of bankruptcy or insolvency or a receiver is appointed pursuant to a statute or under a debt instrument or the Shipper seeks protection from the demands of its creditors pursuant to any legislation enacted for that purpose, FortisBC Energy will have the right, at its sole discretion, to terminate the Transportation Agreement by giving notice in writing to the Shipper and thereupon FortisBC Energy may cease further delivery of Gas to the Shipper and the amount then outstanding for Gas provided under the Transportation Agreement will immediately be due and payable by the Shipper.

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17. Notice

17.1 Notice

Any notice, request, statement or bill that is required to be given or that may be given under this Rate Schedule or under the Transportation Agreement will, unless otherwise specified, be in writing and will be considered as fully delivered when mailed, personally delivered or sent by fax or other method approved by FortisBC Energy to the other in accordance with the following:

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FORTISBC ENERGY INC. FORT NELSON SERVICE AREA TARIFF
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If to FortisBC Energy FORTISBC ENERGY INC.

MAILING ADDRESS: 16705 Fraser Highway
Surrey, B.C.
V4N 0E8

BILLING AND PAYMENT: Attention: Industrial Billing
Telephone: 1-855-873-8773
Email: industrial.billing@fortisbc.com
Fax: (888) 224-2710

CUSTOMER RELATIONS: Attention: Commercial & Industrial Energy
Solutions
Telephone: (604) 576-7028
Email: commercial.energy@fortisbc.com
Fax: (604) 576-7122

LEGAL AND OTHER: Attention: Legal Services
Telephone: (604) 576-7000
Fax: (604) 592-7520

If to the Shipper, then as set out in the Transportation Agreement.

If to the Shipper Agent, then as set out in the Shipper Agent Agreement.

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Telephone: (604) 443-6512
Fax: (604) 443-6540

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If to the Shipper, then as set out in the
Transportation Agreement. ¶
¶
If to the Customer Agent, then as set out in the
Customers' Agent Agreement.

17.2 Specific Notices

Notwithstanding Section 17.1 (Notice), notices with respect to Force Majeure will be sufficient if:

(a) given by FortisBC Energy in writing by fax or other electronic means, or orally in person, or by telephone (to be confirmed in writing) to the person or persons designated from time to time by the Shipper as authorized to receive such notices; or

(b) given by the Shipper by telephone (to be confirmed by in writing) in the following manner:

To claim Force Majeure... "Please be advised that (name of company and location of plant) has (reason for claiming Force Majeure as provided in Section 19 (Force Majeure) and hereby claims suspension by reason of Force Majeure in accordance with the terms of Rate Schedule 25 effective 7:00 a.m. Pacific Standard Time (date of Force Majeure suspension to become effective, but not to be retroactive)."

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FORTISBC ENERGY INC. FORT NELSON SERVICE AREA TARIFF
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To terminate Force Majeure..."Please be advised that (name of company and location of plant) requests a return to normal natural gas service in accordance with Rate Schedule 25 and the Transportation Agreement effective 7:00 a.m. Pacific Standard Time (date of Force Majeure suspension to end, but not to be retroactive) whereby the suspension by reason of Force Majeure currently in force will be terminated."

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18. Indemnity and Limitation on Liability

18.1 Limitation on Liability

FortisBC Energy, its employees, contractors or agents are not responsible or liable for any loss or damages for or on account of any interruption or curtailment of transportation Service permitted under the General Terms and Conditions of FortisBC Energy or this Rate Schedule.

18.2 Indemnity

The Shipper will indemnify and hold harmless each FortisBC Energy, its employees, contractors and agents from and against any and all adverse claims, losses, suits, actions, judgments, demands, debts, accounts, damages, costs, penalties and expenses (including all legal fees and disbursements) arising from or out of each of the following:

- (a) any defect in title to any Gas delivered to FortisBC Energy at the Interconnection Point on behalf of the Shipper from Suppliers other than FortisBC Energy, or arising from any charges that are applicable to the Gas delivered to FortisBC Energy;
- (b) Municipal Operating Fees not otherwise collected by FortisBC Energy under the Table of Charges;
- (c) nominations made in accordance with Sections 7 (Nomination) or 9 (Group Nominations and Balancing) of this Rate Schedule by FortisBC Energy to the Transporter with respect to the Shipper's transportation volumes, whether or not the Shipper is a member of a Group;
- (d) Gas delivered by the Transporter or Shipper to FortisBC Energy failing to meet the quality specifications set out in Section 12.1 (Minimum Standards) of this Rate Schedule; and
- (e) all federal, provincial, municipal taxes (or payments made in lieu thereof) and royalties, whether payable on the delivery of Gas to FortisBC Energy by the Shipper or on the delivery of Gas to the Shipper by FortisBC Energy, or on any other Service provided by FortisBC Energy to the Shipper.

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18.3 Principal Obligant

If the Shipper is a member of a Group, the obligations of each of the Shipper Agent (acting for and on behalf of the Shippers that are members of the Group) and the Shipper (in the event of the failure of the Shipper Agent to make such payments and limited to the charges related to that Shipper) to pay to, or to the order of, FortisBC Energy the charges for Backstopping Gas, Balancing Gas, and Unauthorized Overrun Gas charges set out in the Table of Charges, are those of principal obligant and not of surety and are independent of the respective obligations of the Shipper Agent and the Shipper towards each other pursuant to the Shipper Agent Agreement.

19. Force Majeure

19.1 Force Majeure

Subject to the other provisions of this Section 19 (Force Majeure), if either party is unable or fails by reason of Force Majeure to perform in whole or in part any obligation or covenant set out in this Rate Schedule under which Service is rendered or in the Transportation Agreement, the obligations of both FortisBC Energy and the Shipper will be suspended to the extent necessary for the period of the Force Majeure condition.

19.2 Curtailment Notice

If FortisBC Energy claims suspension pursuant to this Section 19 (Force Majeure), FortisBC Energy will be deemed to have issued to the Shipper a notice of curtailment.

19.3 Exceptions

Neither party will be entitled to the benefit of the provisions of Section 19.1 (Force Majeure) under any of the following circumstances:

- (a) to the extent that the failure was caused by the negligence or contributory negligence of the party claiming suspension;
- (b) to the extent that the failure was caused by the party claiming suspension having failed to diligently attempt to remedy the condition and to resume the performance of the covenants or obligations with reasonable dispatch; or

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(c) unless as soon as possible after the happening of the occurrence relied on or as soon as possible after determining that the occurrence was in the nature of Force Majeure and would affect the claiming party's ability to observe or perform any of its covenants or obligations under the Rate Schedule or the Transportation Agreement, the party claiming suspension will have given to the other party notice to the effect that the party is unable by reason of Force Majeure (the nature of which will be specified) to perform the particular covenants or obligations.

19.4 Notice to Resume

The party claiming suspension will likewise give notice, as soon as possible after the Force Majeure condition has been remedied, to the effect that it has been remedied and that the party has resumed, or is then in a position to resume, the performance of the covenants or obligations.

19.5 Settlement of Labour Disputes

Notwithstanding any of the provisions of this Section 19 (Force Majeure), the settlement of labour disputes or industrial disturbances will be entirely within the discretion of the particular party involved and the party may make settlement of it at the time and on terms and conditions as it may deem to be advisable and no delay in making settlement will deprive the party of the benefit of Section 19.1 (Force Majeure).

19.6 No Exemption for Payments

Notwithstanding any of the provisions of this Section 19 (Force Majeure), Force Majeure will not relieve or release either party from its obligations to make payments to the other.

19.7 Periodic Repair by FortisBC Energy

FortisBC Energy may temporarily shut off the delivery of Gas for the purpose of repairing or replacing a portion of the FortisBC Energy System or its equipment and FortisBC Energy will make reasonable efforts to give the Shipper as much notice as possible with respect to such interruption, not to be less than 8 hours prior notice except when prevented by Force Majeure. FortisBC Energy will make reasonable efforts to schedule repairs or replacement to minimize interruption or curtailment of transportation Service to the Shipper, and to restore Service as quickly as possible.

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19.8 Shipper's Gas

If FortisBC Energy curtails or interrupts transportation of Gas by reason of Force Majeure the Shipper will make its supply of Gas available to FortisBC Energy, to the extent required by FortisBC Energy, to maintain Service priority to those customers or classes of customers which FortisBC Energy determines should be served. FortisBC Energy, in its sole discretion, will either increase the balance in the Shipper's inventory account by the amount taken by FortisBC Energy and return an equivalent quantity of Gas to the Shipper as soon as reasonable, or pay the Shipper an amount equal to either FortisBC Energy's average Gas cost, or the Shipper's average Gas cost, for the Day(s) during which such Gas was taken, whichever Gas cost the Shipper, in its sole discretion, elects.

19.9 Alteration of Facilities

The Shipper will pay to FortisBC Energy all reasonable costs associated with the alteration of facilities made at the discretion of FortisBC Energy to measure quantities reduced by reason of Force Majeure claimed by the Shipper and to restore such facilities after the Force Majeure condition ends.

20. Arbitration

20.1 Arbitration

Any dispute between the parties arising from this Rate Schedule or the Transportation Agreement will be resolved by a single arbitrator pursuant to the *Arbitration Act* of British Columbia or successor legislation, save as expressly provided herein.

20.2 Demand for Arbitration

Either party may commence arbitration proceedings by sending to the other party a demand for arbitration setting out the nature of the dispute.

20.3 Arbitrator

The parties will have 10 days from receipt of the demand referred to in Section 20.2 (Demand for Arbitration) of this Rate Schedule to agree upon the arbitrator, failing which either party may apply to the Supreme Court of British Columbia to select the arbitrator. The arbitrator must be sufficiently qualified by education and training to decide the particular questions in dispute. Unless otherwise agreed, the arbitrator may not be a past or present employee, officer or director of any of the parties or their respective successors or affiliates, any customer or supplier of the Shipper or FortisBC Energy.

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20.4 **Commencement and Decision**

The arbitrator will proceed immediately to hear and determine the matter in dispute and will render a written decision, signed by the arbitrator, within 45 days after the appointment, subject to any reasonable delay due to unforeseen circumstances. Notwithstanding the foregoing, if the arbitrator fails to render a decision within 60 days after the appointment then either party may elect to have a new arbitrator appointed in like manner as if none had previously been appointed.

20.5 **Decision**

The decision of the arbitrator will be final and binding upon the parties and the parties will abide by the decision and perform the terms and conditions thereof.

21. Interpretation

21.1 **Interpretation**

Except where the context requires otherwise or except as otherwise expressly provided, in this Rate Schedule or in a Transportation Agreement:

- (a) all references to a designated section are to the designated section of this Rate Schedule unless otherwise specifically stated.
- (b) the singular of any term includes the plural, and vice versa, and the use of any term is equally applicable to any gender and, where applicable, body corporate.
- (c) any reference to a corporate entity includes and is also a reference to any corporate entity that is a successor to such entity.
- (d) all words, phrases and expressions used in this Rate Schedule or in a Transportation Agreement that have a common usage in the gas industry and that are not defined in the General Terms and Conditions of FortisBC Energy, the Definitions or in the Transportation Agreement have the meanings commonly ascribed thereto in the gas industry. and
- (e) the headings of the sections set out in this Rate Schedule or in the Transportation Agreement are for convenience of reference only and will not be considered in any interpretation of this Rate Schedule or the Transportation Agreement.

Deleted: <#>Definitions in General Terms and Conditions of FortisBC Energy - Except where the context requires otherwise or except as otherwise expressly provided in this Rate Schedule, all words and phrases defined in the General Terms and Conditions of FortisBC Energy and used in this Rate Schedule or in a Transportation Agreement have the meanings set out in the General Terms and Conditions of FortisBC Energy.¶¶

<#>¶¶
<#>Change in Definition of "Day" - FortisBC Energy may amend the definition of "Day" from time to time to suitably align its operations with those of its Transporters. If FortisBC Energy amends the meaning of "Day", a pro-rata adjustment of quantities of Gas and charges to account for any Day of more or less than 24 hours will be made and the term of the Transportation Agreement will be similarly adjusted.¶¶

<#>¶¶
<#>Further Definitions - Additionally, except where the context requires otherwise, each of the words and phrases described in the Definitions have the meanings ascribed thereto in the Definitions.¶¶

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22. Miscellaneous

22.1 Waiver

No waiver by either FortisBC Energy or the Shipper of any default by the other in the performance of any of the provisions of this Rate Schedule or the Transportation Agreement will operate or be construed as a waiver of any other or future default or defaults, whether of a like or different character.

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22.2 Enurement

The Transportation Agreement will enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns, including without limitation successors by merger, amalgamation or consolidation.

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22.3 Assignment

The Shipper will not assign the Transportation Agreement or any of its rights and obligations thereunder without the prior written consent of FortisBC Energy which consent will not be unreasonably withheld or delayed. No assignment will release the Shipper from its obligations under this Rate Schedule or under the Transportation Agreement that existed prior to the date on which the assignment takes effect. This provision applies to every proposed assignment by the Shipper.

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22.4 Amendments to be in Writing

Except as set out in this Rate Schedule, no amendment or variation of the Transportation Agreement will be effective or binding upon the parties unless such amendment or variation is set out in writing and duly executed by the parties.

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22.5 Proper Law

The Transportation Agreement will be construed and interpreted in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

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22.6 Time is of Essence

Time is of the essence of this Rate Schedule, the Transportation Agreement and of the terms and conditions thereof.

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22.7 Subject to Legislation

Notwithstanding any other provision hereof, this Rate Schedule and the Transportation Agreement and the rights and obligations of FortisBC Energy and the Shipper under this Rate Schedule and the Transportation Agreement are subject to all present and future laws, rules, regulations and orders of any legislative body, governmental agency or duly constituted authority now or hereafter having jurisdiction over FortisBC Energy or the Shipper.

22.8 Further Assurances

Each of FortisBC Energy and the Shipper will, on demand by the other, execute and deliver or cause to be executed and delivered all such further documents and instruments and do all such further acts and things as the other may reasonably require to evidence, carry out and give full effect to the terms, conditions, intent and meaning of this Rate Schedule and the Transportation Agreement and to assure the completion of the transactions contemplated hereby.

22.9 Form of Payments

All payments required to be made under statements and invoices rendered pursuant to this Rate Schedule or the Transportation Agreement will be made by wire transfer to, or cheque or bank cashier's cheque drawn on a Canadian chartered bank or trust company, payable in lawful money of Canada at par in immediately available funds in Vancouver, British Columbia.

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<#>Definitions ¶

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<#>Authorized Overrun Gas - means any Gas taken by the Shipper during a Month which is in excess of the applicable Monthly Transportation Quantity less any Unauthorized Overrun Gas taken during such Month.¶

<#>¶

<#>Authorized Quantity - means the quantity of energy (in Gigajoules) for each Day approved by the Transporter for transportation service on the Transporter's pipeline system, based on the quantity requested by the Shipper, adjusted as set out in section 6.3 (Adjustment to Requested Quantity).¶

<#>¶

<#>British Columbia Utilities Commission - means the British Columbia Utilities Commission constituted under the *Utilities Commission Act* of British Columbia and includes and is also a reference to¶

<#>¶

<#>any commission that is a successor to such commission, and¶

<#>¶

<#>any commission that is constituted pursuant to any statute that may be passed which supplements or supersedes the *Utilities Commission Act* of British Columbia.¶

<#>¶

<#>Commencement Date - means the day specified as the Commencement Date in the Transportation Agreement.¶

<#>¶

<#>Contract Year - means a period of 12 consecutive Months commencing at the beginning of the 1st Day of November and ending at the beginning of the next succeeding 1st Day of November.¶

<#>¶

<#>Customer Agent - means a person who enters into a Customers' Agent Agreement with FortisBC Energy.¶

<#>¶

<#>Customers' Agent Agreement - means an agreement between FortisBC Energy and a Customer Agent pursuant to which the Customer Agent agrees to pay to FortisBC Energy the charges for Authorized Overrun Gas and Unauthorized Overrun Gas, set out in the Table of Charges, applicable to the Group.¶

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FORTISBC ENERGY INC. FORT NELSON SERVICE AREA GAS TARIFF
RATE SCHEDULE 25

Table of Charges

Fort Nelson
Service Area

Transportation

1. Basic Charge per Month	\$ 600.00
2. Demand Charge per Month per Gigajoule of Daily Demand	\$ 28.727 ²
3. Delivery Charge per Gigajoule	\$ 1.000
4. Administrative Charge per Month	\$ 39.00
5. Rider 5 per Gigajoule	\$ X.XXX

Sales

6. Unauthorized Overrun Gas charges

(a) Per Gigajoule on first 5 percent of specified quantity	Station 2 Daily Price ¹
(b) Per Gigajoule on all Gas over 5 percent of specified quantity	The greater of \$20.00/GJ or 1.5 x the Station 2 Daily Price ¹

7. Charge per Gigajoule of Balancing Service provided

(a) Quantities of Gas less than 10% of the Rate Schedule 25 Authorized Quantity	
(i) between and including April 1 and October 31	No charge
(ii) between and including November 1 and March 31	No charge
(b) Quantities of Gas over the greater of 100 Gigajoules or equal to or in excess of 10% or less than 20% of the Rate Schedule 25 Authorized Quantity	
(i) between and including April 1 and October 31	\$ 0.25
(ii) between and including November 1 and March 31	\$ 0.25
(c) Quantities of Gas over the greater of 100 Gigajoules or equal to or in excess of 20% of the Rate Schedule 25 Authorized Quantity	
(i) between and including April 1 and October 31	\$ 0.30
(ii) between and including November 1 and March 31	\$ 1.10

8. Charge per Gigajoule of Balancing and Backstopping Gas Station 2 Daily Price¹

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 <#><object>(a) . Delivery Charge per Gigajoule of MTQ ¶
 <#>(i) First 20 Gigajoules . \$ 4.186¶
 <#>(ii) Next 260 Gigajoules . \$ 3.884¶
 <#>(iii) Excess over 280 Gigajoules . \$ 3.179¶
 <#>(iv) . Minimum Delivery Charge per Month . \$ 1,826.00¶
 <#>¶
 <#>(b) Administration Charge per Month . \$ 202.00¶
 <#>¶
 <#><object>(c) . Rider 5 per Gigajoule . \$.0268¶
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 <#>2. ¶

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 <#>(a) . Charge per Gigajoule of Authorized Overrun Gas Station 2 Daily Price ¶
 <#>Average for Month ¶
 <#>(b) . Charges for Unauthorized Overrun Gas ¶
 <#>(i) Per Gigajoule on first 5 percent of specified . Station 2 Daily Price ¶
 <#>quantity Average for Month ¶
 <#>¶
 <#>(ii) . Per Gigajoule on all gas over 5 percent of the Greater of ¶
 <#>specified quantity . \$20.00/GJ or 1.5 X the Station 2 Daily Price ¶

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FORTISBC ENERGY INC. FORT NELSON SERVICE AREA GAS TARIFF
RATE SCHEDULE 25

Delivery Margin Related Rider

Rider 5 Revenue Stabilization Adjustment Charge - Applicable to Fort Nelson Service Area Customers for the Year ending December 31, 2018.

Minimum Charge per month

The minimum charge per Month will be the aggregate of the Basic Charge, Demand Charges, and the transportation Administrative Charge.

Notes:

1. As defined under Section 1.1, the Station 2 Daily Price quoted each Day will apply to Gas consumed on that gas day.

2. Daily Demand is equal to 1.10 multiplied by the greater of:

(f) the Customer's highest average daily consumption of any month during the winter period (November 1 to March 31), or

(g) one half of the Customer's highest average daily consumption of any month during the summer period (April 1 to October 31).

The calculation of Daily Demand will be based on the Customer's actual gas use during the preceding Contract Year.

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Rider 1 (Reserved for future use.)¶

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Deleted: <object>Rider 5. Revenue Stabilization Adjustment Charge - Applicable to Fort Nelson Service Area Rate 25 Customers for the period January 1, 2017 to December 31, 2017.¶

¶
<object>¶
¶
¶

Deleted: Station 2 Daily Price means the Westcoast Station 2 Daily Midpoint Price as set out in Gas Daily's Daily Price Survey for Gas delivered to Westcoast Station 2 in Canadian dollars per Gigajoule.

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GENERAL FIRM

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FORTISBC ENERGY INC. FORT NELSON SERVICE AREA GAS TARIFF
RATE SCHEDULE 25

TRANSPORTATION AGREEMENT
FOR RATE SCHEDULE 25

This Agreement is dated _____, 20__, between FortisBC Energy Inc. ("FortisBC Energy") and _____ (the "Shipper").

Deleted: the ____ day of _____.

WHEREAS:

- A. FortisBC Energy owns and operates the FortisBC Energy System; and
- B. The Shipper has requested that FortisBC Energy arrange for the transportation of Gas on a firm basis through the FortisBC Energy System to _____ located in or near _____ British Columbia in accordance with Rate Schedule 25 as set out below and the terms set out herein..

Deleted: in the Province of _____

Deleted: _____

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the terms, conditions and limitations contained herein, the parties agree as follows:

1. Specific Information

Firm DTQ / DTQ: _____ Gigajoules per day

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Daily Transportation Quantity (

Deleted:):

Shipper Agent and/or Group, if applicable: _____

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Commencement Date: _____

Expiry Date: _____

(only specify expiry date if term of Transportation Agreement is not to automatically renewed from Year to Year as set out in Section 10.2 of Rate Schedule 25)

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Deleted: or if Shipper is not End-User

Deleted: End-User: _____
(insert name of End-User only if it differs from name of Shipper)¶
¶ Delivery Point: _____
¶ Gauge pressure at the Delivery Point

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FORTISBC ENERGY INC. FORT NELSON SERVICE AREA GAS TARIFF
RATE SCHEDULE 25

Interconnection Point:

The point at (_____ km-post
_____) where the Transporter's
pipeline system in British Columbia
interconnects with the FortisBC Energy
System.

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FORTISBC ENERGY INC. FORT NELSON SERVICE AREA GAS TARIFF
RATE SCHEDULE 25

Address of Shipper for receiving notices:

(name of Shipper) Attention: _____

(address of Shipper) Telephone: _____

_____ Fax: _____

_____ Email: _____

The information set out above is hereby approved by the parties and each reference in either this agreement or Rate Schedule 25 to any such information is to the information set out above.

2. Rate Schedule 25

2.1 Additional Terms

All rates, terms and conditions set out in Rate Schedule 25 and the General Terms and Conditions of FortisBC Energy, as any of them may be amended by FortisBC Energy and approved from time to time by the British Columbia Utilities Commission, are in addition to the terms and conditions contained in this Transportation Agreement and form part of this Transportation Agreement and bind FortisBC Energy and the Shipper as if set out in this Transportation Agreement.

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Deleted: either
Deleted: FortisBC Energy with the consent of
Deleted: rates,
Deleted: herein

2.2 Payment of Amounts

Without limiting the generality of the foregoing, the Shipper will pay to FortisBC Energy all of the amounts set out in Rate Schedule 25 for the Services provided under such Rate Schedule 25 and this Transportation Agreement.

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Deleted: services

2.3 Conflict

Where anything in either Rate Schedule 25 or the General Terms and Conditions of FortisBC Energy conflicts with any of the terms and conditions set out in this Transportation Agreement, this Transportation Agreement governs. Where anything in Rate Schedule 25 conflicts with any of the rates, terms and conditions set out in the General Terms and Conditions of FortisBC Energy, Rate Schedule 25 governs.

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Order No.:

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Effective Date: June 1, 2018

Accepted for Filing: _____

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FORTISBC ENERGY INC. FORT NELSON SERVICE AREA GAS TARIFF
RATE SCHEDULE 25

2.4 Member of a Group

Where the Shipper will be a member of a Group which has a Shipper Agent acting as agent for the members of the Group, the Shipper must complete Appendix A attached to this Transportation Agreement and the Shipper thereby agrees that the terms and conditions of Appendix A form part of this Transportation Agreement and bind the Shipper as if set out in this Transportation Agreement.

2.5 Acknowledgement

The Shipper acknowledges receiving and reading a copy of Rate Schedule 25 and the General Terms and Conditions of FortisBC Energy and agrees to comply with and be bound by all terms and conditions set out therein. Without limiting the generality of the foregoing, where the transportation Service is interruptible, the Shipper acknowledges that it is able to accommodate such interruption or curtailment and releases FortisBC Energy from any liability for the Shipper's inability to accommodate such interruption or curtailment of transportation Service.

IN WITNESS WHEREOF the parties hereto have executed this Transportation Agreement.

FORTISBC ENERGY INC.

(here insert name of Shipper)

BY: _____
(Signature)

BY: _____
(Signature)

(Title)

(Title)

(Name – Please Print)

(Name – Please Print)

DATE: _____

DATE: _____

Order No.:

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Accepted for Filing: _____

BCUC Secretary: _____

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<#>Limitation on Liability and Indemnity¶

Deleted: Limitation on Liability - Neither FortisBC Energy, its employees, contractors or agents

Deleted: liable in damages

Deleted: or on account of any discontinuance or curtailment permitted under

Deleted: , this Transportation Agreement or Rate Schedule 25

Deleted: Indemnity - The Shipper will indemnify and hold harmless each of FortisBC Energy, its employees, contractors and agents from and against any and all adverse claims, losses, suits, actions, judgments, demands, debts, accounts, damages, costs, penalties and expenses (including all legal fees and disbursements) arising from or out of each of the following:¶

¶ any defect in title to any Gas delivered to FortisBC Energy at the Interconnection Point on behalf of the Shipper from Suppliers other than FortisBC Energy, or arising from any charges that are applicable to the Gas delivered to FortisBC Energy,¶

<object>¶
Municipal Operating Fees not otherwise collected by FortisBC Energy under the Table of Charges, ¶

¶ nominations made in accordance with sections 6 or 8 of Rate Schedule 25 by FortisBC Energy to the Transporter with respect to the Shipper's transportation volumes, whether or not the Shipper is a member of a Group,¶

¶ Gas delivered by the Shipper to FortisBC Energy failing to meet the quality specifications set out in section 11.1 of Rate Schedule 25,¶

¶ all federal, provincial, municipal taxes (or payments made in lieu thereof) and royalties, whether payable on the delivery of Gas to FortisBC Energy by the Shipper or on the delivery of Gas to the Shipper by FortisBC Energy, or on any other service provided by FortisBC Energy to the Shipper, and¶

¶ all charges for Authorized Overrun Gas and Unauthorized Overrun Gas, set out in the Table of Charges, whether or not the Shipper is a member of a Group.¶

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GENERAL TRANSPORTATION CUSTOMERS'

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APPENDIX A
NOTICE OF APPOINTMENT OF SHIPPER AGENT

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1. _____ (Shipper) hereby gives notice to FortisBC
Energy that Shipper has appointed _____ (the Shipper
Agent) to act as agent for Shipper in all matters relating to gas supply and to
transportation Service on the FortisBC Energy System. Shipper also gives notice to
FortisBC Energy that Shipper wishes to be a member of a Group and the Shipper will
cause the Shipper Agent to enter into a Shipper Agent Agreement or other agreement
with FortisBC Energy that binds the Shipper Agent to pay the charges which the Shipper
Agent elects to pay for and on behalf of the Shipper.
2. Shipper acknowledges and agrees that the Shipper Agent will provide aggregate
nominations for the Group to FortisBC Energy.
3. Shipper acknowledges and agrees that when there are constraints or limitations of Gas
supply FortisBC Energy will notify the Shipper Agent and it will then be the responsibility
of the Shipper Agent to notify Shipper of any curtailment or interruption arising from the
constraint or limitation of Gas supply.
4. Shipper acknowledges and agrees that the Shipper Agent will provide FortisBC Energy
with information which will be used by FortisBC Energy to bill Shipper for Backstopping
Gas, Balancing Gas, and Unauthorized Overrun Gas charges.
5. Shipper acknowledges that FortisBC Energy will bill Shipper on the basis of information
provided to FortisBC Energy by the Shipper Agent. Shipper agrees that it is bound by
the information supplied to FortisBC Energy by the Shipper Agent and Shipper agrees
that it will not dispute the information provided to FortisBC Energy by the Shipper Agent.
Shipper agrees that the Shipper Agent may elect to pay some or all of the charges for
Gas identified in Section 3.6 (Monthly Billing Information) of the standard form Shipper
Agent Agreement and Shipper acknowledges that if the Shipper Agent fails to provide
information to FortisBC Energy then notwithstanding any election that has been made by
the Shipper Agent to pay some or all of the charges for Gas identified in Section 3.6
(Monthly Billing Information) of the standard form Shipper Agent Agreement, FortisBC
Energy will bill Shipper directly on the bases set out in Section 3.7 (Lack of Allocation
Information) of the standard form Shipper Agent Agreement of FortisBC Energy.
Shipper agrees to pay FortisBC Energy as billed, and if Shipper disagrees with any of
the billing information used by FortisBC Energy the Shipper will deal with the Shipper
Agent to resolve that disagreement. Disputes between the Shipper and the Shipper
Agent will not constitute a basis for non-payment by Shipper to FortisBC Energy of the
amounts billed.
6. Shipper will provide FortisBC Energy with 30 days notice, except with the prior approval
from FortisBC Energy, if Shipper wishes to leave the Group, to be effective on the
beginning of the next calendar month following the expiry of the notice period.

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Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs
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FORTISBC ENERGY INC. FORT NELSON SERVICE AREA GAS TARIFF
RATE SCHEDULE 25

7. Shipper acknowledges and agrees that FortisBC Energy may disband the Group pursuant to Section 10 (Disbanding of the Group) of the standard form Shipper Agent Agreement.
8. Shipper will indemnify and hold harmless each of FortisBC Energy, its employees, contractors and agents from and against any and all adverse claims, losses, suits, actions, judgments, demands, debts, accounts, damages, costs, penalties and expenses (including all legal fees and disbursements) arising from any act or omission of the Shipper Agent related to the agency created by the Shipper Agent Agreement
9. Shipper acknowledges receiving a copy of the standard form Shipper Agent Agreement of FortisBC Energy.

(here insert name of Shipper)

BY: _____

(Signature)

(Title)

(Name - Please Print)

DATE: _____

Order No.:

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Accepted for Filing: _____

BCUC Secretary: _____

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SCHEDULE A
SHIPPER AGENT AGREEMENT

This Agreement is dated _____, 20____, between FortisBC Energy Inc. ("FortisBC Energy") and _____ (the "Shipper Agent").

WHEREAS:

- A. The Shipper Agent wishes to act as agent on behalf of all members of a Group in respect of transportation Service on the FortisBC Energy System; and
- B. The Shippers who are members of the Group have entered into Transportation Agreements with FortisBC Energy.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the terms, conditions and limitations contained herein, the parties agree as follows:

1. Specific Information

Members of Group:
(if space is insufficient, continue list on an additional page)

Commencement Date of this agreement:

Expiry Date of this agreement:

(no expiry date need be specified)

Address of Shipper Agent for receiving notices:

(name of Shipper Agent)

(address of Shipper Agent)

Attention: _____

Telephone: _____

Fax: _____

Alternate Tel(s): _____

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Deleted: in respect of each of the members of the Group

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FORTISBC ENERGY INC. FORT NELSON SERVICE AREA GAS TARIFF
RATE SCHEDULE 25

The information set out above is hereby approved by the parties and each reference in either this agreement or Rate Schedule 25 to any such information is to the information set out above.

2. Definitions

2.1 Definitions in Rate Schedule 25

Except where the context requires otherwise or except as otherwise expressly provided in this agreement, all words and phrases defined in Rate Schedule 25 or in the General Terms and Conditions of FortisBC Energy have the meanings set out in the Rate Schedule 25 and in the General Terms and Conditions of FortisBC Energy.

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<#>Rate Schedule 25¶
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3. Shipper Agent Obligations

3.1 Management of Balancing Gas

The Shipper Agent is responsible for the management of all Balancing Gas for the Group and its members.

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<#>Applicable Provisions of Rate Schedule 25 - The terms and conditions set out in sections 10 (Statements and Payments), 13 (Measurement), 15 (Default or Bankruptcy), 16 (Notice), 17 (Interpretation) and 18 (Miscellaneous) of Rate Schedule 25 apply to this agreement, with necessary changes, including the substitution of "Customer Agent" for "Shipper", as if set out in this agreement.¶
¶

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Payments by Customer

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3.2 Management of Backstopping Gas

The Shipper Agent is responsible for the management of all Backstopping Gas supplied by FortisBC Energy to the Group and its members.

3.3 Group Nominations and Balancing

The Shipper Agent will provide Group nomination and balancing to FortisBC Energy in accordance with Section 9 (Group Nominations and Balancing).

3.4 Standard Gas Supply Priority Schedule (Standard Priority Schedule)

Before the Commencement Date of this agreement and before the commencement of each Contract Year the Shipper Agent will provide to FortisBC Energy a Standard Priority Schedule which will advise FortisBC Energy of the priority between members of the Group if a constraint or limitation of Gas supply occurs. The Shipper Agent may provide to FortisBC Energy a revised Standard Priority Schedule from time to time and will provide to FortisBC Energy a revised Standard Priority Schedule if there is a change in membership of the Group.

Deleted: the charges for Authorized Overrun Gas and the charges for Unauthorized Overrun Gas, both set out in the Table of Charges of Rate

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Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

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3.5 Gas Supply Constraints or Limitations

Upon receipt of a notice from FortisBC Energy of curtailment or interruptions pursuant to Section 4.4 (Notice of Gas Supply Constraint or Limitation) Shipper Agent will determine the allocation of Gas supply between members of the Group and will notify the Shippers which are members of the Group of the curtailment or interruption. Within two hours of receipt of notice from FortisBC Energy pursuant to Section 4.4, or such longer period as FortisBC Energy considers reasonable in the circumstances, the Shipper Agent will provide to FortisBC Energy a schedule setting out the Gas supply allocation for the Group to apply during that curtailment or interruption. If the Shipper Agent fails to provide a schedule setting out the Gas supply allocation for the Group to apply during the curtailment or interruption then FortisBC Energy will curtail Shippers on the basis set out in the Standard Priority Schedule.

3.6 Monthly Billing Information

At the end of each month, and within two Business Days of FortisBC Energy providing to the Shipper Agent a schedule of charges incurred (if any) pursuant to Section 4.2 (Monthly Provision of Data), the Shipper Agent will notify FortisBC Energy which charges the Shipper Agent elects to pay on behalf of the members of the Group and, if notice is not received, FortisBC Energy will bill the Shippers directly on a pro-rata basis.

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3.7 Lack of Allocation Information

If, at the end of a month, the Shipper Agent fails to provide to FortisBC Energy the monthly allocation schedule of charges incurred (if any) pursuant to Section 3.6 (Monthly Billing Information) then FortisBC Energy will bill on the basis of the best available information. For Balancing Gas FortisBC Energy will bill on a basis proportional to the actual takes of the Shippers during the month. For Backstopping Gas FortisBC Energy will bill on a basis proportional to the actual Day-to-Day takes of the Shippers during the Days when Backstopping Gas was supplied. For Unauthorized Overrun Gas FortisBC Energy will bill on the basis of the schedule(s) setting out the Gas supply allocation for the Group provided to FortisBC Energy pursuant to Section 3.6, or if the Shipper Agent fails to provide a schedule pursuant to Section 3.6, then on the basis of the applicable Standard Priority Schedule provided by the Shipper Agent pursuant to Section 3.4 (Standard Gas Supply Priority Schedule (Standard Priority Schedule)). If further information becomes available, FortisBC Energy will adjust the billings on the basis of the further information.

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3.8 Charges for Extra Services

If FortisBC Energy incurs extra expenses from a Shipper Agent failing to provide information, or failing to provide information in a timely manner, or failing to provide correct information, or otherwise failing to meet its obligations under this agreement, then FortisBC Energy may charge the Shipper Agent for such extra expenses and the Shipper Agent agrees to pay FortisBC Energy the reasonable extra expenses incurred as a result of such failure.

4. FortisBC Energy Obligations

4.1 Daily Provision of Data

FortisBC Energy will provide to the Shipper Agent a report on the Web Information and Nomination System ("WINS") setting out FortisBC Energy's best available data on the daily takes of the Group both by individual Shipper and in aggregate on a daily basis

4.2 Monthly Provision of Data

Within 10 working days after the end of each month FortisBC Energy will provide to the Shipper Agent a report on the WINS setting out the finalized daily takes of each member of the Group.

4.3 Capacity Constraints

If FortisBC Energy, acting reasonably, determines that it does not have capacity on the FortisBC Energy System to accommodate interruptible transportation Service to any member of the Group then FortisBC Energy will directly notify that Shipper pursuant to Notice of Curtailment Section of the applicable Rate Schedule and will deal directly with the Shipper if the Shipper takes Unauthorized Overrun Gas or Unauthorized Transportation Service.

4.4 Notice of Gas Supply Constraint or Limitation

If Gas supply constraints or limitations occur; either due to a constraint or limitation of supply from FortisBC Energy of Backstopping Gas or Balancing Gas, or a constraint or limitation of supply from another Supplier; FortisBC Energy will notify the Shipper Agent of any curtailment or interruption, will specify the quantity of Gas to which the Group in aggregate is curtailed and the time at which time such curtailment is to be made. FortisBC Energy will make reasonable efforts to give the Shipper Agent as much notice as possible with respect to such curtailment or interruption, not to be less than 4 hours prior notice unless prevented by Force Majeure.

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Order No.: _____ Issued By: Diane Roy, Vice President, Regulatory Affairs

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5. Changes to Group

5.1 Amendments to Group

Schedule A sets out the Shippers who are the members of the Group represented by the Shipper Agent to this agreement. No additions or deletions may be made to the Group without the Shipper Agent providing notice to FortisBC Energy, in a method approved by FortisBC Energy, showing such additions and deletions and the effective dates of such additions and deletions in accordance with Section 5 (Changes to Group) of this agreement.

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Amendment

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Deleted: End-User

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5.2 Deletions From Group

If the Shipper Agent wishes to cease acting as agent for a Shipper or a Shipper wishes to cease being a member of the Group, upon receipt by FortisBC Energy of not less than, except with the prior approval of FortisBC Energy, 30 days prior written notice, or other method approved by FortisBC Energy, from either the Shipper or Shipper Agent and provided that the Shipper Agent has provided to FortisBC Energy the effective date of deletion of the Shipper from the Group such Shipper will be deleted from the Group on the beginning of the next calendar month following the expiry of the notice period.

Deleted: without amending this agreement in writing and in accordance with the terms of this section

5.3 Additions To Group

If the Shipper Agent wishes to add a Shipper to a Group and the Shipper wishes to be added to the Group, and the Shipper has entered into a Transportation Agreement and completed an Appendix A - Notice of Appointment of Shipper Agent, and both the Shipper and the Shipper Agent have given to FortisBC Energy not less than, except with the prior approval from FortisBC Energy, 30 days prior written notice, or other method approved by FortisBC Energy, of such addition and provided that the Shipper Agent has provided to FortisBC Energy the effective date of the addition of the Shipper to the Group, such Shipper will be added to the Group effective on the beginning of the next calendar month following the expiry of the notice period.

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Deletions From

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6. Statements and Payments

6.1 Statements to be Provided

If the Shipper Agent elects to pay some or all of the charges for Gas taken by the Shippers as described in Section 3.6 (Monthly Billing Information), FortisBC Energy will, on or about the 15th day of each month, deliver to the Shipper Agent a statement for the preceding month showing the Gas quantities, and the applicable charges for which the Shipper Agent is responsible and the amount due. Any errors in any statement will be promptly reported to the other party as provided hereunder, and statements will be final and binding unless questioned within one year after the date of the statement.

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6.2 Payment and Interest

Payment for the full amount of the statement, including federal, provincial and municipal taxes or fees applicable thereon, will be made to, or to the order of, FortisBC Energy at its Surrey, British Columbia office (mailing address: P.O. Box 6666 Stn. Terminal, Vancouver, B.C., V6B 6M9), or such other place in Canada as it will designate, on or before the 1st Business Day after the 10th calendar day following the billing date. If the Shipper Agent or Shipper fails or neglects to make any payment required under this Shipper Agent Agreement, or any portion thereof, to or to the order of FortisBC Energy when due, interest on the outstanding amount will accrue, at the rate of interest declared by the chartered bank in Canada principally used by FortisBC Energy, for loans in Canadian dollars to its most creditworthy commercial borrowers payable on demand and commonly referred to as its "prime rate", plus:

Deleted: Shipper or End-User.

- (a) 2% from the date when such payment was due for the first 30 days that such payment remains unpaid and 5% thereafter until the same is paid where the Shipper Agent or Shipper has not, during the immediately preceding 6 month period, failed to make any payment when due hereunder; or
- (b) 5% from the date when such payment was due to and including the date the same is paid where the Shipper Agent or Shipper has, during the immediately preceding 6 month period, failed to make any payment when due hereunder.

7. Term

7.1 Term

The term of this agreement will commence on the Commencement Date specified in Section 1 (Specific Information) of this agreement and will expire either:

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**FORTISBC ENERGY INC. FORT NELSON SERVICE AREA GAS TARIFF
RATE SCHEDULE 25**

- (c) 30 days following written notice from the Shipper Agent that the Shipper Agent wishes to cease to nominate for transportation Service and balancing on behalf of the Group; or
- (d) the expiry or termination of the Transportation Agreements of all of the members of the Group; or
- (e) the expiry date specified in Section 1 (Specific Information) of this agreement; or
- (f) 5 days following notice from FortisBC Energy to the Shipper Agent, and to the Shippers which are members of the Group, under Section 10.1 (Failure to Provide Information and Section 10.2 (Default)).

whichever date is earlier.

7.2 Survival of Covenants

Upon the termination of this agreement:

- (a) all claims, causes of action or other outstanding obligations remaining or being unfulfilled as at the date of termination; and,
- (b) all of the provisions in this agreement relating to the obligation of either of the parties to provide information to the other in connection with this agreement,

will survive such termination.

8. Representations, Warranties and Covenants

8.1 Representations and Warranties

The Shipper Agent represents and warrants to and covenants with FortisBC Energy as follows:

- (a) the members of the Group are listed in Section 1 (Specific Information) of this agreement;
- (b) the Shipper Agent is the agent of each of the members of the Group and has the authority of each of the members of the Group for the purposes of any and all matters set out in the applicable transportation Rate Schedule and this agreement; and
- (c) FortisBC Energy may rely on any act or thing done, or document executed, by the Shipper Agent in connection with of any and all matters set out in the applicable transportation Rate Schedule and this agreement.

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<#>Representations, Warranties and Covenants¶

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9. Limitation on Liability and Indemnity

9.1 Limitation on Liability

Neither FortisBC Energy, its employees, contractors or agents will be liable in damages for or on account of any interruption or curtailment of transportation Service or Gas supply.

9.2 Indemnity

The Shipper Agent will indemnify and hold harmless each of FortisBC Energy, its employees, contractors and agents from and against any and all adverse claims, losses, suits, actions, judgments, demands, debts, accounts, damages, costs, penalties and expenses (including all legal fees and disbursements) arising from any act or omission of the Shipper Agent related to the agency created by the Shipper Agent Agreement.

10. Disbanding of the Group

10.1 Failure to Provide Information

If the Shipper Agent fails to provide FortisBC Energy with the information or schedules which the Shipper Agent is required to provide to FortisBC Energy pursuant to this agreement or is otherwise in breach of this agreement then, acting reasonably in the circumstances and on 5 days notice to the Shipper Agent and to the members of the Group, FortisBC Energy may disband the Group and deal directly with the Shippers which were members of the Group.

10.2 Default

If any Shipper which is a member of the Group is in default under the Default or Bankruptcy Section of the applicable Rate Schedule or becomes bankrupt or insolvent, then that Shipper will cease to be a member of the Group.

11. Arbitration

11.1 Arbitration

Any dispute between the parties arising from this agreement will be resolved by a single arbitrator pursuant to the Arbitration Act of British Columbia or successor legislation, save as expressly provided herein.

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<#>Changes in Group - The Customer Agent will give to FortisBC Energy not less than 30 days' prior notice of each addition to or deletion from the Group.¶

¶
<#>Limitation on Liability and Indemnity¶

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**FORTISBC ENERGY INC. FORT NELSON SERVICE AREA GAS TARIFF
RATE SCHEDULE 25**

11.2 Demand for Arbitration

Either party may commence arbitration proceedings by sending to the other party a demand for arbitration setting out the nature of the dispute.

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11.3 Arbitrator

The parties will have 10 days from receipt of the demand referred to in Section 11.2 (Demand for Arbitration) to agree upon the arbitrator, failing which either party may apply to the Supreme Court of British Columbia to select the arbitrator. The arbitrator must be sufficiently qualified by education and training to decide the particular questions in dispute. Unless otherwise agreed, the arbitrator may not be a past or present employee, officer or director of either of the parties or their respective successors of affiliates, any supplier of the Shipper or FortisBC Energy, or any member of the Group.

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Deleted: member or former member

Deleted: Group or any Supplier of any member or former member of the Group

11.4 Commencement and Decision

The arbitrator will proceed immediately to hear and determine the matter in dispute and will render a written decision, signed by the arbitrator, within 45 days after the appointment, subject to any reasonable delay due to unforeseen circumstances. Notwithstanding the foregoing, if the arbitrator fails to render a decision within 60 days after the appointment then either party may elect to have a new arbitrator appointed in like manner as if none had previously been appointed.

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11.5 Decision

The decision of the arbitrator will be final and binding upon the parties and the parties will abide by the decision and perform the terms and conditions thereof.

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12. Notice

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<#>Principal Obligor¶
¶
<#>Principal Obligor - The Customer Agent's obligations under this agreement are that of principal obligor and not of surety and are independent of the obligations pursuant to the Group's Transportation Agreements and a separate action or actions may be brought against the Customer Agent, whether or not an action is brought against any members of the Group and whether or not any members of the Group can be or are joined in any such action or actions.¶

-----Section Break (Next Page)-----
¶

12.1 Notice

Any notice, request, statement or bill that is required to be given or that may be given under this agreement will, unless otherwise specified, be in writing and will be considered as fully delivered when mailed, personally delivered, or sent by fax or other method approved by FortisBC Energy to the other party.

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13. Acknowledgement

13.1 Acknowledgement

The Shipper Agent acknowledges receiving and reading a copy of Rate Schedule 25 and the General Terms and Conditions of FortisBC Energy and will comply with and be bound by all terms and conditions set out therein.

IN WITNESS WHEREOF the parties hereto have executed this agreement.

FORTISBC ENERGY INC.

(here insert name of Shipper Agent)

Deleted: Customer

BY: _____
(Signature)

BY: _____
(Signature)

(Title)

(Title)

(Name – Please Print)

(Name – Please Print)

DATE: _____

DATE: _____

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