



FORTISBC ENERGY INC.

RATE SCHEDULE 14A

TERM AND SPOT GAS SALES

Effective November 1, 2018

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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.

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.

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.

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 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.

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 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).

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 as set out in a Customer's applicable transportation contract.

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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.

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.

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.

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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).

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.

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.

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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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.

9.3 Principal Obligant

The Customer entering into a Rate Schedule 14A Sales Agreement will be the principal obligant.

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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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.

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:

- (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).

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.

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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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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**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;

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: _____
(no expiry date need be specified)

Address of Customer for receiving notices:

(name of Customer) Attention: _____

(address of Customer) Telephone: _____

Fax: _____

Email: _____

Location of Service: _____

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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.

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.

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.

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.

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: _____

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 (Canadian Dollars ("CDN") per Gigajoule ("GJ"))
Daily Index Rate	<input type="checkbox"/>	Daily Index + Market Factor (Greater of CDN \$0.06 per GJ or cost) (see Sections 2.3 & 2.5)
Monthly Index Rate	<input type="checkbox"/>	Monthly Index + Market Factor (Greater of CDN \$0.06 per GJ or cost) (see Sections 2.3 & 2.5)
Term Fixed Rate (Up to 85% of volume at fixed price)	<input type="checkbox"/> <input type="checkbox"/>	Fixed price + Market Factor + transaction cost (see Sections 2.4 & 2.5)
Gas Management Fee	<input type="checkbox"/>	\$ _____ CDN \$0.05 - \$0.09 per GJ of usage (see Section 2.5)

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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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.

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.

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)(ii) 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.
- (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.

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.
- (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.

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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