

TABLE OF CONTENTS

Section	Page
1. DEFINITIONS.....	R-5B.1
1.1 Definitions.....	R-5B.1
1.2 Change in Definition of "Day"	R-5B.2
2. APPLICABILITY	R-5B.3
2.1 Description of Applicability	R-5B.3
2.2 British Columbia Utilities Commission	R-5B.3
3. CONDITIONS OF SERVICE	R-5B.3
3.1 Conditions.....	R-5B.3
3.2 Security.....	R-5B.4
3.3 Warning if Switching from Interruptible Transportation Service or Interruptible Sales to Firm Transportation Service or Sales.....	R-5B.4
4. SALES	R-5B.5
4.1 Sale of Gas	R-5B.5
4.2 Maximum Hourly Quantities	R-5B.5
4.3 Gas Pressure.....	R-5B.5
5. TABLE OF CHARGES.....	R-5B.5
5.1 Charges	R-5B.5
6. TERM OF SERVICE AGREEMENT	R-5B.6
6.1 Term	R-5B.6
6.2 Automatic Renewal	R-5B.6
6.3 Early Termination.....	R-5B.6
6.4 Survival of Covenants	R-5B.6
7. STATEMENTS AND PAYMENTS.....	R-5B.7
7.1 Statements to be Provided.....	R-5B.7
7.2 Payment and Late Payment Charge	R-5B.7
7.3 Examination of Records	R-5B.7
8. MEASURING EQUIPMENT	R-5B.8
8.1 Facilities and Equipment.....	R-5B.8
8.2 Measuring Site.....	R-5B.8

Order No.: G-135-18

Issued By: Diane Roy, Vice President, Regulatory Affairs

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Original Page R-5B.i

8.3	Calibration and Test of Measuring Equipment.....	R-5B.8
8.4	Inaccuracy Exceeding 2%.....	R-5B.9
8.5	Correction of Measuring Errors	R-5B.9
8.6	Customer's Equipment.....	R-5B.9
8.7	Right to be Present	R-5B.9
8.8	Preservation of Records.....	R-5B.10
9.	MEASUREMENT	R-5B.10
9.1	Unit of Volume	R-5B.10
9.2	Determination of Volume.....	R-5B.10
9.3	Conversion to Energy Units	R-5B.10
10.	DEFAULT OR BANKRUPTCY.....	R-5B.10
10.1	Default	R-5B.10
10.2	Bankruptcy or Insolvency	R-5B.11
11.	NOTICE.....	R-5B.11
11.1	Notice	R-5B.11
11.2	Specific Notices	R-5B.12
12.	INDEMNITY AND LIMITATION ON LIABILITY.....	R-5B.13
12.1	Limitation on Liability.....	R-5B.13
12.2	Indemnity	R-5B.13
13.	FORCE MAJEURE	R-5B.14
13.1	Force Majeure.....	R-5B.14
13.2	Curtailment Notice	R-5B.14
13.3	Exceptions	R-5B.14
13.4	Notice to Resume	R-5B.14
13.5	Settlement of Labour Disputes	R-5B.15
13.6	No Exemption for Payments	R-5B.15
13.7	Periodic Repair by FortisBC Energy.....	R-5B.15
13.8	Alteration of Facilities.....	R-5B.15
14.	ARBITRATION.....	R-5B.15
14.1	Arbitration	R-5B.15
14.2	Demand for Arbitration.....	R-5B.15
14.3	Arbitrator.....	R-5B.16
14.4	Commencement and Decision	R-5B.16
14.5	Decision.....	R-5B.16

Order No.: G-135-18 Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: November 1, 2018 Accepted for Filing: November 9, 2018

BCUC Secretary: Original signed by Patrick Wruck

Original Page R-5B.ii

15.	INTERPRETATION	R-5B.16
15.1	Interpretation.....	R-5B.16
16.	MISCELLANEOUS	R-5B.17
16.1	Waiver	R-5B.17
16.2	Enurement	R-5B.17
16.3	Assignment.....	R-5B.17
16.4	Amendments to be in Writing	R-5B.17
16.5	Proper Law	R-5B.18
16.6	Time is of Essence.....	R-5B.18
16.7	Subject to Legislation.....	R-5B.18
16.8	Further Assurances.....	R-5B.18
16.9	Form of Payments.....	R-5B.18
	TABLE OF CHARGES	R-5B.19
	GENERAL FIRM SERVICE AGREEMENT.....	SA-5B.1

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) **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.

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.

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.

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.

Order No.: G-135-18 Issued By: Diane Roy, Vice President, Regulatory Affairs

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Original Page R-5B.5

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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Original Page R-5B.6

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.

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.

Order No.: G-135-18

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Original Page R-5B.8

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:

- (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.

Order No.: G-135-18

Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: November 1, 2018

Accepted for Filing: November 9, 2018

BCUC Secretary: Original signed by Patrick Wruck

Original Page R-5B.9

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.

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

Order No.: G-135-18

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Effective Date: November 1, 2018

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Original Page R-5B.10

- (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.

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

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)."

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."

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
- (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.

Order No.: G-135-18

Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: November 1, 2018

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Original Page R-5B.13

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.

Order No.: G-135-18

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Effective Date: November 1, 2018

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Original Page R-5B.14

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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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.

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;

Order No.: G-135-18

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Original Page R-5B.16

- (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.

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.

Table of Charges

Mainland and
Vancouver Island
Service Area

Delivery Margin Related Charges

1. Basic Charge per Month	\$ 469.00
2. Demand Charge per Month per Gigajoule of Daily Demand	\$ 23.358 ¹
3. Delivery Charge per Gigajoule	\$ 0.836
4. Rider 3 per Gigajoule	\$ 0.018

Commodity Related Charges

5. Storage and Transport Charge per Gigajoule	\$ 1.029
6. Rider 6 per Gigajoule	\$ (0.016)

Subtotal of per Gigajoule **Storage and Transport** Related Charges **\$ 1.013**

7. Cost of Gas (Commodity Cost Recovery Charge) per Gigajoule	\$ 1.549 ²
8. Cost of Biomethane (Biomethane Energy Recovery Charge) per Gigajoule	\$ 10.287 ^{3,4}

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Second Revision of Page R-5B.19

Delivery Margin Related Riders

Rider 2 (Reserved for future use.)

Rider 3 **Biomethane Variance Account** - Applicable to Mainland and Vancouver Island Service Area Customers for the Year ending December 31, 2019.

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 and Vancouver Island Service Area Customers, excluding Revelstoke, for the Year ending December 31, 2019.

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.

Permanent Delivery Rate Establishment

Pursuant to British Columbia Utilities Commission Order G-208-18, delivery rates and delivery rate riders were set on an interim basis for consumption on and after January 1, 2019. Pursuant to British Columbia Utilities Commission Order G-30-19, the interim delivery rates and delivery rate riders are now made permanent and implemented for consumption on and after January 1, 2019.

Permanent Storage and Transport Charge Establishment

Pursuant to British Columbia Utilities Commission Order G-230-18, Storage and Transport Charges were set on an interim basis for consumption on and after January 1, 2019. Pursuant to British Columbia Utilities Commission Order G-9-19, the interim Storage and Transport Charges are now made permanent and implemented for consumption on and after January 1, 2019.

C/N

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Second Revision of Page R-5B.20

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%.

3. 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.
4. 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 January 1, 2019 equals the sum of:

(i)	The British Columbia Utilities Commission approved January 1st Commodity Cost Recovery Charge per Gigajoule	\$	1.549	
(ii)	The current British Columbia carbon tax applicable to conventional natural gas Customers per Gigajoule	\$	1.738	A
(iii)	Other taxes applicable to conventional natural gas sales per Gigajoule	\$	0.000	
(iv)	A premium of \$7.00 per Gigajoule	\$	<u>7.000</u>	
(v)	Total Cost of Biomethane per Gigajoule	\$	10.287	 A

**GENERAL FIRM SERVICE AGREEMENT
FOR RATE SCHEDULE 5B**

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.

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: _____

Order No.: G-135-18 Issued By: Diane Roy, Vice President, Regulatory Affairs

Effective Date: November 1, 2018 Accepted for Filing: November 9, 2018

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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 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.

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.

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)

BY: _____
(Signature)

(Title)

(Title)

(Name – Please Print)

(Name – Please Print)

DATE: _____

DATE: _____

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Original Page SA-5B.3