



# Northern Border Pipeline Company

August 19, 2011

Ms. Kimberly D. Bose, Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

**Northern Border Pipeline Company**  
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Re: Northern Border Pipeline Company  
Compliance Filing, Docket No. CP10-468-000  
Docket No. RP11-\_\_\_\_-000

Dear Ms. Bose:

Pursuant to Section 4 of the Natural Gas Act (“NGA”), Part 154 of the Federal Energy Regulatory Commission’s (“FERC” or “Commission”) regulations,<sup>1</sup> and in compliance with the Commission’s November 22, 2010, Order Issuing Certificate in Docket No. CP10-468-000 (“Order” or “November 22 Order”),<sup>2</sup> Northern Border Pipeline Company (“Northern Border”) hereby submits for filing as part of its FERC Gas Tariff, Second Revised Volume No. 1 (“Tariff”), the tariff sections listed in Appendix B, attached hereto.

## Correspondence

The names, titles, mailing addresses, and telephone numbers of those persons to whom correspondence and communications concerning this filing should be addressed are as follows:

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<sup>1</sup> 18 C.F.R. Part 154 (2010).

<sup>2</sup> *Northern Border Pipeline Company*, 133 FERC ¶ 62,159 (2010).

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## Statement of Nature, Reasons, and Basis for Filing

### *Project Overview*

On July 2, 2010, in Docket No. CP10-468-000, Northern Border filed an application pursuant to Section 7(c) of the Natural Gas Act for a certificate of public convenience and necessity (“July 2 Application”), proposing to construct, own, and operate the Princeton Lateral Project (“Princeton Lateral” or “Project”). The Project is designed to transport approximately 120 MMcf/day of natural gas from the existing Kasbeer side valve located on Northern Border’s mainline system in Bureau County, Illinois, to a proposed interconnection with the facilities of Ameren Illinois Company d/b/a Ameren Illinois (“Ameren”)<sup>3</sup> near Princeton, Illinois. The July 2 Application proposed new firm and interruptible service on the Princeton Lateral pursuant to Rate Schedules FTL-1 and ITL-1, respectively, and sought approval of incremental recourse rates under these new rate schedules. Northern Border included *pro forma* tariff sheets setting forth the new rates, rate schedules, associated form of service agreements, and conforming tariff changes.

### *November 22 Order*

Paragraph E of the Commission’s November 22 Order directed Northern Border to file actual tariff sheets, with modifications discussed within the Order, between 60 days and 90 days prior to placing the Princeton Lateral into service in order to implement the initial recourse rates and related tariff proposals for the Project.<sup>4</sup> The Order noted that the *pro forma* tariff sheets submitted with the July 2 Application complied with the Commission’s open-access principles with one exception. Specifically, the Commission stated that Article 10-Other Provisions of the

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<sup>3</sup> Ameren was formerly known as Central Illinois Light Company d/b/a Ameren CILCO.

<sup>4</sup> In its July 2 Application, Northern Border proposed an in-service date of September 15, 2011. The Princeton Lateral is now projected to be placed in service on or about November 1, 2011.

Rate Schedule FTL-1 form of service agreement (“Section 7.8”), and Article 9-Other Provisions of the Rate Schedule ITL-1 form of service agreement (“Section 7.9”), do not sufficiently define the information that could be included in a service agreement. Northern Border was directed to modify the articles to clarify that only those provisions permitted to be negotiated by Northern Border’s Tariff may be placed in the Other Provisions section of a service agreement.

### *Instant Filing*

To comply with the Order and implement the recourse rates and related tariff proposals for the Princeton Lateral, Northern Border submits herewith, at Appendix B, actual tariff sections including those tariff changes necessary to comply fully with the November 22 Order. The instant filing includes revisions to Sections 7.8 and 7.9, noted above, to clarify that the only provisions permitted to be placed in such sections are those which the Tariff allows to be negotiated.

Subsequent to filing the July 2 Application, on July 28, 2010, in Docket No. RP10-1004-000, Northern Border submitted its section-based baseline electronic Tariff,<sup>5</sup> superseding its sheet-based tariff. To aide in comparing the sheet-based tariff revisions of the July 2 Application with the tariff sections submitted herein, Northern Border is providing a table, included as Appendix A, listing the *pro forma* sheet numbers along with the corresponding affected section numbers from its Tariff.

Regarding the proposed effective date for the tariff sections included in the instant filing, pursuant to the FERC’s Implementation Guide for Electronic Tariff Filing,<sup>6</sup> Northern Border is reflecting an effective date of December 31, 9998. At the time the actual in-service date of the Princeton Lateral facilities is known, Northern Border will submit notification to the Commission to effectuate the tariff sections on the actual in-service date.

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<sup>5</sup> *Northern Border Pipeline Company*, Docket No. RP10-1004-000 (September 22, 2010) (unpublished Director’s letter order).

<sup>6</sup> Office of the Secretary of the Commission, *Implementation Guide for Electronic Filing of Parts 35, 154, 284, 300, and 341 Tariff Filings* (2010).

### Effective Date

Northern Border requests that the Commission approve the tariff sections, as submitted herein and listed in Appendix B, reflecting an effective date of December 31, 9998. As noted above, this date will serve as a placeholder until the actual in-service date of the Princeton Lateral facilities is determined, currently projected to occur on or about November 1, 2011.

### Other Filings That May Affect This Proceeding

There are no other filings before the Commission that may significantly affect the changes proposed herein.

### Contents of Filing

In accordance with Section 154.7 of the Commission's regulations and Order No. 714,<sup>7</sup> Northern Border is submitting the following XML filing package, which includes:

1. This transmittal letter;
2. A tariff sheet to tariff section cross-reference table (Appendix A);
3. The clean tariff sections (Appendix B); and
4. The marked tariff sections (Appendix C).

### Certificate of Service

As required by Sections 154.7(b) and 154.208 of the Commission's regulations, copies of this filing are being served upon all of Northern Border's existing customers and interested state regulatory agencies. A copy of this letter, together with the other attachments, is available during regular business hours for public inspection at Northern Border's principal place of business.

Pursuant to Section 385.2005 and Section 385.2011(c) (5), the undersigned has read this filing and knows its contents, and the contents are true as stated, to the best of his knowledge and belief. Additionally, the undersigned possesses full power and authority to sign such filing.

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<sup>7</sup> *Electronic Tariff Filings*, 124 FERC ¶ 61,270 (2008) ("Order No. 714").

Any questions regarding this filing may be directed to Joan Collins at (832) 320-5651.

Respectfully submitted,

NORTHERN BORDER PIPELINE COMPANY  
BY: TRANSCANADA NORTHERN BORDER INC., ITS OPERATOR

A handwritten signature in black ink that reads "John A. Roscher". The signature is written in a cursive style with a long horizontal flourish extending to the right.

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John A. Roscher  
Director, Rates and Tariffs

Enclosures

# Appendix A

## Tariff Sheet to Tariff Section Cross-Reference Table

<b><u>Pro Forma Sheet No.</u></b>	<b><u>Actual Tariff Section No.</u></b>	<b><u>Section Description</u></b>
1	Part 1	Table of Contents
98.04	4.9	Statement of Rates, FTL-1 and ITL-1 Lateral Service
116 to 120	5.8	Rate Schedules, Firm Transportation Lateral Service – Rate Schedule FTL-1
116	5.8.1	Rate Schedule FTL-1, Availability
116 to 118	5.8.2	Rate Schedule FTL-1, Applicability and Character of Service
118 and 119	5.8.3	Rate Schedule FTL-1, Rates
120	5.8.4	Rate Schedule FTL-1, Termination
120	5.8.5	Rate Schedule FTL-1, Incorporation by Reference
120	5.8.6	Rate Schedule FTL-1, General Terms and Conditions
120A to 123	5.9	Rate Schedules, IT Transportation Lateral Service – Rate Schedule ITL-1
120A	5.9.1	Rate Schedule ITL-1, Availability
120A and 121	5.9.2	Rate Schedule ITL-1, Applicability and Character of Service
121 and 122	5.9.3	Rate Schedule ITL-1, Rates
122	5.9.4	Rate Schedule ITL-1, Termination
122	5.9.5	Rate Schedule ITL-1, General Terms and Conditions
249A to 250A	6.10.4	GT&C, Capacity Allocation and Confirmation Process
270 and 270B	6.26.2	GT&C, Posting of Available Firm Capacity
270C	6.26.3	GT&C, Bid Procedures
283 to 284.01	6.27.6	GT&C, Selection of Best Bid
437 to 441	7.8	Service Agreements, Rate Schedule FTL-1
442 to 443	7.8.1	Service Agreements, Rate Schedule FTL-1 – Exhibit A
444 to 448	7.9	Service Agreements, Rate Schedule ITL-1
449 to 450	7.9.1	Service Agreements, Rate Schedule ITL-1 – Exhibit A

# Appendix B

## Northern Border Pipeline Company – Northern Border Tariffs *FERC Gas Tariff, Second Revised Volume No. 1*

### Clean Tariff

<u>Section Description</u>	<u>Version</u>
Part 1 – Table of Contents	v.3.0.0
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5.8 - Rate Schedules, Firm Transportation Lateral Service – Rate Schedule FTL-1	v.0.0.0
5.8.1 - Rate Schedule FTL-1, Availability	v.0.0.0
5.8.2 - Rate Schedule FTL-1, Applicability and Character of Service	v.0.0.0
5.8.3 - Rate Schedule FTL-1, Rates	v.0.0.0
5.8.4 - Rate Schedule FTL-1, Termination	v.0.0.0
5.8.5 - Rate Schedule FTL-1, Incorporation by Reference	v.0.0.0
5.8.6 - Rate Schedule FTL-1, General Terms and Conditions	v.0.0.0
5.9 - Rate Schedules, IT Transportation Lateral Service – Rate Schedule ITL-1	v.0.0.0
5.9.1 - Rate Schedule ITL-1, Availability	v.0.0.0
5.9.2 - Rate Schedule ITL-1, Applicability and Character of Service	v.0.0.0
5.9.3 - Rate Schedule ITL-1, Rates	v.0.0.0
5.9.4 - Rate Schedule ITL-1, Termination	v.0.0.0
5.9.5 - Rate Schedule ITL-1, General Terms and Conditions	v.0.0.0
6.10.4 - GT&C, Capacity Allocation and Confirmation Process	v.4.0.0
6.26.2 - GT&C, Posting of Available Firm Capacity	v.2.0.0
6.26.3 - GT&C, Bid Procedures	v.2.0.0
6.27.6 - GT&C, Selection of Best Bid	v.2.0.0
7.8 - Service Agreements, Rate Schedule FTL-1	v.0.0.0
7.8.1 - Service Agreements, Rate Schedule FTL-1 – Exhibit A	v.0.0.0
7.9 – Service Agreements, Rate Schedule ITL-1	v.0.0.0
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STATEMENT OF RATES

Lateral Service

Rate Schedule -----	Base Tariff Rate (Daily Rates per Dekatherm) -----
FTL-1	
Maximum Reservation Rate	\$0.0940
Minimum Reservation Rate	\$0.0000
Maximum Commodity Rate	\$0.0000
Minimum Commodity Rate	\$0.0000
ITL-1	
Maximum Commodity Rate	\$0.0940
Minimum Commodity Rate	\$0.0000

RATE SCHEDULE FTL-1  
FIRM TRANSPORTATION LATERAL SERVICE

### 5.8.1 AVAILABILITY

This Rate Schedule is available for the transportation of natural gas on a firm basis on the Princeton Lateral for any Shipper:

- (a) To the extent that Company determines that firm capacity is or will become available for firm transportation service on the Princeton Lateral; and
- (b) Who requests firm transportation service under this Rate Schedule pursuant to Section 6.30 of the General Terms and Conditions; and
- (c) Who has satisfied the credit worthiness provisions specified in Section 6.40 of the General Terms and Conditions; and
- (d) Who has executed a Rate Schedule FTL-1 Service Agreement.

Princeton Lateral shall be defined as approximately 9 miles of 16-inch diameter pipeline and appurtenant facilities originating near Company's Kasbeer side valve located in Section 25, T18N, R9E, Kasbeer, Bureau County, Illinois (Kasbeer Lateral Point) and terminating at the facilities of Central Illinois Light Company d/b/a AmerenCILCO near Princeton, Bureau County, Illinois (Princeton).

## 5.8.2 APPLICABILITY AND CHARACTER OF SERVICE

### 1. Applicability.

This Rate Schedule shall apply to the firm transportation of natural gas on the Princeton Lateral. The Point of Receipt for service is the Kasbeer Lateral Point and the Point of Delivery is Princeton. The Kasbeer Lateral Point, Princeton, and other points on the Princeton Lateral are not available as a Point of Receipt under any of Company's other transportation rate schedules. Likewise, Princeton and other points downstream of the Kasbeer Lateral Point located on the Princeton Lateral are not available as Points of Delivery under any of Company's other transportation rate schedules.

### 2. Character of Service.

Subject to the applicable provisions of this Tariff, Company shall provide firm transportation service up to the Maximum Receipt Quantity set forth in Exhibit A of Shipper's Rate Schedule FTL-1 Service Agreement. Quantities of gas Shipper desires to transport in excess of Shipper's Maximum Receipt Quantity herein shall be nominated, scheduled, and delivered on an interruptible basis pursuant to Rate Schedule ITL-1.

### 3. Release of Capacity.

Shipper may release, in whole or in part, its capacity in accordance with Section 6.27 of the General Terms and Conditions of this Tariff. A release pursuant to Section 6.27.1 paragraph 2 of the General Terms and Conditions shall not relieve, impliedly or otherwise, the Releasing Shipper from its obligations under its Rate Schedule FTL-1 Service Agreement or this Rate Schedule. For releases and re-releases for service in accordance with this Rate Schedule and Section 6.27.1 paragraph 2, Company shall credit in accordance with Section 6.6 of the General Terms and Conditions the reservation charge revenue received from a Shipper under this Rate Schedule directly to the Releasing Shipper whose capacity has been released on a firm basis and matched with such Shipper.

### 4. Point Flexibility.

Section 6.17 of the General Terms and Conditions is applicable to points only on the Princeton Lateral.

### 5. Facility Limitations.

Company shall not be required to install, modify, or acquire any additional facilities in order to provide service under this Rate Schedule.

6. Right of First Refusal.

Service under this Rate Schedule is subject to Section 5.1.4 under Rate Schedule TI of this Tariff.

### 5.8.3 RATES

#### 1. Rates and Charges.

The applicable rates for service under this Rate Schedule are set forth on the currently effective Statement of Rates of this Tariff and are hereby incorporated herein.

For all natural gas service rendered hereunder, Shipper shall pay Company each month the sum of the charges listed below:

**Reservation Charge** - The reservation rate for Rate Schedule FTL-1 multiplied by Shipper's Maximum Receipt Quantity multiplied by the applicable number of days within such Production Month that such firm service is in effect, all as set forth in Exhibit A of the Rate Schedule FTL-1 Service Agreement.

**Commodity Charge** - The applicable commodity rate for Rate Schedule FTL-1 multiplied by the quantity of gas received by Company under Rate Schedule FTL-1 for Shipper in such Production Month.

Other Rates and Charges:

The Annual Charge Adjustment is defined and computed in accordance with Section 6.16 of the General Terms and Conditions.

#### 2. Discounted Rate.

Company shall charge the Maximum Commodity Rate and Maximum Reservation Charge set forth on the Statement of Rates unless Company, from time to time and at any time at its discretion on a non-discriminatory basis, charges Shipper for transportation service under this Rate Schedule a rate which is lower than such Maximum Commodity Rate and Maximum Reservation Charge; provided, however, that the total amount charged may not be less than the Minimum Commodity Rate set forth on the currently effective Statement of Rates of Company's FERC Gas Tariff.

#### 3. Negotiated Rate.

Notwithstanding the foregoing provisions of this Section 5.8.3, Company and Shipper may mutually agree to a Negotiated Rate for service hereunder as provided in Section 6.37 of the General Terms and Conditions.



4. Shipper's Obligation to Pay.

Effective on the Billing Commencement Date, Shipper shall be obligated to pay to Company its respective monthly billing invoices, in accordance with Section 5.8.3 of this Rate Schedule and in accordance with Section 6.6 of the General Terms and Conditions of this Tariff.

5. Remedies for Failure to Pay Bills.

Subject to the notice terms of Subsection 6.6.3(b) of the General Terms and Conditions, Company may, after it files and receives any necessary regulatory authorization, terminate Shipper's Service Agreement under this Rate Schedule.

#### 5.8.4 TERMINATION

If a Service Agreement under this Rate Schedule is not continued in accordance with Section 5.8.2 paragraph 6 of Rate Schedule FTL-1, such Service Agreement shall terminate under the terms of the Rate Schedule FTL-1 Service Agreement.

#### 5.8.5 INCORPORATION BY REFERENCE

Section 5.1.4 of Rate Schedule T-1 is incorporated by reference. For the purposes of this Rate Schedule only, the references in Section 5.1.4 to "Rate Schedule T-1" or "Service Agreement" and "U.S. Shipper Service Agreement" shall be interpreted as "Rate Schedule FTL-1" and "Rate Schedule FTL-1 Service Agreement."

## 5.8.6 GENERAL TERMS AND CONDITIONS

The General Terms and Conditions contained in this Tariff are applicable to this Rate Schedule and are incorporated herein by reference and made a part hereof, unless otherwise expressly excluded or limited in this Rate Schedule.

Company Use Gas as defined in this Tariff and Section 6.44 of the General Terms and Conditions are not applicable to this Rate Schedule.

RATE SCHEDULE ITL-1  
INTERRUPTIBLE TRANSPORTATION LATERAL SERVICE

### 5.9.1 AVAILABILITY

This Rate Schedule is available for the transportation of natural gas on an interruptible basis on the Princeton Lateral for any Shipper:

- (a) Who requests interruptible transportation service under this Rate Schedule pursuant to Section 6.30 of the General Terms and Conditions; and
- (b) Who has satisfied the credit worthiness provisions specified in Section 6.40 of the General Terms and Conditions; and
- (c) Who has executed a Rate Schedule ITL-1 Service Agreement.

Princeton Lateral shall be defined as approximately 9 miles of 16-inch diameter pipeline and appurtenant facilities originating near Company's Kasbeer side valve located in Section 25, T18N, R9E, Kasbeer, Bureau County, Illinois (Kasbeer Lateral Point) and terminating at the facilities of Central Illinois Light Company d/b/a AmerenCILCO near Princeton, Bureau County, Illinois (Princeton).

## 5.9.2 APPLICABILITY AND CHARACTER OF SERVICE

### 1. Applicability.

This Rate Schedule shall apply to the interruptible transportation of natural gas on the Princeton Lateral.

The Point of Receipt for service on the Princeton Lateral is the Kasbeer Lateral Point and the Point of Delivery is Princeton. The Kasbeer Lateral Point, Princeton, and other Points of Interconnection on the Princeton Lateral are not available under this Rate Schedule as a Point of Receipt under any of Company's other transportation rate schedules. Likewise, Princeton and other points downstream of the Kasbeer Lateral Point located on the Princeton Lateral are not available as Points of Delivery under any of Company's other transportation rate schedules.

### 2. Section 6.17 of the General Terms and Conditions is applicable to points only on the Princeton Lateral.

### 3. Character of Service.

Subject to the applicable provisions of this Tariff, Company shall provide interruptible service up to the Maximum Receipt Quantity set forth in Exhibit A of Shipper's Rate Schedule ITL-1 Agreement subject to availability of capacity sufficient to provide the service.

### 4. Facility Limitations.

Company shall not be required to install, modify, or acquire any additional facilities in order to provide service under this Rate Schedule.

### 5.9.3 RATES

#### 1. Rates and Charges.

The applicable rates for service under this Rate Schedule are set forth on the currently effective Statement of Rates of this Tariff and are hereby incorporated herein.

For all natural gas service rendered hereunder, Shipper shall pay Company each month the following charge listed below:

Commodity Charge - The applicable commodity rate for Rate Schedule ITL-1 multiplied by the quantity of gas received by Company under Rate Schedule ITL-1 for Shipper in such Production Month.

Other Rates and Charges:

The Annual Charge Adjustment is defined and computed in accordance with Section 6.16 of the General Terms and Conditions.

#### 2. Discounted Rate.

Company shall charge the Maximum Commodity Rate set forth on the Statement of Rates unless Company, from time to time and at any time at its discretion on a non-discriminatory basis, charges Shipper for transportation service under this Rate Schedule a rate which is lower than such Maximum Commodity Rate; provided, however, that the total amount charged may not be less than the Minimum Commodity Rate set forth on the currently effective Statement of Rates of Company's FERC Gas Tariff.

#### 3. Negotiated Rate.

Notwithstanding the foregoing provisions of this Section 5.9.3, Company and Shipper may mutually agree to a Negotiated Rate for service hereunder as provided in Section 6.37 of the General Terms and Conditions.



#### 5.9.4 TERMINATION

A Rate Schedule ITL-1 Agreement shall terminate under the terms of such service agreement.

## 5.9.5 GENERAL TERMS AND CONDITIONS

The General Terms and Conditions contained in this Tariff are applicable to this Rate Schedule and are incorporated herein by reference and made a part hereof, unless otherwise expressly excluded or limited in this Rate Schedule.

Company Use Gas as defined in this Tariff and Section 6.44 of the General Terms and Conditions are not applicable to this Rate Schedule.

#### 6.10.4 Capacity Allocation and Confirmation Process.

To effectuate the confirmation of the Company's pipeline, point, and compression service capacity on a non-discriminatory basis, when a constraint exists, Company shall utilize Section 6.10.4 paragraphs 1, 2, and 3 to allocate nominated quantities of gas.

A nomination line item that has (1) its Point of Receipt and its Point of Delivery within the Transportation Path and (2) its nominated flow direction is in the Transportation Path direction shall be referred to as an In-Path, In-Direction (IPID) nomination line item.

A nomination line item that has (1) its Point of Receipt and/or its Point of Delivery outside the Transportation Path and (2) its nomination flow direction is in the Transportation Path direction shall be referred to as an Out-of-Path, In-Direction (OPID) nomination line item.

A nomination line item that has (1) its Point of Receipt and its Point of Delivery within the Transportation Path and (2) its nominated flow direction is opposite of the Transportation Path direction shall be referred to as an In-Path, Out-of-Direction (IPOD) nomination line item.

A nomination line item that has (1) its Point of Receipt and/or its Point of Delivery outside of the Transportation Path and (2) its nomination flow direction is opposite of the Transportation Path direction shall be referred to as an Out-of-Path, Out-of-Direction (OPOD) nomination line item.

##### 1. Allocation of Constrained Pipeline Capacity.

In those instances in which the aggregate quantity of all validated nominations exceed the physical capacity of Company's system at a specific pipeline location or segment, Company will allocate capacity to the validated nominations at the constrained pipeline location in the following order:

(a) IPID Rate Schedule T-1/T-1B and FTL-1 firm transportation nominations.

Pro rata allocation of capacity within this nomination class, if necessary, will be based on Shipper's validated nomination quantity up to Shipper's Maximum Receipt Quantity.

(b) IPOD Rate Schedule T-1/T-1B and FTL-1 firm transportation nominations.

Pro rata allocation of capacity within this nomination class, if necessary, will be based on Shipper's validated nomination quantity up to Shipper's Maximum Receipt Quantity.

- (c) OPID Rate Schedule T-1/T-1B and FTL-1 firm transportation nominations.

Pro rata allocation of capacity within this nomination class, if necessary, will be based on Shipper's validated nomination quantity up to Shipper's Maximum Receipt Quantity.

- (d) OPOD Rate Schedule T-1/T-1B and FTL-1 firm transportation nominations.

Pro rata allocation of capacity within this nomination class, if necessary, will be based on Shipper's validated nomination quantity up to Shipper's Maximum Receipt Quantity.

- (e) Rate Schedule IT-1 and ITL-1 interruptible nominations.

Company shall prioritize nominations within this nomination class on the basis that the Shipper paying the higher interruptible transportation rate shall receive a higher queue position than those paying a lower interruptible transportation rate.

Pro rata allocation of capacity within this nomination class, if necessary, will be based on Shipper's validated nomination quantity.

2. Allocation of Point Capacity.

In those instances in which the aggregate net quantity of all validated nominations exceed Company's physical capacity to receive gas at a specific Point of Receipt or deliver gas at a specific Point of Delivery, Company will allocate capacity to the validated nominations at the constrained point location in the following order:

- (a) Primary Scheduling Rights Firm Nominations.

Pro rata allocation of capacity within this nomination class, if necessary, will be based on Shipper's primary scheduling rights at such location.

- (b) Secondary In-Path (SIP) Firm Nominations.

Pro rata allocation of capacity within this nomination class, if necessary, will be based on Shipper's secondary scheduling rights at such location.

- (c) Secondary Out-of-Path (SOP) Firm Nominations.

Pro rata allocation of capacity within this nomination class, if necessary, will be based on Shipper's secondary scheduling rights at such location.

(d) Operational Purchases and Sales of Gas.

If required, Company shall prioritize nominations within this nomination class on the basis that (1) the lowest price paid by Company for operational gas will receive a higher queue position than the price paid by Company at a higher rate and (2) the highest price sold by Company for operational gas will receive a higher queue position than the price sold by Company at a lower rate.

Pro rata allocation of capacity within this nomination class for two or more parties at an equal rate, based on validated quantities.

(e) Interruptible Nominations.

If required, Company shall prioritize nominations within the nomination class on the basis that the Shipper paying the higher interruptible transportation rate shall receive a higher queue position than those paying a lower interruptible transportation rate.

Pro rata allocation of capacity within this nomination class for two or more Shippers at an equal rate, if necessary, will be based on Shipper's validated nominated quantity.

3. Allocation of Compression Service Capacity.

In those instances, in which the aggregate quantity of all validated nominations exceed the physical capacity of a compressor station rendering service under a specific compression rate schedule set forth in Company's Tariff, Company will allocate capacity to the validated nominations at the constrained compressor in the following order:

(a) Firm Nominations.

Pro rata allocation of capacity within this nomination class, if necessary, shall be based upon Shipper's Maximum Receipt Quantity at such compressor station as set forth in Exhibit A of the applicable compression service agreement.

(b) Interruptible Nominations.

If required, Company shall prioritize nominations within the nomination class on the basis that the Shipper paying the higher interruptible

compression rate shall receive a higher queue position than those paying a lower interruptible compression rate.

Pro rata allocation of capacity within this nomination class for two or more Shippers at an equal rate, if necessary, will be based on Shipper's validated nominated quantity.

4. Confirmation Principles/Standards.

With respect to the timely nomination/confirmation process at a receipt or delivery point, in the absence of agreement to the contrary, the lesser of the confirmation quantities shall be the confirmed quantity. If there is no response to a Request for Confirmation or an unsolicited Confirmation Response, the lesser of the confirmation quantity or the previously scheduled quantity shall be the new confirmed quantity. [1.3.22]

With respect to the processing of requests for increases during the intra-day nomination/confirmation process, in the absence of agreement to the contrary, the lesser of the confirmation quantities shall be the new confirmed quantity. If there is no response to a Request for Confirmation or an unsolicited Confirmation Response, the previously scheduled quantity shall be the new confirmed quantity. [1.3.22]

With respect to the processing of requests for decreases during the intra-day nomination/confirmation process, in the absence of an agreement to the contrary, the lesser of the confirmation quantities shall be the new confirmed quantity, but in any event no less than the elapsed-prorated-scheduled quantity. If there is no response to a Request for Confirmation or an unsolicited Confirmation Response, the greater of the confirmation quantity or the elapsed-prorated-scheduled quantity shall be the new confirmed quantity. [1.3.22]

With respect to the above confirmation rules, if there is no response to a Request for Confirmation or an unsolicited Confirmation Response, Company shall provide the Service Requester with the following information to explain why the nomination failed, as applicable:

- (i) Company did not conduct the confirmation;
- (ii) The upstream Confirming Party did not conduct the confirmation;
- (iii) The upstream Service Requester did not have the gas or submit the nomination;
- (iv) The downstream Confirming Party did not conduct the confirmation;

- (v) The downstream Service Requester did not have the market or submit the nomination.

This information shall be imparted to the Service Requester on the Scheduled Quantity document. [1.3.22]

Ranking shall be included in the list of data elements. Company shall use Service Requester provided rankings when making reductions during the scheduling process when this does not conflict with tariff-based rules. [1.3.23]

The Explicit Confirmation process requires that the Confirming Party respond to a Request for Confirmation or initiate an unsolicited Confirmation Response. Absent mutual agreement to the contrary, Explicit Confirmation is the default methodology. [1.3.40]

5. Initiation of Confirmation.

The receiver of a nomination initiates the confirmation process. The party that would receive a Request for Confirmation or an unsolicited Confirmation Response may waive the obligation for the sender to send. [1.3.20]

For request to confirm and confirmation response processes, all parties will seek to confirm by means of communicating at the applicable detail/summary level all transactions with respect to a location. [1.3.35]

6. Timing of Confirmation.

When a Confirmation Requester receives a Confirmation Response document from a Confirming Party by the conclusion of a given quarter hour period, the Confirmation Requester will send to the Confirming Party's designated site a corresponding Confirmation Quick Response document by the conclusion of the subsequent quarter hour period. [1.3.45]

The quarter hour periods will be defined to begin on the hour and at 15, 30 and 45 minutes past the hour. A given quarter hour will contain all transactions whose receipt time is less than the beginning of the subsequent quarter hour. [1.3.45]

7. Departure from Confirmation Deadlines.

Confirming Parties' nightly processing and routine maintenance occurring outside normal business hours are apt to interrupt the normal schedule of confirmations/quick response turnaround stated in NAESB WGQ Standard 1.3.45 (see 10.46). Such delays shall be kept to a minimum. The normal schedule shall

be resumed at the earliest opportunity and no later than the start of normal working hours the following day, seven days per week. [1.3.46]

8. Stranded Nomination.

A nomination at an in-line Transfer Point may become isolated from its supply or market component as part of the confirmation process.

Company will attempt to contact the Nominating Party who has a stranded nomination to see if the Transfer Point requested can be changed to its corresponding physical point (no increase in transportation mileage). If such a nomination change cannot be made and confirmed in a timely manner, the stranded nomination will not be scheduled.



6.26.2 Posting of Available Firm Capacity.

- (a) For capacity for a term of one year or more, that is generally available at least 95 days prior to the commencement of service date or the termination date of a Service Agreement for such capacity and is no longer subject to Section 5.1.4 of Rate Schedule T-1 (long-term available capacity), the following criteria and procedures shall apply:

Company will post such capacity on its Informational Postings web site, the criteria for an acceptable Bid, the method for determining the Best Bid as referenced in Section 6.26.4(a), and the Bid Closing Date. The identity of the bidder shall be kept confidential. The Bid Closing Date for long-term available capacity will be a minimum of five business days after such capacity is posted for Bid. Company reserves the right not to accept a Bid for such capacity at (1) a rate less than the Maximum Rate; and/or (2) a path within but shorter than the path criteria set forth in the posting, and/or (3) a term less than one year. Acceptable Bids will be posted within one business day of receipt of Bid.

If no acceptable Bids are received during a bid period, Company will post the capacity as available on a long-term basis on its web site in order that it may be awarded on a first-come, first-served basis at a mutually agreed upon rate under the appropriate firm Rate Schedule. Shippers must submit a Bid for such capacity to Company's Marketing Department. The time the Bid is received will be used to determine the sequence of Bids. From 90 days or more prior to the commencement of service date, Company reserves the right not to accept a Bid for such long-term capacity at (1) a rate less than the Maximum Rate, or (2) a path within but shorter than the path criteria set forth in the posting, or (3) a term less than one year.

Company shall not award such capacity at less than the Maximum Rate to a marketing affiliate as defined by Part 358 of the Commission's regulations unless a request for a discount from an affiliate is first posted for competitive Bid pursuant to the time frame outlined in this subsection and no other competitive Bids are determined to be the Best Bid as a result of such posting.

- (b) For capacity, which is or will be no longer contracted under an existing Service Agreement, that is either (a) generally available once such capacity can no longer be subject to Section 6.26.2(a) or (b) operationally available within 90 days or less prior to the commencement of service date, the following criteria and procedures shall apply as follows:
- (i) Company will post on its Informational Postings web site the criteria for an acceptable Bid, the method for determining the Best Bid as referenced in Section 6.26.4(a), and the Bid Closing Date. The identity of a bidder shall

be kept confidential. After firm capacity is posted for Bid pursuant to this subsection, the Bid Closing Date shall be three business days for available capacity posted for a term of a Calendar Month or greater. Bids at the Maximum Rate for such posted capacity, but for a shorter path than the posted path will be accepted on a consecutive Calendar Month basis for a term up to and including five (5) years. Bids with a term of a Calendar Month or consecutive Calendar Months at the Maximum Rate for the posted path will be accepted. Provided, however, Company shall not be required to accept Bids for available capacity with a term of less than a Calendar Month earlier than four business days prior to the requested commencement of service date of the Bid. Company may post for Bid available capacity of less than a Calendar Month for a minimum of 1 hour and up to 24 hours. If such capacity is not posted for Bid, then it shall be posted as available capacity pursuant to the first-come, first-served process contained herein below. Company reserves the right not to accept a Bid for posted capacity at a rate less than the Maximum Rate. Acceptable Bids will be posted within one business day of receipt of Bid.

- (ii) If no acceptable Bids are received during a bid period, Company will post the capacity as available on its web site in order that it may be awarded on a first-come, first-served basis at a mutually agreed upon rate under the appropriate firm Rate Schedule. Shippers must submit a Bid for such capacity to Company's Marketing Department. The time the Bid is received will be used to determine the sequence of the Bids. Bids received in accordance with this Section 6.26 first-come, first served process at the Maximum Rate for capacity for a shorter path than the posted path will be accepted on a consecutive Calendar Month basis for a term up to and including five (5) years. Bids at the Maximum Rate for the posted path will be accepted on a consecutive Calendar Month(s) basis for a term of greater than or equal to a Calendar Month. Within three business days prior to the first day of a Calendar Month or within a Calendar Month in which the requested commencement of service date of a Maximum Rate Bid for available capacity falls, Company will accept such Bid for a term of less than but within such Calendar Month and for subsequent consecutive Calendar Months. Company reserves the right not to make a first-come, first-served capacity award at less than the Maximum Rate.
- (iii) Company shall not award such capacity at less than the Maximum Rate to a marketing affiliate as defined by Part 358 of the Commission's regulations unless a request for a discount from an affiliate is first posted for competitive Bid pursuant to the time frames outlined in this subsection and no other competitive Bids are determined to be the Best Bid as a result of such posting.

(iv) Interim Sales of Capacity.

Capacity that has been awarded pursuant to this Section 6.26.2 with a future Billing Commencement Date shall be made available to Shippers on an interim basis. Where the available interim capacity would otherwise be eligible for the right of first refusal as set forth in the applicable Service Agreement and pursuant to the provisions of Section 5.1.4 of Rate Schedule T-1, Company shall limit the right of first refusal for capacity sold on an interim basis such that the term of the interim capacity may not be extended beyond the future Billing Commencement Date of firm capacity sold. If the right of first refusal is limited, the applicable Service Agreement shall note such limitation.

6.26.3 Bid Procedures.

- (a) Any Person desiring to submit a Bid for firm capacity in accordance with this section must satisfy the requirements of the applicable firm Rate Schedule and execute an associated Service Agreement. A Person's Bid for firm capacity which exceeds its qualified level of credit worthiness shall not be accepted.
- (b) The Company will allow Bids for capacity which are contingent upon the bidder obtaining capacity on another pipeline(s). The Bid must specify the contingency. In those instances where such a contingent Bid(s) is determined to be the Best Bid, the allocation of capacity may be delayed pending satisfaction of the contingency under the following timeline for clearing the contingency:
  - (i) for service of more than one day and up to one month, the contingency must be cleared within 24 hours of the Bid;
  - (ii) for service greater than one month but less than one year, the contingency must be cleared within 3 business days;
  - (iii) for service for one year or more, the contingency must be cleared within the time frame specified in Company's posting pursuant to Section 6.26.2 of these General Terms and Conditions, but in no event shall the specified time frame be less than five business days or greater than forty-five (45) calendar days.
- (c) If a Bid is received which contains conditions, other than those allowed in Section 6.26.3(b), that are not satisfied at Bid Closing Date, such Bid shall not be accepted.
- (d) A bidder may withdraw its Bid prior to the Bid Closing Date upon written notice to Company.
- (e) The winning Bid(s), including the identity of the bidder(s), will be posted on Company's Internet web site.

6.27.6 Selection of Best Bid.

The Best Bid for capacity releases shall be selected by use of one of the methods set forth in Section 6.27.6 paragraph 1 hereof. The Releasing Shipper shall specify the Bid evaluation method in its Offer.

Company shall eliminate all Bids which do not satisfy the minimum criteria specified by the Releasing Shipper in its Offer, if any. When an Offer includes a volumetric rate component, only the reservation charge component will be considered in the Bid evaluation and determination of Best Bid. Bids will be assigned a ranking based on the evaluation method specified by the Releasing Shipper.

1. Company's Bid Evaluation Methods.

- (a) Method A - Present Value of Bids for Capacity Under Rate Schedule(s) T-1 and T-1B.

$$\text{Present Value per unit} = \left[ \frac{(R_1 * D_1)}{1} + \frac{(R_2 * D_2)}{2} \right] * \frac{[1 - (1 + i)^{-n}]}{i}$$

Method A - Present Value of Bids for Capacity Under Rate Schedule FCS-DP and FLT-1

$$\text{Present Value} = \frac{[R_3]}{3} * \frac{[1 - (1 + i)^{-n}]}{i}$$

Where:

R<sub>1</sub> = Reservation Rate in the Bid per 100 Dekatherm-miles - Port of Morgan, MT (POM) to Ventura, IA.

R<sub>2</sub> = Reservation Rate in the Bid per 100 Dekatherm-miles - Ventura, IA to North Hayden, IN.

R<sub>3</sub> = Reservation Rate in the Bid.

D<sub>1</sub> = Distance in miles of that portion (if any) of the Bid distance between POM and Ventura, IA that lies between the Primary Receipt Point and Primary Delivery Point divided by 100.

D<sub>2</sub> = Distance in miles of that portion (if any) of the Bid distance between Ventura, IA and North Hayden, IN that lies between the Primary Receipt Point and the Primary Delivery Point divided by 100.

i = FERC's annual discount rate divided by 365 days or 366 days during leap year.

n = Bid term (days) not to exceed the number of days posted.

The higher the present value, the higher the ranking.

- (b) Method B - Highest Rate of Bids for Capacity Under Rate Schedule(s) T-1 and T-1B.

$$\text{Highest Rate} = \frac{R_1 * D_1}{1} + \frac{R_2 * D_2}{2}$$

Method B - Highest Rate of Bids for Capacity Under Rate Schedule FCS-DP and FLT-1

$$\text{Highest Rate} = \frac{R}{3}$$

Where:

R<sub>1</sub> = Reservation Rate in the Bid per 100 Dekatherm-miles - POM to Ventura, IA.

R<sub>2</sub> = Reservation Rate in the Bid per 100 Dekatherm-miles - Ventura, IA to North Hayden, IN.

R<sub>3</sub> = Reservation Rate in the Bid.

D<sub>1</sub> = Distance in miles of that portion (if any) of the Bid distance between POM and Ventura, IA that lies between the Primary Receipt Point and Primary Delivery Point divided by 100.

D<sub>2</sub> = Distance in miles of that portion (if any) of the Bid distance between Ventura, IA and North Hayden, IN that lies between the Primary Receipt Point and the Primary Delivery Point divided by 100.

Rate per Dth Bid regardless of term. The higher the rate, the higher the ranking.

- (c) Method C - Net Revenue of Bids for Capacity Under Rate Schedule(s) T-1 and T-1B.

$$\text{Net Revenue} = Q * [(R_1 * D_1) + (R_2 * D_2)] * n$$

Method C - Net Revenue of Bids for Capacity Under Rate Schedule FCS-DP and FLT-1

$$\text{Net Revenue} = Q * R_3 * n$$

Where:

Q = Bid Quantity (Mcf)

R<sub>1</sub> = Reservation Rate in the Bid per 100 Dekatherm-miles - POM to Ventura, IA.

R<sub>2</sub> = Reservation Rate in the Bid per 100 Dekatherm-miles - Ventura, IA to North Hayden, IN.

R<sub>3</sub> = Reservation Rate in the Bid.

D<sub>1</sub> = Distance in miles of that portion (if any) of the Bid distance between POM and Ventura, IA that lies between the Primary Receipt Point and Primary Delivery Point divided by 100.

D<sub>2</sub> = Distance in miles of that portion (if any) of the Bid distance between Ventura, IA and North Hayden, IN that lies between the Primary Receipt Point and the Primary Delivery Point divided by 100.

n = Bid term (days), not to exceed the number of days offered by the Releasing Shipper.

The higher the net revenue, the higher the ranking.

(d) Method D - Releasing Shipper's Bid Evaluation Methodology.

The Releasing Shipper may establish a method for evaluation of the Best Bid. The Releasing Shipper must specify the evaluation method and provide an example of the evaluation method with the Offer. In this event, the Company shall evaluate the Bids in accordance with the Releasing Shipper's method and allocate the capacity to the Best Bid. The Releasing Shipper's Bid evaluation methodology must be objective and non-discriminatory. In the event the Releasing Shipper does not specify how capacity will be allocated when there are multiple Best Bids, the capacity will be allocated in accordance with Section 6.27.6 paragraph 1(f) hereof.

(e) Best Bid.

When the Company makes awards of capacity for which there have been multiple Bids meeting minimum conditions, the Company will award Bids, Best Bid first, until all offered capacity is awarded. [5.3.4]

(f) Tie-Breaker of Best Bids.

To the extent there is more than one Best Bid for Bids of five months or more, the offered capacity shall be allocated on a pro rata basis to potential Replacement Shipper(s) submitting a Best Bid, subject to the condition that potential Replacement Shipper(s) must specify when making its Bid whether it is willing to accept a pro rata portion of its Bid capacity. If a Best Bid does not specify the Bidder's willingness to accept a pro rata allocation of the capacity and it is necessary to allocate capacity on a pro rata basis, then no capacity will be awarded to such Best Bid. In the event there is more than one Best Bid for Bids of less than five months, the capacity will be awarded on a first-come, first-served basis.



Contract # \_\_\_\_\_

NORTHERN BORDER PIPELINE COMPANY  
FIRM TRANSPORTATION LATERAL SERVICE AGREEMENT  
RATE SCHEDULE FTL-1

This Agreement (the "Service Agreement") is made and entered into as of \_\_\_\_\_, 20\_\_, by and between NORTHERN BORDER PIPELINE COMPANY, hereinafter referred to as "Company," and \_\_\_\_\_, hereinafter referred to as "Shipper."

WHEREAS, Shipper is desirous of engaging Company to provide firm transportation lateral service for quantities of natural gas; and

WHEREAS, Company is desirous of providing firm transportation lateral service for Shipper; and

WHEREAS, the transportation of natural gas shall be effectuated pursuant to Part 157 or Part 284 of the Federal Energy Regulatory Commission's (FERC) Regulations; and

NOW THEREFORE, in consideration of their respective covenants and agreements hereinafter set out, the parties hereto covenant and agree as follows:

ARTICLE 1  
TRANSPORTATION PATH RECEIPT POINT

As specified in Exhibit A attached hereto, commencing on Shipper's Billing Commencement Date and continuing throughout the term of this Service Agreement, Shipper shall be entitled to tender to Company, at Shipper's Point of Receipt, a daily quantity of gas not in excess of the Maximum Receipt Quantity.

ARTICLE 2  
TRANSPORTATION PATH DELIVERY POINT

Company shall deliver gas to Shipper at the Point of Delivery, specified in Exhibit A attached hereto, in accordance with Section 6.13 of the General Terms and Conditions of Company's FERC Gas Tariff ("Tariff").

ARTICLE 3  
PAYMENTS

Shipper shall make payments to Company in accordance with Rate Schedule FTL-1 and Section 6.6 of the General Terms and Conditions of Company's Tariff.

ARTICLE 4  
CHANGE IN COMPANY'S TARIFF PROVISIONS

Upon notice to Shipper, Company shall have the right to file with the Federal Energy Regulatory Commission any changes in the rates and terms of any of its Rate Schedules, General Terms and Conditions or Form of Service Agreement as Company may deem necessary, and to make such changes effective at such times as Company desires and is possible under applicable law. Shipper may protest any filed changes before the Federal Energy Regulatory Commission and exercise any other rights it may have with respect thereto.

ARTICLE 5  
CANCELLATION OF PRIOR AGREEMENTS

When this Service Agreement becomes effective, it shall supersede, cancel and terminate the following Agreements:

ARTICLE 6  
TERM

This Service Agreement shall become effective upon its execution and shall under all circumstances continue in effect in accordance with the term set forth in Exhibit A attached hereto. This Service Agreement may continue in effect thereafter or terminate in accordance with Section 5.1.4 of Rate Schedule T-1, if applicable. Service rendered pursuant to this Service Agreement shall automatically be abandoned upon termination of this Service Agreement.

Termination of this Service Agreement shall not relieve Company and Shipper of the obligation to correct any Shipper Imbalances hereunder, or Shipper to pay money due hereunder to Company and shall be in addition to any other remedies that Company may have.

ARTICLE 7  
APPLICABLE LAW AND SUBMISSION TO JURISDICTION

This Service Agreement and Company's Tariff, and the rights and obligations of Company and Shipper thereunder are subject to all relevant and United States lawful statutes, rules, regulations and orders of duly constituted authorities having jurisdiction. Subject to the

foregoing, this Service Agreement shall be governed by and interpreted in accordance with the laws of the State of Nebraska. For purposes of legal proceedings, this Service Agreement shall be deemed to have been made in the State of Nebraska and to be performed there, and the Courts of that State shall have jurisdiction over all disputes which may arise under this Service Agreement, provided always that nothing herein contained shall prevent the Company from proceeding at its election against the Shipper in the Courts of any other state, Province or country.

At the Company's request, the Shipper shall irrevocably appoint an agent in Nebraska to receive, for it and on its behalf, service of process in connection with any judicial proceeding in Nebraska relating to this Service Agreement. Such service shall be deemed completed on delivery to such process agent (even if not forwarded to and received by the Shipper). If said agent ceases to act as a process agent within Nebraska on behalf of Shipper, the Shipper shall appoint a substitute process agent within Nebraska and deliver to the Company a copy of the new agent's acceptance of that appointment within thirty (30) days.

#### ARTICLE 8 SUCCESSORS AND ASSIGNS

Any Person which shall succeed by purchase, amalgamation, merger or consolidation to the properties, substantially as an entirety, of Shipper or of Company, as the case may be, and which shall assume all obligations under this Service Agreement of Shipper or Company, as the case may be, shall be entitled to the rights, and shall be subject to the obligations, of its predecessor under this Service Agreement. Either party to this Service Agreement may pledge or charge the same under the provisions of any mortgage, deed of trust, indenture, security agreement or similar instrument which it has executed, or assign this Service Agreement to any affiliated Person (which for such purpose shall mean any Person which controls, is under common control with or is controlled by such party). Nothing contained in this Article 8 shall, however, operate to release Shipper from its obligation under this Service Agreement unless Company shall, in its sole discretion, consent in writing to such release. Company shall not release Shipper from its obligations under this Service Agreement unless: (a) such release is effected pursuant to an assignment of obligations by Shipper, and the assumption thereof by the assignee, and the terms of such assignment and assumption render the obligations being assigned and assumed no more conditional and no less absolute than those at the time provided therein; and (b) such release is not likely to have a substantial adverse effect upon Company. Shipper shall, at Company's request, execute such instruments and take such other action as may be desirable to give effect to any such assignment of Company's rights under this Service Agreement or to give effect to the right of a Person whom the Company has specified pursuant to Section 6.6 of the General Terms and Conditions of Company's Tariff as the Person to whom payment of amounts invoiced by Company shall be made; provided, however, that: (a) Shipper shall not be required to execute any such instruments or take any such other action the effect of which is to modify the respective rights and obligations of either Shipper or Company under this Service Agreement; and (b) Shipper shall be under no obligation at any time to determine the status or amount of any payments which may be due from Company to any Person whom

the Company has specified pursuant to said Section 6.6 as the Person to whom payment of amounts invoiced by Company shall be made.

ARTICLE 9  
LOSS OF GOVERNMENTAL AUTHORITY, GAS SUPPLY,  
TRANSPORTATION OR MARKET

Without limiting its other responsibilities and obligations under this Service Agreement, the Shipper acknowledges that it is responsible for obtaining and assumes the risk of loss of the following: (1) gas removal permits, (2) export and import licenses, (3) gas supply, (4) markets and (5) transportation upstream and downstream of the Company's pipeline system. Notwithstanding the loss of one of the items enumerated above, Shipper shall continue to be liable for payment to the Company of the transportation charges as provided for in this Service Agreement.

ARTICLE 10  
OTHER PROVISIONS

(This Article to be utilized when necessary to specify other provisions permitted to be negotiated by Company's Tariff.)

ARTICLE 11  
EXHIBIT A OF SERVICE AGREEMENT, RATE SCHEDULES  
AND GENERAL TERMS AND CONDITIONS

Company's Rate Schedules and General Terms and Conditions, which are on file with the Federal Energy Regulatory Commission and in effect, and Exhibit A hereto are all applicable to this Service Agreement and are hereby incorporated in, and made a part of, this Service Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Service Agreement to be duly executed as of the day and year first set forth above.

NORTHERN BORDER PIPELINE COMPANY  
By: TransCanada Northern Border Inc.,  
its Operator

By: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

ATTEST:

(NAME OF SHIPPER)

\_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_

Title: \_\_\_\_\_

Contract # \_\_\_\_\_

NORTHERN BORDER PIPELINE COMPANY  
FIRM TRANSPORTATION LATERAL SERVICE AGREEMENT  
RATE SCHEDULE FTL-1

EXHIBIT A TO SERVICE AGREEMENT

COMPANY - Northern Border Pipeline Company

COMPANY'S ADDRESS - Commercial Services  
717 Texas Street  
Houston, TX 77002-2761

SHIPPER -

SHIPPER'S ADDRESS -

Maximum Receipt Quantity: \_\_\_\_\_ Dekatherms/day

Transportation Path:

Point of Receipt: \_\_\_\_\_ Point of Delivery: \_\_\_\_\_

Billing Commencement Date: \_\_\_\_\_

Term: Begin Date: (specific date or triggering event)

End Date: (specific date or triggering event)

Right of First Refusal: Yes \_\_\_\_\_ No \_\_\_\_\_

\_\_\_\_\_ Check if this Service Agreement is applicable to interim capacity sold pursuant to Section 6.26 of the General Terms and Conditions of Company's Tariff. Right of First Refusal rights, if any, applicable to this interim capacity are limited as provided in such applicable Section 6.26.2(b)(iv) or 6.26.5 of the General Terms and Conditions of Company's Tariff.

Check Applicable Rate:

Maximum Reservation Rate: 1/ \_\_\_\_\_

Discounted Reservation Rate: 1/ \_\_\_\_\_

Description of Discount: 2/ \_\_\_\_\_

Negotiated Rate: 3/ \_\_\_\_\_  
Description of Negotiated Rate: \_\_\_\_\_

- 1/ Plus the applicable commodity charges and other rates and charges, set forth in Section 5.8.3 of Rate Schedule FTL-1.
- 2/ See Section 6.41 of the General Terms and Conditions of Company's Tariff for description of various types of discount rates.
- 3/ Subject to Section 6.37 of the General Terms and Conditions of Company's Tariff.

This Exhibit A is made and entered into as of \_\_\_\_\_, 20\_\_.

NORTHERN BORDER PIPELINE COMPANY  
By: TransCanada Northern Border Inc.,  
its Operator

By: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

ATTEST:

(NAME OF SHIPPER)

\_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

NORTHERN BORDER PIPELINE COMPANY  
INTERRUPTIBLE TRANSPORTATION LATERAL AGREEMENT  
RATE SCHEDULE ITL-1

This Agreement (the "Agreement") is made and entered into as of \_\_\_\_\_, 20\_\_\_, by and between NORTHERN BORDER PIPELINE COMPANY, hereinafter referred to as "Company," and \_\_\_\_\_, hereinafter referred to as "Shipper."

WHEREAS, Shipper is desirous of engaging Company to provide interruptible transportation lateral service for quantities of natural gas; and

WHEREAS, Company is desirous of providing interruptible transportation lateral service for Shipper; and

WHEREAS, the transportation of natural gas shall be effectuated pursuant to Part 157 or Part 284 of the Federal Energy Regulatory Commission's Regulations.

NOW THEREFORE, in consideration of their respective covenants and agreements hereinafter set out, the parties hereto covenant and agree as follows:

ARTICLE 1  
POINT OF RECEIPT AND POINT OF DELIVERY

If on any day Company determines that capacity exists to transport all or a portion of Shipper's Maximum Receipt Quantity, Shipper shall be entitled to tender to Company at the Point of Receipt specified in Exhibit A attached hereto, a quantity of gas not in excess of the Maximum Receipt Quantity, all set forth in Exhibit A attached hereto. Credit worthiness under this Agreement shall be verified upon receipt of nominations under this Agreement and quantities of gas shall be scheduled pursuant to Section 6.10 of the General Terms and Conditions.

Company shall transport and deliver gas to Shipper at the Point of Delivery, specified in Exhibit A attached hereto.

ARTICLE 2  
PAYMENTS

Shipper shall make payments to Company in accordance with Rate Schedule ITL-1 and the other applicable terms and provisions of this Agreement.



ARTICLE 3  
CHANGE IN TARIFF PROVISIONS

Upon notice to Shipper, Company shall have the right to file with the Federal Energy Regulatory Commission any changes in the terms of any of its Rate Schedules, General Terms and Conditions or Form of Service Agreement as Company may deem necessary, and to make such changes effective at such times as Company desires and is possible under applicable law. Shipper may protest any filed changes before the Federal Energy Regulatory Commission and exercise any other rights it may have with respect thereto.

ARTICLE 4  
CANCELLATION OF PRIOR AGREEMENTS

When this Agreement becomes effective, it shall supersede, cancel and terminate the following Agreements:

ARTICLE 5  
TERM

This Agreement shall become effective upon its execution and shall under all circumstances continue in effect in accordance with the Tariff for the term set forth in Exhibit A attached hereto.

Termination of this Agreement shall not relieve Company and Shipper of the obligation to correct any Shipper Imbalance hereunder, or Shipper to pay money due hereunder to Company and shall be in addition to any other remedies that Company may have.

ARTICLE 6  
APPLICABLE LAW AND SUBMISSION TO JURISDICTION

This Agreement and Company's Tariff, and the rights and obligations of Company and Shipper thereunder are subject to all relevant and United States lawful statutes, rules, regulations and orders of duly constituted authorities having jurisdiction. Subject to the foregoing, this Agreement shall be governed by and interpreted in accordance with the laws of the State of Nebraska. For purposes of legal proceedings, this Agreement shall be deemed to have been made in the State of Nebraska and to be performed there, and the Courts of that State shall have jurisdiction over all disputes which may arise under this Agreement, provided always that nothing herein contained shall prevent the Company from proceeding at its election against the Shipper in the Courts of any other state, Province or country.

At the Company's request, the Shipper shall irrevocably appoint an agent in Nebraska to receive, for it and on its behalf, service of process in connection with any judicial proceeding

in Nebraska relating to this Agreement. Such service shall be deemed completed on delivery to such process agent (even if not forwarded to and received by the Shipper). If said agent ceases to act as a process agent within Nebraska on behalf of Shipper, the Shipper shall appoint a substitute process agent within Nebraska and deliver to the Company a copy of the new agent's acceptance of that appointment within 30 days.

#### ARTICLE 7 SUCCESSORS AND ASSIGNS

Any person which shall succeed by purchase, amalgamation, merger or consolidation to the properties, substantially as an entirety, of Shipper or of Company, as the case may be, and which shall assume all obligations under Shipper's Agreement of Shipper or Company, as the case may be, shall be entitled to the rights, and shall be subject to the obligations, of its predecessor under Shipper's Agreement. Either party to a Shipper's Agreement may pledge or charge the same under the provisions of any mortgage, deed of trust, indenture, security agreement or similar instrument which it has executed, or assign such Agreement to any affiliated Person (which for such purpose shall mean any person which controls, is under common control with or is controlled by such party). Nothing contained in this Article 7 shall, however, operate to release predecessor Shipper from its obligation under its Agreement unless Company shall, in its sole discretion, consent in writing to such release. Company shall not release any Shipper from its obligations under its Agreement unless: (a) such release is effected pursuant to an assignment of obligations by such Shipper, and the assumption thereof by the assignee, and the terms of such assignment and assumption render the obligations being assigned and assumed no more conditional and no less absolute than those at the time provided therein; and (b) such release is not likely to have a substantial adverse effect upon Company. Shipper shall, at Company's request, execute such instruments and take such other action as may be desirable to give effect to any such assignment of Company's rights under such Shipper's Agreement or to give effect to the right of a Person whom the Company has specified pursuant to Section 6.6 of the General Terms and Conditions of Company's FERC Gas Tariff as the Person to whom payment of amounts invoiced by Company shall be made; provided, however, that: (a) Shipper shall not be required to execute any such instruments or take any such other action the effect of which is to modify the respective rights and obligations of either Shipper or Company under this Agreement; and (b) Shipper shall be under no obligation at any time to determine the status or amount of any payments which may be due from Company to any Person whom the Company has specified pursuant to said Section 6.6 as the Person to whom payment of amounts invoiced by Company shall be made.

#### ARTICLE 8 LOSS OF GOVERNMENTAL AUTHORITY, GAS SUPPLY, TRANSPORTATION OR MARKET

Without limiting its other responsibilities and obligations under this Agreement, the Shipper acknowledges that it is responsible for obtaining and assumes the risk of loss of the following: (1) gas removal permits, (2) export and import licenses, (3) gas supply, (4) markets and (5)

transportation upstream and downstream of the Company's pipeline system. Notwithstanding the loss of one of the items enumerated above, Shipper shall continue to be liable for payment to the Company of the transportation charges as provided for in this Agreement.

ARTICLE 9  
OTHER PROVISIONS

(This Article to be utilized when necessary to specify other provisions permitted to be negotiated by Company's Tariff.)

ARTICLE 10  
EXHIBIT A OF AGREEMENT, RATE SCHEDULES  
AND GENERAL TERMS AND CONDITIONS

Company's applicable Rate Schedule ITL-1 and General Terms and Conditions, which are on file with the Federal Energy Regulatory Commission and in effect, and Exhibit A hereto are applicable to this Agreement and are hereby incorporated in, and made a part of, this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first set forth above.

NORTHERN BORDER PIPELINE COMPANY  
By: TransCanada Northern Border Inc.,  
its Operator

By: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

ATTEST:

(NAME OF SHIPPER)

\_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_

Title: \_\_\_\_\_

NORTHERN BORDER PIPELINE COMPANY  
INTERRUPTIBLE TRANSPORTATION LATERAL AGREEMENT  
RATE SCHEDULE ITL-1

EXHIBIT A TO SERVICE AGREEMENT

COMPANY - Northern Border Pipeline Company

COMPANY'S ADDRESS - 13710 FNB Parkway  
Omaha, Nebraska 68154-5200

SHIPPER -

SHIPPER'S ADDRESS -

Maximum Receipt Quantity: \_\_\_\_\_ Dekatherms/day

Transportation Path:

Point of Receipt: \_\_\_\_\_ Point of Delivery: \_\_\_\_\_

Term: Begin Date: (specific date or triggering event)

End Date: (specific date or triggering event)

Right of First Refusal: Yes \_\_\_\_\_ No \_\_\_\_\_

Check Applicable Rate:

Maximum Commodity Rate: 1/ \_\_\_\_\_

Discounted Commodity Rate: 1/ \_\_\_\_\_

Description of Discount: 2/ \_\_\_\_\_

Negotiated Commodity Rate: 3/ \_\_\_\_\_

Description of Negotiated Rate: \_\_\_\_\_

1/ Plus the applicable commodity charges and other rates and charges, set forth in Section 5.9.3 of Rate Schedule ITL-1.

2/ See Section 6.41 of the General Terms and Conditions of Company's Tariff for description of various types of discount rates.

3/ Subject to Section 6.37 of the General Terms and Conditions of Company's Tariff.

This Exhibit A is made and entered into as of \_\_\_\_\_, 20\_\_.

NORTHERN BORDER PIPELINE COMPANY  
By: TransCanada Northern Border Inc.,  
its Operator

By: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

ATTEST:

(NAME OF SHIPPER)

\_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

# Appendix C

## Northern Border Pipeline Company – Northern Border Tariffs *FERC Gas Tariff, Second Revised Volume No. 1*

### Marked Tariff

<u>Section Description</u>	<u>Version</u>
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4.9 - Statement of Rates, FTL-1 and ITL-1 Lateral Service	v.0.0.0
5.8 - Rate Schedules, Firm Transportation Lateral Service – Rate Schedule FTL-1	v.0.0.0
5.8.1 - Rate Schedule FTL-1, Availability	v.0.0.0
5.8.2 - Rate Schedule FTL-1, Applicability and Character of Service	v.0.0.0
5.8.3 - Rate Schedule FTL-1, Rates	v.0.0.0
5.8.4 - Rate Schedule FTL-1, Termination	v.0.0.0
5.8.5 - Rate Schedule FTL-1, Incorporation by Reference	v.0.0.0
5.8.6 - Rate Schedule FTL-1, General Terms and Conditions	v.0.0.0
5.9 - Rate Schedules, IT Transportation Lateral Service – Rate Schedule ITL-1	v.0.0.0
5.9.1 - Rate Schedule ITL-1, Availability	v.0.0.0
5.9.2 - Rate Schedule ITL-1, Applicability and Character of Service	v.0.0.0
5.9.3 - Rate Schedule ITL-1, Rates	v.0.0.0
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5.9.5 - Rate Schedule ITL-1, General Terms and Conditions	v.0.0.0
6.10.4 - GT&C, Capacity Allocation and Confirmation Process	v.4.0.0
6.26.2 - GT&C, Posting of Available Firm Capacity	v.2.0.0
6.26.3 - GT&C, Bid Procedures	v.2.0.0
6.27.6 - GT&C, Selection of Best Bid	v.2.0.0
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STATEMENT OF RATES

Lateral Service

<u>Rate Schedule</u>	<u>Base Tariff Rate</u> <u>(Daily Rates per Dekatherm)</u>
<u>FTL-1</u>	
<u>Maximum Reservation Rate</u>	<u>\$0.0940</u>
<u>Minimum Reservation Rate</u>	<u>\$0.0000</u>
<u> </u>	
<u>Maximum Commodity Rate</u>	<u>\$0.0000</u>
<u>Minimum Commodity Rate</u>	<u>\$0.0000</u>
<u> </u>	
<u>ITL-1</u>	
<u>Maximum Commodity Rate</u>	<u>\$0.0940</u>
<u>Minimum Commodity Rate</u>	<u>\$0.0000</u>

RATE SCHEDULE FTL-1  
FIRM TRANSPORTATION LATERAL SERVICE

5.8.1 AVAILABILITY

This Rate Schedule is available for the transportation of natural gas on a firm basis on the Princeton Lateral for any Shipper:

- (a) To the extent that Company determines that firm capacity is or will become available for firm transportation service on the Princeton Lateral; and
- (b) Who requests firm transportation service under this Rate Schedule pursuant to Section 6.30 of the General Terms and Conditions; and
- (c) Who has satisfied the credit worthiness provisions specified in Section 6.40 of the General Terms and Conditions; and
- (d) Who has executed a Rate Schedule FTL-1 Service Agreement.

Princeton Lateral shall be defined as approximately 9 miles of 16-inch diameter pipeline and appurtenant facilities originating near Company's Kasbeer side valve located in Section 25, T18N, R9E, Kasbeer, Bureau County, Illinois (Kasbeer Lateral Point) and terminating at the facilities of Central Illinois Light Company d/b/a AmerenCILCO near Princeton, Bureau County, Illinois (Princeton).

## 5.8.2 APPLICABILITY AND CHARACTER OF SERVICE

### 1. Applicability.

This Rate Schedule shall apply to the firm transportation of natural gas on the Princeton Lateral. The Point of Receipt for service is the Kasbeer Lateral Point and the Point of Delivery is Princeton. The Kasbeer Lateral Point, Princeton, and other points on the Princeton Lateral are not available as a Point of Receipt under any of Company's other transportation rate schedules. Likewise, Princeton and other points downstream of the Kasbeer Lateral Point located on the Princeton Lateral are not available as Points of Delivery under any of Company's other transportation rate schedules.

### 2. Character of Service.

Subject to the applicable provisions of this Tariff, Company shall provide firm transportation service up to the Maximum Receipt Quantity set forth in Exhibit A of Shipper's Rate Schedule FTL-1 Service Agreement. Quantities of gas Shipper desires to transport in excess of Shipper's Maximum Receipt Quantity herein shall be nominated, scheduled, and delivered on an interruptible basis pursuant to Rate Schedule ITL-1.

### 3. Release of Capacity.

Shipper may release, in whole or in part, its capacity in accordance with Section 6.27 of the General Terms and Conditions of this Tariff. A release pursuant to Section 6.27.1 paragraph 2 of the General Terms and Conditions shall not relieve, impliedly or otherwise, the Releasing Shipper from its obligations under its Rate Schedule FTL-1 Service Agreement or this Rate Schedule. For releases and re-releases for service in accordance with this Rate Schedule and Section 6.27.1 paragraph 2, Company shall credit in accordance with Section 6.6 of the General Terms and Conditions the reservation charge revenue received from a Shipper under this Rate Schedule directly to the Releasing Shipper whose capacity has been released on a firm basis and matched with such Shipper.

### 4. Point Flexibility.

Section 6.17 of the General Terms and Conditions is applicable to points only on the Princeton Lateral.

### 5. Facility Limitations.

Company shall not be required to install, modify, or acquire any additional facilities in order to provide service under this Rate Schedule.

6. Right of First Refusal.

Service under this Rate Schedule is subject to Section 5.1.4 under Rate Schedule T1 of this Tariff.

### 5.8.3 RATES

#### 1. Rates and Charges.

The applicable rates for service under this Rate Schedule are set forth on the currently effective Statement of Rates of this Tariff and are hereby incorporated herein.

For all natural gas service rendered hereunder, Shipper shall pay Company each month the sum of the charges listed below:

Reservation Charge - The reservation rate for Rate Schedule FTL-1 multiplied by Shipper's Maximum Receipt Quantity multiplied by the applicable number of days within such Production Month that such firm service is in effect, all as set forth in Exhibit A of the Rate Schedule FTL-1 Service Agreement.

Commodity Charge - The applicable commodity rate for Rate Schedule FTL-1 multiplied by the quantity of gas received by Company under Rate Schedule FTL-1 for Shipper in such Production Month.

Other Rates and Charges:

The Annual Charge Adjustment is defined and computed in accordance with Section 6.16 of the General Terms and Conditions.

#### 2. Discounted Rate.

Company shall charge the Maximum Commodity Rate and Maximum Reservation Charge set forth on the Statement of Rates unless Company, from time to time and at any time at its discretion on a non-discriminatory basis, charges Shipper for transportation service under this Rate Schedule a rate which is lower than such Maximum Commodity Rate and Maximum Reservation Charge; provided, however, that the total amount charged may not be less than the Minimum Commodity Rate set forth on the currently effective Statement of Rates of Company's FERC Gas Tariff.

#### 3. Negotiated Rate.

Notwithstanding the foregoing provisions of this Section 5.8.3, Company and Shipper may mutually agree to a Negotiated Rate for service hereunder as provided in Section 6.37 of the General Terms and Conditions.

4. Shipper's Obligation to Pay.

Effective on the Billing Commencement Date, Shipper shall be obligated to pay to Company its respective monthly billing invoices, in accordance with Section 5.8.3 of this Rate Schedule and in accordance with Section 6.6 of the General Terms and Conditions of this Tariff.

5. Remedies for Failure to Pay Bills.

Subject to the notice terms of Subsection 6.6.3(b) of the General Terms and Conditions, Company may, after it files and receives any necessary regulatory authorization, terminate Shipper's Service Agreement under this Rate Schedule.



5.8.4 TERMINATION

If a Service Agreement under this Rate Schedule is not continued in accordance with Section 5.8.2 paragraph 6 of Rate Schedule FTL-1, such Service Agreement shall terminate under the terms of the Rate Schedule FTL-1 Service Agreement.

5.8.5 INCORPORATION BY REFERENCE

Section 5.1.4 of Rate Schedule T-1 is incorporated by reference. For the purposes of this Rate Schedule only, the references in Section 5.1.4 to "Rate Schedule T-1" or "Service Agreement" and "U.S. Shipper Service Agreement" shall be interpreted as "Rate Schedule FTL-1" and "Rate Schedule FTL-1 Service Agreement."

5.8.6 GENERAL TERMS AND CONDITIONS

The General Terms and Conditions contained in this Tariff are applicable to this Rate Schedule and are incorporated herein by reference and made a part hereof, unless otherwise expressly excluded or limited in this Rate Schedule.

Company Use Gas as defined in this Tariff and Section 6.44 of the General Terms and Conditions are not applicable to this Rate Schedule.

RATE SCHEDULE ITL-1  
INTERRUPTIBLE TRANSPORTATION LATERAL SERVICE

### 5.9.1 AVAILABILITY

This Rate Schedule is available for the transportation of natural gas on an interruptible basis on the Princeton Lateral for any Shipper:

- (a) Who requests interruptible transportation service under this Rate Schedule pursuant to Section 6.30 of the General Terms and Conditions; and
- (b) Who has satisfied the credit worthiness provisions specified in Section 6.40 of the General Terms and Conditions; and
- (c) Who has executed a Rate Schedule ITL-1 Service Agreement.

Princeton Lateral shall be defined as approximately 9 miles of 16-inch diameter pipeline and appurtenant facilities originating near Company's Kasbeer side valve located in Section 25, T18N, R9E, Kasbeer, Bureau County, Illinois (Kasbeer Lateral Point) and terminating at the facilities of Central Illinois Light Company d/b/a AmerenCILCO near Princeton, Bureau County, Illinois (Princeton).

## 5.9.2 APPLICABILITY AND CHARACTER OF SERVICE

### 1. Applicability.

This Rate Schedule shall apply to the interruptible transportation of natural gas on the Princeton Lateral.

The Point of Receipt for service on the Princeton Lateral is the Kasbeer Lateral Point and the Point of Delivery is Princeton. The Kasbeer Lateral Point, Princeton, and other Points of Interconnection on the Princeton Lateral are not available under this Rate Schedule as a Point of Receipt under any of Company's other transportation rate schedules. Likewise, Princeton and other points downstream of the Kasbeer Lateral Point located on the Princeton Lateral are not available as Points of Delivery under any of Company's other transportation rate schedules.

### 2. Section 6.17 of the General Terms and Conditions is applicable to points only on the Princeton Lateral.

### 3. Character of Service.

Subject to the applicable provisions of this Tariff, Company shall provide interruptible service up to the Maximum Receipt Quantity set forth in Exhibit A of Shipper's Rate Schedule ITL-1 Agreement subject to availability of capacity sufficient to provide the service.

### 4. Facility Limitations.

Company shall not be required to install, modify, or acquire any additional facilities in order to provide service under this Rate Schedule.

### 5.9.3 RATES

#### 1. Rates and Charges.

The applicable rates for service under this Rate Schedule are set forth on the currently effective Statement of Rates of this Tariff and are hereby incorporated herein.

For all natural gas service rendered hereunder, Shipper shall pay Company each month the following charge listed below:

Commodity Charge - The applicable commodity rate for Rate Schedule ITL-1 multiplied by the quantity of gas received by Company under Rate Schedule ITL-1 for Shipper in such Production Month.

Other Rates and Charges:

The Annual Charge Adjustment is defined and computed in accordance with Section 6.16 of the General Terms and Conditions.

#### 2. Discounted Rate.

Company shall charge the Maximum Commodity Rate set forth on the Statement of Rates unless Company, from time to time and at any time at its discretion on a non-discriminatory basis, charges Shipper for transportation service under this Rate Schedule a rate which is lower than such Maximum Commodity Rate; provided, however, that the total amount charged may not be less than the Minimum Commodity Rate set forth on the currently effective Statement of Rates of Company's FERC Gas Tariff.

#### 3. Negotiated Rate.

Notwithstanding the foregoing provisions of this Section 5.9.3, Company and Shipper may mutually agree to a Negotiated Rate for service hereunder as provided in Section 6.37 of the General Terms and Conditions.

5.9.4 TERMINATION

A Rate Schedule ITL-1 Agreement shall terminate under the terms of such service agreement.



5.9.5 GENERAL TERMS AND CONDITIONS

The General Terms and Conditions contained in this Tariff are applicable to this Rate Schedule and are incorporated herein by reference and made a part hereof, unless otherwise expressly excluded or limited in this Rate Schedule.

Company Use Gas as defined in this Tariff and Section 6.44 of the General Terms and Conditions are not applicable to this Rate Schedule.

#### 6.10.4 Capacity Allocation and Confirmation Process.

To effectuate the confirmation of the Company's pipeline, point, and compression service capacity on a non-discriminatory basis, when a constraint exists, Company shall utilize Section 6.10.4 paragraphs 1, 2, and 3 to allocate nominated quantities of gas.

A nomination line item that has (1) its Point of Receipt and its Point of Delivery within the Transportation Path and (2) its nominated flow direction is in the Transportation Path direction shall be referred to as an In-Path, In-Direction (IPID) nomination line item.

A nomination line item that has (1) its Point of Receipt and/or its Point of Delivery outside the Transportation Path and (2) its nomination flow direction is in the Transportation Path direction shall be referred to as an Out-of-Path, In-Direction (OPID) nomination line item.

A nomination line item that has (1) its Point of Receipt and its Point of Delivery within the Transportation Path and (2) its nominated flow direction is opposite of the Transportation Path direction shall be referred to as an In-Path, Out-of-Direction (IPOD) nomination line item.

A nomination line item that has (1) its Point of Receipt and/or its Point of Delivery outside of the Transportation Path and (2) its nomination flow direction is opposite of the Transportation Path direction shall be referred to as an Out-of-Path, Out-of-Direction (OPOD) nomination line item.

##### 1. Allocation of Constrained Pipeline Capacity.

In those instances in which the aggregate quantity of all validated nominations exceed the physical capacity of Company's system at a specific pipeline location or segment, Company will allocate capacity to the validated nominations at the constrained pipeline location in the following order:

- (a) IPID Rate Schedule T-1/T-1B and FTL-1 firm transportation nominations.

Pro rata allocation of capacity within this nomination class, if necessary, will be based on Shipper's validated nomination quantity up to Shipper's Maximum Receipt Quantity.

- (b) IPOD Rate Schedule T-1/T-1B and FTL-1 firm transportation nominations.

Pro rata allocation of capacity within this nomination class, if necessary, will be based on Shipper's validated nomination quantity up to Shipper's Maximum Receipt Quantity.

- (c) OPID Rate Schedule T-1/T-1B and FTL-1 firm transportation nominations.

Pro rata allocation of capacity within this nomination class, if necessary, will be based on Shipper's validated nomination quantity up to Shipper's Maximum Receipt Quantity.

- (d) OPOD Rate Schedule T-1/T-1B and FTL-1 firm transportation nominations.

Pro rata allocation of capacity within this nomination class, if necessary, will be based on Shipper's validated nomination quantity up to Shipper's Maximum Receipt Quantity.

- (e) Rate Schedule IT-1 and ITL-1 interruptible nominations.

Company shall prioritize nominations within this nomination class on the basis that the Shipper paying the higher interruptible transportation rate shall receive a higher queue position than those paying a lower interruptible transportation rate.

Pro rata allocation of capacity within this nomination class, if necessary, will be based on Shipper's validated nomination quantity.

2. Allocation of Point Capacity.

In those instances in which the aggregate net quantity of all validated nominations exceed Company's physical capacity to receive gas at a specific Point of Receipt or deliver gas at a specific Point of Delivery, Company will allocate capacity to the validated nominations at the constrained point location in the following order:

- (a) Primary Scheduling Rights Firm Nominations.

Pro rata allocation of capacity within this nomination class, if necessary, will be based on Shipper's primary scheduling rights at such location.

- (b) Secondary In-Path (SIP) Firm Nominations.

Pro rata allocation of capacity within this nomination class, if necessary, will be based on Shipper's secondary scheduling rights at such location.

- (c) Secondary Out-of-Path (SOP) Firm Nominations.

Pro rata allocation of capacity within this nomination class, if necessary, will be based on Shipper's secondary scheduling rights at such location.

(d) Operational Purchases and Sales of Gas.

If required, Company shall prioritize nominations within this nomination class on the basis that (1) the lowest price paid by Company for operational gas will receive a higher queue position than the price paid by Company at a higher rate and (2) the highest price sold by Company for operational gas will receive a higher queue position than the price sold by Company at a lower rate.

Pro rata allocation of capacity within this nomination class for two or more parties at an equal rate, based on validated quantities.

(e) Interruptible Nominations.

If required, Company shall prioritize nominations within the nomination class on the basis that the Shipper paying the higher interruptible transportation rate shall receive a higher queue position than those paying a lower interruptible transportation rate.

Pro rata allocation of capacity within this nomination class for two or more Shippers at an equal rate, if necessary, will be based on Shipper's validated nominated quantity.

3. Allocation of Compression Service Capacity.

In those instances, in which the aggregate quantity of all validated nominations exceed the physical capacity of a compressor station rendering service under a specific compression rate schedule set forth in Company's Tariff, Company will allocate capacity to the validated nominations at the constrained compressor in the following order:

(a) Firm Nominations.

Pro rata allocation of capacity within this nomination class, if necessary, shall be based upon Shipper's Maximum Receipt Quantity at such compressor station as set forth in Exhibit A of the applicable compression service agreement.

(b) Interruptible Nominations.

If required, Company shall prioritize nominations within the nomination class on the basis that the Shipper paying the higher interruptible

compression rate shall receive a higher queue position than those paying a lower interruptible compression rate.

Pro rata allocation of capacity within this nomination class for two or more Shippers at an equal rate, if necessary, will be based on Shipper's validated nominated quantity.

4. Confirmation Principles/Standards.

With respect to the timely nomination/confirmation process at a receipt or delivery point, in the absence of agreement to the contrary, the lesser of the confirmation quantities shall be the confirmed quantity. If there is no response to a Request for Confirmation or an unsolicited Confirmation Response, the lesser of the confirmation quantity or the previously scheduled quantity shall be the new confirmed quantity. [1.3.22]

With respect to the processing of requests for increases during the intra-day nomination/confirmation process, in the absence of agreement to the contrary, the lesser of the confirmation quantities shall be the new confirmed quantity. If there is no response to a Request for Confirmation or an unsolicited Confirmation Response, the previously scheduled quantity shall be the new confirmed quantity. [1.3.22]

With respect to the processing of requests for decreases during the intra-day nomination/confirmation process, in the absence of an agreement to the contrary, the lesser of the confirmation quantities shall be the new confirmed quantity, but in any event no less than the elapsed-prorated-scheduled quantity. If there is no response to a Request for Confirmation or an unsolicited Confirmation Response, the greater of the confirmation quantity or the elapsed-prorated-scheduled quantity shall be the new confirmed quantity. [1.3.22]

With respect to the above confirmation rules, if there is no response to a Request for Confirmation or an unsolicited Confirmation Response, Company shall provide the Service Requester with the following information to explain why the nomination failed, as applicable:

- (i) Company did not conduct the confirmation;
- (ii) The upstream Confirming Party did not conduct the confirmation;
- (iii) The upstream Service Requester did not have the gas or submit the nomination;
- (iv) The downstream Confirming Party did not conduct the confirmation;

- (v) The downstream Service Requester did not have the market or submit the nomination.

This information shall be imparted to the Service Requester on the Scheduled Quantity document. [1.3.22]

Ranking shall be included in the list of data elements. Company shall use Service Requester provided rankings when making reductions during the scheduling process when this does not conflict with tariff-based rules. [1.3.23]

The Explicit Confirmation process requires that the Confirming Party respond to a Request for Confirmation or initiate an unsolicited Confirmation Response. Absent mutual agreement to the contrary, Explicit Confirmation is the default methodology. [1.3.40]

5. Initiation of Confirmation.

The receiver of a nomination initiates the confirmation process. The party that would receive a Request for Confirmation or an unsolicited Confirmation Response may waive the obligation for the sender to send. [1.3.20]

For request to confirm and confirmation response processes, all parties will seek to confirm by means of communicating at the applicable detail/summary level all transactions with respect to a location. [1.3.35]

6. Timing of Confirmation.

When a Confirmation Requester receives a Confirmation Response document from a Confirming Party by the conclusion of a given quarter hour period, the Confirmation Requester will send to the Confirming Party's designated site a corresponding Confirmation Quick Response document by the conclusion of the subsequent quarter hour period. [1.3.45]

The quarter hour periods will be defined to begin on the hour and at 15, 30 and 45 minutes past the hour. A given quarter hour will contain all transactions whose receipt time is less than the beginning of the subsequent quarter hour. [1.3.45]

7. Departure from Confirmation Deadlines.

Confirming Parties' nightly processing and routine maintenance occurring outside normal business hours are apt to interrupt the normal schedule of confirmations/quick response turnaround stated in NAESB WGQ Standard 1.3.45 (see 10.46). Such delays shall be kept to a minimum. The normal schedule shall

be resumed at the earliest opportunity and no later than the start of normal working hours the following day, seven days per week. [1.3.46]

8. Stranded Nomination.

A nomination at an in-line Transfer Point may become isolated from its supply or market component as part of the confirmation process.

Company will attempt to contact the Nominating Party who has a stranded nomination to see if the Transfer Point requested can be changed to its corresponding physical point (no increase in transportation mileage). If such a nomination change cannot be made and confirmed in a timely manner, the stranded nomination will not be scheduled.

6.26.2 Posting of Available Firm Capacity.

- (a) For capacity for a term of one year or more, that is generally available at least 95 days prior to the commencement of service date or the termination date of a Service Agreement for such capacity and is no longer subject to Section 5.1.4 of Rate Schedule T-1 (long-term available capacity), the following criteria and procedures shall apply:

Company will post such capacity on its Informational Postings web site, the criteria for an acceptable Bid, the method for determining the Best Bid as referenced in Section 6.26.4(a), and the Bid Closing Date. The identity of the bidder shall be kept confidential. The Bid Closing Date for long-term available capacity will be a minimum of five business days after such capacity is posted for Bid. Company reserves the right not to accept a Bid for such capacity at (1) a rate less than the Maximum Rate; and/or (2) a path within but shorter than the path criteria set forth in the posting, and/or (3) a term less than one year. Acceptable Bids will be posted within one business day of receipt of Bid.

If no acceptable Bids are received during a bid period, Company will post the capacity as available on a long-term basis on its web site in order that it may be awarded on a first-come, first-served basis at a mutually agreed upon rate under ~~Rate Schedule T-1~~ the appropriate firm Rate Schedule. Shippers must submit a Bid for such capacity to Company's Marketing Department. The time the Bid is received will be used to determine the sequence of Bids. From 90 days or more prior to the commencement of service date, Company reserves the right not to accept a Bid for such long-term capacity at (1) a rate less than the Maximum Rate, or (2) a path within but shorter than the path criteria set forth in the posting, or (3) a term less than one year.

Company shall not award such capacity at less than the Maximum Rate to a marketing affiliate as defined by Part 358 of the Commission's regulations unless a request for a discount from an affiliate is first posted for competitive Bid pursuant to the time frame outlined in this subsection and no other competitive Bids are determined to be the Best Bid as a result of such posting.

- (b) For capacity, which is or will be no longer contracted under an existing Service Agreement, that is either (a) generally available once such capacity can no longer be subject to Section 6.26.2(a) or (b) operationally available within 90 days or less prior to the commencement of service date, the following criteria and procedures shall apply as follows:
- (i) Company will post on its Informational Postings web site the criteria for an acceptable Bid, the method for determining the Best Bid as referenced in Section 6.26.4(a), and the Bid Closing Date. The identity of a bidder shall



be kept confidential. After firm capacity is posted for Bid pursuant to this subsection, the Bid Closing Date shall be three business days for available capacity posted for a term of a Calendar Month or greater. Bids at the Maximum Rate for such posted capacity, but for a shorter path than the posted path will be accepted on a consecutive Calendar Month basis for a term up to and including five (5) years. Bids with a term of a Calendar Month or consecutive Calendar Months at the Maximum Rate for the posted path will be accepted. Provided, however, Company shall not be required to accept Bids for available capacity with a term of less than a Calendar Month earlier than four business days prior to the requested commencement of service date of the Bid. Company may post for Bid available capacity of less than a Calendar Month for a minimum of 1 hour and up to 24 hours. If such capacity is not posted for Bid, then it shall be posted as available capacity pursuant to the first-come, first-served process contained herein below. Company reserves the right not to accept a Bid for posted capacity at a rate less than the Maximum Rate. Acceptable Bids will be posted within one business day of receipt of Bid.

- (ii) If no acceptable Bids are received during a bid period, Company will post the capacity as available on its web site in order that it may be awarded on a first-come, first-served basis at a mutually agreed upon rate under ~~Rate Schedule T-1~~ the appropriate firm Rate Schedule. Shippers must submit a Bid for such capacity to Company's Marketing Department. The time the Bid is received will be used to determine the sequence of the Bids. Bids received in accordance with this Section 6.26 first-come, first served process at the Maximum Rate for capacity for a shorter path than the posted path will be accepted on a consecutive Calendar Month basis for a term up to and including five (5) years. Bids at the Maximum Rate for the posted path will be accepted on a consecutive Calendar Month(s) basis for a term of greater than or equal to a Calendar Month. Within three business days prior to the first day of a Calendar Month or within a Calendar Month in which the requested commencement of service date of a Maximum Rate Bid for available capacity falls, Company will accept such Bid for a term of less than but within such Calendar Month and for subsequent consecutive Calendar Months. Company reserves the right not to make a first-come, first-served capacity award at less than the Maximum Rate.
- (iii) Company shall not award such capacity at less than the Maximum Rate to a marketing affiliate as defined by Part 358 of the Commission's regulations unless a request for a discount from an affiliate is first posted for competitive Bid pursuant to the time frames outlined in this subsection and no other competitive Bids are determined to be the Best Bid as a result of such posting.

(iv) Interim Sales of Capacity.

Capacity that has been awarded pursuant to this Section 6.26.2 with a future Billing Commencement Date shall be made available to Shippers on an interim basis. Where the available interim capacity would otherwise be eligible for the right of first refusal as set forth in the applicable Service Agreement and pursuant to the provisions of Section 5.1.4 of Rate Schedule T-1, Company shall limit the right of first refusal for capacity sold on an interim basis such that the term of the interim capacity may not be extended beyond the future Billing Commencement Date of firm capacity sold. If the right of first refusal is limited, the applicable Service Agreement shall note such limitation.

6.26.3 Bid Procedures.

- (a) Any Person desiring to submit a Bid for firm capacity in accordance with this section must satisfy the requirements of ~~Rate Schedule T-1~~ the applicable firm Rate Schedule and execute a ~~U.S. Shipper Service Agreement~~ an associated Service Agreement. A Person's Bid for firm capacity which exceeds its qualified level of credit worthiness shall not be accepted.
- (b) The Company will allow Bids for capacity which are contingent upon the bidder obtaining capacity on another pipeline(s). The Bid must specify the contingency. In those instances where such a contingent Bid(s) is determined to be the Best Bid, the allocation of capacity may be delayed pending satisfaction of the contingency under the following timeline for clearing the contingency:
  - (i) for service of more than one day and up to one month, the contingency must be cleared within 24 hours of the Bid;
  - (ii) for service greater than one month but less than one year, the contingency must be cleared within 3 business days;
  - (iii) for service for one year or more, the contingency must be cleared within the time frame specified in Company's posting pursuant to Section 6.26.2 of these General Terms and Conditions, but in no event shall the specified time frame be less than five business days or greater than forty-five (45) calendar days.
- (c) If a Bid is received which contains conditions, other than those allowed in Section 6.26.3(b), that are not satisfied at Bid Closing Date, such Bid shall not be accepted.
- (d) A bidder may withdraw its Bid prior to the Bid Closing Date upon written notice to Company.
- (e) The winning Bid(s), including the identity of the bidder(s), will be posted on Company's Internet web site.

6.27.6 Selection of Best Bid.

The Best Bid for capacity releases shall be selected by use of one of the methods set forth in Section 6.27.6 paragraph 1 hereof. The Releasing Shipper shall specify the Bid evaluation method in its Offer.

Company shall eliminate all Bids which do not satisfy the minimum criteria specified by the Releasing Shipper in its Offer, if any. When an Offer includes a volumetric rate component, only the reservation charge component will be considered in the Bid evaluation and determination of Best Bid. Bids will be assigned a ranking based on the evaluation method specified by the Releasing Shipper.

1. Company's Bid Evaluation Methods.

- (a) Method A - Present Value of Bids for Capacity Under Rate Schedule(s) T-1 and T-1B.

$$\text{Present Value per unit} = \left[ \frac{R_1 * D_1}{1} + \frac{R_2 * D_2}{2} \right] * \frac{(1 - (1 + i)^{-n})}{i}$$

Method A - Present Value of Bids for Capacity Under Rate Schedule FCS-DP and FLT-1

$$\text{Present Value} = \frac{R_3}{3} * \frac{(1 - (1 + i)^{-n})}{i}$$

Where:

R<sub>1</sub> = Reservation Rate in the Bid per 100 Dekatherm-miles - Port of Morgan, MT (POM) to Ventura, IA.

R<sub>2</sub> = Reservation Rate in the Bid per 100 Dekatherm-miles - Ventura, IA to North Hayden, IN.

R<sub>3</sub> = Reservation Rate in the Bid.

D<sub>1</sub> = Distance in miles of that portion (if any) of the Bid distance between POM and Ventura, IA that lies between the Primary Receipt Point and Primary Delivery Point divided by 100.

D<sub>2</sub> = Distance in miles of that portion (if any) of the Bid distance between Ventura, IA and North Hayden, IN that lies between the Primary Receipt Point and the Primary Delivery Point divided by 100.

i = FERC's annual discount rate divided by 365 days or 366 days during leap year.

n = Bid term (days) not to exceed the number of days posted.

The higher the present value, the higher the ranking.

- (b) Method B - Highest Rate of Bids for Capacity Under Rate Schedule(s) T-1 and T-1B.

$$\text{Highest Rate} = (R_1 * D_1) + (R_2 * D_2)$$

Method B - Highest Rate of Bids for Capacity Under Rate Schedule FCS-DP and FLT-1

$$\text{Highest Rate} = R_3$$

Where:

R<sub>1</sub> = Reservation Rate in the Bid per 100 Dekatherm-miles - POM to Ventura, IA.

R<sub>2</sub> = Reservation Rate in the Bid per 100 Dekatherm-miles - Ventura, IA to North Hayden, IN.

R<sub>3</sub> = Reservation Rate in the Bid.

D<sub>1</sub> = Distance in miles of that portion (if any) of the Bid distance between POM and Ventura, IA that lies between the Primary Receipt Point and Primary Delivery Point divided by 100.

D<sub>2</sub> = Distance in miles of that portion (if any) of the Bid distance between Ventura, IA and North Hayden, IN that lies between the Primary Receipt Point and the Primary Delivery Point divided by 100.

Rate per Dth Bid regardless of term. The higher the rate, the higher the ranking.

- (c) Method C - Net Revenue of Bids for Capacity Under Rate Schedule(s) T-1 and T-1B.

$$\text{Net Revenue} = Q * [(R_1 * D_1) + (R_2 * D_2)] * n$$

Method C - Net Revenue of Bids for Capacity Under Rate Schedule FCS-DP and FLT-1

$$\text{Net Revenue} = Q * R_3 * n$$

Where:

Q = Bid Quantity (Mcf)

R<sub>1</sub> = Reservation Rate in the Bid per 100 Dekatherm-miles - POM to Ventura, IA.

R<sub>2</sub> = Reservation Rate in the Bid per 100 Dekatherm-miles - Ventura, IA to North Hayden, IN.

R<sub>3</sub> = Reservation Rate in the Bid.

D<sub>1</sub> = Distance in miles of that portion (if any) of the Bid distance between POM and Ventura, IA that lies between the Primary Receipt Point and Primary Delivery Point divided by 100.

D<sub>2</sub> = Distance in miles of that portion (if any) of the Bid distance between Ventura, IA and North Hayden, IN that lies between the Primary Receipt Point and the Primary Delivery Point divided by 100.

n = Bid term (days), not to exceed the number of days offered by the Releasing Shipper.

The higher the net revenue, the higher the ranking.

(d) Method D - Releasing Shipper's Bid Evaluation Methodology.

The Releasing Shipper may establish a method for evaluation of the Best Bid. The Releasing Shipper must specify the evaluation method and provide an example of the evaluation method with the Offer. In this event, the Company shall evaluate the Bids in accordance with the Releasing Shipper's method and allocate the capacity to the Best Bid. The Releasing Shipper's Bid evaluation methodology must be objective and non-discriminatory. In the event the Releasing Shipper does not specify how capacity will be allocated when there are multiple Best Bids, the capacity will be allocated in accordance with Section 6.27.6 paragraph 1(f) hereof.

(e) Best Bid.

When the Company makes awards of capacity for which there have been multiple Bids meeting minimum conditions, the Company will award Bids, Best Bid first, until all offered capacity is awarded. [5.3.4]

(f) Tie-Breaker of Best Bids.

To the extent there is more than one Best Bid for Bids of five months or more, the offered capacity shall be allocated on a pro rata basis to potential Replacement Shipper(s) submitting a Best Bid, subject to the condition that potential Replacement Shipper(s) must specify when making its Bid whether it is willing to accept a pro rata portion of its Bid capacity. If a Best Bid does not specify the Bidder's willingness to accept a pro rata allocation of the capacity and it is necessary to allocate capacity on a pro rata basis, then no capacity will be awarded to such Best Bid. In the event there is more than one Best Bid for Bids of less than five months, the capacity will be awarded on a first-come, first-served basis.

Contract # \_\_\_\_\_

NORTHERN BORDER PIPELINE COMPANY  
FIRM TRANSPORTATION LATERAL SERVICE AGREEMENT  
RATE SCHEDULE FTL-1

This Agreement (the "Service Agreement") is made and entered into as of \_\_\_\_\_, 20\_\_\_\_, by and between NORTHERN BORDER PIPELINE COMPANY, hereinafter referred to as "Company," and \_\_\_\_\_, hereinafter referred to as "Shipper."

WHEREAS, Shipper is desirous of engaging Company to provide firm transportation lateral service for quantities of natural gas; and

WHEREAS, Company is desirous of providing firm transportation lateral service for Shipper; and

WHEREAS, the transportation of natural gas shall be effectuated pursuant to Part 157 or Part 284 of the Federal Energy Regulatory Commission's (FERC) Regulations; and

NOW THEREFORE, in consideration of their respective covenants and agreements hereinafter set out, the parties hereto covenant and agree as follows:

ARTICLE 1  
TRANSPORTATION PATH RECEIPT POINT

As specified in Exhibit A attached hereto, commencing on Shipper's Billing Commencement Date and continuing throughout the term of this Service Agreement, Shipper shall be entitled to tender to Company, at Shipper's Point of Receipt, a daily quantity of gas not in excess of the Maximum Receipt Quantity.

ARTICLE 2  
TRANSPORTATION PATH DELIVERY POINT

Company shall deliver gas to Shipper at the Point of Delivery, specified in Exhibit A attached hereto, in accordance with Section 6.13 of the General Terms and Conditions of Company's FERC Gas Tariff ("Tariff").



ARTICLE 3  
PAYMENTS

Shipper shall make payments to Company in accordance with Rate Schedule FTL-1 and Section 6.6 of the General Terms and Conditions of Company's Tariff.

ARTICLE 4  
CHANGE IN COMPANY'S TARIFF PROVISIONS

Upon notice to Shipper, Company shall have the right to file with the Federal Energy Regulatory Commission any changes in the rates and terms of any of its Rate Schedules, General Terms and Conditions or Form of Service Agreement as Company may deem necessary, and to make such changes effective at such times as Company desires and is possible under applicable law. Shipper may protest any filed changes before the Federal Energy Regulatory Commission and exercise any other rights it may have with respect thereto.

ARTICLE 5  
CANCELLATION OF PRIOR AGREEMENTS

When this Service Agreement becomes effective, it shall supersede, cancel and terminate the following Agreements:

ARTICLE 6  
TERM

This Service Agreement shall become effective upon its execution and shall under all circumstances continue in effect in accordance with the term set forth in Exhibit A attached hereto. This Service Agreement may continue in effect thereafter or terminate in accordance with Section 5.1.4 of Rate Schedule T-1, if applicable. Service rendered pursuant to this Service Agreement shall automatically be abandoned upon termination of this Service Agreement.

Termination of this Service Agreement shall not relieve Company and Shipper of the obligation to correct any Shipper Imbalances hereunder, or Shipper to pay money due hereunder to Company and shall be in addition to any other remedies that Company may have.

ARTICLE 7  
APPLICABLE LAW AND SUBMISSION TO JURISDICTION

This Service Agreement and Company's Tariff, and the rights and obligations of Company and Shipper thereunder are subject to all relevant and United States lawful statutes, rules, regulations and orders of duly constituted authorities having jurisdiction. Subject to the

foregoing, this Service Agreement shall be governed by and interpreted in accordance with the laws of the State of Nebraska. For purposes of legal proceedings, this Service Agreement shall be deemed to have been made in the State of Nebraska and to be performed there, and the Courts of that State shall have jurisdiction over all disputes which may arise under this Service Agreement, provided always that nothing herein contained shall prevent the Company from proceeding at its election against the Shipper in the Courts of any other state, Province or country.

At the Company's request, the Shipper shall irrevocably appoint an agent in Nebraska to receive, for it and on its behalf, service of process in connection with any judicial proceeding in Nebraska relating to this Service Agreement. Such service shall be deemed completed on delivery to such process agent (even if not forwarded to and received by the Shipper). If said agent ceases to act as a process agent within Nebraska on behalf of Shipper, the Shipper shall appoint a substitute process agent within Nebraska and deliver to the Company a copy of the new agent's acceptance of that appointment within thirty (30) days.

#### ARTICLE 8 SUCCESSORS AND ASSIGNS

Any Person which shall succeed by purchase, amalgamation, merger or consolidation to the properties, substantially as an entirety, of Shipper or of Company, as the case may be, and which shall assume all obligations under this Service Agreement of Shipper or Company, as the case may be, shall be entitled to the rights, and shall be subject to the obligations, of its predecessor under this Service Agreement. Either party to this Service Agreement may pledge or charge the same under the provisions of any mortgage, deed of trust, indenture, security agreement or similar instrument which it has executed, or assign this Service Agreement to any affiliated Person (which for such purpose shall mean any Person which controls, is under common control with or is controlled by such party). Nothing contained in this Article 8 shall, however, operate to release Shipper from its obligation under this Service Agreement unless Company shall, in its sole discretion, consent in writing to such release. Company shall not release Shipper from its obligations under this Service Agreement unless: (a) such release is effected pursuant to an assignment of obligations by Shipper, and the assumption thereof by the assignee, and the terms of such assignment and assumption render the obligations being assigned and assumed no more conditional and no less absolute than those at the time provided therein; and (b) such release is not likely to have a substantial adverse effect upon Company. Shipper shall, at Company's request, execute such instruments and take such other action as may be desirable to give effect to any such assignment of Company's rights under this Service Agreement or to give effect to the right of a Person whom the Company has specified pursuant to Section 6.6 of the General Terms and Conditions of Company's Tariff as the Person to whom payment of amounts invoiced by Company shall be made; provided, however, that: (a) Shipper shall not be required to execute any such instruments or take any such other action the effect of which is to modify the respective rights and obligations of either Shipper or Company under this Service Agreement; and (b) Shipper shall be under no obligation at any time to determine the status or amount of any payments which may be due from Company to any Person whom

the Company has specified pursuant to said Section 6.6 as the Person to whom payment of amounts invoiced by Company shall be made.

ARTICLE 9  
LOSS OF GOVERNMENTAL AUTHORITY, GAS SUPPLY,  
TRANSPORTATION OR MARKET

Without limiting its other responsibilities and obligations under this Service Agreement, the Shipper acknowledges that it is responsible for obtaining and assumes the risk of loss of the following: (1) gas removal permits, (2) export and import licenses, (3) gas supply, (4) markets and (5) transportation upstream and downstream of the Company's pipeline system. Notwithstanding the loss of one of the items enumerated above, Shipper shall continue to be liable for payment to the Company of the transportation charges as provided for in this Service Agreement.

ARTICLE 10  
OTHER PROVISIONS

(This Article to be utilized when necessary to specify other provisions permitted to be negotiated by Company's Tariff.)

ARTICLE 11  
EXHIBIT A OF SERVICE AGREEMENT, RATE SCHEDULES  
AND GENERAL TERMS AND CONDITIONS

Company's Rate Schedules and General Terms and Conditions, which are on file with the Federal Energy Regulatory Commission and in effect, and Exhibit A hereto are all applicable to this Service Agreement and are hereby incorporated in, and made a part of, this Service Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Service Agreement to be duly executed as of the day and year first set forth above.

NORTHERN BORDER PIPELINE COMPANY

By: TransCanada Northern Border Inc.,  
its Operator

By: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

ATTEST: \_\_\_\_\_ (NAME OF SHIPPER)

By: \_\_\_\_\_

Title: \_\_\_\_\_

Contract # \_\_\_\_\_

NORTHERN BORDER PIPELINE COMPANY  
FIRM TRANSPORTATION LATERAL SERVICE AGREEMENT  
RATE SCHEDULE FTL-1

EXHIBIT A TO SERVICE AGREEMENT

COMPANY - Northern Border Pipeline Company

COMPANY'S ADDRESS - Commercial Services  
717 Texas Street  
Houston, TX 77002-2761

SHIPPER -

SHIPPER'S ADDRESS -

Maximum Receipt Quantity: \_\_\_\_\_ Dekatherms/day

Transportation Path:

Point of Receipt: \_\_\_\_\_ Point of Delivery: \_\_\_\_\_

Billing Commencement Date: \_\_\_\_\_

Term: Begin Date: (specific date or triggering event)

End Date: (specific date or triggering event)

Right of First Refusal: Yes \_\_\_\_\_ No \_\_\_\_\_

Check if this Service Agreement is applicable to interim capacity sold pursuant to Section 6.26 of the General Terms and Conditions of Company's Tariff. Right of First Refusal rights, if any, applicable to this interim capacity are limited as provided in such applicable Section 6.26.2(b)(iv) or 6.26.5 of the General Terms and Conditions of Company's Tariff.

Check Applicable Rate:

Maximum Reservation Rate: 1/ \_\_\_\_\_

Discounted Reservation Rate: 1/ \_\_\_\_\_

Description of Discount: 2/ \_\_\_\_\_

Negotiated Rate: 3/ \_\_\_\_\_

Description of Negotiated Rate: \_\_\_\_\_

- 1/ Plus the applicable commodity charges and other rates and charges, set forth in Section 5.8.3 of Rate Schedule FTL-1.
- 2/ See Section 6.41 of the General Terms and Conditions of Company's Tariff for description of various types of discount rates.
- 3/ Subject to Section 6.37 of the General Terms and Conditions of Company's Tariff.

This Exhibit A is made and entered into as of \_\_\_\_\_, 20\_\_.

NORTHERN BORDER PIPELINE COMPANY

By: TransCanada Northern Border Inc.,  
its Operator

By: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

ATTEST: \_\_\_\_\_ (NAME OF SHIPPER)

\_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

NORTHERN BORDER PIPELINE COMPANY  
INTERRUPTIBLE TRANSPORTATION LATERAL AGREEMENT  
RATE SCHEDULE ITL-1

This Agreement (the "Agreement") is made and entered into as of \_\_\_\_\_, 20\_\_\_\_, by and between NORTHERN BORDER PIPELINE COMPANY, hereinafter referred to as "Company," and \_\_\_\_\_, hereinafter referred to as "Shipper."

WHEREAS, Shipper is desirous of engaging Company to provide interruptible transportation lateral service for quantities of natural gas; and

WHEREAS, Company is desirous of providing interruptible transportation lateral service for Shipper; and

WHEREAS, the transportation of natural gas shall be effectuated pursuant to Part 157 or Part 284 of the Federal Energy Regulatory Commission's Regulations.

NOW THEREFORE, in consideration of their respective covenants and agreements hereinafter set out, the parties hereto covenant and agree as follows:

ARTICLE 1  
POINT OF RECEIPT AND POINT OF DELIVERY

If on any day Company determines that capacity exists to transport all or a portion of Shipper's Maximum Receipt Quantity, Shipper shall be entitled to tender to Company at the Point of Receipt specified in Exhibit A attached hereto, a quantity of gas not in excess of the Maximum Receipt Quantity, all set forth in Exhibit A attached hereto. Credit worthiness under this Agreement shall be verified upon receipt of nominations under this Agreement and quantities of gas shall be scheduled pursuant to Section 6.10 of the General Terms and Conditions.

Company shall transport and deliver gas to Shipper at the Point of Delivery, specified in Exhibit A attached hereto.

ARTICLE 2  
PAYMENTS

Shipper shall make payments to Company in accordance with Rate Schedule ITL-1 and the other applicable terms and provisions of this Agreement.

ARTICLE 3  
CHANGE IN TARIFF PROVISIONS

Upon notice to Shipper, Company shall have the right to file with the Federal Energy Regulatory Commission any changes in the terms of any of its Rate Schedules, General Terms and Conditions or Form of Service Agreement as Company may deem necessary, and to make such changes effective at such times as Company desires and is possible under applicable law. Shipper may protest any filed changes before the Federal Energy Regulatory Commission and exercise any other rights it may have with respect thereto.

ARTICLE 4  
CANCELLATION OF PRIOR AGREEMENTS

When this Agreement becomes effective, it shall supersede, cancel and terminate the following Agreements:

ARTICLE 5  
TERM

This Agreement shall become effective upon its execution and shall under all circumstances continue in effect in accordance with the Tariff for the term set forth in Exhibit A attached hereto.

Termination of this Agreement shall not relieve Company and Shipper of the obligation to correct any Shipper Imbalance hereunder, or Shipper to pay money due hereunder to Company and shall be in addition to any other remedies that Company may have.

ARTICLE 6  
APPLICABLE LAW AND SUBMISSION TO JURISDICTION

This Agreement and Company's Tariff, and the rights and obligations of Company and Shipper thereunder are subject to all relevant and United States lawful statutes, rules, regulations and orders of duly constituted authorities having jurisdiction. Subject to the foregoing, this Agreement shall be governed by and interpreted in accordance with the laws of the State of Nebraska. For purposes of legal proceedings, this Agreement shall be deemed to have been made in the State of Nebraska and to be performed there, and the Courts of that State shall have jurisdiction over all disputes which may arise under this Agreement, provided always that nothing herein contained shall prevent the Company from proceeding at its election against the Shipper in the Courts of any other state, Province or country.

At the Company's request, the Shipper shall irrevocably appoint an agent in Nebraska to receive, for it and on its behalf, service of process in connection with any judicial proceeding



in Nebraska relating to this Agreement. Such service shall be deemed completed on delivery to such process agent (even if not forwarded to and received by the Shipper). If said agent ceases to act as a process agent within Nebraska on behalf of Shipper, the Shipper shall appoint a substitute process agent within Nebraska and deliver to the Company a copy of the new agent's acceptance of that appointment within 30 days.

ARTICLE 7  
SUCCESSORS AND ASSIGNS

Any person which shall succeed by purchase, amalgamation, merger or consolidation to the properties, substantially as an entirety, of Shipper or of Company, as the case may be, and which shall assume all obligations under Shipper's Agreement of Shipper or Company, as the case may be, shall be entitled to the rights, and shall be subject to the obligations, of its predecessor under Shipper's Agreement. Either party to a Shipper's Agreement may pledge or charge the same under the provisions of any mortgage, deed of trust, indenture, security agreement or similar instrument which it has executed, or assign such Agreement to any affiliated Person (which for such purpose shall mean any person which controls, is under common control with or is controlled by such party). Nothing contained in this Article 7 shall, however, operate to release predecessor Shipper from its obligation under its Agreement unless Company shall, in its sole discretion, consent in writing to such release. Company shall not release any Shipper from its obligations under its Agreement unless: (a) such release is effected pursuant to an assignment of obligations by such Shipper, and the assumption thereof by the assignee, and the terms of such assignment and assumption render the obligations being assigned and assumed no more conditional and no less absolute than those at the time provided therein; and (b) such release is not likely to have a substantial adverse effect upon Company. Shipper shall, at Company's request, execute such instruments and take such other action as may be desirable to give effect to any such assignment of Company's rights under such Shipper's Agreement or to give effect to the right of a Person whom the Company has specified pursuant to Section 6.6 of the General Terms and Conditions of Company's FERC Gas Tariff as the Person to whom payment of amounts invoiced by Company shall be made; provided, however, that: (a) Shipper shall not be required to execute any such instruments or take any such other action the effect of which is to modify the respective rights and obligations of either Shipper or Company under this Agreement; and (b) Shipper shall be under no obligation at any time to determine the status or amount of any payments which may be due from Company to any Person whom the Company has specified pursuant to said Section 6.6 as the Person to whom payment of amounts invoiced by Company shall be made.

ARTICLE 8  
LOSS OF GOVERNMENTAL AUTHORITY, GAS SUPPLY,  
TRANSPORTATION OR MARKET

Without limiting its other responsibilities and obligations under this Agreement, the Shipper acknowledges that it is responsible for obtaining and assumes the risk of loss of the following: (1) gas removal permits, (2) export and import licenses, (3) gas supply, (4) markets and (5)

transportation upstream and downstream of the Company's pipeline system. Notwithstanding the loss of one of the items enumerated above, Shipper shall continue to be liable for payment to the Company of the transportation charges as provided for in this Agreement.

ARTICLE 9  
OTHER PROVISIONS

(This Article to be utilized when necessary to specify other provisions permitted to be negotiated by Company's Tariff.)

ARTICLE 10  
EXHIBIT A OF AGREEMENT, RATE SCHEDULES  
AND GENERAL TERMS AND CONDITIONS

Company's applicable Rate Schedule ITL-1 and General Terms and Conditions, which are on file with the Federal Energy Regulatory Commission and in effect, and Exhibit A hereto are applicable to this Agreement and are hereby incorporated in, and made a part of, this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first set forth above.

NORTHERN BORDER PIPELINE COMPANY

By: TransCanada Northern Border Inc.,  
its Operator

By: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

ATTEST: \_\_\_\_\_ (NAME OF SHIPPER)

By: \_\_\_\_\_

Title: \_\_\_\_\_

NORTHERN BORDER PIPELINE COMPANY  
INTERRUPTIBLE TRANSPORTATION LATERAL AGREEMENT  
RATE SCHEDULE ITL-1

EXHIBIT A TO SERVICE AGREEMENT

COMPANY - Northern Border Pipeline Company

COMPANY'S ADDRESS - 13710 FNB Parkway  
Omaha, Nebraska 68154-5200

SHIPPER -

SHIPPER'S ADDRESS -

Maximum Receipt Quantity: \_\_\_\_\_ Dekatherms/day

Transportation Path:

Point of Receipt: \_\_\_\_\_ Point of Delivery: \_\_\_\_\_

Term: Begin Date: (specific date or triggering event)

End Date: (specific date or triggering event)

Right of First Refusal: Yes \_\_\_\_\_ No \_\_\_\_\_

Check Applicable Rate:

Maximum Commodity Rate: 1/ \_\_\_\_\_

Discounted Commodity Rate: 1/ \_\_\_\_\_

Description of Discount: 2/ \_\_\_\_\_

Negotiated Commodity Rate: 3/ \_\_\_\_\_

Description of Negotiated Rate: \_\_\_\_\_

1/ Plus the applicable commodity charges and other rates and charges, set forth in  
Section 5.9.3 of Rate Schedule ITL-1.

2/ See Section 6.41 of the General Terms and Conditions of Company's Tariff for description  
of various types of discount rates.

3/ Subject to Section 6.37 of the General Terms and Conditions of Company's Tariff.

This Exhibit A is made and entered into as of \_\_\_\_\_, 20\_\_.

NORTHERN BORDER PIPELINE COMPANY

By: TransCanada Northern Border Inc.,  
its Operator

By: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

ATTEST: \_\_\_\_\_ (NAME OF SHIPPER)

\_\_\_\_\_ By: \_\_\_\_\_

Title: \_\_\_\_\_