

POLICIES & GUIDELINES

Policy #: 07- DP- Auth- 014

Subject: Authorization of Interruptible Direct Purchase (DP) Balancing Transactions	Effective: May 23, 2008
Applies to: Customer with a Direct Purchase contract (Bundled-T, T1, T3 or Unbundled (incremental supply only)) in Union Gas's Southern or Union Gas's Northern and Eastern Operations area.	
Purpose: To define the evaluation criteria Union Gas applies when a customer requests authorization for a direct purchase balancing transaction (e.g. In-franchise Transfer ("IFT"), Ex-Franchise Transfer ("EFT"), Suspensions, Diversions, Incremental Supply, DCQ Assignment).	
Background: <i>(Not to limit the applicability of the policy)</i> Customer's consumption on an actual basis can differ from what was forecasted when the contract was established or amended. DP balancing transactional services are used to manage consumption variances at the end use location, balancing their supply to their demand. Union takes revised consumption information into consideration when evaluating requests. In the case of a Bundled-T customer, the quantity of the transaction must reduce the variance between the actual consumption and the forecasted consumption. In the case of a T1 or T3 customer, the customer must have sufficient storage space available and end use demand to justify the balancing transaction. In the case of an Unbundled service, authorizations are required when the customer exceeds contract entitlements. For more information on Balancing Services, see: http://www.uniongas.com/unionline/balancingtypes.asp	
Policy: <ul style="list-style-type: none">• Union Gas will authorize direct purchase balancing transactions based on the following criteria:<ul style="list-style-type: none">○ There is a demonstrated need for the requested transaction,○ Requested transaction will not negatively impact Union Gas's system○ The transaction will not take the customer outside their current credit limits• If approved by Union Gas, the customer must accept the terms and conditions, and is responsible for all charges identified by Union Gas, where applicable.• All authorization notices are interruptible (see Priority of Service Policy) and subject to Union's operational capability• Authorization of the balancing transaction does not constitute authorization of any other service or any overrun of any other contract parameter.	

Procedures:

1. Customer's request should be made at least 3 business days in advance of the effective date of the

Supersedes:

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transaction. Requests made with shorter notice will be evaluated on a reasonable efforts basis. Transactions submitted via Unionline can be processed with only 1 business day's notice. Refer to Balancing Services on Union Gas's Web Site for processing timelines.

2. The customer's transaction request must specify the contract SA#, the quantity of gas, start date, end date, the "from" party, a supplier and receipt point (where applicable).
3. Union Gas will evaluate the request based on the BT, T1, T3 or Unbundled customer's need for the transaction.
4. A Bundled-T customer, must demonstrate the need for the transaction to add/remove gas by having a BGA forecast to be less/greater than contract tolerances. The "lower of" methodology compares two differences. The first is the difference between the actual BGA balance and the balance planned during the same month as identified in the contract ("actual difference"). The second difference is the difference between projected BGA balance and the balance planned at the next balancing date (checkpoint or contract renewal) as identified in the contract ("projected difference"). Under normal circumstances the lower of the "actual difference" and the "projected difference" would be allowed. If the next balancing date is at the end of the current month then the "projected difference" overrides the "actual difference".
5. Union Gas will consider any restrictions that may exist for its system at the time, whether credit requirements are met, and whether all contract paperwork is current.
6. If acceptable, Union Gas will issue an authorization notice to customer to confirm acceptance of the request.
7. Customer must electronically sign the authorization notice and returns signed notice back to Union Gas.
8. Union Gas will electronically sign and provide a copy of the fully executed authorization notice to customer.
9. Customer must nominate the transaction per the nominations procedures outlined in the contract. Customer must identify the contract SA# when nominating the supply and must identify the other party to the transaction if customer had not previously done so.
10. Union Gas will confirm/schedule the nomination as outlined in the contract.
11. The transaction will flow as nominated and will be reflected in customer's BGA/Storage Account, unless otherwise interrupted.

Note: Signed authorization may include electronic means.