



uniongas

A Spectra Energy Company

July 29, 2008

Re: Union Gas Limited Long Term Firm Dawn to Parkway/Kirkwall Transportation Service and F24-T Service Open Season (the “Open Season”)

Dear Shipper:

In response to continuing customer interest in Dawn to Parkway and Kirkwall capacity, Union Gas Limited (“Union”) is pleased to announce an Open Season for service commencing November 1, 2010. Union would like to expand its existing system to create between 200,000 and 500,000 GJ/day of additional transport capacity. Such an expansion will require approval by the Company’s Board of Directors based on an assessment of the investment climate in Ontario. A key element of that assessment will be the Ontario Energy Board’s upcoming decision on the Company’s appeal of long-term revenue sharing.

This Open Season is for Firm Transportation Service (M12 Transportation Service between Dawn and Parkway/Kirkwall) and F24-T Service.

This Open Season shall be conducted in accordance with the Open Season Procedures as outlined at <http://www.uniongas.com/storagetransportation/openseason/OpenSeasonforM12Transportation.pdf>

1. Firm Transportation Service

Union invites your company to submit binding bids for long term firm transportation from Dawn to Parkway or Kirkwall for service commencing November 1, 2010. Service will be in accordance with Union’s M12 Rate Schedule.

Shippers who require firm transportation from the Dawn Hub to either Parkway or Kirkwall are encouraged to participate in this Open Season. The Dawn to Parkway system is an important transportation link for customers with gas requirements in Ontario, Quebec and the US Northeast.

Union will evaluate all binding bids using the product of rate (M12 tolls) and term (years) (the “Value”), with bids resulting in the highest overall total Value having the highest priority. For purposes of bid evaluation, Union will consider the tolls for Dawn to Parkway and Dawn to Kirkwall to be equal. If two or more bids have an equivalent Value, and insufficient capacity exists to satisfy all such bids, then the capacity allocated to these bids will be prorated. All offers received will be deemed to be for “any quantities available” to a maximum of the quantity indicated by Shipper.

Union’s standard firm transportation contract is available at www.uniongas.com/openseason

Firm Transportation Service Parameters

- Fuel will be provided by shipper according to Union’s M12 Rate schedule which is subject to revision from time to time. A copy of this rate schedule is available at www.uniongas.com/aboutus/regulatory/rates/ratesindex.asp
- Receipt point will be Dawn.
- Delivery point will be Parkway or Kirkwall.
- Term of the contract will be as bid, minimum 10 years.
- Transportation service will commence November 1, 2010, as requested by Shipper.

- Payment to Union will be in accordance with Union's standard form General Terms & Conditions.

2. F24-T Service

In addition to long term firm transportation, Union is also inviting bids for F24-T Service during this Open Season. F24-T Service is an “add-on” service to existing or new M12 Dawn to Parkway or Kirkwall transportation. F24-T Service provides M12 Transportation contract holders with the ability to nominate on 13 nomination windows (four NAESB nomination windows plus nine additional nomination windows).

Shipper can elect to contract for any amount of F24-T Service, up to the M12 Transportation contracted quantity (the “F24-T Quantity”). F24-T Service ensures that the F24-T Quantity will be available on each nomination window – providing Shippers with the ability to increase their transportation nomination on a firm basis throughout the gas day.

These additional nomination windows, and the reservation of capacity throughout the gas day, provide additional nomination and transportation flexibility to Shippers who have variable gas requirements throughout the gas day and allow Shippers to optimize the use of their transportation capacity.

Open Season participants that need new M12 Transportation and F24-T Service can make their F24-T Service bid conditional upon the awarding of the accompanying Dawn to Parkway or Kirkwall Firm Transportation Service bid during this Open Season. Alternatively, Open Season participants can bid for F24-T Service to be added to an existing M12 Transportation Contract subject to the service parameters below.

Bids for F24-T Service will be evaluated based on the term requested (minimum 1 year term); with longer terms having a higher priority. Shippers may request a term longer than one year, however, the term of the F24-T Service cannot exceed the remaining term of the accompanying M12 Transportation Contract. If Shipper wishes to extend the term of the existing M12 Transportation Contract, they may elect to do so on the bid form.

Union’s standard F24-T Service contract is available at www.uniongas.com/openseason

F24-T Service Parameters

- The demand rate for F24-T Service shall be according to Union’s M12 Rate Schedule, as approved by the OEB from time to time. The demand charge is currently \$0.694/GJ/Month (\$0.023/GJ/day). There are no incremental commodity or fuel charges associated with the F24-T service.
- Receipt and delivery points will be the same as the accompanying M12 Transportation Contract.
- F24-T Service will commence on November 1, 2008, November 1, 2009 or November 1, 2010, as requested by Shipper.
- Shippers cannot request an F24-T Service quantity that is greater than, or a contract term that is longer than, the contracted quantity of the accompanying M12 Transportation Contract.
- Term of the F24-T Service will be as bid, minimum one year. If the remaining term of the accompanying M12 Transportation Contract is less than the term bid for F24-T Service, the M12 Transportation Contract is required to be extended as part of this offer to be equal to, or longer than, the term bid for F24-T Service.

- Renewal rights will be included for all F24-T Agreements that are for a term of 3 years or longer.
- Existing M12 Transportation Shippers may submit a bid for F24-T Service to be added to their existing transportation contract without submitting a bid for additional transportation capacity in this Open Season.
- Payment to Union will be in accordance with Union's standard form General Terms & Conditions.

3. Submitting a Binding Bid for Firm Transportation Service and F24-T Service

If you wish to participate in this Open Season, please sign and return the attached M12 Transportation Bid Form and/or F24-T Service Bid Form by fax to (519) 436-4643, Attention: Warren Reinisch **on or before 12:00 noon Eastern Time on September 12, 2008**. Union will advise each Shipper by written notice on or before 2:30 p.m. Eastern Time September 26, 2008 of the actual quantity awarded to Shipper, if any.

Union has the right to reject any and all bids, in its sole discretion. Without limiting the foregoing, Union may, but is not required to, reject any bids which do not conform to this Open Season, are incomplete with the terms and conditions outlined in this Open Season, contain additional or modified terms, or are otherwise deficient in any respect

By participating in this Open Season, Shipper further agrees to the terms and conditions set out in the attached M12 Transportation Term Sheet and/or F24-T Term Sheet, as applicable.

If you have any questions about this Open Season, please feel free to contact your account manager.

Yours truly,

Warren Reinisch

Warren Reinisch
Union Gas Limited
P: (519) 436-4663



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M12 Transportation

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M12 TRANSPORTATION SERVICES BID FORM

If you wish to participate in this Open Season, please complete, sign, and return this Bid Form to:

Fax: (519) 436-4643

Attention: Warren Reinisch, Business Development, Storage and Transmission

This is a binding bid. By signing and returning this M12 Transportation Services Bid Form, subject to Union's acceptance and notification of quantities allocated to Shipper, Shipper hereby irrevocably commits to enter into the Firm Transportation Service Agreement for M12 Transportation Service (found under the July 29, 2008 posting at www.uniongas.com/openseason) (the "M12 Agreement") with Union on the terms outlined below. If this does not occur within 20 days of delivery by Union of written notice to Shipper, Union may, in its sole discretion, elect by written notice to Shipper within 15 days thereafter, to either terminate Shipper's participation in this Open Season; or treat Shipper's signature and return of the M12 Transportation Services Bid Form together with the M12 Agreement as the legally binding agreement (modified as applicable by Union's notification of the quantities allocated to Shipper) between Union and Shipper for the Firm Transportation Services outlined below:

Firm Transportation Service Binding Bid:

Receipt Point

Dawn

Delivery Point (circle one)

Parkway

Kirkwall

Start Date

November 1, 2010

Quantity (GJ/d)

Maximum _____

Term (years) (10 year minimum)

Dated this _____ day of _____, 2008

SHIPPER LEGAL NAME: _____

By: _____

Signature

Name

Phone



F24-T SERVICE BID FORM

If you wish to participate in this Open Season, please complete, sign, and return this Bid Form to:
Fax: (519) 436-4643
Attention: Warren Reinisch, Business Development, Storage and Transmission

This is a binding bid. By signing and returning this F24-T Service Bid Form, subject to Union's acceptance and notification of quantities allocated to Shipper, Shipper hereby irrevocably commits to (a) enter into the F24-T Service Agreement for F24-T Service (found under the July 29, 2008 posting at www.uniongas.com/openseason) (the "F24-T Agreement") with Union on the terms outlined below; and (b) if initialled below, extend the term of the M12 Transportation Contract as indicated below. If this does not occur within 20 days of delivery by Union of written notice to Shipper, Union may, in its sole discretion, elect by written notice to Shipper within 15 days thereafter, to either terminate Shipper's participation in this Open Season; or (i) treat Shipper's signature and return of the F24-T Service Bid Form together with the F24-T Agreement as the legally binding agreement (modified as applicable by Union's notification of the quantities allocated to Shipper) between Union and Shipper for the F24-T Service outlined below, and (ii) if Shipper has initialled below to extend the term of the existing M12 Transportation Contract, treat Shipper's signature and return of the F24-T Service Bid Form as the legally binding agreement (modified as applicable by Union's notification of the quantities allocated to Shipper) between Union and Shipper to extend the term of the existing M12 Transportation Contract as indicated below.

Option #1: Add F24-T to an Existing M12 Contract - F24-T Start Date November 1, 20_____

Contract Number M12_____

F24-T Quantity Requested (GJ/d) _____ F24-T Term (years) (1 year minimum): _____ years

If M12 contract term is less than F24-T term requested, by initialling here _____, Shipper hereby requests an extension of its existing M12 Transportation Contract. The M12 Transportation Contract M12_____ shall be extended to October 31, 20_____.

Option #2: Add F24-T to New M12 Contract - F24-T Start Date November 1, 20_____

F24-T Quantity Requested (GJ/d) _____ F24-T Term (years) (1 year minimum): _____ years

By initialling here _____, Shipper hereby requests that this bid is conditional upon the awarding to Shipper of the accompanying M12 Dawn to Parkway or Kirkwall Transportation bid during this Open Season.

Dated this _____ day of _____, 2008

SHIPPER LEGAL NAME: _____

By: _____
Signature

Name

Phone