Received: 12/10/2003
Status: CANCELLED
Effective Date: 04/01/2004

SERVICE CLASSIFICATION NO. 11 (Cont'd.)

CAPACITY OPTIONS FOR SELLERS: (Cont'd)

Capacity Option A – Capacity Released by the Company (Cont'd)

If a Seller elects not to contract for a part of its load under Capacity Option A as of November 1, 2001, or if the Seller's MAX ADCQ increases between November 1, 2001 and October 31, 2004, the Company's obligation to provide capacity under this option for the additional load will be limited as follows:

(i) the capacity requirements of new or converting customers that elect Capacity Option A upon first becoming firm transportation customers; and

(ii) the capacity requirements of existing firm transportation customers that switch from a Seller not electing this option to a Seller electing Capacity Option A to serve part or all of the Seller's customers' needs, provided that the Company has or is able to obtain the capacity needed to provide such additional capacity.

Firm interstate pipeline capacity will be released to the Seller, acting as an agent for the customer, at the interstate pipeline's maximum firm transportation rates under its FERC gas tariff. The Seller shall be directly billed by the pipeline for such capacity and will be responsible for paying the pipeline for such charges. The rates shall be subject to adjustment each month to the extent that the maximum firm reservation rate at which the capacity is released varies from the Company's weighted average cost of firm pipeline capacity, which includes the capacity cost of citygate bundled purchases (for purposes of this section "WACOC"). The WACOC will be adjusted to reduce the TransCanada demand charges to the extent necessary to result in comparability between Canadian and domestic commodity costs. If the Seller pays the pipeline for the capacity released at a reservation rate higher than the Company's WACOC, the Seller will receive a credit on the customer's behalf for the difference between the rate the Seller paid the pipeline and the Company's WACOC multiplied by the quantity of released capacity. If the Seller pays the pipeline at a reservation rate that is lower than the Company's WACOC, the Seller will pay a charge on the customer's behalf for the difference between the rate the Seller paid the pipeline and the Company's WACOC multiplied by the quantity of released capacity. The Company's WACOC shall be adjusted periodically to reflect the Company's current costs of firm pipeline capacity. Such WACOC, as adjusted, is shown on the "Statement of Rates to Qualified Sellers and Firm Transporters of Gas".