

1.0 STANDARD INVESTMENT POLICY

1.1 APPLICABILITY

Standard Investment Policy applies to all new and existing Customers, who are adding Customer Specific Facilities.

Customer(s) shall pay all costs of Customer Specific Facilities except those costs covered by TransGas Investment. New Customers at an existing facility will be required to contribute toward their allocated share of prior Customer Specific Facility costs not covered by TransGas Investment.

The Customer Specific Facilities **will remain the property** of TransGas.

1.2 TRANSPORTATION

For both Firm and Interruptible Service, TransGas will invest in Customer Specific Facilities at both the Point of Receipt and the Point of Delivery. The level at which TransGas will invest is outlined in **Item 1.6**.

For TransGas Investment at the time of contracting, a minimum 1-year term is required. For short-term Firm Service and Interruptible Service, a deferred investment is available within the initial 5 years of facility operation. The deferred TransGas Interruptible Investment is calculated based on the actual annual transport quantities and the deferred short term Firm Service Investment is based on the actual Contract Demand. The level at which TransGas will invest is outlined in Item 1.6.

1.3 NON-STANDARD SERVICE

If the Customer requests non-standard Service, the Customer will be required to pay all costs incurred to provide non-standard Service. This is not subject to rebate.

1.4 CUSTOMER SPECIFIC COSTS

System Lines are not included in the calculation of Customer contributions.

Customer Specific Facilities may include an allocated portion of existing non-System Line facilities. Further, TransGas, at its discretion and acting

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reasonably, may deem System construction, required to meet a new Service request, to be Customer Specific Facility Construction.

1.5 REFUND OF CAPITAL CONTRIBUTION

If another Customer begins to utilize a Customer Specific Facility **within the initial 5 years**, then the original Customer(s) may receive a proportionate refund of their capital contribution. No interest is paid on the refund of capital contributions.

If a Customer Specific Facility is deemed to have become a part of System Line **within 5 years**, all Customers on that line will receive a full refund of their capital contribution associated with that facility.

In the event Customer elects a temporary Assignment of transportation Service, Customer (Assignor) shall retain all rights to any rebates of outstanding Customer contributions, which may occur during the period of the temporary Assignment.

In the event Customer elects a permanent Assignment of transportation Service, Customer (Assignor) shall have assigned all rights and obligations, including any rebates of outstanding Customer Contributions for the Capacity assigned away as of the Effective Date of the permanent Assignment.

In regards to Receipt Customer Specific Facilities, a change of Common Stream Operator does not automatically transfer the rights to any rebates of outstanding Customer Contributions to the new Common Stream Operator, which the previous Common Stream Operator may have had. In order to transfer these rights, if applicable, to the new Common Stream Operator, in the absence of a transportation Service Agreement transferring these rights, an Assignment of the Construction Schedule of Service relevant to these rights must be executed by both parties.

1.6 STANDARD INVESTMENT LEVELS

TransGas will invest in Customer Specific Transmission Facilities an amount up to the levels indicated in the table below.

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TransGas Investment Levels

| <u>Customer Class</u> | <u>Rate Code</u> | <u>Investment Level</u> |
|------------------------------|-------------------------|-------------------------------------|
| Receipt | R11.X | \$22.50/GJ/d/ year of term |
| Export | E11.X | \$22.50/GJ/d/ year of term |
| Large Industrial | D11 | \$22.50/GJ/d/ year of term |
| Medium Industrial | D21 | \$22.50/GJ/d/ year of term |
| Small Industrial (Deferred) | D31 | \$0.154/GJ/ year of annual quantity |
| Commercial (Deferred) | D51 | \$0.205/GJ/ year of annual quantity |
| Domestic (Deferred) | D61 | \$0.205/GJ/ year of annual quantity |
| Summer Use (Deferred) | D41 | \$0.073/GJ/ year of annual quantity |
| Interruptible (Deferred) | | \$0.062/GJ/ year of annual quantity |
| Hatton Transportation | HXXXX | NIL |

The maximum TransGas investment level (over five year period) is equivalent for all Customers. This is expressed above on a Contract Demand basis per year of term for demand Customers. For Non-demand Customers, the investment will be a deferred investment over a 5 year timeframe, and calculated using the investment levels above applied to the actual transport quantity each Year.

1.7 FINANCING OPTION

TransGas will consider financing a Customer's share of Customer Specific Facility cost. A minimum down payment of 25 percent is required. Security may be required.

Financing will be available for up to 2 years for Interruptible Service or the length of a Firm Service term.

The financing rate of interest will be set to provide TransGas with similar returns to those being earned by TransGas on its other activities.

1.8 DISCOUNTED CASH FLOW INVESTMENT

At its discretion, TransGas may utilize a discounted cash flow analysis to determine the appropriate level of TransGas Investment in a project.

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In utilizing the discounted cash flow analysis, TransGas will determine the appropriate required rate of return and the time frame over which that return will be earned. The standard cash flow analysis will recognize all incremental capital costs, operating costs, other costs, and revenues.

To be eligible for TransGas Investment based on a discounted cash flow analysis, a longer term of Service may be required.

1.9 TRANSFERS OF FIRM DEMAND

Transfer requests from Points of Receipt or Delivery at which TransGas has invested will be considered providing the Customer reimburses TransGas for any remaining portion of the TransGas investment. Such a reimbursement shall not remove Customer's obligation for Demand Charge payments for the duration of the Service. (See General Business Policy 6.0 Transfers of Firm Demand, for more information).

For Contract Demand transferred into a Point of Receipt or Delivery that utilizes a Customer Specific Facility within the initial 5 years, TransGas may invest in the remaining term of such Contract Demand, providing the remaining term is 1 month or longer. Remaining terms of 1 year or more may attract TransGas investment at the time of the transfer. Investments in remaining terms of less than one year will be on a deferred basis.