

INUVIK GAS LTD.
TERMS AND CONDITIONS OF SERVICE

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RATE SCHEDULES

TERMS AND CONDITIONS OF SERVICE

1.0 Introduction

1.1 Approval:

These Terms and Conditions of Service ("Terms") have been filed with the Public Utilities Board of the Northwest Territories (the "Board"). These Terms may be changed from time to time by IGL. Changes to these Terms will be filed with the Board.

1.2 Effective Date:

These Terms come into force on December 15, 2012 and replace any previous Terms issued by IGL. Whenever IGL amends these Terms, revisions will be issued, with the effective date of the amendments indicated on the bottom of each affected page.

2.0 Definitions

The following words or phrases, when used in these Terms or Customers' requests for Service, shall, unless the context otherwise requires, have the following meanings:

2.1 Applicant:

Means any person, firm, partnership, sole proprietorship, corporation, organization, association (including, without limitation, individual members of such association) or other entity which requests Service from IGL.

2.2 Billing Adjustment:

Means the correction of a prior over or under-billing.

2.3 Connected Load:

Means the sum of the capacities or ratings of the natural gas consuming apparatus connected to Customer Facilities.

2.4 Construction Contribution:

The difference between the capital cost incurred by IGL for installing IGL Facilities to serve a Customer and the Maximum IGL Investment specified in Schedule "A".

2.5 Cubic Foot (cf):

Means the volume of gas which at a temperature of 60 degrees Fahrenheit and at an absolute pressure of 14.73 psia occupies 1 cubic foot.

2.6 Customer:

Means any person, firm, partnership, sole proprietorship, corporation, organization, association, (including, without limitation, individual members of such association) or other entity to which Service is being or has been provided, whether or not

- (a) the person or entity requested Service from IGL, or
- (b) the name or signature of the person or entity appears on a written application for Service or contract of Service

and includes a person or entity which has requested Service from IGL and to which IGL has decided to commence providing Service.

2.7 Customer Charge:

Means that portion of the charge for Service shown on IGL's Rate Schedules as a "Customer Charge" which does not vary with the level of Natural Gas consumption and which is assessed to offset the various fixed costs associated with the provision of Service such as service lines, meter reading and billing of accounts.

2.8 Customer Facilities:

Means the equipment to be supplied by the Customer to allow for the attachment of IGL Facilities for the delivery of Natural Gas to the Customer, installed in accordance with applicable statutes, regulations, standards and codes.

2.9 Delivery Charge:

Means that portion of the charge for Service shown on IGL's Rate Schedules as a "Delivery Charge" which is based upon Natural Gas consumed (in units of GJ) and which is assessed to offset the variable costs associated with the provision of Service such as the addition of odorant to Natural Gas.

2.10 Gas Distribution Charge:

Means the total charge for Service shown on IGL's Rate Schedules as a "Gas Distribution Charge" which is based upon Natural Gas consumed (in units of GJ) and which is assessed in lieu of a Customer Charge, Delivery Charge and Gas Supply Charge and to offset the variable costs associated with the provision of Service, the various fixed costs associated with the provision of Service and the cost of Natural Gas.

2.11 Gas Supply Charge:

Means that portion of the charge for Service shown on IGL's Rate Schedules as a "Gas Supply Charge" which is based upon Natural Gas consumed (in units of GJ) and which is assessed to offset the cost of Natural Gas.

2.12 General:

Means a classification referring to Service other than Residential Service or Government Service. This classification also includes, without limitation, a single family dwelling where a business is carried on within the dwelling and the entire dwelling is supplied through one meter, a common use area associated with a group of residential dwellings (for example, utility rooms), and a Multiple Unit Dwelling supplied through one meter.

2.13 Gigajoule (GJ):

Means the standard unit of energy in the SI or metric system of measurement.

2.14 Government

Means a classification referring to Service other than Residential Service or General Service billed to members of the general public. This classification includes, without limitation, any building occupied by or otherwise under the control or responsibility of the Government of the Northwest Territories or the Northwest Territories Housing Corporation.

2.15 IGL:

Means Inuvik Gas Ltd.

2.16 IGL Facilities:

Means physical plant owned by IGL including, without limitation, all pipelines, valves, meters, service lines, pressure regulating devices, equipment and machinery used in the distribution of Natural Gas.

2.17 Interruptible Service:

Means Natural Gas Service provided by IGL to a Customer under agreements which permit curtailment or cessation of delivery by IGL.

2.18 Landed Cost of Propane

Means the cost paid by IGL using commercially reasonable efforts to procure, transport, and deliver propane to IGL Facilities at the Town, expressed on a GJ basis, pursuant to a formal request for proposal process to suppliers of propane and selection by IGL of the successful proposal in consultation with the Town. Such cost to be posted on the IGL

website prior to being charged to General Service Customers or Residential Service Customers.

2.19 Multiple Dwelling:

Means a residential building containing more than one unit.

2.20 Natural Gas:

Means marketable natural gas primarily consisting of methane, or synthetic natural gas, including propane mixed with air, that meets specifications for use as a fuel and which is gaseous at the conditions under which its volume is measured or estimated.

2.21 Point of Delivery:

Means, unless otherwise specified in an accepted application for Service or an agreement or contract, the point at which IGL Facilities required to provide Service are connected to Customer Facilities. The Point of Delivery will typically be the outlet side of the meter.

2.22 Residential:

Means a classification referring to a detached single family dwelling, or an individual unit in a Multiple Dwelling where Service is provided to the unit through a single meter which does not serve another unit in the Multiple Dwelling. To be classified as Residential, the detached single family dwelling or individual unit in a Multiple Dwelling must be used exclusively as a residence and must not be used for General purposes.

2.23 Service:

Means the delivery of Natural Gas or the making available of Natural Gas for delivery at the Point of Delivery.

2.24 Service Connection:

Means any one or more of the actions of physically connecting IGL Facilities with Customer Facilities to allow for the provision of Service by IGL to the Customer, turning on Natural Gas, activating appliances, obtaining billing data and establishing a meter reading for new customers in premises where Natural Gas has been previously supplied.

2.25 Short-Term Temporary Service:

Means Service that will not be permanent.

2.26 Switchable Load

Means any Customer able to use pure propane and/or fuel oil as an alternate fuel to Natural Gas for the purposes for which such Customer receives Service at the relevant time.

2.27 Town:

Means the Town of Inuvik.

2.28 User Pay Customer:

Means a Residential Service Customer occupying, as a tenant, a dwelling owned by the Inuvik Housing Authority.

3.0 **Agreement**

3.1 Application:

These Terms apply to IGL, and to every Applicant and Customer.

3.2 Contract:

Notwithstanding Section 3.1, IGL may enter into special contractual arrangements with a Customer on terms and conditions of service which may vary from these Terms and, after having done so, will provide the Board with a description of such contractual arrangements.

3.3 Resale:

Without the prior written consent of IGL, a Customer may not sell, exchange or otherwise dispose of Natural Gas provided by IGL.

3.4 Ownership:

IGL retains ownership of all IGL Facilities used to provide Service to a Customer, whether or not the IGL Facilities are located on lands owned by IGL, and whether or not the capital cost of the IGL Facilities were paid by the Customer in whole or in part.

Unless a contract between IGL and the Customer specifically provides otherwise, payment made by a Customer for costs incurred by IGL in installing IGL Facilities does not entitle the Customer to ownership of any IGL Facilities.

4.0 **Application for Service**

4.1 General:

To enable IGL to provide the requested Service, Applicants may be required by IGL to supply information either verbally or in writing respecting their Connected Load, preferred supply conditions, lot number or street address, location of buildings on lot, and any other pertinent information requested by IGL, such as credit history or references. An Applicant may also be required to provide a written request for Service and to enter into a written contract for Service. IGL may require an Applicant to sign a written request for Service and a contract for Service in person.

Before connecting any Service, IGL will inform the Applicant if there are any special conditions that must be satisfied and the satisfaction of those conditions shall be a precondition to IGL commencing Service. Notwithstanding anything in Section 4.1, whether or not a Customer has signed a request for Service or a contract for Service, these Terms and the rates applicable to the Service supplied by IGL will apply.

4.2 Short-Term Temporary Service:

Where an Applicant requests Short-Term Temporary Service, or IGL determines in its sole discretion that a requested Service will be Short-Term Temporary Service, the Customer shall, prior to installation, pay IGL's total cost of installation and removal of the required IGL Facilities, plus the cost of unsalvageable material, all as estimated by IGL. Following removal of the IGL Facilities associated with the Short-Term Temporary Service, the Customer will be reimbursed or invoiced for the difference between the estimated and actual costs incurred by IGL.

4.3 Rejection of Application for Service:

IGL may, in its sole discretion, reject any Applicant's request for Service when:

- (a) the type or quantity of Service requested is not available or normally provided by IGL in the locality where Service is requested; or
- (b) the Applicant does not have currently in force all permits or other authorizations that may be required for the Service Connection; or
- (c) IGL determines at its sole discretion that the Applicant is not credit-worthy, or a previous account held by the Applicant with IGL is in arrears; or
- (d) the Applicant fails to provide a security deposit or letter of credit from a suitable institution in a form and substance acceptable to IGL; or
- (e) IGL requires a separate contract due to the unique nature of Service conditions; or
- (f) any representation made by an Applicant to IGL for the purpose of obtaining Service is, in IGL's opinion, fraudulent or misleading; or
- (g) the Applicant has not, when requested by IGL to do so, provided a signed written request for Service or contract for Services, or has refused to sign these documents in person.

5.0 **Charge for Service**

5.1 Service Connection Fee:

Whenever a Service Connection is made, the Customer shall pay a non-refundable fee as set out on Schedule "B". The fee will be included in the Customer's first billing.

5.2 Reconnection:

When IGL is requested to reconnect or restore Service to a Customer whose Service was terminated by IGL, the Customer shall pay:

- (a) all amounts owing to IGL, which shall include, if reconnected within 12 months, the Customer Charge in effect immediately prior to disconnection for each month of the interval between disconnection and reconnection;
- (b) a reconnection fee as set out on Schedule "B"; and
- (c) the Security Deposit required under Sections 5.6 and 5.7.

5.3 Application of Rate Schedules:

The Customer shall pay the charges for Service as set out in the applicable Rate Schedules in effect from time to time.

In cases where an Applicant's or Customer's detached single family dwelling or unit of a Multiple Dwelling is used for General purposes, the Customer shall notify IGL of that fact.

When IGL is notified, or has reasonable grounds to believe the premises are being so used, IGL will commence charging the rate applicable to General Service for all Service provided.

Residential Service rates will be applied to a residential project under construction. General Service rates will be applied to a non-residential project under construction, except that Government Service rates will be applied to a Government of the Northwest Territories or Northwest Territories Housing Corporation project under construction.

5.4 Change in Service Requirements:

Where a Customer's Service requirements change so that some other Rate Schedule applies to the Service, the Customer shall notify IGL promptly. When IGL is so notified, or when IGL believes on reasonable grounds that the Service requirements have changed, IGL will calculate the Customer's bill on the basis of the appropriate Rate Schedule commencing in the next billing period.

5.5 Natural Gas Bill Copying Charge:

IGL may charge a fee as set out in Schedule "B" to Customers who ask to be provided with copies of a previous bill.

5.6 Security Deposit:

IGL may require a Security Deposit as a pre-condition to Service where:

- (a) an Applicant is a new Customer of IGL; or
- (b) an Applicant's credit worthiness has not been established to the satisfaction of IGL; or
- (c) accounts are outstanding for previous Service provided to the Applicant by IGL; or
- (d) Service is to be reconnected which has been discontinued for reasons of non-payment of accounts; or
- (e) Short-Term Temporary Service is requested.

5.7 Amount of Security Deposit:

A security deposit, when payable, shall be in a form and substance acceptable to IGL in the following amounts:

(a) Residential Customer:

Residential Customers will pay a security deposit in the amount set out in Schedule "C".

As an alternative to a security deposit, IGL, at its sole discretion, may accept from an Applicant for Residential Service proof of good credit history.

(b) General Customers:

General Customers will pay a security deposit in the amount set out in Schedule "C".

As an alternative to a security deposit, IGL, at its sole discretion, may accept from an Applicant for General Service a letter of credit from a chartered bank.

Where a security deposit is returned as a dishonoured payment (for example, as "Not Sufficient Funds"), IGL may disconnect the service to the Applicant or Customer at any time after having provided the Applicant or Customer with a minimum of 48 hours notice of IGL's intention to disconnect service.

5.8 Interest and Refund Deposits:

IGL will pay simple interest on the security deposit from the date the deposit is paid, at an annual rate of interest equal to the daily interest savings rate in effect on the first day of the year in which interest is calculated, as posted by the Canadian Imperial Bank of Commerce or its successor. Such interest will be credited annually to the Customer's security deposit account for each full month that the security deposit is held by IGL. A security deposit paid by a Residential Customer shall be returned to the Customer with interest:

- (a) when the Residential Customer is disconnected from Service other than for default in payment of accounts. A credit balance on a closed account will be refunded to the Customer by cheque, provided that the total is \$5.00 or more; or
- (b) when the Residential Customer has paid his or her monthly accounts, in full, regularly for a continuous period of 12 months after the Customer was connected or reconnected for Service.

A security deposit refund shall be returned to the Residential Customer by way of credit to the Customer's account.

Security deposits paid by General Customers will be refunded after 1 year of good credit history with IGL, or when the Customer is disconnected from Service other than for default in payment of accounts.

5.9 Use of Security Deposits:

If a Customer fails to pay an amount billed, and collection action has been initiated by IGL, IGL may apply all or any portion of a Customer's security deposit toward payment of the outstanding amounts, including interest. When IGL has taken this step, the Customer may be required by IGL to pay a security deposit as required under Sections 5.6 and 5.7 or to pay to IGL the amount deducted from the Customer's security deposit.

Upon termination of Service, IGL may apply all or any portion of a Customer's security deposit, including interest, toward payment of any amount due and owing by that Customer.

6.0 **Service Conditions**

6.1 Point of Delivery:

Any Point of Delivery for Service shall be at a location which meets IGL's approval. Each meter and any associated equipment connected to the Point of Delivery shall be owned and maintained by IGL.

Subject to Section 6.2, Service shall be provided to the Customer through a single meter.

6.2 Mobile Homes and Multiple Dwelling Units:

Unless IGL agrees otherwise, Service shall be provided to mobile homes and individual units of a Multiple Dwelling through separate Points of Delivery and separate meters for each mobile home or unit of a Multiple Dwelling.

Where IGL agrees to provide Service to a number of mobile homes or units of a Multiple Dwelling through a common Point of Delivery and meter, billing shall be at the applicable General Service rate.

Service provided to common use areas (e.g., laundry facilities) for a number of mobile homes or units of a Multiple Dwelling shall, unless IGL otherwise agrees, be separately metered, and shall be billed at the applicable General Service rate.

6.3 Customer Facilities:

The Customer shall, at the Customer's own cost, provide and maintain in good repair and condition, in a location which meets with IGL's approval, suitable accommodation for the equipment required to be installed by IGL for the supply of Service. All other equipment from the Point of Delivery into the Customer's premises shall be provided and maintained by the Customer in accordance with applicable statutes, regulations, standards and codes, and any directions given by IGL. The Customer shall not extend the Customer Facilities or Natural Gas lines or equipment beyond property owned or occupied by the Customer.

6.4 Interference:

The Customer shall not interfere with IGL Facilities.

The Customer will not construct any structures, permanent or otherwise, over IGL Facilities without the prior written consent of IGL.

6.5 Delay in Taking Service:

If, with respect to a request that IGL extend IGL Facilities to any existing or proposed Point of Delivery, IGL has reason to believe that the provision of Service to that Point of Delivery will not be taken within 30 days after Service is made available, then the

Customer shall pay, as a precondition of Service through such Point of Delivery, the amount of the Maximum IGL Investment as determined in accordance with Schedule "A" for the type of Service provided.

Upon commencement of Service and payment by the Customer for Service, the amount paid by the Customer pursuant to this Section shall be refunded.

6.6 Construction Contribution:

If IGL's estimated costs of extending or modifying IGL Facilities at the request of a Customer are less than the Maximum IGL Investment specified in Schedule "A" for the type of Service provided, the Customer will not be required to make any Construction Contribution.

In all other cases, an agreement providing for payment of the costs of extending or modifying IGL Facilities in excess of the Maximum IGL Investment in respect of such extension or modification and, at IGL's discretion, payment of those costs, shall be a precondition to IGL's commencement of work on such extension or modification.

6.7 Relocation of Facilities:

If the Customer wishes IGL to relocate any IGL Facilities, the Customer shall provide an alternate location and valid permit satisfactory to IGL and shall pay to IGL, in advance, IGL's estimate of the costs of the relocation. Upon completion of the relocation, any difference between the actual and the estimated costs shall be invoiced or refunded to the Customer.

7.0 **Rights of Way and Access to Facilities**

7.1 Easements:

The Customer shall grant, or cause to be granted, to IGL, without cost to IGL, such approvals, easements or rights-of-way over, upon or under the property owned, occupied or controlled by the Customer as IGL may reasonably require to provide Service to such Customer.

7.2 Right of Entry:

IGL and its employees, contractors and agents shall have the right to enter a Customer's property at all reasonable times for the purpose of installing, maintaining, monitoring and removing IGL Facilities and for any other purpose incidental to the provision of Service.

IGL and its employees, contractors and agents shall have the right to enter a Customer's property at any time for the purpose of dealing with any emergency situation relating to or posing a threat to persons, property, IGL Facilities, Customer Facilities, and/or the provision of Service.

After termination of Service to any Customer, IGL and its employees, contractors and agents shall have the right at reasonable times, to enter onto the Customer's property and premises to remove IGL Facilities.

The Customer shall provide IGL and its employees, contractors and agents with reasonable access to IGL Facilities located on the Customer's property.

7.3 Access to Meters:

IGL and its employees, contractors and agents shall be provided reasonable access to all metering equipment for the purpose of changing, servicing and reading such equipment.

The Customer shall be responsible for maintaining reasonable access to the meter. Where the Customer's Service address or location is generally locked during normal business hours, the Customer shall provide IGL, its employees, contractors or agents with a key to permit access to the meter.

If IGL informs a Customer that reasonable access to metering equipment is not being provided, then the Customer must take immediate action to remedy the situation. IGL may estimate billings until the situation has been remedied, remedy the situation on behalf of the Customer and apply the costs to the Customer's next regular billing, or discontinue Service to a Customer if the Customer fails to remedy the situation within a reasonable time.

8.0 **Metering**

8.1 Installation:

IGL shall provide, install and seal all meters necessary for any measurement in connection with the Service supplied to a Customer, unless otherwise specifically provided in an agreement between IGL and the Customer.

Any metering equipment used by IGL shall be installed, connected, operated and tested in accordance with applicable statutes, regulations, standards and codes. IGL may replace meters from time to time at its discretion.

8.2 Location:

IGL and the Customer will determine a reasonable location for a meter, and the Customer shall make the location available for the installation of the meter.

In selecting a meter location, the parties will, among other things, have regard for applicable statutes, regulations, standards and codes, the type of Service requested and convenience of access to the meter.

The Customer will ensure that the meter is reasonably accessible to IGL.

If IGL informs a Customer that a meter location has not been maintained in accordance with applicable statutes, regulations, standards and codes, any guidelines published by IGL from time to time, or any instructions given by IGL to the Customer, then the Customer must take immediate action to remedy the situation. IGL may discontinue Service to a Customer if the Customer fails to remedy the situation within a reasonable time, or, after notification, IGL may move the meter to an acceptable location and apply the costs associated with moving the meter to the Customer's next regular bill.

8.3 Meter Certification:

Meters shall be certified and, if necessary, re-certified by the Department of Measurement Canada or an accredited meter services organization.

A meter will be tested upon the written request of a Customer disputing the accuracy of a meter.

In the event that the test of the meter discloses that it is accurate within the limits prescribed by the *Electricity and Gas Inspection Act* S.C. 1980-81-82-83 and regulations, standards or guidelines thereunder, IGL shall charge the Customer a handling fee as set out on Schedule "B".

In the event that the test of the meter discloses that it is not accurate within the limits prescribed by the *Electricity and Gas Inspection Act* S.C. 1980-81-82-83 and regulations, standards or guidelines thereunder, the billings to the Customer based upon readings of the inaccurate meter shall be adjusted to correct for the error. Unless an examination of past meter readings or other information discloses the time at which the error commenced, then the error shall be deemed to have commenced on the date which is 3 months prior to the date of the testing of the meter or the date upon which the meter was installed or last tested, whichever occurred later.

8.4 Natural Gas Diversion:

If under any circumstance a person prevents a meter from accurately recording the Natural Gas supplied, IGL may disconnect the Service and take other action which IGL considers appropriate.

IGL may then estimate the amount of Natural Gas supplied but not registered at the Point of Delivery. The Customer shall pay IGL for the cost of the Customer's consumption as estimated by IGL plus all costs related to the investigation and resolution of the Service diversion.

9.0 **Meter Reading and Billing**

9.1 Meter Readings and Estimates:

IGL will use reasonable efforts to read meters a minimum of once every two months.

Invoices for Service provided to the Customer will be based upon actual meter readings where IGL has read the Customer's meter in a billing period, and upon meter readings estimated by IGL where IGL has not read the Customer's meter in a billing period. Estimates will be adjusted when actual meter readings are obtained.

Should a meter reading be disputed, the Customer shall pay the amount described as owing in the invoice. Upon certification of the meter reading, IGL will make any necessary adjustments.

9.2 Billing Adjustment:

(a) Over-billing:

IGL will refund to the Customer any amount which IGL incorrectly collected for the entire duration of the over-billing on the Customer's next bill following the discovery of the over-billing. If the duration of the over-billing cannot be determined with reasonable accuracy, the amount refunded will be the amount of the over-billing for the 3 months prior to the discovery of the over-billing.

If an adjustment for over-billing is made to an account that has been closed, IGL will make every reasonable attempt to contact the Customer.

(b) Under-billing:

IGL will invoice the Customer for any amount which IGL incorrectly did not collect from the Customer for the entire duration of the under-billing, up to a maximum period of 12 months. If the duration of the under-billing cannot be determined with reasonable accuracy, the amount invoiced will be the amount of the under-billing for the 3 months prior to discovery of the under-billing.

Notwithstanding the above, the adjustment period for under-billing will be for the entire period, regardless of the length of time, if the Customer has tampered with the meter or IGL Facilities, or has otherwise used Service provided by IGL in an unauthorized way.

In all cases of adjustments to under-billed accounts, IGL shall determine reasonable terms of repayment. The repayment shall be interest free and in equal installments corresponding to IGL's normal billing cycle. Section 9.5 of this

Agreement relating to late payment charges will apply if the repayment schedule is not adhered to.

9.3 Payment of Accounts:

Accounts in respect of charges for Service shall be sent on a regular basis to the Customer by IGL. The accounts become payable on the date they are issued by IGL.

Failure to receive a bill does not relieve a Customer from the obligation to pay the amount owing for any Service provided by IGL.

Should any billing by IGL be disputed, the Customer shall pay the amount described as owing in the invoice. Upon certification of the billed amounts, IGL will make any necessary adjustments.

In addition to payments for Service, the Customer is required to pay to IGL the amount of any tax or assessment levied by any tax authority on Service provided to the Customer (e.g., Goods and Services Tax).

9.4 Collections Administration Fee:

IGL may commence collection action when accounts are past due. When collection action is initiated, an administration fee as set out on Schedule "B" for initiating the collection action may be assessed to the Customer's account to partially recover IGL's administrative costs associated with taking such action.

9.5 Late Payment Charge:

IGL shall, in addition to other charges, impose a one time late payment charge of three and one-half (3½%) per cent for accounts which are not paid within 28 days after the account becomes payable.

9.6 Dishonoured Payments:

An additional administrative charge as set out in Schedule "B" will be assessed to reflect the administrative cost of processing any dishonoured payment. Dishonoured payments include cheques returned by the Customer's bank for any reason such as non-sufficient funds (NSF), stale date, differing body and figures, cheque unsigned, closed account, cheque cannot be traced, etc.

Following the receipt of three (3) dishonoured payments from a Customer, IGL may notify the Customer that only cash, a money order or certified cheque will be accepted for payment.

9.7 Outstanding Charges:

IGL may add to a Customer's bill any outstanding charges owing by the Customer to IGL (for example, Construction Contribution, account receivable charges, etc.).

10.0 **IGL Responsibility and Liability**

10.1 Continuous Supply:

IGL shall make all reasonable efforts to maintain uninterrupted Service to its Customers, but IGL does not guarantee uninterrupted Service.

Where IGL Facilities malfunction and IGL is unable to supply Service, IGL shall, with due regard for cost and circumstance:

- (a) promptly make repairs; and
- (b) pending repairs, take all reasonable steps to supply Service from other sources if other sources are reasonably available.

IGL shall, whenever possible, give the Customer reasonable notice of any anticipated interruption of Service pursuant to this Section 10.1 and will endeavour to ensure that such interruptions are as short and infrequent as circumstances permit.

10.2 Curtailed Program:

This Section will be applied in concert with Section 10.1. In the case of shortage of supply, capacity and other emergency situations, IGL will apportion available Natural Gas supply and/or capacity among its Customers in the most reasonable manner possible given the circumstances at the time.

Every shortage or emergency will have different circumstances and operational constraints, and the appropriate response by IGL will vary depending on those circumstances and constraints. Unless IGL determines, in its discretion, that a different response is necessary or appropriate, IGL will, to the extent practical, attempt to apply the following priorities, in the order listed, with (a) being the highest priority for uninterrupted Service and (f) being the lowest, when apportioning Natural Gas to Customers, in the case of shortage of supply, capacity and other emergency situations:

- (a) deliveries of Natural Gas to Residential Customers and General or Government Customers that are also residences (including Multiple Dwellings), provided the foregoing Customers are not Switchable Load;
- (b) deliveries of Natural Gas to General Customers that are not also residences, provided the foregoing Customers are not Switchable Load;

- (c) deliveries to Government Customers that are not also residences, provided the foregoing Customers are not Switchable Load;
- (d) deliveries of Natural Gas to Residential Customers and General or Government Customers that are also residences (including multiple Dwellings), and that are Switchable Load;
- (e) deliveries of Natural Gas to General Customers that are not also residences, and that are Switchable Load; and
- (f) deliveries of Natural Gas to Government Customers that are not also residences, and that are Switchable Load.

IGL shall, whenever possible, give Customers reasonable notice of any anticipated interruption of Service pursuant to this Section 10.2 and will endeavour to ensure that such interruptions are as short and infrequent as circumstances permit. Notwithstanding the foregoing, IGL may interrupt service to a Customer without notice where, in IGL's opinion, such curtailment is required pursuant to this Section 10.2.

10.3 IGL Liability:

IGL is not liable for any claim for financial loss or inconvenience or any other loss or damage of any kind caused to any person by reason of the failure to supply Service where IGL acts in accordance with Sections 10.1, 10.2, 13.1, 13.2, or 13.3, including, without limitation, for any financial loss or inconvenience or any other loss or damage of any kind caused to Switchable Load Customers due to being required to use alternate fuels to Natural Gas pursuant to Section 10.2.

A Customer shall have no claim against IGL for any financial loss or inconvenience or any other loss or damage of any kind suffered by the Customer by reason of IGL's failure:

- (a) to supply Service due to any cause beyond IGL's reasonable control, including, without limiting the generality of the foregoing, interruption in the supply of Natural Gas to IGL however caused, and any strike, lockout, riot, insurrection, civil commotion, fire, storm, flood, drought, invasion, act of God or of the Queen's enemies; or
- (b) to supply Service where the interruption of supply is considered necessary by IGL.

Without limiting the foregoing, where practical in the circumstances, IGL shall give prior notice to affected Customers of interruptions in the supply of Service.

11.0 **Customer Responsibility and Liability**

11.1 Indemnity:

The Customer shall indemnify and save harmless IGL from and against all costs, liabilities, losses, claims, expenses (including legal and other professional fees and disbursements) and damages of whatsoever nature or kind which IGL may incur and from all claims of third parties for any costs, damages, expenses, losses, injuries or loss of life arising out of, or in any way connected with, the use of Service, unless they are caused by the negligent acts or omissions or wilful misconduct of IGL, its employees, contractors or agents.

11.2 Customer's Equipment:

The Customer shall be responsible for the installation and condition of all facilities on the Customer's side of the Point of Delivery including, without limitation, the Customer Facilities, furnaces, hot water tanks and Natural Gas appliances, except metering or other equipment owned by IGL.

11.3 Customer's Installation and Operation:

Any of the Customer Facilities or other facilities owned by the Customer and connected directly or indirectly to the Customer Facilities shall be installed in accordance with the applicable statutes, regulations, standards and codes and after the completion of any inspections, and operated so as to cause no interference with IGL's Facilities or with any other Customer's Service. The Customer shall be responsible for and shall bear the costs of installing, maintaining, repairing and replacing Customer Facilities.

If IGL, its employees, contractors or agents respond to a request by the Customer for service of Customer Facilities, then IGL may charge the Customer a service fee as set out in Schedule "B", whether or not IGL, its employees, contractors or agents install, maintain, repair or replace any Customer Facilities.

11.4 Improper Operation or Installation:

Should the Customer fail to comply with Section 11.3, IGL may immediately suspend Service. Service will be recommenced when the failure is remedied to the satisfaction of IGL.

11.5 Damage:

The Customer shall be responsible for all damage caused to IGL Facilities located on the Customer's property where the damage is caused by the negligent acts or omissions or willful misconduct of the Customer or anyone permitted by the Customer to be on the property. The Customer shall pay for the cost of repairs or replacement of damaged IGL Facilities. At IGL's sole discretion, any such costs will be added to the Customer's regular bill or IGL will issue a separate invoice to the Customer for such costs.

11.6 Notice of Change in Connected Load:

The Customer shall provide IGL with reasonable prior notice of any significant change in the Customer's Connected Load. Notwithstanding any other provision of these Terms, IGL shall not be obligated to supply any Connected Load in excess of that agreed to by IGL.

11.7 Changes to IGL Facilities:

If IGL must modify IGL Facilities to accommodate a change in a Customer's Connected Load or the level of Service to a Customer, then in addition to any other costs which the Customer is required to pay under these Terms, the Customer shall pay the following costs:

- (a) the original capital cost of the existing IGL Facilities being removed, less accumulated depreciation and any amount paid by the Customer as a Customer Contribution toward those IGL Facilities; plus
- (b) IGL's estimate of the cost of removing the existing Facilities, less IGL's estimate of the salvage value of those facilities; plus
- (c) IGL's estimate of any other costs that may be associated with the removal of the existing Facilities.

Any difference between the actual costs incurred and the estimated costs shall be refunded or invoiced to the Customer.

12.0 **Termination of Service by Customer**

12.1 Notice:

Except as otherwise provided in a contract between IGL and a Customer, a Customer may, at any time, give IGL written notice, a minimum of 5 clear business days in advance, that the Customer wishes Service to the Point of Delivery terminated. Upon receipt of such notice, IGL shall conduct a final reading of the Customer's meter within a reasonable time, and shall use its reasonable efforts to read the Customer's meter on the date that the Customer has requested that Service be terminated. The Customer shall be liable for all amounts owing in respect of Service provided up to the time of the final reading.

Where the Customer's account is connected to a third party's property and/or asset (for example, User Pay Customers or tenants in a Multiple Unit Dwelling), IGL will make reasonable efforts to contact the third party.

12.2 Early Restoration:

If Service is terminated at the request of a Customer, whether or not the Service is disconnected by IGL, and if the same Customer requests restoration or reconnection of the Service to the premises under the same rate classification (or any replacement thereof) within 12 months, IGL shall require the Customer to pay:

- (a) the expenses IGL incurs in making the restoration or reconnection of the Service;
- (b) the sum of the Customer Charges which would have been paid by the Customer between the time of termination and the time of restoration or reconnection of the Service at the applicable rate; and
- (c) the Security Deposit required under Sections 5.6 and 5.7.

13.0 **Termination of Service by IGL**

13.1 Termination for Reasons of Safety:

IGL may, without notice, terminate Service to a Customer where, in IGL's opinion:

- (a) the Customer's Facilities, equipment or premises are unsafe and pose an immediate danger to life or property; or
- (b) the use of the Service may cause damage to IGL's Facilities, or interfere with, or disturb Service to any other Customer; or
- (c) the Customer Facilities or the Customer's equipment fails to comply with applicable statutes, regulations, standards and codes.

IGL will reconnect the Service when the safety problem is resolved and/or the Customer Facilities and equipment have been approved by the appropriate inspection department, and when the Customer has paid IGL's costs of providing such devices or equipment as may be necessary to resolve the safety problem and/or to prevent such damage, interference or disturbance.

13.2 Termination for Non-payment:

Where accounts are not paid by a Customer within 28 days after the accounts become payable, IGL may disconnect the service to the Customer at any time after having provided the Customer with a minimum of 48 hours notice of IGL's intention to disconnect service where accounts are not paid before the expiration of such notice.

Where accounts are paid after such notice, the Customer shall pay a Security Deposit as described in Sections 5.6 and 5.7 or may be required to increase the Security Deposit by an amount determined by IGL if one has already been paid.

Where disconnection action is initiated pursuant to this Section, an administration charge for initiating the disconnection action as set out in Schedule "B" shall be assessed to the Customer's account to partially recover IGL's administrative costs. Where payment is received prior to the disconnection of Service being completed, the administration charge shall remain on the Customer's account until the account is paid in full.

Where the payment received prior to the disconnection being completed is ultimately determined to be a dishonoured payment, IGL will not be required to initiate a second 48-hour disconnection notice and may proceed with disconnection action as appropriate.

Where accounts are not paid by a Customer before the expiration of a notice given to the Customer pursuant to this Section, IGL may forthwith disconnect the Customer from Service and may refuse to reconnect the Service until the outstanding accounts, a security deposit payable under Sections 5.6 and 5.7, and a reconnection charge are fully paid.

13.3 Termination Without Notice:

IGL may, without notice, terminate a Customer's Service where:

- (a) the Customer becomes bankrupt or enters receivership, or steps have been taken to terminate its existence as a legal entity; or
- (b) in IGL's opinion, tampering has occurred with any equipment used to provide Service, any meters, seals, or other IGL Facilities; or
- (c) the Customer makes fraudulent use of the Service being provided; or
- (d) the Customer changes Service requirements without the permission of IGL.

13.4 Removal of Facilities:

Upon termination of Service, IGL shall be entitled to remove any of its Facilities located upon the property of the Customer and to enter upon the Customer's property for that purpose.

14.0 **Waiver**

Any waiver by IGL, or failure of IGL, to exercise any of its remedies will be limited to the particular instance, and will not constitute a waiver of any other rights or remedy or extend to any other matter under, or in any way affect the validity or modify the meaning

or intent of, any provisions of these Terms. The exercise by IGL of any remedy provided for by these Terms will not operate to prevent IGL from pursuing any other remedy to which it is entitled.

SCHEDULE "A"

MAXIMUM IGL INVESTMENT

IGL will determine the Maximum IGL Investment respecting the extension or modification of IGL Facilities required to service a Customer having regard to the need for IGL to remain competitive with suppliers of alternative fuels in the marketplace and the following factors: IGL's then current forecasts of the cost of alternative fuels in the marketplace, system operating costs and life-cycle return to shareholders, the expected remaining life of the distribution system and gas supply, the additional capital and operating costs that would be associated with the expansion, the expected change in system throughput resulting from the expansion, and the potential for further market expansion.

SCHEDULE "B"

SERVICE CHARGES

| | |
|--|-------------------|
| Service Connection Fee | \$50.00 |
| Service Reconnection Fee | \$50.00 |
| Natural Gas Bill Copying Charges (per page) | \$10.00 |
| Meter Accuracy Test Handling Fee (Residential) | Time and Material |
| Meter Accuracy Test Handling Fee (General) | Time and Material |
| Administration Fee for Commencing Collection Action | \$25.00 |
| Service Call Response Fee | \$50.00 |
| Administration Fee for Initiating Disconnection Action | \$25.00 |
| Dishonored Payments | \$20.00 |

At IGL's sole discretion, IGL may waive the payment of Service Connection fee for initial service connections made prior to December 31, 2001.

SCHEDULE "C"

SECURITY DEPOSITS

(a) Residential Customers

For Customers with less than one year of previous billing history with IGL, an amount, as estimated by IGL, equal to the sum of the billings for the two months during which IGL forecasts the highest consumption of Natural Gas at that Service location.

For Customers with at least one year of previous billing history with IGL, an amount, as calculated by IGL, equal to the sum of the billings for the two months having the highest Natural Gas consumption during the most recent one year period.

(b) General Customers

For a Service Connection at a location with less than one year of previous billing history with IGL, an amount, as estimated by IGL, equal to the sum of the billings for the two months during which IGL forecasts the highest consumption of Natural Gas at that Service location.

For a Service Connection at a location with at least one year of previous billing history with IGL, an amount, as calculated by IGL, equal to the sum of the billings for the two months having the highest Natural Gas consumption during the most recent one year period.

At IGL's sole discretion, IGL may waive the payment of the applicable security deposit for service connections made prior to December 31, 2001.

**INUVIK GAS LTD.
RATE SCHEDULES**

RATE 1 – RESIDENTIAL SERVICE

Applicability:

This rate applies to the delivery of Natural Gas or the making available of Natural Gas for delivery to:

- (a) a detached single family dwelling used exclusively as a residence; and
- (b) an individual unit in a residential building containing more than one unit where Service is provided to the unit through a single meter which does not serve another unit in the residential building and the unit is used exclusively as a residence.

Rate:

| | |
|----------------------------------|--|
| Customer Charge (per month) | \$ Not Applicable |
| Delivery Charge (per GJ) | \$ Not Applicable |
| Gas Supply Charge (per GJ) | \$ Not Applicable |
| Gas Distribution Charge (per GJ) | \$ 8.27 plus the Landed Cost of Propane* |

Terms and Conditions of Service:

The provisions in Inuvik Gas Ltd.'s Terms and Conditions of Service apply to the Service provided under this Rate Schedule.

Effective Date:

This Rate Schedule applies to all bills rendered for Natural Gas consumed on and after January 1, 2013.

* "Landed Cost of Propane" means the cost paid by IGL using commercially reasonable efforts to procure, transport, and deliver propane to IGL Facilities at Inuvik, expressed on a GJ basis, pursuant to a formal request for proposal process to suppliers of propane and selection by IGL of the successful proposal in consultation with the Town of Inuvik. Such cost shall be posted on the IGL website prior to being charged to Residential Service Customers.

RATE 2 – GENERAL SERVICE

Applicability:

This rate applies to the delivery of Natural Gas or the making available of Natural Gas for delivery to premises which are not used exclusively for residential purposes. Without limitation, this rate is applicable where Natural Gas is delivered or made available for delivery to:

- (a) premises on which a business is carried on or a manufacturing or industrial process occurs;
- (b) a single family dwelling where a business is carried on within the dwelling and the entire dwelling is supplied through one meter;
- (c) a common use area associated with a group of residential dwellings (for example, utility rooms); and
- (d) a residential building containing more than one unit which is supplied through a single meter.

Rate:

| | |
|----------------------------------|--|
| Customer Charge (per month) | \$ Not Applicable |
| Delivery Charge (per GJ) | \$ Not Applicable |
| Gas Supply Charge (per GJ) | \$ Not Applicable |
| Gas Distribution Charge (per GJ) | \$ 8.27 plus the Landed Cost of Propane* |

Terms and Conditions of Service:

The provisions in Inuvik Gas Ltd.'s Terms and Conditions of Service apply to the Service provided under this Rate Schedule.

Effective Date:

This Rate Schedule applies to all bills rendered for Natural Gas consumed on and after January 1, 2013.

* "Landed Cost of Propane" means the cost paid by IGL using commercially reasonable efforts to procure, transport, and deliver propane to IGL Facilities at Inuvik, expressed on a GJ basis, pursuant to a formal request for proposal process to suppliers of propane and selection by IGL of the successful proposal in consultation with the Town of Inuvik. Such cost shall be posted on the IGL website prior to being charged to General Service Customers.

RATE 3 – GOVERNMENT SERVICE

Applicability:

This rate applies to the delivery of Natural Gas or the making available of Natural Gas for delivery in accordance with the terms of the Special Contract entered into pursuant to Section 3.2 of these Terms and Conditions between IGL and the Government of the Northwest Territories and the Northwest Territories Housing Corporation dated July 18, 2012 (the "Special Contract").

Rate:

| | |
|----------------------------------|-------------------|
| Customer Charge (per month) | \$ Not Applicable |
| Delivery Charge (per GJ) | \$ Not Applicable |
| Gas Supply Charge (per GJ) | \$ Not Applicable |
| Gas Distribution Charge (per GJ) | \$41.00 |

Terms and Conditions of Service:

The provisions in IGL's Terms and Conditions apply to the Service provided under this Rate Schedule except to the extent that they have been amended by the Special Contract. If there is any conflict between a provision expressly set out in these Terms and Conditions, as may be amended from time to time, and the Special Contract, the express provisions of the Special Contract shall govern.

Effective Date:

This Rate Schedule applies to all bills rendered in accordance with the terms of the Special Contract on and after August 1, 2012 for the Government of the Northwest Territories' forecast consumption levels over the period of April 1, 2012 to March 31, 2013.