

TransCanada Alaska Company, LLC

INDICATIVE FERC GAS TARIFF

Communications Concerning This Tariff
Should Be Addressed To:

[insert]
Agent and Attorney-in-Fact

Telephone:

Facsimile:

TransCanada Alaska Company, LLC
[address]

TransCanada Alaska Company, LLC
Indicative FERC Gas Tariff

Indicative Sheet No. 1

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Indicative Sheet No. 4

PRELIMINARY STATEMENT

TransCanada Alaska Company, LLC (TransCanada Alaska) is a Natural Gas Transporter primarily engaged in the business of transporting and treating Natural Gas and is subject to the jurisdiction of the Federal Energy Regulatory Commission ("FERC" or "Commission").

TransCanada Alaska is organized and existing under the laws of Delaware and provides service to Shippers that have executed Agreements in the forms contained in this Tariff or other Agreements approved by FERC.

TransCanada Alaska's transportation facilities commence from production facilities at Point Thomson, extend to a Gas treatment plant near Prudhoe Bay and continue to an interconnection with Foothills Pipe Lines (South Yukon) Ltd. at the Alaska/Yukon border.

The currently effective rates, rate schedules, general terms and conditions, and forms of agreements applicable to the services performed by TransCanada Alaska are contained herein.

[Note: As applicable, the provisions of the TransCanada Alaska tariff will be aligned with the provisions of the Foothills Pipe Lines (South Yukon) Ltd. tariff filed with the NEB.]

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Indicative Sheet No. 6

STATEMENT OF RECOURSE RATES^{1/ 2/}

<u>Rate Schedule</u>	<u>Base Tariff Rate</u>
FT-1	
Zone 1	
Reservation Rate (\$ per MMBtu of contractual entitlements)	
Maximum	[\$]
Minimum	[\$]
Commodity Rate (\$ per MMBtu)	
Maximum	[\$]
Minimum	[\$]
Authorized Overrun Service Commodity Rate (\$ per MMBtu)	[\$]
Zone 2: Treatment Quantities	
Reservation Rate (\$ per MMBtu of contractual entitlements)	
Maximum	[\$]
Minimum	[\$]
Commodity Rate (\$ per MMBtu)	
Maximum	[\$]
Minimum	[\$]
Authorized Overrun Service Commodity Rate (\$ per MMBtu)	[\$]

^{1/}Transporter's Recourse Rates shall be adjusted annually to reflect a return on equity equal to the U.S. 10-year Treasury Note rate plus 965 basis points and may also be adjusted pursuant to Section 4 of the Natural Gas Act.

^{2/}All Shippers shall provide Transporter Fuel and Lost and Unaccounted for Gas under Section 41 of the General Terms and Conditions.

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STATEMENT OF RECOURSE RATES^{1/ 2/} (Continued)

<u>Rate Schedule</u>	<u>Base Tariff Rate</u>
FT-1	
Zone 3: In-State Deliveries	
Reservation Rate (\$ per MMBtu of contractual entitlements)	
Maximum	[\$]
Minimum	[\$]
Commodity Rate (\$ per MMBtu)	
Maximum	[\$]
Minimum	[\$]
Authorized Overrun Service Commodity Rate (\$ per MMBtu)	[\$]
Zone 3: Export Deliveries	
Reservation Rate (\$ per MMBtu of contractual entitlements)	
Maximum	[\$]
Minimum	[\$]
Commodity Rate (\$ per MMBtu)	
Maximum	[\$]
Minimum	[\$]
Authorized Overrun Service Commodity Rate (\$ per MMBtu)	[\$]

^{1/}Transporter's Recourse Rates shall be adjusted annually to reflect a return on equity equal to the U.S. 10-year Treasury Note rate plus 965 basis points and may also be adjusted pursuant to Section 4 of the Natural Gas Act.

^{2/} All Shippers shall provide Transporter Fuel and Lost and Unaccounted for Gas under Section 41 of the General Terms and Conditions.

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Indicative Sheet No. 8

STATEMENT OF RECOURSE RATES^{1/} ^{2/}

<u>Rate Schedule</u>	<u>Base Tariff Rate</u>
IT-1	
Maximum	[\$]
Minimum	[\$]
Treatment Quantities per MMBtu	[\$]
PAL	
Daily Maximum Reservation Rate per MMBtu	[\$]
Daily Minimum Reservation Rate per MMBtu	[\$]
Daily Maximum Commodity Rate per MMBtu	[\$]
Daily Minimum Commodity Rate per MMBtu	[\$]

^{1/}Transporter's Recourse Rates shall be adjusted annually to reflect a return on equity equal to the U.S. 10-year Treasury Note rate plus 965 basis points and may also be adjusted pursuant to Section 4 of the Natural Gas Act.

^{2/}All Shippers shall provide Transporter Fuel and Lost and Unaccounted for Gas under Section 41 of the General Terms and Conditions.

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STATEMENT OF RECOURSE RATES

Rates per MMBtu

	Commodity Rate -----
Annual Charge Adjustment ("ACA") Rate ^{1/}	[\$]
Change in Law/Tax/Regulation Surcharge ^{1/}	[\$]

^{1/}Rates are charged in accordance with Section 16 of the General Terms and Conditions.

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STATEMENT OF NEGOTIATED RATES^{1/ 2/ 3/}

Shipper Name	Agreement Number	Rate Schedule	Maximum Contractual [MMBtu or Mcf/d]	Reservation Rate	Commodity Rate	Authorized Overrun Rate ^{4/}	Receipt Point Name	Delivery Point Name	Contract Term
--------------	------------------	---------------	--------------------------------------	------------------	----------------	---------------------------------------	--------------------	---------------------	---------------

^{1/}Unless otherwise noted, Negotiated Rate service agreements do not deviate in any material respect from the applicable Form of Service Agreement set forth in Transporter's FERC Gas Tariff.

^{2/}Unless otherwise noted, this Tariff sheet reflects the essential elements of the Negotiated Rates, including a specification of all consideration.

^{3/}All Shippers shall provide Transporter Fuel and Lost and Unaccounted for Gas under Section 41 of the General Terms and Conditions.

^{4/}The negotiated Authorized Overrun Rate shall be set at the 100% load factor Recourse Rate.

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Indicative Sheet No. 100

RATE SCHEDULE FT-1
FIRM TRANSPORTATION SERVICE

1. AVAILABILITY

This Rate Schedule is available to any Person (hereinafter referred to as Shipper) desiring the transportation of Natural Gas on a firm basis, provided the capacity is or will be available on a firm basis on Transporter's facilities for the term of service requested and provided further that Shipper has made arrangements acceptable to Transporter on upstream and downstream facilities.

2. QUALIFICATION FOR SERVICE

- 2.1 Requests for firm transportation service under this Rate Schedule shall be subject to Section 30 of the General Terms and Conditions.
- 2.2 Requests for firm service under this Rate Schedule shall satisfy the creditworthiness provisions under Section 40 of the General Terms and Conditions.
- 2.3 Requests for firm service under this Rate Schedule and qualifying for service shall execute a Rate Schedule FT-1 Service Agreement with Transporter prior to the Billing Commencement Date.

3. APPLICABILITY AND CHARACTER OF SERVICE

- 3.1 This Rate Schedule shall apply to firm transportation of Natural Gas provided pursuant to the terms of Shipper's Rate Schedule FT-1 Service Agreement. This service shall be provided to any Shipper, on a non-discriminatory basis, to the extent Transporter determines firm capacity is available.
- 3.2 Except as otherwise required by law, Transporter shall not be required to modify, install, operate, or maintain any facilities on its pipeline system in order to provide transportation service under this Rate Schedule. However, Transporter may modify, install, operate, or maintain facilities on its pipeline system in accordance with Section 19 of the General Terms and Conditions.

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RATE SCHEDULE FT-1
FIRM TRANSPORTATION SERVICE

4. RATES

4.1 Applicable Rates and Charges

The applicable rates for service under this Rate Schedule are set forth on the currently effective Statement of Recourse Rates of this Tariff and are incorporated herein. For all service hereunder, Shipper shall pay Transporter each month the sum of the applicable charges listed in this Section 4.

4.2 Transportation Rates and Charges

Shipper shall pay Transporter each month the sum of the charges listed below:

4.2.1 Reservation Charge - The product of 1) the applicable reservation rate per MMBtu for transportation or treatment in accordance with the Statement of Recourse Rates and 2) Shipper's Maximum Delivery Quantity as set forth on Exhibit A of Shipper's Rate Schedule FT-1 Service Agreement. Reservation Charges shall be reduced for amounts received from Replacement Shippers. Reservation Charges shall not be reduced during periods of interruption of firm service unless Shipper has capacity at the GTP as set forth on Exhibit A of the Shipper's FT-1 Service Agreement that is reduced for a planned turnaround at the GTP.

4.2.2 Commodity Charge - The daily Maximum Commodity Rate set forth on the Statement of Recourse Rates for Rate Schedule FT-1 multiplied by the quantity of Gas delivered on an MMBtu basis or treated by Transporter under Rate Schedule FT-1 for Shipper.

4.3 Gas Treatment Service Charges

Shipper shall pay Transporter the Gas Treatment Service Charges in Section 4.2 if

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RATE SCHEDULE FT-1
FIRM TRANSPORTATION SERVICE

4. RATES (Continued)

4.3 Gas Treatment Service Charges (continued)

Shipper elects to have Natural Gas Tendered to Transporter under this Rate Schedule treated in Transporter's jurisdictional facilities.

4.4 Other Rates and Charges

4.4.1 Annual Charge Adjustment ("ACA") and Change in Law/Regulation Surcharge

Shipper shall pay Transporter the ACA and other surcharges as defined and computed in accordance with Section 16 of the General Terms and Conditions.

4.4.2 Other Charges

Transporter reserves the right to seek authorization to collect various surcharges and other types of rates other than those identified in this Section 4. Shipper shall pay Transporter for any other applicable FERC approved charges that apply to service under this Rate Schedule.

4.4.3 Third Party Charges

Shipper may, on a non-discriminatory basis, be required to pay Transporter, if applicable, any Third Party Charges for off-system service in accordance with Subsection 39.2 of the General Terms and Conditions. In no event shall such Third Party Charges paid by Shipper exceed the amount incurred and paid by Transporter for the applicable off-system services.

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RATE SCHEDULE FT-1
FIRM TRANSPORTATION SERVICE

4. RATES (Continued)

4.4.4 Backhaul Charge

For any Backhaul, Shipper shall pay Transporter the applicable rates and charges set forth in Subsections 4.2 and 4.3 herein plus the lost and unaccounted for component of the Transporter Fuel and Lost and Unaccounted for Gas Percentage, as set forth in Section 41 of the General Terms and Conditions.

4.5 Discounted Rates

Notwithstanding the foregoing provisions of this Section 4, Transporter may agree to discounted rates for service hereunder in accordance with Section 38 of the General Terms and Conditions.

In the event secondary points are utilized which impact the directional flow of a discounted Backhaul transaction, such Backhaul discount shall not be applicable to such secondary points unless otherwise expressly agreed to in writing by Transporter. Utilization of such secondary points shall be billed the applicable Maximum Commodity Rate under Rate Schedule IT-1 set forth on the currently effective Statement of Recourse Rates.

4.6 Negotiated Rates

Notwithstanding the foregoing provisions of this Section 4, Transporter and Shipper may mutually agree to Negotiated Rates for service hereunder as provided in Section 38 of the General Terms and Conditions.

4.7 Shipper's Obligation to Pay

In accordance with Section 6 of the General Terms and Conditions, Shipper shall be obligated to pay to Transporter its respective monthly billing invoice effective on the Billing Commencement Date of the respective Service Agreement.

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RATE SCHEDULE FT-1
FIRM TRANSPORTATION SERVICE

5. TRANSPORTER FUEL AND LOST AND UNACCOUNTED FOR GAS

Shipper shall provide Transporter Fuel and Lost and Unaccounted for Gas associated with rendering transportation service pursuant to this Rate Schedule. The applicable Transporter Fuel and Lost and Unaccounted for Gas Percentage shall be posted on Transporter's public Internet website in accordance with Section 41 of the General Terms and Conditions. Separate Transporter Fuel and Lost and Unaccounted for Gas quantities will be identified for Shippers electing Transporter's Gas treatment services.

6. AUTHORIZED OVERRUN SERVICE ("AOS")

Quantities of Gas Shipper desires to transport in excess of Shipper's Maximum Delivery Quantity shall be scheduled in accordance with General Terms and Conditions Section 10.5.1 and shall be subject to the Maximum AOS Rate, unless a rate is otherwise agreed to by Transporter, in a not unduly discriminatory manner.

7. RIGHT OF FIRST REFUSAL

A right of first refusal shall be applicable to a Shipper receiving service in accordance with Section 18 of the General Terms and Conditions.

8. RELEASE OF FIRM CAPACITY

Any Shipper receiving service under this Rate Schedule FT-1 shall have the right to release its firm capacity rights on a permanent or temporary basis in accordance with Section 27 of the General Terms and Conditions or the applicable Service Agreement, provided, however, that Transporter may refuse to allow a permanent release if it has a reasonable basis to conclude that it will not be financially or economically indifferent to the release and provided further that Transporter's consent shall not be unreasonably withheld.

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RATE SCHEDULE FT-1
FIRM TRANSPORTATION SERVICE

9. UNIFORM QUANTITIES

As nearly as practical, Shipper shall deliver and receive Gas in uniform hourly quantities during any day. However, Transporter shall use its reasonable efforts, as operational conditions permit, to allow a Shipper to deliver or receive Gas in non-uniform hourly quantities during any day.

10. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions contained in this Tariff are applicable to this Rate Schedule and service hereunder and are made a part hereof to the extent that such terms and conditions are not contradicted by any provision herein. To the extent any terms and conditions specified in this Rate Schedule are inconsistent with the General Terms and Conditions, the Rate Schedule shall govern. To the extent that any terms and conditions in this Rate Schedule or in the General Terms and Conditions are inconsistent with the Rate Schedule FT-1 Firm Transportation Agreement, the terms of the Rate Schedule FT-1 Firm Transportation Agreement shall govern.

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RATE SCHEDULE FT-1
FIRM TRANSPORTATION SERVICE

11. OPTIONAL FIRM GAS TREATMENT SERVICE

11.1 AVAILABILITY

This Service is available to any Person which has executed a Rate Schedule FT-1 Firm Transportation Service Agreement (hereinafter referred to as Shipper) desiring the treatment of Natural Gas on a firm basis provided the capacity is or will be available on a firm basis on Transporter's Gas treatment plant facilities for the term of service requested.

11.2 QUALIFICATION FOR SERVICE

Requests for firm Gas treatment service shall be subject to Section 30 of the General Terms and Conditions.

11.3 APPLICABILITY AND CHARACTER OF SERVICE

11.3.1 This service shall be provided to any Shipper, on a non-discriminatory basis, to the extent Transporter determines firm Gas treatment service capacity is available.

11.3.2 Except as required by law, Transporter shall not be required to modify, install, operate, or maintain any facilities on its pipeline system in order to provide Gas treatment service. However, Transporter may modify, install, operate, or maintain facilities on its pipeline system in accordance with Section 19 of the General Terms and Conditions.

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RATE SCHEDULE FT-1
FIRM TRANSPORTATION SERVICE

11. OPTIONAL FIRM GAS TREATMENT SERVICE (Continued)

11.3 APPLICABILITY AND CHARACTER OF SERVICE (Continued)

11.3.3 Gas Treatment Service shall include the removal of acid Gas (CO₂ and sulfur), and the dehydration and compression of both acid Gas and Gas delivered at the outlet of the Gas Treatment Plant ("GTP") for downstream transportation. Acid Gas removal and the refrigeration, dehydration and compression of Gas will allow Shipper to meet the Gas quality specifications applicable to downstream facilities.

11.4 RATES

11.4.1 Applicable Rates and Charges

The applicable rates for Gas treatment service are set forth on the currently effective Statement of Recourse Rates of this Tariff and are incorporated herein. For all service hereunder, Shipper shall pay Transporter each month the sum of the applicable charges listed in this Section 11.4.

11.4.2 Gas Treatment Service Rates and Charges

Shipper shall pay Transporter each month the applicable charges listed below:

11.4.2.1 The product of the Gas Treatment Reservation Rate and Shipper's Maximum Treatment Quantity.

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RATE SCHEDULE FT-1

FIRM TRANSPORTATION SERVICE

11. OPTIONAL FIRM GAS TREATMENT SERVICE (Continued)

11.4. RATES (Continued)

11.4.2 Gas Treatment Service Rates and
Charges (Continued)

11.4.2.2 The product of the Maximum Gas
Treatment Commodity Rate set forth
on the Statement of Recourse Rates
multiplied by the quantity of Gas
treated.

11.4.3 Other Rates and Charges

Transporter reserves the right to seek
authorization to collect various other
surcharges and other types of rates other
than those identified in this Section 11.4.
Shipper shall pay Transporter for any other
applicable FERC approved charges that apply
to Gas treatment service.

11.5 Discounted Rates

Notwithstanding the foregoing provisions of this
Section 11.4, Transporter may agree to discounted
rates for Gas treatment service in accordance with
Section 38 of the General Terms and Conditions.

11.6 Negotiated Rates

Notwithstanding the foregoing provisions of this
Section 11.4, Transporter and Shipper may mutually
agree to Negotiated Rates for Gas treatment service as
provided in Section 37 of the General Terms and
Conditions.

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RATE SCHEDULE FT-1
FIRM TRANSPORTATION SERVICE

11. OPTIONAL FIRM GAS TREATMENT SERVICE (Continued)

11.7 TRANSPORTER FUEL AND LOST AND UNACCOUNTED FOR GAS

Shipper shall provide Transporter Fuel and Lost and Unaccounted for Gas associated with rendering Gas treatment service. The applicable Transporter Fuel and Lost and Unaccounted for Gas Quantities Percentage shall be posted on Transporter's public Internet website in accordance with Section 42 of the General Terms and Conditions.

11.8 AUTHORIZED OVERRUN

Quantities of Gas Shipper desires to treat in excess of Shipper's Maximum Treatment Quantity shall be scheduled in accordance with General Terms and Conditions Section 10.5.1 and shall be subject to the Maximum AOS Gas treatment charge unless a rate is otherwise agreed to by Transporter, in a not unduly discriminatory manner.

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RATE SCHEDULE IT-1
INTERRUPTIBLE TRANSPORTATION SERVICE

1. AVAILABILITY

This Rate Schedule is available to any Person (hereinafter referred to as Shipper) desiring the transportation of Natural Gas on an interruptible basis.

2. QUALIFICATION FOR SERVICE

2.1 Requests for interruptible transportation service under this Rate Schedule shall be subject to Section 30 of the General Terms and Conditions.

2.2 Shippers requesting interruptible service under this Rate Schedule shall satisfy the creditworthiness provisions under Section 40 of the General Terms and Conditions. Demonstration of creditworthiness will be required upon Transporter's receipt of each nomination pursuant to Section 10 of the General Terms and Conditions.

2.3 Shippers qualifying for service under this Rate Schedule shall execute a Rate Schedule IT-1 Interruptible Transportation Agreement with Transporter prior to commencement of service.

3. APPLICABILITY AND CHARACTER OF SERVICE

3.1 This Rate Schedule shall apply to the interruptible transportation of Natural Gas up to the Total Interruptible Delivery Quantity set forth on Exhibit A of Shipper's Rate Schedule IT-1 Interruptible Transportation Agreement. This service shall be provided to any Shipper, on a non-discriminatory basis, and shall be allocated in accordance with Section 10 of the General Terms and Conditions.

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RATE SCHEDULE IT-1
INTERRUPTIBLE TRANSPORTATION SERVICE

3. APPLICABILITY AND CHARACTER OF SERVICE (Continued)

3.2 Transporter shall not be required to modify, install, operate, or maintain any facilities on its pipeline system in order to provide transportation service under this Rate Schedule. However, Transporter may modify, install, operate, or maintain facilities on its pipeline system in accordance with Section 19 of the General Terms and Conditions.

4. RATES

4.1 Applicable Rates and Charges

The applicable rates for service under this Rate Schedule are set forth on the currently effective Statement of Recourse Rates of this Tariff and are incorporated herein. For all service rendered hereunder, Shipper shall pay Transporter each month the sum of the applicable charges listed in this Section 4.

4.2 Transportation Rates and Charges

Shipper shall pay Transporter each month the applicable charges listed below:

4.2.1 Commodity Charge - The daily Maximum Commodity Rate set forth on the Statement of Recourse Rates for Rate Schedule IT-1 multiplied by the quantity of Gas delivered by Transporter under Rate Schedule IT-1 for Shipper.

4.2.2 Gas Treatment Service Charges

Shipper shall pay Transporter's Gas Treatment Service Charges if Shipper elects to have Natural Gas Tendered to Transporter under this Rate Schedule treated in Transporter's Gas treatment plant facilities.

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RATE SCHEDULE IT-1
INTERRUPTIBLE TRANSPORTATION SERVICE

4. RATES (Continued)

4.2 Transportation Rates and Charges (Continued)

4.2.3 Annual Charge Adjustment ("ACA") Shipper shall pay Transporter the ACA and other surcharges as defined and computed in accordance with Section 16 of the General Terms and Conditions.

4.2.4 Other Charges

Transporter reserves the right to seek authorization to collect various surcharges and other types of rates under this Section 4. Shipper shall pay Transporter for any other applicable FERC approved charges that apply to service under this Rate Schedule.

4.2.5 Third Party Charges

Shipper may, on a non-discriminatory basis, be required to pay Transporter, if applicable, any Third Party Charges in accordance with Subsection 39.2 of the General Terms and Conditions. In no event shall such Third Party Charges paid by Shipper exceed the amount incurred and paid by Transporter for the applicable services.

4.2.6 Backhaul Charge

For any Backhaul, Shipper shall pay Transporter the applicable rates and charges set forth in Subsections 4.2 and 4.3 herein plus the lost and unaccounted for component of the Transporter Fuel and Lost and Unaccounted for Gas Percentage, as set forth in Section 41 of the General Terms and Conditions

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RATE SCHEDULE IT-1
INTERRUPTIBLE TRANSPORTATION SERVICE

4. RATES (Continued)

4.3 Discounted Rates

Notwithstanding the foregoing provisions of this Section 4, Transporter may agree to discounted rates for service hereunder in accordance with Section 38 of the General Terms and Conditions.

In the event secondary points are utilized which impact the directional flow of a discounted Backhaul transaction, such Backhaul discount shall not be applicable to such secondary points unless otherwise expressly agreed to in writing by Transporter. Utilization of such secondary points shall be billed the applicable Maximum Commodity Rate under Rate Schedule IT-1 set forth on the currently effective Statement of Recourse Rates.

4.4 Negotiated Rates

Notwithstanding the foregoing provisions of this Section 4, Transporter and Shipper may mutually agree to Negotiated Rates for service hereunder as provided in Section 37 of the General Terms and Conditions.

5. TRANSPORTER FUEL AND LOST AND UNACCOUNTED FOR GAS

Shipper shall provide Transporter Fuel and Lost and Unaccounted for Gas associated with rendering Forwardhaul transportation service pursuant to this Rate Schedule. The applicable Transporter Fuel and Lost and Unaccounted for Gas Quantities Percentage shall be posted on Transporter's public Internet website in accordance with Section 41 of the General Terms and Conditions.

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RATE SCHEDULE IT-1
INTERRUPTIBLE TRANSPORTATION SERVICE

6. UNIFORM QUANTITIES

As nearly as practical, Shipper shall deliver and receive Gas in uniform hourly quantities during any day. However, Transporter shall use its reasonable efforts, as operational conditions permit, to allow a Shipper to deliver or receive Gas in non-uniform hourly quantities during any day.

7. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions contained in this Tariff are applicable to this Rate Schedule and service hereunder and are made a part hereof to the extent that such terms and conditions are not contradicted by any provision herein. To the extent any terms and conditions specified in this Rate Schedule are inconsistent with the General Terms and Conditions, this Rate Schedule shall govern.

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RATE SCHEDULE IT-1
INTERRUPTIBLE TRANSPORTATION SERVICE

8. OPTIONAL INTERRUPTIBLE GAS TREATMENT SERVICE

8.1 Availability

This service is available to any Person which has executed an Interruptible Transportation Service Agreement (hereinafter referred to as Shipper) desiring the treatment of Natural Gas on an interruptible basis.

8.2 Qualification For Service

8.2.1 Requests for interruptible Gas treatment service shall be subject to Section 30 of the General Terms and Conditions.

8.2.2 Shippers requesting interruptible Gas treatment service shall satisfy the creditworthiness provisions under Section 40 of the General Terms and Conditions. Demonstration of creditworthiness will be required upon Transporter's receipt of each nomination pursuant to Section 10 of the General Terms and Conditions.

8.3. Applicability And Character Of Service

8.3.1 This service shall be provided to any Shipper, on a non-discriminatory basis, and shall be allocated in accordance with Section 10 of the General Terms and Conditions.

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RATE SCHEDULE IT-1
INTERRUPTIBLE TRANSPORTATION SERVICE

8. OPTIONAL INTERRUPTIBLE GAS TREATMENT SERVICE (Continued)

8.3 Applicability And Character Of Service (Continued)

8.3.2 Transporter shall not be required to modify, install, operate, or maintain any facilities on its pipeline system in order to provide interruptible Gas treatment service. However, Transporter may modify, install, operate, or maintain facilities on its pipeline system in accordance with Section 19 of the General Terms and Conditions.

8.4 Charges

8.4.1 Applicable Rates and Charges

The applicable charges for Gas treatment service are set forth on the currently effective Statement of Recourse Rates of this Tariff and are incorporated herein. For all service rendered hereunder, Shipper shall pay Transporter each month the sum of the applicable charges listed in this Section 8.4.

8.4.2 Gas Treatment Plant Charges

Shipper shall pay Transporter each month the applicable charge listed below:

8.4.2.1 Commodity Charges - The daily Maximum Gas Treatment Charge multiplied by the quantity of Gas treated on an MMBtu basis by Transporter.

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RATE SCHEDULE IT-1
INTERRUPTIBLE TRANSPORTATION SERVICE

8. OPTIONAL INTERRUPTIBLE GAS TREATMENT SERVICE (Continued)

8.4. Charges (Continued)

8.4.3 Other Rates and Charges

8.4.3.2 Other Charges

Transporter reserves the right to seek authorization to collect various surcharges and other types of rates other than those set forth in this Section 8.4. Shipper shall pay Transporter any other applicable FERC approved charges that apply to service under this Rate Schedule.

8.4.3.3 Third Party Charges

Shipper may, on a non-discriminatory basis, be required to pay Transporter, if applicable, any Third Party Charges for off-system services in accordance with Subsection 39.2 of the General Terms and Conditions. In no event shall such Third Party Charges paid by Shipper exceed the amount incurred and paid by Transporter for the applicable off-system services.

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RATE SCHEDULE IT-1
INTERRUPTIBLE TRANSPORTATION SERVICE

8. OPTIONAL INTERRUPTIBLE GAS TREATMENT SERVICE (Continued)

8.5 Discounted Rates

Notwithstanding the foregoing provisions of Section 8.4, Transporter may agree to discounted rates for service hereunder in accordance with Section 38 of the General Terms and Conditions.

8.6 Negotiated Rates

Notwithstanding the foregoing provisions of Section 8.4, Transporter and Shipper may mutually agree to Negotiated Rates for service hereunder as provided in Section 37 of the General Terms and Conditions.

8.7. Transporter Fuel and Lost and Unaccounted for Gas

Shipper shall provide Transporter Fuel and Lost and Unaccounted for Gas associated with rendering Gas treatment service. The applicable Transporter Fuel and Lost and Unaccounted for Gas quantities shall be posted on Transporter's public Internet website in accordance with Section 41 of the General Terms and Conditions.

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RATE SCHEDULE PAL
PARK AND LOAN SERVICE

1. AVAILABILITY

1.1 Availability of Service

This Rate Schedule is available to any Person desiring interruptible park and loan ("PAL") service from Transporter which has executed a PAL Agreement under this Rate Schedule (a "Shipper" for purposes of this Rate Schedule). Transporter shall provide PAL service on a non-discriminatory basis: (1) subject to Transporter's ability to provide such service and (2) at the sole discretion of Transporter.

1.2 Limits on Service

1.2.1 Existing Facilities and Services

Transporter shall not be required to provide service under this Rate Schedule that would require Transporter to construct or acquire any new facilities, or prevent Transporter from providing any other firm or interruptible service.

1.2.2 Creditworthiness

Transporter shall not be required to execute a PAL Agreement under this Rate Schedule prior to determining the creditworthiness of Shipper. Furthermore, Transporter shall not be required to perform service under this Rate Schedule on behalf of any Shipper who fails to satisfy the creditworthiness provisions under Section 40 of the General Terms and Conditions.

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TransCanada Alaska Company, LLC
Indicative FERC Gas Tariff

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RATE SCHEDULE PAL
PARK AND LOAN SERVICE

1. AVAILABILITY (Continued)

1.3 Use of Third Party Storage Services

Transporter may contract for storage services offered by third party service providers for use in providing PAL service. Shipper may, on a non-discriminatory basis, be required to pay Transporter, if applicable, any Third Party Charges in accordance with Subsection 39.2 of the General Terms and Conditions. In no event shall such Third Party Charges paid by Shipper exceed the amount incurred and paid by Transporter for the applicable off-system services.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 Applicability of Service

This Rate Schedule shall apply to all PAL services offered by Transporter for Shipper.

2.2 Character of Service

2.2.1 Park Service

Park service is an interruptible service that provides for:

- (a) The receipt by Transporter of Gas quantities that have been delivered by Shipper at a Park Point(s);
- (b) Transporter holding the parked Gas quantities; and

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RATE SCHEDULE PAL
PARK AND LOAN SERVICE

2. APPLICABILITY AND CHARACTER OF SERVICE (Continued)

2.2 Character of Service (Continued)

2.2.1 Park Service (Continued)

- (c) The subsequent return of parked Gas quantities to the Shipper at such Park Point(s), or a mutually agreeable alternative Park Point(s), subject to Subsection 4.2 of this Rate Schedule.

2.2.2 Loan Service

Loan service is an interruptible service that provides for:

- (a) The receipt of Gas quantities by Shipper from Transporter at a Loan Point(s),
- (b) The subsequent return of the loaned Gas quantities to the Transporter at such Loan Point(s), or a mutually agreeable alternative Loan Point(s), subject to Subsection 4.2 of this Rate Schedule.

Transporter shall attempt to park a quantity of Gas provided by Shipper or loan a quantity of Gas to Shipper up to the Maximum PAL Quantity stated in Mcf or MMBtu as specified in the effective Rate Schedule PAL Agreement. All PAL service shall be subject to confirmation by Transporter prior to being scheduled.

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RATE SCHEDULE PAL
PARK AND LOAN SERVICE

2. APPLICABILITY AND CHARACTER OF SERVICE (Continued)

2.3 Term of Service

Service under this Rate Schedule shall be provided for a minimum of one (1) day and a maximum term set forth in the effective Rate Schedule PAL Agreement between Shipper and Transporter.

In the event parked quantities remain in Transporter's pipeline system and/or loaned quantities have not been returned to Transporter's pipeline system by the expiration of a Rate Schedule PAL Agreement, Transporter and Shipper may mutually agree to an extended time frame and/or modified terms, including the rate, of such PAL Agreement, to permit Shipper to return such quantities to Transporter or to permit Transporter to return such quantities to Shipper.

2.4 Nominations for Service

Shipper shall nominate PAL services under this Rate Schedule in accordance with the nomination deadlines set forth in Subsection 10.2 of the General Terms and Conditions.

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RATE SCHEDULE PAL
PARK AND LOAN SERVICE

2. APPLICABILITY AND CHARACTER OF SERVICE (Continued)

2.5 Confirmation and Scheduling of Service

Service under this Rate Schedule shall be confirmed and scheduled, after all Shippers' firm and interruptible transportation services offered by Transporter are confirmed and scheduled.

Existing quantities of Gas parked or loaned by Transporter cannot be bumped by new requests for park and/or loan service.

3. RATE AND PAYMENT

3.1 Maximum and Minimum Rates

The applicable daily Maximum Rates and Minimum Rates for service under this Rate Schedule are listed on the Statement of Recourse Rates.

Shipper shall pay the applicable daily Maximum Rate for service under this Rate Schedule unless a lower daily rate has been requested by Shipper and approved in writing by Transporter. Transporter is not obligated to accept a rate for services hereunder at less than the daily Maximum Rate.

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RATE SCHEDULE PAL
PARK AND LOAN SERVICE

3. RATE AND PAYMENT (Continued)

3.2 Discounted Rates

Transporter may from time to time, at its sole discretion, permit Shipper under this Rate Schedule to request a daily PAL rate that is lower than the applicable daily Maximum PAL Rate set forth in the Statement of Recourse Rates. However, such discounted rate shall not be less than the applicable daily Minimum PAL Rate.

3.3 Negotiated Rates

Notwithstanding the foregoing provisions of this Section 3, Transporter and Shipper may mutually agree to Negotiated Rates for service specifically identified and for a term reflected on an Exhibit A to an effective Rate Schedule PAL Agreement as provided for in Section 38 of the General Terms and Conditions.

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RATE SCHEDULE PAL
PARK AND LOAN SERVICE

4. RATE SCHEDULE PAL POINTS OF SERVICE

4.1 Listing of Available Park Points and Loan Points

Transporter shall post the name and location of all Park Points and Loan Points on its public Internet website.

To fully support segmentation of transportation capacity, a Park Point and Loan Point shall be associated with an existing physical point of service on Transporter's pipeline system.

4.2 Addition or Deletion of Points of Service

Transporter may post from time to time additions or deletions to the list of available points for service under this Rate Schedule. If Transporter terminates a point of service where parked quantities are to be returned to Shipper or loaned quantities are to be returned to Transporter, such point(s) of service shall remain available for the limited purpose of completing such outstanding transactions unless Shipper and Transporter mutually agree to utilize a different Park Point or Loan Point. In the event Shipper and Transporter mutually agree to utilize a different Park Point or Loan Point for the limited purpose of completing such outstanding transactions, Shipper may be charged a separately stated amount for transportation and associated Transporter Fuel and Lost and Unaccounted for Gas which shall not be less than the Minimum Commodity Rate set forth in the Statement of Recourse Rates for Rate Schedule IT-1.

4.3 Use of DRN Numbers

In order to facilitate PAL service under this Rate Schedule, all Park Points and Loan Points shall be assigned nominatable DRN numbers. Such DRN numbers shall be posted on Transporter's website.

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RATE SCHEDULE PAL
PARK AND LOAN SERVICE

5. NOTIFICATIONS, ALLOCATIONS AND CURTAILMENT

- 5.1 Shipper may be required, upon notification from Transporter, to suspend or reduce deliveries for the agreed upon park service, or receipts for the agreed upon loan service. Further, Shipper may be required, upon notification from Transporter, to remove quantities of Gas previously provided to Transporter under the park service, or return quantities of Gas previously loaned to Shipper under the loan service. Such notification shall be by facsimile or confirmed delivery e-mail.
- 5.2 Should Transporter notify Shipper to remove or return quantities of Gas pursuant to Subsection 5.1 herein, Transporter's notification shall specify the time frame within which park service quantities shall be removed, and/or loan service quantities shall be returned. Such notifications shall be consistent with Transporter's operating conditions, but in no event shall the specified time frame be less than three (3) Business Days from the date of Transporter's notification unless Transporter and Shipper mutually agree to a different time frame. The obligation of Shipper to comply with the issued notification shall be monitored until such time as Transporter is able to recommence the park and/or loan services.
- 5.3 In the event Shipper makes a timely nomination in response to a notification by Transporter pursuant to Subsection 5.1 herein, the obligation of Shipper to comply with that notification shall be suspended until such time as Transporter's operational conditions allow Transporter to schedule the nomination.

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RATE SCHEDULE PAL
PARK AND LOAN SERVICE

6. FAILURE BY SHIPPER TO RESPOND

6.1 Park Service

(a) In the event any of the following occurs, parked quantities shall become the property of Transporter at no cost to Transporter, free and clear of any adverse claims and Transporter shall have the right to seize Shippers' Gas, or reduce Shippers' Tenders of Gas under other Service Agreements:

(i) Transporter's prevailing operations require Transporter to notify Shipper that receipts of parked quantities must be suspended or be reduced, and Shipper fails to comply with such notification; and/or

(ii) Transporter's prevailing operations require Transporter to notify Shipper that all or part of Shipper's parked quantities must be removed, and Shipper fails to comply within the specified time frame; and/or

(iii) Subject to Subsection 2.4 herein, the PAL account reflects a balance at the termination date of the associated Exhibit A to an executed Rate Schedule PAL Agreement.

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RATE SCHEDULE PAL
PARK AND LOAN SERVICE

6. FAILURE BY SHIPPER TO RESPOND (Continued)

6.1 Park Service (Continued)

- (b) If, pursuant to Subsection 6.1(a)(i) herein, Transporter notifies Shipper that receipts of parked quantities must be suspended or be reduced, only those quantities parked in violation of the notification shall become the property of Transporter at no cost to Transporter, free and clear of any adverse claims.
- (c) No penalty will be assessed, pursuant to this Subsection 6.1, on a remaining balance if the Shipper-submitted nominations related to that balance to clear the PAL transaction cannot be scheduled by the Transporter, through no fault of the Shipper.
- (d) Penalty amounts received by Transporter, net of administrative costs, shall be allocated using the methodology set forth in Section 48 of the General Terms and Conditions.

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RATE SCHEDULE PAL
PARK AND LOAN SERVICE

6. FAILURE BY SHIPPER TO RESPOND (Continued)

6.2 Loan Service

- (a) In the event any of the following occurs, loaned quantities shall be sold to Shipper on a day determined by Transporter at one hundred fifty percent of the highest price published in the absolute range for the **[insert price point]** during the term of the agreed upon transaction as set forth in the associated Exhibit A to a Rate Schedule PAL Agreement, as reported in **[insert publication]** or any successor publication thereto. If such index ceases to be published or is materially changed, a subsequent, mutually agreeable index will be chosen by Transporter and Shipper.
 - (i) Transporter's prevailing operations require Transporter to notify Shipper that deliveries of Shipper's loaned quantities must be suspended or be reduced, and Shipper fails to comply with such notification; and/or
 - (ii) Transporter's prevailing operations require Transporter to notify Shipper that all or part of Shipper's loaned quantities must be returned to Transporter, and Shipper fails to comply within the specified time frame; and/or
 - (iii) Subject to Subsection 2.4 herein, the PAL account reflects a balance at the termination date of the associated Exhibit A to an executed Rate Schedule PAL Agreement.

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RATE SCHEDULE PAL
PARK AND LOAN SERVICE

6. FAILURE BY SHIPPER TO RESPOND (Continued)

6.2 Loan Service

- (b) If, pursuant to Subsection 6.2(a)(i) herein, Transporter notifies Shipper that deliveries of Shipper's loaned quantities must be suspended or be reduced, only those quantities loaned in violation of the notification are subject to Subsection 6.2(a) herein.

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RATE SCHEDULE PAL
PARK AND LOAN SERVICE

6. FAILURE BY SHIPPER TO RESPOND (Continued)

6.2 Loan Service (Continued)

- (c) No penalty will be assessed, pursuant to this Subsection 6.2, on a remaining balance if the Shipper-submitted nominations related to that balance to clear the PAL transaction cannot be scheduled by the Transporter, through no fault of the Shipper.
- (d) Penalty amounts received by Transporter, net of administrative costs, shall be allocated using the methodology set forth in Section 48 of the General Terms and Conditions.

7. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions contained in this Tariff are applicable to this Rate Schedule and are incorporated herein by reference and made a part hereof. To the extent any terms and conditions specified in this Rate Schedule are inconsistent with the General Terms and Conditions, the Rate Schedule shall govern.

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Sheet Nos. 145 through 199
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GENERAL TERMS AND CONDITIONS

1. DEFINITIONS

The following terms, when used in this Tariff or in an Agreement, shall have the following respective meanings:

- o The term "Agreement" shall mean an executed agreement for service under this Tariff or any agreement to which these General Terms and Conditions or Applicable Rate Schedule shall apply.
- o The term "Backhaul" shall mean any transportation service on Transporter's pipeline system where the Delivery Point is located upstream of the Receipt Point. Backhaul transportation service will be available only to the extent that Forwardhaul volumes are received into Transporter's pipeline system on the same day upstream of or at the designated Delivery Point and are required to be delivered out of Transporter's pipeline system downstream of or at the designated Receipt Point such that the service can be provided.
- o The term "Best Bid" shall mean the Bid(s) which is determined to be the best using the applicable evaluation methodology.
- o The term "Bid" shall mean the terms pursuant to which a Bidder is willing to acquire services under any of Transporter's Rate Schedules or these General Terms and Conditions.
- o The term "Bid Closing Date" shall mean the date and time established by Transporter for each Offer by which a Bid must be received to be a valid Bid and included in the evaluation of the Bid(s).

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GENERAL TERMS AND CONDITIONS

1. DEFINITIONS (Continued)

- o The term "Billing Commencement Date" shall mean the date of the Gas Day when a Shipper's payment obligation commences as set forth in a Shipper's Service Agreement.
- o The term "Btu" shall mean one (1) British thermal unit, the amount of heat required to raise the temperature of one (1) pound of water one (1) degree Fahrenheit from fifty-eight and one-half (58.5) degrees Fahrenheit to fifty-nine and one-half (59.5) degrees Fahrenheit. (Btu is measured on a dry basis at 14.73 psia.)
- o The term "Business Day" shall mean Monday through Friday, excluding federal banking holidays for transactions in the United States.
- o The term "Calendar Day" shall mean any day, including federal banking holidays for transactions in the United States.
- o The term "Calendar Month" shall mean one of the twelve named divisions of a calendar year according to the Gregorian calendar which shall commence on the first Calendar Day of such Calendar Month and end on the last Calendar Day of such Calendar Month.
- o The term "Canadian Affiliates" means Foothills Pipe Lines (South Yukon) Ltd. and Foothills Pipe Lines (North B.C.) Ltd.
- o The term "Canadian Pipelines" means the pipeline facilities constructed, owned, and operated by Foothills Pipe Lines (Alberta) Ltd.
- o The term "CCT" shall mean Central Clock Time.
- o The term "Confirmation Requester" shall mean a Person which is seeking to confirm a quantity of Gas with another Person with respect to a nomination at a location.

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GENERAL TERMS AND CONDITIONS

1. DEFINITIONS (Continued)

- o The term "Confirming Party" shall mean a Service Provider (including a Point Operator) which provides a confirmation for a quantity of Gas to another Service Provider (the Confirmation Requester) with respect to a nomination at a location.
- o The term "Confirming Parties" shall mean the Confirmation Requester and the Confirming Party.
- o The term "Customer Activities" shall mean the business function categories related to Nominations, Flowing Gas, Invoicing, Capacity Release, Contracts and other business functions on Transporter's secured website.
- o The term "Delivery Point" shall mean the location where Transporter delivers Gas to or for the account of Shipper pursuant to the terms of the applicable Rate Schedule and Agreement.
- o The term "Designated Replacement Shipper" shall mean the Person who has been designated by the Releasing Shipper as the Replacement Shipper for firm capacity being released.
- o The term "Elapsed Prorata Capacity" or "EPC" shall mean that portion of the capacity that would have theoretically been available for use prior to the effective time of the intra-day recall based upon a cumulative uniform hourly use of the capacity.

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1. DEFINITIONS (Continued)

- o The term "Electronic Data Interchange" ("EDI") shall mean the electronic communication methodology used to transmit and receive data related to Gas transactions. Transporter shall designate an electronic "site" at which Shippers, Interconnected Parties, and Transporter may exchange data electronically. All data provided at such site shall be considered as being delivered to the appropriate party.
- o The term "Federal Energy Regulatory Commission" or "FERC" or "Commission" shall mean the Federal Energy Regulatory Commission of the United States of America or any other tribunal or Person which may hereafter exercise the functions now exercised by that Commission with respect to Transporter.
- o The term "Forwardhaul" shall mean any transportation service provided on Transporter's pipeline system where the Delivery Point is located downstream from a Receipt Point on Transporter's pipeline system.
- o The term "Foundation Shipper" shall mean a Shipper who executed a Firm Transportation Service Agreement for a minimum quantity of 200,000 MMBtu per day for at least a term of 20 years.
- o The term "Gas" or "Natural Gas" shall mean methane, and such other hydrocarbon constituents or a mixture of two or more of them and other constituents which, in any case, meet the Gas quality specifications in the Tariff.

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1. DEFINITIONS (Continued)

- o The term "Gas Day" shall mean a period beginning and ending at 9:00 a.m., Central Clock Time. The reference date for any day shall be the date of the beginning of such day.
- o The term "General Terms and Conditions" shall mean, at any time, the effective General Terms and Conditions contained in Transporter's Tariff which may from time to time be amended or supplemented.
- o The term "Gross Heating Value", shall mean the heat energy generated by complete stoichiometric combustion of a defined quantity of reactants, free of water, where the products of combustion are returned to the temperature of the reactants and water produced by combustion is condensed to the liquid state. Where reported in Imperial units of measure, Gross Heating Value will be stated in BTU_(IT) per cubic foot at reference conditions of 14.73 psia and 60 degrees F. Where reported in SI units of measure, Gross Heating Value will be stated in MJ/m³ at reference conditions of 101.325 kPa and 15 degrees C.
- o The term "Informational Postings" shall mean the common information as required by FERC.
- o The term "In-Direction" shall mean a nomination line item that has a nominated flow direction in the same direction as the contracted Transportation Path.
- o The term "Interconnected Party" shall mean the Person whose facilities are directly connected to Transporter's facilities at a physical Receipt Point or a physical Delivery Point.

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1. DEFINITIONS (Continued)

- o The term "Loan Point(s)" shall mean the location(s) referenced on Exhibit A to a Shipper's Rate Schedule PAL Agreement where Shipper can borrow Gas quantities on Transporter's pipeline system pursuant to the terms of such Agreement.
- o The term "Maximum Rate" shall mean the sum of the applicable Maximum Reservation Rate, if applicable, and the applicable Maximum Commodity Rate, plus applicable surcharges, as shown on the effective Statement of Recourse Rates.
- o The term "Mcf" shall mean 1000 cubic feet of Gas.
- o The term "Mcf/day" or "Mcf per day" shall mean 1000 cubic feet of Gas per day.
- o The term "MDQ" or "Maximum Daily Quantity" shall mean for any day the quantity of Gas specified on Exhibit A of Shipper's Service Agreement.
- o The term "Measurement Party" shall mean the Person who is primarily responsible for measurement of Gas volumes at a physical Receipt Point into or a physical Delivery Point on Transporter's pipeline system.
- o The term "MMBtu" or "Dth" shall mean a quantity of heating energy which is equivalent to one million (1,000,000) Btus.
- o The term "MMcf" shall mean 1,000,000 cubic feet of Gas.
- o The term "MMcf/day" or "MMcf per day" shall mean 1,000,000 cubic feet of Gas per day.
- o The term "Minimum Rate" shall mean the minimum commodity rate as shown on the effective Statement of Recourse Rates for the applicable Rate Schedules.

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1. DEFINITIONS (Continued)

- The term "Netting" shall describe the process of resolving imbalances for a Service Requestor within an Operational Impact Area. There are two types of Netting: summing and offsetting. Summing is the process of accumulation of all imbalances above any applicable tolerance for a Service Requestor or agent. Offsetting is the combination of positive and negative imbalances above any applicable tolerances for Service Requestor or agent.
- The term "Nominating Party" shall mean a Shipper, or its Nominating Agent (one who has been pre-designated in writing by Shipper to serve in such role).
- The term "Nomination Day" shall mean one day prior to Gas Day.
- The term "Non-OBA Point" shall mean a Receipt Point or Delivery Point where no Operational Balancing Agreement is in effect.
- The term "Notice" shall mean a communication which complies with Section 20 of the General Terms and Conditions of Transporter's Tariff.
- The term "OBA Point" shall mean a Receipt Point or Delivery Point where an Operational Balancing Agreement is in effect between Transporter and Interconnected Party.
- The term "Offer" shall mean the terms pursuant to which a Releasing Shipper is willing to release firm transportation capacity.
- The term "Operational Balancing Agreement" ("OBA") shall mean a contract between two parties which specifies the procedures to manage operating variances at a Point of Interconnection.

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1. DEFINITIONS (Continued)

- o The term "Operational Flow Order" ("OFO") shall mean an order issued to alleviate conditions, inter alia, which threaten or could threaten the safe operations or system integrity of Transporter's pipeline system or Gas treatment plant or to maintain operations required to provide efficient and reliable firm service. Whenever Transporter experiences these conditions, any pertinent order shall be referred to as an OFO.
- o The term "Operational Impact Area" shall mean the largest possible area(s) on Transporter's pipeline system in which imbalances have a similar operational effect.
- o The term "Out-of-Direction" shall mean a nomination line item that has a nominated flow direction opposite of the contracted Transportation Path.
- o The term "Overdelivery" shall mean the quantity of Gas that Shipper delivers or causes to be delivered to Transporter which, less Shipper's share of estimated Transporter Fuel and Lost and Unaccounted for Gas, is greater than the quantity of Gas delivered out of Transporter's pipeline system for Shipper's account.
- o The term "Park Point(s)" shall mean the location(s) referenced on Exhibit A to Shipper's Rate Schedule PAL Agreement where such Shipper can park quantities of Gas on Transporter's pipeline system pursuant to the terms of such Agreement.
- o The term "Pre-Determined Allocation" (PDA) shall mean the allocation method agreed to by the allocating and allocated parties at a point prior to Gas flow.

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1. DEFINITIONS (Continued)

- o The term "Person" shall mean an individual, a corporation, a partnership, an association, a joint venture, a trust, an unincorporated organization or a government or political subdivision thereof, each with the capacity to contract and bring, or be subject to, a legal action; and pronouns shall have a similarly extended meaning.
- o The term "Point of Interconnection" shall mean the location where Transporter's facilities are physically connected to an Interconnected Party.
- o The term "Production Month" shall mean the period of actual Gas flow beginning at 9:00 a.m., Central Clock Time on the first day of a Calendar Month and ending at 9:00 a.m., Central Clock Time on the first day of the next succeeding Calendar Month.
- o The term "psia" shall mean pounds per square inch, absolute.
- o The term "psig" shall mean pounds per square inch, gauge.
- o The term "Quick Response" shall mean the initial response made by Transporter to recognize the receipt of an EDI-based nomination.

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GENERAL TERMS AND CONDITIONS

1. DEFINITIONS (Continued)

- o The term "Receipt Point" shall mean the location where Transporter receives Gas from or for the account of Shipper pursuant to the terms of the applicable Rate Schedule and Agreement.
- o The term "Releasing Shipper" shall mean a Shipper who has firm contractual rights to capacity on Transporter's pipeline or in Transporter's Gas treatment plant and offers to release some or all of such firm capacity.
- o The term "Replacement Shipper" shall mean a Person who has obtained the rights to firm capacity from a Releasing Shipper.
- o The term "Service Agreement" shall mean an executed Agreement for service under Transporter's Tariff.
- o The term "Service Requester" shall mean a Nominating Party.
- o The term "Shipper" shall mean the Person as defined in any of the Rate Schedules or Agreements governed by this Tariff. In addition, in a given context, the term Shipper includes a Person seeking to become a Shipper or a Person requesting construction of facilities pursuant to Section 19 of the General Terms and Conditions; and the term "Shippers" shall mean more than one of such Persons. A Person that has been a Shipper, but for which an Agreement between that Person and Transporter has terminated, remains a Shipper for purposes of satisfying their obligations under such Agreement.
- o The term "Shipper Imbalance" shall mean the difference between the quantity of Gas received by Transporter for transportation for such Shipper, adjusted for Shipper's share of estimated Transporter Fuel and Lost and Unaccounted for Gas, and the quantity of Gas delivered by Transporter for such Shipper's account.

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GENERAL TERMS AND CONDITIONS

1. DEFINITIONS (Continued)

- o The term "Tariff" shall mean the compilation on file with FERC of Transporter's Statement of Recourse Rates and other rate sheets, Statement of Negotiated Rates, Rate Schedules, General Terms and Conditions, related forms of Agreements, and nonconforming agreements from time to time in effect.
- o The term "Tender" shall mean the fulfillment of all of the following conditions:
 - (1) Shipper has informed Transporter in accordance with applicable contractual and Tariff requirements that it plans to deliver a quantity of Gas which such Shipper is entitled to deliver to Transporter pursuant to such Shipper's Agreement at a specified Receipt Point on a specified day;
 - (2) either
 - (a)(1) relative to an OBA Point, the upstream facilities operator has verified that the quantity of Gas Shipper has nominated for delivery to Transporter is in fact the quantity of Gas that can be delivered to Transporter at such Receipt Point or
 - (a)(2) relative to a Non-OBA Point such Shipper in fact could cause delivery of such quantity to Transporter at such Receipt Point on such day, or

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1. DEFINITIONS (Continued)

- (b) to the extent Transporter refuses to receive such Gas in the quantity described in (2)(a)(1) or (2)(a)(2) above at such Receipt Point on such day, such Shipper is in fact ready, willing and able to so deliver the quantity so refused or would have been able to do so had Transporter not so refused; and
- (3) such Shipper is in fact, ready, willing and able to accept delivery from Transporter on such day of the related quantity of Gas in accordance with such Shipper's Agreement. The term "Tendered" shall have a corresponding meaning.
- o The term "Title" shall mean the term used to identify the ownership of Gas.

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1. DEFINITIONS (Continued)

- o The terms "Trade" or "Trading" shall describe the process of resolving Shipper Imbalances between two or more Shippers or their agents within an Operational Impact Area.
- o The term "Transportation Path" shall mean the pipeline path and flow direction from and including the most upstream Receipt Point to and including the most downstream Delivery Point a Shipper has contracted for on Transporter's pipeline system as set forth on Exhibit A of Shipper's Agreement.

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1. DEFINITIONS (Continued)

- o The term "Transporter" shall mean TransCanada Alaska Company, LLC, a "Transportation Service Provider".
- o The term "Underdelivery" shall mean the quantity of Gas Shipper receives or causes to be received from Transporter for its account which is less than the quantity of Gas Tendered by Shipper to Transporter less Shipper's share of estimated Transporter Fuel and Lost and Unaccounted for Gas.
- o The term "WGQ" shall mean the Wholesale Gas Quadrant which is an accredited standards organization under the auspices of the American National Standards Institute.

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2. PRESSURE AND TEMPERATURE

2.1 Receipt Pressure

Shipper shall deliver Gas to Transporter at each of Shipper's Receipt Point(s) at a pressure sufficient to cause such Gas to flow into Transporter's facilities, provided that Shipper shall not be required to deliver Gas to Transporter at any Receipt Point at a pressure in excess of the maximum pressure specified for such Receipt Point.

2.2 Delivery Pressure

Transporter shall deliver Gas to Shipper at each of Shipper's Delivery Point(s) at the pressure existing in Transporter's pipeline at such Delivery Point, provided that Shipper shall not be required to receive Gas from Transporter at any Delivery Point at a pressure less than the minimum pressure specified for such Delivery Point.

2.3 Maximum Receipt Temperature

The temperature of Gas delivered by Shipper to Transporter at a Receipt Point shall not exceed the maximum receipt temperature specified for such Receipt Point.

2.4 Minimum Delivery Temperature

The temperature of Gas delivered by Transporter to Shipper at a Delivery Point shall not be below the minimum delivery temperature specified for such Delivery Point.

2.5 Operating Conditions

Subject to the provisions of Subsections 2.1, 2.2, 2.3 and 2.4 herein, the temperature and pressure of Gas delivered to Transporter by Shipper, and of Gas delivered to Shipper by Transporter, shall, at each of Shipper's Receipt Point(s) and Delivery Point(s), be consistent with the overall operating conditions of Transporter's pipeline system. Transporter shall use reasonable efforts to deliver Gas to Shipper at such uniform pressure as is consistent with the operating conditions of Transporter's pipeline system.

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3. MEASURING EQUIPMENT

3.1 Transporter's Measuring Equipment

Unless otherwise agreed by Transporter and Interconnected Party, Transporter shall cause to be furnished, installed, maintained, and operated all equipment, devices and material necessary to determine Gas energy, volume, pressure, temperature, gross heating value and quality at each Receipt Point and at each Delivery Point of Interconnected Party.

3.1.1 Ultrasonic Meters

Ultrasonic meters if used, shall be installed and operated, and Gas quantities computed, in accordance with American Gas Association ("AGA") Transmission Measurement Committee Report No. 9, "Measurement of Gas by Multipath Ultrasonic Meters," applied in a practical and appropriate manner.

3.1.2 Coriolis Meters

Coriolis meters, if used, shall be installed and operated, and Gas quantities computed, in accordance with AGA Transmission Measurement Committee Report No. 11, "Measurement of Natural Gas by Coriolis Meter," applied in a practical and appropriate manner.

3.1.3 Turbine Meters

Turbine meters , if used, shall be installed and operated, and Gas quantities computed, in accordance with AGA Transmission Measurement Committee Report No. 7, "Measurement of Gas Turbine Meters," applied in a practical and appropriate manner.

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3. MEASURING EQUIPMENT (Continued)

3.1 Transporter's Measuring Equipment (Continued)

3.1.4 Orifice Meters

Orifice meters, if used, shall be installed and operated, and Gas quantities computed, in accordance with AGA Report No. 3, American National Standards Institute ANSI/API 2530, "Orifice Metering of Natural Gas," applied in a practical and appropriate manner.

3.1.5 Other Measuring Equipment

Other measuring equipment, if used, shall be of a type acceptable to Transporter. The manufacture, installation, operation, and maintenance of such meters shall be consistent with the appropriate industry accepted recommendations and specifications at the time the meters are manufactured and installed.

3.1.6 Applicable Procedures

Heating value and energy measurement shall be determined in accordance with AGA Report No. 5, "Natural Gas Energy Measurement."

Natural Gas density and compressibility factor shall be determined in accordance with AGA Report No. 8, "Compressibility Factors of Natural Gas and Other Related Hydrocarbon Gases."

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3. MEASURING EQUIPMENT (Continued)

3.1 Transporter's Measuring Equipment (Continued)

3.1.7 Gas Flow Computer

Computation of volumes shall be made using an on-line Gas flow computer meeting the minimum requirements of "Flow Measurement Using Electronic Metering Systems", Chapter 21 of the Manual of Petroleum Standards, published by the American Petroleum Institute.

3.1.8 Gas Analysis

Gas analysis shall be determined using an on-line Gas chromatograph acceptable to Transporter.

Gas density and Gross Heating Value of the Gas shall be computed from the same on-line chromatographic analysis.

3.2 Check Measuring Equipment

The Interconnected Party or Shippers affected, at its or their own expense, may cause to be furnished, installed, maintained and operated check measuring equipment, provided, however, that such equipment does not interfere with the operations of the measuring equipment caused to be installed by Transporter.

3.3 Right of Access

Both Transporter and the Interconnected Party or Shipper(s) affected shall have the right to be present at the time of any installing, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the other's measuring equipment. The records from such measuring equipment shall remain the property of the Person installing such equipment, but, upon request, each will submit to the other its measurement records, together with calculations therefrom, for inspection.

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3. MEASURING EQUIPMENT (Continued)

3.4 Reasonable Care

Transporter shall exercise reasonable care in the installation, maintenance and operation of its measuring equipment so as to avoid any inaccuracy in the determination of the volume and other attributes of Gas received and delivered.

3.5 Testing Measuring Equipment

Transporter shall conduct tests to verify the accuracy of its measuring equipment using means and methods acceptable to Transporter and the Interconnected Party or Shipper(s) affected. Notice of the time and nature of each test shall be given by Transporter to such Interconnected Party or Shipper(s) affected in advance to permit reasonable arrangement for the presence of the other's representatives. If, after Notice, an Interconnected Party fails to have a representative present, the results of the test shall nevertheless be considered accurate until the next test. All tests of such measuring equipment shall be made at the expense of the Transporter, except that Interconnected Party or Shipper(s) affected requesting a test shall bear the expense of such test if the inaccuracy is found not to exceed two (2) percent.

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3. MEASURING EQUIPMENT (Continued)

3.6 Correction and Adjustment

If, upon test, any measuring equipment is found to be registering inaccurately by not more than two (2) percent then readings of such equipment since the time of the last test thereof shall be considered correct. If, upon test, any measuring equipment is found to be registering inaccurately by more than two (2) percent, then readings of such equipment shall be corrected to zero error for any past period definitely known, or agreed, to have been inaccurate, or if the inaccuracy during all or part of the period of time since the last test of such equipment is not so known or agreed upon, for a period one-half of the elapsed time since such last test. Any recording equipment found to be registering inaccurately shall be immediately adjusted to register accurately. Parties may mutually agree in writing to a more restricted standard of error than the two (2) percent provided herein.

3.7 Failure of Measuring Equipment

If Transporter's measuring equipment at any Receipt Point or Delivery Point of an Interconnected Party is out of service for any period, the measurement determinants for such Receipt Point or Delivery Point during such period shall be determined:

- (a) By using the data recorded by any check measuring equipment accurately registering; or
- (b) If such check measuring equipment is not registering accurately but the percentage of error is ascertainable by a calibration test, by using the data recorded, corrected to zero error; or to zero error; or

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3. MEASURING EQUIPMENT (Continued)

3.7 Failure of Measuring Equipment (Continued)

(c) If neither of the methods provided in Subsections 3.7(a) and 3.7(b) above can be used, by estimating the necessary determinants by reference to receipts or deliveries under similar conditions.

3.8 Preservation of Records

Both Transporter and the Interconnected Party shall preserve for a period of at least three (3) years, or such longer period as may be required by FERC or other public authority, all test data and measurement records related to matters covered by Section 3 of these General Terms and Conditions.

3.9 Dispute Resolution

In the event of disagreement between Transporter, Shippers or other affected parties with respect to site-specific measurement accuracy or operational processes, an independent expert may be engaged. The selection of the independent expert is subject to approval by all such parties and the cost of independent review will be shared equally. Upon review and mutual agreement by such parties, findings and/or recommendations of the independent expert will be implemented in a timely manner. If resolution is still not achieved after these measures have been completed, such parties may choose to escalate the matter to appropriate regulatory agencies.

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4. MEASUREMENT REPORTING

4.1 Physical Volume

4.1.1 Reference Conditions

The reporting basis for Gas volumes is cubic foot at standard conditions of 14.73 psia, 60 degrees F, and dry. For Gas volumes reported in cubic meters, the standard conditions are 101.325 kPa, 15 degrees C, and dry.

4.1.2 Volumetric Unit of Measurement

Gas volumes reported in Imperial units of measure will be in thousands of cubic feet (Mcf) at 14.73 psia and 60 degrees F. For volumes reported in SI units of measure, the reporting unit shall be 10^3m^3 of Gas at 101.325 kPa and 15 degrees C.

4.2 Energy Quantity

4.2.1 Standard Reference Conditions

The reporting basis for gross volumetric heating value, in Imperial units of measure, is Btu_{IT} per cubic foot at 14.73 psia and 60 degrees F and dry. . The reporting basis for gross volumetric heating value, in SI units of measure is megajoules per cubic meter (MJ/m^3) is 101.325 kPa and 15.6 degrees C and dry.

4.2.2 Calculation of Energy Quantity

The energy quantity, based on reference conditions, is the product of the physical volume measured, and the gross heating value of the measured Gas.

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4. MEASUREMENT REPORTING (Continued)

4.2 Energy Quantity (Continued)

4.2.3 Energy Unit of Measurement

The reporting unit for energy quantity used by Transporter will be MMBtu and/or GJ.

4.2.4 Metric to Imperial Conversion for Energy Units

The International Table Btu (BTU_{IT}), is equal to 1,055.05585262 joules (exact) which may be rounded to 1,055.056 joules for reporting purposes.

4.3 Atmospheric Pressure

For purposes of measurement, the absolute atmospheric (barometric) pressure at each measuring station shall be assumed to be the pressure corresponding to the elevation at such station, and shall be stated in pounds per square inch or kilopascals (kPa).

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5. QUALITY OF GAS

5.1 Quality Standards of Gas Received by Transporter at **the Gas Treatment Plant ("GTP") inlet (Zone 2) and at Receipt Points on Gas transmission lines delivering Gas to the GTP inlet (Zone 1).**

Transporter may refuse to accept Gas which does not conform to the following specifications:

5.1.1 Objectionable Substances

The Gas shall not contain sand, dust, gums, crude oil, contaminants, impurities or other objectionable substances which may, as determined by Transporter, render the Gas unmerchantable, cause injury, cause damage to or interfere with the operations of Transporter's or downstream facilities, or interfere with the transmission of the Gas.

5.1.2 Cricondentherm Hydrocarbon Dew Point

The Gas shall have a cricondentherm hydrocarbon dew point less than 10 degrees F with composition adjusted to 1.5 mole% CO₂.

5.1.3 Hydrogen Sulphide

The Gas shall not contain more than 100 ppm of hydrogen sulphide.

5.1.4 Total Sulphur

The Gas shall not contain sulphur species, other than H₂S, with a total concentration of more than 4.75 grains of total sulphur per Ccf, measured on an elemental sulphur basis, with composition adjusted to 1.5 mole% CO₂.

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5. QUALITY OF GAS (Continued)

5.1 Quality Standards of Gas Received by Transporter
(Continued)

5.1.5 Methyl Mercaptan Sulphur

The Gas shall contain not more than 0.22 grains of methyl mercaptan sulphur per Ccf, or such higher content as, in Transporter's judgment, will not result in deliveries by Transporter to Shipper(s) of Gas containing more than 0.22 grains of methyl mercaptan sulphur per Ccf with composition adjusted to 1.5% CO₂.

5.1.6 Carbon Dioxide

The Gas shall not contain more than 12 percent by volume of carbon dioxide.

5.1.7 Water Vapor

The Gas shall not have a water vapor content in excess of 0.2 pounds per MMcf.

5.1.8 Oxygen

The Gas shall be as free of oxygen as it can be kept through the exercise of all reasonable precautions and shall not in any event contain more than 0.4 mole% percent of oxygen with composition adjusted to 1.5 mole% CO₂.

5.1.9 Gross Heating Value (HHV)

The Gas shall have a gross heating value of not less than 975 Btu per cf with composition adjusted to 1.5 mole% CO₂.

5.1.10 Temperature

The Gas shall not exceed 84 degrees F in temperature.

5.1.11 Inerts

The Gas shall not contain more than 3 mole% of total inerts with composition adjusted to 1.5 mole% CO₂.

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5. QUALITY OF GAS (Continued)

5.2 **[Alberta alternative] Quality Standards of Gas Received into the APP pipeline from the GTP or other Zone 3 Receipt Points.**

5.2.1 Objectionable Substances

The Gas shall not contain sand, dust, gums, crude oil, contaminants, impurities or other objectionable substances which may, as determined by Transporter, render the Gas unmerchantable, cause injury, cause damage to or interfere with the operations of Transporter's or downstream facilities, or interfere with the transmission of the Gas.

5.2.2 Cricondenthem Hydrocarbon Dew Point

The Gas shall have a cricondenthem hydrocarbon dew point less than 14 degrees F.

5.2.3 Water Dew Point

The Gas shall have a water dew point less than -10 degrees F at 2500 psia and less than -33 degrees F at 650 psia.

5.2.4 Hydrogen Sulphide

The Gas shall not contain more than 4 ppmv of hydrogen sulphide.

5.2.5 Total Sulphur

The Gas shall not contain more than 5 grains of total sulphur per Ccf measured on an elemental sulphur basis.

5.2.6 Methyl Mercaptan Sulphur

The Gas shall contain not more than 0.22 grains of methyl mercaptan sulphur per Ccf, or such higher content as, in Transporter's judgment, will not result in deliveries by Transporter to Shipper(s) of Gas containing more than 0.22 grains of methyl mercaptan sulphur per Ccf.

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5. QUALITY OF GAS (Continued)

5.2.7 Carbon Dioxide

The Gas shall not contain more than 2% percent by volume of carbon dioxide.

5.2.8 Water Vapor

The Gas shall not have a water vapor content in excess of 0.8 pounds per MMcf.

5.2.9 Oxygen

The Gas shall be as free of oxygen as it can be kept through the exercise of all reasonable precautions and shall not in any event contain more than 0.4 mole% of oxygen.

5.2.10 Gross Heating Value (HHV)

The Gas shall have a gross heating value of not less than 967 Btu per cf.

5.2.10 Temperature

The Gas shall not exceed 30°F in temperature.

5.2.11 Inerts

The Gas shall not contain more than 3 mole% of total inerts.

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5. QUALITY OF GAS (Continued)

5.2 **[Valdez alternative] Quality Standards of Gas Received into the APP Pipeline from the GTP or other Zone 3 Receipt Points.**

5.2.1 Objectionable Substances

The Gas shall not contain sand, dust, gums, crude oil, contaminants, impurities or other objectionable substances which may, as determined by Transporter, render the Gas unmerchantable, cause injury, cause damage to or interfere with the operations of Transporter's or downstream facilities, or interfere with the transmission of the Gas.

5.2.2 Cricondenthern Hydrocarbon Dew Point

The Gas shall have a cricondenthern hydrocarbon dew point of less than 14 degrees F.

5.2.3 Water Dew Point

The Gas shall have a water dew point less than -10 degrees F at 2500 psia and less than -33 degrees F at 650 psia.

5.2.4 Hydrogen Sulphide

The Gas shall not contain more than 4 ppmv of hydrogen sulphide.

5.2.5 Total Sulphur

The Gas shall not contain more than 5 grains of total sulphur per Ccf measured on an elemental sulphur basis.

5.2.6 Methyl Mercaptan Sulphur

The Gas shall contain not more than 0.22 grains of methyl mercaptan sulphur per Ccf, or such higher content as, in Transporter's judgment, will not result in deliveries by Transporter to Shipper(s) of Gas containing more than 0.22 grains of methyl mercaptan sulphur per Ccf.

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5. QUALITY OF GAS (Continued)

5.2.7 Carbon Dioxide

The Gas shall not contain more than 50 parts per million of carbon dioxide.

5.2.8 Water Vapor

The Gas shall not have a water vapor content in excess of 0.8 pounds per MMcf.

5.2.9 Oxygen

The Gas shall be as free of oxygen as it can be kept through the exercise of all reasonable precautions and shall not in any event contain more than 0.4 mole% of oxygen.

5.2.10 Gross Heating Value (HHV)

The Gas shall have a gross heating value of not less than 967 Btu per cf.

5.2.10 Temperature

The Gas shall not exceed 30 degrees F in temperature.

5.2.11 Inerts

The Gas shall not contain more than 3 mole% of total inerts.

GENERAL TERMS AND CONDITIONS

5. QUALITY OF GAS (Continued)

5.3 Quality Tests.

At each Receipt Point, Transporter shall cause tests to be made, by approved or acceptable methods in the Gas industry or other tests Transporter determines to be acceptable, to determine whether the Gas conforms to the quality specifications set out herein. Such tests shall be made at such intervals as Transporter may deem reasonable, and at other times, but not more often than once per day, at the request of any Shipper.

5.4 Quality Standards of Gas Transported by Transporter

Transporter shall use reasonable diligence to deliver Gas under a Shipper's Agreement which shall meet the quality specifications set out herein, but shall only be obligated to deliver Gas of the quality which results from the commingling of the Gas received by Transporter from all Shippers.

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6. BILLING AND PAYMENT

6.1 General

For purposes of this Section 6, Customer shall be defined as any Person, including a Shipper, who is liable for payment in accordance with the terms and conditions of this Tariff.

6.2 Billing and Invoice

6.2.1 Posting of Invoices

On or before the ninth Business Day after the end of the Production Month, Transporter shall post customer's invoice for such Production Month on its secured non-public Internet website. Such invoice shall include, but is not limited to, reservation and/or usage charges, applicable taxes and other surcharges, measurement fees, facility charges, interest, penalty charges or credits to customer. Such charges shall be separately stated on customer's invoice.

6.2.2 Quantity

Invoices should be based on actual (if available) or best available data. Quantities at points where OBAs exist will be invoiced based on scheduled quantities.

6.2.3 Statement of Account

The statement of account shall be used by Transporter to indicate the payment status of customer's invoice(s), and when provided to customer, shall summarize the amounts Transporter has invoiced, the amounts customer has paid, prior period adjustments that have been made, and the remaining amounts owed.

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6. BILLING AND PAYMENT (Continued)

6.3 Imbalance Statement

Imbalance statements shall also be posted on Transporter's secured non-public Internet website at the same time or prior to posting invoices in accordance with Subsection 6.2.1 herein.

If information is required from customer, or its designee, to identify quantities or allocations or other information, customer shall furnish the required information or cause it to be furnished to Transporter, in writing, on or before the fifth Business Day after the end of each Production Month.

6.4 Payment and Disputes

6.4.1 Payment

Customer shall make payment to Transporter by electronic funds transfer to a bank designated by Transporter within ten (10) Calendar Days of the issuance of such invoice, for service billed by Transporter pursuant to the provisions of this Tariff. Customer's payments shall be made in immediately available U.S. funds on or before the due date.

The effective payment due date of an invoice when such date does not fall upon a Business Day shall be the first Business Day following the due date.

If the effective payment due date falls on a day that the designated bank is not open in the normal course of business to receive customer's payment, then customer's payment shall be made on or before the first Business Day after the effective payment date that such bank is available.

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6. BILLING AND PAYMENT (Continued)

6.4 Payment and Disputes (Continued)

6.4.1 Payment (Continued)

Customer shall not be entitled to any abatement or set off of such payments due Transporter including, but not limited to, abatement or set-off due or alleged to be due by reason of any past, present or future claims of customer against Transporter under customer's Agreement or otherwise.

6.4.2 Disputes

If an invoice is in dispute, customer shall pay the undisputed portion of the invoice and provide documentation identifying the basis for the dispute.

If a customer disputes an invoice, a statement shall be sent to Transporter which shall 1) provide details of the dispute, 2) include the appropriate supporting documentation, and 3) reference the invoice code and invoice detail line numbers of the items disputed.

6.5 Remedies for Failure to Pay Invoice

If customer fails to pay in full the undisputed amount of any invoice rendered by Transporter by the payment due date, Transporter may provide customer with a ten (10) day Notice of suspension of service, provided, however, that any such suspension shall not relieve Shipper from any obligation to pay any further rates, charges, or other amounts payable to Transporter under the Tariff. If after the ten (10) day Notice of service suspension, customer has not paid in full the undisputed amount due, Transporter may give Notice to customer and FERC that if full payment of the invoice amount due is not received within fifteen (15) days, Transporter may terminate the Agreement. Transporter may terminate the Agreement with customer, subject to the terms of the applicable Service Agreement.

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6. BILLING AND PAYMENT (Continued)

6.6 Delinquency Charge

Should customer fail to pay all of the amount of any invoice when such amount is due, interest on the unpaid portion of such amount shall accrue at the rate of interest set forth in Section 154.501 of FERC's regulations from the date when the payment was due until the date payment is made. Interest applicable to such bill will be invoiced to customer, in accordance with Subsection 6.2 herein, to the extent that the amount of interest is \$25 or more.

If any portion of an amount paid to Transporter by customer is finally determined to be repayable to customer, Transporter shall pay or credit such amount to customer, together with interest thereon computed at the rate of interest set forth in Section 154.501 of FERC's regulations and accrued from the date payment thereof was made by customer to Transporter to the date payment or credit thereof is made by Transporter.

6.7 Late Billing

If the rendering of an invoice to customer is delayed beyond the date provided in Subsection 6.2 herein, then the time for payment shall be extended correspondingly unless customer is responsible for such delay.

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6. BILLING AND PAYMENT (Continued)

6.8 Billing Error/Prior Period Adjustments

In the event an error is discovered in the amount billed in any statement rendered by Transporter, such error shall be adjusted within thirty (30) days of Transporter's determination thereof. Prior period adjustment time limits shall be twelve (12) months from the date of the initial transportation invoice with a three (3) month rebuttal period, excluding government required rate changes. This standard shall not apply in the case of the use of estimates, deliberate omission or misrepresentation, or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard.

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6. BILLING AND PAYMENT (Continued)

6.9 Audits

All financial settlements, billings, or reports rendered by Transporter or any customer as defined in Section 6.1 and any amendments thereto will, to the best of the knowledge and belief of the party rendering such settlement, billing, or report, properly reflect the facts about all activities and transactions, which data may be relied upon as being complete and accurate in any further recording and reporting made by such other party for whatever purpose. Each party shall promptly notify the other party at any time it has reason to believe that the above-mentioned data is no longer accurate and complete.

Each party and its agents and contractors agree to preserve and maintain available for at least two (2) full calendar years (defined as January to December) all books, records, correspondence, expense account records, plans, receipts, vouchers, data stored in computers, and memoranda of every description pertaining to this Section 6 for the purpose of auditing and verifying compliance with this Section 6. Either party shall have access at all reasonable times to such records of the other party, its agents, and contractors for the purpose of such a compliance audit, and such right of access shall remain in effect after the statement provided in accordance with Section 6.4.2 for a period of two (2) years. The auditing party's representatives shall have the right to reproduce any of the aforesaid documents, and each party shall continue to preserve the records while the audit is in progress.

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7. REQUEST FOR OPERATING INFORMATION

Upon request of Transporter, Shipper shall from time to time give Transporter written Notice, as far in advance as operating conditions will permit, of the estimated daily, monthly and annual quantities of Gas Shipper intends to deliver to Transporter pursuant to an Agreement.

Transporter shall from time to time give Shipper written Notice, as far in advance as operating conditions will permit, of the estimated daily, monthly and annual quantities of Gas Transporter expects to be able to receive and deliver pursuant to Shipper's Agreement.

Shipper and Transporter shall use reasonable judgment and experience in arriving at such estimates, but shall not be bound thereby nor limited to the quantities thereof. Each shall promptly notify the other or others of any significant known or reasonably anticipated modification to the estimates last furnished, provided such estimates covered periods during which a modification was known or reasonably anticipated to occur.

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8. LIABILITY AND INDEMNIFICATION

- 8.1 The party that is the titleholder to Gas lost or the source of harm to the other party or to third parties shall bear responsibility for such loss or harm and shall hold harmless and indemnify the non-titleholding party against any claim, liability, loss or damage whatsoever suffered by the non-titleholding party or by any third party.
- 8.2 No party shall pursue a claim for liability, loss, or damage against the other party for harm to that party and its facilities caused by acts of third parties or by acts of nature or for the cost of repair of damage to such facilities caused by such acts.
- 8.3 Each party shall bear responsibility for all its own tortious acts or tortious omissions connected in any way with an Agreement or the provision or acceptance of service and causing damage or injuries of any kind to the other party or to any third party. The tortfeasor party shall hold harmless and indemnify the other party against any claim, liability, loss or damage whatsoever suffered by that party or by any third party.
- 8.4 Transporter shall have no liability in damages to Shipper in respect of failure for any reason whatsoever to accept receipt of, receive or deliver Gas pursuant to the provisions of an Agreement (or any applicable provisions of the Tariff), and Shipper shall, notwithstanding any failure, for any reason whatsoever, to accept receipt of, receive, or deliver Gas, make payment to Transporter in the amounts, in the manner, and at the times provided in the Agreement (and any applicable provisions of the Tariff).
- 8.5 In no case addressed by this Section 8 shall one party be required to make payments to the other party for consequential losses suffered by that other party.
- 8.6 Nothing in this Section 8 shall alter the implementation or applicability of any rate principles governing Negotiated Rates or Transporter's ability to recover any costs in its Recourse Rates.

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9. FORCE MAJEURE

- 9.1 Neither Transporter nor Shipper shall be liable in damages to the other for any act, omission or circumstance which shall be caused, in whole or substantial part, by a Force Majeure Event. Force Majeure Event means any acts of God, strikes, lockouts or other labor disputes or industrial disturbances, terrorist acts or acts of a public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, tornadoes, other storms, floods, washouts or other act of nature, civil disturbances, explosions, breakage, accident or repairs to machinery or lines of pipe, freezing or cratering of pipe, inability to obtain or unavoidable delay in obtaining pipe, materials or other equipment, acts or binding orders of any court or other governmental authority whether or not having jurisdiction, and any other cause, whether similar or dissimilar to any above enumerated, not reasonably within the control of the Person claiming relief from liability and which such Person was or would have been unable to prevent by the exercise of due diligence. Failure to prevent or settle any strike or strikes or any dispute leading to a lockout shall not be considered to be matter within the control of the Person claiming relief.
- 9.2 A Force Majeure Event affecting facilities upstream or downstream of Transporter's facilities (including but not limited to the Canadian Pipelines or LNG Plant) shall be deemed a Force Majeure Event for purposes of the operation of any zone of Transporter's facilities adversely affected by such Force Majeure Event.
- 9.3 Force majeure affecting the performance by either Shipper or Transporter of any of its obligations shall not relieve the Person seeking relief from liability

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9. FORCE MAJEURE(Continued)

in respect of any period when the continuance of its inability to perform such obligations is due to its failure to use reasonable efforts to remedy the situation in a reasonable manner and with reasonable dispatch, nor shall force majeure, regardless of the circumstances thereof, affect in any way the obligations of Transporter or Shipper to make payments (and a Force Majeure Event shall not include Shipper's inability to meet its obligation to pay for reasons related to the unavailability of reserves, and any interruption or other impairment of the operation of Transporter's facilities or facilities upstream or downstream of Transporter's facilities including impairment due to circumstances beyond Shipper's control). The Person claiming relief from liability by reason of a Force Majeure Event shall give prompt notice as soon as reasonably practical to the other of the occurrence and cessation of such Force Majeure Event. "Person" for the purposes of this subsection includes, in relation to Transporter, the Canadian Affiliates and, in relation to Shipper, affiliates of Shipper that have executed agreements with one of the Canadian Affiliates.

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10. NOMINATIONS/ALLOCATION OF CAPACITY/CONFIRMATIONS/SCHEDULING

10.1 Nomination Procedures

Whenever Shipper desires service under its Agreement, Shipper shall furnish a nomination for such Agreement. A nomination shall include, at a minimum, the following information:

- (a) Daily quantity of Gas to be transported (expressed in MMBtu or Mcf where applicable); and
- (b) Valid Receipt Point(s) and Delivery Point(s); and
- (c) Begin and end date.

Transporter shall not accept nominations in excess of Shipper's Maximum Delivery Quantity, provided, however, Shipper shall nominate at each Receipt Point a quantity sufficient to include Transporter Fuel and Lost and Unaccounted for Gas, if applicable, that Shipper is required to Tender to Transporter in accordance with Section 41 of these General Terms and Conditions. The begin and end date shall be within the term of Shipper's Agreement.

When a nomination for a date range is received, each day within that range is considered an original nomination. When a subsequent nomination is received for one or more days within that range, the previous nomination is superseded by the subsequent nomination only to the extent of the days specified. The days of the previous nomination outside the range of the subsequent nomination are unaffected. Nominations have a prospective effect only.

10.1.1 Nomination Principles/Standards

For purposes of this Section 10, "provide" shall mean send or post.

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10. NOMINATIONS/ALLOCATION OF CAPACITY/CONFIRMATIONS/SCHEDULING
(Continued)

10.1 Nomination Procedures (Continued)

10.1.2 Transporter Supported Nomination
Classifications

(a) Timely Nominations

A timely nomination is a nomination, effective for an upcoming Gas Day(s), that is received on the Nomination Day prior to the timely nomination deadline for the first effective Gas Day nominated.

If a timely nomination does not meet the definition of a nomination because it contains an identifiable error or an element is missing, such timely nomination will be voided by Transporter.

(b) Intra-day

Transporter shall allow for intra-day nominations.

An intra-day nomination is a nomination submitted after the (timely) nomination deadline whose effective time is no earlier than the beginning of the Gas Day and runs through the end of that Gas Day.

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10. NOMINATIONS/ALLOCATION OF CAPACITY/CONFIRMATIONS/SCHEDULING
(Continued)

10.1 Nomination Procedures (Continued)

10.1.2 Transporter Supported Nomination
Classifications (Continued)

For services that provide for intra-day nomination and scheduling, there is no limitation as to the number of intra-day nominations which a Service Requester may submit at any one standard nomination cycle or in total across all standard nomination cycles.

Intra-day nominations can be made at any Receipt Point or Delivery Point on Transporter's pipeline system.

Intra-day nominations do not rollover (i.e. intra-day nominations span one day only). Intra-day nominations do not replace the remainder of a standing nomination. There is no need to re-nominate if an intra-day nomination modifies an existing nomination.

An intra-day nomination which requests an effective period for more than one Gas Day will be voided in its entirety by Transporter.

Intra-day nominations can be used to request increases or decreases in total flow, changes in Receipt Point(s), or changes to Delivery Point(s) of scheduled Gas.

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10. NOMINATIONS/ALLOCATION OF CAPACITY/CONFIRMATIONS/SCHEDULING
(Continued)

10.1 Nomination Procedures (Continued)

10.1.2 Transporter Supported Nomination
Classifications (Continued)

Intra-day nomination shall include an effective date and time.

The interconnected parties (Transporter and Interconnected Party) shall agree on the hourly flows of the intra-day nomination, if not otherwise addressed in Transporter's contract or tariff.

(c) Emergency Intra-day Requests

In addition to the grid-wide intra-day nomination opportunities, Transporter shall accept, process, and attempt to schedule emergency intra-day requests on a best efforts basis.

To be classified as an emergency intra-day request, such requests must: 1) not impact grid scheduled activity, 2) not result in a bumping event, and 3) not require a formal confirmation process with the Interconnected Party.

10.1.3 Transporter Supported Grid-Wide Intra-day
Nomination Cycles

No bumping shall occur at the final grid-wide intra-day nomination opportunity of the Gas Day.

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10. NOMINATIONS/ALLOCATION OF CAPACITY/CONFIRMATIONS/SCHEDULING
(Continued)

10.1 Nomination Procedures (Continued)

10.1.3 Transporter Supported Grid-Wide Intra-day
Nomination Cycles (Continued)

Scheduled quantities resulting from intra-day 1 nominations shall be effective at 5:00 p.m. CCT on Gas Day.

Scheduled quantities resulting from intra-day 2 nominations shall be effective at 9:00 p.m. on Gas Day.

10.2 Nomination and Scheduling Timeline

10.2.1 Timely Nominations

(a) Shipper Delivery of Timely Nominations

The deadline for nominations leaving control of the Nominating Party is 11:30 a.m. CCT on the day prior to flow.

(b) Transporter Receipt of Timely Nominations

The time for receipt of nominations by Transporter is 11:45 a.m. CCT on the day prior to flow.

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10. NOMINATIONS/ALLOCATION OF CAPACITY/CONFIRMATIONS/SCHEDULING
(Continued)

10.2 Nomination and Scheduling Timeline (Continued)

10.2.1 Timely Nominations (Continued)

(c) Quick Response to Timely Nominations

Transporter shall send Quick Response by noon CCT on the day prior to flow.

(d) Confirmation of Timely Nominations

The deadline for receipt of completed confirmations by Transporter from upstream and downstream connected parties (Interconnected Party) is 3:30 p.m. CCT on the day prior to flow.

(e) Scheduled Timely Nominations Quantity Summary - Nominating Party

Nominating Party shall receive a scheduled nomination summary by 4:30 p.m. CCT on the day prior to flow.

(f) Scheduled Timely Nominations Quantity Summary - Interconnected Party/Point Operator

Interconnected Party/Point Operator shall receive a scheduled nomination summary by 4:30 p.m. CCT on the day prior to flow.

GENERAL TERMS AND CONDITIONS

10. NOMINATIONS/ALLOCATION OF CAPACITY/CONFIRMATIONS/SCHEDULING
(Continued)

10.2 Nomination and Scheduling Timeline (Continued)

10.2.1 Timely Nominations (Continued)

(g) Day End Summary

At the end of each Gas Day Transporter shall provide the final scheduled quantities for the just completed Gas Day. With respect to the implementation of this process via 1.4.X scheduled quantity related standards, Transporter shall send an end of Gas Day Scheduled Quantity document. Receivers of the end of Gas Day Scheduled Quantity document can waive the sender's sending of the end of Gas Day Scheduled Quantity document.

10.2.2 Evening Nomination Cycle

(a) Nominating Party Delivery of Evening Nominations

The deadline for nominations leaving control of the Nominating Party is 6:00 p.m. CCT on the day prior to flow.

The effective time of an Evening Nomination shall be no earlier than 9:00 a.m. CCT, the start of the Gas Day.

All intra-day nominations for the upcoming Gas Day received during the period from the timely nomination deadline to the Evening Nomination deadline will be batched and treated by Transporter as if they were received contemporaneously.

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10. NOMINATIONS/ALLOCATION OF CAPACITY/CONFIRMATIONS/SCHEDULING
(Continued)

10.2 Nomination and Scheduling Timeline (Continued)

10.2.2 Evening Nomination Cycle (Continued)

(b) Transporter Receipt of Evening
Nominations

The time for receipt of nominations by
Transporter is 6:15 p.m. CCT on the day
prior to flow.

(c) Quick Response to Evening Nominations

Transporter shall send Quick Response by
6:30 p.m. CCT on the day prior to flow.

(d) Confirmation of Evening Nominations

The deadline for receipt of completed
confirmations by Transporter from the
upstream and downstream connected parties
is 9:00 p.m. CCT on the day prior to
flow.

(e) Scheduled Evening Nominations Quantity
Summary - Affected Nominating Party

Transporter shall provide an affected
Nominating Party a scheduled quantity
summary by 10:00 p.m. CCT on the day
prior to flow.

(f) Scheduled Evening Nominations Quantity
Summary - Affected Interconnected
Party/Point Operator

Transporter shall provide an affected
Interconnected Party/Point Operator a
scheduled quantity summary by 10:00 p.m.
CCT on the day prior to flow.

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10. NOMINATIONS/ALLOCATION OF CAPACITY/CONFIRMATIONS/SCHEDULING
(Continued)

10.2 Nomination and Scheduling Timeline (Continued)

10.2.2 Evening Nomination Cycle (Continued)

- (g) Scheduled Evening Nominations Quantity Summary - Bumped Parties (Notice to Bumped Parties)

A Bumped Party shall be provided a scheduled quantity summary by 10:00 p.m. CCT on the day prior to flow.

10.2.3 Intra-day 1 Nomination Cycle

- (a) Nominating Party Delivery of Intra-day 1 Nominations

The deadline for nominations leaving control of the Nominating Party is 10:00 a.m. CCT on the Gas Day.

The effective time of an intra-day 1 nomination shall be no earlier than 5:00 p.m. CCT on the Gas Day.

All intra-day 1 nominations for the current Gas Day received during the period from the Evening Nomination deadline to the intraday 1 nomination deadline will be batched and treated by Transporter as if they were received contemporaneously.

- (b) Transporter Receipt of Intra-day 1 Nominations

The time for receipt of nominations by Transporter is 10:15 a.m. CCT on the Gas Day.

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10. NOMINATIONS/ALLOCATION OF CAPACITY/CONFIRMATIONS/SCHEDULING
(Continued)

10.2 Nomination and Scheduling Timeline (Continued)

10.2.3 Intra-day 1 Nomination Cycle (Continued)

(c) Quick Response to Intra-day 1 Nominations

Transporter shall send Quick Response by 10:30 a.m. CCT on the Gas Day.

(d) Confirmation of Intra-day 1 Nominations

The deadline for receipt of confirmations by Transporter from the upstream and downstream connected parties is 1:00 p.m. CCT on the Gas Day.

(e) Scheduled Intra-day 1 Quantity Summary - Affected Nominating Party

Transporter shall provide an affected Nominating Party a scheduled quantity summary by 2:00 p.m. CCT on the Gas Day.

(f) Scheduled Quantity Summary - Affected Interconnected Party/Point Operator

Transporter shall provide an affected Interconnected Party/Point Operator a scheduled quantity summary by 2:00 p.m. CCT on the Gas Day.

(g) Scheduled Intra-day 1 Quantity Summary - Bumped Parties (Notice to Bumped Parties)

A bumped party shall be provided a scheduled quantity summary by 2:00 p.m. CCT on the Gas Day.

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10. NOMINATIONS/ALLOCATION OF CAPACITY/CONFIRMATIONS/SCHEDULING
(Continued)

10.2 Nomination and Scheduling Timeline (Continued)

10.2.4 Intra-day 2 Nomination Cycle

(a) Nominating Party Delivery of Intra-day
2 Nominations

The deadline for intra-day 2 nominations leaving control of the Nominating Party is 5:00 p.m. CCT on the Gas Day.

The effective time of an intra-day 2 nomination shall be no earlier than 9:00 p.m. CCT on the Gas Day.

All intra-day 2 nominations for the current Gas Day received during the period from the intra-day 1 nomination deadline to the intra-day 2 nomination deadline will be batched and treated by Transporter as if they were received contemporaneously.

Bumping is not allowed during the intra-day 2 nomination cycle.

(b) Transporter Receipt of Intra-day 2
Nominations

The time for receipt of nominations by Transporter is 5:15 p.m. CCT on the Gas Day.

(c) Quick Response to Intra-day 2
Nominations

Transporter shall send Quick Response by 5:30 p.m. CCT on the Gas Day.

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10. NOMINATIONS/ALLOCATION OF CAPACITY/CONFIRMATIONS/SCHEDULING
(Continued)

10.2 Nomination and Scheduling Timeline (Continued)

10.2.4 Intra-day 2 Nomination Cycle (Continued)

(d) Confirmation of Intra-day 2
Nominations

The deadline for receipt of completed confirmations by Transporter from the upstream and downstream connected parties is 8:00 p.m. CCT on the Gas Day.

(e) Scheduled Intra-day 2 Nominations
Quantity Summary - Affected Nominating
Party

Transporter shall provide an affected Nominating Party a quantity summary by 9:00 p.m. CCT on the Gas Day.

(f) Scheduled Intra-day 2 Nominations
Quantity Summary - Affected
Interconnected Party/Point Operator

Transporter shall provide an affected Interconnected Party/Point Operator a scheduled quantity summary by 9:00 p.m. CCT on the Gas Day.

10.2.5 Departure from Nomination and Scheduling
Deadlines

The sending party shall adhere to the nomination, confirmation, and scheduling deadlines. The party receiving the request has the right to waive the deadline.

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10. NOMINATIONS/ALLOCATION OF CAPACITY/CONFIRMATIONS/SCHEDULING
(Continued)

10.2 Nomination and Scheduling Timeline (Continued)

10.2.6 Emergency Intra-day Requests

A majority of the time period in which an emergency intra-day request can be submitted to Transporter is outside of non-traditional business hours of 8 a.m. to 5 p.m. CCT. Consequently, it is the responsibility of the Nominating Party to see that Transporter has been notified that an emergency intra-day nomination has been transmitted.

Emergency intra-day requests will be processed using first come, first served, and will be confirmed and scheduled, if capacity is available on Transporter's pipeline system, on a best efforts basis. If an emergency intra-day request can be accepted and processed, Transporter will produce a Quick Response on a timely basis.

Scheduled quantity summaries reflecting scheduled emergency intra-day requests will be generated and delivered to the appropriate parties on a timely basis.

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(Continued)

10.2 Nomination and Scheduling Timeline (Continued)

10.2.7 Accessibility of Scheduling Staff

All parties, including Transporter, shall support a seven-day a week, twenty-four (24) hours a day nominations process. It is recognized that the success of seven (7) days a week, twenty-four hours a day nomination process is dependent on the availability of affected parties' scheduling personnel on a similar basis. Party contacts (including Transporter's scheduling personnel) need not be at their ordinary work sites but shall be available by telephone or beeper.

Instructions on how to reach Transporter's scheduling staff are posted on Transporter's public Internet website.

10.3 Firm Transportation Nomination Line Items

A nomination line item that has 1) its Receipt Point and its Delivery Point within the Transportation Path and 2) its nominated flow direction is in the Transportation Path direction shall be referred to as an In-Path, In-Direction ("IPID") nomination line item.

A nomination line item that has 1) its Receipt Point and its Delivery Point within the Transportation Path and 2) its nominated flow direction is opposite of the Transportation Path direction shall be referred to as an In-Path, Out-of-Direction ("IPOD") nomination line item.

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10. NOMINATIONS/ALLOCATION OF CAPACITY/CONFIRMATIONS/SCHEDULING
(Continued)

10.4 Nomination Validation

Transporter shall validate all nominations once they are received. Such validation will include verifying the nomination elements that are part of the Quick Response, verifying the existence of Agreements and amendments, and verifying that creditworthiness has been established to provide such nominated service.

A nomination which cannot be validated shall be voided by Transporter.

10.5 Allocation of Capacity

10.5.1 Allocation of Mainline and Gas Treatment Plant Capacity

In those instances in which the aggregate quantity of all validated nominations exceeds the physical capacity of Transporter's pipeline system at a specific pipeline location or segment, Transporter will allocate capacity to the validated nominations at the constrained pipeline location in the following order:

(a) IPID Rate Schedule FT-1 Nominations

Pro rata allocation of capacity based on Shipper's Maximum Delivery Quantity.

(b) IPOD Rate Schedule FT-1 Nominations

Pro rata allocation of capacity is based on Shipper's Maximum Delivery Quantity.

(c) Rate Schedule FT-1 Deferred Nominations

Pro Rata allocation of capacity is based on Shipper's Maximum Delivery Quantity.

(d) AOS Nominations

Pro Rata allocation of capacity is based on Shipper's Maximum Delivery Quantity.

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10. NOMINATIONS/ALLOCATION OF CAPACITY/CONFIRMATIONS/SCHEDULING
(Continued)

10.5 Allocation of Capacity (Continued)

10.5.1 Allocation of Mainline Capacity (Continued)

(e) Rate Schedule IT-1 Nominations

Allocation is based upon contracted rate with the highest interruptible transportation rate receiving a higher queue position than a lower interruptible transportation rate. For Shippers paying the same interruptible rate, capacity shall be allocated pro rata based on Shipper's validated nomination quantity.

For purposes of allocating interruptible nominations based on contracted rate, a negotiated rate Shipper paying a rate higher than the maximum recourse rate will be deemed to be paying a rate equal to such maximum recourse rate.

(f) Rate Schedule PAL Nominations

Allocation is based upon contracted rate with the highest PAL rate receiving a higher queue position than a lower PAL rate. For Shippers paying the same PAL rate, capacity shall be allocated pro rata based on Shipper's validated nomination quantity.

10.5.2 Allocation of Point Capacity

In those instances in which the aggregate net quantity of all validated nominations exceeds Transporter's physical capacity to receive Gas at a specific Receipt Point or deliver Gas at a specific Delivery Point, Transporter will allocate capacity to the validated nominations at the constrained point location in the following order:

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10. NOMINATIONS/ALLOCATION OF CAPACITY/CONFIRMATIONS/SCHEDULING
(Continued)

10.5 Allocation of Capacity (Continued)

10.5.2 Allocation of Point Capacity (Continued)

(a) Primary Capacity Scheduling Rights Firm
Nominations

Pro rata allocation of capacity within
this nomination class is based on
Shipper's primary scheduling rights at
such point.

(b) Secondary In-Path ("SIP") Firm
Nominations

Pro rata allocation of capacity within
this nomination class is based on
Shipper's secondary scheduling rights at
such point.

(c) Secondary Out-of-Path ("SOP") Firm
Nominations

Pro rata allocation of capacity within
this nomination class is based on
Shipper's secondary scheduling rights at
such point.

(d) Deferred Firm Nominations

Pro rata allocation of capacity within
this nomination class is based on
Shipper's Deferred Firm scheduling
rights.

(e) AOS Nominations

Pro rata allocation of capacity within
this nomination class is based on
Shipper's AOS scheduling rights.

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(Continued)

10.5 Allocation of Capacity (Continued)

10.5.2 Allocation of Point Capacity (Continued)

(f) Interruptible Nominations

Allocation of capacity for Interruptible Transactions Service is based upon rate paid by Shipper with the highest rate receiving a higher queue position than a lower rate.

Pro rata allocation of capacity within nomination classes (f) for two or more Shippers at an equal rate, if necessary, will be based on Shipper's validated nominated quantity.

(g) Nominations Under Any PAL Service Agreement

Allocation of capacity for PAL Service is based upon rate paid by Shipper with the highest rate receiving a higher queue position than a lower rate.

Pro rata allocation of capacity within nomination class (g) for two or more Shippers at an equal rate, if necessary, will be based on Shipper's validated nominated quantity.

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10. NOMINATIONS/ALLOCATION OF CAPACITY/CONFIRMATIONS/SCHEDULING
(Continued)

10.6 Confirmation Process

10.6.1 Confirmation Principles/Standards

With respect to the timely nomination/confirmation process at a Receipt Point or Delivery Point, in the absence of agreement to the contrary, the lesser of the confirmation quantities shall be the confirmed quantity. If there is no response to a request for confirmation or an unsolicited confirmation response, the lesser of the confirmation quantity or the previously scheduled quantity shall be the new confirmed quantity.

With respect to the processing of requests for increases during the intra-day nomination/confirmation process, in the absence of agreement to the contrary, the lesser of the confirmation quantities shall be the new confirmed quantity. If there is no response to a request for confirmation or an unsolicited confirmation response, the previously scheduled quantity shall be the new confirmed quantity.

With respect to the processing of requests for decreases during the intra-day nomination/confirmation process, in the absence of an agreement to the contrary, the lesser of the confirmation quantities shall be the new confirmed quantity, but in any event no less than the elapsed-prorated-scheduled quantity. If there is no response to a request for confirmation or an unsolicited confirmation response, the greater of the confirmation quantity or the elapsed-prorated-scheduled quantity shall be the new confirmed quantity.

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10. NOMINATIONS/ALLOCATION OF CAPACITY/CONFIRMATIONS/SCHEDULING
(Continued)

10.6 Confirmation Process (Continued)

10.6.1 Confirmation Principles/Standards
(Continued)

With respect to the above confirmation rules, if there is no response to a request for confirmation or an unsolicited confirmation response, Transporter shall provide the Nominating Party with the following information to explain why the nomination failed, as applicable:

- (i) Transporter did not conduct the confirmation;
- (ii) The upstream Confirming Party did not conduct the confirmation;
- (iii) The upstream Service Requester did not have the Gas or submit the nomination;
- (iv) The downstream Confirming Party did not conduct the confirmation;
- (v) The downstream Service Requester did not have the market or submit the nomination.

This information shall be imparted to the Nominating Party on the scheduled quantity document.

Ranking shall be included in the list of data elements. Transporter shall use Nominating Party provided rankings when making reductions during the scheduling process when this does not conflict with tariff-based rules.

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10. NOMINATIONS/ALLOCATION OF CAPACITY/CONFIRMATIONS/SCHEDULING
(Continued)

10.6 Confirmation Process (Continued)

10.6.2 Timing of Confirmation

When a Confirmation Requester receives a confirmation response document from a Confirming Party by the conclusion of a given quarter hour period, the Confirmation Requester will send to the Confirming Party's designated site a corresponding Confirmation Response Quick Response document by the conclusion of the subsequent quarter hour period.

10.7 Scheduling

Once Transporter and Interconnected Party have completed the confirmation process, and both parties agree to the confirmation results, the confirmed nominations are deemed scheduled. The scheduling results will be communicated to both the Interconnected Party and Nominating Party.

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11. OPERATIONAL FLOW ORDERS

11.1 Circumstances Warranting OFO

Transporter shall have the right to issue an OFO that requires actions by Shipper(s) and/or Interconnected Party(ies) in order (i) to alleviate conditions that threaten the integrity of Transporter's pipeline system, or (ii) to maintain pipeline operations at the pressures required to provide efficient and reliable transportation services, or (iii) to have adequate Gas supplies in the pipeline system, or (iv) to maintain service to all firm Shippers, or (v) to maintain adequate Transporter Fuel and Lost and Unaccounted for Gas, or (vi) to balance the pipeline system for the foregoing purposes.

For purposes of this Section, the operational integrity of Transporter's pipeline system shall encompass the integrity of its physical pipeline system, the Gas treatment plant, and the preservation of all other physical assets and their performance, the overall operating performance of the entire physical system as an entity (or any portion thereof), and the maintenance (on a reliable and operationally sound basis) of total system deliverability and the quality of Gas delivered.

11.1.1 Specific Conditions

Specific conditions that could prompt Transporter to issue an OFO include, but are not limited to, the following situations:

- (a) Inability of Transporter to receive scheduled Gas at a Receipt Point or to deliver scheduled Gas at a Delivery Point due to either operational or weather related conditions.

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11. OPERATIONAL FLOW ORDERS (Continued)

11.1 Circumstances Warranting OFO (Continued)

11.1.1 Specific Conditions (Continued)

- (b) Failure of Shipper(s) and/or Interconnected Party(ies) to comply with the provisions of this Tariff that adversely affects the operations of Transporter's pipeline system including, but not limited to, failure of Shipper(s) and/or Interconnected Party(ies) to adhere to the Gas quality specifications set forth in Section 5 of these General Terms and Conditions.
- (c) Receipt or delivery of Gas in non-uniform hourly quantities resulting in pressure transients on Transporter's pipeline facilities which could jeopardize service to other Shipper(s) and/or pose a threat to the operational integrity of Interconnected Party(ies).

11.1.2 Contacts

Each Shipper and Interconnected Party must designate one (1) or more Persons, but not more than three (3) Persons, for Transporter to contact on operating matters at any time, on a twenty-four (24) hours a day, three hundred sixty-five (365) days a year basis. Such contact Persons must have adequate authority and expertise to deal with operating matters.

If Transporter is unable to make contact with the designated Person(s) of affected Shipper(s)/Interconnected Party(ies) because the contact Person is unavailable, the affected Shipper(s)/Interconnected Party(ies) shall remain subject to the terms and conditions of this Section 11. Transporter shall make all reasonable efforts to notify the affected Shipper(s)/Interconnected Party(ies).

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11. OPERATIONAL FLOW ORDERS (Continued)

11.2 Net Pipeline Position ("NPP")

Shortly after the end of each Gas Day, Transporter shall calculate its NPP. The NPP is the sum of the total positive and negative cumulative imbalances at all Points of Interconnection, based on Supervisory Control and Data Acquisition ("SCADA") data. A positive NPP indicates that Gas is due others. A negative NPP indicates Gas that is due Transporter. Once the NPP has been calculated, Transporter shall post on its public Internet website, under Informational Postings, the NPP for the previous Gas Day as well as any operational conditions and anticipated events on Transporter's pipeline system.

11.3 Actions Taken by Transporter Prior to Issuance of an OFO

Transporter shall first attempt to isolate the impact of the operational problem by utilizing an OBA(s) at or in the area of Transporter's pipeline system where the problem is occurring, to the extent possible. However, if Transporter efforts are unsuccessful, Transporter shall issue an OFO watch.

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11. OPERATIONAL FLOW ORDERS (Continued)

11.4 Issuance of OFO Watch

Transporter shall attempt to localize any operational problems as is reasonably practicable such that the issuance of an OFO watch will be directed to the Shipper(s) and/or Interconnected Party(ies) causing the operational problem. Notwithstanding the foregoing, if Transporter is unable to identify specific Shipper(s) and/or Interconnected Party(ies) whose action(s) require issuance of an OFO watch, the OFO watch will be applicable to all Shipper(s)/Interconnected Party(ies) on Transporter's pipeline system.

When Transporter issues an OFO watch, the affected Shipper(s) and/or Interconnected Party(ies) will be directly notified at the time of issuance, which will subsequently be followed by a critical notice to be posted, as soon as practicable, on Transporter's public Internet website under Informational Postings. Such OFO watch will state a period of time the affected Shipper(s) and/or Interconnected Party(ies) has to address the operational problems causing the issuance of the OFO watch.

If the operational problems necessitating the issuance of the OFO watch have been alleviated during the stated period of time, Transporter shall notify affected Shipper(s) and/or Interconnected Party(ies) of the termination of the OFO watch which subsequently will be followed by a critical notice to be posted, as soon as practicable, on Transporter's public Internet website under Informational Postings.

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11. OPERATIONAL FLOW ORDERS (Continued)

11.5 Issuance of OFO

If the Transporter determines that the operational problems detailed in Subsection 11.4 have not been adequately addressed within the time period specified in the OFO watch, Transporter shall have the right to issue an OFO.

11.5.1 Notification

The affected Shipper(s) and/or Interconnected Party(ies) will be notified directly of the issuance of the OFO followed by a subsequent critical notice posting, as soon as practicable, on Transporter's public Internet website under Informational Postings. The OFO will set forth (i) the time and date of issuance, (ii) the actions required of the affected Shipper(s) and/or Interconnected Party(ies), (iii) the time by which the Shipper(s) and/or Interconnected Party(ies) must be in compliance with the OFO, (iv) the anticipated duration of the OFO, and (v) any other terms that Transporter may reasonably require to ensure the effectiveness of the OFO. The actions required in the OFO will directly correlate to the severity of the operational problem.

11.5.2 Actions

The issuance of an OFO may include, but is not limited to, any of the following actions:

- (a) Curtailment of interruptible and firm services;
- (b) Forced balancing at a Point of Interconnection to assure that the total scheduled nomination equals current flows;

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11. OPERATIONAL FLOW ORDERS (Continued)

11.5 Issuance of OFO (Continued)

11.5.2 Actions (Continued)

- (c) Flow control at a Transporter operated pressure controlled Point of Interconnection to assure that the total scheduled nomination equals current flows.

11.6 Affected Shipper and/or Interconnected Party Compliance

Affected Shipper(s) and/or Interconnected Party(ies) must comply with an OFO within the time period set forth therein unless the affected Shipper(s) and/or Interconnected Party(ies) is able to demonstrate that such compliance (i) is not within their physical control or capability; (ii) is prevented by operating conditions on a third party system that are beyond the Shipper(s) and/or Interconnected Party(ies) control; (iii) is precluded by contractual restrictions or the lack of any contract with persons other than Transporter; and/or (iv) is prevented due to a force majeure event as defined in Subsection 9.2 of Transporter's General Terms and Conditions. The affected Shipper(s) and/or Interconnected Party(ies) shall notify Transporter immediately if it believes that it is excused from compliance with the OFO for any of the above stated reasons and shall provide Transporter with documentation sufficient to support its basis for non-compliance. Upon receipt of notification, Transporter will respond in writing in a timely manner advising Shipper(s) and/or Interconnected Party(ies) if it will be excused from compliance.

11.7 Treatment of Shipper Imbalances

At the time an OFO is issued, affected Shipper(s) and/or Interconnected Party(ies) will be notified of any imbalances that require immediate resolution pursuant to one of Transporter's imbalance resolution methods as detailed in Section 23 of these General Terms and Conditions.

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11. OPERATIONAL FLOW ORDERS (Continued)

11.7 Treatment of Shipper Imbalances (Continued)

Quantities parked and loaned under Rate Schedule PAL may be utilized by affected Shipper(s) and/or Interconnected Party(ies) to net or Trade against their respective imbalances to facilitate the immediate elimination of such imbalances.

11.8 Failure to Respond to OFO

11.8.1 Actions

In the event that the affected Shipper(s) and/or Interconnected Party(ies) does not respond to an OFO, or the actions taken are insufficient to correct the operational problems for which the OFO was issued, or there is insufficient time to carry out the procedures with respect to OFOs, Transporter may take unilateral action, including the curtailment of interruptible and firm service, to maintain the operational integrity of Transporter's pipeline system (or any portion thereof).

If a full interruption, partial curtailment, or reduction of service due to an OFO shall become necessary, Transporter shall immediately notify the affected Shipper(s) and/or Interconnected Party(ies), followed by a subsequent critical notice posting, as soon as practicable, on Transporter's public Internet website under Informational Postings. The posting shall contain information regarding the status of the operational variables that prompted such service interruption, and the estimated effective period of the service interruption. Additionally, Transporter shall post routine status updates throughout the service interruption period.

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11. OPERATIONAL FLOW ORDERS (Continued)

11.8 Failure to Respond to OFO (Continued)

11.8.1 Actions (Continued)

Except in situations where the curtailment of interruptible services would not alleviate the causes and conditions necessitating the issuance of the OFO, Transporter shall curtail interruptible services prior to curtailing firm service required to alleviate the causes and conditions of the OFO.

11.8.2 Responsibility

Transporter shall not be responsible for any damages that result from any interruption in Shipper(s) and/or Interconnected Party(ies) service that is a result of Shipper(s) and/or Interconnected Party(ies) failure to comply with the OFO.

Non-complying Shipper(s) and/or Interconnected Party(ies) shall indemnify Transporter against any and all claims which result from their non-compliance.

11.9 OFO Penalty

If an affected Shipper and/or Interconnected Party fails to comply with an OFO and has not been excused in writing by Transporter from compliance pursuant to Subsection 11.6 of Transporter's General Terms and Conditions, it will be subject to an OFO penalty for each MMBtu of Gas by which it deviated from the requirements of the OFO. The OFO penalty shall be computed based on a price per MMBtu equal to three times the highest price published in the absolute range for **[insert price point]** for the Gas Day on which the OFO is issued, as reported in **[insert publication]**, or any successor publication thereto.

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11. OPERATIONAL FLOW ORDERS (Continued)

11.9 OFO Penalty (Continued)

All amounts invoiced and collected by Transporter as payment of OFO penalties under this Subsection 11.9, net of incremental administrative charges, shall be allocated by Transporter to Shippers using the methodology set forth in Section 48 of the General Terms and Conditions.

11.10 Termination of OFO

Once the operational problems necessitating the issuance of the OFO have been alleviated, Transporter shall advise the affected Shipper(s) and/or Interconnected Party(ies) of the termination of the OFO and shall post a critical notice on its public Internet website, as soon as practicable, regarding the termination of the OFO.

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Indicative Sheet No. 299 - 300

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Indicative Sheet No. 301

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12. SEPARATE LIABILITY OF SHIPPER AND TITLE TO GAS

The execution of an Agreement by Shipper shall result in Shipper undertaking obligations of a separate nature, and shall not be deemed to cause a joint, or joint and several, obligation vis a vis any one or more other Shippers.

Shipper shall maintain ownership and Title to all Gas transported. Shipper shall retain Title while the Natural Gas, including acid Gas and Gas lost or otherwise unaccounted for, is in the custody of Transporter. Shipper will be in exclusive control and possession of the Gas, including acid Gas, Gas lost or otherwise unaccounted for and Gas to be transported, prior to receipt by Transporter and after delivery by Transporter.

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Indicative Sheet No. 302 - 303

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13. CURTAILMENT

Transporter shall have the right to curtail service on any portion of its pipeline system at any time for reasons of force majeure, maintenance, repairs, operating conditions or other causes, whether similar or dissimilar. Transporter shall exercise this curtailment provision only at affected point(s) or segment(s) of the pipeline system.

Transporter shall provide notice on its public Internet website of any curtailment as soon as practicable.

During the period of the curtailment, scheduled capacity shall be curtailed in reverse allocation order of priority classification as detailed in Subsection 10.5 of these General Terms and Conditions.

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Indicative Sheet No. 305 - 306

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14. SHIPPER DELIVERY RIGHT AND WARRANTIES

Shipper shall have the right to transport or treat Natural Gas pursuant to the terms and conditions of Shipper's Agreement. Shipper warrants that it 1) shall have Title to all Gas Tendered to Transporter and 2) shall indemnify and save harmless Transporter against claims, liability, loss or damage which Transporter may incur or suffer as a result of the lack of such right or other breach of such warranty or any claim made against Transporter by any Person asserting an interest in such Gas.

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Indicative Sheet No. 308 - 309

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15. CUSTODY OF GAS

15.1 Receipt Point

The point of custody transfer at each Receipt Point shall be on the inlet side of the measurement station at such Receipt Point or at such other point as may be agreed between Transporter and Shipper, or all Shippers who utilize such Receipt Point.

15.2 Delivery Point

The point of custody transfer at each Delivery Point shall be on the outlet side of the measurement station at such Delivery Point or at such other point as may be agreed upon between Transporter and Shipper, or all Shippers who utilize such Delivery Point.

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16. FERC ANNUAL CHARGE PROVISION AND CHANGE IN LAW/TAX/
REGULATION SURCHARGES

16.1 Purpose

Pursuant to Sections 154.402 and 154.403 of FERC's Regulations, Transporter intends to recover the annual charges assessed by FERC under Part 382 of FERC's Regulations and surcharges to recover costs associated with changes in law, tax and regulation through the terms contained in this Section 16 and not through Natural Gas Act ("NGA") Section 4(e) rate filing.

16.2 Annual Charge Adjustment ("ACA") Unit Rate Adjustment

Changes to the ACA unit rate shall be filed annually by Transporter to reflect the annual charge unit rate assessed by FERC on Transporter. The ACA unit rate shall be set forth in the Statement of Recourse Rates. Transporter shall file to effectuate the ACA unit rate at least thirty (30) days prior to its proposed effective date, as permitted under Section 4 of the NGA.

The ACA unit rate is not a discountable rate component.

16.3 Changes in Law/Tax/Regulation

Surcharges may be assessed and collected from Shippers related to changes in law or taxes, or regulation, to include, but not be limited to, any law, regulation, or governmental policy which imposes fees or costs upon Transporter related to climate change, greenhouse Gas regulation, pipeline safety, or the security of Transporter's facilities. Surcharges may also be imposed to recover costs associated with repairs necessary to restore service levels following an incident of force majeure. Surcharges under this Section 16.3 are not a discountable rate component.

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16. FERC ANNUAL CHARGE PROVISION AND CHANGE IN LAW/TAX/
REGULATION SURCHARGES (Continued)

16.4 Applicability

The ACA unit rate and Section 16.3 surcharges shall
apply to all transportation and Gas treatment
services.

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17. RECEIPT POINT AND DELIVERY POINT FLEXIBILITY/SEGMENTATION

17.1 Flexible Point Rights

Shipper may nominate any Receipt Point or Delivery Point (physical, logical or Transfer Point) on Transporter's pipeline system, unless otherwise specifically excluded in the Rate Schedule or underlying Agreement.

All Receipt Point(s) and Delivery Point(s) within a firm Shipper's Transportation Path are granted a higher capacity allocation priority than Receipt Point(s) and Delivery Point(s) outside a Shipper's Transportation Path.

17.2 Point Capacity Scheduling Rights Under Firm Transportation Service Agreements

17.2.1 Primary Point Capacity Scheduling Rights

Shipper's primary point capacity scheduling rights will be initially located at the Receipt Point and Delivery Point establishing Shipper's Transportation Path set forth on Exhibit A of Shipper's Service Agreement.

Shipper shall receive primary capacity scheduling rights for a quantity of Gas equal to Shipper's Maximum Delivery Quantity set forth on Exhibit A of Shipper's Service Agreement.

17.2.2 Reassignment of Primary Point Capacity Scheduling Rights

Subject to the availability of firm point capacity on Transporter's pipeline system, Shipper shall have the ability to reassign its primary point capacity scheduling rights to one or more Receipt Point(s) or Delivery Point(s) within its Transportation Path.

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17. RECEIPT POINT AND DELIVERY POINT FLEXIBILITY/SEGMENTATION
(Continued)

17.2 Point Capacity Scheduling Rights Under Firm Transportation
Service Agreements (Continued)

17.2.2 Reassignment of Primary Point Capacity
Scheduling Rights (Continued)

The reassignment of primary point capacity scheduling rights within Shipper's Transportation Path shall not result in an increase or decrease in Shipper's contracted rights. The sum of the quantities reassigned to the Receipt Point(s) and Delivery Point(s) shall not exceed Transporter's obligation set forth in Shipper's Service Agreement. Shipper may submit a request to Transporter to reassign its primary point capacity scheduling rights within its Transportation Path. The term of the reassignment period will be included in the request. Such request must be made to Transporter no later than 1:00 p.m. CCT on the day before nominations are due.

If more than one Shipper desires to reassign its primary point capacity scheduling rights to the same point and insufficient firm capacity exists to accommodate the requests, the available capacity at the requested point will be allocated pro rata based upon the requested quantity at such point. Transporter shall notify Shippers of its ability or inability to reassign primary scheduling rights. Such notification shall be made at least one (1) hour before the timely cycle nominations are due and will detail the reason for the request not being implemented, if applicable.

Shipper retains the option to return to its initial primary capacity scheduling rights position at the end of the reassignment period.

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17. RECEIPT POINT AND DELIVERY POINT FLEXIBILITY/SEGMENTATION
(Continued)

17.2 Point Capacity Scheduling Rights Under Firm
Transportation Service Agreements (Continued)

17.2.2 Reassignment of Primary Point Capacity
Scheduling Rights (Continued)

During the term of Shipper's reassignment of primary point capacity scheduling rights, Transporter reserves the right to sell any available capacity resulting from such reassignment.

17.2.3 Shipper's Obligations Under Reassignment of
Primary Point Capacity Scheduling Rights

During the term of the reassignment period, a firm Shipper subject to a reservation charge will continue to be billed a reservation charge based upon the Transportation Path set forth on Exhibit A of Shipper's Service Agreement. Shipper shall be required to pay a commodity charge and provide Transporter Fuel and Lost and Unaccounted for Gas based upon the Transportation Path actually scheduled.

If a Shipper requests a permanent reassignment of primary point capacity scheduling rights outside of its currently effective Transportation Path, such a requested permanent change in primary point capacity scheduling rights is subject to available capacity, execution of an amendment to the Service Agreement and compliance with the requirements under Transporter's Tariff in order to effectuate a permanent change in its Transportation Path. Shipper shall be subject to any resulting additional transportation charges associated with the permanent reassignment.

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17. RECEIPT POINT AND DELIVERY POINT FLEXIBILITY/SEGMENTATION
(Continued)

17.2 Point Capacity Scheduling Rights Under Firm
Transportation Service Agreements (Continued)

17.2.3 Shipper's Obligations Under Reassignment of
Primary Point Capacity Scheduling Rights
(Continued)

The Receipt Point(s) and Delivery Point(s) within a Shipper's Transportation Path that do not have primary capacity scheduling rights are automatically assigned SIP capacity scheduling rights by Transporter.

The Receipt Point(s) and Delivery Point(s) outside of a Shipper's Transportation Path are automatically assigned SOP capacity scheduling rights by Transporter.

Under no circumstances shall a Shipper's Primary Receipt or Delivery Point change request result in the payment of reservation and commodity charges that are less than that paid for the original primary path.

17.3 Segmentation Rights

17.3.1 Segmentation via Nomination Process

A Shipper may segment its Transportation Path into separate parts through the nomination process, to the extent such segmentation is operationally feasible.

Shipper may not segment capacity via the nomination process when the nominations by such party exceed the Maximum Delivery Quantity of the underlying Service Agreement at a pipeline location. However, a segmented nomination by a Shipper

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17. RECEIPT POINT AND DELIVERY POINT FLEXIBILITY/SEGMENTATION
(Continued)

17.3 Segmentation Rights (Continued)

17.3.1 Segmentation via Nomination Process
(Continued)

consisting of a Forwardhaul and Backhaul to the same Receipt Point or Delivery Point for a given nomination cycle may exceed the Maximum Delivery Quantity of the underlying Service Agreement.

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17. RECEIPT POINT AND DELIVERY POINT FLEXIBILITY/SEGMENTATION
(Continued)

17.3 Segmentation Rights (Continued)

17.3.2 Segmentation via Capacity Release

Shipper may segment its Transportation Path for the purpose of releasing capacity in accordance with Section 27 of these General Terms and Conditions to the extent such segmentation is operationally feasible.

Any secondary scheduling rights resulting from a segmented capacity release may be elevated to primary scheduling rights to the extent firm capacity exists at the requested Receipt Point(s) or Delivery Point(s) within the Transportation Path up to the Releasing Shipper's or Replacement Shipper's Maximum Delivery Quantity.

Shipper may submit a request to Transporter to elevate its scheduling rights no later than 1:00 p.m. CCT on the day before nominations are due.

Transporter shall notify Replacement/ Releasing Shipper of its ability or inability to elevate the scheduling rights. Such notification shall be made at least one hour before the timely cycle nominations are due and will detail the reason for the request not being implemented, if applicable.

17.3.3 Contractual Rights

The use of segmentation shall not result in an increase in Shipper's Maximum Delivery Quantity or Maximum Treatment Quantity.

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18. RIGHT OF FIRST REFUSAL

18.1 Applicability

A firm Shipper with a Service Agreement for a term of at least twelve (12) consecutive months at the Maximum Rate shall have the right of first refusal regarding continuing service beyond the primary term specified in the Shipper's Service Agreement for all or a portion of Shipper's Maximum Delivery Quantity, provided Shipper satisfies the creditworthiness requirements set forth in Section 40 of these General Terms and Conditions and the Service Agreement and is current with its obligations and otherwise is in compliance with the terms and conditions of Transporter's Tariff. A Shipper may not exercise its right of first refusal for only a geographic portion of its contracted Transportation Path or to off-system services acquired for Shipper under Subsection 39.2 of these General Terms and Conditions.

Unless Transporter and Shipper expressly agree otherwise in Shipper's Service Agreement, a right of first refusal does not apply to any Negotiated Rate Agreement or to any discounted rate Agreement or to off-system services acquired for Shipper under Subsection 39.2 of these General Terms and Conditions.

A limited right of first refusal shall be applicable to an interim Service Agreement for capacity that has been sold pursuant to Subsection 26.4 or Subsection 28.5 of these General Terms and Conditions.

A Service Agreement containing a right of first refusal applicable to off-system service contracted pursuant to Section 39 of these General Terms and Conditions may not be extended beyond the term of Transporter's agreement with a third-party for such off-system service.

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18. RIGHT OF FIRST REFUSAL (Continued)

18.2 Avoidance of Right of First Refusal Process

Subject to Subsection 18.1 herein, Shipper can extend the term of its Service Agreement at anytime and not be subject to the right of first refusal process outlined below if, prior to the receipt of Notice in Subsection 18.3 herein, Shipper agrees to any of the following actions: 1) Shipper agrees to amend the term of its Service Agreement for a term of five (5) or more years at the Maximum Rate from the effective date of the amendment or 2) Shipper and Transporter mutually agree to amend the terms of the existing Service Agreement which shall include an extension of the term beyond the termination date of the existing Service Agreement. An amended Service Agreement containing the revised terms also must be executed prior to receipt of Notice in Subsection 18.3 herein.

18.3 Notice to Shipper

Transporter shall give Notice to Shipper, not less than six (6) months and no more than eighteen (18) months prior to the termination of Shipper's Service Agreement that Shipper's capacity is subject to the right of first refusal.

In the event an expansion project is proposed that would utilize capacity on Transporter's existing facilities, the sizing of such proposed project could be affected by Shipper's plans regarding its continuation of service. Accordingly, Transporter shall have the right to give Shipper Notice no more than thirty-six (36) months prior to termination of Shipper's Service Agreement that Shipper's capacity is subject to the right of first refusal. Transporter shall require a response from Shipper no later than ten (10) Business Days from the date the Notice is issued.

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18. RIGHT OF FIRST REFUSAL (Continued)

18.4 Shipper's Response to Notice

Shipper's response to Transporter's Notice, pursuant to Subsection 18.3 herein, shall include a binding commitment to any of the following options up to the Maximum Delivery Quantity in Shipper's Service Agreement: 1) extend the term of its Service Agreement at the Maximum Rate under the applicable Rate Schedule; 2) terminate its Service Agreement; or 3) exercise its right of first refusal.

Shipper must notify Transporter of its election, within ten (10) Business Days from the date the Notice is issued pursuant to Subsection 18.3 herein. In the event that Shipper does not respond to Transporter's Notice within such time frame, Transporter shall post all of Shipper's capacity for Bid, without a right of first refusal, in accordance with Subsection 26.1 of these General Terms and Conditions.

18.4.1 Extension of Term of Service Agreement

If Shipper elects to extend the term of its Service Agreement for all or a portion of its Maximum Delivery Quantity under its Service Agreement for a term of five (5) years or more at the Maximum Rate, Shipper shall execute an amendment to the Service Agreement containing such terms within five (5) Business Days from the date such amended Service Agreement is Tendered to Shipper. No further action by Shipper shall be required upon receipt by Transporter of the executed Service Agreement.

18.4.2 Termination of Service Agreement

If Shipper elects to terminate its Service Agreement, such Service Agreement shall expire under its own terms and no further action will be required of Shipper.

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18. RIGHT OF FIRST REFUSAL (Continued)

18.4 Shipper's Response to Notice (Continued)

18.4.3 Exercise of Right of First Refusal

If Shipper elects to exercise its right of first refusal, then such capacity shall be subject to the procedures detailed in Subsection 18.5 herein. Shipper shall be required to execute an amendment to its Service Agreement, within five (5) Business Days from the date such amended Service Agreement is Tendered to Shipper reflecting the terms matched. No later than one (1) Business Day of receiving Notice of Shipper's election under this Subsection 18.4.3, Transporter shall post the capacity in accordance with Subsection 18.5 herein.

18.5 Posting/Bid Procedures

18.5.1 Posting of Available Capacity

Transporter shall post for twenty (20) Business Days a notice of available firm capacity that is subject to the right of first refusal. The posting shall specify the Maximum Delivery Quantity, Transportation Path, Bid evaluation method, and deadline for resolution of Bid contingency(ies) allowed in Subsection 18.5.2(c) herein. The posting shall state that the capacity is subject to the right of first refusal and whether Transporter will consider a negotiated rate Bid.

18.5.2 Bid Procedures

(a) Within one (1) Business Day of receipt of a Bid by Transporter for the posted firm capacity, Transporter will post the Bid. The identity of the bidder shall be kept confidential. Transporter shall not be obligated to accept a Bid at less than the applicable Maximum Rate.

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18. RIGHT OF FIRST REFUSAL (Continued)

18.5 Posting/Bid Procedures (Continued)

18.5.2 Bid Procedures (Continued)

(b) Any Person desiring to submit a Bid for firm capacity in accordance with this Section 18 must satisfy the requirements of the applicable Rate Schedule and execute the associated Service Agreement. A Bid for firm capacity which exceeds a Shipper's qualified level of creditworthiness shall be accepted up to the level of creditworthiness established pursuant to Section 40 of these General Terms and Conditions.

(c) In the event Transporter will allow a contingent Bid, Transporter shall detail in its posting the specific contingency(ies) it will accept and Bidder must specify the details of the contingency in its Bid.

(d) Transporter will not accept a Bid containing contingencies other than those allowed in Subsection 18.5.2(c) above.

(e) A bidder may withdraw its Bid prior to the Bid Closing Date upon written Notice to Transporter.

18.5.3 Selection of Best Bid

(a) For purposes of determining the Best Bid(s), Transporter will use Method A as detailed in Subsection 27.6.1(a) or, if applicable, Subsection 37.4 of these General Terms and Conditions for a negotiated rate Bid. The Best Bid must meet or exceed the lowest rate Transporter is willing to accept for such service.

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18. RIGHT OF FIRST REFUSAL (Continued)

18.5 Posting/Bid Procedures (Continued)

18.5.3 Selection of Best Bid (Continued)

Nothing herein shall obligate Transporter to provide service to any Shipper at less than Transporter's applicable Maximum Rates.

(b) Transporter shall evaluate Bid(s) received and notify Shipper in writing within one (1) Business Day after the Bid Close Date of the Best Bid(s) or if no acceptable Bid(s) were received. In those instances where a contingent Bid(s) pursuant to Subsection 18.5.2(c) herein is determined to be the Best Bid, the allocation of capacity may be delayed, without undue discrimination, pending satisfaction of the contingency. If such contingency has not been resolved by ten (10) Business Days after the Bid Closing Date, then such contingent Bid is deemed void.

(c) In order for Shipper to retain its capacity, Shipper shall notify Transporter in writing within ten (10) Business Days of notification pursuant to Subsection 18.5.3(b) herein that Shipper elects to match the Best Bid(s) for all or a percentage of the Maximum Delivery Quantity. A Shipper that has a primary term greater than one (1) year at the Maximum Rate is not required to match a rate higher than the Maximum Rate currently in effect for that Transportation Path in order to retain its contracted capacity.

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18. RIGHT OF FIRST REFUSAL (Continued)

18.5 Posting/Bid Procedures (Continued)

18.5.3 Selection of Best Bid (Continued)

If the Best Bid(s) contains a Negotiated Rate, Shipper may retain all or a portion of its Maximum Delivery Quantity by choosing one of the following options: 1) matching the Best Bid as a Negotiated Rate or 2) matching the Best Bid as a discounted rate that is equivalent to the Negotiated Rate or 3) agreeing to pay the currently effective Maximum Rate. If Shipper timely matches the Best Bid, Transporter shall prepare a Service Agreement setting forth the terms and conditions of the Best Bid for Shipper's execution to be effective on the date the existing Service Agreement expires. If Shipper fails to execute the Service Agreement within five (5) Business Days of Transporter's tender, Shipper will forfeit any claim under its right of first refusal to the subject capacity. Notwithstanding the prior Notice of any award of such capacity to Shipper, Transporter shall have the ability to resell the capacity and Shipper will be required to pay Transporter the difference between the matched Best Bid and the price received for the resold capacity multiplied by the quantity of the awarded Bid, in the event the matched Best Bid was above the price ultimately received for the resold capacity.

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18. RIGHT OF FIRST REFUSAL (Continued)

18.5 Posting/Bid Procedures (Continued)

18.5.3 Selection of Best Bid (Continued)

- (d) In the event there is capacity remaining after Shipper's election in Subsection 18.5.3(c) herein and there is more than one Best Bid, the firm capacity shall be allocated on a pro rata basis.
- (e) Each bidder who submitted a Best Bid, as determined in Subsection 18.5.3(a) herein, will be awarded capacity within one (1) Business Day following receipt of Shipper's Notice to Transporter in Subsection 18.5.3(c) herein. Transporter shall prepare a Service Agreement setting forth the terms and conditions of the Best Bid for Shipper's execution. If Shipper fails to execute the Service Agreement within five (5) Business Days of Transporter's tender, Transporter shall have the ability to resell the capacity, notwithstanding the Notice of any award, and Shipper will be required to pay Transporter the difference between the Best Bid and the price received for the resold capacity multiplied by the quantity of the awarded Bid, in the event the Best Bid was above the price ultimately received for the resold capacity.

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18. RIGHT OF FIRST REFUSAL (Continued)

18.5 Posting/Bid Procedures (Continued)

18.5.3 Selection of Best Bid (Continued)

- (f) The awarded Best Bid(s), including the identity of the bidder(s), will be posted on Transporter's public Internet website within one (1) Business Day of award.

If Transporter does not receive any acceptable Bid(s) for all or part of the capacity in response to a posting pursuant to Subsection 18.5.1 herein, Transporter shall notify Shipper in writing of the results and inform the Shipper that Shipper may continue to receive service if Transporter and Shipper can mutually agree to acceptable terms and execute a Service Agreement to continue all or a portion of Shipper's Service Agreement within five (5) Business Days of such notification. Transporter is under no obligation to provide service at less than the Maximum Rate under any Rate Schedule. If Transporter and Shipper do not execute a Service Agreement by the close of the five (5) Business Day period, Shipper's right of first refusal under the Service Agreement shall expire and on the following Business Day, Transporter shall post the capacity as available without a right of first refusal in accordance with Subsection 26.1 of these General Terms and Conditions.

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19. FACILITIES POLICY

Transporter shall not be required to build, modify, operate, own, or contribute to the cost of building or operating any facilities including but not limited to pipeline facilities, taps, metering facilities, valves, looping and/or compression facilities, on behalf of Shippers or other Persons, which are not operationally or economically feasible. In the event Transporter agrees to either build, operate, own, or contribute to the cost of building any such facilities, Transporter shall do so on a not unduly discriminatory basis.

19.1 Shipper Reimbursement

Shipper(s) will be required to reimburse Transporter, on mutually agreeable terms, for costs associated with constructing and operating the facilities. Such mutually agreed upon reimbursement may be in the form of an incremental rate, a firm service commitment, an operations fee, a lump sum payment, or a mutually agreed upon method, including reimbursement for any associated income tax effects. Transporter may waive this requirement on a not unduly discriminatory basis.

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19. FACILITIES POLICY (Continued)

19.2 Transporter Contribution

Transporter may pay for or contribute to all or a portion of the cost of building or operating facilities requested by Shippers or other Persons if Transporter determines that such action will result in an economic benefit, or determines that the project is economically neutral to Transporter. Transporter will evaluate each prospective project under this policy based upon the incremental cost of service and the incremental revenues which Transporter estimates will be generated as a result of the project. When estimating incremental revenues to be generated, Transporter will base those revenues upon transportation rates it expects to be able to charge, including any surcharges, the incremental volumes or firm service contracts that will result from the project, and any reduction in revenues for service rendered to other Shippers if the addition of the billing determinants associated with service provided to the Shipper(s) requesting facilities results in a rate reduction for other Shipper(s). Transporter may also consider volumes or firm service contracts to be incremental if the volumes or firm service contracts that will be transported or provided respectively would not otherwise flow through or be contracted for firm service on Transporter's pipeline system.

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20. NOTICES

Any Notice or other communication required to be given or made in writing under an Agreement shall be sufficiently given if reduced to writing and delivered, mailed by prepaid mail, or other mechanical or electronic means of transmitting written messages, to the Person to which it is to be given at the most recent address of such Person provided to Transporter for such Agreement in the manner provided in this Section 20. Any such Notice or other communication which is mailed shall be considered to be given or made when it is received by the Person to which it is given or made and, if provided electronically, shall be deemed received by such Person when it is sent.

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21. DEFAULTS

No default in the performance of any of the obligations of Transporter or Shipper under this Tariff or Shipper's Agreement, nor any action, non-action, concession, waiver or indulgence by Transporter or Shipper shall operate to terminate, cancel, repudiate or surrender either party's rights or obligations under this Tariff or Shipper's Agreement, except as specifically provided in such Agreement, or relieve Transporter or such Shipper from due and timely compliance with its obligations thereunder.

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22. [RESERVED FOR FUTURE USE]

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23. IMBALANCE RESOLUTION

For purposes of this Section 23, Party(ies) shall be defined as any Person having an imbalance with Transporter.

23.1 Pre-Determined Allocations (PDA)

PDAs shall be used to manage the variance between actual quantities and scheduled quantities and an OBA is a form of PDA. The upstream or downstream party providing the Point of Interconnection confirmation should submit the PDA to the allocating party after or during confirmation and before the start of the Gas Day, except that no PDAs need to be submitted if an OBA is in effect at a Point of Interconnection.

23.2 Allocation Statements

Allocations are performed by the operator of the affected location, using the PDA method agreed to by the parties involved. The allocation statement is used to communicate the allocation information to the parties involved.

The time limitation for disputes of allocations should be six (6) months from the date of the initial month-end allocation with a three (3) month rebuttal period. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard.

23.3 Imbalance Resolution

Resolution to correct an imbalance shall be required.

Party must correct such imbalance within forty-five (45) days from the date it is notified by Transporter of an imbalance under an existing Agreement or an Agreement that has terminated.

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23. IMBALANCE RESOLUTION (Continued)

23.3 Imbalance Resolution (Continued)

Transporter shall support the following methods of imbalance resolution, provided that at the time proposed for such resolution, sufficient capacity is available and all nominations and scheduling processes are satisfied.

23.3.1 In-kind

To resolve an imbalance due Transporter, party may elect to deliver Gas into Transporter's pipeline system at any Receipt Point.

To resolve an imbalance due party, a party may elect to accept Gas from Transporter's pipeline system at any Delivery Point.

If party creates and resolves an imbalance within the same zone or Operational Impact Area, there will be no associated charge for transportation or Transporter Fuel and Lost and Unaccounted for Gas.

23.3.2 Netting

Transporter shall allow a party to net an imbalance within the same zone or Operational Impact Area on and across Agreements.

23.3.3 Trading

Transporter shall allow a party to Trade imbalances within the same zone or Operational Impact Area on and across Agreements.

Transporter shall provide the ability to post and Trade imbalances until at least the close of the nineteenth Business Day of the month.

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23. IMBALANCE RESOLUTION (Continued)

23.3 Imbalance Resolution (Continued)

23.3.3 Trading (Continued)

Authorizations to post imbalances that are received by Transporter by 11:45 a.m. CCT shall be effective at 8:00 a.m. CCT the next Business Day. Imbalances previously authorized for posting shall be posted on or before the ninth Business Day of the month.

23.3.4 Underdelivery Cashout

To resolve an imbalance due Transporter, party may elect to reimburse Transporter for such Underdelivery.

Party must provide written Notice to Transporter, within the resolution period, of its desire to cashout all or a portion of the Underdelivery quantity. At such time, Transporter will post an offer to buy linepack equal to the Underdelivery quantity specified by party to resolve. Transporter shall select the lowest Bid received from any qualified bidder and will facilitate the delivery of such linepack into its pipeline system. Transporter shall post all Bids received from qualified bidders and select the lowest qualified Bid. If the lowest qualified Bid is not chosen, explanation and justification of the selected Bid also will be posted.

Transporter shall invoice party for the total cost of the linepack purchased to reduce or eliminate the Underdelivery at the time such linepack is received into Transporter's pipeline system.

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23. IMBALANCE RESOLUTION (Continued)

23.3 Imbalance Resolution (Continued)

23.3.4 Underdelivery Cashout (Continued)

To account for any imbalance remaining after cashout, party and Transporter shall agree to designate one of the Shipper's Agreement(s) in the zone or Operational Impact Area where the original imbalance occurred, for such purpose.

23.3.5 Underdelivery Penalty

If a Shipper Imbalance has not been resolved during the resolution period, and the remaining Shipper Imbalance reflects an Underdelivery, Transporter will invoice Shipper an Underdelivery Penalty for an amount equal to the Underdelivery quantity times the higher of one hundred fifty percent of the actual price established at Subsection 23.3.4 herein or the highest price of Gas delivered at **[Insert specific price index]**.

Amounts received by Transporter for the Underdelivery Penalty, net of administrative costs, shall be allocated by Transporter to Shippers using the methodology set forth in Section 48 of these General Terms and Conditions.

23.3.6 Overdelivery Retention

If a Shipper Imbalance has not been resolved during the resolution period, and the remaining Shipper Imbalance reflects an Overdelivery, Transporter shall retain the quantity of Gas in excess and use it to reduce Transporter Fuel and Lost and Unaccounted for Gas.

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24. SEVERABILITY

If any provision of a Shipper's Agreement shall be contrary to or prohibited by applicable law, such provision shall be severable from the remaining provisions of such Agreement and shall be deemed to be deleted therefrom, and all of the provisions of such Agreement which are not contrary to or prohibited by applicable law shall, notwithstanding such deletion, remain in full force and effect. If Subsection 6.6 of these General Terms and Conditions requires the payment of interest at a rate which exceeds the rate which the Person to whom such interest is required to be paid is permitted under applicable law to receive, or which the Person required to pay such interest is permitted under applicable law to pay, such rate shall be reduced to the highest rate which is permitted under applicable law. In no event will Transporter be made liable to make payment, or credit against the cost of service, for any difference between interest otherwise due and owing to Transporter under Subsection 6.6 of these General Terms and Conditions and the amount actually paid by a Shipper to Transporter, which difference arises in whole or in part as the result of the application of this Section 24 of these General Terms and Conditions.

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25. SURVIVAL OF OBLIGATION

Notwithstanding the termination of Shipper's Agreement, Shipper and Transporter shall have the following obligations as such obligations relate to activities undertaken prior to the date Shipper's Agreement terminates:

- (a) Shipper shall remain liable thereafter to pay all invoices rendered by Transporter to it in the manner contemplated, and subject to Shipper's rights in respect of such payments provided in Section 6 of these General Terms and Conditions;
- (b) Transporter shall remain liable thereafter to make all payments to Shipper required to be made under Section 6 of these General Terms and Conditions, provided Transporter is paid for obligations owed to it;
- (c) Transporter and Shipper shall remain liable thereafter to indemnify each other as provided in Section 8 of these General Terms and Conditions with respect to events taking place prior to such termination;
- (d) Shipper and Transporter shall remain liable thereafter to resolve all other obligations to the date of such termination.

With all reasonable dispatch after the giving of a Notice of termination as may be required under Shipper's Agreement, Transporter and Shipper shall enter into such arrangements as may be reasonably necessary to ensure performance of the foregoing obligations and otherwise as may be necessary or desirable in connection with such termination.

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26. POSTING AND AWARDING OF AVAILABLE AND PLANNED PIPELINE
CAPACITY

26.1 Posting of Firm Capacity

- (a) Transporter will post on its public Internet website available capacity, not subject to Section 18 of these General Terms and Conditions, and planned firm capacity, for the purpose of obtaining competitive Bids.
- (b) The bid period shall be a minimum of 1) three (3) Business Days for capacity with a term of greater than a Calendar Month or 2) one (1) hour for capacity with a term of a Calendar Month or 3) fifteen (15) minutes for capacity with a term of less than a Calendar Month.
- (c) All postings shall set forth the criteria for an acceptable Bid, the method for awarding capacity, the Bid Closing Date, the method for resolving a tie breaker, any contingencies that Transporter is willing to accept, and the time frame for resolving contingencies.

26.2 Bid Procedures

- (a) Any Person desiring to submit a Bid for firm capacity in accordance with this Section 26 must satisfy the requirements of the applicable firm Rate schedule and agree to execute the applicable Service Agreement. A Person's Bid for firm capacity which exceeds its qualified level of creditworthiness shall not be accepted.
- (b) Bidder must specify in its Bid the details of the contingency that Transporter is willing to accept pursuant to Subsection 26.1(c) above. In those instances where such a contingent Bid(s) is determined to be the Best Bid, the allocation of capacity may be delayed pending satisfaction of the contingency.

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26. POSTING AND AWARDING OF AVAILABLE AND PLANNED PIPELINE
CAPACITY (Continued)

26.2 Bid Procedures (Continued)

- (c) If a Bid is received which contains conditions, other than those allowed in Subsection 26.1(c) above, that are not satisfied at the Bid Closing Date, such Bid shall not be accepted.
- (d) A bidder may withdraw its Bid prior to the Bid Closing Date upon written Notice to Transporter.

26.3 Awarding of Best Bid(s)

Bidders shall submit Bids to Transporter via Transporter's non-public Internet website unless Transporter provides Notice of an alternative means of accepting Bids.

All Bids not withdrawn prior to the close of the bid period shall be binding. At the close of the bid period, Transporter shall evaluate the Bids and determine the Best Bid. Unless otherwise specified in the posting, Transporter shall not be required to accept Bids at less than the Maximum Rate or for a Transportation Path shorter than the posted Transportation Path or for a term shorter than the posted term.

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26. POSTING AND AWARDING OF AVAILABLE AND PLANNED PIPELINE
CAPACITY (Continued)

26.3 Awarding of Best Bid(s) (Continued)

No later than one (1) Business Day following the Bid Closing Date, except as set forth in Subsection 26.2 above, Transporter will award Best Bid(s) in accordance with Method A detailed in Subsection 27.6.1(a) of these General Terms and Conditions.

If Transporter accepts a Bid(s) that results in a contract term of one Calendar Month or less, Transporter may re-sell any remaining available capacity for such Calendar Month effective at the end of the contract term without implementing a new bid period.

If available capacity remains after the Bid Closing Date, Transporter shall post the available capacity on its public Internet website as available unsubscribed capacity. Transporter may sell such available capacity on a first come-first serve basis to any Person without commencing a new bid period. Best Bids received with the same date and time-stamp will be prorated, if necessary.

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26. POSTING AND AWARDING OF AVAILABLE AND PLANNED PIPELINE
CAPACITY (Continued)

26.4 Interim Sales of Capacity

Capacity that has been awarded pursuant to Subsection 26.3 herein with a future Billing Commencement Date shall be made available to Shippers on an interim basis. Where the available interim capacity would otherwise be eligible for the right of first refusal as set forth in the applicable Service Agreement and pursuant to Section 18 of these General Terms and Conditions, Transporter shall limit the right of first refusal for capacity sold on an interim basis such that the term of the interim capacity may not be extended beyond the future Billing Commencement Date of firm capacity sold. If the right of first refusal is limited, the applicable Service Agreement shall note such limitation.

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27. RELEASE OF FIRM CAPACITY

27.1 Rights and Obligations of Shipper

27.1.1 Permanent Release

Unless otherwise specified in a Service Agreement, a Releasing Shipper may release its firm capacity under its Service Agreement, in whole or part, for the remaining term of the Releasing Shipper's Service Agreement to a Person desiring such service and such release shall be referred to as a permanent release. The Replacement Shipper acquiring the capacity under the permanent release shall satisfy Transporter's creditworthiness requirements and the creditworthiness conditions of the Releasing Shipper's Service Agreement and execute a Service Agreement which shall contain the terms and conditions of the Releasing Shipper's Service Agreement, subject to the financial or economic indifference standard noted below.

In order for a Releasing Shipper to effectuate a permanent release of all or part of its contracted capacity, it shall enter into a Service Agreement amendment with Transporter which will provide for the termination of the Releasing Shipper's existing Service Agreement for the permanent released capacity. In such event, the Releasing Shipper shall thereafter be relieved of its obligations for the permanent released capacity under the Service Agreement, subject to the provisions of Section 25 of these General Terms and Conditions.

Transporter may refuse to allow a permanent release if it has a reasonable basis to conclude that it will not be financially or economically indifferent to the release, provided, however, that Transporter's consent shall not be unreasonably withheld. If Shipper's request to permanently release capacity is denied, Transporter may, if requested by Replacement Shipper, notify the Releasing Shipper and the Replacement Shipper in writing of the reason(s) for such denial.

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27. RELEASE OF FIRM CAPACITY (Continued)

27.1 Rights and Obligations of Shipper (Continued)

27.1.2 Temporary Release

A Shipper may temporarily release its firm capacity, in whole or in part, to a Person desiring such service which shall be referred to as a temporary release. If a Shipper elects to temporarily release its capacity, all obligations associated with the released capacity remain with the original Releasing Shipper. At the end of the term of the temporary release, all contractual rights and obligations remain with the original Releasing Shipper.

A Replacement Shipper acquiring capacity under a temporary release shall be required to enter into the applicable Service Agreement with Transporter for the capacity acquired which shall incorporate the terms and conditions of the Offer and awarded Bid.

27.1.3 Capacity Release Offer Agreement

Prior to posting an Offer, the Releasing Shipper must execute a Capacity Release Offer Agreement available on Transporter's public Internet website, for each Service Agreement from which it intends to release capacity.

27.2 Offer Requirements

A Releasing Shipper who elects to release its firm capacity on either a permanent basis or a temporary basis, must specify the terms and conditions upon which it will release its capacity in an Offer.

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27. RELEASE OF FIRM CAPACITY (Continued)

27.2 Offer Requirements (Continued)

A release of firm capacity is not subject to Bid if 1) the release is at the Maximum Rate for a term of more than one (1) year or 2) the release period is thirty-one (31) days or less and the Releasing Shipper elects not to make the release biddable, or 3) the release is to an asset manager under an Asset Management Arrangement ("AMA") as defined in 18 CFR 284.8(h)(3) or to a marketer participating in a state-regulated retail access program as defined in 18 CFR 284.8(h)(4). Notice of a firm release of capacity herein will be posted on Transporter's public Internet website no later than the first nomination after the capacity release transaction commences.

Except for capacity released to an AMA or marketer participating in a state-regulated access program, a Releasing Shipper may not roll over, extend or in any way continue a release to the same Replacement Shipper that obtained capacity for a term of thirty-one (31) days or less through a release which was not subject to Bid, until a minimum of twenty-eight (28) days after the first release period has ended. However, the twenty-eight (28) day waiting period is not applicable to a re-release of capacity to the same Replacement Shipper if the Releasing Shipper posts such capacity for Bid or the re-release is otherwise exempt from bidding as detailed above.

An Offer must conform to the parameters set forth in Subsection 27.4 herein. The terms and conditions included in the Offer shall be objectively stated and be applicable to all potential bidders on a non-discriminatory basis.

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27. RELEASE OF FIRM CAPACITY (Continued)

27.2 Offer Requirements (Continued)

Releasing Shipper may submit an Offer to Transporter in writing or electronically for posting.

An Offer expires on the Bid Closing Date if no Bid is received.

Offers will be binding until written or electronic Notice of withdrawal is received by Transporter.

Upon the award of a successful Bid(s) the Offer underlying the successful Bid(s) will become an addendum to the Capacity Release Offer Agreement.

27.2.1 Withdrawal of Offer

A Releasing Shipper has the right to withdraw its Offer during the bid period, where unanticipated circumstances justify and no minimum Bid has been made.

A Notice of withdrawal of an Offer will be posted upon receipt.

27.3 Bid Requirements

27.3.1 Satisfaction of Credit Requirements

Any Person desiring to submit a Bid for firm capacity must have executed a Capacity Release Bid Agreement, available on Transporter's public Internet website, and must have satisfied the requirements of Section 40 of these General Terms and Conditions. A Person's Bid for firm capacity which exceeds its qualified level of creditworthiness shall not be entertained.

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27. RELEASE OF FIRM CAPACITY (Continued)

27.3 Bid Requirements (Continued)

27.3.2 Term of Bid

Transporter shall not accept a Bid for a term longer than the term set forth in the Offer.

27.3.3 Bid Conditions

If a Bid is received which contains conditions other than those allowed in the Offer, such Bid shall not be entertained.

27.3.4 Withdrawal of Bid

Bids shall be binding until written or electronic Notice of withdrawal is received by Transporter. Provided however, the bidder may not submit a new Bid at a lower rate for such offered capacity.

Bids cannot be withdrawn after the bid period ends.

27.4 Parameters for Capacity Release Transactions

27.4.1 Quantity

Release quantity shall be expressed as a numeric quantity only.

There is no minimum quantity.

27.4.2 Term

The maximum term for which capacity can be released is the remaining term of Releasing Shipper's firm Service Agreement

GENERAL TERMS AND CONDITIONS

27. RELEASE OF FIRM CAPACITY (Continued)

27.4 Parameters for Capacity Release Transactions (Continued)

27.4.3 Rate

The rate charged the Replacement Shipper for any release of capacity for a term of more than one (1) year may not exceed the applicable Maximum Rate. There are no rate limitations applicable to any release of capacity for a period of one (1) year or less if the release is to take effect on or before one (1) year from the date on which Transporter is notified of the release.

Payments or other consideration exchanged between the Releasing Shipper and the Replacement Shipper in an AMA Release are not subject to the applicable Maximum Rate.

27.4.4 Right to Recall Capacity on Temporary Release

A Releasing Shipper shall describe fully in its Offer any rights to recall the capacity being released on a temporary basis and under what conditions the capacity shall be reput to the Replacement Shipper following any such recall.

The amount of capacity allocated to the Replacement Shipper(s) shall equal the original released capacity less the recalled capacity.

Reput method and rights shall be specified at the time of the deal. Reput method and rights are individually negotiated between the Releasing Shipper and Replacement Shipper.

When capacity is recalled, it may not be reput for the same Gas Day.

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27. RELEASE OF FIRM CAPACITY (Continued)

27.4 Parameters for Capacity Release Transactions
(Continued)

27.4.5 Re-release of Capacity

A Shipper who has obtained capacity under a temporary release may re-release its capacity, in whole or in part, except in those instances where a re-release was prohibited by the prior Releasing Shipper. Transporter shall allow re-releases on the same terms and basis as the original release (except as prohibited by regulations).

A Replacement Shipper acquiring capacity under a temporary release can not re-release such capacity under a permanent release. However, a Replacement Shipper acquiring capacity under a temporary release may re-release such capacity under a temporary release.

27.4.6 Prearranged Release of Capacity

A Releasing Shipper may identify in an Offer a Designated Replacement Shipper for released capacity under a permanent release or a temporary release which shall be referred to as a prearranged release.

If an Offer containing a Designated Replacement Shipper is made biddable by the Releasing Shipper, a Designated Replacement Shipper will, in the event that a "better Bid" for released capacity is received, have the option to match the "better Bid" in accordance with Subsection 27.7 herein and acquire the released capacity.

GENERAL TERMS AND CONDITIONS

27. RELEASE OF FIRM CAPACITY (Continued)

27.4 Parameters for Capacity Release Transactions
(Continued)

27.4.6 Prearranged Release of Capacity (Continued)

A Designated Replacement Shipper acquiring capacity pursuant to this Subsection 27.4.6 shall be required to execute the applicable Service Agreement with Transporter for the capacity acquired which shall contain the terms and conditions of the Offer and awarded Bid.

27.4.7 Non-Prearranged Release

In the event the Releasing Shipper does not specify a Designated Replacement Shipper, the Offer submitted by the Releasing Shipper shall be subject to the Bid procedures set forth in Subsection 27.5 herein.

27.4.8 Volumetric Release

The Replacement Shipper acquiring capacity under a volumetric release shall pay the agreed to volumetric rate for all the volumes transported up to the total volume contracted for during a Production Month and shall pay the rate in accordance with the applicable Rate Schedule underlying such capacity release for any Gas transported in excess of the total volume contracted for such Production Month.

Re-release by a Replacement Shipper paying a volumetric rate is prohibited.

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27. RELEASE OF FIRM CAPACITY (Continued)

27.4 Parameters for Capacity Release Transactions
(Continued)

27.4.9 Releases Involving Integrated Capacity

A Releasing Shipper can submit an Offer to release capacity which is integrated with an Offer to release capacity on another pipeline. It is the responsibility of the Releasing Shipper to design a release for "integrated" capacity under terms acceptable to the Releasing Shipper.

Transporter will allow Bids for capacity which are contingent upon the bidder obtaining capacity on another pipeline(s). However, removal of such contingency shall not conflict with the capacity release timeline observed by Transporter as set forth in Subsection 27.7 herein.

27.5 Posting of Offers, Bids, and Awarded Transactions

Offers and Bids shall comply with the capacity release timeline as set forth in Subsection 27.7 herein.

Transporter shall post a complete Offer upon receipt, as set forth in Subsection 27.7 herein, unless Releasing Shipper requests otherwise. If a Releasing Shipper requests a posting time, the Transporter shall support such request insofar as it comports with the capacity release timeline set forth in Subsection 27.7 herein.

A Releasing Shipper shall not be able to specify an extension of the original bid period or the prearranged deal match period, without posting a new release.

GENERAL TERMS AND CONDITIONS

27. RELEASE OF FIRM CAPACITY (Continued)

27.5 Posting of Offers, Bids, and Awarded Transactions
(Continued)

Transporter may invalidate any Bid or Offer subsequent to its posting on Transporter's public Internet website that does not comply with the terms and conditions of Transporter's Tariff.

The Transporter shall post all complete Bids upon receipt.

The identity of the bidder shall be kept confidential until the capacity has been awarded.

No later than the first nomination after a capacity release transaction commences, Transporter shall post all awarded capacity release transactions including the name(s) and Bid information of Replacement Shipper(s).

27.6 Selection of Best Bid

The Best Bid for capacity releases shall be selected by use of one of the methods set forth in Subsection 27.6.1 herein. The Releasing Shipper shall specify the Bid evaluation method in its Offer.

Transporter shall eliminate all Bids which do not satisfy the minimum criteria specified by the Releasing Shipper in its Offer, if any. When an Offer includes a volumetric rate component, only the reservation charge component will be considered in the Bid evaluation and determination of Best Bid. Bids will be assigned a ranking based on the evaluation method specified by the Releasing Shipper.

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27. RELEASE OF FIRM CAPACITY (Continued)

27.6 Selection of Best Bid (Continued)

27.6.1 Transporter's Bid Evaluation Methods

- (a) Method A - Present Value of Bids for Capacity

$$\text{Present Value} = [\text{Bid Rate}] * \frac{1}{[(1 + i)^n - 1]}$$

Where:

Bid Rate = Reservation Rate in the Bid for firm releases; the volumetric usage charge in the Bid for volumetric releases.

i = FERC's annual discount rate divided by 365 days or 366 days during leap year.

n = Bid term (days) not to exceed the number of days such capacity is available.

The higher the present value, the higher the ranking.

- (b) Method B - Highest Rate of Bids for Capacity

Highest Rate = Highest Bid Rate

Where:

Bid Rate = Reservation Rate in the Bid for firm releases; the volumetric usage charge in the Bid for volumetric releases.

The higher the Bid Rate, the higher the ranking.

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27. RELEASE OF FIRM CAPACITY (Continued)

27.6 Selection of Best Bid (Continued)

27.6.1 Transporter's Bid Evaluation Methods (Continued)

(c) Method C - Net Revenue of Bids for Capacity

$$\text{Net Revenue} = Q * \text{Bid Rate} * n$$

Where:

Q = Bid Quantity (Mcf)

Bid Rate = Reservation Rate in the Bid for firm releases; the volumetric usage charge in the Bid for volumetric releases.

n = Bid term (days), not to exceed the number of days offered by the Releasing Shipper.

The higher the net revenue, the higher the ranking.

(d) Method D - Releasing Shipper's Bid Evaluation Methodology

The Releasing Shipper may establish a method for evaluation of the Best Bid. The Releasing Shipper must specify the evaluation method and provide an example of the evaluation method with the Offer. In this event, the Transporter shall evaluate the Bids in accordance with the Releasing Shipper's method and allocate the capacity to the Best Bid. The Releasing Shipper's Bid evaluation methodology must be objective and non-discriminatory. In the event the Releasing Shipper does not specify how capacity will be allocated when there are multiple Best Bids, the capacity will be allocated in accordance with Subsection 27.6.1(f) herein.

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27. RELEASE OF FIRM CAPACITY (Continued)

27.6 Selection of Best Bid (Continued)

27.6.1 Transporter's Bid Evaluation Methods
(Continued)

(e) Best Bid

When the Transporter makes awards of capacity for which there have been multiple Bids meeting minimum conditions, the Transporter will award Bids, Best Bid first, until all Offered capacity is awarded.

(f) Tie-Breaker of Best Bids

To the extent there is more than one (1) Best Bid for Bids of five (5) months or more, the Offered capacity shall be allocated on a pro rata basis to potential Replacement Shipper(s) submitting a Best Bid, subject to the condition that potential Replacement Shipper(s) must specify when making its Bid whether it is willing to accept a pro rata portion of its Bid capacity. If the Best Bid does not specify the bidder's willingness to accept a pro rata allocation of the capacity and it is necessary to allocate capacity on a pro rata basis, then no capacity will be awarded to such Best Bid. In the event there is more than one (1) Best Bid for Bids of less than five (5) months, the capacity will be awarded on a first-come, first-served basis.

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27. RELEASE OF FIRM CAPACITY (Continued)

27.7 Capacity Release Timeline

The capacity release timeline is applicable to all parties involved in the capacity release process. However, it is only applicable if 1) all information provided by the parties to the transaction is valid, and the acquiring Shipper has been determined to be creditworthy before the capacity release Bid is tendered and 2) there are no special terms or conditions of the release.

The capacity release timeline is as follows:

- (a) For biddable capacity releases less than one (1) year:
 - (i) Offers shall be tendered by 12:00 p.m. CCT on a Business Day;
 - (ii) open season ends no later than 1:00 p.m. CCT on a Business Day (evaluation period begins at 1:00 p.m. CCT during which contingency is eliminated, determination of Best Bid is made, and ties are broken);
 - (iii) evaluation period ends and award posted if no match required at 2:00 p.m. CCT;
 - (iv) match or award is communicated by 2:00 p.m. CCT;
 - (v) match response by 2:30 p.m. CCT;
 - (vi) where match required, award posting by 3:00 p.m. CCT;
 - (vii) contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract.

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27. RELEASE OF FIRM CAPACITY (Continued)

27.7 Capacity Release Timeline (Continued)

- (b) For biddable capacity releases of one (1) year or more:
 - (i) Offers shall be tendered by 12:00 p.m. CCT four (4) Business Days before award;
 - (ii) open season ends no later than 1:00 p.m. CCT on the Business Day before timely nominations are due (open season is three (3) Business Days);
 - (iii) evaluation period begins at 1:00 p.m. CCT during which contingency is eliminated, determination of Best Bid is made, and ties are broken;
 - (iv) evaluation period ends and awards are posted if no match required at 2:00 p.m. CCT;
 - (v) match or award is communicated by 2:00 p.m. CCT;
 - (vi) match response by 2:30 p.m. CCT;
 - (vii) where match required, award posting by 3:00 p.m. CCT;
 - (viii) contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nominated cycle for the effective date of the contract.

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27. RELEASE OF FIRM CAPACITY (Continued)

27.7 Capacity Release Timeline (Continued)

- (c) For non-biddable releases in the timely cycle:
 - (i) posting of prearranged deals not subject to bid are due by 10:30 a.m. CCT;
 - (ii) contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract.
- (d) For non-biddable releases in the evening cycle:
 - (i) posting of prearranged deals not subject to bid are due by 5:00 p.m. CCT;
 - (ii) contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract.
- (e) Intra-day 1 cycle:
 - (i) posting of prearranged deals not subject to bid are due by 9:00 a.m. CCT;
 - (ii) contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract.

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27. RELEASE OF FIRM CAPACITY (Continued)

27.7 Capacity Release Timeline (Continued)

- (f) Intra-day 2 cycle:
 - (i) posting of prearranged deals not subject to bid are due by 4:00 p.m. CCT;
 - (ii) contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract.

(g) Methodologies Supported by Capacity Release Standard Timeline

For the capacity release business process timing model, only the following methodologies are required to be supported by Transporter and provided to Releasing Shippers as choices from which they may select and, once chosen, shall be used in determining the awards from the Bid(s) submitted. They are: 1) highest rate, 2) net revenue, and 3) present value.

(h) Methodologies Not Supported by Capacity Release Standard Timeline

Other choices of bid evaluation methodologies (including other Releasing Shipper defined evaluation methodologies) shall be accorded similar timeline evaluation treatment at the discretion of Transporter. However, Transporter is not required to offer other choices or similar timeline treatment for other choices, nor, is Transporter held to the timeline should the Releasing Shipper elect another method of evaluation.

GENERAL TERMS AND CONDITIONS

27. RELEASE OF FIRM CAPACITY (Continued)

27.8 Standard Recall Notification Periods

Transporter shall support the following recall notification periods for all released capacity subject to recall rights:

(a) Timely Recall Notification

- (i) A Releasing Shipper recalling capacity shall provide Notice of such recall to Transporter and the first Replacement Shipper no later than 8:00 a.m. CCT.
- (ii) Transporter shall provide notification of such recall to affected Replacement Shipper(s) no later than 9:00 a.m. CCT.

(b) Early Evening Recall Notification

- (i) A Releasing Shipper recalling capacity shall provide Notice of such recall to Transporter and the first Replacement Shipper no later than 3:00 p.m. CCT.
- (ii) Transporter shall provide notification of such recall to affected Replacement Shipper(s) no later than 4:00 p.m. CCT.

(c) Evening Recall Notification

- (i) A Releasing Shipper recalling capacity shall provide Notice of such recall to Transporter and the first Replacement Shipper no later than 5:00 p.m. CCT.
- (ii) Transporter shall provide notification of such recall to affected Replacement Shipper(s) no later than 6:00 p.m. CCT.

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27. RELEASE OF FIRM CAPACITY (Continued)

27.8 Standard Recall Notification Periods (Continued)

(d) Intra-day 1 Recall Notification

- (i) A Releasing Shipper recalling capacity shall provide Notice of such recall to Transporter and the first Replacement Shipper no later than 7:00 a.m. CCT.
- (ii) Transporter shall provide notification of such recall to affected Replacement Shipper(s) no later than 8:00 a.m. CCT.

(e) Intra-day 2 Recall Notification

- (i) A Releasing Shipper recalling capacity shall provide Notice of such recall to Transporter and the first Replacement Shipper no later than 2:30 p.m. CCT.
- (ii) Transporter shall provide notification of such recall to affected Replacement Shipper(s) no later than 3:30 p.m. CCT.

For recall notifications provided to Transporter prior to the recall notification deadlines above and received between 7:00 a.m. and 5:00 p.m. CCT, Transporter shall provide notification to affected Replacement Shipper(s) no later than one hour after receipt of such recall notification.

For recall notification provided to Transporter after 5:00 p.m. and prior to 7:00 a.m. CCT, Transporter shall provide notification to affected Replacement Shipper(s) no later than 8:00 a.m. CCT after receipt of such recall notification.

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27. RELEASE OF FIRM CAPACITY (Continued)

27.8 Standard Recall Notification Periods (Continued)

The Releasing Shipper shall provide capacity recall notification to its affected Replacement Shipper(s) at the same time it provides notification to Transporter. The mode of notification shall be mutually agreed between the Releasing Shipper and its Replacement Shipper(s).

In the event of an intra-day capacity recall, Transporter shall determine the allocation of capacity between the Releasing Shipper and the Replacement Shipper(s) based upon the Elapsed Prorata Capacity ("EPC"). Variations to the use of EPC may be necessary to reflect the nature of Transporter's Tariff, services, and/or operational characteristics.

27.9 Deadline for Reput

The deadline for notifying Transporter of a reput is 8:00 a.m. CCT to allow for timely nominations to flow on to the next Gas Day.

27.10 Transporter's Right to Terminate a Temporary Capacity Release

Transporter may elect to terminate a temporary capacity release transaction to a Replacement Shipper under the following conditions:

- (a) The Replacement Shipper has not executed the respective Service Agreement underlying the awarded Bid prior to the first nomination under such capacity release; or
- (b) The Releasing Shipper has failed to maintain credit in accordance with Section 40 of these General Terms and Conditions and Transporter has provided the Replacement Shipper with thirty (30) days written Notice of its intent to terminate its capacity release transaction.

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27. RELEASE OF FIRM CAPACITY (Continued)

27.11 Offers to Purchase Capacity Release

A Person desiring released capacity may submit a request to Transporter in writing. Such request for capacity shall specify the terms and conditions pursuant to which capacity will be accepted. Such a request shall be posted on Transporter's public Internet website for twenty (20) Business Days on an informational basis.

27.12 Marketing of Capacity Release

Transporter shall have no obligation to market any capacity available by a Releasing Shipper. Transporter, however, may agree to market capacity for a Releasing Shipper and may negotiate a fee with the Releasing Shipper for such service.

27.13 Reservation Charge Revenue Credits

For releases and re-releases of firm capacity, Transporter shall credit the reservation charge revenue received from a Replacement Shipper to the associated Releasing Shipper whose capacity has been released on a firm basis to such Replacement Shipper, subject to Subsection 27.4 and Subsection 37.8 of these General Terms and Conditions.

27.14 Bankruptcy

In the event a Releasing Shipper, subject to proceedings under any provision of bankruptcy or insolvency law to which Releasing Shipper is subject, rejects its Agreement, the Replacement Shipper will, as of the date the Releasing Shipper ceases payment under such Agreement, be required to meet the creditworthiness requirements applicable to Releasing Shipper and pay a rate that is no lower than the lesser of 1) the Releasing Shipper's rate or 2) the Maximum Rate.

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Indicative FERC Gas Tariff

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GENERAL TERMS AND CONDITIONS

27. RELEASE OF FIRM CAPACITY (Continued)

27.15 State of Alaska Royalty Gas

Notwithstanding any of the provisions of this Section 27, Transportation of royalty Gas by the State of Alaska, its agent or designee, or the purchaser of royalty Gas, shall be subject to the following provisions:

[Insert outcome of the Commission proceedings in Docket No. RP10-145.]

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TransCanada Alaska Company, LLC
Indicative FERC Gas Tariff

Indicative Sheet No. 387

Sheet No. 387
has not been issued and is
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28. RESERVATION OF CAPACITY FOR EXPANSION PROJECTS

28.1 Applicability

Notwithstanding Sections 18 and 26 of these General Terms and Conditions, Transporter may elect to reserve capacity required for an expansion project out of 1) unsubscribed capacity or 2) capacity under expiring Service Agreement(s) where such Service Agreement(s) do not have a right of first refusal or 3) capacity under expiring Service Agreement(s) where Shipper elects not to exercise its right of first refusal or 4) turnback capacity which Transporter has agreed to accept in response to a direct solicitation from Transporter to serve an expansion project.

28.2 Time Period

Transporter may reserve capacity only for an expansion project for which an open season has been held or will be held within twelve (12) months of the date that Transporter posts such capacity as being reserved. Capacity may be reserved for expansion projects for only a twelve (12) month period prior to Transporter filing for FERC certificate approval for construction of proposed expansion facilities and thereafter until all expansion facilities related to the certificate filing are placed into service.

28.3 Notice to Shippers

If Transporter reserves capacity for an expansion project, it will notify Shippers of its intent via a posting on Transporter's public Internet website. Transporter's posting for reserved capacity for an expansion project shall include the following information: (a) a description of the expansion project for which the capacity will be reserved; (b) the total quantity of capacity to be reserved; (c) the location of the proposed reserved capacity on the pipeline system; (d) whether, and if so when, Transporter anticipates holding an open season for the expansion project or otherwise posting the reserved capacity for Bid in conjunction with the open season for the expansion project; (e) the projected in-service date of the expansion project; and (f) on an ongoing basis, how much of the reserved capacity has been sold on a limited-term, interim basis.

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28. RESERVATION OF CAPACITY FOR EXPANSION PROJECTS (Continued)

28.4 Solicitation of Turnback

If available capacity posted for Bid pursuant to Subsection 26.1 of these General Terms and Conditions remains unsubscribed after the close of the bid period, and if such unsubscribed capacity is insufficient to serve the expansion project, Transporter shall solicit turnback capacity from Transporter's existing Shippers to serve the expansion project. No later than ninety (90) days after the close of an expansion project's open season that is posted in accordance with Section 26 of these General Terms and Conditions, Transporter shall post a solicitation for expansion project related turnback capacity specifying the minimum terms for a response to the solicitation.

28.5 Interim Capacity

Any capacity reserved under this Section 28 will be made available for transportation service on a limited-term basis up to the in-service date of the expansion project. Transporter reserves the right to limit any extension rights provided in such Service Agreement(s), including the right of first refusal set forth in Section 18 of these General Terms and Conditions, commensurate with the proposed in-service date of any expansion project.

28.6 Reposting of Capacity

Any capacity reserved for a project that does not go forward for any reason shall be reposted as generally available within thirty (30) days of the date the capacity becomes available. The previously reserved capacity will become available when the Transporter posts the capacity on its public Internet website pursuant to Section 26 of these General Terms and Conditions.

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Indicative Sheet No. 390 - 391

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29. SHIPPER FAILURE TO MEET GAS SPECIFICATIONS

If Gas delivered or Tendered to Transporter hereunder fails at any time to conform to any of the specifications, Transporter shall notify the Shipper responsible for any such failure, and Transporter may suspend all or a portion of the receipt of any such Gas which may jeopardize Transporter's ability to meet its obligations to its other Shippers or endanger the safe operation and integrity of Transporter's system. Transporter shall be relieved of its obligations hereunder to the extent of rightful suspension for the duration of such time as such off-specification Gas delivered or Tendered by such Shipper does not meet the specifications; provided, however, such suspension by Transporter shall not relieve Shipper of its payment obligations hereunder. Upon receipt of Notice by Transporter, Shipper shall make a diligent effort to correct such failure by treatment, cooling, or dehydration consistent with prudent operation and by means which are economically feasible in such Shipper's opinion so as to deliver Gas conforming to the above specifications. If Transporter elects to accept receipt of any off-specification Gas, Transporter shall do so in a nondiscriminatory manner as between such Shipper and others who may desire to deliver Gas to Transporter which does not conform to the specifications and who otherwise may be entitled to transportation service.

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Indicative Sheet No. 393 - 395

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Indicative Sheet No. 396

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30. SERVICE REQUESTS

Requests for services on Transporter's pipeline system shall be directed to any of the commercial contacts listed on the contact list contained on Transporter's public Internet website.

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Indicative Sheet No. 397 - 398

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31. COMPLAINT AND DISPUTE RESOLUTION PROCEDURES

If a Person (referred to as Complainant) has a complaint against Transporter, then Complainant may verbally register and/or file a written complaint with Transporter.

31.1 Verbal Complaint

A verbal complaint should be communicated to the Transporter's Chief Compliance Officer (CCO). Transporter shall attempt to respond timely to a verbal complaint on an informal, case specific basis. A verbal complaint which, in Complainant's judgment is not satisfactorily resolved should be submitted in writing pursuant to the written complaint procedures described below.

31.2 Written Complaint

A written complaint should be sent via registered or certified mail, facsimile (Fax No. _____), or hand delivered in accordance with the following:

- (a) A written complaint should be directed in writing to the CCO, at [Insert Address]. A written complaint should contain a clear concise statement of the complaint and the manner in which the Complainant alleges to have been aggrieved. Complainant shall also provide its address, fax number, and contact representative(s) along with their telephone numbers.
- (b) Upon receipt of the complaint, Transporter shall record and file the complaint in Transporter's service complaint log.
- (c) The CCO will be responsible for notifying the appropriate personnel whose services will be utilized in reviewing and formulating a response to the complaint.

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31. COMPLAINT AND DISPUTE RESOLUTION PROCEDURES (Continued)

31.2 Written Complaint (Continued)

- (d) Within thirty (30) days of receipt of the complaint, Transporter shall respond to such complaint. However, Transporter's response to such complaint may indicate additional information is needed from the Complainant and/or additional time is needed to complete the review of the allegations in the complaint. In such case, Transporter's response will set forth what information is needed and/or what additional time is required in order to fully respond to the complaint.
- (e) Upon completing its review of the complaint, Transporter shall direct a written response to the Complainant which, inter alia, shall demonstrate either (i) that the Complainant has failed to establish any conduct which warrants corrective action or (ii) that corrective action has been determined to be warranted. In the event that corrective action is deemed warranted, Transporter will set forth a remedy.

31.3 Dispute Resolution

Any disputes, controversies, or claims between the Parties arising out of or relating to this Tariff or any agreement for service under this Tariff, or the breach thereof not resolved under Section 31.1 or 31.2(a "Dispute") shall be resolved by means of the following procedure. Transporter and Shipper agree that the dispute resolution procedure described in this Section 31.3 shall not apply to any controversy wherein the FERC has exclusive jurisdiction and (ii) for the avoidance of doubt, shall apply to any dispute concerning Negotiated Rate principles set forth in Exhibit A of any Rate Schedule FT-1 Service Agreement.

- (1) Notification. A Party who desires to submit a Dispute for resolution shall commence the dispute resolution process by providing Notice of the Dispute ("Notice of Dispute") to the other Parties. The Notice of Dispute shall contain a reasonably detailed description of the alleged Dispute and the facts and law the Party believes support the same, the relief requested, and shall request negotiations among executives of the Parties with authority to settle the Dispute. The submission of a Notice of Dispute shall toll any applicable statutes of limitation

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31. COMPLAINT AND DISPUTE RESOLUTION PROCEDURES (Continued)

31.3 Dispute Resolution (Continued)

pending the conclusion or abandonment of dispute resolution proceedings under this Section 31.3.

- (2) Negotiations. The Parties shall seek to resolve the Dispute by negotiation between executives who have authority to negotiate a settlement of the Dispute on behalf of each Party in Dispute. Within thirty (30) Days after the date of the receipt of the Notice of Dispute, the executives representing each of the Parties in Dispute shall meet in person at a mutually acceptable time and place in an attempt to resolve the Dispute. If an executive intends to be accompanied at the meeting by an attorney, such executive shall give the other Party Notice of such intention at least three (3) Business Days in advance, and the executive(s) representing the other Party(ies) in Dispute may also be accompanied at the meeting by an attorney. Notwithstanding the above, any Party in Dispute may initiate arbitration proceedings pursuant to paragraph (3) below at any time after sixty (60) Days from the date of receipt of the Notice of Dispute.
- (3) Arbitration. Any Dispute not finally resolved by negotiation between executives as set forth in paragraph (2) above shall be exclusively and definitively resolved through final and binding arbitration, except as otherwise set forth herein or otherwise agreed by the Parties.
 - (a) Rules. Disputes shall be resolved by arbitration in accordance with the Rules for Non-Administered Arbitration of International Disputes of the International Institute for Conflict Prevention and Resolution ("CPR Rules") as in effect on the date of commencement of the arbitration, as modified in these arbitration procedures.
 - (b) Commencement of Arbitration. An arbitration shall be commenced in the manner set forth in the CPR Rules except as otherwise provided hereafter.

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31. COMPLAINT AND DISPUTE RESOLUTION PROCEDURES (Continued)

31.3 Dispute Resolution (Continued)

- (c) Number of Arbitrators. The arbitration shall be conducted by three (3) arbitrators.
- (d) Method of Appointment of the Arbitrators.
 - (i) The Claimant shall appoint one (1) arbitrator in the Notice of arbitration and the Respondent shall appoint one (1) arbitrator within thirty (30) Days after receiving the Notice of arbitration and give Notice of that appointment to the Claimant. If a Party in Dispute fails to appoint its Party-appointed arbitrator within the foregoing deadlines, the CPR shall appoint such arbitrator if requested to do so by a Party in Dispute.
 - (ii) The two (2) arbitrators appointed in accordance with this paragraph (d) shall appoint a third arbitrator, who shall act as the presiding arbitrator. If the two (2) arbitrators cannot reach an agreement on the presiding arbitrator within thirty (30) Days of the appointment of the second arbitrator, the CPR shall appoint the presiding arbitrator in accordance with the CPR Rules.
- (e) Place of Arbitration. Unless otherwise agreed by all Parties in Dispute, the place of arbitration shall be Houston, Texas.
- (f) Language. The arbitration proceedings shall be conducted in the English language.
- (g) Entry of Judgment. The award of the arbitral Tribunal ("Award") shall be in writing and shall be final and binding upon the Parties. Judgment on the Award may be entered and enforced by any court of competent jurisdiction and the Parties agree to submit to the personal jurisdiction of any such court.

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31. COMPLAINT AND DISPUTE RESOLUTION PROCEDURES (Continued)

31.3 Dispute Resolution (Continued)

- (h) Notice. All Notices required for any arbitration proceeding shall be deemed properly given if sent in accordance with Section 20 of the General Terms and Conditions.
- (i) Qualifications and Conduct of the Arbitrators. All arbitrators shall be and remain at all times independent and impartial, and no arbitrator shall have any ex parte communications concerning the arbitration or the Dispute with any of the Parties in Dispute, other than communications appropriate under Rule 7.4 of the CPR Rules to determine an arbitrator's willingness and availability to serve or concerning the selection of the presiding arbitrator, where applicable.
- (j) Interim Measures. The Parties in Dispute may seek interim measures as provided in Rules 13 and 14 of the CPR Rules. Any such measures granted by the arbitral Tribunal may be immediately enforced by court order. Hearings on requests to the arbitral Tribunal for interim measures may be held in person, by telephone, by video conference or by other means that permit the Parties in Dispute to present evidence and arguments.
- (k) Costs and Fees of Arbitration. The arbitral Tribunal is authorized to allocate the costs of the Tribunal, including fees for the arbitrators and hearing room and transcription expenses, between or among the Parties to the Dispute in such proportions as the Tribunal shall determine. Each Party in Dispute shall bear its own attorney's and expert witness fees, its expenses and the expenses of its witnesses, unless otherwise directed by the Tribunal.
- (l) Award. The arbitral Award shall be made and payable in U.S. Dollars.

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31. COMPLAINT AND DISPUTE RESOLUTION PROCEDURES (Continued)

31.3 Dispute Resolution (Continued)

- (m) Consequential Losses. The Parties waive their rights to claim or recover, and the arbitral Tribunal shall have no authority to award, any Consequential Losses, which for purposes of this Tariff means as to any Person, any damage, cost, expense, or liability (including pass-through claims for indemnification or contribution owed to another Person under a contract, governmental requirement, or other obligation), or loss of any other nature of that Person that is caused (directly or indirectly) by any of the following arising out of, relating to, or in connection with this Tariff or work carried out (or failed to be carried out) in relation to it: loss or deferment of income or profits; loss of use of any asset; loss of business or reputation; loss of business opportunity; loss of labor or management productivity; increases in wage, salary, or other cost of labor; increase in the cost of funds; or other indirect damages or losses, costs, expenses, or liabilities, whether or not similar to the foregoing; in addition, Consequential Loss also includes any exemplary, punitive, special or treble damages.
- (n) Waiver of Challenge to Decision or Award. To the extent permitted by law, the Parties waive any right to challenge any arbitral decision or Award, or to oppose enforcement of any such decision or Award, except on the limited grounds for modification or non-enforcement provided by the CPR Rules or any applicable arbitration statute or treaty.
- (o) The Tribunal will apply the substantive law of the State of New York to the merits of the case, except that the Tribunal will not apply any choice of law rules that would call for the application of the law of any other jurisdiction.

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31. COMPLAINT AND DISPUTE RESOLUTION PROCEDURES (Continued)

31.3 Dispute Resolution (Continued)

- (4) Confidentiality. All negotiations and arbitration proceedings (including a settlement resulting from negotiation or an Award, documents exchanged or produced during an arbitration proceeding, and memorials, briefs, or other documents prepared for the arbitration) are confidential and may not be disclosed by the Parties in Dispute, their respective employees, officers, directors, counsel, consultants, and expert witnesses, except to the extent necessary to enforce this Section 31 or any Award, to enforce other rights of a Party, or as required by law; provided, however, that breach of this confidentiality provision shall not void any settlement or Award.

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32. INTERNET WEBSITES

32.1 Description

Transporter maintains FERC compliant interactive Internet websites which are available for use by Shippers, Interconnected Parties, and other interested parties on a non-discriminatory basis. Transporter has two Internet websites; a non-secure (public) Informational Postings site and a secure (non-public) Customer Activities site. Information of a general nature is included in the public Informational Postings site. Confidential Shipper and interconnect specific data is accessible only through the non-public Customer Activities site which requires a logon and password.

The address for the Transporter's public Internet website where parties can access the Informational Postings site is [Insert]. A link to the Customer Activities site is provided on the Informational Postings site.

Transporter is not responsible for problems that result from user's hardware or software, or the Internet Service Provider used to access Transporter's designated website.

32.2 Informational Postings Site

The Informational Postings site is primarily comprised of FERC mandated Informational Postings. The Informational Postings site will be maintained to provide equal and timely access to certain information, including but not limited to:

- 1) Operationally Available and Unsubscribed Capacity;
- 2) Information related to standards of conduct for transmission providers;
- 3) Gas Quality Information;
- 4) Index of Customers;
- 5) Non-Discrimination Reporting Requirements;
- 6) Critical, Non-Critical, and Planned Service Outage Notices;
- 7) Posted Imbalances;
- 8) Transporter's FERC Gas Tariff and
- 9) Transactional Reporting.

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32. INTERNET WEBSITES (Continued)

32.3 Customer Activities Site

The Customer Activities site provides access to Nominations, Flowing Gas/Volume Inquiry Data, Invoicing, Contracting, and Capacity Release Processing.

To initiate the process necessary to gain access to the non-public Customer Activities site, an employee of a given legal entity ("Initial Requesting Party") must complete and forward an Internet access form to Transporter.

The Internet access form is posted in the Customer Activities area of Transporter's Informational Postings site.

As indicated on the Internet access form, establishing legal entity access rights to business specific areas of Transporter's Customer Activities site may require the requesting party to execute Transporter's Electronic Communication Agreement, which is available on Transporter's public Internet website under Informational Postings.

Once Transporter has validated the necessary paperwork submitted by the Initial Requesting Party to authorize legal entity access to the Customer Activities site, Transporter will require the Initial Requesting Party to designate one or more Persons to perform certain security functions for such legal entity ("Local Security Administrator") by completing and submitting for each such Person the Local Security Administration Designation Form.

The Local Security Administration Designation Form is posted in the Customer Activities area of Transporter's Informational Postings site.

Transporter shall require a minimum of two (2) Local Security Administrators be established for a given legal entity.

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32. INTERNET WEBSITES (Continued)

32.3 Customer Activities Site (Continued)

The Local Security Administrator shall, via the Customer Activities site, be responsible for

- 1) identifying those users who are duly authorized to access one or more of the authorized business specific areas of Transporter's Customer Activities site,
- 2) providing individual usernames and passwords,
- 3) maintaining user account information, 4) adding and terminating users immediately upon a change in status requiring such addition or termination, 5) creating or modifying security rights, 6) approving or terminating agency arrangements and 7) ensuring that Transporter's username/password rules, as detailed in Subsection 32.4 herein, are followed. Transporter shall be entitled to rely upon the representation of the Local Security Administrator that the user(s) identified by the Local Security Administrator may 1) transmit information to Transporter via the Customer Activities site and/or 2) view information posted on Transporter's Customer Activities site in accordance with the security rights granted by the Local Security Administrator.

32.4 Username/Password

Usernames are both individual and legal entity-specific. The username and password combination of a user of Transporter's secured Customer Activities site shall not be shared with any other individual other than the Local Security Administrator.

A user shall be solely responsible for any unauthorized or otherwise improper use of usernames and passwords issued by or for its Local Security Administrator, including, but not limited to, the use of such usernames and passwords by users who are not within the legal entity's employment or control.

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32. INTERNET WEBSITES (Continued)

32.4 Username/Password (Continued)

Transporter reserves the right to disable for due cause any username issued to any user. Transporter shall provide Notice to the user and/or Local Security Administrator, as applicable, at the time the username is disabled by Transporter. In addition, upon thirty (30) days prior Notice to the Local Security Administrator, Transporter will disable any username that has not been used to access Transporter's Customer Activities sited for fifteen (15) consecutive months.

Either the Local Security Administrator or a user shall promptly notify Transporter if there is any indication that a security breach has occurred with regard to a username and password.

A Local Security Administrator shall be responsible for disabling a username for a user that is no longer an employee of the legal entity or is no longer authorized to transact business for that legal entity.

A Local Security Administrator or user shall immediately notify Transporter of the desire to delete a Local Security Administrator by the submission of a revised Local Security Administration Designation Form. Such revised form shall supersede in its entirety any Local Security Administration Designation Form previously submitted to Transporter.

The legal entity shall be solely responsible for any unauthorized actions of a Local Security Administrator due to the failure to so notify Transporter to delete such Local Security Administrator.

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32. INTERNET WEBSITES (Continued)

32.5 Archiving and Retrieval of Archived Information

32.5.1 Archiving

Daily back-up records of information displayed or entered through Transporter's Internet website are archived. Data posted pursuant to Subsection 32.2 herein is made available on Transporter's public Internet website under Informational Postings for the most recent three (3) month calendar period. Historical data is made available in accordance with FERC requirements.

32.5.2 Retrieval of Archived Information

A Person requiring access to archived posted information may electronically submit their request to the following electronic mail address:

[Insert]

Such request must clearly state the requestor's name, address, phone number, information required, and reason for request.

The requested information may be provided by Transporter to requestor by means that is mutually agreeable to both parties. Transporter may charge requestor a reasonable fee for costs incurred in providing the data.

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32. INTERNET WEBSITES (Continued)

32.6 Confidentiality

Certain information contained in Transporter's Customer Activities site is proprietary and confidential. A user shall not reproduce, disclose, or otherwise make available confidential information contained therein to any other Transporter, corporation, individual, or partnership.

32.7 Reliance Upon User Actions

Transporter may act in reliance upon any acts done or performed by user or designated agents on behalf of user and in respect to all matters conducted through Transporter's Internet websites. Transporter may correct errors in information entered into these websites by user promptly after receiving Notice of the corrections or may require users to enter the corrections directly into these Internet websites.

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Indicative Sheet No. 412 - 413

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33. ELECTRONIC TRANSACTIONS CONTRACTING

Electronic transactions contracting as posted on Transporter's Customer Activities site is available to parties provided that such party shall have previously met the requirements of a Rate Schedule, if applicable, and agreed to the terms and conditions of Transporter's Master Electronic Transactions Agreement.

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Indicative Sheet No. 415 - 416

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34. OPERATIONAL BALANCING AGREEMENT POLICY

34.1 Purpose

The Operational Balancing Agreement is intended to govern the treatment of any differences between the actual quantity of Gas received/delivered at a Point of Interconnection with Transporter's pipeline system and the quantity of Gas that was scheduled.

Transporter considers an OBA to be a predetermined allocation method.

34.2 Policy

It is Transporter's policy to negotiate and execute, if possible, the Transporter's form of OBA at each Point of Interconnection. However, Transporter shall have no obligation to execute an OBA with any party that is not creditworthy pursuant to Section 40 of these General Terms and Conditions, substituting the term "OBA Party" for "Shipper", where applicable, for this purpose.

If an OBA does not exist at a Point of Interconnection, the imbalance charges, cash-outs, or penalties incurred at such point shall be the responsibility of Shipper(s) that are out of balance.

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35. DATA ELEMENTS

[Transporter will incorporate herein appropriate North American Energy Standards Board ("NAESB") Wholesale Gas Quadrant (WGQ) standards or similar provisions as required by the Commission.]

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36. PIPELINE MAINTENANCE AND GAS TREATMENT PLANT TURNAROUNDS

- 36.1 Transporter shall provide Shippers at least six (6) months written Notice prior to the commencement of any planned pipeline maintenance and Gas treatment plant turnarounds that Transporter determines may impact the provision of Service.
- 36.2 Transporter and Shippers will meet to discuss the Transporter's program of planned pipeline maintenance and Gas treatment plant turnarounds. The purpose of such meeting will be to coordinate maintenance and turnaround schedules with the view to minimizing any curtailment of transportation or treatment service to Shippers. Such meeting will take place not less than thirty (30) days following the Notice provided in Section 36.1.
- 36.3 Notwithstanding Sections 36.1 and 36.2, Transporter shall, after giving as much notice to Shippers as is reasonably practicable, be permitted to curtail receipts or deliveries of Gas without incurring liability to the Shipper to the extent necessary to carry out emergency or unplanned maintenance.
- 36.4 Transporter shall communicate with Shippers regarding the schedule for, nature of and expected duration of emergency or unplanned maintenance and will carry out such emergency or unplanned maintenance as quickly as possible and use reasonable efforts to conduct such maintenance at the time of likely least interference to Shippers.
- 36.5 Notices given under this Section 36 shall include the anticipated start and end times and dates for the pipeline maintenance and Gas treatment plant turnaround activity and the available pipeline and Gas treatment capacity by Receipt Point and Delivery Points on each included Day.

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37. NEGOTIATED RATES

37.1 Definition

A Negotiated Rate shall mean a rate or formula for service under any applicable Agreement which Transporter and Shipper mutually agree upon which may be less than, equal to, or greater than the applicable Maximum Rate or Minimum Rate and may be based on a rate design other than the rate design used to compute Transporter's currently effective rates set forth on the Statement of Recourse Rates and may include a negotiated level of Transporter Fuel and Lost and Unaccounted for Gas established in accordance with Section 41 of these General Terms and Conditions.

A Negotiated Rate shall be set forth on Exhibit A of an Agreement. An Agreement containing a Negotiated Rate shall be referred to herein as a Negotiated Rate Agreement.

37.2 Availability

Shipper and Transporter may agree to a Negotiated Rate for a specific term of service under any Rate Schedule contained in Transporter's Tariff. Shipper shall be required to execute a separate Negotiated Rate Agreement for each Negotiated Rate agreed upon. Shipper may elect not to contract for service at the Negotiated Rate and instead may contract for service at Transporter's applicable Maximum Rate and Transporter Fuel and Lost and Unaccounted for Gas Percentage.

37.3 Applicability

37.3.1 Existing Service

Notwithstanding anything to the contrary contained in Transporter's Tariff, Transporter and Shipper may mutually agree to Negotiated Rates and the term of service for all or any portion of the capacity under any existing Agreement, provided that Shipper has not acquired its capacity through a temporary capacity release under Section 27 of these General Terms and Conditions.

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37. NEGOTIATED RATES (Continued)

37.3 Applicability (Continued)

37.3.2 New Service

Transporter and Shipper may mutually agree to Negotiated Rates and the term of service for any proposed expansion of facilities.

37.4 Best Bid Evaluation

If Transporter posts available capacity for Bid, Transporter shall state in the posting whether it is willing to consider a Bid at a Negotiated Rate. Transporter shall also state in its posting, that a Bid will be evaluated using Method A, as described in Subsection 27.6.1(a). To the extent a Negotiated Rate(s) Bid by a Shipper over the term of the contract would otherwise produce a unit rate in excess of the Maximum Rate over that term, the present value of a Negotiated Rate Bid under Method A pursuant to Subsection 27.6.1(a) of these General Terms and Conditions will be capped at the value of a Maximum Rate Bid under comparable terms, solely for the purpose of evaluating the net present value of the Bid.

37.5 Filing Requirement

Transporter shall file a tariff sheet stating the name of the Shipper, the Negotiated Rate, and the Rate Schedule applicable to any Negotiated Rate Agreement. Such tariff sheet shall be filed no later than the effective date of the Negotiated Rate. Unless Transporter executes and files a non-conforming Agreement, such tariff sheet will contain a statement that the Negotiated Rate Agreement does not deviate in any material aspect from the applicable form of Agreement in the Tariff.

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37. NEGOTIATED RATES (Continued)

37.6 Rate Treatment

In general rate proceedings, Transporter shall have the right to seek discount-type adjustments in the design of its rates related to Negotiated Rate Agreements. In situations where Transporter had granted a market-justified discount to the Maximum Rate and subsequently converted the Agreement to a Negotiated Rate Agreement, Transporter may seek a discount-type adjustment, based on the greater of: (a) the Negotiated Rate revenues received or (b) the discounted rate revenues which otherwise would have been received.

37.7 Accounting Treatment

Transporter will maintain separate and identifiable accounts for volumes transported, billing determinants, rate components, surcharges, depreciation, deferred income taxes, and revenues associated with Negotiated Rate transactions. All transactions originating as a discounted rate Agreement which were subsequently converted to a Negotiated Rate Agreement shall be recorded separately from those originating as Negotiated Rate Agreements.

37.8 Capacity Release

Negotiated Rates applicable to capacity release transactions for a term of more than one (1) year are capped at the Maximum Rates set forth on the Statement of Recourse Rates. There is no maximum price cap for Negotiated Rates for capacity release transactions for a term of one (1) year or less. Unless otherwise agreed, the Negotiated Rate Shipper shall be required to pay Transporter any difference by which the Negotiated Rate exceeds the rate paid by the Replacement Shipper. Transporter and Shipper may agree upon payment obligations or credit mechanisms, which would apply when capacity subject to a Negotiated Rate is released.

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37. NEGOTIATED RATES (Continued)

37.9 Surcharges

If Transporter negotiates any applicable surcharge, except for the ACA or Change in Law/Regulation surcharge, at less than the applicable Maximum Rate as part of a Negotiated Rate Agreement, Transporter shall assume any risk of under-recovery of such costs from such Negotiated Rate Agreement Shipper(s) in order to ensure that its Maximum Rate Shipper(s) are not adversely affected.

37.10 Transporter Fuel and Lost and Unaccounted for Gas

If Transporter negotiates a level of Transporter Fuel and Lost and Unaccounted for Gas as part of a Negotiated Rate Agreement, Transporter shall assume any risk of under-recovery or over-recovery of such percentage from such Negotiated Rate Agreement Shipper(s) in order to ensure that its recourse rate Shipper(s) are not adversely affected. Accordingly, Transporter shall apply the established Transporter Fuel and Lost and Unaccounted for Gas Percentage to the transportation quantities of Negotiated Rate Agreements that contain a negotiated level of Transporter Fuel and Lost and Unaccounted for Gas or otherwise treat such Negotiated Rate Agreement Shipper(s) as if they were subject to the established Transporter Fuel and Lost and Unaccounted for Gas Percentage in performing the calculation of the Transporter Fuel and Lost and Unaccounted for Gas Percentage.

37.11 Negotiated Terms and Conditions

Transporter shall seek FERC authority for any negotiated terms and conditions which materially deviate from the form of Agreement contained in Transporter's Tariff.

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37. NEGOTIATED RATES (Continued)

37.12 Disputes

Any disputes concerning Negotiated Rates shall be resolved by the procedures set forth in Section 31 of these General Terms and Conditions.

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38. DISCOUNTING

38.1 Parameters

In the event Transporter agrees to discount its rate to Shipper below Transporter's applicable Maximum Rate, the discount terms shall be reflected in the applicable Agreement and will apply without the discount constituting a material deviation from Transporter's form of Agreement; provided, however, that any such discounted rate shall not change the underlying rate design and the resulting discounted rate shall be between the Maximum Rate and the Minimum Rate applicable to the service provided under the applicable Rate Schedule.

The Minimum Rate is not a discountable rate component.

38.2 Types of Discounts

Transporter may provide a specific discounted rate applicable to the following:

- (a) to certain specified quantities under the Agreement (referred to as quantity rate type); or
- (b) if specified quantity levels are actually achieved or with respect to quantities above or below a specified level (referred to as quantity level rate type); or
- (c) during specified time periods (referred to as time period rate type or contract rate type); or
- (d) to Receipt Point(s) (referred to as point rate type), Delivery Point(s) (referred to as point rate type), Transportation Path(s) (referred to as point to point rate type) or defined geographical areas (referred to as zone rate type); or

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38. DISCOUNTING (Continued)

38.2 Types of Discounts (Continued)

- (e) in a specified relationship to the quantities actually transported (i.e., that the rates shall be adjusted in a specified relationship to quantities actually transported) (referred to as relationship rate type); or
- (f) to provide that if one (1) rate component which was equal to or within the applicable Maximum Rate and Minimum Rate at the time the discount agreement was executed subsequently exceeds the applicable Maximum Rate or is below the applicable Minimum Rate due to a change in Transporter's Maximum Rates and/or Minimum Rates, so that such rate component must be adjusted downward or upward to equal the new applicable Maximum Rate or Minimum Rate, then other rate components may be adjusted upward or downward to achieve the agreed-upon overall rate, so long as none of the resulting rate components exceed the Maximum Rate or are below the Minimum Rate applicable to the rate component. Such changes to rate components shall be applied prospectively, commencing no sooner than the date a Commission order places in effect the applicable revised Maximum Rates and Minimum Rates. However, nothing contained herein shall be construed to alter a refund obligation under applicable law for any period during which rates which had been charged under a discount agreement exceeded rates which ultimately are found to be just and reasonable (referred to as rate component rate type); or

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38. DISCOUNTING (Continued)

38.2 Types of Discounts (Continued)

- (g) based on a formula including, but not limited to published index prices for specific Receipt Point(s) and/or Delivery Point(s) or other agreed-upon published pricing reference points for price determination. Each Agreement entered into pursuant to this Subsection 38.2(g) shall a) not change the underlying rate design; b) not include any minimum bill or minimum take provision that has the effect of guaranteeing revenue; and c) define the rate component to be discounted (referred to as index price differential type); or
- (h) to specific production reserves, supplies, or markets committed by Shipper (referred to as commitment rate type).

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39. OFF-SYSTEM SERVICES

39.1 Off-System Services Acquired for General System Use

Transporter may acquire off-system services from third parties in order to render services on behalf of its Shippers. Such services will be subject to Transporter's Tariff and currently effective rates that are subject to revision from time to time.

39.2 Off-System Services Acquired for Specific Shipper Requests

Transporter may acquire off-system services from third parties at the request of a specific Shipper. Such services shall be subject to the terms and conditions of Transporter's Tariff. For purposes of transactions entered into subject to this Section 39, the "Shipper must hold Title" requirement shall not be applicable to the acquired off-system services.

39.2.1 Rates and Charges

If a Shipper requests and Transporter agrees, to acquire off-system services from a third party to provide services for the benefit of such Shipper on Transporter's pipeline system, Shipper may, on a non-discriminatory basis, be required to pay Transporter, in addition to any applicable rates and charges assessed pursuant to this Tariff, the rates and charges Transporter is obligated to pay such third party for the off-system service and such administrative costs as are incurred to arrange and provide the service. Such charges shall be set forth as separate items on the monthly invoices rendered to Shipper.

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39. OFF-SYSTEM SERVICES

39.2 Off-System Services Acquired for Specific Shipper
Requests (Continued)

39.2.2 Secondary Service Availability

Any off-system services acquired by Transporter for the benefit of a specific Shipper which are not being utilized shall be offered on a non-discriminatory basis to Transporter's other Shippers on a secondary or interruptible basis, pursuant to the terms of Transporter's Tariff and subject to any applicable Third Party Charges. Transporter will indicate in its posting of such off-system service whether any Third Party Charges will apply to the use of such off-system service and whether such off-system service is subject to term limitations. In no event, will service under this Section 39 be offered beyond the term during which Transporter has contracted to obtain such off-system service from a third party.

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40. CREDITWORTHINESS

40.1 In evaluating requests for service and certain other purposes under this Tariff, these creditworthiness standards shall apply to all Shippers. Transporter shall not be required to continue to perform its obligations under any Agreement, or to commence or continue service, on behalf of any (i) Shipper that fails to establish and maintain creditworthiness or (ii) Shipper or Shipper's Affiliate fails to establish and maintain creditworthiness with respect to an agreement entered with a Canadian Affiliate. Transporter shall determine Shipper's creditworthiness, at any time in its sole discretion, in accordance with the following:

40.1 Creditworthiness Standard

- (a) Subject to Transporter's analysis of factors set forth below in Section 40.2, Shipper will be deemed creditworthy if (i) its Tangible Net Worth is, in Transporter's assessment in its sole discretion, equal to or greater than Shipper's Capital Cost Share as defined below; and (ii) it satisfies the requirements of Section 40.1(b) or 40.1(d), as applicable. Nothing herein shall limit Transporter's ability to undertake further analysis of the factors set forth in Section 40.2 in evaluating and making a determination regarding Shipper's creditworthiness. If Shipper is the State of Alaska, is guaranteed by the State of Alaska, or otherwise is supported by the full faith and credit of the State of Alaska, Shipper is deemed to have satisfied the Tangible Net Worth requirement set forth in this Section 40.1(a); provided that Shipper still must satisfy the requirements of Section 40.1(b) or 40.1(d), as applicable.

A Shipper's "Capital Cost Share" is its pro rata share (determined based on the aggregate of firm transportation capacity

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40. CREDITWORTHINESS (Continued)

40.1 Creditworthiness Standard (Continued)

commitments compared to all Shippers' total firm transportation capacity commitments) of the capital costs (net of cumulative depreciation collected and cost reimbursement received under the Alaska Gasline Inducement Act by Transporter) an allowance for funds used during construction, and other expenditures incorporated into rate base incurred or to be incurred by Transporter, in Transporter's and Canadian Affiliate's estimation, in developing Transporter's facilities and the Canadian Pipelines.

- (b) A Foundation Shipper will be deemed creditworthy if its long-term unenhanced senior unsecured debt securities are rated at least A- by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P") or at least A3 by Moody's Investors Service, Inc. ("Moody's"), in each case with a stable or better outlook, and it meets the provisions of Section 40.1(a) above. If Foundation Shipper's rating has a negative outlook or is on creditwatch for downgrade, Foundation Shipper's rating will be reduced by one rating level. If Foundation Shipper is rated by both S&P and Moody's, only the lower rating will be taken into account.

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40. CREDITWORTHINESS (Continued)

40.1 Creditworthiness Standard (Continued)

- (c) Notwithstanding Shipper's commitment of capacity, Shipper must satisfy the standards set forth in Section 40.1(b) if it seeks to use such capacity to ship Gas associated with a Person (directly or through affiliates) that has an economic interest in, or directs or arranges the shipment of, at least 200,000 MMBtu/day of Gas to be shipped on Transporter's facilities. For the avoidance of doubt, all Gas shipped by a Shipper in which the State of Alaska has an economic interest, as the result of its exercise of sovereign powers or otherwise, is associated with a Person for purposes of this subsection. As used in this Section 40.1(c), "Person" means any natural person, Entity, estate, labor union, or government authority or component and includes persons, corporate, partnership, affiliates of any person or corporate affiliated commercial entities and related components of any governmental entity; "Entity" means any foreign or domestic general partnership, limited partnership, limited liability company, corporation, joint enterprise or venture, joint stock company, business or statutory trust, employee benefit plan, cooperative, association, or other legal entity. Transporter shall determine whether Gas is associated with a Person in its sole discretion, and Shipper shall provide information requested by Transporter that may be of assistance in making that determination.

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40. CREDITWORTHINESS (Continued)

40.1 Creditworthiness Standard (Continued)

- (d) If Shipper is not a Foundation Shipper and does not fall within the provisions of Section 40.1(c), it will be deemed creditworthy if its long-term unenhanced senior unsecured debt securities are rated at least BBB by S&P or at least Baa2 by Moody's, in each case with a stable or better outlook, and it meets the provisions of Section 40.1(a). If Shipper's rating has a negative outlook or is on creditwatch for downgrade, Shipper's rating will be reduced by one rating level. If Shipper is rated by both S&P and Moody's, only the lower rating will be taken into account.

- (e) "Tangible Net Worth," for purposes of this Section 40.1, means total assets, less total liabilities, less intangible assets, less off-balance sheet obligations. Intangible assets include, but are not limited to, goodwill, patents, copyrights, and unamortized loan costs. Only actual tangible assets are included for purposes of assessing creditworthiness.

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40. CREDITWORTHINESS (Continued)

40.2 Determination of Creditworthiness

In evaluating Shipper's creditworthiness, Transporter may consider, in addition to the factors set forth in Section 40.1, the following additional information and factors:

- (a) Opinions, outlooks, watch alerts, and rating actions of S&P and Moody's and other credit reporting agencies;
- (b) The pro forma effect on Shipper's debt rating of execution by Shipper of a Firm Transportation Service Agreement;
- (c) Financial statements and reports;
- (d) Whether a petition is filed by or against Shipper, any of its affiliates, or any guarantor of Shipper's obligations hereunder, under any chapter of the bankruptcy code of the United States or under legislation of a similar nature of any other nation;
- (e) Whether Shipper, any of Shipper's Affiliates, or any guarantors of Shipper's obligations hereunder are subject to any lawsuits or outstanding judgments which could materially impair their ability to remain solvent;

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40. CREDITWORTHINESS (Continued)

40.2 Determination of Creditworthiness (Continued)

- (f) The nature of Shipper's business and the effect on that business of general economic conditions and economic conditions specific to it, including Shipper's and Shipper's Affiliates' ability to recover the costs of Transporter's and Canadian Affiliates' services through filings with regulatory agencies or otherwise to pass on such costs to its customers;
- (g) Whether Shipper or any of Shipper's Affiliates has or has had any delinquent balances outstanding for services provided previously by Transporter or Canadian Affiliates and whether Shipper and Shipper's Affiliates are paying and have paid their account balances according to the terms established in their Agreement(s) with Transporter and Canadian Affiliates (excluding amounts as to which there is a good faith dispute);
- (h) Any other information, including any information provided by Shipper or requested by Transporter, that is relevant to Shipper's creditworthiness.

40.3 Assignee Creditworthiness

The creditworthiness requirements applicable to Shipper shall apply to any assignee pursuant to an assignment (in whole or part) or to any permanent release, in whole or part, pursuant to a Firm Transportation Service Agreement.

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40. CREDITWORTHINESS (Continued)

40.4 Failure to Satisfy Creditworthiness -- Alternatives

If Shipper fails or ceases to satisfy the creditworthiness standard or criteria as described above, in order to obtain or continue service Shipper must provide and maintain one or more of the following credit alternatives, in lieu of the creditworthiness standard requirements outlined in Section 40.1:

(a) Guaranty: Shipper may provide a guaranty that is sufficient to cover its contractual obligations to the Transporter in a form satisfactory to Transporter in its sole discretion, from a guarantor which meets the creditworthiness standard or criteria described above.

(b) Collateral:

(i) Shipper may provide an irrevocable standby letter of credit in a form and from a financial institution acceptable to Transporter in its sole discretion in an amount no greater than Shipper's contractual obligations to Transporter. If Shipper does not, at least twenty (20) business days prior to the conclusion of the letter of credit's term, provide the Transporter with a replacement letter of credit, or alternate security that meets the requirements set out in this Section 40, acceptable to Transporter in its sole discretion, Transporter shall be entitled to draw upon the full value of the letter of credit;

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40. CREDITWORTHINESS (Continued)

40.4 Failure to Satisfy Creditworthiness - Alternatives
(Continued)

- (ii) Shipper may provide a cash security deposit acceptable to Transporter in its sole discretion in an amount no greater than Shipper's contractual obligations to Transporter; or
- (iii) Shipper may provide any other security or collateral acceptable to Transporter in Transporter's sole discretion.
- (c) Upon termination in whole or part of a Firm Transportation Service Agreement, any guarantee or collateral provided by Shipper shall first be applied to meet any obligation of Shipper to Transporter, and any remaining balance shall thereafter be returned to Shipper.

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40. CREDITWORTHINESS (Continued)

40.5 Ongoing Creditworthiness Review

Transporter shall have the right to review a Shipper's creditworthiness and the continued acceptability of any credit alternative provided on an ongoing basis, and Shipper shall provide, within ten (10) business days upon Transporter's request, any requested information in order to determine the continuing creditworthiness of Shipper and acceptability of any credit alternative provided. If Shipper or credit alternative provider is not subject to regulation by the Securities and Exchange Commission, Shipper shall notify Transporter in writing within ten (10) business days of the details of any material adverse change in its or its credit alternative provider's business, properties, conditions, or results of operations (financial or otherwise). If Shipper does not provide such information and/or notification within ten (10) business days of Transporter's request or occurrence of material adverse change, the Transporter may deem that it cannot determine the Shipper's or its credit alternative provider's Tangible Net Worth, and the Transporter may set the Shipper's or its credit alternative provider's Tangible Net Worth to zero.

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40. CREDITWORTHINESS (Continued)

40.6 Notification of Failure to Meet Creditworthiness

Upon notification by Transporter that Shipper no longer meets Transporter's creditworthiness standard or criteria, or notification from Canadian Affiliates that Shipper or Shipper's Affiliates no longer meets Canadian Affiliates' creditworthiness standard or criteria, Shipper must within five (5) business days provide additional payment, guaranty, collateral, or other mutually agreed security sufficient to meet the creditworthiness requirements set forth in this Section 40.

- (a) If Shipper fails to provide one of the credit alternatives within this time period, or if Shipper or Shipper's Affiliates fail to provide credit alternatives or similar credit support to Canadian Affiliates in accordance with the terms of the agreements that Shipper or Shipper's Affiliates have with Canadian Affiliates, Transporter has the right to suspend its performance under any Firm Transportation Service Agreement and/or terminate any Firm Transportation Service Agreement with Shipper to pay the amounts set forth in Section 4 of Rate Schedule FT-1. Transporter may, after terminating any Firm Transportation Service Agreement, resell capacity previously secured by Shipper. Nothing in this Subsection limits other remedies, including actions for damages, that Transporter may seek against Shipper.

- (b) If Shipper fails to provide one of the credit alternatives within this time period, or if Shipper or Shipper's Affiliates fail to provide credit alternatives or similar credit support to Canadian Affiliates in accordance with the terms of the agreements that Shipper or Shipper's Affiliates have with Canadian Affiliates, Transporter may provide Notice to Shipper of its intention to suspend service in five (5) business days, provided however, that any such suspension shall not relieve Shipper from any obligation to pay any further rates, charges or other amounts payable to Transporter. If Shipper or Shipper's Affiliates do not provide credit alternatives to Transporter or Canadian Affiliates, as

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40. CREDITWORTHINESS (Continued)

40.6 Notification of Failure to Meet Creditworthiness
(Continued)

applicable, within five (5) business days of suspension of its service, Transporter may initiate termination of service proceedings with the Commission and provide such Notice to Shipper and any Replacement Shipper(s) that Service will be terminated within thirty (30) days.

- (c) If Shipper or Shipper's Affiliates at any time fail to provide credit alternatives at the time Transporter initiates termination of service proceedings, Transporter shall immediately be entitled to collect, and Shipper shall be immediately obligated to pay, all amounts due to Transporter from Shipper during the full term of any Firm Transportation Agreement; these rights shall be in addition to other rights of and remedies available to Transporter.
- (d) If Shipper has multiple agreements with Transporter and default on one Agreement, or if Shipper or any of Shipper's Affiliates default on any agreement with any of the Canadian Affiliates, Transporter may deem a default by Shipper on that one Agreement as a loss of creditworthiness on any other Agreement(s) Shipper has with Transporter.
- (e) If a petition is filed, by or against Shipper, any of its affiliates, or any of its credit alternative providers, under any chapter of the bankruptcy code of the United States or under legislation of a similar nature of any other nation, Transporter reserves the right to suspend and terminate service as described in Section 6 of these General Terms and Conditions. Transporter also may exercise any other remedy available to it hereunder, at law or in equity.

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40. CREDITWORTHINESS (Continued)

40.7 Evaluation of Interruptible Services

Transporter's creditworthiness evaluation of interruptible services shall be based on the criteria as described above, for an amount up to the maximum amount of interruptible services that may be provided in any three (3) month period under the terms of the Agreement(s), except as provided for under Rate Schedule IT-1. As provided under Rate Schedule IT-1, the credit requirement shall be the dollar value of each nomination.

40.8 Loaned Gas

For loan services under Rate Schedule PAL, the credit requirement shall include an amount to adequately account for the value of loaned Gas and any related fees, charges, etc. The value of loaned Gas shall be calculated on Shipper's Maximum PAL Quantity multiplied by the average of the New York Mercantile Exchange ("NYMEX") future prices settlement for the most recent available twelve (12) month period, as reported in Platt's Gas Daily or any successor publication thereto.

40.9 Imbalances Due Transporter

- (a) Transporter has the right to seek security to cover the value of Shipper Imbalances owed Transporter by Shipper.
 - (i) For existing Shippers, such imbalances shall be valued at Shipper's largest monthly negative imbalance over the most recent twelve (12) month period multiplied by the average of the NYMEX future prices settlement for the most recent available twelve (12) month period, as reported in Platt's Gas Daily, on the day the credit requirement is determined.

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40. CREDITWORTHINESS (Continued)

40.9 Imbalances Due Transporter (Continued)

(ii) For new Shippers, such imbalances shall be valued at ten percent of Shipper's estimated monthly usage (as defined by Transporter) multiplied by the average of the NYMEX future prices settlement for the most recent available twelve (12) month period, as reported in Platt's Gas Daily, on the day the credit requirement is determined. This formula shall be used for the first twelve (12) months of service while a historical record is established; thereafter, security for such Shipper will be determined as specified for an existing Shipper.

(b) Transporter shall require credit support to cover the value of imbalances owed Transporter pursuant to an OBA. The credit requirement for such imbalances shall be five percent of the design capacity of the interconnect facility.

40.10 Construction of New Facilities

In the event Transporter constructs new facilities pursuant to Section 19 of these General Terms and Conditions, to accommodate a specific request from a Party, Transporter may require from such Party collateral in an amount up to the cost of such facilities. As Transporter recovers the cost of such facilities, the collateral required shall be reduced accordingly. Where facilities are constructed to serve multiple Shippers, an individual Shipper's obligation hereunder shall be for no more than its proportionate share of the cost of the facilities. This provision is in addition to and shall not supersede or replace any other rights that Transporter may have regarding the construction and reimbursement of facilities.

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40. CREDITWORTHINESS (Continued)

40.11 Designating Representatives for Creditworthiness
Notices

Transporter's and Shipper's authorized creditworthiness representative(s) for Internet E-mail notifications, responses and requests as described in this Section 40 shall be established by initiating a request as prescribed on Transporter's Customer Activities site.

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41. TRANSPORTER FUEL AND LOST AND UNACCOUNTED FOR GAS

41.1 Definition

Transporter Fuel and Lost and Unaccounted for Gas shall consist of compressor fuel used in its operations and fuel for treatment or other operational purposes, including but not limited to Gas used by Transporter as fuel, for testing, and Gas lost or otherwise unaccounted for.

41.2 Applicability

The Transporter Fuel and Lost and Unaccounted for Gas Percentage shall apply to all Forwardhaul quantities of Gas transported under Transporter's Rate Schedules requiring assessment of Transporter Fuel and Lost and Unaccounted for Gas. The Transporter Fuel and Lost and Unaccounted for Gas Percentage shall include a percentage for lost and unaccounted for Gas and shall be separately stated in each posting made pursuant to Subsection 41.5 herein. Backhaul quantities of Gas transported on Transporter's pipeline system that do not consume Transporter Fuel and Lost and Unaccounted for Gas will not be assessed the fuel charge component of the Transporter Fuel and Lost and Unaccounted for Gas Percentage; however, such Backhaul transactions shall be assessed the separately stated percentage for lost and unaccounted for Gas.

41.3 Derivation

The Transporter Fuel and Lost and Unaccounted for Gas Percentage shall be calculated monthly and adjusted if necessary. The Transporter Fuel and Lost and Unaccounted for Gas Percentage shall be derived by dividing the Estimated Transporter Fuel and Lost and Unaccounted for Gas Requirement by the Estimated Transportation Quantity; whereas

- (i) Estimated Transporter Fuel and Lost and Unaccounted for Gas Requirement shall be the total Transporter Fuel and Lost and Unaccounted for Gas estimated by Transporter to be required

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41. TRANSPORTER FUEL AND LOST AND UNACCOUNTED FOR GAS
(Continued)

41.3 Derivation (Continued)

to transport the Estimated Transportation Quantity, adjusted for any Transporter Fuel and Lost and Unaccounted for Gas Imbalance from a prior period, and any changes that are known and reasonable.

(ii) Estimated Transportation Quantity is the quantity of Natural Gas estimated by Transporter to be physically received and transported on Transporter's pipeline system for all Shippers subject to the Transporter Fuel and Lost and Unaccounted for Gas Percentage for the upcoming month.

(iii) Transporter Fuel and Lost and Unaccounted for Gas Imbalance shall be the difference between the Actual Transporter Fuel and Lost and Unaccounted for Gas Requirement and the Estimated Transporter Fuel and Lost and Unaccounted for Gas Requirement for the same period.

(iv) Actual Transporter Fuel and Lost and Unaccounted for Gas Requirement is the total actual monthly quantity of Natural Gas related to all components comprising Transporter Fuel and Lost and Unaccounted for Gas.

41.4 Reimbursement

Transporter Fuel and Lost and Unaccounted for Gas shall be furnished in-kind by Shipper. Shipper's total Receipt Point nominations must include the quantity of Gas associated with Transporter Fuel and Lost and Unaccounted for Gas pursuant to the terms of Shipper's Agreement.

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41. TRANSPORTER FUEL AND LOST AND UNACCOUNTED FOR GAS
(Continued)

41.5 Posting

Transporter Fuel and Lost and Unaccounted for Gas Percentage shall be posted on Transporter's public Internet website six (6) Business Days prior to the end of the month preceding the month to which it is applicable.

41.6 Separate Transporter Fuel and Lost and Unaccounted for Gas shall be established for transportation services and Gas extraction and treatment services.

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42. NON-CONFORMING AGREEMENTS

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43. AGENTS

For purposes of this Section 43, Shipper shall be defined as any Person who executes an Agreement.

Shipper may delegate to a third party (Agent), authority to exercise certain or all rights and perform certain or all obligations set forth in one or more Agreement(s) entered into between Shipper and Transporter. Shipper may delegate to Agent, the specific rights and obligations set forth above pursuant to the terms and conditions of an Agency Authorization Agreement, a copy of which is available on Transporter's public Internet website. Shipper may not delegate the same rights and/or obligations of an Agreement to more than one Agent

An Agency Authorization Agreement or any changes to such Agency Authorization Agreement must be submitted to Transporter at least two (2) Business Days prior to the requested effective date. Shipper's delegation to its Agent(s) pursuant to this Section 43 shall not confer to either Shipper or Agent(s) rights outside of or in contravention of the terms and conditions of the Agreement(s).

Transporter shall rely on communications and actions of Agent for all purposes that are within the authority conveyed by the Agency Authorization Agreement. Such communications with, and actions by, Agent that are within the authority conveyed by the Agency Authorization Agreement shall be deemed communications with or actions by Shipper. Shipper shall indemnify and hold Transporter harmless from suits, actions, costs, losses, expenses and damages (including, without limitation, attorney's fees) arising from claims associated with Transporter's reliance on such communications and actions of Agent. Shipper remains bound by its obligations under an Agreement. Commitments made by the Agent on behalf of Shipper are binding on the Shipper as if made by the Shipper. In the event of an inconsistency between communications from Shipper and from Agent, the communications first received by Transporter shall prevail.

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43. AGENTS (Continued)

Agent may administer rights under multiple Agreements for one (1) or more Shippers; provided however, that such Agent (i) shall administer and account for each Agreement separately, and (ii) shall perform the specific service(s) only for the Shipper that has delegated its rights and obligations under the Agreement to Agent, as set forth in the Agency Authorization Agreement.

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44. RESERVED FOR FUTURE USE

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45. DEFERRED FIRM TRANSPORTATION SERVICE

During any period of interruption of firm transportation service, Shipper shall continue to pay demand charges. Interruption, for purpose of this Section 45, means an interruption of Transporter's ability to provide firm Gas transportation service or firm Gas treatment service, including for reasons of a Force Majeure Event, and excludes (i) any failure to provide Service attributable to the actions of Shipper (including failure to Tender Gas at levels less than Shipper's MDQ or MTQ), (ii) reduced levels of Service associated with the phase-in period of Transporter's Gas treatment plant, and (iii) reduced levels of Service associated with Gas treatment plant turnarounds.

45.1 During any period of interruption, firm transportation and, if applicable, firm treatment of Shipper's Gas will be reduced on a pro rata basis (based on Shipper's MDQ as a percentage of total MDQs and MTQ as a percentage of total MTQs).

45.2 Transporter shall provide Deferred Firm Transportation Service and, if applicable, deferred firm treatment service to Shipper in an amount equivalent to the quantity of Gas subject to such a reduction of anticipated Service as a result of an interruption. For purposes of this Section 45, Deferred Firm Transportation service means a firm Gas transportation service and, if applicable, a deferred firm Gas treatment service provided by Transporter (subject to the terms of a Firm Transportation Service Agreement and any applicable terms of Transporter's Tariff) utilizing all transportation or Gas treatment capacity, if any, that is available once Transporter has satisfied Shipper's and other shippers' MDQ and, if applicable, MTQ, and shall be offered on a pro rata basis to all firm transportation and firm Gas treatment shippers eligible to receive such service.

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45. DEFERRED FIRM TRANSPORTATION SERVICE (Continued)

45.3 Deferred Firm Transportation Service shall be available to Shipper, when capacity is available and Shipper is eligible to receive such service due to a prior interruption of firm service. Deferred Firm Transportation Service shall have priority as set forth in Section 10.5.

45.4 If Transporter or Transporter's Canadian Affiliate reduces firm transportation and, if applicable, firm treatment of Shipper's Gas in circumstances where Shipper or Shipper's Affiliate, as applicable, is ready, willing and able to transport or treat Gas in more than one Zone of Transporter's or Transporter's Canadian Affiliate's facilities, and Deferred Firm Transportation quantities or, if applicable, deferred firm treatment quantities accrue to Shipper or Shipper's Affiliate on any portion of such facilities, then the same level of Deferred Firm Transportation quantities will accrue to Shipper for FT-1 Service on such day, subject to reduction to the extent that the Shipper or Shipper's Affiliate elects to replace the reduced quantities from other sources in the applicable Zone of Transporter's or Transporter's Canadian Affiliate's facilities.

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46. OPERATIONAL PURCHASES AND SALES OF GAS

46.1 Applicability

Transporter may purchase and/or sell Gas to the extent necessary to: (i) balance Transporter Fuel and Lost and Unaccounted for Gas pursuant to Section 41 of these General Terms and Conditions; (ii) maintain system pressure and line pack; (iii) manage imbalance quantities; (iv) perform other operational functions in connection with transportation, treatment and other similar services; and (v) otherwise protect the operational integrity of Transporter's pipeline system. Any sales shall be made on an unbundled basis.

The sale or purchase of Natural Gas shall occur at any Receipt Point or Delivery Point on Transporter's pipeline system or at points located within any off-system capacity held by Transporter on other systems. Such purchases or sales shall be authorized pursuant to Transporter's blanket certificate and will be made on a non-discriminatory basis.

46.2 Solicitation of Bids

Transporter shall post for Bid its operational purchases and/or sales on its public Internet website. Such posting shall include the following information: 1) the level of daily quantities and whether such purchase and/or sale quantities shall be made on a firm or interruptible basis; 2) the requested effective date and term of the purchase and/or sale; 3) the names of the applicable Receipt Point(s) or Delivery Point(s); 4) method for determining Best Bid(s); 5) time period for accepting and awarding Bid(s); and (6) any additional information as may be required by Transporter.

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46. OPERATIONAL PURCHASES AND SALES OF GAS

46.2 Solicitation of Bids (Continued)

Transporter shall ask prospective bidders to place a Bid on its public Internet website or via fax or electronic mail with such Bid(s) containing the following information: 1) bidder's legal name and the name, title, address, and phone number of individual authorized to purchase or sell Natural Gas; 2) bidder's price; 3) information addressing all criteria requested by Transporter in its posting; 4) any conditions on the prospective bidder's Offer to purchase and/or sell Gas. Transporter shall evaluate Bid(s) and shall award such purchase and/or sale of Gas to the prospective bidder having a Bid containing the lowest Bid (if a purchase) or the highest Bid (if a sale) and otherwise matching all terms and conditions requested by Transporter in its posting.

Transporter reserves its right, in its sole discretion, to 1) withdraw its postings; 2) reject all Bids due to operational changes; and 3) reject any Bid which is not complete, which contains modifications to the terms of the posting or which contains terms that are operationally unacceptable.

The above procedures shall not apply in emergency situations. Purchases and sales of Natural Gas in emergency situations shall be reported in accordance with Subsection 46.3 herein.

46.3 Reporting Requirements

In the event Transporter purchases or sells Natural Gas in a calendar year pursuant to this section of the Tariff, Transporter shall file a report with the FERC on or before May 1st of the following calendar year. The report will indicate the source of the Gas purchased/sold, the date of the purchase/sale, quantity purchased/sold, the cost and/or revenue associated with each transaction, and all entities including affiliates, from which Transporter purchased or sold the operational Gas.

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47. WAIVERS

No waiver by either Transporter or Shipper of any one or more defaults by the other in the performance of any provisions of any Agreement shall operate or be construed as a waiver of any subsequent or other default or defaults, whether of a like or of a different character.

Transporter may waive in writing any rights hereunder or any obligations of Shipper applicable to any specific default that has already occurred, or on a case-by-case basis in advance of any specific, temporary operational problem, on a basis which is not unduly discriminatory; provided that no waiver shall operate or be construed as a waiver of other or future rights or obligations, whether of a like or different character.

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48. PENALTY REVENUE CREDITS

48.1 Description

Penalty revenue shall include all amounts collected by Transporter for OFO penalties, Underdelivery Penalties, and Rate Schedule PAL penalties. Any penalty revenue collected shall be used first to compensate Transporter for any expenses incurred to alleviate the conditions that created the violation, such as administrative costs. The remaining penalty revenue (net penalty revenue) shall be refunded ratably to non-offending firm Shippers and Shippers which paid the maximum IT rate through a direct payment or invoice credit as more fully described below. If the annual penalty revenue collected does not exceed the expenses incurred by Transporter, such unreimbursed expenses shall be carried forward to future monthly periods until recouped.

48.2 Distribution

The net penalty revenue collected shall be determined for each annual calendar year period ending December 31st and distributed through a credit to current billings where feasible.

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48. PENALTY REVENUE CREDITS (Continued)

48.3 Refund Allocation Factor

A refund allocation factor for each Shipper shall be calculated by dividing the actual revenues for each non-offending Shipper by the total revenue collected during the reporting period. The revenues used to calculate the refund allocation factor shall be net of all applicable surcharges, including but not limited to ACA and Change in Law/Regulation surcharges. The resulting refund allocation factor shall be multiplied by the net penalty charge revenue to determine the applicable invoice credit or direct payment to each Shipper. This calculation shall be performed on a monthly basis but the distribution of any net penalty revenue shall be made on an annual basis. A Shipper which incurred any of the penalty revenue described in Subsection 48.1 herein shall be excluded from the distribution of all net penalty revenues applicable to each Calendar Month in which the violation occurred.

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49. AOS, IT AND PAL REVENUE CREDITS

Seventy-five percent of AOS, IT, and PAL revenues collected during any calendar year or partial calendar year period ending December 31st shall be distributed to Firm Shippers on the basis of each Shipper's MDQ to aggregate MDQ as of December 31st and provided as a credit to such Shippers' invoices within ninety (90) days after each December 31st.

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50. HEADINGS

The headings appearing in these General Terms and Conditions or in any part of this Tariff are for the purpose of convenient reference only and shall not affect the interpretation thereof.

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Effective on:

TransCanada Alaska Company, LLC
Indicative FERC Gas Tariff

Indicative Sheet No. 511

Contract # _____

TransCanada Alaska Company, LLC
RATE SCHEDULE FT-1
FIRM TRANSPORTATION SERVICE AGREEMENT

This Agreement (the "Service Agreement") is made and entered into at _____ as of _____, 20__, by and between TransCanada Alaska Company, LLC, hereinafter referred to as "Transporter", and _____, hereinafter referred to as "Shipper".

WHEREAS, the transportation of Natural Gas shall be effectuated pursuant to Part 157 or Part 284 of the Federal Energy Regulatory Commission's (FERC) Regulations; and

NOW THEREFORE, in consideration of their respective covenants and agreements hereinafter set out, the parties hereto covenant and agree as follows:

Article 1 - Transportation Path Receipt Point

As specified in Exhibit A attached hereto, commencing on Shipper's Billing Commencement Date and continuing throughout the term of this Service Agreement, Shipper shall be entitled to Tender to Transporter, at Shipper's Primary Receipt Point(s), a daily quantity of Gas not in excess of the Maximum Delivery Quantity on an MMBtu basis plus the applicable quantity of Gas associated with Transporter Fuel and Lost and Unaccounted for Gas.

Article 2 - Transportation Path Delivery Point

Transporter shall deliver to Shipper Gas scheduled at the Primary Delivery Point(s) specified in Exhibit A attached hereto, in accordance with Section 10 of the General Terms and Conditions of Transporter's FERC Gas Tariff (Tariff).

Article 3 - Payments

Shipper shall make payments to Transporter in accordance with Section 6 of the General Terms and Conditions of Transporter's Tariff.

Article 4 - Change in Transporter's Tariff Provisions

Upon Notice to Shipper, and to the extent not inconsistent with this Service Agreement, Transporter shall have the right to file with the Federal Energy Regulatory Commission any changes in Recourse Rates and terms of any of its Rate Schedules, General Terms and Conditions or Form of Service Agreement as Transporter may deem necessary, and to make such changes effective at such times as Transporter desires under applicable law. Shipper may protest any filed changes before the Federal Energy Regulatory Commission and exercise any other rights it may have with respect thereto.

Issued by: _____

Issued on:

Effective on:

TransCanada Alaska Company, LLC
Indicative FERC Gas Tariff

Indicative Sheet No. 512

TransCanada Alaska Company, LLC
RATE SCHEDULE FT-1
FIRM TRANSPORTATION SERVICE AGREEMENT

Article 5 - Cancellation of Prior Agreements

When this Service Agreement becomes effective, it shall supersede, cancel and terminate the following Agreements:

[PA dated _____]

Article 6 - Term

This Service Agreement shall become effective upon its execution and shall under all circumstances continue in effect for _____ years, _____ months, _____ days after the Billing Commencement Date or through _____. This Service Agreement may continue in effect thereafter in accordance with Section 18 of the General Terms and Conditions of Transporter's Tariff, if applicable. Service rendered pursuant to this Service Agreement shall automatically be abandoned upon termination of this Service Agreement.

Termination of this Service Agreement shall not relieve Transporter and Shipper of the obligation to correct any Shipper Imbalances hereunder, or Shipper to pay money due hereunder to Transporter and shall be in addition to any other remedies that Transporter may have.

Article 7 - Applicable Law and Submission to Jurisdiction

This Service Agreement and the rights and obligations of Transporter and Shipper thereunder are subject to all United States lawful statutes, rules, regulations and orders of duly constituted authorities having jurisdiction. Subject to the foregoing, this Service Agreement shall be governed by and interpreted in accordance with the laws of the State of New York. For purposes of legal proceedings, this Service Agreement shall be deemed to have been made in the State of New York and to be performed there, and the Courts of that State shall have jurisdiction over all disputes which may arise under this Service Agreement, provided always that nothing herein contained shall prevent the Transporter from proceeding at its election against the Shipper in the Courts of any other state, Province or country.

Issued by: _____
Issued on:

Effective on:

TransCanada Alaska Company, LLC
Indicative FERC Gas Tariff

Indicative Sheet No. 513

TRANSCANADA ALASKA COMPANY, LLC
RATE SCHEDULE FT-1
FIRM TRANSPORTATION SERVICE AGREEMENT

Article 7 - Applicable Law and Submission to Jurisdiction (Continued)

At the Transporter's request, the Shipper shall irrevocably appoint an agent in [insert] to receive, for it and on its behalf, service of process in connection with any judicial proceeding in [insert] relating to this Service Agreement. Such service shall be deemed completed on delivery to such process agent (even if not forwarded to and received by the Shipper). If said agent ceases to act as a process agent within [insert] on behalf of Shipper, the Shipper shall appoint a substitute process agent within [insert] and deliver to the Transporter a copy of the new agent's acceptance of that appointment within thirty (30) days.

Article 8 - Successors and Assigns

Any Person which shall succeed by purchase, amalgamation, merger or consolidation to the properties, substantially as an entirety, of Shipper or of Transporter, as the case may be, and which shall assume all obligations under this Service Agreement of Shipper or Transporter, as the case may be, shall be entitled to the rights, and shall be subject to the obligations, of its predecessor under this Service Agreement. Either party to this Service Agreement may pledge or charge the same under the provisions of any mortgage, deed of trust, indenture, security agreement or similar instrument which it has executed, or assign this Service Agreement to any affiliated Person (which for such purpose shall mean any Person which controls, is under common control with or is controlled by such party). Nothing contained in this Article 8 shall, however, operate to release Shipper from its obligations under this Service Agreement unless Transporter shall, in its sole discretion, consent in writing to such release. Transporter shall not release Shipper from its obligations under this Service Agreement unless: (a) such release is effected pursuant to an assignment of obligations by Shipper, and the assumption thereof by the assignee, and the terms of such assignment and assumption render the obligations being assigned and assumed no more conditional and no less absolute than those at the time provided therein; and (b) such release is not likely to have any adverse effect upon Transporter. Transporter may refuse to allow an assignment if it has a reasonable basis to conclude that it will not be financially or economically indifferent to the assignment. Shipper shall, at Transporter's request, execute such instruments and take such other action as may be desirable to give effect to any such assignment of Transporter's rights under this Service Agreement or to give effect to the right of a Person whom the

Issued by: _____
Issued on:

Effective on:

TransCanada Alaska Company, LLC
Indicative FERC Gas Tariff

Indicative Sheet No. 514

TransCanada Alaska Company, LLC

RATE SCHEDULE FT-1
FIRM TRANSPORTATION SERVICE AGREEMENT

Article 8 - Successors and Assigns (Continued)

Transporter has specified pursuant to Section 6 of the General Terms and Conditions of Transporter's Tariff as the Person to whom payment of amounts invoiced by Transporter shall be made; provided, however, that: (a) Shipper shall not be required to execute any such instruments or take any such other action the effect of which is to modify the respective rights and obligations of either Shipper or Transporter under this Service Agreement; and (b) Shipper shall be under no obligation at any time to determine the status or amount of any payments which may be due from Transporter to any Person whom the Transporter has specified pursuant to said Section 6 as the Person to whom payment of amounts invoiced by Transporter shall be made.

Article 9 - Loss of Governmental Authority, Gas Supply, Transportation
or Market

Without limiting its other responsibilities and obligations under this Service Agreement, the Shipper acknowledges that it is responsible for obtaining and assumes the risk of loss of the following: (1) Gas removal permits, (2) export and import licenses, (3) Gas supply, (4) markets and (5) transportation upstream and downstream of the Transporter's pipeline system. Notwithstanding the loss of one of the items enumerated above, Shipper shall continue to be liable for payment to the Transporter of the transportation charges as provided for in this Service Agreement.

Article 10 - Other Provisions

(This Article to be utilized when necessary to specify other provisions.)

Article 11 - Exhibit A of Service Agreement, Rate Schedules and General
Terms and Conditions

Unless Shipper has elected Negotiated Rates as set forth in an Exhibit A attached hereto, Transporter's Recourse Rates and General Terms and Conditions, which are on file with the Federal Energy Regulatory Commission and in effect, and Exhibit A hereto are all applicable to this Service Agreement and are hereby incorporated in, and made a part of, this Service Agreement. In the event of an inconsistency between this Service Agreement and Transporter's Rate Schedules and General Terms and Conditions, the provisions of this Service Agreement shall control.

Issued by: _____
Issued on:

Effective on:

TransCanada Alaska Company, LLC
Indicative FERC Gas Tariff

Indicative Sheet No. 515

TransCanada Alaska Company, LLC
RATE SCHEDULE FT-1
FIRM TRANSPORTATION SERVICE AGREEMENT

IN WITNESS WHEREOF, the parties hereto have caused this Service Agreement to be duly executed as of the day and year first set forth above.

TransCanada Alaska Company, LLC

By: _____

Title: _____

By: _____

Title: _____

ATTEST:

(NAME OF SHIPPER)

By: _____

Title: _____

Issued by: _____
Issued on: _____

Effective on: _____

TransCanada Alaska Company, LLC
Indicative FERC Gas Tariff

Indicative Sheet No. 516

Contract # _____

TransCanada Alaska Company, LLC
RATE SCHEDULE FT-1
FIRM TRANSPORTATION SERVICE AGREEMENT

EXHIBIT A TO SERVICE AGREEMENT

TRANSPORTER - TransCanada Alaska Company, LLC

TRANSPORTER'S ADDRESS -

SHIPPER -

SHIPPER'S ADDRESS -

Maximum Delivery Quantity: _____ Mcf/day

Transportation Path:

Receipt Point: _____ Delivery Point: _____

Check Applicable Rate:

Maximum Reservation Rate: 1/ _____

Discounted Rate: 1/ _____

Description of Discounted Rate: 2/ _____

Negotiated Rate: 1/ _____

Description of Negotiated Rate: _____

1/ Plus the applicable commodity charges and other rates and charges,
set forth in Section 4 of Rate Schedule FT-1.

2/ See Section 39 of the General Terms and Conditions of Transporter's
Tariff for description of various types of discount rates.

Issued by: _____

Issued on:

Effective on:

TransCanada Alaska Company, LLC
Indicative FERC Gas Tariff

Indicative Sheet No. 517

TransCanada Alaska Company, LLC
RATE SCHEDULE FT-1
FIRM TRANSPORTATION SERVICE AGREEMENT

EXHIBIT A TO SERVICE AGREEMENT
(Continued)

This Exhibit A is made and entered into as of _____, 20__.

Billing Commencement Date of this Exhibit A is _____.

TransCanada Alaska Company, LLC

By: _____

Title: _____

By: _____

Title: _____

ATTEST:

(NAME OF SHIPPER)

By: _____

Title: _____

Issued by: _____
Issued on: _____

Effective on: _____

TransCanada Alaska Company, LLC
Indicative FERC Gas Tariff

Indicative Sheet No. 518 - 525

Sheet Nos. 518 through 525
have not been issued and are
being reserved for future use.

Issued by: _____
Issued on:

Effective on:

TransCanada Alaska Company, LLC
Indicative FERC Gas Tariff

Indicative Sheet No. 526

Contract # _____

TransCanada Alaska Company, LLC
RATE SCHEDULE IT-1
INTERRUPTIBLE TRANSPORTATION AGREEMENT

This Agreement is made and entered into as of _____, 20__, by and between TransCanada Alaska Company, LLC, hereinafter referred to as "Transporter" and _____, hereinafter referred to as "Shipper".

WHEREAS, Shipper is desirous of engaging Transporter to provide interruptible transportation service for quantities of Natural Gas; and

WHEREAS, Transporter is desirous of providing interruptible transportation service for Shipper; and

WHEREAS, the transportation or treatment of Natural Gas shall be effectuated pursuant to Section 157 or Part 284 of the Federal Energy Regulatory Commission's Regulations; and

NOW, THEREFORE, in consideration of their respective covenants and agreements hereinafter set forth, the parties hereto covenant and agree as follows:

Article 1 - Receipts

If on any day after executing this Agreement, Transporter determines that capacity exists in its pipeline system to transport all or a portion of Shipper's Total Interruptible Delivery Quantity plus the applicable quantity of Gas associated with Transporter Fuel and Lost and Unaccounted for Gas, then Shipper shall be entitled to Tender to Transporter at each of Shipper's Receipt Point(s), hereinafter specified on Transporter's public Internet website under Informational Postings, the quantity of Gas which Transporter has determined as available for transportation at each of the Receipt Point(s) for such days. Creditworthiness under this Agreement will be verified upon receipt of nominations under this Agreement. Transporter shall schedule receipts of Gas pursuant to Section 10 of the General Terms and Conditions of Transporter's FERC Gas Tariff (Tariff).

Article 2 - Deliveries

Shipper shall be entitled to nominate deliveries of Gas at the Delivery Point(s) specified on Transporter's public Internet website under Informational Postings. Transporter shall schedule deliveries of Gas to Shipper in accordance with Section 10 of the General Terms and Conditions of Transporter's Tariff.

Issued by: _____
Issued on:

Effective on:

TransCanada Alaska Company, LLC
Indicative FERC Gas Tariff

Indicative Sheet No. 527

TransCanada Alaska Company, LLC
RATE SCHEDULE IT-1
INTERRUPTIBLE TRANSPORTATION AGREEMENT

Article 3 - Payments

Shipper shall make payments to Transporter in accordance with Section 6 of the General Terms and Conditions of Transporter's Tariff.

Article 4 - Change in Tariff Provisions

Upon Notice to Shipper, Transporter shall have the right to file and seek FERC approval of any changes in the terms of any of its Rate Schedules, General Terms and Conditions or Form of Rate Schedule IT-1 Transportation Agreement as Transporter may deem necessary, and to make such changes effective at such times as Transporter desires and is possible under applicable law. Shipper may protest any filed changes before the FERC and exercise any other rights it may have with respect thereto.

Article 5 - Fees

Shipper shall pay to Transporter all filing fees required by the FERC or any regulatory body related to service provided hereunder to Shipper.

Article 6 - Cancellation of Prior Agreements

When this Agreement becomes effective, it shall supersede, cancel and terminate the following agreements:

Article 7 - Term

This Agreement shall become effective _____, and shall continue in full force and effect in accordance with Transporter's Tariff for a term of _____. Termination of this Agreement shall not relieve Transporter and Shipper of the obligation to correct any Shipper Imbalances hereunder, or Shipper to pay money due hereunder to Transporter.

Article 8 - Applicable Law

This Agreement and Transporter's Tariff, and the rights and obligations of Transporter and Shipper thereunder, are subject to all relevant and United States lawful statutes, rules, regulations and orders of duly constituted authorities having jurisdiction. Subject to the foregoing, this Agreement shall be governed by and interpreted in accordance with the laws of the State of New York.

Issued by: _____
Issued on:

Effective on:

TransCanada Alaska Company, LLC
Indicative FERC Gas Tariff

Indicative Sheet No. 528

TransCanada Alaska Company, LLC
RATE SCHEDULE IT-1
INTERRUPTIBLE TRANSPORTATION AGREEMENT

Article 9 - Exhibit A of Rate Schedule IT-1 Transportation Agreement, Rate Schedule, and General Terms and Conditions

Transporter's Rate Schedule IT-1 and Transporter's General Terms and Conditions which are on file with the Federal Energy Regulatory Commission and in effect, and Exhibit A hereto, are all applicable to this Agreement and are hereby incorporated in, and made a part of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year set forth above.

TransCanada Alaska Company, LLC

By: _____

Title: _____

By: _____

Title: _____

ATTEST:

(NAME OF SHIPPER)

By: _____

Title: _____

Issued by: _____
Issued on: _____

Effective on: _____

TransCanada Alaska Company, LLC
Indicative FERC Gas Tariff

Indicative Sheet No. 529

Contract # _____

TransCanada Alaska Company, LLC
RATE SCHEDULE IT-1
INTERRUPTIBLE TRANSPORTATION AGREEMENT

EXHIBIT A 1/

TRANSPORTER - TransCanada Alaska Company, LLC

TRANSPORTER'S ADDRESS -

IT-1 SHIPPER -

IT-1 SHIPPER'S ADDRESS -

FORWARDHAUL _____ OR BACKHAUL _____ (check one)

Total Interruptible Delivery Quantity _____Mcf/day

Check Applicable Rate:

Maximum Commodity Rate: 2/ _____

Discounted Rate: 2/ _____

Description of Discounted Rate: 3/ _____

Negotiated Rate: 2/ _____

Description of Negotiated Rate: _____

1/ Transporter's Receipt Point(s) and Delivery Point(s) are posted on Transporter's public Internet website under Informational Postings and are hereby incorporated by reference and made part of this Agreement.

2/ Plus the applicable other rates and charges, pursuant to Subsection 4.2 of Rate Schedule IT-1.

3/ See Section 38 of the General Terms and Conditions of Transporter's Tariff for description of various types of discount rates.

Issued by: _____

Issued on:

Effective on:

TransCanada Alaska Company, LLC
Indicative FERC Gas Tariff

Indicative Sheet No. 530

TransCanada Alaska Company, LLC
RATE SCHEDULE IT-1
INTERRUPTIBLE TRANSPORTATION AGREEMENT

EXHIBIT A (Continued)

This Exhibit A is made and entered into as of _____, 20__.

TransCanada Alaska Company, LLC

By: _____

Title: _____

By: _____

Title: _____

ATTEST:

(NAME OF SHIPPER)

By: _____

Title: _____

Issued by: _____
Issued on: _____

Effective on: _____

TransCanada Alaska Company, LLC
Indicative FERC Gas Tariff

Indicative Sheet No. 531 - 538

Sheet Nos. 531 through 538
have not been issued and are
being reserved for future use.

Issued by: _____
Issued on:

Effective on:

TransCanada Alaska Company, LLC
Indicative FERC Gas Tariff

Indicative Sheet No. 539

Contract # _____

TransCanada Alaska Company, LLC
RATE SCHEDULE PARK AND LOAN (PAL)
AGREEMENT

THIS AGREEMENT (the Agreement) is made and entered into at [insert] as of _____, 20__, by and between TransCanada Alaska Company, LLC, hereinafter referred to as "Transporter" and _____, hereinafter referred to as "Shipper".

WHEREAS, Shipper desires to engage Transporter to provide interruptible park and loan service; and

WHEREAS, Transporter desires to provide interruptible park and loan service to Shipper;

NOW THEREFORE, in consideration of their respective covenants and agreements hereinafter set out, the parties hereto covenant and agree as follows:

Article 1 - Receipts

Shipper shall be entitled to nominate a quantity of Gas up to Shipper's Maximum Park and Loan Quantity at a Park Point as set forth in the Exhibit(s) A attached hereto. Once scheduled by Transporter, Transporter shall receive Gas in accordance with the applicable terms and conditions of Rate Schedule PAL.

Article 2 - Deliveries

Shipper shall be entitled to nominate a quantity of Gas up to Shipper's Maximum Park and Loan Quantity at a Loan Point as set forth in the Exhibit(s) A attached hereto. Once scheduled by Transporter, Transporter shall deliver Gas in accordance with the applicable terms and conditions of Rate Schedule PAL.

Article 3 - Rates

Rates for service under this Agreement shall be at Transporter's Maximum Rate plus all applicable surcharges in effect under Rate Schedule PAL unless otherwise agreed to by the parties and set forth in the Exhibit(s) A attached hereto.

Issued by: _____
Issued on: _____

Effective on: _____

TransCanada Alaska Company, LLC
Indicative FERC Gas Tariff

Indicative Sheet No. 540

TransCanada Alaska Company, LLC
RATE SCHEDULE PARK AND LOAN (PAL)
AGREEMENT

Article 4 - Payments

Shipper shall make payments to Transporter in accordance with the terms and conditions specified on the Exhibit(s) A attached hereto, Rate Schedule PAL, Section 6 of the General Terms and Conditions of Transporter's FERC Gas Tariff (Tariff), and the other applicable terms and provisions of this Agreement.

Article 5 - Change in Tariff Provisions

Upon Notice to Shipper, Transporter shall have the right to file with the Federal Energy Regulatory Commission any changes in the terms of any of its Rate Schedules, General Terms and Conditions or Form of Agreement as Transporter may deem necessary, and to make such changes effective at such times as Transporter desires and is possible under applicable law. Shipper may protest any filed changes before the Federal Energy Regulatory Commission and exercise any other rights it may have with respect thereto.

Article 6 - Cancellation of Prior Agreements

When this Agreement becomes effective, it shall supersede, cancel and terminate the following Agreements:

Article 7 - Term

Where no Exhibit(s) A has been executed by Transporter and attached hereto within five (5) years of the date of execution of this Agreement then this Agreement shall automatically terminate. Where one (1) or more Exhibit(s) A have been executed by Transporter and attached hereto, then this Agreement shall automatically terminate five (5) years after the latest Termination of Service Date on such Exhibit(s) A.

Termination of this Agreement shall not relieve Shipper of the obligation to pay money due hereunder to Transporter and shall be in addition to any other remedies that Transporter may have.

Issued by: _____
Issued on:

Effective on:

TransCanada Alaska Company, LLC
Indicative FERC Gas Tariff

Indicative Sheet No. 541

TransCanada Alaska Company, LLC
RATE SCHEDULE PARK AND LOAN (PAL)
AGREEMENT

Article 8 - Applicable Law and Submission to Jurisdiction

This Agreement and Transporter's Tariff, and the rights and obligations of Transporter and Shipper thereunder are subject to all relevant and lawful United States statutes, rules, regulations and orders of duly constituted authorities having jurisdiction. Subject to the foregoing, this Agreement shall be governed by and interpreted in accordance with the laws of the State of [insert]. For purposes of legal proceedings, this Agreement shall be deemed to have been made in the State of [insert] and performed there, and the Courts of that State shall have jurisdiction over all disputes which may arise under this Agreement, provided always that nothing herein contained shall prevent Transporter from proceeding at its election against Shipper in the Courts of any other State, Province or Country.

At the Transporter's request, the Shipper shall irrevocably appoint an agent in [insert] to receive, for it and on its behalf, service of process in connection with any judicial proceeding in [insert] relating to the Agreement. Such service shall be deemed completed on delivery to such process agent (even if not forwarded to and received by the Shipper). If said agent ceases to act as a process agent within [insert] on behalf of Shipper, the Shipper shall appoint a substitute process agent within [insert] and deliver to the Transporter a copy of the new agent's acceptance of that appointment within thirty (30) days.

Article 9 - Successors

Any Person which shall succeed by purchase, amalgamation, merger or consolidation to the properties, substantially as an entirety, of Shipper or of Transporter, as the case may be, and which shall assume all obligations under Shipper's Agreement of Shipper or Transporter, as the case may be, shall be entitled to the rights, and shall be subject to the obligations, of its predecessor under Shipper's Agreement. Either party to a Shipper's Agreement may pledge or charge the same under provisions of any mortgage, deed of trust, indenture, security agreement or similar instrument which it has executed, or assign such Agreement to any affiliated Person (which for such purpose shall mean any Person which controls, is under common control with or is controlled by such party). Nothing contained in this Article 9 shall, however, operate to release predecessor Shipper from its obligation under its Agreement unless Transporter shall, in its sole discretion, consent in writing to such release. Transporter shall not release any

Issued by: _____
Issued on:

Effective on:

TransCanada Alaska Company, LLC
Indicative FERC Gas Tariff

Indicative Sheet No. 542

TransCanada Alaska Company, LLC
RATE SCHEDULE PARK AND LOAN (PAL)
AGREEMENT

Article 9 - Successors (Continued)

Shipper from its obligations under its Agreement unless: (a) such release is effected pursuant to an assignment of obligations by such Shipper, and the assumption thereof by the assignee, and the terms of such assignment and assumption render the obligations being assigned and assumed no more conditional and no less absolute than those at the time provided therein; and (b) such release is not likely to have an adverse effect upon Transporter. Shipper shall, at Transporter's request, execute such instrument and take such other action as may be desirable to give effect to any such assignment of Transporter's rights under such Shipper's Agreement or to give effect to the right of a Person whom the Transporter has specified pursuant to Section 6 of the General Terms and Conditions of Transporter's Tariff as the Person to whom payment of amounts invoiced by Transporter shall be made; provided, however, the: (a) Shipper shall not be required to execute any such instruments or take any such other action the effect of which is to modify the respective rights and obligations of either Shipper or Transporter under this Agreement; and (b) Shipper shall be under no obligation at any time to determine the status or amount of any payments which may be due from Transporter to any Person whom the Transporter has specified pursuant to said Section 6 as the Person to whom payment of amounts invoiced by Transporter shall be made.

Article 10 - Other Operating Provisions

(This Article to be utilized when necessary to specify other operating provisions).

Article 11 - Exhibit A of Agreement, Rate Schedules and General Terms and Conditions

Shipper shall initiate a request for interruptible park and loan service by executing and delivering to Transporter one (1) or more Exhibit(s) A. Upon execution by Transporter, Shipper's Exhibit(s) A shall be incorporated in and made a part hereof.

Transporter's Rate Schedules and General Terms and Conditions, which are on file with the Federal Energy Regulatory Commission and in effect, and Exhibit(s) A hereto are all applicable to this Agreement and are hereby incorporated in, and made a part of, this Agreement.

Issued by: _____
Issued on:

Effective on:

TransCanada Alaska Company, LLC
Indicative FERC Gas Tariff

Indicative Sheet No. 543

TransCanada Alaska Company, LLC
RATE SCHEDULE PARK AND LOAN (PAL)
AGREEMENT

IN WITNESS WHEREOF, The parties hereto have caused this Agreement
to be duly executed as of the day and year first set forth above.

TransCanada Alaska Company, LLC

By: _____

Title: _____

By: _____

Title: _____

ATTEST:

(NAME OF SHIPPER)

By: _____

Title: _____

Issued by: _____
Issued on: _____

Effective on: _____

TransCanada Alaska Company, LLC
Indicative FERC Gas Tariff

Indicative Sheet No. 544

Contract # _____

TransCanada Alaska Company, LLC
RATE SCHEDULE PARK AND LOAN (PAL)
AGREEMENT

EXHIBIT A TO RATE SCHEDULE PARK AND LOAN (PAL) AGREEMENT

TRANSPORTER - TransCanada Alaska Company, LLC

TRANSPORTER'S ADDRESS -

SHIPPER -

SHIPPER'S ADDRESS -

Check Applicable Rate:

Maximum Commodity Rate: _____

Discounted Rate: _____

Description of Discounted Rate:^{1/} _____

Negotiated Rate: _____

Park and Loan (PAL) Service Options:

Commencement of Service Date	Termination of service Date	Maximum PAL Quantity Acf	Daily Rate Per Mcf	Park Points	Loan Points
-----	-----	-----	-----	-----	-----
_____	_____	_____	_____	_____	_____

Maximum Cumulative Tolerance Level: _____Mcf

Description of Negotiated Rate: _____

1/ See Section 39 of the General Terms and Conditions of Transporter's Tariff for description of various types of discount rates.

This Exhibit A is made and entered into as of _____, 20__.

Issued by: _____

Issued on:

Effective on:

TransCanada Alaska Company, LLC
Indicative FERC Gas Tariff

Indicative Sheet No. 545

TransCanada Alaska Company, LLC
RATE SCHEDULE PARK AND LOAN (PAL)
AGREEMENT

EXHIBIT A TO RATE SCHEDULE PARK AND LOAN (PAL) AGREEMENT
(Continued)

TransCanada Alaska Company, LLC

By: _____

Title: _____

By: _____

Title: _____

ATTEST:

(NAME OF SHIPPER)

By: _____

Title: _____

Issued by: _____
Issued on: _____

Effective on: _____