

Firm Transportation Service Agreement
Rate Schedule FT

Heritage Gas Limited
(#211436)

Agreement Effective Date: November 1, 2018

211436

GAS TRANSPORTATION CONTRACT
FOR FIRM TRANSPORTATION SERVICE

This Gas Transportation Contract ("Contract") is made as of the 1st Day of October, 2018, by and between the Portland Natural Gas Transmission System, a Maine general partnership, herein "Transporter" and Heritage Gas Limited, herein "Shipper," pursuant to the following recitals and representations:

WHEREAS, Shipper intends to enter into natural gas supply arrangements, including transportation upstream of Transporter's System, and to make arrangements for the delivery of such gas supply for the account of Shipper to the receipt point(s), and to make arrangements for the receipt and transportation of such gas downstream of the delivery point(s) on Transporter's System;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein assumed, Transporter and Shipper agree as follows:

1. Shipper shall apply for or cause to be applied for and use reasonable best efforts to obtain all of the agreements and governmental authorizations or exemptions necessary to enable Shipper to deliver to and receive from Transporter the transportation quantities specified below.

2. Subject to the condition herein, Transporter hereby agrees to provide to Shipper, and Shipper hereby agrees to accept, firm natural gas transportation service on Transporter's System under Transporter's Rate Schedule FT, providing for firm transportation from the receipt point(s) of the quantities of natural gas specified below. Such firm transportation service shall be provided for the term specified in Schedule 1. The transportation service, unless otherwise agreed upon, will be provided at the maximum applicable rate as approved by the FERC in the Tariff, as the Tariff may be changed from time to time, subject to the rate discount provisions set forth below.

ARTICLE I - SCOPE OF CONTRACT

1. On the Commencement Date and each Day thereafter on which Shipper and Transporter schedule Gas for transportation hereunder, Shipper shall cause the Scheduled Quantity, up to the Maximum Daily Quantity (MDQ), to be delivered to Transporter at the Receipt Point(s).

2. On the Commencement Date and each Day thereafter, Transporter shall make the Scheduled Quantity available to or on behalf of Shipper at the Delivery Point(s) on a firm basis.

3. Shipper shall be solely responsible for securing faithful performance by gas supplier(s) and/or any applicable upstream or downstream shippers and transporters in all matters which may affect Transporter's performance hereunder, and Transporter shall not be liable hereunder to Shipper as a result of the failure of gas supplier(s) and/or any applicable upstream or downstream shippers and transporters to so perform.

ARTICLE II - RESERVATION OF FIRM TRANSPORTATION CAPACITY

1. Shipper hereby reserves the right to cause Transporter to receive from or for the account of Shipper at each Receipt Point on any Day such quantities of Gas up to the MDQ for such Receipt Point as set forth on the currently effective Schedule 1 appended hereto and Transporter shall make available to or on behalf of Shipper at each Delivery Point on any Day such quantities of Gas up to the MDQ for such Delivery Point as set forth on the currently effective Schedule 1 appended hereto. Schedule 1 is hereby incorporated as part of this Contract.

2. Transporter shall make available to Shipper the service reserved under this Article II on the Days and for the quantities of Gas for which such service has been reserved, subject to Shipper's compliance with the terms and conditions of this Contract.

ARTICLE III - ALLOCATION OF OFF-PEAK CAPACITY

On any Day during the period from April 1 through October 31 that System Capacity is not otherwise scheduled under any Rate Schedule, such capacity will be allocated pro rata to Rate Schedule FT Shippers whose Gas Transportation Contracts have initial terms of twenty (20) Years or longer, and were in existence prior to June 1, 2013, based on these Shippers' annual reservation charges under Rate Schedules FT.

ARTICLE IV - RATE

1. For each Month, Shipper agrees to pay the Recourse Usage Rate, or a usage rate mutually agreed to in writing by Shipper and Transporter as set forth on the currently effective Schedule 1 attached hereto, multiplied by the sum of the Delivery Point Scheduled Quantity or Quantities during such Month; provided, however, that in the event that Transporter determines, in its sole discretion on a basis that is not unduly discriminatory, or otherwise pursuant to this Contract, to render service on behalf of Shipper for a discounted usage rate, Transporter shall notify Shipper in writing of the amount of such discounted usage rate, the Day(s) on which such rate shall be in effect and the quantities to which such rate applies. For each DTH of Scheduled Quantity to which a discounted usage rate applies, as set forth in Transporter's notice, Shipper agrees to pay and shall pay the applicable discounted usage rate in lieu of the maximum usage rate.

2. For each Month, Shipper agrees to pay the Recourse Reservation Rate, or the Seasonal Recourse Reservation Rate if applicable, or a rate mutually agreed to in writing by Shipper and Transporter as set forth on the currently effective Schedule 1 attached hereto, multiplied by the Shipper's Maximum Contract Demand as specified in this Contract; provided however, that in the event that Transporter determines, in its sole discretion or otherwise pursuant to this Contract, to render service on behalf of Shipper for a discounted reservation rate, Transporter shall notify Shipper in writing of the amount of such discounted reservation rate, the Day(s) on which such rate shall be in effect and the quantities of which such rate applies. For each DTH of the Maximum Contract Demand to which a discounted reservation rate applies, as set forth in Transporter's notice,

Shipper agrees to pay and shall pay the applicable discounted reservation rate in lieu of the maximum reservation rate.

3. Shipper agrees to pay and shall pay all applicable charges specified in Rate Schedule FT.

4. For all capacity allocated to Shipper under Article III herein, Shipper shall not pay reservation charges but Shipper shall pay transportation usage charges, surcharges, fees, and other charges allocated to such capacity or the quantities transported.

ARTICLE V - CREDITWORTHINESS TERMS AND CONDITIONS

1. Shipper understands and agrees that, for the Portland XPress Project ("PXP") which consists of three phases, Phase I of which is associated with this Contract, and the MDQ of which is anticipated to be provided subsequently as part of Shipper's Phase II service contract, and then on a permanent basis as part of Shipper's Phase III service contract, Shipper will establish and maintain creditworthiness. The determination of creditworthiness shall be in accordance with Section 6.3.4.1 of Transporter's Tariff. If Shipper is not deemed creditworthy pursuant to Section 6.3.4.1, Shipper shall provide and maintain Credit Support pursuant to Article V Section 2 below, except with respect to PXP Phase II, for which Shipper shall provide and maintain credit support pursuant to Transporter's Tariff, and for which the provisions of Article V Sections 2 through 5 shall not apply. The creditworthiness terms and conditions of this Article V will be included in Shipper's respective Phase II and Phase III service contracts, and the Credit Support described in Article V Section 2 below shall apply to both this Contract and Shipper's Phase III service contract. In the event Phase(s) II and/or III do not proceed, and if applicable, after the satisfaction of any payment obligations due to Transporter by Shipper pursuant to its PXP Precedent Agreement with Transporter dated October 7, 2017 as amended November 10, 2017 and February 28, 2018, any Credit Support provided hereunder will be then adjusted to conform to the credit support requirements of Section 6.3.4.2 of Transporter's Tariff.

2. As used herein, "Credit Support" means:

(A) A guaranty, in a form acceptable to Transporter, in its sole discretion, of Shipper's payment obligations pursuant to this Contract, from an entity deemed creditworthy by Transporter in accordance with Article V Section 1 above ("Guarantor"); or

(B) One of the following collateral options for an amount equal to Shipper's Negotiated Daily Demand Rate as set forth on Schedule 1 payable for twenty-four (24) months of service under this Contract:

(i) an irrevocable standby letter of credit, in a form acceptable to Transporter, and issued by a bank or financial institution deemed acceptable by Transporter; or

(ii) a cash security deposit acceptable to Transporter; or

(C) Any other financial assurance mutually agreed upon by Transporter and Shipper.

In the event Shipper provides either one of the collateral Credit Support options described above in Section 2(B) of this Article V, the amount shall remain at twenty-four (24) months through the seventh (7th) year of the initial term of this Contract and then reduced and remain at an amount equal to three months of the Negotiated Daily Demand Rate.

3. Transporter shall have the right to review Shipper's (or its Guarantor's) creditworthiness, in accordance with this Article V, on an ongoing basis and Shipper shall provide, upon Transporter's request, information in order for Transporter to determine the continuing creditworthiness of Shipper (or its Guarantor). The parties agree that Shipper's failure to maintain creditworthiness or supply or maintain Credit Support shall not (a) relieve Shipper of its other obligations under this Contract, or (b) prejudice Transporter's right to seek damages or performance under this Contract.

4. Shipper acknowledges that this Contract is a contract under which Transporter will extend financial accommodations to Shipper, within the meaning of United States Bankruptcy Code Section 365(e)(2)(B). Shipper likewise acknowledges that in the event that a petition is filed, by or against Shipper, any of its affiliates, or any Guarantor of Shipper's obligations hereunder pursuant to any chapter of the United States Bankruptcy Code, or any other legal jurisdiction, if applicable, and if Transporter does not terminate this Contract as a result of such filing, Transporter may consider the bankruptcy filing in determining whether Shipper remains creditworthy, and in determining what, if any, financial assurances must be submitted by or for Shipper as a condition to Shipper's creditworthiness under this Contract.

5. The creditworthiness requirements of this Article V shall apply to any assignee pursuant to an assignment (in whole or part) of this Contract or to the replacement shipper taking permanent release of capacity provided pursuant to this Contract, in whole or part, of capacity provided pursuant to this Contract. Transporter may refuse to allow Shipper to assign (in whole or part) this Contract or permanently release capacity provided pursuant to this Contract if Transporter has a reasonable basis to conclude that it will not be financially indifferent to the assignment or release. If Shipper's request to permanently release capacity is denied by Transporter, Transporter shall notify Shipper of such denial and shall include in the notification the reasons for such denial.

ARTICLE VI - RATE SCHEDULES AND GENERAL TERMS AND CONDITIONS

This Contract and all provisions contained or incorporated herein are subject to the provisions of Rate Schedule FT and of the General Terms and Conditions of Transporter's Tariff, as such may be revised or superseded from time to time, all of which by this reference are made a part hereof. The General Terms and Conditions and Rate Schedule FT shall control in the event of a conflict between the General Terms and Conditions or Rate Schedule FT and this Contract. All of the terms defined in Transporter's Tariff shall have the same meaning wherever used in this Contract.

ARTICLE VII - TERM

1. This Contract shall be effective as of the later of November 1, 2018 or the In-Service Date of Portland Express Project ("PXP") Phase I.

2. This Contract shall remain in effect for a period until the earlier of (i) service commencement under Shippers PXP Phase II service contract (ii) twenty years from the later of (x) the Actual In-Service Date of the last phase of the PXP Project for which all of Transporter's conditions precedent set forth in Section 3(a) of the Precedent Agreement between Shipper and Transporter, dated August 31, 2017, have been satisfied or waived or (y) November 1, 2020 (for each phase, its "Initial Term"), and shall have two successive 5-year terms (each an "Extended Term") exercisable by Shipper providing written notice to Transporter no later than 24 months prior to the expiration of the Initial Term and/or the Extended Term, as applicable; provided, however, for any Extended Term(s), Shipper must contract for a quantity equal to the quantity for which it contracted during the Initial Term. For transportation service during any Extended Term, the reservation component of the rate will be priced (i) at the lower of the negotiated reservation rate set forth in Schedule I or the maximum applicable system recourse rates and all other rate components, surcharges, and additional applicable charges set forth in PNGTS' FT Rate Schedule, as may be amended from time to time, shall remain unchanged; or (ii) at a mutually agreed upon rate; provided, however, that if the FERC authorizes Transporter to abandon service to Shipper on an earlier date, this Contract shall terminate as of such earlier date.

3. The termination of this Contract by expiration of fixed Contract term or by termination notice provided by Shipper triggers pregranted abandonment under Section 7 of the Natural Gas Act as of the effective date of the termination.

4. Any provision of this Contract necessary to correct imbalances or to make payment under this Contract as required by the Tariff will survive the other parts of this Contract until such time as such balancing or payment has been accomplished.

ARTICLE VIII - NOTICES

Notices to Transporter shall be addressed to:

Portland Natural Gas Transmission System
One Harbour Place, Suite 375
Portsmouth, New Hampshire 03801

Notices to Shipper hereunder shall be addressed to:

Heritage Gas Limited
200-238 Brownlow Ave.
Dartmouth, NS B3B 1Y2 Canada

Either party may change its address under this Article by written notice to the other party.

ARTICLE IX - TRANSFER AND ASSIGNMENT OF CONTRACT

Any entity which shall succeed by purchase, merger or consolidation to the properties, substantially as an entirety, of either Transporter or Shipper, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Contract. Any party may, without relieving itself of its obligations under this Contract, assign any of its rights hereunder to an entity with which it is affiliated, but otherwise no assignment of this Contract or of any of the rights or obligations hereunder shall be made unless there first shall have been obtained the written consent thereto of Shipper in the event of an assignment by Transporter, or Transporter in the event of an assignment by Shipper, which consents shall not be unreasonably withheld. It is agreed, however, that the restrictions on assignment contained in this Article IX shall not in any way prevent either party to this Contract from pledging or mortgaging its rights hereunder as security for its indebtedness.

Shipper acknowledges that Transporter intends to make a collateral assignment of this Contract to financial institutions (collectively, the "Lenders") in connection with a Financing Agreement and agrees that if the Lenders succeed to the interest of Transporter by foreclosure or otherwise Shipper shall accord the Lenders the same rights as Transporter hereunder.

In order to facilitate obtaining financing or refinancing for the System, Shipper shall execute such consents, agreements or similar documents with respect to a collateral assignment hereof to the Lenders, and any credit support documents, and shall deliver an opinion of counsel on behalf of Shipper and any provider of credit support, as Lenders may reasonably request in connection with the documentation of the financing or refinancing for the System, which consent

and opinion shall, among other things warrant or opine the enforceability of this Contract and of any credit support documents under the applicable governing law(s) and the compliance thereof with all applicable law.

ARTICLE X - NONRECOURSE OBLIGATION OF PARTNERSHIP AND OPERATOR

Shipper acknowledges and agrees that: (a) Transporter is a Maine general partnership; (b) Shipper shall have no recourse against any partner in Transporter with respect to Transporter's obligations under this Contract and that its sole recourse shall be against the partnership assets, irrespective of any failure to comply with applicable law or any provision of this Contract; (c) no claim shall be made against any partner under or in connection with this Contract; (d) Shipper shall have no right of subrogation to any claim of Transporter for any capital contributions from any partner to Transporter; (e) no claims shall be made against the Operator, its officers, employees, and agents, under or in connection with this Contract and the performance of Operator's duties as Operator (provided that this shall not bar claims resulting from the gross negligence or willful misconduct of Operator, its officers, employees or agents) and Shipper shall provide Operator with a waiver of subrogation of Shipper's insurance company for all such claims; and (f) this representation is made expressly for the benefit of the partners in Transporter and Operator.

ARTICLE XI - LAW OF CONTRACT

Notwithstanding conflict-of-laws rules, the interpretation and performance of this Contract shall be in accordance with and controlled by the laws of the State of Maine.

ARTICLE XII - CHANGE IN TARIFF PROVISIONS

Shipper agrees that Transporter shall have the unilateral right to file with the Federal Energy Regulatory Commission or any successor regulatory authority any changes in any of the provisions of its Tariff, including of any of its Rate Schedules, or the General Terms and Conditions, as Transporter may deem necessary, and to make such changes effective at such times as Transporter desires and is possible under applicable law.

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be duly executed in several counterparts by their proper officers thereunto duly authorized, as of the date first hereinabove written.

ATTEST:

PORTLAND NATURAL GAS TRANSMISSION SYSTEM
By Its Operator, PNGTS Operating Co. LLC

By: _____



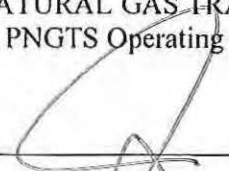
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Brandon M. Anderson
President

ATTEST:

PORTLAND NATURAL GAS TRANSMISSION SYSTEM
By Its Operator, PNGTS Operating Co. LLC

By:



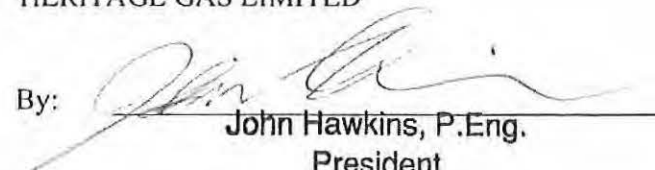
Jon A. Dobson
Secretary

ES

ATTEST:

HERITAGE GAS LIMITED

By:



John Hawkins, P.Eng.
President

Heritage Gas Limited

SCHEDULE 1

Primary Receipt Points

<u>Begin Date</u>	<u>End Date</u>	<u>Scheduling Point No.</u>	<u>Scheduling Point Name</u>	<u>Maximum Daily Quantity (Dth/day)</u>
11/1/2018	1/	10100	Pittsburg (East Herford)	3,709

Primary Delivery Points

<u>Begin Date</u>	<u>End Date</u>	<u>Scheduling Point No.</u>	<u>Scheduling Point Name</u>	<u>Maximum Daily Quantity (Dth/day)</u>
11/1/2018	1/	50525	Westbrook M&NE	3,709

Maximum Contract Demand 3,709 Dth

Effective Service Period 11/1/2018 to 1/

Rate Provision(s) (check if applicable rate):

☐ Discounted Rate
☒ Negotiated Rate

Shipper's charges and fees shall be calculated as follows:

US\$0.7000/Dth/day or as adjusted under PNGTS Construction Cost Sharing.

Delivery to all other secondary delivery points on this Negotiated Rate contract shall be priced at the Maximum Recourse Rate.

1/ This Contract shall remain in effect for a period until the earlier of (i) service commencement under Shippers PXP Phase II service contract (ii) twenty years from the later of (x) the Actual In-Service Date of the last phase of the PXP Project for which all of Transporter's conditions precedent set forth in Section 3(a) of the Precedent Agreement between Shipper and Transporter, dated October 7, 2017 as amended November 10, 2017 and February 28, 2018. have been satisfied or waived or (y) November 1, 2020.

NEGOTIATED RATE ADJUSTMENT MECHANISM:

PNGTS may file a limited Section 4 rate proceeding to adjust Shipper's negotiated rate, taking into account Shipper's contractual obligation(s) relative to the total contractual obligations of all classes of transportation agreements, to reflect a cost of service impact of certain "Eligible Costs," defined as costs resulting from mandated compliance with new or revised requirements, regulations or legislation, that becomes effective on or after November 1, 2014, addressing (a) government-mandated environmental compliance obligations, e.g., climate change and greenhouse gas emissions, (b) compliance with the required use of best available control technology for emissions as mandated by the Environmental Protection Agency (or successor thereto), (c) Commission-mandated generic pipeline initiatives implemented on an industry-wide basis, including but not limited to the Commission's proposed policy regarding the modernization of natural gas facilities in Docket No. PL15-1-000 and (d) additional pipeline safety requirements issued by the United States Department of Transportation Pipeline and Hazardous Materials Safety Administration (or successor thereto) as a result of either new legislative or administrative regulations or mandates that alter existing pipeline safety requirements or impose new obligations. This will apply only with regard to cost of service impacts that exceed five million dollars (US\$5,000,000) annually resulting from the incurrence of Eligible Costs.