

**GENERAL TERMS AND CONDITIONS**  
**to the**  
**NAESB OPTIONAL CREDIT SUPPORT ADDENDUM**

**Paragraph 1. PURPOSE**

**Addendum:** This Credit Support Addendum constitutes an Addendum to that certain Base Contract for Sale and Purchase of Natural Gas, as identified above, between the parties ("Base Contract"), and supplements and amends the Base Contract affecting transactions thereunder. Capitalized terms used in this Credit Support Addendum which are not herein defined will have the meanings ascribed to them in the Base Contract. In the event of a conflict between the terms of this Credit Support Addendum and the Base Contract, the terms of this Credit Support Addendum shall apply for the purposes of this Credit Support Addendum<sup>1</sup>.

The terms set forth below shall have the meaning ascribed to them below. Other terms are also defined elsewhere in the Base Contract and shall have the meanings ascribed to them therein.

**Paragraph 2. Definitions.** As used in this Credit Support Addendum:

"Cash" shall mean United States Dollars.

"Collateral Requirement" shall have the meaning attributed to it in Paragraph 3.

"Collateral Threshold" shall mean, with respect to a party, the collateral threshold amount, if any, set forth for such party in this Credit Support Addendum on the Credit Elections Cover Sheet; provided, however, that the Collateral Threshold for a party shall be zero upon the occurrence and during the continuance of an Event of Default or a Potential Event of Default with respect to the Defaulting Party at affected party.

"Credit Rating" shall mean, with respect to a party or entity, on any date of determination, the respective rating then assigned to such entity's unsecured, senior long-term debt or deposit obligations<sup>2</sup> (not supported by third-party credit enhancement) by S&P, Moody's, or any other specified rating agency or agencies [where can these additional agencies be specified in the agreement?]<sup>3</sup>. If no rating is assigned to such entity's unsecured, senior long-term debt or deposit obligations<sup>4</sup> by such agency, then "Credit Rating" shall mean the general corporate credit rating or long-term issuer rating, as applicable, assigned by such rating agency to such entity. [This definition should be comparable to BPS work]<sup>5</sup>

"Credit Support" shall mean Eligible Collateral and/or Eligible Credit Support.

"Credit Support Default" shall have the meaning set forth in Paragraph 9 herein. mean that an Event of Default will exist with respect to a party (such party shall be the "Defaulting Party") if:

(a) a party fails (or fails to cause its Custodian, as herein defined) to make, when due, any transfer of Eligible Collateral or the Interest Amount, as applicable, required to be made by it;

(b) a party fails to comply with or perform any material agreement or obligation provided for in this Credit Support Addendum; or

(c) a Letter of Credit Default shall apply with respect to such Defaulting Party.

<sup>1</sup> AGA-LDCs

<sup>2</sup> Consumers

<sup>3</sup> AGA-LDCs

<sup>4</sup> Consumers

<sup>5</sup> AGA-LDCs

49  
50  
51 ~~"Credit Support Provider" shall be the entity, if any, identified on the Credit Elections Cover Sheet. A party's Credit~~  
52 ~~Support Provider shall, if and to the extent specified on the Credit Elections Cover Sheet, provide a guaranty to the other party,~~  
53 ~~with such guaranty to be in form and substance reasonably acceptable to the other party have the meaning set forth on the~~  
54 ~~Credit Elections Cover Sheet and shall be pursuant to a guaranty provided by each party's Credit Support Provider, if specified~~  
55 ~~as applicable, in form and substance reasonably acceptable to the other party.~~

56 "Credit Support Provider", if applicable, shall mean the entity specified herein that agrees to provide a  
57 "Credit Support Obligation(s)" pursuant to Section 2.11 of the Base Contract.<sup>6</sup>

58  
59 ~~"Current Mark-to-Market Value" shall mean for each outstanding Transaction, on any Business Day, the amount,~~  
60 ~~calculated in good faith and in a commercially reasonable manner, that a party would pay to (a negative Current Mark-to-Market~~  
61 ~~Value) or receive from (a positive Current Mark-to-Market Value) the other party as the early termination damages determined~~  
62 ~~pursuant to Section 10.3.1 of the Base Contract.~~

63  
64 ~~"Custodian" shall mean an entity that meets the Custodian Requirements set forth above.~~<sup>7</sup>

65  
66 "Defaulting Party" shall have the meaning set forth in Paragraph 9, the definition of "Credit Support Default".

67  
68 "Eligible Collateral" shall have the meaning as<sup>8</sup> set forth ~~above on the Credit Elections Cover Sheet.~~

69  
70 ~~"Eligible Credit Support" shall have the meaning as set forth on the Credit Elections Cover Sheet.~~

71  
72 ~~"Event of Default" shall mean a Credit Support Default and/or a NAESB Event of Default.~~

73  
74 "Exposure" shall mean the net amount as calculated in good faith and in a commercially reasonable manner as if an  
75 Early Termination Date has been set as provided for in Section 10.3 ~~through and including Section 10.3.3~~ of the Base Contract.

76  
77 ~~"Independent Amount" shall have the meaning \_\_\_\_\_ [ISDA concept to be discussed further.]~~

78  
79 "Interest Amount" shall mean ~~with respect to an "Interest Period" (as defined herein),~~ the aggregate sum of the  
80 amounts of interest calculated for each day in that "Interest Period" ~~(as defined herein)~~ on the principal amount of Cash held by  
81 the Secured Party on that day, determined ~~by the Secured Party~~ for each such day as follows: (x) the amount of Cash on that  
82 day; multiplied by (y) the "Interest Rate" (as defined herein) for that day; divided by (z) 360.

83  
84 "Interest Period" shall mean the period from (and including) the last Business Day on which an Interest Amount was  
85 Transferred (or if no Interest Amount has yet been Transferred, the Business Day on which Cash was Transferred to the  
86 Secured Party) to (but excluding) the Business Day on which the current Interest Amount is to be Transferred.

87  
88 "Interest Rate" shall have the meaning ~~set forth in elections on Page 1, at set forth on the Credit Elections Cover Sheet.~~

89  
90 "Letter of Credit" shall mean ~~an irrevocable, [non-transferable] transferable,~~ standby letter of credit, issued by ~~(a) a~~  
91 ~~major U.S. commercial bank or the U.S. branch office of a major foreign bank assigned, in either case, a Credit Rating of at least~~  
92 ~~(i) "A-" by S&P and "A3" by Moody's, if such entity is rated by both S&P and Moody's or (ii) "A-" by S&P or "A3" by Moody's, if~~  
93 ~~such entity is rated by either S&P or Moody's but not both, or (b) any other entity designated on the Credit Elections Cover~~  
94 ~~Sheet as a Specified Letter of Credit Issuer, which letter of credit an entity and for an amount is reasonably acceptable to the~~  
95 ~~Secured Party beneficiary.~~

96  
97 "Letter of Credit Default" shall mean with respect to an outstanding Letter of Credit, ~~which is required to be in effect~~  
98 ~~hereunder~~<sup>9</sup>, the occurrence of any of the following events: (i) the issuer of such Letter of Credit shall fail to maintain a Credit  
99 Rating ~~as defined in Custodian Requirements on the elections on Page 1, of at least "A-" by S&P and "A3" by Moody's, if such~~  
00 ~~entity is rated by both S&P and Moody's or "A-" by S&P or "A3" by Moody's, if such entity is rated by either S&P or Moody's but~~  
01 ~~not both, and is not designated on the Credit Elections Cover Sheet as a Specified Letter of Credit Issuer;~~ (ii) the issuer of the  
02 Letter of Credit shall fail to comply with or perform its obligations under such Letter of Credit if such failure shall be continuing  
03 after the lapse of any applicable grace period; (iii) the issuer of such Letter of Credit shall disaffirm, disclaim, repudiate or reject,  
04 in whole or in part, or challenge the validity of, such Letter of Credit; (iv) such Letter of Credit shall expire or terminate, or shall  
fail or cease to be in full force and effect ~~(other than in accordance with its terms) prior to the satisfaction of all obligations of the~~

<sup>6</sup> AGA-LDCs

<sup>7</sup> EnCana

<sup>8</sup> Peoples

<sup>9</sup> Peoples

05 Pledging Party under each transaction to which such Letter of Credit shall relate without the written consent of the other party at  
06 any time during the term of the Transaction(s) to which it applies Contract; or (v) any event analogous to an event specified in  
07 Section 10.2 of the Base Contract shall occur with respect to the issuer of such Letter of Credit (v) the Pledging Party or issuer  
08 of the Letter of Credit shall fail to Transfer the renewal or replacement Letter of Credit to the Secured Party at least twenty (20)  
09 Business Days prior to the expiration of such Letter of Credit; provided, however, that no Letter of Credit Default shall occur in  
10 any event with respect to a Letter of Credit after the time such Letter of Credit is required to be canceled or returned to the  
11 Pledging Party in accordance with the terms of this Credit Support Addendum.  
12

13  
14 "Minimum Transfer Amount" shall mean the amount, if any, set forth in the election on Page 1, Credit Elections Cover  
15 Sheet for a such Party<sup>10</sup>.

16  
17 "Moody's" shall mean Moody's Investors Services, Inc. or its successor.

18  
19 "NAESB Event of Default" shall mean any Event of dDefault defined in Section 10.2 of the Base Contract.

20  
21 "Notification Time" shall have the meanings be as set forth on the elections on Page 1, the Credit Elections Cover Sheet.

22  
23 "Pledging Party" shall have the meaning attributed to it in Paragraph 3, Section II.

24  
25 "Posted Collateral" shall mean (1) all Credit Support, Eligible Collateral other property, and all proceeds thereof that  
26 have been Transferred to or received by the Secured Party hereunder and not Transferred to the Pledging Party pursuant to  
27 Paragraph 4, Section III or released by the Secured Party (2) Any Interest Amount or portion thereof not Transferred pursuant  
28 to Paragraph 8, Section VII(c) and (3) any Cash received and held by the Secured Party after drawing on any Letter of Credit  
29 will constitute Posted Collateral in the form of Cash.

30  
31 "Potential Event of Credit Support Default" shall (x) mean an event that would constitute an Event of Default under this  
32 Credit Support Addendum with the lapse of time or giving of Notice or both which Event of Default the potential Defaulting Party  
33 cannot avoid absent the consent of the Non-Defaulting Party and (y) shall only be applicable with respect to any provision of this  
34 agreement Credit Support Addendum if so specified on the Credit Elections Cover Sheet.

35  
36 if the concept of Potential NAESB Event of Default is added: "Potential NAESB Event of Default" shall mean any  
37 breach of the Contract or the Base Contract by a party which, with the notice or passage of time or both, would constitute an  
38 Event of Default.

39  
40 "Qualified Institution" shall mean a commercial bank or trust company organized under the laws of the United States or  
41 a political subdivision thereof, (i) that has a Credit Rating of at least (a) "A-" by S&P and "A3" by Moody's, if such entity is rated  
42 by both S&P and Moody's or (b) "A-" by S&P or "A3" by Moody's, if such entity is rated by either S&P or Moody's but not both,  
43 (ii) having a capital and surplus of at least \$1,000,000,000, and (iii) is not affiliated with the Pledging Party.

44  
45 "Reference Market Maker" shall mean a leading dealer in the relevant market that is not an affiliate Affiliate of either  
46 party selected by a party determining any dDisputed cCalculations pursuant to Paragraph 6, herein in a commercially  
47 reasonable manner from among dealers of the highest credit standing which satisfy all the criteria that such party applies  
generally at the time in deciding whether to offer or to make an extension of credit.

48  
49 "Rounding Amount" shall have the meaning set forth in the elections on Page 1 herein on the Credit Elections Cover  
50 Sheet.

51  
52 "S&P" shall mean the Standard & Poor's Rating Group (a division of McGraw-Hill, Inc.) or its successor.

53  
54 "Secured Party" shall have the meaning attributed to it in Paragraph 3, (2) herein Section II(2), [do not define if there is  
55 no definition]<sup>11</sup>

56  
57 "Specified Letter of Credit Issuer" shall have the meaning set forth on the Credit Elections Cover Sheet.

58  
59 "Substitute Posted Collateral" shall have the meaning attributed to it in Section IX(b).

60  
61 "Transfer or Transferred<sup>12</sup>" shall mean, with respect to any Credit Support Eligible Collateral, Posted Collateral, or  
Interest Amount, and in accordance with the instructions of the appropriate party:

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<sup>10</sup> EnCana  
<sup>11</sup> AGA-LDCs  
<sup>12</sup> EnCana

62  
63 (ii) in the case of Cash, payment or delivery by wire transfer in immediately available federal funds into  
64 one or more bank accounts specified by the recipient;

65  
66 (iii) in the case of Letters of Credit, delivery of the Letter of Credit or an amendment thereto to the  
67 recipient; and

68  
69 (iii) in the event the parties indicate the use of other Eligible Collateral in the elections on Page 1. herein,  
70 as otherwise agreed specified by the parties ~~on the Credit Elections Cover Sheet.~~

71  
72 "Valuation Percentage" shall mean the percentage set forth in the elections on Page 1. herein on the Credit Elections  
73 Cover Sheet for each form of Eligible Collateral.<sup>13</sup>

74  
75 "Value" shall mean (a) with respect to Cash, the face amount thereof; and (b) with respect to all other Posted Collateral,  
76 the Valuation Percentage multiplied by the stated amount thereof.

77  
78 **Paragraph 3. Calculation of Collateral Requirement.**

79  
80 On any Business Day, the "Collateral Requirement" for a party (the "Pledging Party") means the Exposure minus the  
81 sum of:

82 (1) the Pledging Party's Collateral Threshold; plus

83 (2) the Value of all Posted Collateral then<sup>14</sup> held by the party other than the Pledging Party (the "Secured  
84 Party"), and any accrued Interest Amount that has not yet been Transferred to the Pledging Party;

85 provided, however, that, the Collateral Requirement of the Pledging Party will be deemed to be zero (0) whenever the  
86 calculation of such Pledging Party's Collateral Requirement yields a number less than zero (0).

87  
88 **Paragraph 4. ~~Transfer~~ Delivery of Credit Support Eligible Collateral.**

89 ~~(a)~~ On any ~~Calculation Date Business Day~~ (but no more frequently than weekly with respect to Letters of Credit and  
90 guaranties and daily with respect to Cash)<sup>15</sup> on which (i) no Credit Support Default ~~with respect to the Secured Party~~ has  
91 occurred and is continuing, (ii) no NAESB Event of ~~Default with respect to the Secured Party~~ has occurred and is continuing,  
92 ~~(eiii)~~ no Early Termination Date has occurred or been designated by the Pledging Party, and ~~(div)~~ the Pledging Party's Collateral  
93 Requirement equals or exceeds its Minimum Transfer Amount, the Secured Party may demand, by Notice to the Pledging Party,  
94 that the Pledging Party Transfer to the Secured Party, and the Pledging Party shall Transfer or cause to be Transferred to the  
95 Secured Party, Credit Support Eligible Collateral for the benefit of the Secured Party having a Collateral Value [note:  
96 undefined...Value? Search and replace]<sup>16</sup> on the date of Transfer at least equal to the Pledging Party's Collateral Requirement.  
97 The amount of Credit Support Eligible Collateral required to be Transferred hereunder shall be rounded up to the nearest integral  
98 multiple of the Rounding Amount. Unless otherwise agreed to in writing by the parties, (A) Credit Support Eligible Collateral  
99 demanded of a Pledging Party on or before the Notification Time on a Business Day shall be provided to the Secured Party  
100 and/or its Custodian by 5:00 p.m. ~~New York time~~ Eastern Prevailing Time on the ~~TBD~~ next third<sup>17</sup> Business Day and (B) Credit  
101 Support Eligible Collateral demanded of a Pledging Party after the Notification Time on a Business Day shall be provided to the  
102 Secured Party and/or its Custodian by 5:00 p.m. ~~Eastern Prevailing Time~~ New York time on the ~~TBD~~ second fourth<sup>18</sup> Business  
103 Day thereafter. Any Letter of Credit or other type of Credit Support Eligible Collateral (other than Cash) shall be Transferred to  
104 such address as the Secured Party shall specify in its demand pursuant to this Section III, and any such demand made by the  
105 Secured Party pursuant to this ~~Paragraph 4 Section III~~ shall specify wire transfer information for the account(s) to which Credit  
106 Support Eligible Collateral in the form of Cash shall be Transferred. Notwithstanding anything to the contrary in this Credit  
107 Support Addendum, in the event of a Credit Support Default, ~~or~~ NAESB Event of ~~Default~~, with respect to the Pledging Party  
108 which gives rise to an obligation to Transfer Credit Support, the Pledging Party shall have no obligation to provide such Credit  
109 Support if such event is cured or otherwise no longer exists prior to the time that such Credit Support is required to be provided  
110 hereunder. In any case in which Eligible Collateral Credit Support is in the form of a Letter of Credit or guaranty, the deadlines

13 Peoples

14 Consumers

15 Peoples and EnCana

16 EnCana

17 EnCana

18 EnCana

11 set forth above may be met by providing a facsimile copy of the Letter of Credit or guaranty with an original transmitted by  
12 overnight courier for delivery on the next Business Day.<sup>19</sup>

13 ~~(b) Notwithstanding anything else in this Contract, if an Event of Default or a Potential Event of Default shall occur with~~  
14 ~~respect to a party (the "Affected Party"), the Affected Party shall immediately return all Posted Collateral it is holding on behalf of~~  
15 ~~the other party to the other party.~~

16 **Paragraph 5. Reduction and Substitution of Credit Support.**[See cover letter for AGA-LDC commentary]<sup>20</sup>

18 (a) On any Business Day (but no more frequently than weekly with respect to Letters of Credit ~~and guaranties~~ and daily  
19 with respect to Cash), a Pledging Party may demand, by Notice to the Secured Party, a reduction in the amount of Credit  
20 Support previously provided by the Pledging Party for the benefit of the Secured Party, and the Secured Party shall comply with  
21 said demand, provided that after giving effect to the demanded reduction in Credit Support, (i) the Pledging Party shall have a  
22 Collateral Requirement of zero as of the date of such compliance; (ii) no Credit Support Default ~~or Potential Credit Support~~  
23 ~~Default~~<sup>21</sup> with respect to the Pledging Party has occurred and is continuing; (iii) no NAESB Event of Default ~~or Potential NAESB~~  
24 ~~Event of Default~~ with respect to the Pledging Party has occurred and is continuing; and (iv) no Early Termination Date has  
25 occurred or been designated by the Secured Party. The amount of the Credit Support reduction hereunder shall be rounded  
26 down to the nearest integral multiple of the Rounding Amount. ~~In all cases, the cost and expense of reducing Credit Support~~  
27 ~~(including, but not limited to, the reasonable costs, expenses, and attorneys' fees incurred directly by the Secured Party in~~  
28 ~~making the reduction) shall be borne by the Pledging Party.~~<sup>22</sup> If a permitted reduction in Credit Support is to be effected by the  
29 Transfer of Cash to the Pledging Party, then unless otherwise agreed in writing by the ~~parties~~ Parties<sup>23</sup>, (x) if the Pledging Party's  
30 reduction demand is made on or before the Notification Time on a Business Day, then the Secured Party shall effect a permitted  
31 reduction in Credit Support by 5:00 p.m. ~~Eastern Prevailing Time~~ New York time on the ~~TBD~~ next third<sup>24</sup> Business Day thereafter  
32 and (y) if the Pledging Party's reduction demand is made after the Notification Time on a Business Day, then the Secured Party  
33 shall effect a permitted reduction in Credit Support by 5:00 p.m. ~~Eastern Prevailing Time~~ New York time on the  
34 ~~TBD~~ second fourth<sup>25</sup> Business Day thereafter. If a permitted reduction in Credit Support is to be effected by a reduction in the  
35 amount that may be drawn under an outstanding Letter of Credit previously issued for the benefit of the Secured Party, the  
36 Secured Party shall promptly take such action as is reasonably necessary to cooperate with the Pledging Party to effectuate  
37 such reduction. In any case in which Credit Support is in the form of a Letter of Credit or guaranty, the deadlines set forth above  
38 may be met by providing a facsimile copy of the Letter of Credit or guaranty with an original transmitted by overnight courier for  
39 delivery on the next Business Day.<sup>26</sup>

40 (b) Except when (i) a Credit Support Default with respect to the Pledging Party has occurred and is continuing, or (ii) a  
41 ~~NAESB~~ Event of ~~Default~~ with respect to the Pledging Party has occurred and is continuing, ~~or (iii) an Early Termination Date~~  
42 ~~has occurred or been designated by the Secured Party~~, the Pledging Party may substitute new Credit Support for existing Credit  
43 Support of equal ~~Collateral~~ Value on the Business Day following the Secured Party's receipt of written Notice thereof (provided  
44 that, if such Notice is made after the Notification Time, the Pledging Party may not substitute Credit Support until the  
45 ~~TBD~~ second Business Day thereafter; and provided further, however, that if such substitute Credit Support is of a type not  
46 designated as Eligible Collateral ~~or Eligible Credit Support~~ in the ~~elections on Page 1 herein~~ Credit Elections Cover Sheet, then  
47 the substitution may not occur unless the Secured Party consents to such substitution). Upon the Transfer to the Secured Party  
48 and/or its Custodian of the substitute Credit Support Eligible Collateral, the Secured Party and/or its Custodian shall Transfer the  
49 relevant replaced Credit Support Eligible Collateral to the Pledging Party by 5:00 p.m. ~~Eastern Prevailing Time~~ New York time on  
50 the ~~second~~ TBD Business Day after such Transfer has been effected. Notwithstanding anything herein to the contrary, no such  
51 substitution shall be permitted unless (x) the substitute Credit Support Eligible Collateral is Transferred to the Secured Party  
52 and/or its Custodian simultaneously with, or has been Transferred to the Secured Party and/or its Custodian prior to, the release  
53 of the Credit Support Eligible Collateral to be returned to the Pledging Party and the security interest in, and lien upon, such  
54 substituted Credit Support Eligible Collateral granted pursuant hereto in favor of the Secured Party shall have been perfected as  
55 required by applicable law and shall constitute a first priority perfected security interest therein and general first lien thereon, and  
56 (y) after giving effect to such substitution, the ~~Collateral~~ Value of such substitute Credit Support Eligible Collateral shall equal the  
57 Collateral Value of the Credit Support Eligible Collateral which is being substituted. Each substitution of Credit Support Eligible  
58 Collateral shall constitute a representation, warranty and agreement by the Pledging Party that the substituted Credit  
59 Support Eligible Collateral shall be subject to and governed by the terms and conditions of this Credit Support Addendum,  
60 including without limitation, the security interest in, general first lien on and right of offset against, such substituted Credit  
61 Support Eligible Collateral granted pursuant to ~~Paragraph~~ Section IX(a) in favor of the Secured Party. In any case in which Credit  
62 Support Eligible Collateral is in the form of a Letter of Credit or guaranty, the deadlines set forth above may be met by providing

<sup>19</sup> Peoples

<sup>20</sup> AGA-LDCs

<sup>21</sup> EnCana

<sup>22</sup> Peoples

<sup>23</sup> EnCana

<sup>24</sup> EnCana

<sup>25</sup> EnCana

<sup>26</sup> Peoples

163 a facsimile copy of the Letter of Credit or guaranty with an original transmitted by overnight courier for delivery on the next  
164 Business Day.<sup>27</sup>

165 (c) The Transfer of any Credit Support Eligible Collateral by the Secured Party and/or its Custodian to the Pledging Party in  
166 accordance with this Paragraph TBD Section IV shall be deemed a release by the Secured Party of its security interest, general  
167 first lien and right of offset granted pursuant to Paragraph TBD Section IX(a) hereof only with respect to such returned Credit  
168 Support Eligible Collateral. In connection with each Transfer of any Credit Support Eligible Collateral to the Pledging Party  
169 pursuant to this Paragraph Section IV, the Pledging Party will, upon request of the Secured Party, execute/provide ?? a receipt  
170 showing the Credit Support Eligible Collateral Transferred to it.

171  
172 **Paragraph 6. Disputed Calculations.**

173  
174 (a) If the Pledging Party disputes the amount of Credit Support Eligible Collateral requested by the Secured Party and such  
175 dispute relates to the amount of the Exposure as determined by the Secured Party, then the Pledging Party shall (i) notify the  
176 Secured Party of the existence and nature of the dispute not later than the Notification Time on the TBD first Business Day  
177 following the date that the demand for Credit Support Eligible Collateral is made by the Secured Party pursuant to Paragraph 4  
178 Section III, and (ii) Transfer/provide Credit Support Eligible Collateral to or for the benefit of the Secured Party in an amount equal  
179 to the Pledging Party's own determinations, made in a commercially reasonable manner, of the Pledging Party's Collateral  
180 Requirement in accordance with Paragraph 3 Section II. In all such cases, the parties thereafter shall promptly consult with each  
181 other in order to reconcile the two conflicting determinations. If the parties have not been able to resolve their dispute on or  
182 before the second Business Day following the date that the demand is made by the Secured Party, then the Secured Party's  
183 Exposure shall be recalculated with each party's party<sup>28</sup> requesting quotations from one (1) Reference Market-Maker within  
184 TBD two (2) Business Days (taking the arithmetic average of those quotations obtained to obtain the average Exposure Current  
185 Mark-to-Market Value, provided, that, if only one (1) quotation can be obtained, then that quotation shall be used) for the  
186 purpose of recalculating the Exposure Current Mark-to-Market Value of each Transaction in respect of which the Parties  
187 disagree as to the Exposure Current Mark-to-Market Value thereof, and ~~the~~ Secured Party shall inform the Pledging  
188 Party of the results of such recalculation in reasonable detail. Credit Support Eligible Collateral shall thereupon be provided,  
189 returned, or reduced, if necessary, on the next Business Day in accordance with the results of such recalculation. 29 [EnCana  
190 disagrees with upper case changes in (a)]<sup>30</sup>

191  
192 (b) If the Secured Party disputes the amount of Credit Support Eligible Collateral to be reduced by the Secured Party and  
193 such dispute relates to the amount of the Exposure claimed by the Secured Party, then the Secured Party shall (i) notify the  
194 Pledging Party of the existence and nature of the dispute not later than the Notification Time on the TBD first Business Day  
195 following the date that the demand to reduce Credit Support Eligible Collateral is made by the Pledging Party pursuant to  
196 Paragraph Section IV, and (ii) effect the reduction of Credit Support Eligible Collateral to or for the benefit of the Pledging Party in  
197 an amount equal to the Secured Party's own estimate, made in a commercially reasonable manner, of the Pledging Party's  
198 Collateral Requirement in accordance with Paragraph 3 Section II. In all such cases, the parties thereafter shall promptly consult  
199 with each other in order to reconcile the two conflicting amounts. If the parties have not been able to resolve their dispute on or  
200 before the TBD second Business Day following the date that the demand is made by the Pledging Party, then the Secured  
201 Party's Exposure shall be recalculated by each party requesting quotations from one (1) Reference Market-Maker within  
202 TBD two (2) Business Days (taking the arithmetic average of those quotations obtained to obtain the average Exposure Current  
203 Mark-to-Market Value; provided, that, if only one (1) quotation can be obtained, then that quotation shall be used) for the  
204 purpose of recalculating the Exposure Current Mark-to-Market Value of each Transaction in respect of which the parties  
205 disagree as to the Exposure Current Mark-to-Market Value thereof, and ~~the~~ Secured Party shall inform the Pledging Party of  
206 the results of such recalculation in reasonable detail. Credit Support Eligible Collateral shall thereupon be provided, returned, or  
207 reduced, if necessary, on the TBD next Business Day in accordance with the results of such recalculation.

208  
209  
210 **Paragraph 7. Letters of Credit.** Posted Collateral provided in the form of a Letter of Credit shall be subject to the following  
211 provisions. [TO BE REDRAFTED TO INCLUDE REQUIREMENTS AND DEFAULTS (from definition above)]

212  
213 (a) Unless otherwise agreed in writing by the Parties parties<sup>32</sup>, each Letter of Credit shall be provided in accordance with  
214 Paragraph Section IV, and each Letter of Credit shall be maintained for the benefit of the Secured Party. The Pledging Party  
215 shall (i) renew or cause the renewal of each outstanding Letter of Credit on a timely basis as provided in the relevant Letter of  
216 Credit, (ii) if the bank that issued an outstanding Letter of Credit has indicated its intent not to renew such Letter of Credit,  
217 provide either a substitute Letter of Credit or other Eligible Collateral, in each case at least twenty (20) Business Days prior to  
218 the expiration of the outstanding Letter of Credit, and (iii) if a bank issuing a Letter of Credit shall fail to honor the Secured

<sup>27</sup> Peoples

<sup>28</sup> Consumers

<sup>29</sup> Peoples

<sup>30</sup> EnCana

<sup>31</sup> EnCana

<sup>32</sup> EnCana

19 Party's properly documented request to draw on an outstanding Letter of Credit, provide for the benefit of the Secured Party  
20 either a substitute Letter of Credit that is issued from a<sup>33</sup> by a<sup>34</sup> bank acceptable to the Secured Party or other Eligible  
21 Collateral, in each case within ~~TBDtwo (2)~~three (3)<sup>35</sup> Business Days after such refusal, provided that, as a result of the Pledging  
22 Party's failure to perform in accordance with (i), (ii), or (iii) above, the Pledging Party's Collateral Requirement would be greater  
23 than zero.

25 (b) As one method of providing Posted Collateral, the Pledging Party may increase the amount of an outstanding Letter of  
26 Credit or establish one or more additional Letters of Credit.

28 (c) Upon or at any time after the occurrence of an Event of Default with respect to the Pledging Party, the Secured Party  
29 may draw on ~~up to the entire, undrawn portion of ??~~any outstanding Letter of Credit upon submission to the bank issuing  
30 such Letter of Credit in accordance with the specific requirements of the Letter of Credit. Cash proceeds received from drawing  
31 upon the Letter of Credit shall be deemed Posted Collateral as security for the Pledging Party's obligations to the Secured Party  
32 and the Secured Party shall have the rights and remedies set forth in ~~ParagraphSection IX(a)~~ with respect to such ~~cash~~Cash<sup>36</sup>  
33 proceeds. Notwithstanding the Secured Party's receipt of Cash under the Letter of Credit, the Pledging Party shall remain liable  
34 (i) for any failure to Transfer sufficient Posted Collateral or (ii) for any amounts owing to the Secured Party and remaining unpaid  
35 after the application of the amounts so drawn by the Secured Party.

37 (d) A Pledging Party may substitute a Letter of Credit for one or more other outstanding Letter(s) of Credit issued for the  
38 benefit of the Secured Party, provided that the Value of such substitute Letter of Credit shall be at least equal to the Value of the  
39 Letter(s) of Credit being replaced ~~(determined in good faith and in a commercially reasonable manner by the Secured Party)~~,  
40 and provided further that no Letter of Credit shall be canceled unless and until the Letter of Credit to be substituted therefor shall  
41 have been validly executed, issued and delivered for the benefit of the Secured Party in accordance with applicable law.

43 (e) Upon the occurrence of a Letter of Credit Default, the Pledging Party agrees to deliver to the Secured Party either a  
44 substitute Letter of Credit or other Eligible Collateral, in each case on or before the ~~TBDsecond~~ Business Day after the  
45 occurrence thereof (or the ~~TBDfifth (5th)~~ Business Day after the occurrence thereof if only clause (i) under the definition of Letter  
46 of Credit Default applies).

48 (f) In all cases, the costs and expenses ~~(including but not limited to the reasonable costs, expenses, and attorneys' fees~~  
49 ~~incurred by the Secured Party)~~ of establishing, renewing, substituting, canceling, and increasing the amount of (as the case may  
50 be) a Letter of Credit shall be borne by the Pledging Party.

52 **Paragraph 8. Care and Use of Cash.** Posted Collateral provided in the form of Cash shall be subject to the following  
53 provisions.

55 (a) Eligibility to Hold Cash.

57 (i) The Secured Party will be entitled to hold Cash provided that the following conditions are satisfied: (1) it is not  
58 a Defaulting Party, (2) its Credit Support Provider meets the Eligibility to Hold Cash requirements set forth in the  
59 elections on Page 1 has a Credit Rating from S&P and/or Moody's and the lowest Credit Rating for its Credit Support  
60 Provider is \_\_\_\_\_ or higher by S&P and/or \_\_\_\_\_ or higher by Moody's; and (3) Cash shall be held only  
61 in any jurisdiction within the United States.— A party shall appoint a Qualified Institution (a "Custodian") in the event  
62 such party is not eligible or becomes ineligible to hold Cash in accordance with this ParagraphSection VII(a)(i).<sup>37</sup>

64 (iii) Upon Notice by the Secured Party to the Pledging Party of the appointment of a Custodian, the Pledging  
65 Party's obligations to make any Transfer will be discharged by making the Transfer to that Custodian. The holding of  
66 Cash by a Custodian will be deemed to be the holding of Cash by the Secured Party for which the Custodian is acting.  
67 The Secured Party will be liable for the acts or omissions of its Custodian to the same extent that the Secured Party  
68 would be liable hereunder for its own acts or omissions.

70 (b) Use of Cash. ~~Notwithstanding the provisions of applicable law, if~~ the Secured Party is not a Defaulting Party and  
71 no Early Termination Date has occurred or been designated as a result of an Event of Default with respect to the Secured Party,  
72 then the Secured Party shall have the right to sell, pledge, rehypothecate, assign, invest, use, commingle or otherwise dispose  
73 of, or otherwise use in its business any Cash it holds, free from any claim or right of any nature whatsoever of the Pledging  
74 Party, including any equity or right of redemption by the Pledging Party.

33 EnCana  
34 Peoples  
35 EnCana  
36 EnCana  
37 Peoples

176 (c) Interest Payments on Cash. So long as no Event of Default or Potential Event of Default, if applicable, with respect to  
177 the Pledging Party has occurred and is continuing, and no Early Termination Date (for which any unsatisfied payment  
178 obligations of the Pledging Party exist) has occurred or been designated as the result of an Event of Default with respect to the  
179 Pledging Party and to the extent that an obligation to deliver Posted Collateral would not be created or increased by the  
180 Transfer, the Secured Party will upon written request Transfer to the Pledging Party, in lieu of any interest or other amounts paid  
181 or deemed to have been paid with respect to the Cash (all of which may be retained by the Secured Party), the Interest Amount  
182 ~~(as defined below)~~<sup>38</sup> on the ~~TBD~~<sup>third</sup> Business Day of each calendar month. On or after the occurrence of an Event of Default  
183 with respect to the Pledging Party or an Early Termination Date as a result of an Event of Default with respect to the Pledging  
184 Party, the Secured Party shall retain any such Interest Amount as additional Eligible Collateral hereunder until the obligations of  
185 the Pledging Party under the Contract have been satisfied.

186  
187  
188 (d) Care of Cash. Without limiting the Secured Party's rights under ~~Paragraph Section VII(b)~~, the Secured Party will  
189 exercise reasonable care to assure the safe custody of all Cash held by it as Posted Collateral to the extent required by  
190 applicable law, and in any event the Secured Party will be deemed to have exercised reasonable care if it exercises at least the  
191 same degree of care as it would exercise with respect to its own property. Except as specified in the preceding sentence, the  
192 Secured Party will have no duty with respect to Cash, including, without limitation, any duty to enforce or preserve any rights  
193 pertaining thereto.

194  
195 **Paragraph 9. Credit Support Default**

196  
197 (a) "Credit Support Default" shall exist with respect to a party (the "Defaulting Party") if:

198  
199 (i) a party fails (or fails to cause its Custodian, as applicable) to make, when due, any transfer of Eligible  
200 Collateral or the Interest Amount, as applicable, required to be made by it, and such failure continues for one Business  
201 Day after Notice of that failure is provided to that party;

202  
203 (ii) a party fails to comply with or perform any material agreement or obligation [definition needed for this  
204 phrase]<sup>39</sup> provided for in this Credit Support Addendum, and such failure continues for TBD Business Day after Notice  
205 of that failure is provided to that party; or

206  
207 (iii) a Letter of Credit Default shall apply with respect to such Defaulting Party.

208  
209  
210 **Add guarantor language for EEI Section 5. H including 1, 4 and 5.**

211  
212 (b) Credit Support Default shall constitute and have the effect of an Event of Default set forth in Section 10.2  
213 (vi) of the Base Contract.

214  
215  
216  
217 **Paragraph 109. Representations and Warranties.**<sup>40</sup> Each party continuously represents and warrants to the other party  
218 that: (a) it has the power and authority under the law of the jurisdiction of its organization or incorporation and under its  
219 organizational and constituent documents to grant to the Secured Party a valid, enforceable, first-priority security interest in, and  
220 lien on, all Posted Collateral (other than Letters of Credit ~~or guaranties~~) that it provides as the Pledging Party, and has taken all  
221 necessary actions to authorize the granting and perfection of that security interest and lien; (b) as of each date on which it, as  
222 the Pledging Party, delivers Posted Collateral to the Secured Party or to any agent of the Secured Party for the benefit of the  
223 Secured Party (or, in the case of after-acquired Posted Collateral, at the time the Secured Party or its agent acquires rights  
224 therein), it will have title to, and will be the sole owner of such Posted Collateral, free and clear of any security interest, lien,  
225 pledge, charge, encumbrance, or other interests or restrictions other than the security interest granted to the Secured Party  
226 hereby; (c) the Secured Party will have a valid and perfected first-priority security interest in, and lien on, all Posted Collateral  
227 (other than Letters of Credit ~~or guaranties~~) upon receipt thereof; and (d) the performance by it of its obligations under this Credit  
228 Support Agreement Addendum<sup>41</sup> will not result in the creation of any security interest, lien or other encumbrance on any Posted  
229 Collateral other than the security interest and lien granted pursuant to this Credit Support Agreement Addendum<sup>42</sup>; ~~and (e) on~~  
230 ~~each occasion that it, as the Pledging Party, causes the issuance, renewal, substitution, or increase (as the case may be) of a~~

38 EnCana

39 Consumers

40 Peoples

41 AGA-LDCs

42 AGA-LDCs

131 Letter of Credit, such Letter of Credit will be the legal, valid, and binding obligation of the issuer thereof, enforceable in  
132 accordance with its terms.<sup>43</sup>

133  
134 **Paragraph 1140. Certain Rights and Remedies.**

135  
136 (a) **Secured Party's Rights and Remedies.** If at any time (i) an Event of Default with respect to the Pledging Party has  
137 occurred and is continuing or (ii) an Early Termination Date has occurred or been designated as a result of an Event of Default  
138 with respect to the Pledging Party, then the Secured Party may do any one or more of the following: (x) exercise any of the  
139 rights and remedies of a secured party with respect to the Posted Collateral, including any such rights and remedies under law  
140 then in effect; (y) exercise its rights of setoff against any and all property of the Pledging Party in the possession of the Secured  
141 Party or its agent; and (z) draw on any outstanding Letter of Credit issued for its benefit under its terms and this Credit Support  
142 Addendum. The Secured Party shall either (y) apply the proceeds of the Posted Collateral realized upon the exercise of any  
143 such rights or remedies to reduce the Pledging Party's obligations under the Contract or this Credit Support Addendum (the  
144 Pledging Party remaining liable for any amounts owing to the Secured Party after such application), subject to the Secured  
145 Party's obligation to return any surplus proceeds remaining after such obligations are satisfied in full or (z) hold such proceeds  
146 as collateral security for the Pledging Party's obligations under the Base Contract or this Credit Support Addendum, subject to  
147 the Secured Party's obligation to return the proceeds after such obligations are satisfied in full.<sup>44</sup>

148  
149 (b) **Pledging Party's Rights and Remedies.** If at any time an Early Termination Date has occurred or been designated as  
150 the result of an Event of Default with respect to the Secured Party, then: (i) the Secured Party will be obligated immediately to  
151 Transfer all Posted Collateral ~~(other than Letters of Credit)~~ and the Interest Amount, if any, to the Pledging Party; and (ii) the  
152 Pledging Party may do any one or more of the following: (x) exercise any of the rights and remedies of a pledgor with respect to  
153 the Posted Collateral ~~(other than Letters of Credit)~~, including any such rights and remedies under law then in effect; (y) to the  
154 extent that the Posted Collateral ~~(other than Letters of Credit)~~ or the Interest Amount is not Transferred to the Pledging Party as  
155 required in (i) above, setoff amounts payable to the Secured Party against the Posted Collateral ~~(other than Letters of Credit)~~  
156 held by the Secured Party or to the extent its rights to setoff are not exercised, withhold payment of any remaining amounts  
157 payable by the Pledging Party, up to the value of any remaining Posted Collateral ~~(other than Letters of Credit)~~ held by the  
158 Secured Party, until the Posted Collateral ~~(other than Letters of Credit)~~ is Transferred to the Pledging Party; and (z) exercise  
159 rights and remedies available to the Pledging Party under the terms of any Letter of Credit.<sup>45</sup>

160  
161 **Paragraph 1244. General.**

162  
163 (a) **Security Interest.** To secure its obligations under the Contract and all outstanding transactions, each party hereby  
164 grants to the other party a present and continuing first-priority security interest in, and lien on (and right of setoff against), all  
165 Posted Collateral (other than Letters of Credit ~~or guaranties~~) whether now or hereafter held by, on behalf of, or for the benefit of,  
166 such other party, and each party agrees to take such action as the other party reasonably requires in order to perfect or maintain  
167 the other party's first-priority continuing security interest in, and lien on (and right of setoff against), such Posted Collateral.

168  
169 (b) **Substitutions.**

170  
171 (i) ~~Upon Notice to the Secured Party specifying the items of Posted Collateral to be exchanged, the Pledging~~  
172 ~~Party may, on any Business Day, Transfer to the Secured Party Substitute Posted Collateral (the "Substitute Posted~~  
173 ~~Collateral"); and~~

174  
175 (ii) ~~Provided that no Event of Default or Potential Event of Default, if applicable, has occurred and is continuing~~  
176 ~~with respect to the Pledging Party and that no Early Termination Date has occurred or been designated as the result of~~  
177 ~~an Event of Default with respect to the Pledging Party, the Secured Party will Transfer to the Pledging Party the items~~  
178 ~~of Posted Collateral specified by the Pledging Party in its Notice not later than the Business Day following the date on~~  
179 ~~which the Secured Party receives the Substitute Posted Collateral; provided that the Secured Party will only be~~  
180 ~~obligated to Transfer Posted Collateral with a Value as of the date of Transfer of that Posted Collateral equal to the~~  
181 ~~Value as of that date of the Substitute Posted Collateral.~~

182  
183 (c) **Expenses.**

184  
185 (i) ~~Except as expressly set forth in this Contract, e~~<sup>46</sup> each party will pay its own costs and expenses in connection  
186 with performing its obligations under this Credit Support Addendum and neither party will be liable for any costs or  
187 expenses incurred by the other party in connection herewith.

188

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<sup>43</sup> Peoples

<sup>44</sup> Peoples

<sup>45</sup> Peoples

<sup>46</sup> Peoples

189 ~~(ii) — The Pledging Party will promptly pay when due all taxes, assessments or charges of any nature that are~~  
190 ~~imposed with respect to Posted Collateral held by the Secured Party upon becoming aware of the same, regardless of~~  
191 ~~whether any portion of that Posted Collateral is subsequently disposed of under Section IX(b), except for those taxes,~~  
192 ~~assessments and charges that result from the exercise of the Secured Party's rights under Section IX(b).~~

193  
194 (iii) All reasonable costs and expenses incurred by or on behalf of the Secured Party or the Pledging Party in  
195 connection with the liquidation and/or application of any Posted Collateral under ~~Paragraph Section IX~~ will be payable,  
196 on demand and pursuant to the Base Contract, by the Defaulting Party or, if there is no Defaulting Party, equally by the  
197 Parties<sup>47</sup>.

198  
199 (d) This Credit Support Addendum<sup>48</sup> has been and is made solely for the benefit of the Parties<sup>49</sup> and their permitted  
200 successors and assigns, and no other entity shall acquire or have any right under or by virtue of this Credit Support  
201 Addendum<sup>50</sup>.

202 (e) The Pledging Party shall pay on request and indemnify the Secured Party against any taxes ~~(including without~~  
203 ~~limitation, any applicable transfer taxes and stamp, registration, or other documentary taxes)~~, assessments, or charges that may  
204 become payable by reason of the security interest, general first lien, and right of offset granted under this Credit Support<sup>51</sup>  
205 Addendum or the execution, delivery, performance, or enforcement of the Credit Support Addendum, as well as any penalties  
206 with respect thereto (including, without limitation, costs and reasonable attorney fees and disbursements for enforcement of  
207 counsel<sup>52</sup>).

208 (f) No failure or delay by either party hereto in exercising any right, power, privilege, or remedy hereunder shall operate as  
209 a waiver thereof.

210 (g) The headings in this Credit Support Addendum are for convenience of reference only, and shall not affect the meaning  
211 or construction of any provision thereof.

212  
213

**COMPANY**

**COUNTERPARTY**

BY: \_\_\_\_\_  
NAME: \_\_\_\_\_  
TITLE: \_\_\_\_\_

BY: \_\_\_\_\_  
NAME: \_\_\_\_\_  
TITLE: \_\_\_\_\_

214

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<sup>47</sup> EnCana  
<sup>48</sup> AGA-LDCs  
<sup>49</sup> EnCana  
<sup>50</sup> AGA-LDCs  
<sup>51</sup> Peoples and EnCana  
<sup>52</sup> EnCana