

THIS MASTER SERVICES AGREEMENT made as of the 1st day of January, 2003.

BETWEEN:

MARKET HUB PARTNERS CANADA L.P.
("Receiver")

- and -

UNION GAS LIMITED
("Provider")

WHEREAS RECEIVER desires to have PROVIDER perform and PROVIDER desires to perform for RECEIVER certain services upon the terms and conditions hereinafter set forth:

NOW THEREFORE THIS MASTER SERVICES AGREEMENT WITNESSES THAT in consideration of the payments, covenants and agreements hereinafter set forth, the parties hereto covenant and agree as follows:

1. INTERPRETATION

1.1 Definitions

"Agreement" means, collectively, this Master Services Agreement together with each individual Service Assignment the parties may enter into from time to time. Each Service Assignment, together with the terms of this Master Services Agreement, shall constitute a separate Agreement effective as of the date set out in the Service Assignment.

"Service Assignment" means each document, in the form similar to Schedule "A" hereto, describing the scope of services, remuneration and payment and special terms and conditions.

1.2 Conflicts

In the event of any conflict or inconsistency between any Service Assignment and the Master Services Agreement, the provisions of the Service Assignment shall govern.

2. SERVICES

2.1 Services

PROVIDER shall, in accordance with the Agreement, provide to RECEIVER all of the services (the "Services") set out in the Service Assignment as amended from time to time. PROVIDER agrees to use reasonable efforts to perform the Services in accordance with any additional instructions which may be furnished by RECEIVER from time to time; provided, however, that the following of such instructions will impose no additional cost or encumbrance on PROVIDER and is confirmed in writing.

2.2 Timing

PROVIDER agrees to diligently perform the Services in accordance with any specific time requirements set out in the Service Assignment or, in the absence of any specific time

requirements, to use its reasonable efforts to act in accordance with RECEIVER's reasonable requirements communicated to PROVIDER from time to time; provided, however, that meeting such requirements imposes no additional encumbrance or cost on PROVIDER.

2.3 Revisions

- a) Either Party shall, by giving written notice to the other, be entitled to request changes in and additions or deletions to the Services without invalidating the Agreement. The Agreement may not be amended in any manner unless an amendment is executed by both parties.
- b) Any additional instruction given by RECEIVER with respect to the performance of any of the Services, any waiver of any requirements or any default under this Agreement with respect to any Services or any Work Product shall not extend to any prior or subsequent performance, requirement, or default unless otherwise agreed to in writing and, thus, shall not relieve either party from its future responsibilities, obligations or liabilities as set out in this Agreement.

3. STANDARDS AND PERSONNEL

3.1 Standards

PROVIDER shall perform the Services in accordance with the standards of care, skill and diligence of an experienced professional in the field pertinent to the specific Service Assignment and in a competent and efficient manner.

3.2 Personnel

The Services shall be performed by the specific group of persons, if any, set out in the Service Assignment provided PROVIDER retains the reasonable right to substitute personnel. PROVIDER represents and warrants that persons assigned to the performance of the Services shall be qualified, skilled and competent for the performance of the Services.

4. REMUNERATION AND PAYMENT

4.1 Price, Costs and Expenses

RECEIVER shall pay PROVIDER the remuneration, the costs and the expenses ("Charges") as set out in the Service Assignment and in accordance with the terms of the Agreement.

4.2 Payment Date

PROVIDER will invoice RECEIVER on the 15th ("Invoice Date") of each month for the Charges incurred during the previous calendar month. Payment must be made on or before the day ("Payment Date") which is (30) days after the Invoice Date. Amounts unpaid after the Payment Date will bear interest at the prime business rate of interest as published by the Bank of Canada, plus 2% per annum.

4.3 Non-Payment

In the event RECEIVER does not pay in full within ten (10) days of the Payment Date, PROVIDER shall have the option of suspending and/or terminating this Agreement on ten (10) days written notice, unless it is agreed that RECEIVER and PROVIDER are actively pursuing the cause of non-payment and RECEIVER and PROVIDER agree in writing to a new Payment Date. A suspension of Service under this Section will not be considered a breach by PROVIDER of the terms of this Agreement.

4.4 Right to Set-Off

Each party reserves the legal and equitable right to set off against any monies owed by it to the other under the Agreement, any amounts which may become payable by the other to it under this Agreement.

5. CONFIDENTIALITY

5.1 Confidential Information

With respect to any Confidential Information (defined below) provided pursuant to this Agreement, the party which provides that information is referred to in this Agreement as the "disclosing party" and the party receiving that information is referred to as the "recipient".

For the purpose of the Agreement, "Confidential Information" means all of the disclosing party's technical, corporate, business, customer, financial, economic, legal or other information or knowledge concerning the disclosing party or any of its affiliates, subsidiaries or other parties in which it has an ownership interest, including the Work Product (defined in section 6.1), which is disclosed to the recipient, whether disclosed orally, electronically, by inspection or in the form of written material, and including information respecting models, mechanisms, processes, photographs, intellectual property, know-how, trade secrets or otherwise, howsoever obtained, and whether obtained before or after the execution of the Agreement, except information that:

- a) is disclosed lawfully to recipient by a third party who has no obligation of confidentiality to disclosing party with respect to the disclosed Confidential Information;
- b) is, or becomes, generally known to the public, other than by a breach by recipient of its obligations hereunder; or
- c) is independently developed by recipient without use, directly or indirectly, of Confidential Information received from disclosing party; or
- d) is already known by recipient before disclosure by disclosing party hereunder as evidenced by the written records of recipient and which is not the subject of a previous confidentiality agreement between the parties.

5.2 Non-Disclosure

Recipient shall maintain the Confidential Information in strict confidence and shall not

disclose that information to any subcontractor or employee, except to the extent necessary for the performance of the Services, or to any third party, except with the prior written consent of disclosing party. Recipient agrees that it shall inform its subcontractors and employees of the confidential nature of such Confidential Information and shall ensure that such subcontractors and employees maintain the confidentiality of such Confidential Information in accordance with the terms of the Agreement. Recipient, if so requested by disclosing party, shall cause each of its subcontractors and employees, and any third party to whom the Confidential Information is disclosed with the consent of disclosing party, to execute and deliver to disclosing party a written confidentiality agreement in favor of disclosing party upon terms and conditions substantially as set out in this section and as approved in writing by disclosing party.

5.3 Return of Confidential Information

Upon termination of the Agreement or otherwise upon the request of disclosing party, recipient shall at disclosing party's option: either destroy all confidential information and certify said destruction in writing to the disclosing party; or, deliver to disclosing party all copies, whether written, electronic or otherwise, of all Confidential Information in the possession of recipient or other parties to whom recipient has provided Confidential Information. Neither recipient nor any parties to whom recipient has provided Confidential Information shall retain any copies of any Confidential Information.

5.4 Exempt Disclosure

The recipient of Confidential Information shall be permitted to disclose Confidential Information, without consent only to the extent necessary to comply with the law whether in the course of proceedings before a court or requirement of a regulatory authority of competent jurisdiction or otherwise. When recipient is aware of such need to disclose, recipient shall provide, prompt written notice to the disclosing party of such requirement to disclose the Confidential Information. The disclosing party, at its expense, may take whatever legal or regulatory action which may be available to the disclosing party to suppress such disclosure. The recipient agrees to, on a reasonable efforts basis, to provide assistance to the disclosing party in such matters if so requested by disclosing party.

6. INTELLECTUAL PROPERTY

6.1 Ownership of Work Product

- a) Unless explicitly stated otherwise in a Service Assignment, the product or end result of the Services provided by PROVIDER hereunder (the "Work Product"), but not the means or method of producing such Work Product, shall be the sole and exclusive property of RECEIVER. The means or methods of producing such Work Product, including any hardware, software, protocols, processes, modeling, source codes or other proprietary rights, regardless of whether the foregoing are owned by PROVIDER or being used by PROVIDER under license from the owner thereof, shall, as between the parties, be and remain the sole and exclusive property of PROVIDER.
- b) At any time that RECEIVER so requests, including but not limited to standing requests, PROVIDER will promptly disclose all requested Work Product to

RECEIVER. Upon completion or termination of the Services, PROVIDER shall disclose and deliver all Work Product and related work in progress to RECEIVER. PROVIDER shall keep the Work Product strictly confidential and shall not be entitled to sell, or otherwise transfer, the Work Product to any third party or make any use whatsoever of the Work Product. PROVIDER shall cause its employees and subcontractors to strictly comply with the terms of this provision.

6.2 No Infringement

- a) The Services nor Work Product nor the designs, specifications, software or equipment supplied by either party shall infringe upon any patent, copyright, license, trade secret or other proprietary right of any third party.
- b) If notified promptly in writing, each party shall indemnify, defend and hold harmless the other against any expense, judgment or loss (including reasonable attorney's fees) arising from (a) infringement or alleged infringement of any valid patent, copyright, trademark, trade secret or other proprietary rights as a result of a party providing such item without legal right, or (b) where a party is responsible, that party's failure to obtain all necessary releases, licenses, permits and other authorizations to use content included in the Work Product. The indemnifying party shall have sole control of the defense of any such action and all negotiations for its settlement or compromise. The indemnified party shall cooperate reasonably, in the defense, settlement or compromise of any such action.

The foregoing indemnification provisions state the entire liability of the parties and the exclusive remedy of the parties with respect to infringement or alleged infringement of patents, copyrights, trademarks, trade secrets and other intellectual or proprietary rights.

6.3 Further Assurances

Each party shall, and shall cause its employees and subcontractors to, execute all documentation and take all further actions as either party may request to implement and carry out the intent of the Agreement and, in particular, to allow RECEIVER to obtain and maintain protection of intellectual property rights in respect of the Work Product.

7. TERMINATION

7.1 Termination

- a) Insolvency

It is agreed that in the event that either party becomes insolvent, incurs a voluntary or involuntary bankruptcy, has a receiver appointed to run its affairs or makes an assignment for the benefit of creditors, the other party may terminate this Agreement forthwith upon written notice.

- b) Default

Except as provided for in section 4.3, it is agreed that in the event that either

party violates any material term of this Agreement, the other party may, in the manner set out below, terminate this Agreement at any time while an event or condition giving rise to the right of termination exists. To terminate this Agreement, the party seeking termination must give the other party notice that describes the event or conditions of termination in reasonable detail. From the date of its receipt of that notice, the other party will have sixty (60) days to cure the breach to the reasonable satisfaction of the party desiring termination. If the event or conditions giving rise to the right of termination is not cured within that period, this Agreement will automatically be deemed to be terminated at the end of the period. Such termination shall not relieve RECEIVER of its obligation for payment of any amount due under this Agreement.

c) **Affiliate Change**

In the event that: (a) more than fifty percent (50%) of the issued and outstanding ownership interest of either of the parties is transferred from the then current owner to any third party which Duke Energy Corporation does not directly or indirectly control; (b) either of the parties transfers all or substantially all of its assets to any third party which Duke Energy Corporation does not directly or indirectly control; or, (c) an entity or entities controlled by Duke Energy Corporation no longer own at least fifty percent (50%) of either party, then either party shall have the option of terminating the Agreement upon thirty (30) days' prior written notice.

d) **Change in Remuneration from Tax Liability/Government Intervention**

The parties agree that in the event that a government taxing authority or any other competent authority, at any time issues any assessment(s) that imposes or would impose a liability for tax of any nature or kind whatsoever on either party, or in the event any Charges are disallowed by a competent authority, or there has been a change in any applicable law, regulation or order of a regulatory tribunal, which changes the economics of this Agreement for a party, the Charges for the Services provided shall be varied by increasing or decreasing the amount agreed to by the parties, effective on the date the said imposition, disallowance or charge is effective ("Change Date"). If the parties do not agree to vary the said remuneration on or before the 5th day before the Change Date then either party may terminate this Agreement at any time on or after the Change Date upon written notice.

7.2 Payment Upon Termination

Subject to set off rights, upon termination of any Service Assignment, RECEIVER shall pay all amounts due and owing to PROVIDER for Services performed to the date of termination pursuant to the requirements set out in such Service Assignment. Subject to Section 7.4, each party shall be entitled to all its costs, expenses or damages incurred or suffered as a result of the termination if the termination is due to a default by the other party as set out in section 7.1(a), (b) or 4.3.

7.3 Delivery Upon Termination

Upon termination, the parties will comply with requests in accordance with section 5.3 and

6.1(b) hereof after RECEIVER has paid all outstanding Charges.

7.4 Limitation of Liability

- (a) Neither party shall be liable for indirect, consequential, exemplary or punitive damages, regardless of the form of action, whether in agreement, tort or otherwise, and even if such party has been advised of the possibility of such damages.
- (b) In no case shall either party's maximum warranty, contract, negligence, strict liability or otherwise, exceed in the aggregate, for PROVIDER, the actual payments received by it under the Service Assignment period to which the claim relates, and for RECEIVER, the amounts required to be paid under such Service Assignment period for such completed service.

7.5 Survival of Obligations

Notwithstanding any termination of any Service Assignment or this Master Services Agreement, the provisions of sections 4, 5, 6 and 7 shall survive such termination.

8. DISPUTE RESOLUTION

8.1 Notice and Meeting

Without prejudice to any other rights or remedies, a party may provide notice to the other party of a dispute. Within five (5) business days of the giving of such notice of a dispute, the parties may conduct a meeting either to: (i) resolve the matter and set forth such resolution in writing; or (ii) define the dispute in writing including a description of the position of each party and the activities which would be affected by the proposed resolution submitted by each party.

8.2 Executive Resolution

If the parties are unable to reach an agreement pursuant to Section 8.1 above, then within ten (10) business days after the giving of such notice of dispute, an officer of each party may meet to attempt to reach a resolution of the matter in light of the description of the dispute submitted by the parties and further discussion among and between the parties and their respective representatives. If they are unable to resolve the dispute and neither party can or desires to use its right to terminate, they may further define the dispute in writing based upon discussions held at their meeting and mutually agree to proceed to mediation.

9. MISCELLANEOUS

9.1 Entire Agreement

Each Agreement sets forth the entire agreement for the Services between the parties and supersedes and replaces all previous discussions, negotiations and agreements regarding these Services.

9.2 Assignment

Neither party shall assign the whole or any part of the Agreement without the other party's prior written consent, which consent may be arbitrarily withheld. An approved assignment of this Agreement will be deemed to include all Service Assignments made pursuant to this Agreement unless otherwise stated.

9.3 Laws

- a) Each Agreement shall be governed and construed in accordance with the laws of the Province of Ontario.
- b) PROVIDER shall comply with all laws and regulations applicable to the performance of the Services at the place or places at which the Services are performed.
- c) This Agreement shall also be subject to all valid and applicable federal, provincial and state laws and the rules and regulations of any duly constituted regulatory body or authority having jurisdiction over a party or the subject matter of this Agreement.

9.4 Independent Contractor

PROVIDER is an "independent contractor" and is not an agent, servant or employee of RECEIVER. PROVIDER shall be solely responsible for all of its employees and contractors.

9.5 Right to Require Strict Performance

A party's right to require strict performance of the obligations of the other party under the Agreement shall not be extinguished or impaired by the waiver of any default under this Agreement unless such waiver is in writing and is signed by a duly authorized representative of the waiving party, and no such waiver shall affect the rights of the waiving party in respect of any other or future default, whether similar or not.

9.6 Notice

Any notice, direction or other instrument required or permitted to be given under the Agreement shall be in writing and may be given by delivering it or by sending it by facsimile as follows:

If to RECEIVER:

Market Hub Partners Management Inc.
50 Keil Drive North
Chatham, Ontario,
N7M 5M1
Attention: Frank Thibault, Vice-President
Facsimile No.: 519—436-4560

If to PROVIDER:

Union Gas Limited
50 Keil Drive North
Chatham, Ontario, N7M 5M1
Attention: Rick Birmingham, Senior Vice-President, Regulatory Affairs and
Marketing
Facsimile No.: 519-436-5495

Any notice, direction or other instrument shall:

- a) if delivered, be deemed to be given or made at the time of delivery;
- b) if sent by facsimile, be deemed to be given or made on the day following the day on which it was sent.

9.7 Signed in Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

9.8 Effective Date

The effective date of each of the Service Assignments shall be the date indicated on the Service Assignment (the "Effective Date"). It is understood that the Effective Date may precede the date of this Agreement.

9.9 Force Majeure

In the event that either party is prevented from performing, or is unable to perform, any of its obligations under this Agreement due to any act of God, fire, casualty, flood, war, strike, lock out, failure of public utilities, injunction or any act, exercise, assertion or requirement of any governmental authority, epidemic, destruction of production facilities, insurrection, inability to obtain labor, materials, equipment, transportation or energy sufficient to meet needs, or any other cause, whether similar or dissimilar, beyond the reasonable control of the party invoking this provision ("Force Majeure Event"), and if such party shall have used reasonable efforts to avoid such occurrence and minimize its duration and has given prompt written notice to the other party, then the affected party's failure to perform, excepting payment for Charges provided, shall be excused and the time for performance shall be extended for the period of delay or inability to perform due to such occurrence.

9.10 Cooperation and Access

The parties agree to cooperate, as set forth in each Service Assignment, with each other to the extent necessary for Provider to perform its Services thereunder including: providing the other party with mutually agreed equipment, material, information, assistance; reasonable access to, and use of, its premises, computers and other equipment during normal business hours, and; reasonable access to its personnel during normal business hours. Each party when it is on the other party's premises, agrees to comply at all times with the other party's applicable rules and regulations regarding safety, security, use and conduct provided written notice of same has been provided.

IN WITNESS WHEREOF the parties have executed this Master Services Agreement, by their authorized signatories, as of the date first above written.

UNION GAS LIMITED

MARKET HUB PARTNERS CANADA L.P. by its
General Partner, MARKET HUB PARTNERS
MANAGEMENT INC.

Per: _____



Per: _____



Per: _____

