

**L. E. Smith, Q.C.**  
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Our File No.: 55350-5

December 20, 2005

Mr. John Reed  
Concentric Energy Advisors, Inc.  
313 Boston Post Road West, Suite 210  
Marlborough, MA 01752

Re: Market Hub Partners Canada L.P. ("MHP")  
Ontario Natural Gas Electricity Interface – Gas Storage Proceeding

Dear Mr. Reed:

Thank you for agreeing to provide expert assistance in connection with MHP's participation in the Ontario Natural Gas Electricity Interface – Gas Storage Proceeding ("Storage Proceeding"). It is anticipated that evidence will be filed with the Ontario Energy Board ("OEB") in the first quarter of 2006. This letter will serve as our agreement to retain you. The scope of your retainer is attached hereto as Exhibit A.

Bennett Jones LLP ("Bennett Jones") represents MHP in connection with the Storage Proceeding. In this engagement, you will provide expert assistance in the Storage Proceeding and will work under the direction of Bennett Jones. We may ask you to prepare and submit testimony or affidavits to the OEB, and/or to appear at an OEB hearing, as an expert witness in these matters. In addition, we may ask you to assist in the preparation of submissions or responses to information requests as part of the Storage Proceeding. You will offer independent, objective opinions and analysis.

During the course of your work, we may provide to you confidential and/or proprietary information, and you agree that you will keep that information confidential as prescribed in this agreement. We also may provide to you information that other parties, including the OEB, have produced in discovery and designated as confidential. We understand that you agree to protect such information from disclosure. You will keep your engagement and your work on these matters, and all nonpublic information you receive in connection with your work, confidential. You will not disclose your work to anyone other than MHP or Bennett Jones unless we instruct you otherwise. As discussed above, we may instruct you to disclose your work as part of an expert report and/or expert discovery, in which case your disclosures shall only be in connection with the Storage Proceeding.

By this agreement, you agree that you and all people under your supervision are obligated not to disclose any confidential information or documents used or obtained in the course of this engagement, or your work product related to this engagement to any third party, other than Bennett Jones, or except as directed by MHP or Bennett Jones. All written communications and other products must be marked "Privileged and Confidential-Work Product Material" in the upper right-hand corner of the first page. You should keep all such documents and other materials pertaining to your work on tasks performed pursuant to this engagement in separate, secure files available only to persons working on this engagement. This obligation of confidentiality does not apply to data or information which: (i) is or becomes generally available to the public other than as a result of a disclosure by MHP, Bennett Jones, or you; (ii) was in your possession prior to the time it was disclosed to you by MHP or Bennett Jones; or (iii) is disclosed to you by a third party who is under no obligation of confidentiality to MHP.

In the event you receive any judicial, administrative or other subpoena or order seeking disclosure of information that is confidential under this agreement, you shall promptly notify MHP and Bennett Jones. Before disclosing information in response to such a subpoena or order, you agree to take reasonable steps to protect the information from disclosure until MHP and/or Bennett Jones have had a reasonable opportunity under the circumstances to decide whether to intervene in the proceedings or take other steps to protect the information from disclosure. In addition, you should immediately notify MHP and Bennett Jones of any other request by any other person to examine, inspect or copy any documents or records that are in your possession as a result of this engagement.

It is possible that during the course of your engagement in these matters, it will no longer be appropriate for you to continue your work on behalf of MHP. Moreover, the Storage Proceeding, including any judicial review thereof, will terminate as to all issues and all parties at some point in the future. Regardless of when your work ends, the confidentiality provisions set forth above will continue to apply to you and your firm according to their terms. Further, you will be instructed by MHP and/or Bennett Jones either to destroy or return to MHP and/or Bennett Jones all documents or other materials you have furnished in connection with this engagement, as well as all reports, notes, or other documents, or other materials you have received from MHP or Bennett Jones. All such materials, regardless of their nature or the source from which they came, are held by you solely for the purposes of the Storage Proceeding and are subject to the unqualified right of MHP and/or Bennett Jones to receive the immediate return of any such materials upon request.

The present agreement to provide consulting services is limited to these matters, described above, for which you have been engaged. You may of course accept other employment during this engagement and thereafter, provided that for the period beginning with your execution of this agreement and continuing through the pendency of the Storage Proceeding, including any judicial review thereof, you do not accept (1) any other employment pertaining to the Storage Proceeding, or (2) any employment from any person

for the purpose of asserting or assisting in the assertion, in any proceeding, of a position contrary to the position of MHP in the Storage Proceeding, or (3) any employment that would in any way be inconsistent with the performance of your commitments to MHP. You also represent that, based upon your reasonable inquiry, you are not aware of any current obligations under any other agreements or otherwise that would preclude you from fulfilling your obligations under this agreement. MHP and/or Bennett Jones would be pleased to discuss with you any possible employment that you believe may have the potential to raise concerns of this nature.

You agree that you will be acting as an independent contractor and that you will not be entitled to any of the benefits to which employees of MHP, any direct or indirect subsidiary of Duke Energy Corporation, any Partner of MHP, or Bennett Jones or any affiliate of such entities may be entitled, such as group life, health, dental and similar medical plans, thrift plans, ESOP plans, incentive compensation plans, vacations, sick pay or similar benefits.

You will charge your customary hourly rate per hour for your services in this matter. You may be assisted from time to time by other professionals in your firm, and you will charge their customary hourly rates. The existing customary hourly rates for your firm are attached hereto as Exhibit B. We understand that these rates, from time to time, may be reviewed by your firm and that there may be reasonable increases in the rates. You shall be responsible for the payment of all applicable federal, state and local taxes pertaining to such payments, except that you may add to any bill any taxes (e.g. GST, PST, HST, etc.) that you are required to impose under prevailing laws in Canada. You will also be reimbursed for your reasonable expenses incurred in connection with this matter, including travel, photocopying, faxing, long distance telephone and messenger services.

You agree that MHP will be responsible for paying your invoices. Your statements should set forth in reasonable detail a description of the time spent and the tasks performed and should be sent no later than ten days following the end of the month in which services were performed. If any undisputed portion of your invoices becomes more than 30 days delinquent, you may charge interest on the undisputed portion at a rate of 12 percent per annum or the maximum rate allowable by law, whichever is less. If a dispute arises regarding your invoices, you will continue to perform your duties under this agreement. Please address your invoices to Mr. Jim Redford at MHP and submit them to my attention at Bennett Jones LLP, 4500 Bankers Hall East, 855 2<sup>nd</sup> Street S.W., Calgary, Alberta, Canada, T2P 4K7. I will forward them to the appropriate representative of MHP for payment.

In no event will any of the MHP Entities or any of the Concentric Entities be liable for special, incidental, consequential, punitive, or similar damages in connection with this engagement. For purposes of this agreement, (i) the MHP Entities are defined as MHP, any direct or indirect subsidiary of Duke Energy Corporation, any Partner of MHP, Bennett Jones and any affiliates of such entities and any employee, agent, consultant or

representative of any such entities (including affiliates) involved in the matters that are the subject of this engagement, and (ii) the Concentric Entities are defined as Concentric Energy Advisors, Inc. ("Concentric"), its employees, agents, consultants and representatives involved in this engagement.

We understand and agree that Concentric's use of its proprietary computer software, methodology, procedures or other proprietary information in connection with this engagement shall not give us any rights with respect to such proprietary information. Concentric may retain and further use the technical content of its work hereunder. The work products produced for MHP hereunder, however, will become the property of MHP and may not be utilized for any other purpose without its express permission.

We also understand that your work is not meant to be a substitute for the exercise of the business judgment of MHP and any joint venture partners or to be for the benefit of other third parties with whom you have no direct relationship. Thus, unless otherwise agreed to in writing, we agree that the work you do for MHP is intended for the benefit of MHP and any joint venture partners only, and not for the benefit of any other third party. If we desire to use your work for the benefit of any other third party, we agree to negotiate further terms with you.

This agreement shall be governed by the laws of the Province of Alberta, without recourse to the law regarding the conflict of laws.

This agreement may be executed in counterparts, and all executed counterparts together shall constitute one agreement.

If you agree to the terms of this agreement, please indicate by having a duly authorized representative of Concentric sign and date two original counterparts of this agreement in the space provided below. Please return one original counterpart to my attention at Bennett Jones LLP, 4500 Bankers Hall East, 855 2<sup>nd</sup> Street S.W., Calgary, Alberta, Canada, T2P 4K7.

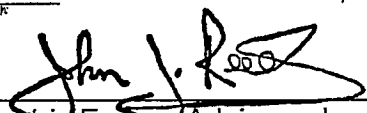
Yours truly,

**BENNETT JONES LLP**



L.E. Smith

ACCEPTED AND AGREED TO  
THIS \_\_\_\_ DAY OF DECEMBER, 2005



\_\_\_\_\_  
Concentric Energy Advisors, Inc.

## Exhibit A

### **CONCENTRIC ENERGY ADVISORS, INC. SCOPE OF RETAINER**

To prepare evidence for use in the Storage Proceeding that addresses the need for a competitive marketplace for storage services in Ontario and the state of that marketplace today. The evidence will incorporate, as appropriate, the market power studies and assessments completed for the MHP St. Clair and Sarnia Airport Pool projects. The evidence will also supplement such prior work by:

- Addressing questions raised in MHP's adjourned St. Clair Pool storage application, including OEB Interrogatories 4, 10, 15, 21 and 27 as well as Wolnik & Associates 4.
- Providing a full definition of the measure of a competitive storage market.
- Reviewing cost comparators to demonstrate the ability of storage located in jurisdictions outside Ontario to compete in the Ontario storage market.
- Providing an in-depth discussion of liquidity at Dawn.
- Reviewing U.S. and Canadian case studies of unregulated companies operating in the same storage marketplace (physically or contractually) as affiliated regulated companies and doing so on the same basis as companies not affiliated with regulated companies.
- Reviewing market-based rate approvals for storage services, with emphasis on U.S. and Canadian examples.
- Providing an in-depth discussion of substitute services for physical storage, including financial substitutes, other load balancing options and additional pipeline capacity.
- Commenting on the three scenarios for the pricing of storage [(i) current mixed cost-based and market pricing; (ii) all cost-based pricing; or (iii) all market pricing] raised by Board staff at page 36 of the November 21, 2005 *Natural Gas Electricity Interface Review* report (the "NGEIR Report").
- Commenting generally on the NGEIR Report.
- Assessing what is needed for a level playing field amongst storage providers (both regulated and independent) in Ontario, including an assessment of:
  - (i) the ability to provide services to gas-fired electric generators;
  - (ii) the ability to access transportation; and

- (iii) the appropriateness and consequences of remarketing the unutilized cost-of-service storage allocation from the utility in competition with market-based storage.
- Assessing the expected impacts of market-based rates for all storage in Ontario, including an assessment of:
  - (i) price signals; and
  - (ii) efficient infrastructure development and usage.

Exhibit B

CONCENTRIC ENERGY ADVISORS, INC.  
HOURLY RATE SCHEDULE

| Title                                | Hourly Rates (\$US) |
|--------------------------------------|---------------------|
| Chairman and Chief Executive Officer | [REDACTED]          |
| President                            | [REDACTED]          |
| Vice President, Executive Advisor    | [REDACTED]          |
| Assistant Vice President             | [REDACTED]          |
| Project Manager                      | [REDACTED]          |
| Senior Consultant                    | [REDACTED]          |
| Consultant                           | [REDACTED]          |
| Assistant Consultant                 | [REDACTED]          |
| Analyst                              | [REDACTED]          |
| Project Assistant                    | [REDACTED]          |