

8. *Coordination and Consultation*

Each Government will designate a senior official for the purpose of carrying on periodic consultations on the implementation of these principles relating to the construction and operation of the Pipeline. The designated senior officials may, in turn, designate additional representatives to carry out such consultations, which representatives, individually or as a group, may make recommendations with respect to particular disputes or other matters, and may take such other action as may be mutually agreed, for the purpose of facilitating the construction and operation of the Pipeline.

9. *Regulatory Authorities: Consultation*

The respective regulatory authorities of the two Governments will consult from time to time on relevant matters arising under this Agreement, particularly on the matters referred to in paragraphs 4, 5 and 6, relating to tariffs for the transportation of gas through the Pipeline.

10. *Technical Study Group on Pipe*

- (a) The Governments will establish a technical study group for the purpose of testing and evaluating 54-inch 1120 pounds per square inch (psi), 48-inch 1260 psi, and 48-inch 1680 psi pipe or any other combination of pressure and diameter which would achieve safety, reliability and economic efficiency for operation of the Pipeline. It is understood that the decision relating to pipeline specifications remains the responsibility of the appropriate regulatory authorities.
- (b) It is agreed that the efficient pipe for the volumes contemplated (including reasonable provision for expansion), subject to appropriate regulatory authorization, will be installed from the point of interconnection of the Pipeline with the Dempster Line near Whitehorse to the point near Caroline, Alberta, where the Pipeline bifurcates into a western and an eastern leg.

11. *Direct Charges by Public Authorities*

- (a) Consultation will take place at the request of either Government to consider direct charges by public authorities imposed on the Pipeline where there is an element of doubt as to whether such charges should be included in the cost of service.
- (b) It is understood that the direct charges imposed by public authorities requiring approval by the appropriate regulatory authority for inclusion in the cost of service will be subject to all of the tests required by the appropriate legislation and will include only
 - (i) those charges that are considered by the regulatory authority to be just and reasonable on the basis of accepted regulatory practice, and
 - (ii) those charges of a nature that would normally be paid by a natural gas pipeline in Canada. Examples of such charges are listed in Annex IV.

12. *Other Costs*

It is understood that there will be no charges on the Pipeline having an effect on the cost of service other than those:

- (i) imposed by a public authority as contemplated in this Agreement or in accordance with the Transit Pipeline Treaty, or
- (ii) caused by Acts of God, other unforeseen circumstances, or
- (iii) normally paid by natural gas pipelines in Canada in accordance with accepted regulatory practice.