Open Season
Northern Border Pipeline Company

In response to expressions of interest, Northern Border Pipeline Company ("Northern Border") is conducting a binding open season ("Open Season"), subject to the conditions set forth herein, for firm transportation capacity on a proposed expansion of its facilities from Harper, Iowa to Manhattan, Illinois ("Expansion Capacity"). In conjunction with the Expansion Capacity, Northern Border is reserving and offering its existing pipeline system capacity from Port of Morgan, Montana to Harper, Iowa ("Existing Capacity"). The Expansion Capacity and the Existing Capacity are collectively referred to as the Chicago IV Project.

Open Season

The Open Season will commence on August 22, 2008 at 1:00 PM Central Clock Time ("CCT") and is scheduled to close on August 29, 2008 at 1:00 PM CCT ("Bid Close"). A completed Offer Sheet and Precedent Agreement for the Project must be received by Northern Border prior to the close of the Open Season.

Bidders shall submit a completed Offer Sheet and Precedent Agreement relating to the Open Season by regular mail or overnight courier to Northern Border Pipeline Company, 13710 FNB Parkway, Omaha Nebraska 68154-5200, or via fax at (402) 492-7488, Attention: Bill Fonda.

Questions concerning the Open Season should be directed to:

Bill Fonda	(402) 492-7430
Dick Shepherd	(402) 492-7431
Jeff Nielsen	(402) 492-7421
Colin Strom	(402 492-7419
Rita Homan	(402) 492-7365 (Credit)

Description of the Open Season

Northern Border is offering firm transportation service from Port of Morgan, Montana to Manhattan, Illinois for a minimum ten (10) year term. It is anticipated that the Chicago IV Project will utilize Existing Capacity and require increased compression and modification to pipeline facilities as well as construction of additional appurtenant facilities for the Expansion Capacity depending on the ultimate design of the Chicago IV Project. Northern Border estimates the expansion portion of the Chicago IV Project to be 220,000 Mcf per day. However, the quantity of Expansion Capacity will be determined by the level of binding shipper commitments in the Chicago IV Open Season less any accepted offers to turn-back capacity, reductions due to a one-time adjustment right resulting from the Right of First Refusal ("ROFR") process, or any capacity obtained by a Bidder through the permanent capacity release process as described below. Northern Border anticipates reserving Existing Capacity for the Chicago IV Project. The Billing Commencement Date for awarded Existing Capacity shall be the in-service date of the Pathfinder Pipeline Project or the Bison Pipeline Project as described in Docket Nos. PF08-22 and PF08-23, respectively. The projected in-service date for the Expansion Capacity is November, 2010.

Turn-back Capacity Offers

As part of this Open Season, Northern Border is requesting turn-back of firm capacity from shippers who have firm capacity within their contracted Transportation Path from the point of Harper, IA to the delivery point of Manhattan, IL. Shipper(s) that wish to offer turn-back capacity for such path should submit to Northern Border by the Bid Close, a completed Capacity Turn-Back Form that is attached to this Open Season announcement. Shippers are advised that the only portion of its Transportation Path subject to this turn-back offer is Harper, IA to Manhattan, IL. Northern Border retains the right to accept any or all of the offers for turn-back capacity in order to optimize the size and minimize the impact of a capacity expansion, subject to designing an economically viable project. Such offers will be evaluated on a reverse present value basis using the formula contained in Section 27.23(a)(i) of Northern Border's General Terms and Conditions of its FERC Gas Tariff. Accepted offers for turn-back capacity will be contingent and effective upon the in-service date of the Expansion Capacity portion of the Chicago IV Project. In the event that Northern Border awards turn-back capacity, it will be allocated to Chicago IV Project Shippers on a net present value basis, unless such Shippers have an equal net present value, then turn-back capacity will be allocated on a pro-rata basis. Northern Border's decision to accept turn-back capacity on a contingent basis will be communicated to Shippers and posted on its public website after determining the design capacity of the Expansion Capacity of the Chicago IV Project and receiving management approval to proceed with the preparation of a certificate filing for the Chicago IV Project.

Right of First Refusal

A ROFR shall be applicable to Shipper's U.S. Shippers Service Agreements applicable to the Chicago IV Project. The ROFR shall be in accordance with Section 5 of Rate Schedule T-1 contained in Northern Border's Tariff.

Charges for Chicago IV Project Services

The proposed firm transportation service for the Chicago IV Project will be provided pursuant to Rate Schedule T-1 in Northern Border's Tariff. Shippers interested in bidding a Transportation Path of Port of Morgan, MT to Manhattan, IL are offered a reservation rate for a minimum ten (10) year initial term as set forth in the Offered Rate columns of the "Reservation Rate Summary" below or the applicable recourse reservation rate as shown on the Reservation Rate Summary. The Offered Rate is the combination of a discounted rate for the Transportation Path from Port of Morgan, MT to Harper, IA and a negotiated fixed rate from Harper, IA to Manhattan, IL ("Offered Rate"). Shippers interested in bidding a Harper, IA to Manhattan, IL Transportation Path shall be subject to the applicable recourse reservation rate for a minimum ten (10) year initial term as set forth in the Reservation Rate Summary ("Incremental Reservation Rate"). Shippers may submit Offers for the Transportation Path of Port of Morgan, MT to Manhattan, IL or a Harper, IA to Manhattan, IL Transportation Path. The Reservation Rate Summary below summarizes the Offered Rate and the recourse reservation rates for the two potential project design capacity levels of Chicago IV Project being considered.

Reservation Rate Summary					
Potential Project Design Capacity	**Recourse Rate ($ per Dth)**		**Offered Rate ($ per Dth)**		
	Transportation Path	[1]	Transportation Path		
MMcf/d	Harper - Manhattan Incremental	Total	Port of Morgan - Harper Discount	Harper - Manhattan Negotiated	Total
	$	$	$	$	$
220	0.2050	0.5194	0.2807	0.1861	0.4668
75	0.1918	0.5062	0.2807	0.1729	0.4536

[1] For comparison purposes, this total recourse reservation rate is the recourse reservation rate for the Port of Morgan, MT to Manhattan, IL Transportation Path which includes the existing recourse reservation rate from Port of Morgan, MT to Harper, IA of $0.3144 per Dth.

Depending on the ultimate design of the Chicago IV Project, the corresponding reservation rates above for the design capacity will be applicable to a Chicago IV Project Shipper consistent with its completed Offer Sheet. In the event Shipper reduces or eliminates its Existing Capacity, due to capacity awarded pursuant to the ROFR or Permanent Capacity Release processes, as described further below, the Offered Rate remains applicable to the Bidder's Transportation Path for the Chicago IV Project as reflected in its completed Offer Sheet.

In addition to the reservation rates described above, Shippers will be required to pay applicable commodity charges and any applicable surcharges pursuant to Northern Border’s Tariff. Northern Border’s currently effective surcharges include the FERC Annual Charge ("ACA") and the Compressor Usage Surcharge, and Shippers are also required to provide Company Use Gas. As part of its certificate application for the Chicago IV Project, Northern Border proposes that Chicago IV Project Shippers would be subject to its existing Company Use Gas and Compressor Usage Surcharge Tariff provisions. However, Bidders for the Expansion Capacity are advised that if an incremental fuel rate is required by FERC for the Expansion Capacity portion of the Chicago IV Project, it is estimated to be $0.07 to $0.10 per Dth. If such occurs, Northern Border proposes that the incremental fuel rate would be surcharged to Chicago IV Project Shippers for the Expansion Capacity in lieu of Company's currently effective Company Use Gas and Compressor Usage Surcharge.

Acceptable Bids

An executed Offer Sheet and executed Precedent Agreement must be submitted for each individual Bid.

Bid(s) must be submitted prior to Bid Close.

An acceptable bid shall consist of the following:

a. An unmodified and executed Offer Sheet for either the Transportation Path from Port of Morgan, MT to Manhattan, IL ("Expansion and Existing Capacity") or the Transportation Path from Harper, IA to Manhattan, IL ("Expansion Capacity"). In addition, the Offer Sheet for the Expansion and Existing Capacity requests the Bidder to indicate its Receipt Point for Primary Capacity Scheduling Rights, if different from Northern Border's Compressor Station No. 6, the Maximum Receipt Quantity ("MRQ"), term of service (minimum term accepted is ten (10) years), Bidders election to accept or reject a lesser MRQ pursuant to the capacity allocation process described below, and for the Expansion and Existing Capacity Offer Sheet, the selection of either the Recourse Reservation Rate or the Offered Reservation Rate; and

b. An executed Precedent Agreement acceptable to Northern Border for the applicable Transportation Path. Two forms of Precedent Agreements are available; one for Expansion and Existing Capacity and the other for only Expansion Capacity.

The Offer Sheets and forms of Precedent Agreement are included in this Open Season posting.

Creditworthiness Requirements

Bidders in the Open Season must commit to comply with the creditworthiness terms of Section 2(b) of the Precedent Agreement.

Northern Border shall evaluate a Bidder for the level of service requested in accordance with the credit criteria described in Section 41.1-4 of Northern Border’s Tariff and contained in Section 2(b)(ii) of the Precedent Agreement.

As an alternative, or if Bidder is not deemed creditworthy, creditworthiness may be established by providing and maintaining one of the following credit alternatives: (i) a guarantee of Bidder's obligations, in the form as required by Northern Border, from an entity deemed creditworthy by Northern Border in accordance with the credit criteria described in Section 41.1-4 of Northern Border's Tariff; or (ii) an irrevocable standby letter of credit, in the form as required by Northern Border, from a creditworthy bank; or (iii) other security as is acceptable to Northern Border. Such letter of credit, or other security deemed collateral, shall be equal to thirty-six (36) months of anticipated reservation charges for Expansion Capacity and 3 months for reservation charges for Existing Capacity. See Tables 1 and 2 under Section 2(b)(iii) of the Precedent Agreement for further information concerning the requirements for credit alternatives.

Additional Terms and Conditions

Bidders may submit only one (1) Offer Sheet for each Transportation Path.

Any Bid not complying with these terms and conditions will be rejected.

Withdrawal of Bids

Bid(s) received in response to the Open Season may be withdrawn prior to Bid Close upon written notification to Northern Border. If a Bid is withdrawn, Bidder may submit a Bid to replace a withdrawn Bid anytime prior to Bid Close.

Bid Contingencies

Unless an extension of time is granted by Northern Border, the deadline for the resolution of the following bid contingencies is 12:00 PM CCT, September 12, 2008:

a. Bidder obtaining necessary capacity on upstream pipelines.

b. Bidder obtaining requisite management or board approval.

Award and Allocation of Capacity

Upon Bid Close and a determination by Northern Border, in its sole discretion, that the initial design parameters of the Chicago IV Project results in an economically viable project, Bids from shippers complying with the terms of the Open Season will be awarded capacity. Capacity to be awarded among Bidders will be evaluated on a present value basis determined in the following manner:

Present Value of Bid = $R[1-(1+I)^{-N}]/I$

Where:

R = Reservation Rate per the completed Offer Sheet per Dth/d. The applicable reservation rate for the 220 MMcf/d project capacity level will be used in this computation.

I = FERC's latest annual discount rate divided by 365 days.

N = Bid term (days).

The higher the present value, the higher the ranking.

If there is a tie amongst Bids in the present value basis determination, capacity will be awarded in the sequence in which the Bids are drawn one at a time at random from a bowl in which each of such Bids have been placed individually up to a total MRQ of 220,000 Mcf/day. The drawing will be conducted by a separate impartial entity not affiliated with Northern Border. Bidders will be notified of the initial awarded MRQ within one business day of the completion of this process.

Adjustment Resulting from ROFR Process

In conjunction with this Open Season and in accordance with the terms of Section 5 of Rate Schedule T-1 of its Tariff, Northern Border has initiated the ROFR process to applicable contracted shippers in order to attempt to optimize the size and mitigate the impact of the Project, subject to the design capacity of an economically viable Chicago IV Project. Bidder(s) who are initially awarded capacity in the Open Season shall have a one-time right to reduce the amount of awarded Existing Capacity or Expansion Capacity in the Chicago IV Project if it is successful in obtaining capacity in the aforementioned ROFR process. Bidders awarded capacity in the Open Season may reduce any quantity of the Expansion Capacity portion of its awarded Chicago IV Project capacity to the extent it is able to obtain ROFR capacity for the same Transportation Path for the Expansion Capacity portion as awarded in the Open Season. Once Bidder is awarded capacity from the ROFR process, Bidder is required to amend the term of the resulting U.S. Shippers Service Agreement(s) to at least a minimum ten (10) year term as required in the Open Season. Bidder awarded capacity as a result of the ROFR process must notify Company by November 3, 2008 of its election to reduce any Chicago IV Project capacity by any awarded capacity in the ROFR process and shall be required to execute an amendment to the Precedent Agreement by no later than November 5, 2008.

Adjustment Resulting from Permanent Capacity Release

Bidders may reduce any quantity of the Existing and/or Expansion Capacity of its awarded Chicago IV Project capacity to the extent it is able to obtain a permanent release of capacity by November 3, 2008 in accordance with the terms and conditions of Northern Border's Tariff. In order to reduce the Expansion Capacity portion of its awarded Chicago IV Project capacity, Shipper must have obtained a permanent release that includes the path from Harper, IA to Manhattan, IL. If Shipper chooses to reduce its awarded Chicago IV Project capacity for an awarded permanent capacity release pursuant to this provision, Shipper is required to amend the term of the resulting U.S. Shippers Service Agreement associated with the permanent capacity release to at least a minimum ten (10) year term. In that event, Shipper shall be required to execute an amendment to the Precedent Agreement by no later than November 5, 2008.

Adjustments Resulting from Bidder Acting as Agent for Other Parties

Bidders acting as an agent on behalf of other parties, may also reduce its awarded MRQ for Existing or Expansion Capacity in the Chicago IV Project for capacity obtained by such other parties through the ROFR process and/or from a permanent capacity release. Bidder must state in its completed Offer Sheets that it is acting on behalf of other parties.

If a party provides written notification to Company stating that Bidder is acting on its behalf and indicates that it has obtained capacity through the ROFR process or a permanent capacity release and it is verified by Northern Border, such reduction will be applied to Bidder's corresponding MRQ. In no event will this right extend beyond November 3, 2008. If a MRQ reduction results from this process, Bidder shall be required to execute an amendment to its Precedent Agreement by no later than November 5, 2008.

Determination of Design Capacity

Following the evaluation of the Open Season results and considering the results of any turn-back offers, results of the ROFR process and permanent capacity releases, Northern Border will determine the economical design of the Expansion Capacity portion of the Chicago IV Project. Upon such determination, any reduction in the design of the Expansion Capacity shall be allocated on a pro-rata basis down to the 75,000 Mcf/d design capacity level, identified in the Reservation Rate Summary contained in this Open Season, among all Bidders awarded Expansion Capacity in the Chicago IV Project.

Northern Border shall post on its public website its initial and non-binding determination that, in Northern Border's sole judgment, the Chicago IV Project may be economically viable and capable of receiving acceptable regulatory approval, if required. By soliciting Bids via this Open Season announcement, Northern Border commits only to pursue, in good faith, the development and prosecution of an economically viable project and expressly reserves the right to determine, at any time prior to initial construction, that the Chicago IV Project is not economically viable and or capable of receiving all regulatory approvals.

NORTHERN BORDER PIPELINE COMPANY
CHICAGO IV PROJECT
OFFER SHEET

EXPANSION AND EXISTING CAPACITY

BIDDER -

ADDRESS -

Maximum Receipt Quantity (MRQ): _________ Mcf/day

Yes____No____ Bidder is willing to accept a lesser MRQ in the event of proration of capacity

Transportation Path:

Receipt Point: Port of Morgan, Montana Delivery Point: Manhattan, Illinois

Primary Capacity Scheduling Rights for Existing Capacity Portion of Total Transportation Path: (Check One)

☐ Receipt Point: Compressor Station No. 6

☐ Receipt Point: ____________________

Term: __________ (must be a minimum of ten (10) years from the Billing Commencement Date for Existing Capacity and also a minimum of ten (10) years from the In-Service Date for the Expansion Capacity).

Agent for Other Parties: ☐ Yes ☐ No

Rate: (select one)

_________ Recourse Reservation Rate

_________ Offered Reservation Rate [1/]

[1/] The Offered Rate consists of a discount reservation rate for the Existing Capacity Transportation Path of Port of Morgan, MT to Harper, IA and a negotiated reservation rate for the Expansion Capacity Transportation Path of Harper, IA to Manhattan, IL. Upon the Billing Commencement Date, the total rate to be charged for firm service, in addition to the applicable reservation rate, shall include the applicable commodity rate and surcharges, set forth in Section 3 of Rate Schedule T-1. Shipper shall also be responsible for providing its applicable Company Use Gas in accordance with Company's Tariff. However, in the event FERC orders Company to charge fuel on an incremental basis, then Northern Border proposes to surcharge an estimated incremental fuel rate of approximately $0.07 to $0.10 per Dth in lieu of Company Use Gas and the Compressor Usage Surcharge.

Dated this ______________ day of _______________________, 2008

Northern Border Pipeline Company By: TransCanada Northern Border Inc., its Operator	(Name of Bidder)
Signed: ______________________________	______________________________
Name: ______________________________	
Title: ______________________________	
Signed: ______________________________	
Name: ______________________________	
Title: ______________________________	

NORTHERN BORDER PIPELINE COMPANY
CHICAGO IV PROJECT
OFFER SHEET

EXPANSION CAPACITY

BIDDER -

ADDRESS -

Maximum Receipt Quantity (MRQ): _________ Mcf/day

Yes ____ No ____ Bidder is willing to accept a lesser MRQ in the event of proration of capacity

Transportation Path:

Receipt Point: Harper, Iowa Delivery Point: Manhattan, Illinois

Term: __________ (must be a minimum of ten (10) years from the In-Service Date of Expansion Capacity)

Agent for Other Parties: ☐ Yes ☐ No

Rate: the Incremental Reservation Rate per the Chicago IV Project Reservation Rate Summary contained in the Open Season. [1/]

[1/] Upon the Billing Commencement Date, the total rate to be charged for firm service, in addition to the Incremental Reservation Rate, shall include the applicable commodity rate and surcharges, set forth in Section 3 of Rate Schedule T-1. Shipper shall also be responsible for providing its applicable Company Use Gas in accordance with Company's Tariff. However, in the event FERC orders Company to charge fuel on an incremental basis, then Northern Border proposes to surcharge an estimated incremental fuel rate of approximately $0.07 to $0.10 per Dth in lieu of Company Use Gas and the Compressor Usage Surcharge.

Dated this ______________ day of _______________________, 2008

Northern Border Pipeline Company By: TransCanada Northern Border Inc., its Operator	(Name of Bidder)
Signed: ________________________________	________________________________
Name: ________________________________	
Title: ________________________________	
Signed: ________________________________	
Name: ________________________________	
Title: ________________________________	

NORTHERN BORDER PIPELINE COMPANY
CHICAGO IV PROJECT
CAPACITY TURN-BACK OFFER SHEET

SHIPPER -

ADDRESS -

Contract No.: ________________

Maximum Receipt Quantity (MRQ): _________ Mcf/day that Shipper is offering to turn-back.
Transportation Path:

Receipt Point: Harper, IA
Delivery Point: Manhattan, IL

Effective Date of Turn-Back: The in-service date of the Chicago IV Project.

Shipper agrees that:

1. If this Offer is accepted by Company, Company will submit to Shipper an amendment to Shipper's U.S. Shippers Service Agreement for Shipper to execute within ten (10) business days.

2. This Offer to Turn-Back capacity will remain in effect until the effective date of an amendment to Shipper's U.S. Shippers Agreement that reflects the terms of this Offer to Turn-Back capacity.

Dated this ______________ day of _______________________, 2008

(Name of Shipper)

____

Acceptance of this Offer by Northern Border Pipeline Company
By: TransCanada Northern Border Inc., its Operator

Signed: _______________________________

Name: _______________________________

Title: _______________________________

Signed: _______________________________

Name: _______________________________

Title: _______________________________