

FERC GAS TARIFF

Third Revised Volume No. 1

(Superseding Second Revised Volume No. 1)

of

COLUMBIA GULF TRANSMISSION, LLC

FILED WITH

FEDERAL ENERGY REGULATORY COMMISSION

Communications concerning this tariff
should be addressed to:

Sorana Linder
Director, Rates, Tariffs, and Modernization
Columbia Gulf Transmission, LLC
700 Louisiana St., Suite 1300
Houston, TX 77002-2700
Phone: (832) 320-5209
Email: sorana_linder@tcenergy.com

TABLE OF CONTENTS

Volume No. 1

Part I.	Table of Contents – Volume No. 1
Part II.	Table of Contents – Volume No. 2
Part III.	Preliminary Statement
Part IV.	Maps
Part V.	Currently Effective Rates
	Section 1. FTS-1 Rates
	Section 2. FTS-2 Rates
	Section 3. ITS-1 Rates
	Section 4. ITS-2 Rates
	Section 5. PAL Rates
	Section 6. IMS Rates
	Section 7. FTS-1-ELXP Rates
	Section 8. Retainage Rates
	Section 9. FTS-1-GXP Rates
	Section 10. FTS-1 LAXP Rates
Part VI.	Rate Schedules
	Section 1. Firm Transportation Service (FTS-1)
	Section 2. Firm Transportation Service (FTS-2)
	Section 3. Interruptible Transportation Service (ITS-1)
	Section 4. Interruptible Transportation Service (ITS-2)

	Section 5.	Aggregation Service (AS-GULF)
	Section 6.	Interruptible Paper Pools (IPP-GULF)
	Section 7.	Parking and Lending Service (PAL)
	Section 8.	Imbalance Management Service (IMS)
	Section 9.	Reserved for Future Use
	Section 10.	Reserved for Future Use
Part VII.		General Terms and Conditions
Part VIII.		Form of Service Agreement for Service Under:
	Section 1.	Reference to Customers Having Non-Conforming Service Agreements Pursuant to Section 154.112(B) of the Commission's Regulations
	Section 2.	Rate Schedules FTS-1, FTS-2, ITS-1 and ITS-2
	Section 3.	Rate Schedule AS-GULF
	Section 4.	Rate Schedule IPP-GULF
	Section 5.	Rate Schedule PAL
	Section 6.	Rate Schedule Auto PAL
	Section 7.	Rate Schedule IMS
	Section 8.	Reserved for Future Use
Part IX.		Multi-Party Form of Service Agreement for Service Under:
	Section 1.	Rate Schedules FTS-1 and FTS-2
	Section 2.	Reserved for Future Use
	Section 3.	Reserved for Future Use
	Section 4.	Reserved for Future Use

Section 5.	Reserved for Future Use
Section 6.	Reserved for Future Use
Section 7.	Reserved for Future Use
Section 8.	Reserved for Future Use
Section 9.	Reserved for Future Use

TABLE OF CONTENTS

Volume No. 2

<u>Rate Schedule</u>	<u>Sheet No.</u>
X-31 Transportation Agreement between Columbia Gulf Transmission Company and Natural Gas Pipeline Company of America	344
X-38 Transportation Agreement between Tennessee Gas Pipeline Company, Amoco Production Company, Columbia Gas Transmission Corporation and Columbia Gulf Transmission Company	433
X-39 Exchange Agreement between Columbia Gulf Transmission Company, Southern Natural Gas Company, United Gas Pipeline Company and Natural Gas Pipeline Company of America	461
X-40 Exchange and Transportation Agreement between Columbia Gulf Transmission Company and Amoco Production Company	480
X-42 Transportation Agreement between Columbia Gulf Transmission Company and Natural Gas Pipeline Company of America	509
X-50 Transportation Agreement between Columbia Gulf Transmission Company and Amoco Production Company	619
X-51 Transportation Agreement between Columbia Gulf Transmission Company and Amoco Production Company	660
X-55 Transportation Agreement between Columbia Gulf Transmission Company and Natural Gas Pipeline Company of America	748
X-66 Transportation and Exchange Agreement between Columbia Gulf Transmission Company and Gulf Oil Corporation	932
X-68 Exchange Agreement between Columbia Gulf Transmission Company and Northern Natural Gas Company	978
X-70 Exchange Agreement between Columbia Gulf Transmission Company and Gulf Oil Corporation	1021
X-77 Transportation Agreement between Columbia Gulf Transmission Company and Southern Natural Gas Company	1216

X-78	Transportation Agreement between Columbia Gulf Transmission Company and Amoco Production Company	1246
X-79	Transportation Agreement between Columbia Gulf Transmission Company and Northern Natural Gas Company	1264
X-93	Transportation Agreement between Columbia Gulf Transmission Company and Chevron, U.S.A., Inc.	1683
X-94	Transportation Agreement between Columbia Gulf Transmission Company and Tennessee Gas Pipeline Company	1713
X-96	Transportation Agreement between Columbia Gulf Transmission Company and Southern Natural Gas Company	1770
X-97	Transportation Agreement between Columbia Gulf Transmission Company and Transcontinental Gas Pipe Line Corporation	1805
X-100	Transportation Agreement between Columbia Gulf Transmission Company and Bridgeline Gas Distribution Company	1875
X-102	Transportation Agreement between Columbia Gulf Transmission Company and Gulf Oil Corporation	1920

PRELIMINARY STATEMENT

Columbia Gulf Transmission, LLC (Transporter) is a natural gas transmission company that owns and operates a natural gas transmission system that commences from offshore Louisiana, and extends through Mississippi and Tennessee to northeast Kentucky. Its existing operations consist of the transportation of natural gas over its system in interstate commerce under authorization granted by and subject to the jurisdiction of the Federal Energy Regulatory Commission (Commission).

The transportation of natural gas is and will be undertaken by Transporter only under written contracts acceptable to Transporter upon consideration of existing commitments, gas supply, and delivery capability. Transporter will offer, award and render its transportation services in a non-discriminatory manner and otherwise in accordance with this Tariff and the Commission's regulations and policies.

MAP

The system map is available on Transporter's EBB. It may be accessed using the following link:

<https://ebb.tceconnects.com/infopost/Documents.aspx?Folder=%5C%5Ccgt%5C%5Cmaps>

CURRENTLY EFFECTIVE RATES

Currently Effective Rates
 Applicable to Rate Schedule FTS-1
 Rates in Dollars per Dth

Rate Schedule FTS-1	<u>Base Rate</u>	<u>Total Effective Rate</u>	<u>Daily Rate</u>
	(1)	(2)	(3)
	1/	1/	1/
<u>Market Zone</u>			
Reservation Charge			
Maximum	6.0839	6.0839	0.2000
Minimum	0.000	0.000	0.000
Commodity			
Maximum	0.0118	0.0118	0.0118
Minimum	0.0118	0.0118	0.0118
Overrun			
Maximum	0.2118	0.2118	0.2118
Minimum	0.0118	0.0118	0.0118

1/ Excludes the Annual Charge Adjustment (ACA) Surcharge. An ACA Commodity surcharge per Dth shall be assessed where applicable pursuant to Section 154.402 of the Commission's Regulations and in accordance with Section 31 of the GTC of Transporter's FERC Gas Tariff. The ACA unit charge authorized for each fiscal year (commencing October 1) by the Commission and posted on its website (<http://www.ferc.gov>) is incorporated herein by reference.

Columbia Gulf Transmission, LLC
FERC Tariff
Third Revised Volume No. 1

V.1.1.
Currently Effective Rates
Reserved for Future Use
Version 2.0.0

Issued On: March 5, 2013

Effective On: March 15, 2013

Currently Effective Rates
 Applicable to Rate Schedule FTS-2
 Rates in Dollars per Dth

Rate Schedule FTS-2	<u>Base Rate</u>	<u>Total Effective</u> <u>Rate</u>	<u>Daily Rate</u>
	(1)	(2)	(3)
		1/	1/
<u>Offsystem-Onshore Zone</u>			
Reservation Charge			
Maximum	1.4197	1.4197	0.0467
Minimum	0.0000	0.0000	0.0000
Commodity			
Maximum	0.0010	0.0010	0.0010
Minimum	0.0010	0.0010	0.0010
Overrun			
Maximum	0.0477	0.0477	0.0477
Minimum	0.0010	0.0010	0.0010

1/ Excludes the Annual Charge Adjustment (ACA) Surcharge. An ACA Commodity surcharge per Dth shall be assessed where applicable pursuant to Section 154.402 of the Commission's Regulations and in accordance with Section 31 of the GTC of Transporter's FERC Gas Tariff. The ACA unit charge for each fiscal year (commencing October 1) by the Commission and posted on its website (<http://www.ferc.gov>) is incorporated by reference..

|

Columbia Gulf Transmission, LLC
FERC Tariff
Third Revised Volume No. 1

V.2.1.
Currently Effective Rates
Reserved for Future Use
Version 2.0.0

Issued On: March 5, 2013

Effective On: March 15, 2013

Currently Effective Rates
 Applicable to Rate Schedule ITS-1
 Rates in Dollars per Dth

Rate Schedule ITS-1	<u>Base Rate</u>	<u>Total Effective Rate</u>	<u>Daily Rate</u>
	(1)	(2)	(3)
	1/	1/	1/
<u>Market Zone</u>			
Commodity			
Maximum	0.2118	0.2118	0.2118
Minimum	0.0118	0.0118	0.0118

1/ Excludes the Annual Charge Adjustment (ACA) Surcharge. An ACA Commodity surcharge per Dth shall be assessed where applicable pursuant to Section 154.402 of the Commission's Regulations and in accordance with Section 31 of the GTC of Transporter's FERC Gas Tariff. The ACA unit charge authorized for each fiscal year (commencing October 1) by the Commission and posted on its website (<http://www.ferc.gov>) is incorporated herein by reference.

Columbia Gulf Transmission, LLC
FERC Tariff
Third Revised Volume No. 1

V.3.1.
Currently Effective Rates
Reserved for Future Use
Version 2.0.0

Issued On: March 5, 2013

Effective On: March 15, 2013

Currently Effective Rates
 Applicable to Rate Schedule ITS-2
 Rates in Dollars per Dth

Rate Schedule ITS-2	<u>Base Rate</u>	<u>Total Effective</u>	<u>Daily Rate</u>
	(1)	(2)	(3)
<u>Offsystem-Onshore Zone</u>		1/	1/
Commodity			
Maximum	0.0477	0.0477	0.0477
Minimum	0.0010	0.0010	0.0010

1/ Excludes the Annual Charge Adjustment (ACA) Surcharge. An ACA Commodity surcharge per Dth shall be assessed where applicable pursuant to Section 154.402 of the Commission's Regulations and in accordance with Section 31 of the GTC of Transporter's FERC Gas Tariff. The ACA unit charge for each fiscal year (commencing October 1) by the Commission and posted on its website (<http://www.ferc.gov>) is incorporated by reference

Columbia Gulf Transmission, LLC
FERC Tariff
Third Revised Volume No. 1

V.4.1.
Currently Effective Rates
Reserved for Future Use
Version 2.0.0

Issued On: March 5, 2013

Effective On: March 15, 2013

Currently Effective Rates
Applicable to Rate Schedule PAL
Rate in Dollars per Dth

Account Balance Charge

Total Effective Daily Rate

Market Zone

Maximum

0.2118

Minimum

0.0000

Columbia Gulf Transmission, LLC
FERC Tariff
Third Revised Volume No. 1

V.5.1.
Currently Effective Rates
Reserved for Future Use
Version 2.0.0

Issued On: March 5, 2013

Effective On: March 15, 2013

Currently Effective Rates
Applicable to Rate Schedule IMS
Rate in Dollars per Dth

Rate Schedule IMS
Account Balance Charge

Total Effective Daily Rate

Market Zone

Maximum

0.2118

Minimum

0.0000

Columbia Gulf Transmission, LLC
FERC Tariff
Third Revised Volume No. 1

V.6.1.
Currently Effective Rates
Reserved for Future Use
Version 2.0.0

Issued On: March 5, 2013

Effective On: March 15, 2013

Currently Effective Rates
 Applicable to Rate Schedule FTS-1-ELXP
 Rates in Dollars per Dth

Rate Schedule	<u>Base Rate</u>	<u>Total Effective</u> <u>Rate</u>	<u>Daily Rate</u>
FTS-1-ELXP	(1)	(2)	(3)
	1/	1/	1/
<u>Market Zone</u>			
Reservation Charge			
Maximum	6.056	6.056	0.1991
Minimum	0.000	0.000	0.000
Commodity			
Maximum	0.0038	0.0038	0.0038
Minimum	0.0038	0.0038	0.0038
Overrun			
Maximum	0.2029	0.2029	0.2029
Minimum	0.0038	0.0038	0.0038

Rates provided above are applicable to transportation services authorized in Docket No. CP20-527-000 for the East Lateral Xpress Project.

1/ Excludes the Annual Charge Adjustment (ACA) Surcharge. An ACA Commodity surcharge per Dth shall be assessed where applicable pursuant to Section 154.402 of the Commission's Regulations and in accordance with Section 31 of the GTC of Transporter's FERC Gas Tariff. The ACA unit charge authorized for each fiscal year (commencing October 1) by the Commission and posted on its website (<http://www.ferc.gov>) is incorporated herein by reference.

RETAINAGE RATES

	<u>Company Use & Unaccounted For</u>	<u>Surcharge</u>	<u>Total Effective Rate</u>
Market Zone			
Mainline	3.583%	0.040%	3.623%
Former Onshore	0.506%	0.043%	0.549%
Former Onshore (ELXP) 1/	1.043%	-	1.043%

1/ Pursuant to Commission Order issued in Docket No. CP20-527-000, Shipper(s) subscribing to capacity under ELXP will be assessed the incremental company-use and applicable unaccounted-for retainage rate component.

Currently Effective Rates
 Applicable to Rate Schedule FTS-1-GXP
 Rates in Dollars per Dth

Rate Schedule	<u>Base Rate</u>	<u>Total Effective Rate</u>	<u>Daily Rate</u>
FTS-1-GXP	(1)	(2)	(3)
	1/	1/	1/
<u>Market Zone</u>			
Reservation Charge			
Maximum	8.9146	8.9146	0.2931
Minimum	0.000	0.000	0.000
Commodity			
Maximum	0.0047	0.0047	0.0047
Minimum	0.0047	0.0047	0.0047
Overrun			
Maximum	0.2978	0.2978	0.2978
Minimum	0.0047	0.0047	0.0047

1/ Excludes the Annual Charge Adjustment (ACA) Surcharge. An ACA Commodity surcharge per Dth shall be assessed where applicable pursuant to Section 154.402 of the Commission's Regulations and in accordance with Section 31 of the GTC of Transporter's FERC Gas Tariff. The ACA unit charge authorized for each fiscal year (commencing October 1) by the Commission and posted on its website (<http://www.ferc.gov>) is incorporated herein by reference.

Currently Effective Rates
 Applicable to Rate Schedule FTS-1-LAXP
 Rates in Dollars per Dth

Rate Schedule	<u>Base Rate</u>	<u>Total Effective</u> <u>Rate</u>	<u>Daily Rate</u>
FTS-1-LAXP	(1)	(2)	(3)
	1/	1/	1/
<u>Market Zone</u>			
Reservation Charge			
Maximum	6.0839	6.0839	0.2000
Minimum	0.000	0.000	0.000
Commodity			
Maximum	0.0063	0.0063	0.0063
Minimum	0.0063	0.0063	0.0063
Overrun			
Maximum	0.2063	0.2063	0.2063
Minimum	0.0063	0.0063	0.0063

1/ Excludes the Annual Charge Adjustment (ACA) Surcharge. An ACA Commodity surcharge per Dth shall be assessed where applicable pursuant to Section 154.402 of the Commission's Regulations and in accordance with Section 31 of the GTC of Transporter's FERC Gas Tariff. The ACA unit charge authorized for each fiscal year (commencing October 1) by the Commission and posted on its website (<http://www.ferc.gov>) is incorporated herein by reference.

RATE SCHEDULES

RATE SCHEDULE FTS-1
FIRM TRANSPORTATION SERVICE

1. AVAILABILITY

(a) Service under this Rate Schedule is available from Columbia Gulf Transmission, LLC (Transporter) to any Shipper, provided that (i) Transporter has sufficient facilities and transportation capacity available to receive gas from or on behalf of Shipper and deliver gas to or for Shipper; (ii) Transporter has awarded capacity to Shipper under the provisions of Section 4 of the General Terms and Conditions; (iii) Shipper has executed an FTS-1 Service Agreement with Transporter; and (iv) Shipper complies with the provisions of this Rate Schedule and with all other applicable provisions of this Tariff.

2. APPLICABILITY AND CHARACTER OF SERVICE

(a) Zone of Service. Service under this Rate Schedule is applicable to any Shipper who delivers gas to and receives gas from Transporter from Transporter's Market Zone.

(b) Character of Service. The transportation service provided under this Rate Schedule shall be performed under Subpart B or G of Part 284 of the Commission's Regulations. Subject to the limitations set forth below, Transporter under this Rate Schedule shall receive scheduled quantities from or on behalf of Shipper and shall deliver thermally equivalent scheduled quantities, less Retainage, to or for Shipper. Such service shall be provided on a firm basis and shall apply to all gas transported by Transporter for Shipper under this Rate Schedule, up to the Transportation Demand set forth in the Shipper's FTS-1 Service Agreement.

(c) Receipt and Delivery Obligations. Transporter shall not be obligated on any Day to accept gas in excess of the lesser of: (i) Shipper's Scheduled Daily Receipt Quantity; or (ii) Shipper's Transportation Demand plus Retainage. Transporter shall also not be obligated on any Day to deliver more gas to Shipper than the lesser of: (i) Shipper's Transportation Demand; (ii) the quantity of gas Transporter receives for Shipper, less Retainage; or (iii) Shipper's Scheduled Daily Delivery Quantity. For the purpose of balancing any imbalances in Shipper's account Shipper may deliver or take quantities in excess of the above limitations in accordance with the provisions of Section 6 and Section 7 of the General Terms and Conditions.

(d) Segmentation.

(1) General. Under normal operating conditions, a Shipper under this Rate Schedule may segment its transportation capacity between both primary and secondary physical receipt and delivery points. For purposes of this section, the phrase "normal operating conditions" means those situations in which Transporter is not required to: (i) construct or install new facilities in order to accommodate a capacity segmentation request from a Shipper under this Rate Schedule; or (ii) operate or modify Transporter's

existing facilities in a manner consistent with the current design and operation of such facilities in order to accommodate a capacity segmentation request from a Shipper.

(2) Eligible Points. Virtual aggregation points under Rate Schedule AS, supply pooling points under Rate Schedule IPP, and virtual scheduling points that represent physical receipt or delivery points are eligible receipt or delivery points for segmentation purposes.

(3) Limitations. A Shipper may not use its segmented primary or secondary physical points in such a way that its total nomination within any segment or at any primary or secondary points exceeds its original Transportation Demand in that segment or at such point(s). Notwithstanding the foregoing, Shipper may segment its capacity to consist of south-north and north-south flows up to original Transportation Demand to the same point at the same time, subject to the scheduling and allocation provisions of Section 7 of the General Terms and Conditions. Segmented nominations in the opposite direction of the original capacity to the same point will be provided on a secondary basis. Shipper shall not be permitted to segment its transportation capacity under this Rate Schedule if such segmentation would limit Transporter's ability to provide firm service to other Shippers or in situations where transportation capacity is not available in particular segments or at primary or secondary points.

(4) Requests for Segmentation. Requests for segmentation of transportation capacity under this Rate Schedule must be submitted by Shipper and Transporter shall evaluate such requests to determine if capacity segmentation can be permitted as requested by Shipper. Transporter reserves the right to evaluate and disallow segmentation on a case-by-case basis for those situations that are not operationally feasible and not already described in this section. Transporter shall review all properly submitted requests for segmentation within ten (10) days but will use reasonable efforts to accommodate a Shipper if a request for segmentation is made less than ten (10) days before the desired effective date. Disallowance of segmentation requests will be made on a non-discriminatory basis. Within ten business days, Transporter will post on its EBB the reason for denial of any request for capacity segmentation that is due to Transporter's determination that the request is not operationally feasible.

(e) Capacity Release. Service rights under an FTS-1 Service Agreement may be released and assigned in accordance with Section 14 of the General Terms and Conditions. Service to an assignee under any such release and assignment shall be subject to the terms and conditions set forth in this Rate Schedule and in the General Terms and Conditions. Under normal operating conditions, a Shipper that releases its service under an FTS-1 Service Agreement may release transportation capacity on any segment between primary physical receipt and delivery points, and secondary physical receipt and delivery points at which it does not have primary receipt and delivery rights under its FTS-1 Service Agreement. A Releasor may not re-release a released segment until the Releasor either recalls the released segment or the released segment reverts to the Releasor at the end of the release term. Replacement Shippers that desire

to re-release a released segment may release transportation capacity within their acquired capacity segment and to any points within the zone for which the Shipper pays. The sum of capacity released in any segment cannot exceed the Releasor's original Transportation Demand.

(f) Termination Dates for Specified Volumes. Transporter and Shipper may mutually agree on a not unduly discriminatory basis to (i) different termination dates for specified volumes of Transportation Demand within the same Service Agreement and/or (ii) combine Service Agreements under this Rate Schedule into a single Service Agreement under this Rate Schedule with different termination dates for specified volumes of Transportation Demand. Transporter and Shipper may mutually agree to combine Service Agreements only to the extent that the individual Service Agreement's rates, terms, and conditions can be distinctly maintained and will not be altered by the combination. For Service Agreement(s) executed in accordance with this section, each of the varying termination dates and associated volumes of Transportation Demand will be set forth on a separate Appendix A to the Service Agreement applicable to service pursuant to this Rate Schedule. Each component with a different termination date for a specified volume of Transportation Demand within the same Service Agreement and reflected in a separate Appendix A will be regarded as a single Service Agreement for purposes of Shipper's exercise of any right of first refusal under the provisions of Section 4 of the General Terms and Conditions of Transporter's Tariff. In the event of a constraint or other occurrence that precludes combined nominations or allocations, Transporter may advise Shippers under such combined Service Agreements that capacity must be nominated separately and is subject to separate allocation pursuant to the terms of each separate Appendix A of the Service Agreement. Each Appendix A of the combined Service Agreements will be identified by its original contract number or such other identification convention determined to be applicable by Transporter.

(g) Increase / Decrease of Transportation Demand. Appendix A of the Service Agreement will contain a stated Transportation Demand, provided however, that the Transporter and Shipper may mutually agree on a not unduly discriminatory basis to allow a Shipper to structure Transportation Demand to increase and decrease at pre-determined intervals on pre-determined dates. Transporter and Shipper will utilize the fill-in-the-blanks in Appendix A to specify the Begin Date, End Date, and volumes of Transportation Demand associated with each pre-determined interval. For purposes of Shipper's exercise of any right of first refusal under the provisions of Section 4 of the General Terms and Conditions of Transporter's Tariff, Shipper shall have the right to retain the Transportation Demand in effect on the termination date of Shipper's Service Agreement.

(h) If the Transportation Demand is to be provided under one Service Agreement (Multi-Party Service Agreement) for multiple Shippers ("Principals") that have designated a party to act as administrator on their behalf ("Administrator"), Principals and Administrator shall provide notice of such to Transporter in the form of an executed Administrator Agreement, posted on Transporter's Electronic Bulletin Board, between Principals and Administrator. Principals and Administrator also shall provide sufficient information to verify:

- (1) that Principals collectively meet the “Shipper must have title” requirement as set forth in Section 23 (Warranty of Title to Gas) of the General Terms and Conditions;
- (2) that once the Administrator executes the Multi-Party Service Agreement, each Principal agrees that it is jointly and severally liable for all of the obligations of Shipper under the Multi-Party Service Agreement;
- (3) that Principals agree that they shall be treated collectively as one Shipper for nomination, allocation and billing purposes; and
- (4) that Principals collectively satisfy the requirements to request service, including the credit requirements under the provisions outlined in Section 3 (Requests for Service) and Section 9.5 (Creditworthiness of Shipper) of the General Terms and Conditions. Administrator will provide Transporter information on Principals to determine that Principals collectively satisfy the requirements to request service.

Administrator shall be permitted to unilaterally amend the Multi-Party Service Agreement to remove a Principal or to add a Principal that satisfies the requirements of Section 3 (Request for Service) and Section 9.5 (Creditworthiness of Shipper) of the General Terms and Conditions and of this Section 2(h). No such amendment shall be binding on Transporter prior to the date that notice thereof has been given to Transporter. In order for Principals to replace the Administrator of the Multi-Party Service Agreement, Principals must provide Transporter with notice in the form of a new, executed Administrator Agreement between Principals and the new Administrator. Transporter will require the new Administrator to enter a new Multi-Party Service Agreement on behalf of the Principals.

3. RATE

(a) The charges to be paid by Shipper shall be no higher than the applicable total effective maximum charges and no lower than the applicable total effective minimum charges set forth in this Tariff, unless otherwise mutually agreed by Transporter and Shipper. For all service rendered under this Rate Schedule, Shipper each month shall pay Transporter the charges set forth below, unless otherwise mutually agreed to by Transporter and Shipper:

(1) Reservation Charge: The maximum Reservation Charge for each Month, assessed on each Dth of Transportation Demand specified in Shipper's FTS-1 Service Agreement.

(2) Commodity Charge: The maximum Commodity Charge per Dth of gas actually delivered each Day during the Month to or for the account of Shipper.

(3) Overrun Charge: The applicable Overrun Charge per Dth of gas nominated by Shipper, scheduled by Transporter and actually delivered on any Day during the Month in excess of Shipper's Transportation Demand.

(4) Surcharges: The surcharges applicable to this Rate Schedule.

(b) The charges and surcharges described above are subject to adjustment in accordance with the procedures set forth in the General Terms and Conditions.

(c) The Reservation Charge shall apply as of the date firm transportation service is deemed to commence by the terms of Shipper's FTS-1 Service Agreement.

(d) In addition to the charges and applicable surcharges, Transporter shall retain from the gas tendered for transportation the effective Retainage percentage set forth in this Tariff. That Retainage percentage shall be subject to adjustment in accordance with Section 32 (Transportation Retainage Adjustment) of the General Terms and Conditions.

4. GENERAL TERMS AND CONDITIONS

All of the General Terms and Conditions are applicable to this Rate Schedule and are hereby made a part hereof.

RATE SCHEDULE FTS-2
FIRM TRANSPORTATION SERVICE

1. AVAILABILITY

(a) Service under this Rate Schedule is available from Columbia Gulf Transmission, LLC (Transporter) to any Shipper, provided that: (i) Transporter has sufficient facilities and transportation capacity available to receive gas from or on behalf of Shipper and deliver gas to or for Shipper; (ii) Transporter has awarded capacity to Shipper under the provisions of Section 4 of the General Terms and Conditions; (iii) Shipper has executed an FTS-2 Service Agreement with Transporter; and (iv) Shipper complies with the provisions of this Rate Schedule and with all other applicable provisions of this Tariff.

2. APPLICABILITY AND CHARACTER OF SERVICE

(a) Zone of Service. Service under this Rate Schedule is available to any Shipper who delivers gas to and receives gas from Transporter on Transporter's Offsystem-Onshore Zone.

(b) Character of Service. The transportation service provided under this Rate Schedule shall be performed under Subpart B or G of Part 284 of the Commission's Regulations. Subject to the limitations set forth below, Transporter under this Rate Schedule shall receive scheduled quantities from or on behalf of Shipper and shall deliver thermally equivalent scheduled quantities, less Retainage, to or for Shipper. Such service shall be provided on a firm basis and shall apply to all gas transported by Transporter for Shipper under this Rate Schedule, up to the Transportation Demand set forth in the Shipper's FTS-2 Service Agreement.

(c) Receipt and Delivery Obligations. Transporter shall not be obligated on any Day to accept gas in excess of the lesser of: (i) Shipper's Scheduled Daily Receipt Quantity; or (ii) Shipper's Transportation Demand plus Retainage. Transporter shall also not be obligated on any Day to deliver more gas to Shipper than the lesser of: (i) Shipper's Transportation Demand; (ii) the quantity of gas Transporter receives for Shipper, less Retainage; or (iii) Shipper's Daily Scheduled Delivery Quantity. For the purpose of balancing any imbalances in Shipper's account Shipper may deliver or take quantities in excess of the above limitations in accordance with the provisions of Section 6 and Section 7 of the General Terms and Conditions.

(d) Segmentation.

(1) General. Under normal operating conditions, a Shipper under this Rate Schedule may segment its transportation capacity between both primary and secondary physical receipt and delivery points. For purposes of this section, the phrase "normal operating conditions" means those situations in which Transporter is not required to: (i) construct or install new facilities in order to accommodate a capacity segmentation request from a Shipper under this Rate Schedule; or (ii) operate or modify Transporter's

existing facilities in a manner inconsistent with the current design and operation of such facilities in order to accommodate a capacity segmentation request from a Shipper under this Rate Schedule.

(2) Eligible Points. For purposes of this section, virtual scheduling points that represent physical receipt or delivery points are eligible receipt or delivery points for segmentation purposes.

(3) Limitations. A Shipper may not use its segmented primary or secondary physical points in such a way that its total nomination within any segment, or at any primary or secondary points exceeds its original Transportation Demand in that segment, or at such point(s). Notwithstanding the foregoing, Shipper may segment its capacity to consist of south to north and north to south flows up to the original Transportation Demand to the same point at the same time, subject to the scheduling and allocation provisions of Section 7 of the General Terms and Conditions. Segmented nominations in the opposite direction of the original capacity to the same point will be provided on a secondary basis. Shipper shall not be permitted to segment its transportation capacity under this Rate Schedule if such segmentation would limit Transporter's ability to provide firm service to other Shippers or in situations where transportation capacity is not available in particular segments or at primary or secondary points.

(4) Request for Segmentation. Requests for segmentation of transportation capacity under this Rate Schedule must be submitted by Shipper and Transporter shall evaluate such requests to determine if capacity segmentation can be permitted as requested by Shipper. Transporter reserves the right to evaluate and disallow segmentation on a case-by-case basis for those situations that are not operationally feasible and not already described in this section. Transporter shall review all properly submitted requests for segmentation within ten (10) days but will use reasonable efforts to accommodate a Shipper if a request for segmentation is made less than ten (10) days before the desired effective date. Disallowance of segmentation requests will be made on a non-discriminatory basis. Within ten business days, Transporter will post on its EBB the reasons for denial of any request for capacity segmentation that is due to Transporter's determination that the request is not operationally feasible.

(e) Capacity Release. Service rights under an FTS-2 Service Agreement may be released and assigned in accordance with Section 14 (Release and Assignment of Service Rights) of the General Terms and Conditions. Service to an assignee under any such release and assignment shall be subject to the terms and conditions set forth in this Rate Schedule and in the General Terms and Conditions. Under normal operating conditions, a Shipper that releases its service rights under an FTS-2 Service Agreement may release transportation capacity on any segment between primary physical receipt and delivery points, and secondary physical receipt and delivery points at which it does not have primary receipt and delivery rights under its FTS-2 Service Agreement. A Releasor may not re-release a released segment until the Releasor either recalls the released segment or the released segment reverts to the Releasor at the end of the

release term. Replacement Shippers that desire to re-release a released segment may release transportation capacity within their acquired capacity segment and to any points within the zone for which the Shipper pays. The sum of capacity released in any segment cannot exceed the Releasor's original Transportation Demand.

(f) Termination Dates for Specified Volumes. Transporter and Shipper may mutually agree on a not unduly discriminatory basis to: (i) different termination dates for specified volumes of Transportation Demand within the same Service Agreement and/or (ii) combine Service Agreements under this Rate Schedule into a single Service Agreement under this Rate Schedule with different termination dates for specified volumes of Transportation Demand. Transporter and Shipper may mutually agree to combine Service Agreements only to the extent that the individual Service Agreement's rates, terms, and conditions can be distinctly maintained and will not be altered by the combination. For Service Agreement(s) executed in accordance with this section, each of the varying termination dates and associated volumes of Transportation Demand will be set forth on a separate Appendix A to the Service Agreement applicable to service pursuant to this Rate Schedule. Each component with a different termination date for a specified volume of Transportation Demand within the same Service Agreement and reflected in a separate Appendix A will be regarded as a single Service Agreement for purposes of Shipper's exercise of any right of first refusal under the provisions of Section 4 of the General Terms and Conditions of Transporter's Tariff. In the event of a constraint or other occurrence that precludes combined nominations or allocations, Transporter may advise Shippers under such combined Service Agreements that capacity must be nominated separately and is subject to separate allocation pursuant to the terms of each separate Appendix A of the Service Agreement. Each Appendix A of the combined Service Agreements will be identified by its original contract number or such other identification convention determined to be applicable by Transporter.

(g) If the Transportation Demand is to be provided under one Service Agreement (Multi-Party Service Agreement) for multiple Shippers ("Principals") that have designated a party to act as administrator on their behalf ("Administrator"), Principals and Administrator shall provide notice of such to Transporter in the form of an executed Administrator Agreement, posted on Transporter's Electronic Bulletin Board, between Principals and Administrator. Principals and Administrator also shall provide sufficient information to verify:

- (1) that Principals collectively meet the "Shipper must have title" requirement as set forth in Section 23 (Warranty of Title to Gas) of the General Terms and Conditions;
- (2) that once the Administrator executes the Multi-Party Service Agreement, each Principal agrees that it is jointly and severally liable for all of the obligations of Shipper under the Multi-Party Service Agreement;
- (3) that Principals agree that they shall be treated collectively as one Shipper for nomination, allocation and billing purposes; and

- (4) that Principals collectively satisfy the requirements to request service, including the credit requirements under the provisions outlined in Section 3 (Requests for Service) and Section 9.5 (Creditworthiness of Shipper) of the General Terms and Conditions. Administrator will provide Transporter information on Principals to determine that Principals collectively satisfy the requirements to request service.

Administrator shall be permitted to unilaterally amend the Multi-Party Service Agreement to remove a Principal or to add a Principal that satisfies the requirements of Section 3 (Request for Service) and Section 9.5 (Creditworthiness of Shipper) of the General Terms and Conditions and of this Section 2(g). No such amendment shall be binding on Transporter prior to the date that notice thereof has been given to Transporter. In order for Principals to replace the Administrator of the Multi-Party Service Agreement, Principals must provide Transporter with notice in the form of a new, executed Administrator Agreement between Principals and the new Administrator. Transporter will require the new Administrator to enter a new Multi-Party Service Agreement on behalf of the Principals.

3. RATE

(a) The charges to be paid by Shipper shall be no higher than the applicable total effective maximum charges and no lower than the applicable total effective minimum charges set forth in this Tariff, unless otherwise mutually agreed to by Transporter and Shipper. For all service rendered under this Rate Schedule, Shipper each month shall pay Transporter the charges set forth below, unless otherwise mutually agreed to by Transporter and Shipper:

(1) Reservation Charge: The maximum Reservation Charge for each Month, assessed on each Dth of Transportation Demand specified in Shipper's FTS-2 Service Agreement.

(2) Commodity Charge: The maximum Commodity Charge per Dth of gas actually delivered each Day during the Month to or for the account of Shipper.

(3) Overrun Charge: The applicable Overrun Charge per Dth of gas nominated by Shipper, scheduled by Transporter and actually delivered on any Day during the Month in excess of Shipper's Transportation Demand.

(4) Surcharges: The surcharges applicable to this Rate Schedule.

(b) The charges and surcharges described above are subject to adjustment in accordance with the procedures set forth in the General Terms and Conditions.

(c) The Reservation Charge shall apply as of the date firm transportation service is deemed to commence by the terms of Shipper's FTS-2 Service Agreement.

(d) Transporter will not retain gas from Shippers receiving service in Transporter's Offsystem Onshore Zone. Shippers will provide the retainage applicable to the respective Offsystem Onshore Facilities they are utilizing.

(e) If Shipper tender gas to Transporter which contains liquids which Shipper or Shipper's producer/supplier requests Transporter to transport, separate and handle, Transporter will charge Shipper the applicable charge for performing this service unless Shipper requests Transporter to contract directly with the producer/supplier.

4. GENERAL TERMS AND CONDITIONS

All of the General Terms and Conditions are applicable to this Rate Schedule and are hereby made a part hereof.

RATE SCHEDULE ITS-1
INTERRUPTIBLE TRANSPORTATION SERVICE

1. AVAILABILITY

(a) Service under this Rate Schedule is available from Columbia Gulf Transmission, LLC (Transporter) to any Shipper, provided that: (i) Transporter has sufficient facilities and transportation capacity available to receive gas from or on behalf of Shipper and deliver gas to or for Shipper; (ii) Shipper has submitted a valid request for service under Section 3 of the General Terms and Conditions, (iii) Shipper has executed an ITS-1 Service Agreement with Transporter; and (iv) Shipper complies with the provisions of this Rate Schedule and with all other applicable provisions of this Tariff.

2. APPLICABILITY AND CHARACTER OF SERVICE

(a) Zone of Service. Service under this Rate Schedule is available to any Shipper who delivers gas to and receives gas from Transporter on Transporter's Market Zone.

(b) Character of Service. The service provided under this Rate Schedule shall be performed under Subpart B or G of Part 284 of the Commission's Regulations. Subject to the limitations set forth below, Transporter shall receive scheduled quantities from or on behalf of Shipper and shall deliver thermally equivalent scheduled quantities, less Retainage, to or for Shipper. Such service shall be provided on an interruptible basis and shall apply to all gas transported by Transporter for Shipper under this Rate Schedule, up to the Transportation Quantity set forth in Shipper's ITS-1 Service Agreement.

(c) Receipt and Delivery Obligations. Transporter shall not be obligated on any Day to accept gas in excess of the lesser of: (i) Shipper's Scheduled Daily Receipt Quantity; or (ii) Shipper's Transportation Quantity plus Retainage. Transporter also shall not be obligated on any Day to deliver more gas to Shipper than the lesser of: (i) Shipper's Transportation Quantity; (ii) the quantity of gas Transporter receives for Shipper, less Retainage; or (iii) Shipper's Scheduled Daily Delivery Quantity. For the purpose of balancing any imbalances in Shipper's account Shipper may take or deliver quantities in excess of the above limitations in accordance with the provisions of Section 6 and Section 7 of the General Terms and Conditions.

(d) Available Points. The interconnections at which service is available under this Rate Schedule shall be maintained on a Master List of Interconnections (MLI) that Transporter shall post on its Electronic Bulletin Board (EBB). The interconnection points on the MLI shall be available to Shippers and shall be incorporated by reference in Shipper's ITS-1 Service Agreements.

(e) Increases in Flowing Quantities. During any Month, Shipper shall not be permitted to increase its existing flowing quantities under this Rate Schedule, regardless of the

Transportation Quantity set forth in Shipper's ITS-1 Service Agreement, if such increase would cause a reduction of existing quantities flowing on Transporter's system under a Service Agreement between Transporter and Shipper of equal or higher priority. A scheduled temporary reduction in the quantities being transported, if requested by Shipper and approved by Transporter, shall not reduce the level of Shipper's existing quantities flowing on Transporter's system for purposes of this paragraph.

(f) Capacity Release. Service rights under an ITS-1 Service Agreement may not be released or assigned.

3. RATE

(a) The charges to be paid by Shipper shall be no higher than the applicable total effective maximum rate charges and no lower than the applicable total effective minimum rate charges set forth in this Tariff, unless otherwise mutually agreed to by Transporter and Shipper. For all service rendered under this Rate Schedule, Shipper each month shall pay Transporter the charges set forth below:

(1) Commodity Charge: A Commodity Charge per Dth of gas actually delivered each Day during the Month to or for the account of Shipper.

(2) Surcharges: The surcharges applicable to this Rate Schedule.

(b) The charges and surcharges are subject to adjustment in accordance with the procedures set forth in the General Terms and Conditions.

(c) In addition to collecting the applicable charges and surcharges, Transporter shall retain from the gas tendered for transportation the effective Retainage percentage set forth in this Tariff. That Retainage percentage shall be subject to adjustment in accordance with Section 32 (Transportation Retainage Adjustment) of the General Terms and Conditions.

4. GENERAL TERMS AND CONDITIONS

All of the General Terms and Conditions are applicable to this Rate Schedule and are hereby made a part hereof, with the exception of Sections 4, 12, 14, and 33.

RATE SCHEDULE ITS-2
INTERRUPTIBLE TRANSPORTATION SERVICE

1. AVAILABILITY

(a) Service under this Rate Schedule is available from Columbia Gulf Transmission, LLC (Transporter) to any Shipper, provided that: (i) Transporter has sufficient facilities and transportation capacity available to receive gas from or on behalf of Shipper and deliver gas to or for Shipper; (ii) Shipper has submitted a valid request for service under Section 3 of the General Terms and Conditions; (iii) Shipper has executed an ITS-2 Service Agreement with Transporter; and (iv) Shipper complies with the provisions of this Rate Schedule and with all other applicable provisions of this Tariff.

2. APPLICABILITY AND CHARACTER OF SERVICE

(a) Zone of Service. Service under this Rate Schedule is available to any Shipper who delivers gas to Transporter on Transporter's Offsystem-Onshore Zone.

(b) Character of Service. The service provided under this Rate Schedule shall be performed under Subpart B or G of Part 284 of the Commission's Regulations. Subject to the limitations set forth below, Transporter shall receive scheduled quantities from or on behalf of Shipper and shall deliver thermally equivalent scheduled quantities, less Retainage, to or for Shipper. Such service shall be provided on an interruptible basis and shall apply to all gas transported by Transporter for Shipper under this Rate Schedule, up to the Transportation Quantity set forth in Shipper's ITS-2 Service Agreement.

(c) Receipt and Delivery Obligations. Transporter shall not be obligated on any Day to accept gas in excess of the lesser of: (i) Shipper's Scheduled Daily Receipt Quantity; or (ii) Shipper's Transportation Quantity plus Retainage. Transporter also shall not be obligated on any Day to deliver more gas to Shipper than the lesser of: (i) Shipper's Transportation Quantity; (ii) the quantity of gas Transporter receives for Shipper, less Retainage; or (iii) Shipper's Scheduled Daily Delivery Quantity. For the purpose of balancing any imbalances in Shipper's account Shipper may take or deliver quantities in excess of the above limitations in accordance with the provisions of Section 6 and Section 7 of the General Terms and Conditions.

(d) Available Points. The interconnections at which service is available under this Rate Schedule shall be maintained on a Master List of Interconnections (MLI) that Transporter shall post on its Electronic Bulletin Board (EBB). The interconnection points on the MLI shall be available to Shipper and shall be incorporated by reference in Shipper's ITS-2 Service Agreements.

(e) Increases in Flowing Quantities. During any Month, Shipper shall not be permitted to increase its existing flowing quantities under this Rate Schedule, regardless of the Transportation Quantity set forth in Shipper's ITS-2 Service Agreement, if such increase would

cause a reduction of existing quantities flowing on Transporter's system under a Service Agreement between Transporter and Shipper of equal or higher priority. A scheduled temporary reduction in the quantities being transported, if requested by Shipper and approved by Transporter, shall not reduce the level of Shipper's existing quantities flowing on Transporter's system for purposes of this paragraph.

(f) Capacity Release. Service rights under an ITS-2 Service Agreement may not be released or assigned.

3. RATE

(a) The charges to be paid by Shipper shall be no higher than the applicable total effective maximum rate charges and no lower than the applicable total effective minimum rate charges set forth this Tariff, unless otherwise mutually agreed to by Transporter and Shipper. For all service rendered under this Rate Schedule, Shipper each month shall pay Transporter the charges set forth below:

(1) Commodity Charge: A Commodity Charge per Dth of gas actually delivered each Day during the Month to or for the account of Shipper.

(2) Surcharges: The surcharges applicable to this Rate Schedule.

(b) The charges and surcharges are subject to adjustment in accordance with the procedures set forth in the General Terms and Conditions.

(c) Transporter will not retain gas from Shippers receiving service in Transporter's Offsystem-Onshore Zone. Shippers will provide the retainage applicable to the respective Offsystem-Onshore Facilities they are utilizing.

(d) If Shipper tenders gas to Transporter which contains liquids which Shipper or Shipper's producer/supplier requests Transporter to transport, separate and handle, Transporter will charge Shipper the applicable charge for performing this service unless Shipper requests Transporter to contract directly with the producer/supplier. Transporter will continue to charge Shipper for this service until Transporter and the producer/supplier execute such contract.

4. GENERAL TERMS AND CONDITIONS

All of the General Terms and Conditions are applicable to this Rate Schedule and are hereby made a part hereof, with the exception of Sections 4, 12, 14, and 33.

RATE SCHEDULE AS-GULF
AGGREGATION SERVICE

1. AVAILABILITY

Service under this Rate Schedule is available from Columbia Gulf Transmission, LLC (Transporter) to any Shipper, provided that: (i) Transporter has sufficient facilities and transportation capacity available to receive gas from or on behalf of Shipper and deliver gas to or for Shipper; (ii) Shipper has submitted a valid request for service under Section 3 of the General Terms and Conditions; (iii) Shipper has executed an AS-Gulf Service Agreement with Transporter; and (iv) Shipper complies with the provisions of this Rate Schedule and with all other applicable provisions of this Tariff.

2. CHARACTER OF SERVICE

(a) Character of Service. Service provided under this Rate Schedule shall be performed under Subpart B or G of Part 284 of the Commission's Regulations. Subject to the limitations set forth below, Transporter shall receive quantities at Receipt Points for Production and deliver thermally equivalent quantities at the corresponding Aggregation Points. Such service shall be provided on an Interruptible basis and shall apply to all gas transported by Transporter for Shipper under this Rate Schedule, up to the Transportation Quantity set forth in Shipper's AS-Gulf Service Agreement.

(b) Aggregation of Supplies. In accordance with the provisions of this Rate Schedule, Shipper may aggregate gas supplies from multiple Receipt Point for Production within the Aggregation Areas described below, for transfer at the delivery point (Aggregation Point) specified for each such Aggregation Area. Aggregation Points may be primary or secondary receipt points in Shipper's or other parties' Service Agreements under Transporter's firm and interruptible transportation Rate Schedules.

(c) Capacity Release. Service rights under an AS-Gulf Service Agreement may not be released or assigned.

3. AGGREGATION AREAS AND AGGREGATION POINTS

(a) The Aggregation Points associated with Aggregation Areas are as follows:

- (1) South Lake Arthur, Vermilion Parish, LA
- (2) Erath, LA

(b) Transporter may from time to time change or add the Aggregation Areas and Aggregation Points to adjust for changes in operations or to respond to market requirements by posting such change on Transporter's EBB.

4. OPERATING CONDITIONS

(a) For all Receipt Points for Production, Shipper shall nominate quantities as follows:

(1) Shipper shall nominate quantities to be transported from Receipt Points for Production to the Aggregation Point in accordance with the provisions of Section 6 of the General Terms and Conditions as modified by the procedure set forth below.

(2) Shipper shall provide to Transporter through nominations the following information: (a) for transactions to be received from Shippers' Aggregation / Pooling Location (pool market), the party receiving gas, the quantity of gas, and the ranking of each pool market nomination; (b) for transactions supplying gas to Shipper's Aggregation/Pooling Location (pool supply), the party supplying gas, the supply location, the quantity of gas, and the ranking of each pool supply nomination. Transporter shall allow Shipper to use Package IDs in creating nominations. Rankings should be within 1 and 999 with the number 1 indicating the highest priority, i.e., the last transaction to have its quantities affected and 999 indicating the lowest priority, i.e., the first transaction to have its quantities affected. Shipper's pool nominations that do not include a rank will be defaulted to a ranking of 999.

(3) At any receipt point or delivery point where gas is flowing to or from multiple parties, Shipper shall provide to Transporter a Predetermined Allocation Methodology agreement in accordance with the procedures set forth in Section 8 of the General Terms and Conditions.

(b) Pool-to-pool transfers by Shippers may be permitted by Transporter at an Aggregation Point. Transfers among Aggregation Points in the same rate zone or to Service Agreements under Transporter's IPP-Gulf Rate Schedule in the same rate zone may also be permitted on an interruptible basis. Requests for such transfers shall be made in accordance with the nomination procedures set forth in Section 6 of the General Terms and Conditions. Transporter shall not unreasonably withhold approval of pool-to-pool transfers.

(c) If pool supply and market quantities do not equal, Transporter may use rankings on Shipper's pool nominations to bring supply and market quantities into balance.

(d) Any differences between confirmed nominations and actual receipt quantities shall be held as an operational imbalance under Shipper's AS-Gulf Service Agreement.

(e) All operational imbalances must be eliminated by the end of the calendar month in which they are reported to Shipper.

(f) A Shipper's operational imbalance account will not be credited with any imbalance volumes unless: (i) the gas is designated as imbalance gas by the Shipper prior to Transporter's receipt of any imbalance gas by Transporter or delivery of any imbalance gas by Transporter; and (ii) the Shipper has properly nominated and scheduled the gas for transportation in accordance with this Tariff, has been awarded capacity, has its nomination confirmed and been actually allocated quantities of gas for shipment.

(g) Operational imbalances must be eliminated by transactions in the Market Zone.

(h) Any operational imbalance which is not eliminated by the end of the calendar month in which it is reported to the Shipper is subject to the penalties provided for under this Tariff.

5. RATE

No rate will be charged for service under this Rate Schedule. Transporter shall continue to charge for those pool quantities any applicable transportation service charge under the FTS-1 Rate Schedule or ITS-1 Rate Schedule from sources to which the transportation service applies. Transporter reserves the right to file pursuant to Section 4 of the Natural Gas Act to implement charges to recover any and all costs of providing service under this Rate Schedule. Before Transporter implements such a charge, Shipper shall have the right to cancel its AS-Gulf Service Agreement(s) that are subject to that charge.

6. GENERAL TERMS AND CONDITIONS

All of the General Terms and Conditions are applicable to this Rate Schedule and are hereby made a part hereof, with the exception of Sections 4, 14 and Sections 31 through 35.

RATE SCHEDULE IPP-GULF
INTERRUPTIBLE PAPER POOLS

1. AVAILABILITY

Service under this Rate Schedule is available from Columbia Gulf Transmission, LLC (Transporter) to any Shipper, provided that: (i) Shipper has submitted a valid request for service in accordance with Section 3 of the General Terms and Conditions; (ii) Shipper has executed an IPP-Gulf Service Agreement with Transporter; and (iii) Shipper complies with the provisions of this Rate Schedule and with all other applicable provisions of this Tariff.

2. APPLICABILITY AND CHARACTER OF SERVICE

(a) Subject to the limitations set forth below, Transporter shall provide an accounting service for gas supplies pooled by Shipper pursuant to this Rate Schedule.

(b) In accordance with the provisions of this Rate Schedule, Shipper may aggregate or "pool" gas supplies for purposes of transportation from (i) any source delivered into Transporter's Market Zone; (ii) at the Pooling Points specified in Section 3 of this Rate Schedule; or (iii) at any Aggregation Point(s) within the same rate zone. Pooling under this Rate Schedule is interruptible, in accordance with the priorities described in Section 16 of the General Terms and Conditions.

(c) Service rights under an IPP-Gulf Service Agreement may not be released and assigned.

3. POOLING POINTS

(a) Pooling Points under this Rate Schedule are as follows:

(1) Mainline Pool, which shall be located near the southern side of Transporter's Inverness Compressor Station;

(2) Onshore Pool, which shall be located near the southern side of Transporter's Rayne Compressor Station.

(b) Transporter may from time to time change or add Pooling Points or areas to respond to market requirements by posting such change(s) on Transporter's Electronic Bulletin Board (EBB).

(c) No Shipper may be permitted more than one currently effective IPP-Gulf Service Agreement per rate zone.

4. OPERATING CONDITIONS

(a) For all receipt points or Pooling Points on Transporter's system, Shipper shall nominate quantities as follows:

(1) Shipper shall nominate quantities to be received at Pooling Points or at receipt points to the pool in accordance with the provisions of Section 6 of the General Terms and Conditions, as modified by the procedure set forth below.

(2) Shipper shall provide Transporter through nominations the following information: (a) for transactions to be received from Shipper's Aggregation / Pooling Location (pool market), the party receiving gas, the quantity of gas, and the ranking of each pool market nomination; (b) for transactions supplying gas to Shipper's Aggregation / Pooling Location (pool supply), the party supplying gas, the supply location, the quantity of gas, and the ranking of each pool supply nomination. Transporter shall allow Shipper to use Package IDs in creating nominations. Rankings should be within 1 and 999 with the number 1 indicating the highest priority, i.e., the last transaction to have its quantities affected and 999 indicating the lowest priority, i.e., the first transaction to have its quantities affected. Shipper's pool nominations that do not include a rank will be defaulted to a ranking of 999.

(b) Pool-to-pool transfers by Shippers shall be permitted at the Pooling Point or at receipt points in the same rate zone. Nominations for such transfers shall be submitted in accordance with the nomination procedures set forth in Section 6 of the General Terms and Conditions. Transporter shall not unreasonably withhold approval of pool-to-pool transfers.

(c) Pool-to-pool transfers are not permitted between rate zones.

(d) If pool supply and market quantities do not equal, Transporter may use rankings provided on Shipper's pool nominations to bring supply and market quantities into balance.

(e) Any differences between confirmed nominations and actual receipt quantities shall be held as an operational imbalance under Shipper's IPP-Gulf Service Agreement.

(f) All operational imbalances must be eliminated by the end of the calendar month in which they are reported to Shipper.

(g) A Shipper's operational imbalance account will not be credited with any imbalance volumes unless: (i) the gas is designated as imbalance gas by the Shipper prior to Transporter's receipt of any imbalance gas by Transporter or delivery of any imbalance gas by Transporter; and (ii) the Shipper has properly nominated and scheduled the gas for transportation in accordance with this Tariff, has been awarded capacity, has its nomination confirmed and been actually allocated quantities of gas for shipment.

(h) Operational imbalances incurred in one rate zone must be eliminated by transactions in that same rate zone.

(i) Any operational imbalance which is not eliminated by the end of the calendar month in which it is reported to the Shipper is subject to the penalties provided for under this Tariff.

5. RATE

No rate will be charged for service under this Rate Schedule. Transporter shall continue to charge for those pool quantities any applicable transportation service charge under the FTS-1 Rate Schedule or ITS-1 Rate Schedule from sources to which the transportation service applies. Transporter reserves the right to file pursuant to Section 4 of the Natural Gas Act to implement charges to recover any and all costs of providing service under this Rate Schedule. Before Transporter implements such a charge, Shipper shall have the right to cancel its IPP-Gulf Service Agreement(s) that are subject to that charge.

6. GENERAL TERMS AND CONDITIONS

All of the General Terms and Conditions are applicable to this Rate Schedule and are hereby made a part hereof, with the exception of Sections 4, 14, 31, 32, and 33.

RATE SCHEDULE PAL
PARKING AND LENDING SERVICE

1. AVAILABILITY

(a) Service under this Rate Schedule is available from Columbia Gulf Transmission, LLC (Transporter) to any Shipper provided that: (i) Transporter has sufficient facilities and transportation capacity available to receive gas from or on behalf of Shipper and deliver gas to or for Shipper; (ii) Shipper has submitted a valid request for service under Section 3 of the General Terms and Conditions, (iii) Shipper has executed a Master Parking and Lending (PAL) Agreement with Transporter for parking or lending service; (iv) Shipper has agreed to be bound by the rates, term, quantity and point(s) of transaction for service set forth in each applicable PAL Transaction Confirmation Sheet(s) subject to the Master PAL Agreement submitted to Shipper by Transporter; and (v) Shipper complies with the provisions of this Rate Schedule and with all other applicable provisions of this Tariff.

2. APPLICABILITY AND CHARACTER OF SERVICE

(a) Zone of Service. The service under this Rate Schedule is available to any Shipper who delivers gas to and receives gas from Transporter on Transporter's Market Zone.

(b) Character of Service. The service provided under this Rate Schedule shall be performed under Subpart B or G of Part 284 of the Commission's Regulations. Subject to the limitations set forth below, service under this Rate Schedule shall consist of parking or lending gas on any Day. Such service shall be provided on an interruptible basis only to the extent that capacity is available from time to time, subject to quantity limitations set forth in Shipper's Transaction Confirmation Sheet, and shall consist of:

(1) Parking Service. Parking Service is an interruptible service which provides for: (1) the receipt by Transporter of gas quantities delivered by Shipper to the point(s) of service agreed to by Transporter and Shipper on Transporter's system for receipt of parked quantities; (2) Transporter holding the parked quantities on Transporter's system; and (3) the return of parked quantities to Shipper at the agreed upon time and at the same point(s), or other mutually agreed upon point(s) on Transporter's system; provided, however, that Transporter is not obligated to return parked quantities on the same Day and at the same point(s) that the gas is parked.

(2) Lending Service. Lending Service is an interruptible service which provides for: (1) the receipt by Shipper of gas quantities from Transporter at the point(s) of service agreed to by Transporter and Shipper on Transporter's system for delivery of loaned quantities of gas; and (2) the subsequent return of the loaned quantities of gas to Transporter at the agreed upon time and at the same point(s), or other mutually agreed upon point(s) on Transporter's system; provided, however, that Transporter is not

obligated to accept the return of the loaned gas on the same Day and at the same point(s) that the gas is loaned.

(c) Transportation to and from Points of Service. Shipper shall make any necessary arrangements with Transporter and/or third parties to receive or deliver gas quantities at the designated point(s) of service for parking or lending service hereunder. Transportation service is not provided under this Rate Schedule. If Transporter and Shipper agree that Shipper may receive parked quantities or return loaned quantities at point(s) other than the point(s) of the park or loan, then Shipper shall accomplish such transactions pursuant to nominations under separate transportation agreement(s) with Transporter to effectuate the receipt or delivery of gas to or from other point(s).

(d) Parking and Lending Transactions. Service under this Rate Schedule shall be provided for a minimum term of one (1) Day and a maximum term as established by the mutual agreement of Transporter and Shipper. For PAL service, each parking service or lending transaction shall be provided pursuant to separate Transaction Confirmation Sheet(s). For Auto PAL service, both parking and lending service will be specified in the Master Auto PAL Service Agreement. Any Transaction Confirmation Sheet will be subject to the Master PAL Service Agreement between Transporter and Shipper.

(e) Available Points. The points on Transporter's system at which service may be available under this Rate Schedule shall be maintained on a Master List of Interconnections (MLI) that Transporter shall post on its EBB. The points on the MLI may be incorporated by reference in Shipper's Transaction Confirmation Sheet.

(f) Capacity Release. Service rights under Rate Schedule PAL may not be released or assigned.

3. NOMINATING AND SCHEDULING

Shipper shall nominate and Transporter shall schedule under this Rate Schedule pursuant to the provisions of Section 5 of this Rate Schedule and Section 6 of the General Terms and Conditions. A Shipper who has executed a Master Auto PAL Agreement may elect to have Transporter automatically deem certain quantities to be parked or loaned pursuant to the terms of the Master Auto PAL Agreement.

4. RATE

(a) The charges to be paid by Shipper on any Day, shall be no higher than the applicable total effective maximum rate charge and no lower than the applicable total effective minimum rate charge set forth in this Tariff, unless otherwise mutually agreed to by Transporter and Shipper.

For all service provided under this Rate Schedule, Shipper each Month shall pay Transporter the charges set forth below, unless otherwise mutually agreed to by Transporter and Shipper:

(1) Account Balance Charge. The maximum Account Balance Charge for each Dekatherm (Dth) of gas parked or loaned at each point of service under Shipper's Transaction Confirmation Sheet at the end of each Day during the Month.

(2) Surcharges. The surcharges applicable to this Rate Schedule.

(b) The charges and surcharges described above are subject to adjustment in accordance with the procedures set forth in the General Terms and Conditions.

(c) Transporter shall not retain any quantities for Retainage from the gas tendered for parking or lending under this Rate Schedule.

5. OPERATIONAL REQUIREMENTS OF TRANSPORTER

(a) Interruption of Service. Shipper may be required, upon notification from Transporter, to cease or reduce deliveries to, or receipts from, Transporter hereunder within the Day consistent with Transporter's operating requirements. Further, Shipper may be required to return loaned quantities or remove parked quantities upon notification by Transporter. Such notification shall be by Transporter's EBB and Internet e-mail. Transporter shall not recall from (or require withdrawal by) any Shipper, on any day, any quantity greater than one-tenth (1/10th) of the Shipper's outstanding park or loan balance; provided, however, that in no event shall Transporter be restricted when recalling (or requiring the withdrawal of) less than 5,000 Dth from any Shipper on any day nor shall any Shipper be permitted to extend the term of its park or loan by reason of this limitation. Transporter's notification shall specify the time frame within which parked quantities shall be removed or loaned quantities shall be returned, consistent with Transporter's operating conditions; provided, however, that in no event shall the specified time be sooner than the next Day after Transporter's notification, subject to the following conditions:

(1) If Shipper makes a timely and valid nomination, which Transporter subsequently confirms, in response to notification by Transporter to remove parked quantities or return loaned quantities, Shipper shall be deemed to have complied with Transporter's notification; and

(2) Unless otherwise agreed by Transporter and Shipper: (1) any parked quantity not removed within the time frame specified by Transporter's notice shall become the property of Transporter at no cost to Transporter, free and clear of any adverse claims; (2) any loaned quantity not returned within the time frame specified by Transporter's notice shall be sold to Shipper at 150 percent of the Spot Market Price for each Dth.

(b) Removal/Return of Parked or Loaned Volumes.

(1) If parked quantities remain in Transporter's system and/or loaned quantities have not been returned to Transporter's system at the expiration of any Service Agreement executed by Transporter and Shipper, Transporter and Shipper may mutually agree to an extended time frame and/or modified terms, including the rate, of such Service Agreement. If Transporter and Shipper are unable to come to such agreement, Transporter shall notify Shipper, and Shipper shall nominate for removal of the parked quantities or return of the loaned quantities within the time frame specified in Transporter's notice, which in no event shall be less than ten (10) Days. Transporter shall always have the right to recall up to 5,000 Dth from Shipper on any day.

(2) Any parked quantities not removed within the time frame specified by Transporter's notice shall become the property of Transporter at no cost to Transporter, free and clear of any adverse claims. Within five (5) business days of Shipper's receipt of Transporter's invoice setting forth the quantities forfeited pursuant to this provision, Transporter shall post such forfeited quantities for sale in accordance with Section 39 of the General Terms and Conditions of this Tariff. Upon receipt of payments, Transporter shall credit to the account of the Shipper whose gas was forfeited 80 percent of the proceeds from such sale, and shall retain the remaining 20 percent of such proceeds as a reimbursement fee.

(3) If Shipper does not return loaned quantities within the time frame specified by Transporter's notice, Shipper shall reimburse Transporter for the cost of each Dth of the loaned quantity ("Reimbursement Fee"). The Reimbursement Fee shall be determined by selling the gas to Shipper at 150 percent of the Spot Market Price.

(4) Shipper makes a timely and valid nomination, which Transporter subsequently confirms, in response to notification by Transporter to remove parked quantities or return loaned quantities, Shipper shall be deemed to have complied with Transporter's notification. If Shipper makes a timely and valid nomination, or deemed nomination under Auto PAL service, to clear a remaining parked quantity and Transporter does not have sufficient capacity to allow the required park withdrawal, Shipper shall be allowed an additional day for each such constrained day during the timeframe specified in Transporter's notice to clear the remaining parked quantity. If Shipper makes a timely and valid nomination, or deemed nomination under Auto PAL service, to clear a remaining loan payback, Shipper shall be allowed an additional day for each such constrained day during the timeframe specified in Transporter's notice to clear the remaining loaned quantity.

(c) Crediting of Reimbursement Fee. The Reimbursement Fee shall be considered Penalty Revenue and credited to Shippers in accordance with the provisions of Section 19.5 of the General Terms and Conditions.

(d) Spot Market Price. For purposes of this section, "Spot Market Price" shall be defined, for each Dth on each applicable Day on which the gas was to be repaid, as (a) for the Market Zone, the "Columbia Gulf, Mainline" price index for Louisiana-Onshore South as published in Gas Daily's Weekly Weighted Average Prices Survey, or any successor publication, applicable to the period in which the gas was to be repaid; and (b) for the onshore component for the Market Zone, the "Columbia Gulf, LA" price index for Louisiana-Onshore South, as published in Gas Daily's Weekly Weighted Average Prices Survey, or any successor publication, applicable to the period in which the gas was to be repaid.

6. GENERAL TERMS AND CONDITIONS

All of the General Terms and Conditions are applicable to this Rate Schedule and are hereby made a part hereof, with the exception of Sections 4, 11, 14 and 31 through 34.

RATE SCHEDULE IMS
IMBALANCE MANAGEMENT SERVICE

1. AVAILABILITY

(a) Service under this Rate Schedule is available from Columbia Gulf Transmission, LLC (Transporter) to any Shipper provided that: (i) Transporter has sufficient facilities and transportation capacity available to receive gas from or on behalf of Shipper and deliver gas to or for Shipper; (ii) Shipper has submitted a valid request for service under Section 3 of the General Terms and Conditions; (iii) Shipper has executed an IMS Service Agreement with Transporter for short-term imbalance management parking or lending service (IMS Parking Service or IMS Lending Service); and (iv) Shipper complies with the provisions of this Rate Schedule and with all other applicable provisions of this Tariff.

2. APPLICABILITY AND CHARACTER OF SERVICE

(a) Zone of Service. The service under this Rate Schedule is available to any Shipper who delivers gas to and receives gas from Transporter on Transporter's Market Zone.

(b) Character of Service. The service provided under this Rate Schedule shall be performed under Subpart B or G of Part 284 of the Commission's Regulations. Subject to the limitations set forth below, service under this Rate Schedule shall consist of parking or lending gas on any Day; provided however, each IMS Parking Service or IMS Lending Service under this Rate Schedule shall be provided for a maximum term of one (1) Day. Each IMS Parking Service or IMS Lending Service shall be provided pursuant to a master IMS Service Agreement. Such service shall be provided on an interruptible basis only to the extent that capacity is available from time to time, subject to quantity limitations set forth in Shipper's IMS Service Agreement, and shall consist of:

(1) IMS Parking Service. IMS Parking Service is an interruptible service which provides for: (i) the receipt by Transporter of gas quantities delivered by Shipper to the point(s) of service agreed to by Transporter and Shipper on Transporter's system for receipt of parked quantities; (ii) Transporter holding the parked quantities on Transporter's system; and (iii) the return of parked quantities to Shipper at the same point(s), or other mutually agreed upon point(s) on Transporter's system and within one (1) Day.

(2) IMS Lending Service. IMS Lending Service is an interruptible service which provides for: (i) the receipt by Shipper of gas quantities from Transporter at the point(s) of service agreed to by Transporter and Shipper on Transporter's system for delivery of loaned quantities of gas; and (ii) the subsequent return of the loaned quantities of gas to Transporter at the same point(s), or other mutually agreed upon point(s) on Transporter's system and within one (1) Day.

(c) Transportation to and from Points of Service. Shipper shall make any necessary arrangements with Transporter and/or third parties to receive or deliver gas quantities at the designated point(s) of service for IMS Parking or IMS Lending Service hereunder. Transportation service is not provided under this Rate Schedule. If Transporter and Shipper agree that Shipper may receive parked quantities or return loaned quantities under this Rate Schedule at point(s) other than the point(s) of the park or loan, then Shipper shall accomplish such transactions pursuant to nominations under separate transportation agreement(s) with Transporter to effectuate the receipt or delivery of gas to or from other point(s).

(d) Limitations. Shipper shall not exceed the Maximum Parked Account Balance Quantity or Maximum Loaned Account Balance Quantity set forth in Shipper's IMS Service Agreement.

(e) Available Points. The points on Transporter's system at which service may be available under this Rate Schedule shall be maintained on a Master List of Interconnections (MLI) that Transporter shall post on its EBB. The points on the MLI may be incorporated by reference in Shipper's IMS Service Agreements.

(f) Capacity Release. Service rights under an IMS Service Agreement may not be released or assigned.

3. NOMINATING AND SCHEDULING

(a) Shipper shall nominate and Transporter shall schedule under this Rate Schedule pursuant to the provisions of Section 5 of this Rate Schedule and Section 6 of the General Terms and Conditions. Shipper may request that Transporter submit nominations on Shipper's behalf under this Rate Schedule in situations where Shipper's receipt and delivery quantities are not in balance ("Automatic Nomination Option"). Shipper's election of this Automatic Nomination Option shall be set forth in its IMS Service Agreement. Shipper shall not be obligated to elect the Automatic Nomination Option in order to receive service under this Rate Schedule.

(b) Whenever quantities are parked or a loaned quantity returned under this Rate Schedule, such quantities shall be added to the Shipper's net IMS Account Balance. Whenever quantities are loaned or a parked quantity removed under this Rate Schedule, such quantities shall be subtracted from the Shipper's IMS Account Balance. Whenever Shipper's IMS Account Balance equals a positive quantity, Shipper will be deemed to have an IMS Parked Account Balance Quantity. Whenever Shipper's IMS Account Balance equals a negative quantity, Shipper will be deemed to have an IMS Loaned Account Balance Quantity.

4. RATE

(a) The charges to be paid by Shipper on any Day, shall be no higher than the applicable total effective maximum rate charge and no lower than the applicable total effective minimum rate charge set forth in this Tariff, unless otherwise mutually agreed to by Transporter and Shipper. Transporter shall post on its EBB a separate daily effective rate for IMS Parked Account Balance and IMS Loaned Account Balance.

For all service provided under this Rate Schedule, Shipper each Month shall pay Transporter the charges set forth below, unless otherwise mutually agreed to by Transporter and Shipper:

(1) IMS Account Balance Charge. The IMS Account Balance Charge shall be applied for each Dekatherm (Dth) of the IMS Parked Account Balance Quantity per zone or IMS Loaned Account Balance Quantity per zone at the end of each Day during the Month.

(2) Surcharges. The surcharges applicable to this Rate Schedule.

(b) The charges and surcharges described above are subject to adjustment in accordance with the procedures set forth in the General Terms and Conditions.

(c) Transporter shall not retain any quantities for Retainage from the gas tendered for parking or lending under this Rate Schedule.

5. OPERATIONAL REQUIREMENTS OF TRANSPORTER

(a) Treatment of Balances. Shipper must clear an IMS Parked Amount Balance or an IMS Loaned Account Balance by the end of the subsequent Day in which service under this Rate Schedule is provided. If Shipper fails to clear such IMS Parked Account Balance or IMS Loaned Account Balance by the end of the subsequent Day, Shipper shall be assessed the IMS Account Balance Charge, set forth in Section 4 above, for each Day until Shipper's IMS Account Balance Quantity equals zero. A Shipper that fails to achieve an IMS Account Balance Quantity of zero may elect to enter into a parking or loaning transaction with Transporter pursuant to Rate Schedule PAL and transfer Shipper's IMS Account Balance Quantity to an Account Balance under a PAL Service Agreement.

(b) Interruptions of Service. Shipper may be required, upon notification from Transporter to cease or reduce deliveries to, or receipts from, Transporter hereunder within the Day, consistent with Transporter's operating requirements. Further, Shipper may be required to remove parked quantities or return loaned quantities by the end of the subsequent Day upon notification by Transporter. Such notification shall be by Transporter's EBB and Internet e-mail. Transporter's notification shall specify the time frame within which IMS parked quantities shall

be removed or IMS loaned quantities shall be returned, consistent with Transporter's operating conditions, and subject to the following conditions:

(1) If Shipper makes a valid nomination, which Transporter subsequently confirms, in response to notification by Transporter to remove IMS parked quantities or return IMS loaned quantities, Shipper shall be deemed to have complied with Transporter's notification; and

(2) Unless otherwise agreed by Transporter and Shipper: (1) any IMS parked quantity not removed within the time frame specified by Transporter's notice shall become the property of Transporter at no cost to Transporter, free and clear of any adverse claims; and (2) any IMS loaned quantity not returned within the time frame specified by Transporter's notice shall be sold to Shipper at 150 percent of the Spot Market Price for each Dth.

(c) Removal/Return of Parked and Loaned Volumes.

(1) If IMS parked quantities remain in Transporter's system and/or IMS loaned quantities have not been returned to Transporter's system at the expiration of any Service Agreement executed by Transporter and Shipper, Transporter and Shipper may mutually agree to an extended time frame and/or modified terms, including the rate, of such Service Agreement. If Transporter and Shipper are unable to come to such agreement, Transporter shall notify Shipper, and Shipper shall nominate for removal of the IMS parked quantities or return of the IMS loaned quantities within the time frame specified in Transporter's notice.

(2) Any IMS parked quantities not removed within the time frame specified by Transporter's notice shall become the property of Transporter at no cost to Transporter, free and clear of any adverse claims. Within five (5) business days of Shipper's receipt of Transporter's invoice setting forth the quantities forfeited pursuant to this provision, Transporter shall post such forfeited quantities for sale in accordance with Section 39 of the General Terms and Conditions of this Tariff. Upon receipt of payments, Transporter shall credit to the account of the Shipper whose gas was forfeited 80 percent of the proceeds from such sale, and shall retain the remaining 20 percent of such proceeds as a reimbursement fee.

(3) If Shipper does not return loaned quantities within the time frame specified by Transporter's notice, Shipper shall reimburse Transporter for the cost of each Dth of the loaned quantity ("Reimbursement Fee"). The Reimbursement Fee shall be determined by selling the gas to Shipper at 150 percent of the Spot Market Price.

(4) If Shipper makes a timely and valid nomination which Transporter subsequently confirms in response to notification by Transporter to remove IMS parked quantities, Shipper shall be deemed to have complied with Transporter's notification. If

Shipper makes a timely and valid nomination to clear a remaining parked quantity and Transporter does not have sufficient capacity to allow the required park withdrawal, Shipper shall be allowed an additional day for each such constrained day during the timeframe specified in Transporter's notice to clear the remaining parked quantity. If Shipper makes a timely and valid nomination to clear a remaining loan quantity and Transporter does not have sufficient capacity to allow the required loan payback, Shipper shall be allowed an additional day for each such constrained day during the timeframe specified in Transporter's notice to clear the remaining loan quantity.

(d) Crediting of Reimbursement Fees. The Reimbursement Fee shall be considered Penalty Revenue and credited to Shippers in accordance with Section 19 of the General Terms and Conditions.

(e) Spot Market Price. For purposes of this section, "Spot Market Price" shall be defined as, for each Dth on each applicable Day on which the gas was to be repaid as follows: (a) for the Market Zone, the "Columbia Gulf, Mainline" price index for Louisiana-Onshore South as published in Gas Daily's Daily Price Survey, or any successor publication; and (b) for the onshore component of Market Zone, the "Columbia Gulf, LA" price index for Louisiana-Onshore South, as published in Gas Daily's Daily Price Survey, or any successor publication.

(f) Termination by Transporter. Transporter may terminate an IMS Service Agreement upon five (5) Days written notice if Shipper fails to comply with the operational requirements set out in this section.

6. GENERAL TERMS AND CONDITIONS

All of the General Terms and Conditions are applicable to this Rate Schedule and are hereby made a part hereof, with the exception of Sections 4, 11, 14 and 31 through 33.

GENERAL TERMS AND CONDITIONS
(TABLE OF CONTENTS)

Section

- 1 Definitions
- 2 Electronic Bulletin Board (EBB)
- 3 Requests for Service
- 4 Availability of Capacity for Firm Services
- 5 Service Agreement and Electronic Contracting
- 6 Nominating, Scheduling and Monitoring
- 7 Capacity Allocation
- 8 Meter Allocations
- 9 Operating Conditions
- 10 Billing and Payment
- 11 Flexible Primary and Secondary Receipt and Delivery Points
- 12 Maximum Daily Obligation at Both Delivery Points and Receipt Points
- 13 Pressure
- 14 Release and Assignment of Service Rights
- 15 Force Majeure
- 16 Interruptions of Service
- 17 Critical Period Notices and Operational Flow Orders
- 18 Imbalances
- 19 Penalties

20	Discounting
21	Regulatory Fees
22	Possession of Gas
23	Warranty of Title to Gas
24	Warranty of Eligibility for Transportation
25	Gas Quality
26	Measurement
27	Schedules and Contracts Subject to Regulation and Revision
28	Notices
29	Complaint Resolution Procedure
30	Reserved for Future Use
31	Annual Charge Adjustment
32	Transportation Retainage Adjustment ("TRA")
33	Contract Demand Reduction Option
34	Negotiated Rates
35	Construction of Laterals
36	Compliance with 18 CFR, Section 284.12
37	Offsystem Pipeline Capacity
38	Reimbursement of Sales and Use Taxes
39	Operational Purchases and Sales
40	Reservation Charge Credits

1. DEFINITIONS

1.1 "Administrator" shall mean the party designated by the Principals to act on their behalf under a Multi-Party Service Agreement.

1.2 Reserved for Future Use.

1.3 "Btu" shall mean the British thermal unit as defined by international standards.

1.4 "Business Day" shall mean Monday through Friday excluding Federal Banking Holidays.

1.5 "Central Clock Time" or "CT" shall mean Central Standard Time adjusted for Daylight Savings Time. Unless otherwise stated, all times in the Tariff are Central Clock Time.

1.6 "Commission" shall mean the Federal Energy Regulatory Commission.

1.7 "Confirmations" shall mean the process of Transporter agreeing with Interconnecting Operators on quantities that should flow at a location based on nominations received by Transporter and the Interconnecting Operator. Related confirmation terms are:

(a) "Confirming Party" shall mean the entity that Transporter shall contact for confirmation of a quantity of gas with respect to a nomination at a location. Confirming Parties include Interconnecting Operators or upstream/downstream title holders.

(b) "Confirmation by Exception" or "CBE" means that the Confirming Parties agree that one party deems that all requests at a location are confirmed by the other party (the CBE party) without response communication from that party. The CBE party can take exception to the request by so informing the other party within a mutually agreed upon time frame.

(c) "Explicit Confirmation" shall mean the requirement that the Confirming Party respond to a Request for Confirmation or initiate an unsolicited Confirmation Response. Absent mutual agreement to the contrary, Explicit Confirmation is the default confirmation methodology.

1.8 "Critical Notice" shall mean any notice pertaining to information on system conditions that affect scheduling or adversely affect scheduled gas flow.

1.9 "Cubic Foot" and "Standard Cubic Foot" shall mean that quantity of natural gas that occupies one cubic foot of space when held at a base temperature of sixty (60) degrees Fahrenheit and a pressure of fourteen and seventy-three hundredths (14.73) psia, without adjustment for water vapor content.

1.10 "Designated Site" shall mean the electronic address used to contact an entity for EDI transmission.

1.11 "Dth" or "Dekatherm" shall mean one million Btu. The standard quantity for nominations, confirmation and scheduling is dekatherms per Gas Day in the United States, and gigajoules per Gas Day in Canada and Mexico. (For reference 1 dekatherm = 1,000,000 Btu's; 1 gigajoule = 1,000,000,000 joules.) For commercial purposes, the standard conversion factor between dekatherms and gigajoules is 1.055056 gigajoules per dekatherm. The standard Btu is the International Btu, which is also called the Btu (IT); the standard joule is the joule specified in the SI system of units.

1.12 "Effective Daily Quantity" shall mean the aggregate daily quantity of gas Shipper shall have been authorized to receive from Transporter under all that Shipper's Service Agreements under all Rate Schedules set forth in Volume Nos. 1 and 2 of this Tariff, including the aggregate daily quantities under the Service Agreements of other Shippers for whom gas is being delivered to that Shipper. Shipper's Effective Daily Quantity shall not provide Shipper with any right to receive gas beyond the limitations specified in any applicable Rate Schedule.

1.13 "Elapsed Prorata Capacity" shall mean that portion of the capacity that would have theoretically been available for use prior to the effective time of the intraday recall based upon a cumulative uniform hourly use of the capacity.

1.14 "Elapsed Prorated Scheduled Quantity" or "ESPO" shall mean that portion of the scheduled quantity that would have theoretically flowed up to the effective time of the intraday nomination being confirmed, based upon a cumulative uniform hourly quantity for each nomination period affected.

1.15 "Electronic Bulletin Board" or "EBB" shall mean Transporter's computerized system for the posting, sending and receiving of notices and other communications under this Tariff.

1.16 "Electronic Data Interchange" or "EDI" shall mean electronic data interchange as defined by the standards established by the NAESB and approved by the Commission, or Transporter defined data sets where no NAESB standard exists.

1.17 "Electronic Measurement" shall mean that form of measurement consisting of flow computers or computerized Remote Terminal Units (RTUs), electronic transducers, and associated power, data communications, and other electronic equipment to accomplish the measurement of gas and transfer of data without the use of charts or other paper Recordings.

1.18 "Electronic Notice Delivery" is the term used to describe the delivery of notices via Internet E-mail and/or EDI/EDM.

1.19 "Gas Day" or "Day" shall mean a period of 24 consecutive hours, beginning at 9:00 a.m. Central Clock Time, adjusted for Daylight Savings Time, and the date of the Gas Day shall be that of its beginning.

1.20 "General Terms and Conditions" or "GTC" shall mean the currently effective General Terms and Conditions set forth in Volume No. 1 of this Tariff.

1.21 "Grandfathered Contracts" shall be defined as Shippers who have an FTS-2 contract with Columbia Gulf who are subject to a lower maximum rate than the maximum Market Zone rate as specified in Article V of the Stipulation and Agreement of Settlement in Docket No. RP11-1435.

1.22 "Heating Value" shall mean the gross heating value on a dry basis, which is the number of British thermal units produced by the complete combustion at constant pressure of the amount of dry gas (gas containing no water vapor) that would occupy a volume of one Cubic Foot at 14.73 psia and 60 degrees F with combustion air at the same temperature and pressure as the gas, the products of combustion being cooled to the initial temperature of the gas and air, and the water formed by combustion condensed to the liquid state.

1.23 "Interconnecting Operator" shall mean the entity with physical control either upstream or downstream of Transporter's facility.

1.24 "Intraday Nomination" shall mean a nomination submitted after the nomination deadline whose effective time is no earlier than the beginning of the Gas Day and runs through the end of that Gas Day.

1.25 "Market Zone" shall mean (1) the East Lateral System from Venice, Louisiana to Rayne, Louisiana; (2) the West Lateral Lines from Cameron Meadows, Louisiana to Rayne, Louisiana; and (3) and Transporter's market system from Rayne, Louisiana to Leach, Kentucky.

1.26 "Master List of Interconnections" or "MLI" shall mean the list of interconnections, including receipt and delivery points with third parties, aggregation points and paper pools, eligible for transportation services as maintained by Transporter on its EBB on an ongoing basis.

1.27 "Mcf" shall mean one thousand Cubic Feet of gas.

1.28 "Month" shall mean the period beginning at the start of the first Day of the calendar month and ending at the same hour on the first Day of the next succeeding calendar month.

1.29 "Multi-Party Service Agreement" shall mean the service agreement, as set forth in the Forms of Service Agreements, executed by Administrator on behalf of Principals as Shipper.

1.30 "Negotiated Rate" shall mean a negotiated rate for service as defined in accordance with Commission policy, with respect to the negotiation of rates, rate components, fees, charges,

surcharges, credits, retainage percentages, or formula pertaining to the same, for service under a Rate Schedule.

1.31 "Nomination Cycle" shall mean the timing and activities related to nominations, capacity allocation, confirmation and scheduled quantities. Nomination Cycles are:

(a) Timely Nomination Cycle

On the day prior to gas flow:

- (i) 1:00 p.m. for nominations leaving control of the nominating party;
- (ii) 1:15 p.m. for receipt of nominations by the Transporter (including from Title Transfer Tracking Service Providers (TTTSPs));
- (iii) 1:30 p.m. to send Quick Response;
- (iv) 4:30 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties;
- (v) 5:00 p.m. for receipt of scheduled quantities by Shipper and Interconnecting Operator.

Scheduled quantities resulting from Timely Nominations should be effective at the start of the next Gas Day.

(b) Evening Nomination Cycle

On the day prior to gas flow:

- (i) 6:00 p.m. for nominations leaving control of the nominating party;
- (ii) 6:15 p.m. for receipt of nominations by the Transporter (including from TTTSPs);
- (iii) 6:30 p.m. to send Quick Response;
- (iv) 8:30 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties;
- (v) 9:00 p.m. for Transporter to provide scheduled quantities to affected Shippers and Interconnecting Operators, and to provide scheduled quantities to bumped parties (notice to bumped parties).

Scheduled quantities resulting from Evening Nominations shall be effective at the start of the next Gas Day.

(c) Intraday 1 Nomination Cycle

On the current Gas Day:

- (i) 10:00 a.m. for nominations leaving control of the nominating party;
- (ii) 10:15 a.m. for receipt of nominations by the Transporter (including from TTTSPs);
- (iii) 10:30 a.m. to send Quick Response;
- (iv) 12:30 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties;
- (v) 1:00 p.m. for Transporter to provide scheduled quantities to affected Shippers and Interconnecting Operators, and to provide scheduled quantities to bumped parties (notice to bumped parties).

Scheduled quantities resulting from an Intraday 1 Nominations should be effective at 2:00 p.m. on the current Gas Day.

(d) Intraday 2 Nomination Cycle

On the current Gas Day:

- (i) 2:30 p.m. for nominations leaving control of the nominating party;
- (ii) 2:45 p.m. for receipt of nominations by the Transporter (including from TTTSPs);
- (iii) 3:00 p.m. to send Quick Response;
- (iv) 5:00 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties;
- (v) 5:30 p.m. for Transporter to provide scheduled quantities to affected Shippers and Interconnecting Operators, and to provide scheduled quantities to bumped parties (notice to bumped parties).

Scheduled quantities resulting from Intraday 2 Nominations should be effective at 6:00 p.m. on the current Gas Day.

(e) Intraday 3 Nomination Cycle

On the current Gas Day:

- (i) 7:00 p.m. for nominations leaving control of the nominating party;
- (ii) 7:15 p.m. for receipt of nominations by the Transporter (including from TTTSPs);
- (iii) 7:30 p.m. to send Quick Response;
- (iv) 9:30 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties;
- (v) 10:00 p.m. for Transporter to provide scheduled quantities to affected Shippers and Interconnecting Operators.

Scheduled quantities resulting from Intraday 3 Nominations should be effective at 10:00 p.m. on the current Gas Day. Bumping is not allowed during the Intraday 3 Nomination Cycle.

(f) For purposes of (b), (c), (d), and (e) above, "provide" shall mean receipt at Shipper's or Interconnecting Operator's designated site, and for purposes of other forms of transmittal, it shall mean send or post.

1.32 "OBA" shall mean Operational Balancing Agreement between two parties which specifies the procedure for managing operating variances at an interconnect.

1.33 Reserved for Future Use

1.34 "Offsystem-Onshore Facilities" or "Offsystem-Onshore Zone" shall mean Carter Creek Facilities (10.0 miles of 22-inch pipeline which ties into the 36-inch Overthrust pipeline segment located in Uinta County, Wyoming).

1.35 "Operational Flow Order" or "OFO" shall mean an order issued to alleviate conditions, inter alia, which threaten or could threaten the safe operations or system integrity of Transporter's system or to maintain operations required to provide efficient and reliable firm service. Whenever Transporter experiences these conditions, any pertinent order shall be referred to as an Operational Flow Order.

1.36 "Package ID" shall mean a way to differentiate between discrete business transactions.

1.37 "Point Operator" shall mean the operator of any point of receipt or delivery on Transporter's system

1.38 "Pooling" shall mean 1) the aggregation of gas from multiple physical and/or logical points to a single physical or logical point, and/or 2) the disaggregation of gas from a single physical or logical point to multiple physical and/or logical points.

1.39 "Principal(s)" shall mean Shipper or Shippers that have a designated Administrator to act on its/their behalf under a Multi-Party Service Agreement.

1.40 "Receipt Point for Production" shall mean a receipt point that is directly connected to production or gathering facilities. Interconnections with interstate pipelines will not be deemed "Receipt Points for Production".

1.41 "Recording" and "Record" when used herein shall include:

- (a) charts or other paper recordings, or
- (b) any binary or other machine-readable representation of information stored in computer memory or other electronic device.

1.42 "Recourse Rate" shall mean the maximum base tariff rate(s) plus all surcharges set forth in this Tariff applicable for the service provided under the corresponding rate schedule. For service provided to a pooling point on Transporter's system, Recourse Rate shall be deemed to not include commodity or usage related charge(s) or surcharge(s).

1.43 "Recurrence Interval" shall mean an annually recurring period of time, defined by month and day combinations, during which certain contract terms are effective.

1.44 "Retainage" shall mean the quantity of gas, expressed as a percentage of receipt quantities, Shipper must provide Transporter (in addition to quantities Transporter will deliver to Shipper) for company-use, lost and unaccounted-for quantities under any of Transporter's Rate Schedules that refer to such term.

1.45 "Scheduled Daily Delivery Quantity" shall mean the quantity of gas scheduled by Transporter pursuant to Section 6 (Nominating, Scheduling, and Monitoring) of the General Terms and Conditions for delivery by Transporter on a daily basis to or for the account of Shipper pursuant to each Service Agreement under any of Transporter's Rate Schedules that refer to such term.

1.46 "Scheduled Daily Receipt Quantity" shall mean the quantity of gas scheduled by Transporter pursuant to Section 6 (Nominating, Scheduling, and Monitoring) of the General Terms and Conditions for receipt by Transporter on a daily basis for or on behalf of Shipper pursuant to each Service Agreement under any of Transporter's Rate Schedules that refer to such term.

1.47 "Service Agreement" shall mean the agreement between Transporter and Shipper pursuant to which Transporter provides service under any of Transporter's Rate Schedules.

1.48 "Shipper" shall mean any person or entity requesting or receiving service under any of Transporter's Rate Schedules.

1.49 "Title Transfer Tracking Service Provider" or "TTTSP" shall mean the party conducting the Title Transfer Tracking, which is the process of accounting for the progression of title changes from party to party that does not effect a physical transfer of the gas.

1.50 "Total Firm Entitlement" or "TFE" shall mean the aggregate daily quantity of gas that Transporter shall be obligated to deliver to Shipper at its delivery points within a zone under Rate Schedules FTS-1 and FTS-2 and under all firm X-Rate Schedules contained in Original Volume No. 2 of this Tariff.

1.51 "Transportation Demand" shall mean the maximum daily quantity of gas that Transporter shall be obligated to deliver to or for the account of Shipper pursuant to a Service Agreement under any of Transporter's firm transportation service Rate Schedules.

1.52 "Transportation Quantity" shall mean the maximum daily quantity of gas that Transporter agrees to transport and deliver to or for the account of Shipper pursuant to a Service Agreement under any of Transporter's interruptible transportation service Rate Schedules.

1.53 "Transporter" shall mean Columbia Gulf Transmission, LLC.

1.54 "Unauthorized Gas" shall mean any volume of gas received into a pool by Transporter that exceeds the volumes scheduled under a valid nomination for service.

1.55 "Utilization Factor" shall mean the factor calculated by dividing the saturated heating value of the gas by the square root of its specific gravity.

2. ELECTRONIC BULLETIN BOARD

2.1 In General. Transporter shall operate and make available to Shippers and other third parties, as set forth below, an interactive electronic bulletin board or EBB. All Shippers that receive service under any of Transporter's Rate Schedules shall have the capability to make use of Transporter's EBB as required by this Tariff. The EBB shall be available to any party with compatible electronic equipment. All Shippers and parties making use of Transporter's EBB shall be bound by and comply with the procedures governing its use as set forth in this Tariff and, for those Shippers or other parties utilizing electronic contracting through the EBB, in Section 5.7 of the General Terms and Conditions.

2.2 Operation. The EBB shall provide, among other things, (i) a search function for locating all information concerning specific transactions, and (ii) a menu that shall enable parties to separately access notices of available capacity, records of each transaction entered in the transportation log, and standards of conduct. Transporter will permit parties to download files from the EBB system so the contents can be reviewed in detail without tying up access to the system. Transporter will retain in an electronic format records of the information displayed on the EBB for no less than the preceding three years, and will permit parties reasonable access to those records.

2.3 Communications.

(a) The EBB shall be used to communicate initial and revised gas transportation schedules, confirmation of gas transportation nominations, amendments of interruptible receipt delivery points under gas transportation service agreements, and any other data or notice required by this Tariff. After notice by Transporter, the following types of communication may be permitted: notices not previously required to be given through the EBB, service agreements and amendments, and such other communications as the parties may agree in writing. Where electronic communications are required by this Tariff, Transporter may waive the requirements and accept such communications in another acceptable form on a nondiscriminatory basis. Notices posted on the EBB that require action by another party within two business days, including notice to interruptible shippers, shall also be communicated by Electronic Notice Delivery.

(b) In the event of failure of all or part of the EBB system, communications ordinarily conveyed through the EBB shall, to the extent possible, be conveyed through a combination of Electronic Notice Delivery, telephonic or facsimile transmissions. Transporter will make available certain blank forms on its EBB that Shipper may print for use in case of a failure of Transporter's EBB and Shipper may transmit those completed forms to Transporter by facsimile transmission. Shipper will be responsible for printing and saving the blank forms in advance of any EBB failure. In the event of failure of all or part of the EBB system, the forms Shipper shall transmit by facsimile transmission shall include: notices requiring action within two business days; requests for service not requiring open bidding; capacity release made pursuant to an exempt transaction; executions of Service Agreements; and submission of nominations. In the

event of failure of all or part of the EBB system, the forms Transporter shall transmit by Electronic Notice Delivery or facsimile shall include: status reports, executed Service Agreements, invoices, and notices requiring action within two business days.

(c) In the event that certain EBB functions effectively cannot be replaced, Transporter will by Electronic Notice Delivery, telephone or facsimile transmission, provide notice to Shippers of the suspension of that function pending restoration of EBB operations. The activities or functions to be suspended for the duration of any EBB failure shall include: bidding for Transporter's available capacity or released capacity; 24-hour turnaround times for contracting between Transporter and other parties, such as Assignees of released capacity; and current capacity information, balancing data, or other operational information.

2.4 Information Available. The EBB will permit parties to obtain:

(a) Information concerning the availability of capacity from Transporter for firm and interruptible transportation from each receipt point to each point of delivery and capacity available through capacity release from receipt points to delivery points:

(b) A listing of the points of receipt on Transporter's system;

(c) Transporter's currently effective FERC Gas Tariff, Third Revised Volume No. 1.;
and

(d) On-line Help through a feature that provides user support and can be accessed in all areas of the EBB.

2.5 Limitation. The EBB shall be employed by Shippers and other parties for the uses identified in this Section and elsewhere in this Tariff. To the extent other provisions of this Tariff prescribe that certain types of communications should be transmitted by the means other than the EBB, those specific provisions shall govern.

2.6 Relation to Other Provisions. Communications made in accordance with this Section shall satisfy the requirements of the Rate Schedules, Service Agreements, and General Terms and Conditions, as specified in this Tariff, and shall be binding upon the parties to the same extent as if transmitted by any other means permitted by such Tariff provisions. Nothing in this Section, however, shall operate to override any requirements elsewhere in this Tariff with respect to the need for any communications, or the deadlines for such communications. In the event any conflict exists between this Section and any other provision of this Tariff or of any Service Agreement, the latter provisions shall control.

2.7 Propriety and Confidential Nature of EBB. The EBB software and the information contained on the EBB is proprietary and confidential. Shipper shall not reproduce, disclose, or otherwise make available the EBB software, or any confidential information contained therein, to any other entity or individual. As provided at Section 2.11, the data conveyed through the

EBB is not proprietary or confidential by reason of its transmission through the EBB, and enjoys no greater confidentiality than if communicated through another medium.

2.8 Access Requirements; Operations. Transporter's EBB will operate 24 hours per day, seven days a week every week of the year. As noted in Section 2.1 above, access to the EBB shall be available to any party (i) that has compatible electronic equipment and (ii) that complies with the provisions of this Tariff and, for electronic contracting purposes, with this Section and Section 5.7 of the General Terms and Conditions.

(a) Equipment. EBB users must have computer equipment, software and Internet service meeting the minimum standards established by the North American Energy Standards Board and incorporated elsewhere in this Tariff. Transporter will operate a toll free telephone helpline answered 24 hours a day, to provide technical support.

(b) Access Procedure. Any party desiring to use Transporter's EBB may arrange to do so by contacting Transporter's Help Desk, making the request, and providing the name, address, and telephone number of the company and the designated contact person, and other information as may be required.

2.9 Warranty of Accuracy of Data. All parties using the EBB assume the responsibility that the data they transmit through the EBB is accurate and complete. Each such party further agrees that the party receiving data transmitted through the EBB may act in full reliance upon such data to the same extent that it could have had the data been delivered by any other means authorized under any Rate Schedule or Service Agreement.

2.10 Confidentiality. All communications received through the EBB, and any data contained therein, shall be subject to the same requirements of confidentiality, if any, applicable to such communications had they been made by any other means permitted under any Rate Schedule or Service Agreement.

2.11 Maintenance of Communication Link. Each party is responsible for maintaining an effective communication link with the Internet.

2.12 Determination of Receipt or Delivery of Transmissions. An EBB transmission shall be deemed to have been received when the transmission has been successfully received and time-stamped by Transporter's application (for EDI transmissions) or by the EBB computer (for on-line transmissions).

2.13 Responsibility for Employees. Each party shall be responsible for the actions of its employees with respect to use of or access to Transporter's EBB. Each employee and agent shall be deemed to have authority to act on behalf of and to bind that party with respect to any communications and data in electronic transmissions initiated by that employee or agent.

2.14 Cost of Electronic Board.

(a) Cost of Equipment. Each party shall provide and be responsible for its own costs for the data processing equipment it uses to send and receive electronic communications.

(b) Cost of EBB Services. Each party shall provide and be responsible for its own costs for accessing the Internet.

(c) Cost of Unauthorized Transmission. Use of the receiving party's designated site is limited to transactions permitted under this Tariff. No party may use another party's designated site for any other purpose unless otherwise expressly authorized under separate written agreement between the parties, including Transporter. If any party transmits to another party's designated site data not qualifying under this Tariff, the transmitting party will be liable to reimburse the receiving party for any direct costs incurred as a result of receiving any such unauthorized transmission.

2.15 Limitations on Access to Data. No party may obtain on its own initiative or otherwise any data from or relating to the other party except as specifically identified in this Section. In the event any party receives a transmission that the receiving party knows or should know is not directed to or intended for the receiving party, the receiving party shall immediately notify the transmitting party of such transmission and take such reasonable action as the transmitting party directs. In no event shall the receiving party utilize such information to the detriment of the transmitting party or any other party, or otherwise convey the substance of such transmission to any third party.

2.16 Security Breaches. Any Shipper or other party using the EBB agrees to notify Transporter promptly if there is any indication that a security breach may have occurred with regard to any electronic data interchange facilities or systems and to make any changes in passwords or other changes necessary to ensure the continued integrity of the EBB system. A security breach shall include, but not be limited to (i) loss of confidentiality of the other party's account name or account number for its designated site; (ii) termination of employment of any employee authorized to effect EBB communications; and (iii) loss of authority to effect EBB communications by any previously authorized employee. Transporter shall, to the extent possible, accommodate requests by Shippers to limit the access of designated employees or representatives of Shipper to designated portions of the EBB.

2.17 Responsibility for System Failure. Each EBB user shall bear the consequences of any failure in its own EBB-related equipment or system, and no such failure shall in any way affect the requirements under Transporter's Tariff or Service Agreements for communications, or the impact under the Tariff or Service Agreements of any failure by either party to make or receive such communications. The standards of liability applicable to the operation of the EBB equipment within Transporter's ownership and control shall be the same standards as are applicable to Transporter's other equipment and operations.

3. REQUESTS FOR SERVICE

3.1 Request for Service. Valid requests for new or increased levels of service under any of Transporter's Rate Schedules shall be made by submitting a request electronically to Transporter and by otherwise complying with all of the provisions of this Section 3. A valid request must contain the following information: (1) legal company name; (2) applicable rate schedule; (3) term of service; and (4) quantity data with applicable receipt and delivery points. The completed request for amended Service Agreements shall be forwarded to Transporter through Transporter's EBB, or other method of delivery approved by Transporter. A Shipper or prospective Shipper seeking new or increased service from Transporter, including a prospective bidder for released capacity under the provisions of Section 14 of the General Terms and Conditions, is referred to as "Requestor" in this Section 3.

3.2 Credit Data.

(a) Except as provided in Section 3.2(b), Requestor shall submit with its completed request the following credit evaluation data:

(1) a copy of Requestor's audited financial statements and financial reports for the previous two (2) fiscal year ends certified by the Chief Financial Officer or Chief Accounting Officer of the Requestor prepared in accordance with generally accepted accounting principles or, for non-U.S.-based Requestors, prepared in accordance with the equivalent standards. The certificate must state that the financial statements and financial reports fairly present the financial condition and results of operations of the Requestor for the period it covers;

(2) a copy of Requestor's most recent Annual Report and, if applicable, most recent Forms 10-Q and 10-K; provided that if Requestor has no Annual Report or Forms 10-Q or 10-K it must provide:

(i) its financial statement for the most recent period available, which may be unaudited but if unaudited, must be signed and attested to by Requestor's President and Chief Financial Officer as fairly representing the financial condition of the company;

(ii) any current filings with other regulatory agencies that discuss Requestor's financial conditions; and

(iii) a detailed business description that includes Requestor's corporate form, the number of years or months it has been in business, the nature of its business, and the number of employees.

(3) a list of Requestor's affiliates, including any parent and subsidiary companies;

(4) the names, addresses and telephone numbers of three trade references with whom Transporter may make reasonable inquiry into Requestor's creditworthiness, and copies of any available reports from credit reporting and bond rating agencies. The results of reference checks and any credit reports submitted must show that Requestor's obligations are being paid on a reasonably prompt basis;

(5) names, addresses, and telephone numbers of bank references;

(6) disclosure of past or pending bankruptcy or other similar state or federal proceedings, outstanding judgments or pending claims or lawsuits that could affect the solvency of Requestor;

(7) written confirmation that Requestor is not operating under any chapter of the Bankruptcy Code and is not subject to liquidation or debt reduction procedures under State Laws, such as an assignment for the benefit of creditors, or any informal creditors' committee agreement. Transporter may make an exception for a Requestor who is a debtor in possession operating under Chapter XI of the Federal Bankruptcy Act if Transporter is adequately assured that the service billing will be paid promptly as a cost of administration under the Federal Court's jurisdiction;

(8) a list of owners and/or shareholders of Requestor, if Requestor is privately held; and

(9) any other data Requestor desires to submit that would assist Transporter in determining creditworthiness.

(b) Transporter may waive the requirements of all or any part of Section 3.2 on a nondiscriminatory basis. A Requestor that is an existing Shipper on Transporter's system shall not be required to provide the information required by Section 3.2(a) in order to make a new request for service, provided, however, that Transporter may require an existing Shipper to furnish any information necessary to make a creditworthiness determination with respect to that Shipper/Requestor's new request for service.

(c) In lieu of submitting all or any part of the data required by this Section 3.3, a Requestor that has submitted such data to Transporter within the past twelve months may certify that all or any part of such data has not changed in any manner material to creditworthiness and update items that have materially changed.

3.3 Advance Determination of Creditworthiness. A Requestor shall submit the data required in this Section 3, at least 15 business days before bidding for or requesting new or increased service for an advance determination of creditworthiness by Transporter.

3.4 Deficient Requests. Transporter shall promptly notify a Requestor whose request for service has been rejected because of Requestor's failure to satisfy the provisions specified in this Section 3. Such notice shall identify the deficiencies that must be corrected in order to make a valid request to Transporter.

3.5 Material Changes. If any information provided by Requestor pursuant to this Section materially changes, Requestor shall provide Transporter with prompt written notification of such changes. Requestor is required to provide written notice to Transporter within two (2) days of filing a report (other than an annual or quarterly report) with the Securities and Exchange Commission ("SEC") or other equivalent foreign regulatory body that Requestor is required to file as a result of a material event or corporate change affecting its financial condition. That notice shall include a general description of the nature and reason for the filing and to the extent that report is not available electronically, Requestor shall provide Transporter with a copy of the report. Requestors that are not subject to SEC reporting requirements, but have a parent that is, shall comply with respect to any such filings by their parent.

3.6 Denial of Requests. Transporter may reject any request for service from a Requestor that fails to meet Transporter's creditworthiness requirements unless Requestor provides assurance of payment as provided in Section 3.7 below. Where service is requested under Rate Schedule PAL, Transporter may consider the quantities that Requestor could owe Transporter and/or the value of any imbalance owed Transporter in determining the level of service for which Requestor is creditworthy. Grounds for rejection shall include, but shall not be limited to, Requestor's failure (a) to show that Requestor's obligations are being paid in a timely manner, or (b) to provide reasonable assurance that Requestor will be able to continue to pay its obligations in the future.

3.7 Assurance of Payment. If Transporter denies a request for service due to a failure to satisfy Transporter's creditworthiness requirements, Requestor may obtain service if it provides Transporter with assurance of payment in the manner set forth at Section 9 of the General Terms and Conditions and otherwise complies with the ongoing creditworthiness requirements set forth in Section 9. If Requestor fails to tender such assurance of payment within the time period set forth in Section 9.6(c) of the General Terms and Conditions, or such longer time period reasonably established by Transporter, Transporter may deny Requestor's request for service or reject any bid submitted by Requestor.

3.8 Execution of Service Agreement. Following the approval of a request for service and the award of service by Transporter, Transporter and Requestor shall enter into a new or amended Service Agreement under each appropriate Rate Schedule in accordance with the provisions of Section 5 of the General Terms and Conditions. If Requestor fails to execute such Service Agreement within 15 days after Transporter tenders it to Requestor, or within such other time period agreed to by Transporter or required by a specific provision of this Tariff, Requestor's request for service and Transporter's offer of service shall be void and of no further force or effect. Service shall not commence until Requestor returns or transmits an executed electronic or

paper Service Agreement to Transporter in compliance with the provisions of this Tariff. Transporter may waive the provisions of this subsection on a nondiscriminatory basis.

3.9 Record Retention. Transporter shall maintain records of all valid requests for service and their disposition for a period of three years from the date of receipt of those requests. Transporter shall not disclose such information, including information relating to bids for service, other than pursuant to the provisions of this Tariff, a Commission proceeding or valid court order.

4. AVAILABILITY OF CAPACITY FOR FIRM SERVICES

This Section governs the manner in which requests for firm services shall be accommodated by Transporter when capacity is or becomes available.

4.1 Right of First Refusal and Extension of Firm Service Agreements.

Transporter and any Shipper may mutually agree, on a not unduly discriminatory basis, to include in a service agreement, a contractual right of first refusal (“Contractual ROFR”). Unless Transporter and Shipper expressly agree otherwise in Shipper’s service agreement, a right of first refusal (“ROFR”) pursuant to Section 284.221 of the Commission’s Regulations shall apply only to (1) firm service agreements with a term of 12 or more consecutive months of service at the applicable Recourse Rate for that service, or (2) firm multi-year seasonal service agreements at the applicable Recourse Rate where such capacity is available (“Regulatory ROFR”). A firm multi-year seasonal service agreement as used in this Section 4 is a firm service agreement that has a multi-year term but does not provide for 12 consecutive months of service. A shipper holding a qualifying agreement may exercise a Regulatory or Contractual ROFR in accordance with, and subject to, the procedures and limitations set forth below. The following procedures shall govern extensions of qualifying agreements:

(a) Right of First Refusal Process.

(1) Transporter shall notify Shipper in writing of the upcoming expiration or termination of any firm service agreement with a term of 12 or more consecutive months of service or any firm multi-year seasonal service agreement at the applicable Recourse Rate for that service (a “Long-Term Service Agreement”), and will provide such notice at least 30 days before Shipper is obligated to notify Transporter of its intent to exercise its ROFR or other service continuation rights under the Long-Term Service Agreement. All notifications and procedures that apply to Long-Term Service Agreements will also be applied to contracts with a Contractual ROFR. If a Shipper elects to extend a Long-Term Service Agreement, or any portion of its contract quantity thereunder: (i) for a period of five years and at the Recourse Rate, then Transporter shall accept Shipper’s requested extension; or (ii) for less than a period of five years or less than the Recourse Rate (or both), then Transporter, at its option and in a manner which is not unduly discriminatory, shall either accept Shipper’s requested extension period or shall require Shipper to exercise its ROFR by making the capacity under such agreement available in accordance with the procedures set forth below. Where applicable, and in accordance with Section 37 below, any ROFR may (1) be limited to the term of Transporter’s contract or service agreement with the offsystem capacity providers, or (2) the amount of capacity subject to the ROFR may be reduced to reflect changes in Transporter’s operational requirement.

(2) Upon Shipper providing Transporter with a six-month notice of intent to exercise its ROFR, Transporter shall in a reasonable amount of time post such capacity with minimum acceptable terms on the EBB (a “ROFR Open Season”). Transporter shall

begin accepting bids in a ROFR Open Season from any prospective Shipper, for all or a portion (volume but not geographic portion) of the service rights under the existing Shipper's Long-Term Service Agreement, at least five months prior to the termination of such service agreement.

(3) If Transporter receives an offer that meets the minimum acceptable terms for all or a portion (volume but not geographic portion) of the service rights under the Shipper's Long-Term Service Agreement, Transporter, within two business days after the last day for receiving offers, shall notify Shipper electronically of the offer having the greatest economic value to Transporter. For purposes of comparing respective values of offers under this section, Transporter shall evaluate all bids in accordance with the criteria set forth at Section 4.4 below. If Shipper elects to match the offer, Shipper shall electronically notify Transporter of such election within 15 calendar days after receiving Transporter's notice and shall execute a new service agreement matching the offer prior to the termination of the existing Long-Term Service Agreement. The highest rate that Shipper must match to continue such service is the Recourse Rate or the offer that meets the minimum acceptable terms. If Shipper does not elect to match the offer within 15 calendar days after receiving Transporter's notice, Shipper's ROFR will immediately terminate. If a Long-Term Service Agreement is not continued by its own terms or by reason of the Shipper's exercise of its ROFR, such Long-Term Service Agreement shall be subject to pregranted abandonment unless otherwise specified in the Long-Term Service Agreement and shall terminate and Transporter shall have no further obligation to Shipper.

(4) If no acceptable offers meeting Transporter's minimum terms are received, Transporter will notify Shipper within two business days after the close of the ROFR Open Season. Shipper may, thereafter, consistent with the terms of this Tariff, continue to receive all or a portion (volume but not geographic portion) of its service for such term and rate agreed to by Transporter and Shipper for a term to be specified by Shipper (in no instance shall Transporter be obligated to accept a rate lower than Recourse Rate). If Shipper elects to continue to receive service under its existing Long-Term Service Agreement, Shipper shall execute an amendment prior to the termination of the existing Long-Term Service Agreement. Shipper continuing service retains its ROFR on the portion of service continued, if it is continued under a Long-Term Service Agreement. If Shipper does not continue all or a portion (volume but not geographic portion) of its service within 15 calendar days following Transporter's two day notification period or such other period as may be mutually agreed to between Transporter and Shipper on a not unduly discriminatory basis, Shipper's ROFR will immediately terminate.

(5) If no acceptable offers satisfying Transporter's stated minimum terms are received and no new Long-Term Service Agreement has been reached between Transporter and the Shipper holding the capacity under the expiring service agreement, Transporter shall post such capacity as unsubscribed capacity. Transporter will accept

Recourse Rate bids, and in no instance shall Transporter be obligated to accept a rate lower than the Recourse Rate, for posted unsubscribed capacity on a first-come, first-served basis pursuant to Section 4.3 timeline. If Transporter receives an acceptable bid electronically for such unsubscribed capacity that meets its stated minimum conditions but is at less than the Recourse Rate, Transporter will post that bid on its EBB in accordance with posting periods in Section 4.3 below. A competing bidder may obtain the capacity by submitting during the posting period the highest value bid (a bid that exceeds the value of the initial posted bid) and all other bids.

(6) A Shipper with a firm service agreement having multiple primary receipt and delivery points subject to a ROFR may exercise its ROFR with respect to the service agreement's Transportation Demand at only certain primary receipt and delivery point combinations in such service agreement, subject to satisfaction of Transporter's operational considerations based on pipeline's configuration and design.

(7) A ROFR shall be deemed to be assigned where a Shipper holding such a right permanently releases and assigns all or a portion (volume but not geographic portion) of the capacity under that service agreement, regardless of the duration of that permanent release. Moreover, a Shipper releasing and assigning all or a portion (volume but not geographic portion) of the capacity may structure the release so as to transfer the ROFR for the duration of the release, even if that release and assignment is subject to a recall by Shipper that would terminate that release and assignment.

(b) Extension of Firm Service Agreements.

(1) Prior to the expiration of the term of any service agreement(s), Transporter and Shipper may mutually agree to renegotiate the terms of such agreement(s) in exchange for Shipper's agreement to extend the use of at least part of its existing service under such restructured service agreement(s). Such restructured service agreement(s) shall be negotiated on a case-by-case basis in a not unduly discriminatory manner. If the service agreement is a Long-Term Service Agreement, Transporter and Shipper must reach the agreement to extend prior to initiation of the ROFR procedure, which is the date the capacity must be posted for ROFR Open Season.

4.2 New Pipeline Capacity.

(a) Expansion Open Season. Transporter shall post an open season for any planned expansion and/or extension of Transporter's pipeline system. The open season package shall include a description of the project, a map, and shall specify, as applicable, the anticipated quantity (Dth), receipt points, delivery points, bid evaluation method, term, and bid terms.

(b) Capacity Reservation. Transporter may elect to reserve for future expansion projects any unsubscribed capacity or capacity under expiring or terminating service agreements that are not subject to a ROFR ("Available Reservation Capacity"). If Transporter elects to

reserve Available Reservation Capacity, it will notify shippers of its intent as part of Transporter's posting of the Available Reservation Capacity. Available Reservation Capacity may be reserved for up to one year prior to the Transporter filing for Natural Gas Act Section 7(c) certificate approval or prior notice authorization pursuant to Transporter's blanket construction certificate for construction of the proposed expansion and thereafter until such expansion is placed into service. Transporter may only reserve Available Reservation Capacity for a future expansion project for which an open season has been held or will be held within one (1) year of the date that Transporter posts such Available Reservation Capacity as being reserved. Any Available Reservation Capacity reserved under this section shall be made available for transportation pursuant to Transporter's General Terms and Conditions on a limited-term basis up to the in-service date of the expansion project(s). Transporter reserves the right to limit any extension rights provided in the service agreements and pursuant to Section 4.1 of the General Terms and Conditions governing ROFR commensurate with the proposed in-service date of the expansion project.

Prior to reserving Available Reservation Capacity for future expansion projects, Transporter shall first make such capacity generally available to any Shipper or potential Shipper by posting such Available Reservation Capacity for bidding through an open season for a time period of at least five (5) business days. This Available Reservation Capacity open season posting shall contain the following information with respect to the capacity: (i) the daily and other applicable quantity of service available; (ii) the Recourse Rate as set forth in this Tariff; (iii) any applicable restrictions; (iv) whether the capacity is subject to an existing ROFR; (v) any minimum price or other terms applicable to the capacity; and (vi) the date when bids are due to Transporter. The open season posting shall also conform to the bidding and capacity award procedures of General Terms and Conditions Section 4.4. When the Available Reservation Capacity open season is held prior to the expansion project open season, Transporter shall have the right to state in the Available Reservation Capacity open season posting minimum terms and conditions for bids that would be acceptable for consideration that are the same as the minimum terms and conditions anticipated for the future expansion project open season. In the event that the subsequent expansion project open season imposes minimum terms and conditions that are materially different from the terms and conditions imposed in the preceding Available Reservation Capacity open season, Transporter shall hold another open season for the Available Reservation Capacity that uses the same minimum terms and conditions as were imposed for the expansion project open season. If the expansion project open season is held prior to or during the Available Reservation Capacity open season, Transporter shall use the same minimum terms and conditions as used for the expansion project open season.

Any Available Reservation Capacity reserved pursuant to this section for an expansion project that does not go forward because Transporter does not file any required application with the Commission within one year from such reservation date, or because Transporter ultimately does not receive authorization, shall be posted as unsubscribed capacity within 30 days of the date the capacity becomes available subject to then existing commitments for the capacity.

Transporter's postings for Available Reservation Capacity shall include the following information: (i) a description of the expansion project for which the capacity will be reserved; (ii) the total quantity of capacity to be reserved; (iii) the location of the proposed reserved capacity on the pipeline system; (iv) whether, and if so, when Transporter anticipates that an open season for the capacity will be held or it will otherwise be posted for bids under the expansion; (v) the projected in-service date of the expansion projects; and (vi) on a rolling basis, how much of the reserved capacity has been sold on a limited-term basis. Transporter shall make reasonable efforts to update the reservation posting to reflect material changes in the expansion project up to the in-service date of the expansion project. The reservation posting shall also include a non-binding solicitation (or reverse open season) for turnback capacity from Transporter's existing shippers to serve the expansion project, provided that Transporter shall post the non-binding solicitation for turnback capacity no later than 90 days after the close of the expansion project open season.

4.3 Posting Procedures for Existing Firm Capacity.

Capacity that becomes available shall be posted as unsubscribed capacity on Transporter's EBB.

(a) If, after capacity has been posted on the EBB, Transporter receives a request for service pursuant to Section 3 (Request for Service) of the General Terms and Conditions, Transporter on a not unduly discriminatory basis shall award the capacity to the Shipper who submitted a valid request within the timelines set forth in Section 4.3(b) and at the applicable Recourse Rate. Alternatively, Transporter may post capacity, which is available as unsubscribed capacity on Transporter's EBB, in an open season pursuant to the open season procedures set forth in Section 4.3 and Section 4.4 if such capacity is not subject to a valid request for service pursuant to Section 3. If Transporter receives an otherwise valid Request for Service for capacity that has not been posted on the EBB as available unsubscribed capacity, before Transporter can award that capacity to the Shipper who submitted the request, Transporter shall post that capacity in an open season pursuant to the open season procedures set forth in Section 4.3 and Section 4.4, including but not limited to a Prearranged Open Season procedure under Section 4.4(c).

(b) Unless otherwise agreed to by Transporter, a Shipper can request available capacity for a future start date only within the following periods:

(i) For service for one year or longer, the requested service must commence no later than six months from the date the request is granted;

(ii) For service for greater than 92 days but less than one year, the requested service must commence no later than 30 days from the date the request is granted; and

(iii) For service for 92 days or less, the request must be for service starting no later than five days from the date the request is granted.

Any open season that will allow a variation from these defined periods will define the variation in the posting. In addition, unless otherwise agreed to by Transporter, all awards of capacity must be for continuous service for the entire term of the service and at the Recourse Rate. If Transporter agrees to consider varying from the period above by conducting an open season then Transporter is still free to reject bids meeting the previous minimum terms if the request is for less than the period defined in the open season posting. Any deviations from these time periods or minimum terms shall only be done in a not unduly discriminatory manner consistent with Commission regulations.

(c) For capacity posted under an open season, the open season shall be posted for at least the following periods:

- (i) five business days for firm capacity that will be available for a term of twelve months or longer;
- (ii) three business days for firm capacity that will be available for a term of at least five but less than twelve months;
- (iii) one business day for firm capacity that will be available for a term of less than five months but greater than 31 days; and
- (iv) four hours for firm capacity that will be available for a term of 31 days or less.

(d) All of Transporter's open season postings under (c) above shall include the following information regarding the available capacity: (i) the daily and other applicable quantity of service available at applicable locations; (ii) the Recourse Rate as set forth in this Tariff; (iii) any applicable restrictions; (iv) whether the capacity is subject to an existing ROFR; (v) any minimum price or other terms applicable to the capacity; (vi) the location of available capacity; and (vii) the date when bids are due to Transporter.

4.4 Open Season Bidding Process for Existing Firm Capacity.

(a) Bidding Process. A potential Shipper may submit multiple bids, each higher than its preceding bid, for all or any portion of the capacity or term of service made available by Transporter. Such bids shall be submitted electronically. Bidder shall specify the monthly reservation charge (or other firm or demand charge(s), if applicable, herein referred to collectively as Reservation Charge) it is bidding for the service. The price bid for the monthly reservation charge shall be expressed per Dth and shall be expressed to the nearest thousandth of one dollar (\$0.000). In addition to the bid price, bidder shall pay all applicable commodity charges, demand and commodity surcharges and any other applicable charges, as they may be adjusted from time to time by Transporter. Transporter shall have the right to reject any bids that: (i) are for a rate that is less than the minimum rate stated in Transporter's posting of that

capacity; (ii) do not satisfy any of the other terms specified in the posting; (iii) include conditions or provisions that Transporter determines, in its reasonable discretion, to be unacceptable; or (iv) are for service at receipt or delivery points at which Transporter does not have capacity available.

(b) Assessing Bids.

(1) General Criteria.

a. Transporter shall evaluate bids upon their net present value (“NPV”) taking into account the price, term, and any other criteria specified in the open season. All bids provided during any open seasons held pursuant to this Section 4.4 shall be electronically transmitted to Transporter unless otherwise indicated in the posting. Transporter shall award capacity for such bids to shippers whose bids, based upon Transporter’s determination, have the highest NPV.

(i) The NPV is the discounted cash flow of incremental revenues to Transporter produced, lost or affected by the request for service (e.g. through the Capacity Reduction Option) and may be based upon such factors as the term, quantity, date on which the requested service would commence, the net present value of any prepayment of service, the cost of facilities required by Transporter to provide the service, and other factors determined to be relevant by Transporter. All determinative factors will be defined in the open season. The NPV shall also include only revenues generated by the reservation rate, or other form of revenue guarantee, as proposed by bidder(s).

(ii) For the purposes of its NPV evaluation and as defined in the open season, Transporter may consider the aggregate NPVs of two or more bids for minimum bid packages, provided that if the combined quantity of capacity under those packages exceed the maximum capacity available for subscription then these bids will only be considered if the bidders have agreed to accept a prorated award of capacity. For bidders proposing a reservation rate or other form of revenue guarantee which exceeds the Recourse Rate during all or any portion of the term proposed by the bidder, the NPV calculated for the bid may not exceed an NPV that is calculated assuming that the Recourse Rate shall be in effect during the full term proposed by the bidder, in place of the reservation rate(s) or other revenue guarantee(s) proposed by the bidder.

(2) Creditworthiness. Transporter may also, on a not unduly discriminatory basis, adjust the net present value of any bid received by a Shipper that has not satisfied the creditworthiness criteria set forth in Section 9.5 of this Tariff by evaluating the Shipper’s risk of default under the Shipper’s bid (“Risk of Default Factor”).

(i) Calculation of Risk of Default Factor. The Risk of Default Factor will be one minus the difference between: (i) the Shipper's probability of default through the term bid by Shipper, using Standard & Poor's (S&P) most recent "Cumulative Average Default Rates by Rating Modifier" table (S&P Table); and (ii) the indicated probability of default for a creditworthy Shipper for the same term. The Risk of Default Factor will not be applied to any Shipper that satisfies the creditworthiness requirements set forth in Section 9.5 of the General Terms and Conditions.

(ii) Additional Assurance of Payment. Transporter shall not apply a Shipper's Risk of Default Factor if Shipper notifies Transporter in its bid or at any time prior to the close of the open season that it will provide, within five (5) days of any award of capacity, a letter of credit or cash deposit equal to all or part of the difference between the adjusted NPV of Shipper's bid and the NPV of the same bid from a creditworthy Shipper (Additional Assurance). The Additional Assurance shall be in addition to any assurance of payment required under Section 9.5(c) of the General Terms and Conditions. Shipper will not be required to provide Additional Assurance greater than 50% of the revenue for the term included in the Shipper's bid.

(c) Capacity Reduction Option. Transporter may grant, on a not unduly discriminatory basis a capacity reduction option. For bidders submitting bids in an open season, which include options to terminate the service agreement early and/or to reduce the capacity held thereunder for some portion of the term including multiple periods within the term in a manner which would reduce the reservation charges applicable to the service agreement ("Capacity Reduction Option"), Transporter, in its determination of the NPV of such a bid, will only consider the minimum incremental revenue guaranteed under the service agreement as if the option is exercised, including any consideration that the bidder proposes in exchange for the exercise of its Capacity Reduction Option. Unless a shorter notice period is specified in the open season posting, a Capacity Reduction Option will be under the requirement that Transporter must be provided notice no less than thirty days prior to its exercise for contracts of one year or less and no less than one year prior to its exercise for contracts greater than one year. Transporter will list in its open season posting acceptable terms for any Capacity Reduction Option. Notwithstanding any Capacity Reduction Option, a Long-Term Service Agreement will be eligible for extension rights pursuant to Section 4.1 if the service agreement remains a Long-Term Service Agreement throughout the term (or extended term) containing the Capacity Reduction Option unless the Capacity Reduction Option can be exercised during the first year of the Long-Term Service Agreement's term (or extended term). Transporter shall use the current Commission-approved interest rate in calculating the NPV of bids. Capacity shall be awarded based on the acceptable highest NPV of the bids offered to Transporter calculated in accordance with this section.

(d) Prearranged Open Season. Transporter may, on a not unduly discriminatory basis, enter into a prearranged service agreement with a Shipper for any capacity that is or

becomes available (“Prearranged Agreement”). Transporter will post any Prearranged Agreements on its EBB for bidding prior to finalizing any award of capacity (“Prearranged Open Season”). Prearranged Agreements will be deemed binding on Shippers. The NPV of any bids in a Prearranged Open Season will be determined in accordance with Section 4.4(b). If Transporter receives a bid that exceeds the NPV of the Prearranged Agreement, Transporter will notify the Shipper with the Prearranged Agreement within one (1) hour after the close of the open season. The Shipper under the Prearranged Agreement must notify Transporter within one (1) business day of its election to either match the bid with the highest NPV or terminate the Prearranged Agreement. The highest rate that Shipper under the Prearranged Agreement must match to receive service under the Prearranged Agreement is the Recourse Rate. If the prearranged Shipper elects to match the bid, all of the capacity will be awarded to the prearranged Shipper. If prearranged Shipper elects not to match a higher competing bid, the capacity will be awarded to the Shipper with the highest bid in the open season and Transporter will have no further obligations under the Prearranged Agreement. In accordance with Section 4.4(g), all bids in a Prearranged Open Season are binding and a Shipper with an unmatched higher bid must execute a service agreement consistent with the terms of its bid within three (3) business days of receiving notice of its award of capacity under this provision.

(e) Future Sales Open Season. Transporter may conduct an open season to sell the following types of capacity with service commencement date that begins immediately or at any time in the future: (i) any unsubscribed capacity; (ii) any capacity under expiring or terminating service agreements where such agreements do not have a ROFR or shipper does not exercise its ROFR; or (iii) any capacity that becomes available due to modification, construction, or acquisition of facilities in accordance with the Commission’s blanket certificate regulations (collectively “Available Sale Capacity”).

If Transporter sells Available Sale Capacity in a Prearranged Open Season pursuant to Section 4.4(d) with a future service commencement date the posting provisions of the General Terms and Conditions Section 4.3 will apply to the sale of capacity on an interim basis. Where the requested service commencement date extends more than one year into the future and the interim capacity would otherwise be eligible for a ROFR right under Section 4.1(a), Transporter will limit the ROFR rights associated with that interim capacity commensurate with the future service commencement date. If ROFR rights are limited by operation of this section, the transportation service agreement will note the limitation. Transporter will indicate in any open season posting of the interim capacity any limitations on ROFR rights or extension rights that will apply to such limited-term transportation service.

(f) Awarding Capacity. Transporter shall award capacity to the bidder submitting the bid with the highest NPV. If two or more bidders submit acceptable bids with the same NPV, then Transporter shall determine the successful bidder based on the order in which the bids are received unless otherwise stated by Transporter in the open season notice. Transporter shall post the winning bid and the associated bid calculation to the EBB. Bids received electronically will be deemed received at the time noted on Transporter’s server.

(g) Binding Nature of Bids. All bids are binding; provided, however, that a Shipper may decline to accept a pro rata allocation of capacity resulting in an award of less than the full capacity requested if such Shipper notifies Transporter of that decision electronically within one hour of Transporter's notice to that Shipper of the pro rata allocation. Otherwise, and notwithstanding the deadlines within Section 4.4(d), if a successful bidder fails to execute a service agreement before the start date of the contract or within 15 calendar days after such service agreement is tendered by Transporter (whichever is earlier), Transporter may elect to offer the capacity to the next acceptable bidder. If Transporter finds no other bids acceptable, Transporter will repost the capacity to the unsubscribed board or made available for a new round of bids through an open season. Additionally, a Shipper failing to return such service agreement shall be prohibited from bidding for six months (or less than six months if agreed to in writing by the Transporter), and Shipper shall remain liable for the capacity requested in the bid based upon the rates, terms and other conditions. Nothing herein shall restrict Transporter from pursuing any other remedies it may have against a Shipper failing to execute and return a service agreement tendered by Transporter. All bids submitted for capacity pursuant to this section must be bona fide offers and must be submitted electronically.

(h) Adjustment to Bid Rate. When the rate bid by a bidder is at least the Recourse Rate, that bid rate shall be subject to adjustment in accordance with the procedures of this Tariff and of the Commission, unless otherwise clearly stated in the service agreement. When the rate bid by a Shipper is lower than the Recourse Rate, that bid rate shall be subject to adjustment in accordance with the procedures of this Tariff and of the Commission by an amount proportionate to the increase or decrease in the Recourse Rate, unless otherwise clearly stated in the Service Agreement.

(i) Relation to Section 11 of the General Terms and Conditions. With regard to the newly available capacity subject to bidding under the terms of this section, acceptable bids under this section that satisfy Transporter's stated minimum terms and conditions shall have priority over any potential claims for that capacity under the flexible receipt and delivery point authority described at Section 11 of the General Terms and Conditions.

4.5 Early Termination of Service Agreements or Reduction of Capacity Commitment.

Transporter may, in a not unduly discriminatory manner, agree with Shipper to terminate its service agreement or allow a reduction of Shipper's capacity commitment prior to its expiration date. The situations in which Transporter may agree to terminate such a service agreement or reduce Shipper's capacity commitment include, without limitation, the following:

(a) where Shipper responds to a solicitation for capacity release offers in a reverse open season for capacity requiring the construction of new facilities and the conditions set forth in the solicitation have been satisfied;

(b) the exercise of a Capacity Reduction Option;

(c) where Shipper agrees to pay an exit fee that is sufficient, taking into account the remaining term of the service agreement and the value and liquidity of the capacity subscribed under the service agreement being terminated or reduced, to make the termination or reduction financially beneficial to Transporter, in Transporter's reasonable judgment. Transporter may waive the exit fee where Shipper's service agreement provides for a discounted or negotiated rate and Transporter concludes that the capacity subscribed thereunder would be sold at a higher rate for the full remaining term of the service agreement, or where other arrangements produce a financial benefit to Transporter.

An agreement to terminate a service agreement hereunder shall not constitute a material deviation from the applicable form of service agreement.

5. SERVICE AGREEMENT

5.1 Form of Service Agreement. Shipper shall enter into a contract with Transporter under Transporter's applicable standard Form of Service Agreement or Assignment Agreement prior to receiving service from Transporter under any Rate Schedule; provided, however, that a Service Agreement between Transporter and Shipper that was in effect on the effective date of this Tariff shall remain in effect until it is replaced, superseded, terminated, or expires by its own terms, and shall be considered as an executed Service Agreement to the extent that its provisions are not superseded by or in conflict with the provisions of this Tariff. Shippers with new levels of service shall execute new Service Agreements, except as provided in Section 4.4 of the General Terms and Conditions. As used in this Tariff, "Service Agreement" shall include Assignment Agreements unless otherwise specified.

5.2 Term. The period of time to be covered by the Service Agreement (but not including Assignment Agreements) shall be determined (i) by agreement between the parties or (ii) in accordance with the capacity sale procedures set forth at Section 4 of the General Terms and Conditions. Where the Service Agreement supersedes or cancels an existing Service Agreement, however, Transporter may require that the term of the Service Agreement shall be not less than the unexpired portion of the term contained in the Service Agreement to be superseded or canceled. The term of an Assignment Agreement shall be determined in accordance with the provisions of Section 14 (Release and Assignment of Service Rights) of the General Terms and Conditions.

5.3 Quantity Obligations and Requirements. The quantities of gas to be transported by Transporter shall be set forth in the applicable Service Agreement.

5.4 Successors and Assigns. Any company that succeeds by purchase, merger, or consolidation to the gas properties of Transporter or of Shipper substantially as an entirety, and any Affiliated Successor in Interest that acquires from Transporter the properties of Transporter used in interstate commerce in rendering service to Shipper, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under the Service Agreement. Shipper, Transporter, and their successors may assign or pledge the Service Agreement under the provisions or any mortgage, deed of trust, indenture or similar instrument that it has executed or may execute hereafter; provided, however, that such mortgage, deed of trust, indenture or similar instrument shall cover the properties of such party as an entirety unless such party is an Affiliated Successor in Interest as described above. Otherwise no party shall assign the Service Agreement or any of its rights thereunder unless it first shall have obtained in writing the consent thereto of the other party; provided, however, that Shipper may release and assign service rights contracted for under such Service Agreement pursuant to the conditions, and subject to the limitations, of Section 14 (Release and Assignment of Service Rights) of the General Terms and Conditions. Any direct or indirect assignment of service rights by Shipper under this paragraph shall be made in good faith and not for the purpose of avoiding the requirements of Section 14.

5.5 Waiver of Default. No waiver by either party of any one or more defaults by the other in the performance of any provisions of the Service Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or different character.

5.6 Choice of Law. Unless otherwise specifically stated in the Service Agreement, interpretation of the provisions of all Service Agreements or other agreements entered into between Shipper and Transporter, including any provisions of this Tariff related to such agreements, and any disputes arising from such agreements, shall be governed by the law of the State of Texas.

5.7 Electronic Contracting Agreement.

(a) In General. Transporter and Shipper may, and when required by the Tariff shall, enter into new or amended Service Agreements or Assignment Agreements by electronic communications through Transporter's Electronic Bulletin Board (EBB). Transporter and Shipper may also by mutual agreement enter into any other contract through electronic communications. Service Agreements, Assignment Agreements pursuant to Section 14 (Release and Assignment of Service Rights) and other agreements are collectively referred to as "Contracts" in this Section 5.7. The consummation of Contracts electronically shall be governed by the provisions of this Section 5.7 and the Electronic Contracting Agreement.

(b) When Required. Shipper shall be required to enter into a Contract electronically if Shipper desires to commence service within five business days after a contract is awarded.

(c) Prerequisites. Requestor shall not be eligible to enter into a Contract electronically until Requestor has executed and submitted to Transporter an Electronic Contracting Agreement in the form contained in this Tariff. Requestor shall execute the Electronic Contracting Agreement in duplicate by original handwritten signature(s) on paper and forward it to Transporter via mail or other delivery service at least 15 business days in advance of bidding for or requesting a Contract. The requirement in this Section 5.7(c) of timely submission of an executed Electronic Contracting Agreement may not be satisfied by facsimile transmission of an executed document, or any other method that results in Transporter receiving only a copy of a signature.

(d) Documents Standards. Transporter and Shipper may, and when required by the Tariff shall, electronically transmit to or receive from the other party any of the electronic forms (including Contracts) listed by Transporter, currently or in the future, on the Transaction List posted on Transporter's EBB, (collectively "Documents"). Any transmission of data that is not a Document shall have no force or effect between the parties unless justifiably relied upon by the receiving party. All Documents shall be transmitted in accordance with the standards set forth in the EBB User's Guide, as it may be amended or supplemented from time to time by Transporter.

(e) Signatures. Transporter shall adopt as its signature an electronic identification, and Transporter shall furnish to Subscriber one or more unique electronic identifications (User

Identification and Password), consisting of symbol(s) or code(s), which are to be electronically affixed to or placed in each Document transmitted by such party ("Signatures"). The employee(s) or officer(s) designated by Subscriber in Appendix A of the Electronic Contracting Agreement shall perform the contracting function for Subscriber and thereby legally bind Subscriber to any Contract with Transporter by use of that person's assigned User Identification and Password. By entering into the Electronic Contracting Agreement, Subscriber represents and warrants that (i) the employee(s) or officer(s) identified in Appendix A thereof have been duly and legally authorized to enter into and execute Contracts electronically on behalf of Subscriber, and (ii) all other persons designated by Subscriber to receive a User Identification and Password have been duly authorized to send and receive Documents other than Contracts. The Signature of a party affixed to or contained in any transmitted Document shall be irrefutable proof that such party originated such Document. Neither party shall disclose to any authorized person the Signatures of the other party.

(f) Security Procedures. Each party shall be responsible for ensuring that all electronic executions with Signatures and all transmissions of Documents are authorized, and for protecting its business records and data from improper access. Parties shall be responsible for securing physical access to each of its computers utilizing EBB software and for keeping confidential its User Identification(s) and Password(s). Transporter reserves the right to invalidate any User Identification or Password if it suspects a security breach.

(g) Transmissions.

(1) Proper Receipt. Documents shall not be deemed to have been properly received, and no Document shall give rise to any obligation, until it has been received as determined in accordance with Section 2.15 of the General Terms and Conditions.

(2) Acknowledgment. Upon proper receipt of any Document, the receiving party shall promptly and properly transmit electronically a functional acknowledgement of receipt, unless otherwise specified in the Transaction List. A functional acknowledgement shall constitute conclusive evidence a Document has been properly received.

(3) Acceptance. If acceptance of a Document is required by the Transaction List, the proper receipt of any such Document shall not give rise to any obligation unless and until the party initially transmitting such Document has properly received in return an Acceptance Document (as specified in the Transaction List).

(h) Pro Forma Service Agreement. When a party affixes its Signature to a Contract and transmits the Contract to Transporter in accordance with Section 5.7(g) above, it shall be bound, as applicable, by (i) the terms and conditions of the applicable pro forma Service Agreement or Assignment Agreement contained in this Tariff corresponding to the Rate Schedule under which that party is seeking service, or (ii) the terms and conditions of any generally available, nonjurisdictional agreement or contract that is a Document. The date of

Transporter's acceptance of an executed and properly transmitted Contract under Section 5.7(g) shall be deemed to be the date of execution for purposes of the Contract and that execution date shall apply to any subsequently issued paper copy of the Contract that Transporter tenders to Shipper. The effective date and term of the Contract shall be determined in accordance with the provisions of Section 5.3 of the General Terms and Conditions, but Transporter shall not be obligated to provide service to Subscriber prior to the date of acceptance.

(i) Replacement With Paper Copies of Service Agreements. (1) Transporter may terminate a Contract entered into electronically, and providing for firm service with a term of one year or more, 30 days after the date of execution, as determined in accordance with Section 5.7(h), unless Shipper executes in original handwriting a paper copy of that Service Agreement and returns it to Transporter prior to the expiration of such 30-day period. Transporter shall send the Service Agreement to Shipper through the EBB in sufficient time to enable Shipper to print, execute, and return a paper copy of that Service Agreement prior to the 30-day termination date.

(j) Termination. Except as stated in Section 5.7(f), the Electronic Contracting Agreement shall remain in effect until terminated by either party with at least 30 days prior written notice, which notice shall specify the effective date of termination; provided that: (i) the effective date of termination shall not precede the termination of any electronic Service Agreement or Transaction; (ii) any termination shall not affect the respective obligations or rights of the parties arising under any electronic Service Agreement or Documents, or otherwise arising under this Section prior to the effective date of termination; and (iii) any such termination by Transporter shall be only for due cause or upon the request of Shipper.

(k) Garbled Transmissions. If any transmitted Document is received in an unintelligible or garbled form, the receiving party shall promptly notify the originating party (if identifiable from the received Document) in a reasonable manner. In the absence of such a notice (where the originating party can be identified), the originating party's record of the contents of such Document shall control.

(l) Terms and Conditions of Electronic Contracting Agreement. The terms and conditions set forth in this Section 5.7(l) shall apply to the Electronic Contracting Agreements entered into by Transporter and Shippers.

(1) The Electronic Contracting Agreement shall be considered to be an integral part of any Contract heretofore or hereafter entered into between Transporter and Shipper.

(2) Execution of the Electronic Contracting Agreement shall evidence the parties' manual intent to create binding contractual obligations by means of the electronic transmission and receipt of Documents.

(3) Any Document properly transmitted shall be deemed (in connection with any Transaction, Contract, or Electronic Contracting Agreement) to be a "writing" or "in

writing"; and any such Document that includes a Signature ("Signed Documents") shall be deemed for all purposes (i) to have been "signed" and (ii) to constitute an "original" when printed from electronic files or records established and maintained in the normal course of business.

(4) The conduct of the parties under an Electronic Contracting Agreement, including the use of properly transmitted Signed Documents, shall, for all legal purposes, evidence a course of dealing and a course of performance accepted by the parties in furtherance of any Transaction, Contract, or Electronic Contracting Agreement.

(5) By executing the Electronic Contracting Agreement, the parties agree not to contest or assert as a defense the validity or enforceability of Signed Documents under the provisions of any law, including the Statute of Frauds, relating to whether certain agreements are to be in writing or signed by the party to be bound thereby. Signed Documents, if introduced as evidence on paper in any judicial, arbitration, mediation or administrative proceedings, will be admissible as between the parties to the same extent and under the same conditions as other business records originated and maintained in documentary form. Neither party shall contest the admissibility of copies of Signed Documents under the business records exception to the hearsay rule, the best evidence rule, or any other statute or rule of like kind or character on the basis that the Signed Documents were not originated or maintained in documentary form or any form not contemplated in the Electronic Contracting Agreement.

(6) Severability. Any provision of the Electronic Contracting Agreement that is determined to be invalid or unenforceable will be ineffective to the extent of such determination without invalidating the remaining provisions of the Electronic Contracting Agreement or affecting the validity or enforceability of such remaining provisions.

(7) Entire Agreement. The Electronic Contracting Agreement, the documents incorporated therein by reference, and the Documents transmitted pursuant to the Electronic Contracting Agreement shall (i) constitute the complete agreement of the parties relating to the matters specified in the Electronic Contracting Agreement, and (ii) supersede all prior representations or agreements, whether oral or written, with respect to such matters. No oral modification or waiver of any of the provisions of the Electronic Contracting Agreement shall be binding on either party. No modification of or supplement to the terms and provisions of the Electronic Contracting Agreement shall be effective unless it is in a paper writing signed in original handwriting by the parties. No obligation to enter into any Transaction is to be implied from the execution or delivery of the Electronic Contracting Agreement. The Electronic Contracting Agreement is for the benefit of, and shall be binding upon, the parties and their respective successors and assigns.

(m) Limitation of Damages.

(1) Neither party shall be liable to the other for any special, incidental, exemplary or consequential damages arising from or as a result of any delay, omission or error in the electronic transmission or receipt of any Documents pursuant to the Electronic Contracting Agreement, even if either party has been advised of the possibility of such damages.

(2) Shipper or any other party with access to Transporter's EBB shall defend and indemnify Transporter from and against any and all claims, demands and actions, and any resulting loss, costs, damages and expenses (including court costs and reasonable attorney fees) that may be asserted against or imposed upon Transporter by any person or entity as a result of the unauthorized or otherwise improper use of any User Identification or Password issued by Transporter to that Shipper or other party.

6. NOMINATING, SCHEDULING, AND MONITORING

6.1 General.

(a) Except for events solely within Transporter's control, the primary obligation and burden of responsibility to monitor, control, adjust and maintain a concurrent balance between tenders and takes of transportation gas shall rest with Shipper. Transporter neither assumes any responsibility nor any obligation to monitor or adjust Shipper's tenders or takes by the provisions of this Section.

(b) Unless stated otherwise in this Section 6, all notices or other communications from Shipper to Transporter pursuant to the requirements of this Section shall be submitted electronically through Transporter's EBB. The date and time of all such notices or other communications from Shipper to Transporter under this Section shall be deemed to be the date and time those notices or communications are received by Transporter, unless otherwise specified.

(c) Transporter will post to Transporter's EBB a telephone number to be used after normal business hours to assist shippers which experience scheduling or confirmation problems.

(d) The sending party shall adhere to nominations, confirmations, and scheduling deadlines. It is the party receiving the nomination, confirmation, or scheduling request which has the right to waive the deadline.

6.2 Nominations.

(a) Quantities of gas nominated will be made effective at the time designated on the nomination, provided Shipper adheres to the nomination timeline prescribed in Section 6.2(e) and receipt and delivery quantities can be confirmed pursuant to Section 6.3(a) of the General Terms and Conditions.

(b) A Shipper seeking to nominate quantities under any applicable Service Agreement, or under any individual Appendix A of a combined Service Agreement that must be nominated and allocated separately, shall furnish to Transporter, for each such Service Agreement or individual Appendix A (i) a Nominated Daily Delivery Quantity to be delivered by Transporter to or for Shipper at the applicable delivery point(s) on Transporter's pipeline system, and (ii) a Nominated Daily Receipt Quantity to be tendered to Transporter at each applicable receipt point on Transporter's pipeline system. Retainage shall be included in the Nominated Daily Receipt Quantity, and will be calculated using the following formula: $(1 - \text{fuel \%}/100) \times \text{receipt quantity}$ rounded to the nearest Dth = delivered quantity. For current in-kind fuel reimbursement procedures, fuel rates shall be made effective only at the beginning of the month. Transporter shall not reject a nomination for reasons of rounding differences due to fuel calculation of less than 5 Dth. Shipper's Nominated Daily Delivery Quantity and Nominated Daily Receipt Quantity collectively are referred to as Shipper's "nominations". A Shipper who is

also a Shipper under a Columbia Gas Transmission, LLC (Columbia Gas) Service Agreement may, when nominating, make one nomination covering both Transporter and Columbia Gas.

(c) Quantities shall be nominated in dekatherm units and shall represent the total requested quantity for the Gas Day.

(d) Each nomination shall be considered an original nomination and shall be replaced to be changed. When a nomination includes a date range, each day within that range is considered an original nomination. When a subsequent nomination is received for one or more days within that range, the previous nomination is superseded by the subsequent nomination only to the extent of the days specified. The days of the previous nomination outside the range are unaffected. Nominations have a prospective effect only. Subsequent nominated quantities shall represent replacement daily quantities.

(e) Transporter will support the following Nomination Cycles:

(1) Timely Nomination Cycle

On the day prior to gas flow:

- (i) 1:00 p.m. for nominations leaving control of the nominating party;
- (ii) 1:15 p.m. for receipt of nominations by the Transporter (including from Title Transfer Tracking Service Providers (TTTSPs));
- (iii) 1:30 p.m. to send Quick Response;
- (iv) 4:30 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties;
- (v) 5:00 p.m. for receipt of scheduled quantities by Shipper and Interconnecting Operator.

Scheduled quantities resulting from Timely Nominations should be effective at the start of the next Gas Day.

(2) Evening Nomination Cycle

On the day prior to gas flow:

- (i) 6:00 p.m. for nominations leaving control of the nominating party;
- (ii) 6:15 p.m. for receipt of nominations by the Transporter (including from TTTSPs);

(iii) 6:30 p.m. to send Quick Response;

(iv) 8:30 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties;

(v) 9:00 p.m. for Transporter to provide scheduled quantities to affected Shippers and Interconnecting Operators, and to provide scheduled quantities to bumped parties (notice to bumped parties).

Scheduled quantities resulting from Evening Nominations shall be effective at the start of the next Gas Day.

(3) Intraday 1 Nomination Cycle

On the current Gas Day:

(i) 10:00 a.m. for nominations leaving control of the nominating party;

(ii) 10:15 a.m. for receipt of nominations by the Transporter (including from TTTSPs);

(iii) 10:30 a.m. to send Quick Response;

(iv) 12:30 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties;

(v) 1:00 p.m. for Transporter to provide scheduled quantities to affected Shippers and Interconnecting Operators, and to provide scheduled quantities to bumped parties (notice to bumped parties).

Scheduled quantities resulting from Intraday 1 Nominations should be effective at 2:00 p.m. on the current Gas Day.

(4) Intraday 2 Nomination Cycle

On the current Gas Day:

(i) 2:30 p.m. for nominations leaving control of the nominating party;

(ii) 2:45 p.m. for receipt of nominations by the Transporter (including from TTTSPs);

(iii) 3:00 p.m. to send Quick Response;

(iv) 5:00 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties;

(v) 5:30 p.m. for Transporter to provide scheduled quantities to affected Shippers and Interconnecting Operators and to provide scheduled quantities to bumped parties (notice to bumped parties).

Scheduled quantities resulting from Intraday 2 Nominations should be effective at 6:00 p.m. on the current Gas Day.

(5) Intraday 3 Nomination Cycle

On the current Gas Day:

(i) 7:00 p.m. for nominations leaving control of the nominating party;

(ii) 7:15 p.m. for receipt of nominations by the Transporter (including from TTTSPs);

(iii) 7:30 p.m. to send Quick Response;

(iv) 9:30 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties;

(v) 10:00 p.m. for Transporter to provide scheduled quantities to affected Shippers and Interconnecting Operators.

Scheduled quantities resulting from Intraday 3 Nominations shall be effective at 10:00 p.m. on the current Gas Day. Bumping is not allowed during the Intraday 3 Nomination Cycle.

For purposes of (2), (3), (4) and (5) above, "provide" shall mean receipt at Shipper's or Interconnecting Operator's designated site, and for purposes of other forms of transmittal, it shall mean send or post.

(f) Overrun quantities must be submitted as a separate nomination.

(g) Except for intraday nominations, Shipper may nominate for several days, months or years in one day increments provided such nomination is within the begin and end dates of Shipper's Service Agreement.

(h) Shipper may submit intraday nominations according to the deadlines noted in Section 6.2(e). For services that provide for intraday nominations and scheduling, there is no limitation as to the number of intraday nominations which Shipper may submit at any one standard nomination cycle or in total across all standard nomination cycles. Such intraday nominations may be used to request increases or decreases in total flow, changes to receipt points, changes to delivery points, or to nominate new supply or market. All nominations, including intraday nominations shall be based on a daily quantity; thus, an intraday nominator need not submit an hourly nomination. Intraday nominations shall include an effective date and time. The interconnected parties shall agree on the hourly flow of the intraday nomination, if not otherwise addressed in Shipper's service agreement or this Tariff. Intraday nominations do not rollover (i.e. intraday nominations span one Gas Day only). Intraday nominations do not replace the remainder of a standing nomination. There is no need to renominate if an intraday nomination modifies an existing nomination. During any Gas Day of interruption pursuant to Section 16 (Interruptions of Service), a Shipper may not make intraday changes to receive or take gas if such change would cause interruption of a Shipper using that receipt or delivery point as a firm secondary point during that Gas Day. Shipper may make any such intraday changes only if the following requirements and conditions are satisfied:

(1) Actual flows consistent with the requested nominations are confirmed at receipt and delivery points;

(2) Shipper's tenders or takes (i) during any 8-hour period may not exceed 40 percent of Shipper's Transportation Demand, and (ii) during any 24-hour period do not exceed Shipper's Transportation Demand, provided that all deliveries do not exceed the applicable maximum hourly limitations specified in Section 9 (Operating Conditions) of the General Terms and Conditions;

(3) Shipper's revised nominations during a Day under no circumstances fall below the Elapsed-prorated-scheduled quantity up to the effective time of the revised nominations; and

(4) Nominations received after the nomination deadline shall be scheduled after nominations received before the nomination deadline.

(i) Shippers shall cause, by whatever means necessary, the interconnecting operator of each point of receipt and each point of delivery designated in any nomination, or change in nomination submitted by Shipper to confirm all such nominations or changes in nominations, in accordance with the timelines specified in Section 6.2(e) and also to comply with NAESB standard confirmation data sets.

(j) Transporter shall electronically on its EBB make available to Shipper on a daily basis Shipper's imbalance status or information from which Shipper can determine its imbalance status. Such daily electronic updates by Transporter shall be based upon the data available to Transporter at that time. Shipper may avoid the imbalance penalties provided for in

Transporter's Tariff by eliminating imbalances in its account as soon as possible but in no event later than the last day of the month in which Shipper is notified of the imbalance status for the immediately preceding month.

(k) Transporter shall electronically on its EBB make available to all Shippers on a daily basis Transporter's pipeline system imbalance status. Such daily electronic updates by Transporter shall be based upon the data available to Transporter at that time.

(l) To the extent Transporter's other scheduling requirements are met, Shipper will be permitted to redirect scheduled quantities under a service agreement to other receipt points upstream of a constraint point or delivery points downstream of a constraint point at any of the subsequent nomination cycle(s) for the subject Gas Day under the same service agreement without a requirement that the quantities be rescheduled through the point of constraint.

6.3 Confirmation and Scheduling by Transporter.

(a) No gas shall flow under any nomination until Transporter has confirmed the nomination, awarded capacity, and scheduled the applicable quantities. If Shipper's gas is not confirmed on the same day in which capacity is nominated, the nomination of that Shipper shall be void and the capacity shall be offered to the next eligible Shipper.

(b) Transporter shall initiate confirmation (Request for Confirmation) with the Confirming Party or respond to request for confirmation (Confirmation Response) from the Confirming Party. Transporter shall complete confirmations by the following deadlines:

(1) The Timely Nomination Cycle: Confirmation shall be completed by 4:30 p.m. (CT) the day before the start of the Gas Day.

(2) The Evening Nomination Cycle: Confirmation shall be completed by 8:30 p.m. (CT) the day before the start of the Gas Day.

(3) The Intraday 1 Nomination Cycle: Confirmation shall be completed by 12:30 p.m. (CT) on the current Gas Day.

(4) The Intraday 2 Nomination Cycle: Confirmation shall be completed by 5:00 p.m. (CT) on the current Gas Day.

(5) The Intraday 3 Nomination Cycle: Confirmation shall be completed by 9:30 p.m. (CT) on the current Gas Day.

(c) Transporter shall provide to Shippers and Interconnecting Operators their scheduled quantities by the following timelines and provisions:

(1) The Timely Nomination Cycle: Scheduled Quantities shall be provided by 5:00 p.m. (CT) the day before the start of the Gas Day.

(2) The Evening Nomination Cycle: Scheduled Quantities shall be provided by 9:00 p.m. (CT) the day before the start of the Gas Day.

(3) The Intraday 1 Nomination Cycle: Scheduled Quantities shall be provided by 1:00 p.m. (CT) on the current Gas Day.

(4) The Intraday 2 Nomination Cycle: Scheduled Quantities shall be provided by 5:30 p.m. (CT) on the current Gas Day.

(5) The Intraday 3 Nomination Cycle: Scheduled Quantities shall be provided by 10:00 p.m. on the current Gas Day.

(6) At the end of each Gas Day, Transporter should provide the final scheduled quantities for the just completed Gas Day. With respect to the implementation of this process via the EDI/EDM, the Transporter should send an end of Gas Day Scheduled Quantity and Scheduled Quantity for Operator file. Receivers of either of these documents can waive the Transporter's requirements to send such documents.

(d) Where discrepancies in quantities exist between confirming parties, the confirmed quantity shall be determined as follows:

(1) With respect to the Timely Nomination Cycle, in the absence of agreement to the contrary, the lesser of the confirmation quantities should be the confirmed quantity. If there is no response to a Request for Confirmation or an unsolicited Confirmation Response, the lesser of the confirmation quantity or the scheduled quantity for the Timely Nomination Cycle of the previous Gas Day should be the new confirmed quantity.

(2) With respect to increases during the Evening Nomination Cycle, Intraday 1 Nomination Cycle, Intraday 2 Nomination Cycle and Intraday 3 Nomination Cycle, in the absence of agreement to the contrary, the lesser of the confirmation quantities should be the new confirmed quantity. If there is no response to a Request for Confirmation or an unsolicited Confirmation Response, the scheduled quantity for the previous nomination cycle for the subject Gas Day should be the new confirmed quantity.

(3) With respect to decreases during the Evening Nomination Cycle, Intraday 1 Nomination Cycle, Intraday 2 Nomination Cycle and Intraday 3 Nomination Cycle, in the absence of agreement to the contrary, the lesser of the confirmation quantities should be the new confirmed quantity, but in any event no less than the elapsed-prorated-scheduled quantity. If there is no response to a Request for Confirmation or an

unsolicited Confirmation Response, the greater of the confirmation quantity or the elapsed-prorated-scheduled quantity should be the new confirmed quantity.

(4) If there is no response to a Request for Confirmation or an unsolicited Confirmation Response, Transporter shall provide Shipper with the following information to explain why the nomination failed, as applicable:

- (i) the Shipper's Transporter did not conduct the confirmation;
- (ii) the Shipper is told by its Transporter that the upstream confirming party did not conduct the confirmation;
- (iii) the Shipper is told by its Transporter that the upstream Shipper did not have the gas or submit the nomination;
- (iv) the Shipper is told by its Transporter that the downstream confirming party did not conduct the confirmation;
- (v) the Shipper is told by its Transporter that the downstream Shipper did not have the market or submit the nomination.

This information should be imparted to the Shipper on the Scheduled Quantity document.

(e) When a Shipper has more than one receipt point or more than one delivery point, such Shipper shall specify in its nomination the supply reduction priorities and delivery reduction priorities (Receipt and Delivery Rankings) to be utilized at the receipt points or delivery points in the event of a loss of volume at the receipt points or delivery points.

(f) If only partial confirmations are received by Transporter from the upstream and downstream entities delivering or receiving gas on behalf of Shipper, Shipper's nominations shall be reduced in accordance with the priorities set forth on the Receipt and Delivery Rankings furnished by Shipper with the nomination.

(g) If after Shipper's gas is confirmed, Transporter is notified that Shipper's gas is not available, then Transporter may cease deliveries.

(h) If Transporter receives gas into its system which has not been nominated and confirmed for transportation by Transporter, Transporter shall provide written notification to the operator delivering the gas into Transporter's pipeline that unauthorized deliveries have occurred. Within fifteen days after Transporter notifies the delivering operator of the unauthorized delivery of gas, if Transporter has not received from such operator a written designation of a Shipper with a Service Agreement which was effective when the unauthorized deliveries occurred as well as written confirmation from such Shipper that it is willing to accept the gas under its Service

Agreement, the gas shall become the property of Transporter at no cost to Transporter, free and clear of any adverse claims.

(i) The Explicit Confirmation process requires that the Confirming Party and Transporter respond to a Request for Confirmation or initiate an unsolicited Confirmation Response. Absent mutual agreement to the contrary, Explicit Confirmation is the default methodology.

(j) The Confirming Party may elect to use a Confirmation by Exception process instead of the Explicit Confirmation process subject to the following conditions:

(1) The Confirming Party provides Transporter with written notification of this election,

(2) The Confirming Party may notify Transporter in writing of a desire to prospectively revert to the Explicit Confirmation process and Transporter shall honor such request,

(3) Transporter may notify the Confirming Party in writing of a desire to prospectively revert to the Explicit Confirmation process and the Confirming Party shall honor such request,

(4) The Confirming Party is deemed to confirm the quantities as reported by Transporter either on Transporter's EBB or GISB EDI confirmation data sets unless the Confirming Party provides notification to Transporter of a lesser quantity by the established confirmation deadlines,

(5) If the Confirming Party has requested to perform the confirmation process using GISB EDI confirmation data sets and the Confirming Party desires to confirm a lesser quantity at a location than reported by Transporter, the Confirming Party will communicate the lesser quantity by sending a GISB EDI confirmation data set to Transporter including all confirmation transactions at the location, and

(6) If the Confirming Party has requested to perform the confirmation process using a means other than GISB EDI confirmation data sets and the Confirming Party desires to confirm a lesser quantity at a location than reported by Transporter, the Confirming Party will communicate the lesser quantity in a method specified by Transporter.

(k) When a previously confirmed and scheduled quantity is altered, notification of such alteration will be provided to all of the parties below that are affected. Applicable notification(s) of such alterations will be provided to the affected parties reasonably proximate in time to the time during which the event causing the alteration was acted upon by Transporter. With respect to the implementation of this process, Transporter and the Confirming Party will

send the applicable document(s) to the applicable party(ies) no later than the next time they are slated to communicate confirmations or scheduled quantities. The Confirming Party has an obligation to notify Transporter within the established NAESB deadlines when a previously confirmed and scheduled quantity is altered. Affected parties to be notified by Transporter are:

- (1) Confirming Party in a Confirmation Response (or unsolicited Confirmation Response as applicable) document by Transporter;
- (2) Confirming Party in a Request for Confirmation document by Transporter; and
- (3) Shipper in a Scheduled Quantity document by Transporter.

6.4 Shipper's Notice of Changes. Except for reasons of force majeure, as described at Section 15 (Force Majeure) of the General Terms and Conditions, Shipper shall notify Transporter or cause Transporter to be notified (via Transporter's EBB) at least 24 hours in advance of any anticipated material change in the daily quantity of gas Shipper desires to deliver or to cause to be delivered to Transporter for transportation under Transporter's Rate Schedules. If an unanticipated or a force majeure event causes a material change in the quantity of gas Shipper will deliver or cause to be delivered to Transporter for transportation, Shipper shall notify or cause Transporter to be notified as soon as possible after occurrence of that event. In the event of such material changes, Shipper shall tender or cause to be tendered to Transporter such estimated daily quantities at flow rates as close as possible to uniform hourly rates. Departures by Shipper from the daily quantities that it has notified Transporter it intends to tender to Transporter under a Rate Schedule shall be kept to a minimum and in no event shall exceed the amount permitted by operating conditions.

6.5 Scheduling Under Individual Rate Schedules. To the extent that individual Rate Schedules set forth nomination scheduling requirements inconsistent with the requirements set forth in this Section, the applicable Rate Schedules are controlling and Shipper shall satisfy the requirements set forth in those Rate Schedules. To the extent that applicable Rate Schedules set forth scheduling requirements in addition to, but not inconsistent with, the provisions of this Section, Shipper shall satisfy the requirements of both the individual Rate Schedules and this Section.

6.6 Monitoring.

(a) Transporter may monitor: (i) the daily production by or on behalf of any Shipper; the daily tenders of gas by or on behalf of any Shipper; (ii) the quantities delivered by an Intermediate Transporter (such as a local distribution company or other entity that receives Shipper's gas from transporter) to Shipper or Shipper's end-user(s); and (iii) the daily usage of gas by any Shipper or Shipper's end-user(s). Transporter may do so for the purpose of monitoring on an hourly, daily, weekly, or monthly basis the quantities being tendered to and delivered by Transporter and thereby to maintain, as nearly as possible, a concurrent balance

between receipts and deliveries of gas. The approximate quantities determined by Transporter in that monitoring process shall be referred to herein as Monitored Quantities.

(b) Monitoring may be performed by Transporter using either the estimates or actual data received by Transporter pursuant to this Section or actual meter readings by Transporter. Transporter may make reasonable prospective adjustments to Shipper's Scheduled Daily Delivery Quantity and Scheduled Daily Receipt Quantity based upon either the Monitored Quantities or the actual data received by Transporter pursuant to the provisions of this Section. Any such adjustments by Transporter shall not result in Shipper's incurrence of any penalty if Transporter, in making such adjustment, relied upon inaccurate estimates, inaccurate meter readings, or inaccurate data received by Transporter pursuant to this Section. Transporter may make such adjustments upon Electronic Notice Delivery or telephonic notice to Shipper 24 hours in advance of the effective time of the adjustment (or, in the case of intraday changes in nominations, upon reasonable notice to the Shipper being bumped); provided, however, that Transporter need not provide any advance notice in the event of adjustments resulting from: (i) interruptions of Shipper's service pursuant to Section 16 (Interruptions of Service) of the General Terms and Conditions; (ii) operational flow orders issued by Transporter pursuant to Section 17 (Operational Flow Orders) of the General Terms and Conditions; or (iii) the cessation of deliveries pursuant to Section 6.3(e). Transporter need not provide any advance notice of interruptions or OFO's except as provided for in Sections 16 and 17, respectively. Transporter also shall have the right to notify any entity described at paragraphs (c) and (d) of this Section of the revised Scheduled Daily Receipt Quantities it will accept on behalf of Shipper.

(c) Transporter shall have the right to contact and obtain actual or estimated data regarding production or tenders to Transporter on behalf of Shipper from any entity (i) from whom Shipper is purchasing gas for tender to Transporter, or any other brokers or resellers of such gas; (ii) that is delivering or causing the tender of gas to Transporter for Shipper's account; or (iii) that is producing gas ultimately purchased by Shipper for tendering to Transporter. Shipper shall cause each such entity to provide such actual or estimated data to Transporter upon request in the normal course of business as soon as such data is available.

(d) Shipper shall furnish to Transporter with its nominations a list, by receipt points, showing the names and addresses of each entity identified in paragraph (c) above and the name and telephone number of the contact person who will provide the data required to be furnished pursuant to paragraph (c) above. Shipper's nominations shall also include (i) the identity of the shipper on any upstream or downstream pipeline that will be tendering the gas directly to Transporter or taking gas from Transporter and the shipper's contract number on such upstream pipeline, and (ii) the identity and gas sales contract number of any producer that will be tendering the gas directly to Transporter. Such data shall be furnished regardless of the entity from whom Shipper is purchasing the gas. A marketer, broker or other similar entity selling gas or arranging the sale of gas to more than one Shipper may furnish such data to Transporter on behalf of all such Shippers, segregated to each Shipper. Transporter reserves the right, in appropriate circumstances, on a nondiscriminatory basis, to waive the information requirements set forth in this paragraph.

(e) At times established by Transporter, each Shipper shall provide to Transporter any data requested by Transporter concerning gas used by Shipper or delivered to or for Shipper. The Shipper shall furnish such data either on an actual basis or on an estimated basis sufficient to allow Transporter accurately to monitor tenders and deliveries and adjust Shipper's Scheduled Daily Delivery Quantity or Scheduled Daily Receipt Quantity.

7. CAPACITY ALLOCATION

This Section sets forth the manner in which Transporter shall allocate capacity among its Rate Schedules when it has received nominations from Shippers that exceed available capacity.

7.1 General Priority. Transporter shall allocate capacity on its system in the following order commencing with the highest priority:

- (a) capacity at delivery points;
- (b) capacity at any point between the receipt points and delivery points ("internal constraint point") that is restricted, beginning with the point closest to the delivery point if capacity at more than one internal point is restricted; and
- (c) capacity at receipt points.

7.2 Transportation Delivery Points. For transportation capacity at delivery points under Rate Schedules FTS-1, FTS-2, ITS-1, ITS-2, PAL, IMS, and X-Rate Schedules, Transporter shall (i) allocate capacity sequentially among the Rate Schedule priority groupings set forth below and (ii) allocate within those Rate Schedule priority groupings, in the order and manner set forth below:

(a) Rate Schedules FTS-1, FTS-2 and Firm X-Rate Schedules. For deliveries to primary delivery points under the FTS-1, FTS-2 Rate Schedules, and under firm X-Rate Schedules set forth in Volume No. 2 of this Tariff, Transporter shall allocate capacity among those Shippers on a pro rata basis, based upon and up to each such Shippers' respective point maximum daily Transportation Demand quantity as reflected in the Shipper's Service Agreement.

(b) Secondary Delivery Points Under Rate Schedules FTS-1 and FTS-2. For deliveries to secondary delivery points under the FTS-1 and FTS-2 Rate Schedules, Transporter shall allocate capacity first to Shippers submitting a secondary inside-the-path nomination on a pro rata basis, based upon those Shippers' respective nominated quantities. If capacity remains available, then Transporter shall allocate capacity to Shippers submitting a secondary outside-the-path nomination on a pro rata basis, based upon those Shippers' respective nominated quantities. These priorities shall apply where Shipper's aggregate deliveries at primary and secondary delivery points do not exceed Shipper's Transportation Demand.

(c) Rate Schedules ITS-1, ITS-2, Overrun Quantities Under Rate Schedules FTS-1, FTS-2 and Interruptible X-Rate Schedules and Rate Schedules PAL and IMS.

- (1) For (i) quantities under the ITS-1 and ITS-2 Rate Schedules, (ii) overrun quantities under the FTS-1 and FTS-2 Rate Schedules, or (iii) interruptible quantities under interruptible X-Rate Schedules set forth in Volume No. 2 of this Tariff, Transporter

shall award capacity sequentially, beginning with those Shippers offering to pay the highest rate, and when such Shippers are paying the same rate on a pro rata basis based upon those Shippers' respective nominated quantities.

(2) Any Shipper subject to this Section 7.2(c) may have their previously scheduled quantities bumped if nominations for the Evening, Intraday 1 or Intraday 2 nomination cycles require an allocation of the pipeline system. Transporter shall reduce quantities sequentially, beginning with quantities attributable to Shippers paying the lowest rate, and pro rata among Shippers paying the same rate based upon those Shippers' respective scheduled quantities. The following describes the circumstances that allow a higher priority service to bump a lower priority service:

(i) Evening Nomination Cycle: For nominations received by 6:00 p.m. (CT) and to be effective at the start of the upcoming Gas Day, nomination increases at a primary point under Rate Schedules FTS-1 and FTS-2 will not bump nominations at a secondary point under Rate Schedules FTS-1 and FTS-2 that are submitted and scheduled within the Timely Nomination Cycle. Nomination increases submitted under Rate Schedules FTS-1 and FTS-2 whether at primary or secondary points will have priority over nominated and scheduled quantities under Rate Schedules ITS-1, ITS-2, FTS-1 and FTS-2 overruns, PAL, IMS, AS-Gulf, and IPP-Gulf and may bump such quantities effective at 9:00 a.m. (CT) the next day. Nomination increases submitted under Rate Schedules ITS-1, ITS-2, FTS-1 and FTS-2 overruns, PAL, IMS, AS-Gulf, and IPP-Gulf shall be subject to available unscheduled capacity and will not bump scheduled quantities. Transporter shall notify Shippers being bumped as a result of Evening intraday nominations by 9:00 p.m. (CT).

(ii) Intraday 1 Nomination Cycle: For nominations received by 10:00 a.m. (CT) and to be effective at 2:00 p.m. (CT) on the current Gas Day, nomination increases at a primary point under Rate Schedules FTS-1 and FTS-2 will not bump nominations at a secondary point under Rate Schedules FTS-1 and FTS-2 that are submitted and scheduled within the Timely Nomination Cycle or Evening Nomination Cycle. Nomination increases submitted under Rate Schedules FTS-1 and FTS-2 whether at primary or secondary points will have priority over nominated and scheduled quantities under Rate Schedules ITS-1, ITS-2 FTS-1 and FTS-2 overruns, PAL, IMS, AS-Gulf, and IPP-Gulf and may bump such quantities effective at 2:00 p.m. (CT) on the current Gas Day. Nomination increases submitted under Rate Schedules ITS-1, ITS-2 FTS-1 and FTS-2 overruns, PAL, IMS, AS-Gulf, and IPP-Gulf shall be subject to available unscheduled capacity and will not bump scheduled quantities. Transporter shall notify Shippers being bumped as a result of Intraday 1 Nominations by 1:00 p.m. (CT).

(iii) Intraday 2 Nomination Cycle: For nominations received by 2:30 p.m. (CT) and to be effective at 6:00 p.m. (CT) on the current Gas Day, nomination increases at a primary point under Rate Schedules FTS-1 and FTS-2 will not bump nominations at a secondary point under Rate Schedules FTS-1 and FTS-2 that are submitted and scheduled within the Timely Nomination Cycle, Evening Nomination Cycle, or ID1 Nomination Cycle. Nomination increases submitted under Rate Schedules FTS-1 and FTS-2 whether at primary or secondary points will have priority over nominated and scheduled quantities under Rate Schedules ITS-1, ITS-2, FTS-1 and FTS-2 overruns, PAL, IMS, AS-Gulf, and IPP-Gulf and may bump such quantities effective at 6:00 p.m. CT on the current Gas Day. Nomination increases submitted under Rate Schedules ITS-1, ITS-2, FTS-1 and FTS-2 overruns, PAL, IMS, AS-Gulf, and IPP-Gulf shall be subject to available unscheduled capacity and will not bump scheduled quantities. Transporter shall notify Shippers being bumped as a result of Intraday 2 Nominations by 5:30 p.m. CT

(iv) Intraday 3 Nomination Cycle: For nominations received by 7:00 p.m. CT and to be effective at 10:00 p.m. CT on the current Gas Day, nomination increases regardless of Rate Schedule shall be subject to available unscheduled capacity and shall not bump scheduled quantities under any Rate Schedule.

(v) Transporter shall notify parties that are bumped during the Evening, Intraday 1 Nomination and Intraday 2 Nomination Cycles by providing the scheduled quantities information and Transporter will provide affected parties with notification of intraday bumps, operational flow orders and other critical notices through Shipper's choice of Electronic Notice Delivery mechanism(s). Unless Shipper and Transporter have agreed to exclusive notification via EDI/EDM, Shipper should provide Transporter with at least one Internet E-mail address to be used for Electronic Notice Delivery of intraday bump, operational flow orders and other critical notices. The obligation of Transporter to provide notification is waived until the above requirement has been met. Transporter will support the concurrent sending of electronic notification of intraday bump, operational flow orders and other critical notices to two Internet E-mail addresses for each Shipper. Intraday bump notices will indicate whether daily penalties will apply for the Gas Day for which quantities are reduced.

(3) Rate Schedule PAL. To the extent capacity is available for parking or lending at delivery points under Rate Schedule PAL after Transporter has satisfied all nominations under Rate Schedules FTS-1, FTS-2, ITS-1, ITS-2, AS-

Gulf, and IPP-Gulf, Transporter shall allocate capacity among those Shippers sequentially beginning with the highest rate, and when such Shippers are paying the same rate shall be scheduled pro rata based on Shippers' respective nominated quantities.

(4) Rate Schedule IMS. To the extent capacity is available for parking or lending at delivery points under Rate Schedule IMS after Transporter has satisfied all nominations under Rate Schedules FTS-1, FTS-2, ITS-1, ITS-2, AS-Gulf, IPP-Gulf, and PAL, Transporter shall allocate capacity among those Shippers sequentially beginning with the highest rate, and when such Shippers are paying the same rate shall be scheduled on a pro rata basis, based upon those Shippers' respective nominated quantities.

7.3 Internal Constraint Points. For transportation capacity at internal constraint points under Rate Schedules FTS-1, FTS-2, ITS-1, ITS-2, and X-Rate Schedules, Transporter shall (i) allocate capacity sequentially among Rate Schedule priority groupings set forth below, and (ii) allocate among Shippers within those Rate Schedule priority groupings in the order and manner set forth below:

(a) Rate Schedules FTS-1, FTS-2, and Firm X-Rate Schedules. For Primary Path quantities nominated to primary delivery points from primary receipt points under the FTS-1, FTS-2 Rate Schedules, and under firm X-Rate Schedules set forth in Volume No. 2 of this Tariff, Transporter shall allocate capacity among those Shippers on a pro rata basis, based upon and up to each such Shippers' respective point maximum daily Transportation Demand quantity as reflected in the Shipper's Service Agreement.

(b) Secondary Points Under Rate Schedules FTS-1 and FTS-2. For quantities nominated to a secondary delivery point(s) and/or from a secondary receipt point(s) under the FTS-1 and FTS-2 Rate Schedules, Transporter shall allocate capacity first to Shippers submitting a secondary inside-the-path nomination on a pro rata basis, based upon and up to each such Shippers' respective net unscheduled primary path maximum daily Transportation Demand quantity as reflected in the Shipper's Service Agreement. If capacity remains available, then Transporter shall allocate capacity to Shippers submitting a secondary outside-the-path nomination on a pro rata basis, based upon those Shippers' respective nominated quantities. These priorities shall apply where Shipper's aggregate deliveries at primary and secondary delivery points do not exceed Shipper's Transportation Demand.

(c) Rate Schedules ITS-1 and ITS-2, Overrun Quantities Under Rate Schedules FTS-1, FTS-2, and Interruptible X-Rate Schedules. For (i) quantities under the ITS-1 and ITS-2 Rate Schedules, (ii) overrun quantities under the FTS-1 and FTS-2 Rate Schedules, or (iii) interruptible quantities under interruptible X-Rate Schedules set forth in Volume No. 2 of this Tariff, Transporter shall award capacity sequentially, beginning with those Shippers offering to pay the highest rate, and when such Shippers are paying the same rate on a pro rata basis based upon those Shippers' respective nominated quantities.

(d) Rate Schedules AS-Gulf and IPP-Gulf. To the extent capacity is available after Transporter has satisfied all nominations under Rate Schedules FTS-1, FTS-2, firm X-Rate Schedules, ITS-1, ITS-2, overrun quantities under FTS-1 and FTS-2, and interruptible X-Rate Schedules, Transporter shall allocate capacity under Rate Schedules AS-Gulf and IPP-Gulf on a pro-rata basis, based upon those shippers' respective nominated quantities.

(e) In regard to intraday nominations, Transporter shall allocate capacity in the manner described in Section 7.2(c) above.

7.4 Transportation Receipt Points. Transporter shall allocate capacity at all receipt points under its Rate Schedules (i) sequentially among the Rate Schedule priority groupings set forth below, and (ii) among Shippers within those Rate Schedule priority groupings, in the order and manner set forth below:

(a) Rate Schedules FTS-1, FTS-2, and Firm X-Rate Schedules. For capacity at primary receipt points under the FTS-1, FTS-2 and firm X-Rate Schedules set forth in Volume No. 2 of this Tariff, Transporter shall allocate such capacity to Shippers on a pro rata basis, based upon and up to each such Shipper's respective point maximum daily Transportation Demand quantity as reflected in the Shipper's Service Agreement.

(b) Secondary Receipt Points Under Rate Schedules FTS-1 and FTS-2. Transporter shall allocate capacity among Shippers requesting capacity at secondary receipt points under the FTS-1 and FTS-2 Rate Schedules first to those Shippers submitting a secondary inside-the-path nomination on a pro rata basis, based upon those Shippers' respective nominated quantities. If capacity remains available, then Transporter shall allocate capacity to Shippers submitting a secondary outside-the-path nomination on a pro rata basis, based upon those Shippers' respective nominated quantities. These priorities shall apply where Shipper's aggregate receipts at primary and secondary receipt points do not exceed Shipper's Transportation Demand.

(c) Rate Schedules ITS-1 and ITS-2, Overrun Quantities Under Rate Schedules FTS-1, FTS-2, and Interruptible X-Rate Schedules. For (i) quantities under the ITS-1 or ITS-2 Rate Schedules (ii) overrun quantities under the FTS-1, or FTS-2 Rate Schedules, or (iii) interruptible quantities under interruptible X-Rate Schedules set forth in Volume No. 2 of this Tariff, Transporter shall award capacity sequentially, beginning with the Shippers paying the highest rate, and when such Shippers are paying the same rate on a pro rata basis based upon those Shippers' respective nominated quantities.

(d) Rate Schedules AS-Gulf and IPP-Gulf. Transporter shall allocate capacity among those shippers under Rate Schedules AS-Gulf and IPP-Gulf on a pro rata basis, based upon those Shippers' respective nominated quantities.

(e) Rate Schedule PAL. To the extent capacity is available for parking or lending at receipt points under Rate Schedule PAL after Transporter has satisfied all nominations under

Rate Schedules FTS-1, FTS-2, ITS-1, ITS-2, AS-Gulf, and IPP-Gulf, Transporter shall allocate capacity among those Shippers sequentially beginning with the highest rate, and when such Shippers are paying the same rate shall be scheduled pro rata based on Shippers' respective nominated quantities.

(f) Rate Schedule IMS. To the extent capacity is available for parking or lending at receipt points under Rate Schedule IMS after Transporter has satisfied all nominations under Rate Schedules FTS-1, FTS-2, ITS-1, ITS-2, AS-Gulf, IPP-Gulf, and PAL, Transporter shall allocate capacity among those Shippers sequentially beginning with the highest rate, and when such Shippers are paying the same rate shall be scheduled on a pro rata basis, based upon those Shippers' respective nominated quantities.

(g) In regard to intraday nominations, Transporter shall allocate capacity in the manner described in Section 7.2(c) above.

7.5 Aggregation Points. Where aggregation points are the points of delivery under Shipper's Service Agreements, Transporter shall allocate capacity among such Shippers in accordance with Section 7.2 of these General Terms and Conditions.

7.6 Capacity Release. For purposes of allocating capacity pursuant to this Section 7 of the General Terms and Conditions, where applicable, in those situations where capacity has been released by a Shipper, Transporter will use the original base contract holder's rate as the price, including for any re-releases of capacity.

7.7 Allocations Based on Price. For purposes of allocating capacity pursuant to this Section 7 of the General Terms and Conditions, Shippers paying more than an applicable maximum rate will be considered to be paying the maximum rate. Additionally, where applicable, in instances where a Shipper nomination for service includes a delivery to a pooling point on Transporter's system, the rate for such gas quantities will be deemed to not include commodity or usage related charge(s) or surcharge(s). In those instances where a Shipper nomination for interruptible service includes a delivery to a non-pooling point on Transporter's system, the rate for such gas quantities will be deemed to include any applicable commodity and usage related charge(s) and surcharge(s) being assessed such shippers.

7.8 Primary Path and Secondary Path. For purposes of this Section 7 of the General Terms and Conditions, "Primary Path" shall mean capacity nominated from a Shipper's designated primary receipt point(s) to its designated primary delivery point(s) as reflected in a Shipper's Service Agreement, up to each such Shippers' respective point maximum daily Transportation Demand quantity, and takes into account the direction of flow from the primary receipt point(s) to the primary delivery point(s).

(a) If a point of constraint is within a Shipper's Primary Path, and the nominated path is in the same flow direction as that Primary Path, and the nominated path overlaps that Primary Path at the point of constraint, then the nomination shall be considered as secondary inside-the-path if

the nominated receipt and/or delivery point(s) is/are not a Shipper's designated primary point(s) as reflected in its Service Agreement for capacity allocation purposes.

(b) If a Shipper's nominated path overlaps a point of constraint which is outside that Shipper's Primary Path, as specified above, then the nomination shall be considered as secondary outside-the-path for capacity allocation purposes. Nominated paths which are in the opposite flow direction of a Shipper's Primary Path are considered secondary outside-the-path for capacity allocation purposes.

7.9 Shippers Paying Discounted Rates. For purposes of this Section 7 of the General Terms and Conditions, Shippers paying a discounted rate for interruptible service may elect to pay a higher rate up to the maximum applicable rate during a constrained period in order to obtain a higher scheduling priority or avoid curtailment effective with the Timely nomination cycle of the next Gas Day.

8. METER ALLOCATIONS

This Section specifies the procedures for allocating any differences between (i) the aggregate of all Shippers' Confirmed Daily Delivery Quantities and actual deliveries, and (ii) the aggregate of all Shippers' Confirmed Daily Receipt Quantities and actual receipts (Difference(s)) at delivery points at which gas is being delivered to or for the account of Shippers or at receipt points from which gas is being received by Transporter for the account of multiple Shippers. Unless otherwise agreed to between Transporter and Confirming Party, actual allocations shall be based on daily flow and shall be made using dekatherm units.

8.1 Delivery Point Allocation. The difference shall be allocated pro rata among all the Shippers at that delivery point on the basis of those Shippers' Confirmed Daily Delivery Quantities, unless Transporter has a written Predetermined Allocation Method (PDA) with the interconnecting interstate pipeline or other entity at such delivery point specifying a different allocation methodology prior to gas flow commencing.

8.2 Receipt Point Allocation.

(a) Differences at a receipt point shall be allocated pro rata among all Shippers at that receipt point on the basis of the Scheduled Daily Receipt Quantities unless the owner or operator of such receipt point has provided to Transporter a written PDA specifying a different allocation methodology and such methodology is approved by Transporter prior to gas flow commencing.

(b) A marketer, broker or other similar entity taking title to gas that is subsequently sold prior to physical movement (marketing chain) may provide a PDA specifying the method to distribute gas to its purchaser(s). The PDA methodology shall be provided to Transporter in writing prior to the beginning of the Gas Day and subject to approval by Transporter, which approval shall not be unreasonably withheld. Differences related to a marketer's, broker's or other similar entity's gas at the receipt point shall be allocated pro rata unless a PDA is provided to and approved by Transporter, which approval shall not be unreasonably withheld.

8.3 Predetermined Allocation Method (PDA).

(a) As used in this Section 8, a PDA is an agreement by or among any interconnecting operators, submitted to Transporter prior to the beginning of the Gas Day, at a receipt or delivery point to allocate the difference between the scheduled daily quantity and the actual daily flow of gas in a mutually agreeable manner. Types of allocation methodologies is a list from which two parties may agree, and include, but are not limited to, Ranked, Pro Rata, Percentage, Swing and Operator Provided Value. If the two parties cannot agree upon an allocation methodology, pro rata based upon confirmed nominations shall be used as the default method. The party responsible for custody transfer (the party performing the measurement function) shall provide the allocation. PDAs shall be provided by the interconnecting operator, and for multi-tiered allocations, may be provided by the upstream title holders or shippers. Interconnecting operators at receipt locations shall provide a PDA to allocate to upstream title

holders. Upstream title holders may provide a PDA to allocate to the parties taking possession of their gas at a receipt location. Shippers may provide a PDA to allocate to their nominations at either receipt or delivery locations.

(b) Transporter may negotiate and enter into OBAs under which Differences are balanced between Transporter and another interstate pipeline or other entity. In such event, no Differences shall be allocated to any Shipper at the receipt or delivery points covered by the OBA. If an interstate pipeline or other entity charges Transporter for differences in the OBA, however characterized, Transporter shall charge such interstate pipeline or other entity an equivalent or offsetting charge. If Transporter is unable to charge or collect such equivalent and offsetting charges for such difference, Transporter, on an as billed basis, shall allocate and bill such charges to Shippers responsible for the imbalance at the point of interconnection at which the Difference giving rise to the charges occurred. Where an OBA exists between interconnecting parties, a PDA is not necessary.

(c) Changes to a PDA may be made prospectively during the Month. Only one PDA may be submitted per allocation period. Transporter may, in its reasonable discretion, make retroactive reallocations of transactions to correct for errors. Otherwise, no retroactive reallocations of any transactions shall be permitted without the approval of Transporter and the agreement of those Shippers with Service Agreements affected by such retroactive reallocations, provided that the agreement by such affected Shippers shall not be unreasonably withheld.

(d) PDAs shall remain in effect until a replacement PDA is received; provided, however, PDAs shall be updated at the beginning of each month. A new allocation detail may be needed when a nomination changes.

(e) If the PDA is provided using EDI, Transporter shall respond with an EDI PDA Quick Response confirmation indicating receipt of the PDA within 15 minutes and whether there are any errors associated with the PDA.

8.4 (a) Prior Period Adjustments. Except for minor variations as agreed to by all affected Parties, prior period measurement adjustments will be taken back to the production month and reflected as such on invoices, imbalance statements and allocation statements. A meter adjustment becomes a prior period adjustment after the fifth business day following a business month. Missing or late measurement data shall be estimated and actuals will be treated as a prior period adjustment, with the measuring party to provide the estimate. Measurement corrections shall be processed within six (6) months of the end of the production month, with a three (3) month rebuttal period. This provision does not apply in cases of deliberate omission, or misrepresentation, or mutual mistake of fact. No Party's other statutory or contractual rights are diminished by this provision. Mutual agreement between parties, legal decisions, and regulatory guidance may be necessary to determine if the event qualifies for an extension of the above time periods.

(b) Disputed Allocations. Disputed allocations shall be communicated to Transporter within six (6) months of the initial month-end allocation, with a three (3) month rebuttal period. This time limitation shall not apply in the case of deliberate omission or misrepresentation, or mutual mistake of fact. No Party's other statutory or contractual rights are diminished by this provision.

8.5 For operational monitoring at electronically measured locations, allocated quantities shall be available one business day after the gas has flowed at the end of the Gas Day. The scheduled quantity shall be made available at locations which are not measured electronically. Transporter shall provide allocation statements to the appropriate party for the meters it operates each month based on a measurement closing date of the fifth business day after the business month. Where actual quantities are not available, quantities shall be estimated.

9. OPERATING CONDITIONS

9.1 In General. The general operating conditions set forth in this Section supplement the terms and conditions set forth in the individual Rate Schedules and elsewhere in the General Terms and Conditions.

9.2 Uniform Rates and Quantities. Except as otherwise provided in Shipper's Service Agreement, Shipper shall: (i) tender gas or arrange to have gas tendered on its behalf in quantities that conform to its Scheduled Daily Receipt Quantity and that flow at uniform hourly rates throughout the Day; and (ii) take gas or cause gas to be taken on its behalf in quantities that conform to its Scheduled Daily Delivery Quantity and that flow in accordance with Section 12 (Maximum Daily Obligation at Both Delivery Points and Receipt Points) of the General Terms and Conditions, unless deviations from those receipt and delivery quantities are necessary for balancing purposes and are undertaken by Shipper at Transporter's request or following notice to, and approval by, Transporter in accordance with the applicable provisions of the General Terms and Conditions. If Shipper violates (i) the applicable flow requirements or (ii) the requirements set forth at Section 12, Transporter may install or require the installation of a flow control device to insure compliance with such requirements.

9.3 Third Party Arrangements. Shipper shall be responsible for making all necessary arrangements with third parties (i) at or upstream of the point(s) of receipt at which Shipper tenders gas to Transporter for transportation, and (ii) at or downstream of points of delivery at which Transporter delivers gas for the account of Shipper. Shipper shall be responsible for (i) insuring that any such arrangements are consistent with the terms and conditions of the applicable Rate Schedule under which it seeks to have Transporter transport the gas, and (ii) requiring such third parties to confirm all of Shipper's nominations with Transporter in a form and manner approved by Transporter. Such third-party arrangements shall be coordinated with Transporter.

9.4 Service Obligation. Transporter shall not be required to perform service under any of its Rate Schedules if any of the facilities necessary to render the requested service do not exist or are not available including periods during which facilities are being maintained or repaired, in which case, interruptions of service shall be made consistent with Section 16 (Interruptions of Service) of the General Terms and Conditions. Transporter shall not be required to construct facilities; provided, however, that shipper may request construction of facilities under the provisions of Section 35 (Construction of Laterals) of the General Terms and Conditions.

9.5 Creditworthiness of Shipper.

(a) Subject to the provisions of paragraphs (b) and (c) below, Transporter shall not be required to provide or to continue to provide service on behalf of any Shipper that (i) is or has become insolvent, (ii) has applied for bankruptcy under Chapter 11 of the Bankruptcy Code or is subject to similar proceedings under State or Federal Law, or (iii) fails, in Transporter's reasonable judgment, to demonstrate minimal creditworthiness for all or any part of the service

requested, based upon Transporter's consideration of available credit data concerning Shipper and Shipper's past payment history, financial statements, and credit reports.

(b) Criteria for Creditworthiness Determination

(1) Acceptance of a Shipper's request for service and the continuance of service are contingent upon the Shipper satisfying, on an on-going basis, a credit appraisal by Transporter.

(2) Transporter shall apply consistent evaluation practices to all similarly situated Shippers to determine the Shipper's financial ability to satisfy the payment obligations due to Transporter over the term of the requested Service Agreement.

(3) A Shipper will be deemed creditworthy if

(i) its long-term unsecured debt securities are rated at least BBB by Standard & Poor's Corporation ("S&P") or Baa2 by Moody's Investor Service ("Moody's");

(ii) Shipper's short-term and long-term outlook opinion is Stable or Positive from S&P or Moody's; and

(iii) the net present value of the sum of reservation charge fees, utilization fees, and any other associated fees for the contract term is less than 3% of Shipper's tangible net worth.

As used herein, "tangible net worth" shall be the sum of the capital stock, paid-in capital in excess of par or stated value, and other free and clear equity reserve accounts less goodwill, patents, unamortized loan costs or restructuring costs and other intangible assets. If Shipper is rated by multiple agencies, the lower rating applies. A Shipper that is not rated by S&P or Moody's may use its parent's rating if a guarantee acceptable to Transporter is provided. If the Shipper has multiple Service Agreements with Transporter, then the total of all those Service Agreements shall be considered in determining creditworthiness.

Transporter reserves the right to determine in its reasonable discretion, that a Shipper who requests new service is not creditworthy to receive that service on the basis that Shipper has outstanding payments due on invoices rendered by Transporter on current or past Service Agreements and Shipper has defaulted on those payments per the terms of the General Terms and Conditions; provided, however, this provision shall not affect amounts disputed by Shipper in good faith. This Section shall apply solely to the Shipper that is the contract holder.

(4) If Shipper does not meet the criteria described above then, Shipper may have the Transporter evaluate its creditworthiness based upon the level of service

requested. That credit appraisal shall be based upon Transporter's evaluation of the following information and credit criteria:

(i) S&P and Moody's opinions, watch alerts, and rating actions will be considered in determining creditworthiness.

(ii) Consistent financial statement analysis will be applied by Transporter to determine the acceptability of Shipper's current and future financial strength. Shipper's balance sheets, income statements, cash flow statements, and auditor's notes will be analyzed along with key ratios and trends regarding liquidity, asset management, debt management, debt coverage, capital structure, operational efficiency, and profitability.

(iii) Results of bank and trade reference checks and credit reports must demonstrate that a Shipper is paying its obligations in a timely manner.

(iv) Shipper is not operating under any chapter of the Bankruptcy Code and is not subject to liquidation or debt reduction procedures under State Laws. Transporter will make an exception for a Shipper who is a debtor in possession operating under Chapter XI of the Federal Bankruptcy Act, if Transporter is adequately assured that the service billing will be paid promptly as a cost of administration under the Federal Court's jurisdiction.

(v) Whether Shipper is subject to any lawsuits or judgments outstanding which would seriously reflect upon the Shipper's ability to remain solvent.

(vi) Whether Shipper has any delinquent balances outstanding for services provided previously by Transporter and whether Shipper has paid its account balances according to the terms established in its Service Agreements and whether any deductions or payments were withheld for claims not authorized by the Service Agreements.

(vii) Any other information obtained that is relevant to Shipper's current and future financial strength.

(c) Transporter may require adequate assurance of payment for any service under this Tariff requested by an insolvent or uncreditworthy Shipper. Such a Shipper may receive or continue to receive service if it provides adequate assurance of payment for service. Adequate credit assurance will be calculated as follows: (i) For firm FTS-1 or FTS-2 transportation service, the credit assurance elected must include an advance payment equal to the value of one (1) month of demand charges under Shipper's Service Agreement(s) with Transporter, to be provided within five (5) business days from the day Transporter notifies Shipper that Shipper has not qualify for or has lost its creditworthiness status, and an additional full two (2) months of

demand charges to be provided as collateral held for security within thirty (30) days from the day Transporter notified Shipper that Shipper has not qualified for or has lost its creditworthiness status; (ii) For all other services provided pursuant to the Tariff, the credit assurance elected must include an advance payment equal to the value of one (1) month of the highest usage under Shipper's Service Agreement(s) with Transporter, to be provided within five (5) business days from the day Transporter notifies Shipper that Shipper did not qualify for or has lost its creditworthiness status, and an additional two (2) highest months of estimated usage during the term of the Service Agreement(s) to be provided as collateral held for security within thirty (30) days from the day Transporter notified Shipper that Shipper has not qualified for or has lost its creditworthiness status. For a new Shipper adequate credit assurance will be based on the three (3) highest months of estimated usage during the term of the Service Agreement and for an existing Shipper, adequate credit assurance will be based upon the highest three (3) months of activity for all of Shipper's active service agreements during the previous twelve months.

Adequate assurance of payment may include:

- (1) a cash deposit with Transporter of collateral held for security, provided that such deposit may be applied by Transporter to satisfy a delinquent account;
- (2) an irrevocable letter of credit that is both from a creditworthy financial institution and in a form deemed acceptable in Transporter's sole and reasonable discretion;
- (3) a guarantee that is both from a creditworthy entity and in a form deemed acceptable in Transporter's sole and reasonable discretion; or
- (4) a grant to Transporter of a security interest in collateral, the value of which is mutually agreed upon by Transporter and Shipper.

Unless otherwise agreed, the credit assurance must at all times maintain a value specified above equal to the highest estimated charges during the term of the Service Agreements. Any deposit held by Transporter pursuant to this Section shall accrue simple interest at the Federal Funds Rate. Upon Shipper's request, Transporter will remit the balance of the interest to Shipper within thirty days, provided, however, that Transporter shall not be required to remit interest to Shipper more often than every thirty days.

Transporter has the right to seek additional security to cover the value of any imbalance owed Transporter by a non-creditworthy Shipper. The imbalances shall be valued at the "Spot Market Price" which shall be defined, for each Dth on each applicable Day on which the gas is owed, as the "Columbia Gulf, Mainline" price index for Louisiana-Onshore South as published in Gas Daily's Daily Price Survey, or any successor publication. Furthermore, Transporter has the right to seek security to cover the estimated value of a future monthly imbalance for non-creditworthy Shippers as follows: For a non-creditworthy new Shipper, a security amount equal

to 10% of such Shipper's estimated monthly usage multiplied by the Estimated Imbalance Rate as described below. For a non-creditworthy existing Shipper, a security amount equal to such Shipper's largest monthly imbalance owed to Transporter over the most recent 12-month period multiplied by the Estimated Imbalance Rate. The term "Estimated Imbalance Rate" shall equal the average of the NYMEX future prices for the available 12-month period as such prices close on the day the Estimated Imbalance Rate is determined.

(d) Notwithstanding the foregoing requirements, if Transporter constructs new facilities to accommodate a Shipper, Transporter may require credit assurance in an amount up to Shipper's proportionate share of the cost of the new facilities. This credit assurance may be requested at any time before or after the in-service date of the facilities, to the extent mutually agreed to as a condition of the construction. As Transporter recovers the cost of these facilities through its rates, the credit assurance required will be reduced accordingly. Specifically, any credit assurance provided by a Shipper related to new facilities shall be returned to that Shipper in equal monthly amounts over the term of its Service Agreement for service related to the new facilities or as otherwise mutually agreed by Transporter and Shipper. This requirement is in addition to and shall not supersede or replace any other rights that Transporter may have regarding the construction of and reimbursement for facilities.

If Shipper defaults and Transporter terminates service to Shipper, then Transporter shall draw upon and retain such collateral as necessary to reimburse Transporter for the unamortized cost of the facilities constructed for Shipper. The capacity underlying any terminated Service Agreement shall be made available pursuant to Section 4 of these General Terms and Conditions. Within 60 days of the capacity being made available, to the extent such capacity has been awarded, the credit assurance retained by Transporter from the original Shipper shall be reduced to an amount equal to the net present value of that portion of the future reservation charge revenues of the original Shipper that would have been attributed to the cost of those facilities less the net present value of that portion of the future reservation charge revenues of the newly awarded Shipper that may be attributed to the cost of the facilities.

9.6 Loss of Creditworthiness.

(a) Transporter may at any time re-evaluate the creditworthiness of Shipper and demand adequate assurance of payment or additional adequate assurances of payment if Transporter determines that Shipper has in any respect become uncreditworthy. Circumstances under which Transporter may re-evaluate Shipper's creditworthiness include, but are not limited to, a filing by Shipper for bankruptcy or a submission to bankruptcy or similar federal or state proceedings, an adverse change in Shipper's payment practices, a reorganization of Shipper's business structure, an assignment of Shipper's Service Agreements, or a request by Shipper for increased service. If Transporter, following such a re-evaluation, makes an adverse preliminary creditworthiness determination, and Shipper is current in its payments to Transporter and otherwise has a good credit history with Transporter, Shipper will be given notice of such adverse determination and be allowed 10 days to submit data demonstrating its continued creditworthiness before Transporter will make a final determination of creditworthiness and, if

adverse, demand adequate assurance of payment. Transporter may at any time withdraw or revise its demand for adequate assurance of payment or extend its due date.

(b) If Transporter requests additional information to be used for credit evaluation after the initiation of service, Transporter, contemporaneous with the request, will provide its reason(s) for requesting the additional information to Shipper and designate to whom the response should be sent. Transporter and Shipper may mutually agree to waive the requirements of this provision.

(c) Upon receipt of either an initial or follow-up request from Transporter for information to be used for creditworthiness evaluation, Shipper's authorized representative(s) should acknowledge receipt of Transporter's request. Transporter and Shipper may mutually agree to waive the requirements of this provision.

(d) Shipper's authorized representative(s) should respond to Transporter's request for credit information on or before the due date specified in the request. Shipper should provide all the credit information requested by Transporter or provide the reason(s) why any of the requested information was not provided.

(e) Upon receipt from Shipper of all credit information provided pursuant to the applicable NAESB WGQ standards or this Tariff, Transporter will notify Shipper's authorized representative(s) that it has received such information. Transporter and Shipper may mutually agree to waive the requirements of this provision.

(f) Shipper should designate up to two representatives who are authorized to receive notices regarding Shipper's creditworthiness, including requests for additional information, pursuant to the applicable NAESB WGQ standards and should provide to Transporter the Internet E-mail addresses of such representatives prior to the initiation of service. Written requests and responses should be provided via Internet E-mail, unless otherwise agreed to by the parties. The obligation of Transporter to provide creditworthiness notifications is waived until the above requirement has been met. Shipper should manage internal distribution of any creditworthiness notices that are received.

Transporter will designate on its Internet website or in written notices to Shipper, the Internet E-mail addresses of up to two representatives who are authorized to receive notices regarding Shipper's creditworthiness. Shipper's obligation to provide confirmation of receipt is met by sending such confirmation to such representatives and Transporter will manage internal distribution of any such confirmations.

(g) At any time after Shipper is determined to be non-creditworthy by Transporter, Shipper may initiate a creditworthiness re-evaluation by Transporter. As part of Shipper's re-evaluation request, Shipper may either update or confirm in writing the prior information provided to Transporter related to Shipper's creditworthiness. Such update will include any event(s) that Shipper believes could lead to a material change in Shipper's creditworthiness.

(h) After Transporter's receipt of a Shipper's request for re-evaluation, including all required information pursuant to NAESB WGQ Standard 0.3.8 ("Shipper's Request"), within five (5) Business Days, Transporter will provide a written response to Shipper's Request. Such written response will include either a determination of creditworthiness status, clearly stating the reason(s) for Transporter's decision, or an explanation supporting a future date by which a re-evaluation determination will be made. In no event should such re-evaluation determination exceed twenty (20) Business Days from the date of the receipt of Shipper's Request unless specified in this Tariff or if the parties mutually agree to some later date.

(i) In complying with the creditworthiness-related notifications pursuant to the applicable NAESB WGQ standards, Shipper and Transporter may mutually agree to other forms of communication in lieu of Internet E-mail notification.

(j) If a Shipper becomes insolvent or loses its creditworthiness status after service commences on Transporter's system, Transporter will notify Shipper via Internet E-mail and facsimile stating that Shipper has lost its creditworthiness status. If Shipper is a Replacement Shipper, simultaneous notice will also be sent to the Releasor via Internet E-mail and facsimile. Within ten (10) days of that notice, Transporter will provide the non-creditworthy Shipper a detailed written explanation of the reasons for the loss of creditworthiness and provide a recourse for Shipper to challenge that determination.

(k) Regardless of whether Shipper is insolvent, has lost its creditworthiness status or does not desire to continue service with Transporter, Shipper shall continue to be liable for all charges due under its Service Agreement and associated rate schedule. If Shipper desires to continue service with Transporter, Transporter will require Shipper to pay any outstanding balances due Transporter for services rendered and provide adequate credit assurances in accordance with Section 9.6(c) above.

(l) If Shipper fails to provide the credit assurance within the specified time period, Transporter may (i) immediately suspend service to Shipper, and/or (ii) terminate Shipper's Service Agreement upon at least thirty (30) days written notice to Shipper, Releasor, if any, and the Commission that it will terminate service to Shipper if Shipper fails to pay the outstanding balance and/or provide the required credit assurance. Any termination shall be without waiver of any rights Transporter may otherwise have under any and all Service Agreements with Shipper including, but not limited to, the right to sue Shipper for unmitigated damages resulting from Shipper's breach of contract. If Transporter terminates the service of a Replacement Shipper, Transporter shall provide simultaneous notice to the Replacement Shipper and Releasor via Internet E-mail and facsimile.

9.7 Requests for service which do not include all of the above-referenced information and the information required by Section 3 shall be deemed null and void.

9.8 If a Shipper has multiple Service Agreements with Transporter and defaults on one Service Agreement, Transporter may deem a default by Shipper on that one Service Agreement as a loss of creditworthiness on any other Service Agreement Shipper has with Transporter; provided, however, this provision shall not affect amounts disputed by Shipper in good faith. This Section shall apply solely to Shipper that is the Service Agreement holder.

9.9 Transporter intends that section 9.6(b)(4)(iv) above shall be read in harmony, and not in conflict, with the Bankruptcy Code.

9.10 If Transporter has terminated service to Shipper as a result of Shipper's loss of creditworthiness or default, Transporter shall have the right to assert any liens or other interests, consistent with applicable law, against any gas Shipper may have remaining on Transporter's system.

9.11 General Limitation of Transporter's Obligation. Transporter shall not be required to perform or continue service on behalf of any Shipper that, within 10 days after receipt of notice from Transporter, fails to comply with any of the terms of the applicable Rate Schedule and Shipper's Service Agreement with Transporter; provided, however, that Shipper's failure to comply with the billing and payment requirements of this Tariff shall be governed by the provisions of Section 10 (Billing and Payment) of the General Terms and Conditions. Other provisions of such Rate Schedule notwithstanding, Transporter shall have the right to take unilateral action to protect the integrity of its system in the event Transporter, in its reasonable discretion, determines that immediate or irreparable harm to Transporter's facilities or operations will be caused by Shipper's failure to comply with any of the terms of the applicable Rate Schedule, the terms of Shipper's Service Agreement with Transporter, or the General Terms and Conditions of this Tariff.

9.12 Balancing at Termination of Service Agreement. In the event that at the end of the term of the Transportation Service Agreement hereunder, receipts and deliveries, as the case may be, are not in balance, same shall be adjusted promptly so as to create a zero (0) balance.

10. BILLING AND PAYMENT

10.1 Transporter shall render or cause to be rendered to Shipper on or before the ninth (9th) Business Day of each month an imbalance statement and an invoice (collectively "Billing Statements") setting forth the volume of gas and the Btu of the gas tendered at the Point(s) of Receipt and Point(s) of Delivery during the preceding month, the net billing rate and the amount due, together with information sufficient to explain and support any adjustments made by Transporter with respect to the quantity of gas delivered hereunder. Billing Statements shall be deemed to be rendered by Transporter when Transporter electronically posts the statements to Shipper on Transporter's EBB. If Transporter is unable to render Billing Statements through Transporter's EBB, the Billing Statements shall be deemed to be rendered when Transporter deposits the Billing Statements with the U.S. Mail for first-class delivery, as evidenced by the postmark date, or Transporter deposits the Billing Statements with an overnight courier service for delivery to Shipper. All Billing Statements shall be based on actuals (if available) or on best available data. Quantities at points where OBAs exist shall be invoiced on scheduled quantities.

10.2 When information necessary for invoice purposes for the proceeding month is in the control of Shipper, Shipper shall furnish such information to Transporter on or before the fifth (5th) day.

10.3 All accounting statements, or adjustments thereto, relating to the volumes transported hereunder shall be stated in terms of adjusted metered quantities with an assumed thermal content of one thousand (1,000) Btu per cubic foot; provided, however, notwithstanding anything else contained herein to the contrary, estimated metered or allocated volumes shall be utilized as appropriate to determine the volumes on which transportation charges will be computed.

10.4 Either party shall have the right to examine at reasonable times agreed to by both parties, books, records, and charts of the other party to the extent necessary to verify the accuracy of any statement, chart, or computation made under or pursuant to provisions hereunder. The examining party shall have one year after the close of a year in which to make an audit of the other party's records for such year.

10.5 Payment.

(a) Shipper shall pay Transporter the amount due for the preceding Month on or before the tenth (10th) Day after the date of the invoice, except when the tenth (10th) Day after the date of the invoice is a Saturday, Sunday or federal banking holiday, in which case payment is due on the following Business Day. Payments by Shipper to Transporter shall be made in the form of wire or other electronic fund transfer of Federal Funds directed to a bank account designated by Transporter for amounts equal to or greater than \$50,000 such that funds are available on the date payment is due. Payments of amounts less than \$50,000 by Shipper to Transporter shall be made at Shipper's election in the form of wire or other electronic fund transfer of Federal Funds directed to a bank account designated by Transporter, or by check which shall be sent by U.S. Mail, First Class delivery and postmarked on or before the Invoice

due date. Shipper should submit any required supporting documentation; Transporter will apply payment per the supporting documentation. All payments shall be identified by invoice number and, if a payment differs from the invoice amount, remittance detail shall be provided with the payment except when payment is made by electronic funds transfer (EFT) in which case, the remittance detail is due within two (2) Business Days of the payment due date. Payment will be applied in accordance with the remittance detail.

(b) If Transporter's rendering of a bill is delayed after the ninth (9th) Business Day, as set forth above in Section VII.10.4, then the time of payment shall be extended by the same number of days unless Shipper is responsible for the delay.

(c) If Shipper fails to pay all of the amount of any bill as herein provided, interest on the unpaid portion of the bill shall be computed at the rate set forth in Section 154.501 of the Commission's Regulations, prorated for the number of days from the due date of payment until the actual date of payment.

(d) If Shipper in good faith disputes the amount of any bill or part thereof, Transporter shall not be entitled to suspend further delivery of gas if:

(1) Shipper pays to Transporter the amounts it concedes to be correct and provides written documentation as to the basis for the dispute;

(2) within 30 days of a demand made by Transporter, Shipper furnishes good and sufficient surety bond in an amount and with surety satisfactory to Transporter;

(3) the surety bond guarantees payment to Transporter of the amount ultimately found due upon the bill, plus accrued interest, upon a final determination by agreement or by judgment of the courts; and

(4) Shipper does not default on the conditions of the bond.

If Shipper (i) has complied with all of the requirements in the immediately preceding sentence; (ii) prevails on the merits of the dispute concerning the bill by reason of a final determination by agreement or by judgment of the courts; and (iii) makes payment to Transporter in accordance with that final determination, then Transporter shall reimburse Shipper for the reasonable premium cost incurred by Shipper in obtaining the surety bond upon Transporter's receipt from Shipper of the documentation of the premium cost.

10.6 Adjustment of Billing Errors. If it is determined that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under this Section 10 and Shipper has actually paid the bills containing the overcharge or undercharge, then Transporter shall refund the amount of any overcharge or Shipper shall pay the amount of any undercharge within 30 days after final determination of the appropriate amounts. If an error is discovered in the amount billed in any statement rendered by Transporter, that error shall be adjusted within 30 days of

Transporter's determination thereof, provided that claim therefore shall have been made within 30 days from the date of discovery of the error but in any event within 6 months from the date of the statement with a 3 month rebuttal period. These time limitations shall not apply in cases of FERC required rate changes, to deliberate omissions, to misrepresentations or mutual mistake of fact. Neither Shipper's nor Transporter's other statutory or contractual rights shall be diminished by this provision.

10.7 Suspension or Termination for Nonpayment. If Shipper under any Rate Schedule becomes delinquent by 10 days in the payment of any invoice, then Shipper shall provide adequate assurance of payment to Transporter within 10 days of the date of Transporter's written notice of delinquency. If Shipper does not, within that 10 day period, pay the invoice together with accrued interest, or does not provide adequate assurance of payment in accordance with the provisions of Section 3 (Requests for Service) of the General Terms and Conditions, Transporter, in addition to any other remedies it may have, may commence suspension of service procedures by: (a) sending a first written notice to Shipper and the Commission informing Shipper that its service will be suspended and its Service Agreement with Transporter will be terminated in 30 days ("suspension date") if payment is not received; and (b) sending a second written notice to Shipper and the Commission 10 days before the suspension date informing Shipper that its service will be suspended and its Service Agreement with Transporter will be terminated on the suspension date if payment is not received before that date. Shipper's service will be suspended and its Service Agreement terminated if full payment is not received by Transporter before the suspension date. Termination of the Service Agreement shall not excuse payments of the amounts then due or any other existing obligation of Shipper. Transporter shall not be entitled to suspend service or terminate Shipper's Service Agreement pending resolution of an invoice disputed in good faith by Shipper if Shipper complies with the provisions of paragraph 10.5(d) above.

10.8 Billing Disputes. If Shipper in good faith disputes an invoice from Transporter and complies with the provisions of Section 10.5(d) above, further resolution of the dispute shall be in accordance with the provisions of Section 29 (Complaint Resolution Procedure) of the General Terms and Conditions.

10.9 Refunds. Transporter shall pay any refunds owed in excess of \$50,000 to any Shipper by wire or other electronic fund transfer of Federal Funds immediately available to Shipper at such bank account as Shipper shall designate.

10.10 Right to Set Off Unpaid Amounts. If the Shipper does not pay the full amount due Transporter in accordance with Section 10.5 hereof, then Transporter, without prejudice to any other rights or remedies it may have, shall have the right to withhold and set off payment of any amounts of monies due or owing by Transporter to Shipper, against any and all amounts or monies due or owing by Shipper to Transporter for services performed by Transporter for Shipper. In addition, if Shipper has an overtender(s) of gas on any Service Agreement(s), Transporter will have the right to net that overtender of gas against any existing undertender(s) of gas on any of Shipper's Service Agreement(s).

10.11 Prepayment of Reservation Charges. Transporter may, from time to time in a manner not unduly discriminatory, agree to accept a Shipper's prepayment of its reservation charges obligation under an existing or new firm Service Agreement. The amount of the prepayment shall be equivalent to Shipper's unpaid reservation charges obligation for the remainder of the term of an existing firm Service Agreement or the entire term of a new firm Service Agreement, as applicable. A prepayment received by Transporter or an offer of a prepayment to be made under this section will not be used in the determination of the net present value of a bid during Transporter's evaluation process to award capacity.

The prepayment shall be credited to Shipper's Service Agreement under the ordinary course of Transporter's billing process. Shipper shall not be allowed to withdraw all or part of its prepayment.

Neither this provision nor any solicitation or negotiation by Transporter under this provision shall obligate Transporter to accept any request for prepayment.

A Shipper's reservation charges will be subject to adjustments when Transporter's Recourse Rate(s) are changed pursuant to NGA section 4 or 5 during the period for which Shipper has prepaid for service and Shipper shall agree that any prepayment does not absolve it of such future adjustments to the Recourse Rate(s). For capacity release and posting requirements, the rate to be charged will be the rate specified in the applicable firm Service Agreement.

Prepayment of a reservation charges obligation received by Transporter under this section shall not qualify as a cash security deposit under Section VII.9.5. of these General Terms and Conditions for purposes of creditworthiness, nor shall a cash security deposit under Section VII.9.5 of these General Terms and Conditions for purposes of creditworthiness be considered as a prepayment of a reservation charges obligation under this section.

11. FLEXIBLE PRIMARY AND SECONDARY RECEIPT AND DELIVERY POINTS

11.1 Primary Receipt and Delivery Points. The point(s) of receipt for all gas tendered to Transporter for transportation under Transporter's Rate Schedules shall be at the interconnection of the facilities of Transporter, Shipper or any applicable third parties, or at such other primary point(s) agreed upon by Shipper and Transporter and specified in Shipper's Service Agreement with Transporter. The point(s) of delivery for all gas delivered by Transporter to Shipper or to a third party on behalf of Shipper under Transporter's Rate Schedules shall be (i) at the interconnection of the facilities of Transporter and Shipper or any applicable third parties, or (ii) at such other primary point(s) agreed upon by Shipper and Transporter and specified in Shipper's Service Agreement with Transporter.

11.2 Flexible Primary Receipt and Delivery Point Authority.

(a) General Requirements. Except as may otherwise be specified in this Section or in individual Rate Schedules, Shipper shall have flexible primary receipt and delivery point authority if Transporter, in its reasonable discretion, determines that sufficient firm capacity exists in its existing facilities to accommodate the proposed changes in primary receipt or delivery points. Any Shipper seeking to change primary receipt or delivery points under an existing Service Agreement shall request such a change by advising Transporter, identifying the Service Agreement affected, and furnishing Transporter with the information described in Section 3 (Requests for Service) of the General Terms and Conditions.

(b) Evaluation of Point Shift Requests. Requests for changes in primary receipt and delivery points will be evaluated on a first-come, first-served basis. However, if Transporter receives two or more point shift requests for the same receipt or delivery point(s) within a five business day period, Transporter, on a not-unduly discriminatory basis, may: (1) award the capacity to the Shipper whose request provides the highest net present value, as defined in Section 4.4(b) of the General Terms and Conditions; or (2) elect to hold an open season for the point shift, in accordance with the requirements set forth in Section 4.4 of the General Terms and Conditions. For the purposes of this provision, net present value will be calculated based on the requested volumes at the specific receipt or delivery point. Columbia Gulf will not be obligated to grant any requests for changes in receipt or delivery points that would have the effect of reducing the reservation charges applicable to Shipper's Service Agreement.

(c) Amendment to Service Agreements. If Transporter grants Shipper's request to change its receipt and delivery points, Transporter and Shipper shall execute, within ten business days of such approval, an amended Appendix A to Shipper's Service Agreement reflecting the agreed changes in such receipt or delivery points, or maximum daily quantities.

11.3 Secondary Receipt and Delivery Points Authority. Except as provided in Section 11.2 above or elsewhere in this Tariff, Shipper may have secondary receipt and delivery points under any firm Service Agreement as provided and subject to the requirements in the applicable Rate Schedule. Receipts and deliveries of gas at such secondary receipt and delivery points under

firm transportation agreements shall have the allocation priority as described in Section 7 (Capacity Allocation) of the General Terms and Conditions. Transporter shall interrupt service at such secondary receipt and delivery points as set forth at Section 16 (Interruptions of Service) of the General Terms and Conditions. The list of interconnections at which secondary point service is available will be maintained by Transporter in a Master List of Interconnections (MLI) posted on its EBB. The interconnection points on the MLI shall be incorporated, where appropriate, as secondary points in Shipper's Service Agreement.

12. MAXIMUM DAILY OBLIGATION AT BOTH DELIVERY POINTS AND RECEIPT POINTS

12.1 Maximum Daily Delivery Obligation at Delivery Points.

(a) The portion of the Transportation Demand (TD) applicable to each point of delivery under Transporter's firm transportation service Rate Schedules shall be set forth in the applicable Service Agreement.

12.2 Maximum Daily Obligation at Receipt Points.

(a) Shipper's Maximum Daily Quantity at each point of receipt under Transporter's firm service Rate Schedules shall be set forth in the applicable Service Agreement.

(b) The sum of Shipper's Maximum Daily Quantity at all receipt points shall not exceed the sum of the Transportation Demand under Shipper's firm Service Agreements plus quantities necessary for Retainage.

12.3 Maximum Hourly Receipt Obligation at Receipt Points.

If Transporter, in its reasonable discretion, determines that hourly flow restrictions are necessary to protect the integrity or performance capability of its system, Transporter shall issue through its EBB and through Shipper's choice of Electronic Notice Delivery Mechanism(s) an Operational Flow Order pursuant to which Transporter's Maximum Hourly Receipt Obligation, within the area(s) subject to such Order shall be, and Shipper's maximum hourly receipts within those areas shall not exceed those quantities specified in this Section 12.3. For purposes of this Section 12.3, Shippers shall be responsible for all such hourly tenders. In calculating the Maximum Hourly Quantities at receipt points as described below, that Shipper's Transportation Demand and the Transportation Demand of all other Shippers applicable to a receipt point shall be added together.

(a) For individual receipt points:

120% of 1/24th of the TD in any one hour;

117% of 3/24ths of the TD in any three consecutive hours;

115% of 5/24ths of the TD in any five consecutive hours; and

105% of 12/24ths of the TD in any twelve consecutive hours.

13. PRESSURE

(a) Transporter shall deliver gas at each delivery point to or for the account of Shipper at the pressure which shall be available from time to time in Transporter's pipeline after required measurement, flow control, or regulation.

(b) Shipper shall deliver gas or cause gas to be delivered to Transporter at the receipt points at a pressure sufficient to allow the gas to enter Transporter's pipeline as such pressure shall vary from time to time. Transporter shall not be required to compress into its pipeline gas transported under any Rate Schedule or otherwise change its normal pipeline operations. At each receipt point, Shipper shall provide, or cause to be provided, equipment acceptable to Transporter that will prevent overpressuring of Transporter's pipeline.

(c) Transporter may agree, on a not unduly discriminatory basis, to a maximum or minimum pressure at any point of receipt or delivery if, in Transporter's reasonable discretion, the agreed-upon maximum or minimum pressure is operationally feasible and will not adversely affect firm service on Transporter's system.

14. RELEASE AND ASSIGNMENT OF SERVICE RIGHTS

14.1 Capacity Release and Assignment Procedures

(a) The procedures set forth in this Section governing the release and assignment of service rights by Shippers shall apply to all services offered by Transporter for which such right is provided in the applicable Rate Schedule. A Shipper under such applicable Rate Schedule may release and assign all or any portion of the service under its Service Agreement. Any Shipper accepting such assignment ("Replacement Shipper") must meet the Transporter's creditworthiness requirements, must have executed an Electronic Contracting Agreement with Transporter, and must be an authorized EBB user complying with conditions and requirements set forth in the General Terms and Conditions and in the applicable Rate Schedule and Service Agreement.

(b) The capacity release timeline is applicable to all parties involved in the capacity release process; however, it is only applicable if 1) all information provided by the parties to the transaction is valid and the acquiring shipper has been determined to be credit worthy before the capacity release bid is tendered, 2) for index-based capacity release transactions, the Releasor has provided Transporter with sufficient instructions to evaluate the corresponding bid(s) according to the timeline, and 3) there are no special terms or conditions of the release. In addition, Transporter may complete the capacity release process on a different timeline if the offer includes unfamiliar or unclear terms and condition (*e.g.*, designation of an index not supported by Transporter).

(c) Capacity Release Timeline

For biddable releases (1 year or less):

(1) offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day;

(2) open season ends at 10:00 a.m. on the same or a subsequent Business Day;

(3) evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best Bid is made, and ties are broken;

(4) if no match is required, the evaluation period ends and the Award is posted by 11:00 a.m.;

(5) where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the Award is posted by 12:00 Noon.;

(6) the contract is issued within one hour of the Award posting (with a new contract number, when applicable);

(7) nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

For biddable releases (more than 1 year):

(8) offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day;

(9) open season shall include no less than three 9:00 a.m. to 10:00 a.m. time periods on consecutive Business Days;

(10) evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best Bid is made, and ties are broken;

(11) if no match is required, the evaluation periods ends and the Award is posted by 11:00 a.m.;

(12) where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the Award is posted by 12:00 Noon;

(13) the contract is issued within one hour of the Award posting (with new contract number, when applicable);

(14) nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

For non-biddable releases:

(15) the posting of prearranged deals that are not subject to bid are due no later than one hour prior to the nomination deadline for the applicable cycle. The posting deadlines are:

- | | | |
|-------|------------------|------------|
| (i) | Timely Cycle | 12:00 Noon |
| (ii) | Evening Cycle | 5:00 p.m. |
| (iii) | Intraday 1 Cycle | 9:00 a.m. |
| (iv) | Intraday 2 Cycle | 1:30 p.m. |
| (v) | Intraday 3 Cycle | 6:00 p.m.; |

(16) the contract is issued within one hour of the Award posting (with a new contract number, when applicable);

(17) nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

14.2 Initiating the Release and Assignment.

(a) Electronic Bulletin Board. The release and assignment of service rights by Shipper shall be facilitated through Transporter's Electronic Bulletin Board (EBB), described at Section 2 (Electronic Bulletin Board) of the General Terms and Conditions. As explained below, Shippers seeking to release and assign firm service rights ("Releasers") shall post offers to release and notices of prearranged assignments through Transporter's EBB. Potential Replacement Shippers also may post offers to purchase service rights and bids for capacity through Transporter's EBB. Such postings shall be made through the interactive features of Transporter's EBB and shall remain posted for at least 30 days. Transporter reserves the right to request modifications in, or to delete all or any portion of, postings that do not conform to the requirements of Section 14.2(b) below; provided, however, that Transporter shall have no responsibility for any errors, omissions, or other aspects of these postings from third parties on its EBB.

(b) Release Notice. Releaser may initiate the assignment of the service rights it is seeking to release and assign by electronically transmitting the information specified below to Transporter's EBB ("Release Notice"). Such electronic Release Notice shall contain the following information regarding the capacity that Shipper is seeking to release:

(1) Releaser's identity, the Rate Schedule under which Releaser seeks to release capacity, and the contract number assigned by Transporter to the Service Agreement under which Shipper seeks to release capacity

(2) whether the release is on a temporary or permanent basis

(3) the numeric quantity being released on a per day basis, and the term (duration)

(4) the receipt and delivery points

(5) any applicable recall provisions relating to the proposed release, and whether the Replacement Shipper will have the option to refuse the capacity after recall has ended

(6) any minimum conditions concerning the rate, terms, or volume that the Releaser is willing to accept (and that Releaser wishes to have posted on Transporter's EBB), or a statement that it has separately revealed to Transporter any such minimum

conditions, which shall be posted following the close of bidding. For non-biddable releases, this information will not be required

(7) whether Releasor will accept contingent bids for the capacity being released and, if so, all terms and conditions of acceptable contingencies, including the manner in which such contingent bids will be evaluated. For non-biddable releases, this information will not be required

(8) the maximum reservation charge (including demand-type surcharges) applicable to the capacity being released; provided however, that for releases one (1) year or less in length, this information will not be required

(9) the date and time of (i) the posting of the release notice on Transporter's EBB and (ii) the close of the bidding for the released capacity. For non-biddable releases, this information will not be required

(10) whether the Releasor has a prepackaged arrangement to assign the service to a specified Replacement Shipper and, if so, the identity, address, and telephone number of the designated Replacement Shipper and the price the prospective Replacement Shipper has agreed to pay under any such prepackaged arrangement

(11) objective criteria for evaluating responsive bids by potential Replacement Shippers and for breaking ties among highest bidders, to the extent that Releasor's criteria are at variance with the criteria established by Transporter in this Section. For non-biddable releases, this information will not be required

(12) the name, Internet E-mail address, telephone number, and facsimile machine number of Releasor's designated contact person

(13) the rate basis on which bids for the released capacity are to be submitted. For non-biddable releases, this information will not be required

(14) for non-index based releases, whether bids for the released capacity are to be submitted on a fixed dollars and cents amount or on a percentage of maximum rate basis. For non-biddable releases, this information will not be required

(15) for index-based releases, whether there is a rate floor, any applicable rate default to be used when the index-based formula is not available or cannot be computed, and which of the following methods is acceptable: (a) a percentage of the formula; (b) a dollars and cents differential from the formula; (c) a dollars and cents differential from the rate floor; or (d) an approved method in Transporter's tariff, if any

(16) whether the release is subject to any indemnification provisions pursuant to which the initial Replacement Shipper indemnifies Releasor against any claims by

successive Replacement Shippers relating to refunds (where Releasor has provided correctly calculated refunds to the initial Replacement Shipper), and all terms of any such indemnification provision

(17) whether the release is to an asset manager, as defined in Section 284.8 of the Commission's regulations

(18) whether the release is to a marketer participating in a state-regulated retail access program as defined in Section 284.8 of the Commission's regulations

(c) Evaluation Criteria.

(1) General Requirements. For the capacity release business process timing model, only the following methodologies are required to be supported by Transporter and provided to Releasor as choices from which they may select and, once chosen, should be used in determining the awards from the bid(s) submitted. They are: 1) highest rate, 2) net revenue and 3) present value. Other choices of bid evaluation methodology (including other Releasor defined evaluation methodologies) can be accorded similar timeline evaluation treatment at the discretion of Transporter. However, Transporter is not required to offer other choices or similar timeline treatment for other choices, nor is Transporter held to the timeline should Releasor elect another method of evaluation. Releasor shall include all such alternative evaluation criteria in the Release Notice to be posted on Transporter's EBB. When Transporter makes awards of capacity for which there have been multiple bids meeting minimum conditions, Transporter shall award the bids, best bid first, until all offered capacity is awarded.

(2) Index-Based Releases. For index-based capacity release transactions, the Releasor should provide the necessary information and instructions to support the chosen methodology. Where the result of an award under an index-based release is to be applied on a monthly basis and the formula detailed in the capacity release award requires calculations on a daily basis, the results of such daily calculations may exceed the maximum daily reservation rate or be less than the applicable minimum daily reservation rate. Any resulting monthly reservation rate may not be less than the rate floor specified in the release, if applicable. If the resulting monthly reservation is less than the rate floor, the rate floor will be used for invoicing. Except for releases with a term of one year or less, the resulting monthly reservation rate may not exceed the applicable monthly maximum recourse rate. For releases with a term of more than one year, if the resulting monthly reservation rate exceeds the applicable maximum recourse rate, the maximum recourse rate will be used for invoicing. For index-based capacity release transactions, the Releasing Shipper shall provide the necessary information and instructions to support the chosen methodology.

(d) At any time up to the close of the bidding period for the posted capacity, Releasor may withdraw its posting for release of capacity if unanticipated circumstances justify the

withdrawal and no minimum bid has been made. Such a withdrawal shall be effected by Releasor placing a notice of withdrawal on Transporter's EBB. Offers will be binding until a written or electronic notice of withdrawal is received by Transporter.

(e) Transporter may refuse to allow a permanent release if it has a reasonable basis to conclude that it will not be financially indifferent to the release. If Transporter denies Shipper's request to permanently release capacity, Transporter will notify Shipper via e-mail and include in the notice the reasons for the denial.

14.3 Posting.

Posting of Release Notices on Transporter's EBB shall be complete and subject to the conditions and exceptions set forth below.

(a) Exempt Transactions. Posting for purposes of inviting bids shall not be required for (i) prepackaged arrangements Releasor has arranged with a designated Replacement Shipper for a period of 31 days or less; (ii) prepackaged arrangements for more than one (1) year that Releasor has arranged with a designated Replacement Shipper under which the designated Replacement Shipper agrees to pay the maximum reservation charge and commodity rate, and applicable surcharges, and meets all requirements set forth in this Tariff; (iii), releases to an asset manager, as defined in Section 284.8 of the Commission's regulations; or (iv) releases to a marketer participating in a state-regulated retail access program as defined in Section 284.8 of the Commission's regulations (collectively "exempt transactions"). For cross-month releases, the maximum duration for eligibility as an exempt transaction under part (i) above shall be 31 days. The rate received by Releasor under prearranged transactions with a term of more than one year that are exempt from the ordinary posting and competitive bidding procedures otherwise set forth in this Section 14 must not exceed the maximum rate.

(b) Informational Posting. For any exempt transaction, as described in paragraph (a) immediately above, Releasor, shall provide Transporter, for contract execution purposes, and shall post on Transporter's EBB in accordance with the capacity release timeline under Section 14.1(c) above: (i) the information required for a Release Notice; (ii) the price and term of the assignment; (iii) the identity of the Replacement Shipper; and (iv) for releases to an asset manager (as defined in Section 284.8 of the Commission's regulations), the asset manager's delivery obligation to Releasor. Releasor may post such exempt transactions at any time. Transporter shall issue an Assignment Agreement within one (1) hour of such posting and shall allow nominations under such Assignment Agreement in the next available nomination cycle. In the event Shipper had not executed the Assignment Agreement prior to making its nomination, Shipper shall be deemed to have executed the Assignment Agreement with Transporter pursuant to which the nomination is being made.

(c) Limitations on Continuation of Exempt Transactions. A Releasor that has employed an exempt transaction to assign service to a designated Replacement Shipper for a period of 31 days or less, as described in Section 14.3(a)(i) above: (i) shall not roll over, extend,

or otherwise continue that release beyond its original term without complying with the ordinary posting and competitive bidding requirements applicable to all non-exempt transactions, as set forth in this Section, unless the rollover, extension, or continuation is at the maximum rate for a term of more than one (1) year, meets all of the terms and conditions of the Release Notice, and qualifies as an exempt transaction under Section 14.3(a) above; and (ii) shall not, pursuant to the short-term exemption of Section 14.3(a)(i), re-release to the same Replacement Shipper for 28 days after termination of the earlier release period without fully complying with the ordinary posting and competitive bidding requirements applicable to all non-exempt transactions, as set forth in this Section, unless the re-release is at the maximum rate for a term of more than one (1) year, meets all of the terms and conditions of the Release Notice, and qualifies as an exempt transaction under Section 14.3(a) above. This Section does not apply to releases to an asset manager or releases to a marketer participating in a state-regulated retail access program.

(d) Timing and Duration of Posting. Offers by potential Releasors to release and assign capacity shall be posted on Transporter's EBB in accordance with the capacity release timeline under Section 14.1(c) above. Releasor may not specify an extension of the original bid period or the pre-arranged deal match period without posting a new release.

(e) Method to Post. Transporter shall post offers and bids, including prearranged deals, upon receipt. Releasor may request a later posting time for posting of such offer, and Transporter shall support such request insofar as it comports with the standard capacity release timeline specified in NAESB WGQ standard No. 5.3.2.

14.4 Bidding.

(a) Potential Replacement Shippers shall submit bids for released capacity which comport with the methodology of the release notice stated in ten-thousandths of one dollar (\$0.0000) per Dth one day per month for reservation charges, or in hundredths of one cent (0.00¢) per Dth for one-part volumetric rate bids, or a percent of maximum accompanied by a valid Bid for Capacity Release Form in the form included in this Tariff. Potential Replacement Shippers may bid the maximum applicable reservation rate as an alternative to the method specified by the Releasor, except when the release is index-based for a term of one year or less or utilizes market-based rates. Bids submitted for a permanent release shall be submitted on a valid Request for Service as set forth in Section 3 (Requests for Service) of the General Terms and Conditions. The maximum price cap for capacity release transactions with a term of more than one year shall be the Recourse Rate. The maximum price cap will not apply to capacity release transactions with a term of one year or less. Such bids (i) shall be submitted electronically by potential Replacement Shippers to Transporter's EBB in the format established by Transporter for such bids on the EBB, (ii) shall be displayed on the EBB when complete without revealing the identity of the bidder during the bidding period, (iii) shall, in accordance with Transporter's specifications, specifically reference the capacity for which the bid is being submitted; and (iv) must take effect on or before one year from the date Transporter is notified of the release.

(b) A potential Replacement Shipper responding to the posting of a Release Notice shall be permitted to bid a quantity and a term of service different from those specified in the posted Release Notice; provided, however, that a Bidder shall not be permitted to bid a quantity or a term of service lower than any minimum quantity or term disclosed and posted by Releasor in the Release Notice. Bidders must accept all other conditions set forth in the Release Notice.

(c) Bids shall be submitted by potential Replacement Shippers without bidders knowing the identities of other bidders. Bidders may submit multiple bids, each higher than the previous bid, during the posting period established pursuant to Section 14.3(e) above.

(d) All bidders (i) must: have prequalified under Transporter's creditworthiness standards and (ii) where execution of an Assignment Agreement will be required within five days of its transmission by Transporter, have executed an Electronic Contracting Agreement with Transporter, as required by Section 3 (Requests for Service), Section 9 (Operating Conditions), and Section 5 (Service Agreement and Electronic Contracting) of the General Terms and Conditions.

(e) All bids for capacity release transactions shall not be less than the minimum rates permitted by the Commission for the released services. Bids for capacity release transactions of one (1) year or less shall not be less than the minimum rates permitted by the Commission for the released services. Bids for capacity with a term of more than one (1) year: (1) shall not exceed the maximum rates; or (2) if offered at a one-part volumetric rate (which shall apply only to the reservation portion of the rate) shall not exceed a maximum rate calculated by converting the applicable maximum reservation charge into a volumetric charge at a 100 percent load factor, plus the applicable commodity charges.

(f) Bids are binding, other than contingent bids, until notice of withdrawal is received by Transporter's EBB. Bids may be withdrawn before the close of the bidding period but may not be withdrawn after the bid period ends. Any bidder that withdraws its bid for released capacity may not, within that same bidding period, submit a bid at a lower rate for any portion of that same capacity.

(g) Where higher bids are received for capacity that Releasor proposes to release under a prepackaged arrangement that is subject to competitive bidding (including prepackaged arrangements for 31 days or less for which Releasor requests competitive bidding), the Replacement Shipper designated by Releasor (designated Replacement Shipper) shall be notified by Transporter and shall exercise its right to match the highest competing bid in accordance with the capacity release timeline under Section 14.1(c) above. A Releasor shall not be able to specify an extension of the original pre-arranged match period without posting a new release.

14.5 Evaluation of Bids and Assigning Service Rights.

(a) Transporter shall perform the evaluation of bids in accordance with the criteria specified in the Release Notice and shall determine which, if any, bids to accept.

(b) In the absence of any such Releasor-developed alternative criteria to the contrary, as specified in Releasor's Release Notice, bids shall be evaluated and rights to released capacity assigned by Transporter in accordance with the bid evaluation criteria referenced at Section 14.2(c).

(c) Where Releasor has posted a prepackaged arrangement that is subject to competitive bidding (including prepackaged arrangements for 31 days or less for which the Releasor requests competitive bidding), the designated Replacement Shipper under that arrangement will be awarded the capacity if, within the time limits specified in Section 14.4(c) immediately above, that designated Replacement Shipper matches the competing bid(s) offering the highest economic value, as calculated in accordance with the bid evaluation criteria set forth in Section 14.2(c) or in the Release Notice.

(d) Where highest bids of equal value are received for released capacity from more than one bidder, not including a designated Replacement Shipper under a prepackaged arrangement, the capacity (i) shall be assigned in accordance with any nondiscriminatory method for breaking ties established by Releasor the Release Notice, or (ii) shall, if Releasor does not establish a tie-breaking method, be assigned pro rata on the basis of the respective quantities bid by the winning bidders. Bidders may specify their bids the minimum quantities they will accept. If the pro rata allocation would result in assignment of quantities below a bidder's minimum quantity, any such bidder will not be assigned the capacity, and the total quantity available for assignment will then be re-allocated among the remaining highest value bidders on a pro rata basis.

(e) Transporter will not award capacity release offers to the Shipper until and unless the Shipper meets Transporter's creditworthiness requirements applicable to all services that it receives from Transporter, including the service represented by the capacity release.

(f) Transporter shall post on the EBB the winning bid and the identity of the winning bidder(s) in accordance with the capacity release timeline under Section 14.1(c) above.

14.6 Assignment Agreements.

(a) For all transactions pursuant to this Section 14, Transporter shall electronically transmit an Assignment Agreement upon receipt of Replacement Shipper's electronic confirmation reflecting the terms of the Release Notice to Replacement Shipper in accordance with the capacity release timeline under Section 14.1(c) above.

(b) Transporter and Replacement Shipper shall execute the Assignment Agreement in substantially the form contained in this Tariff; provided that such an Agreement shall be executed electronically where an executed contract is required within five business days of its transmission by Transporter. That Assignment Agreement shall contain all terms and conditions of the release and assignment; provided that such terms and conditions are identical to those set forth in the underlying Release Notice. Where electronic contracting is required as described immediately above, all Replacement Shippers must have executed an Electronic Contracting Agreement in accordance with the electronic contracting procedures specified in Section 5.7 of the General Terms and Conditions. All Replacement Shippers must meet the Transporter's creditworthiness requirements. Service will not be provided unless the Assignment Agreement has been properly executed. If the Replacement Shipper does not return such agreement within two business days of Transporter's tender (or such later date established by Releasor through notice to Transporter and Replacement Shipper), Transporter will tender an Assignment Agreement to the next highest acceptable bidder, if any.

14.7 Implementation; Receipt and Delivery Points. Following acceptance of a bid for assignment and execution of an assignment agreement, Transporter will accept nominations or requests for alternate receipt or delivery points for the assigned capacity. Replacement Shippers may submit nominations to Transporter in the next available nomination cycle. In the event Shipper had not executed the Assignment Agreement prior to making its nomination, Shipper shall be deemed to have executed the Assignment Agreement with Transporter pursuant to which the nomination is made. Replacement Shippers may not, however, exercise flexible receipt and delivery point authority at primary points unless such exercise is agreed to in writing by Releasor. Quantities flowing under assigned service rights shall have the same priority as those quantities had under the applicable underlying service agreement originally entered into by Releasor and Transporter, and that priority shall be unaffected by whether or not the assignment is subject to recall, as described at Section 14.8 below.

14.8 Recall; Reassignment of Assigned Service Rights.

(a) Agreements Subject to Recall. Releasors shall be permitted to specify as a condition for releasing capacity the right to recall that assigned capacity upon notice to Transporter and to Replacement Shipper. Any such recall provision must be included in the Release Notice originally submitted by Releasor and in the assignment agreement executed following assignment of the capacity. The Release Notice and the assignment agreement governing the assigned capacity shall clearly state (i) the frequency with which Releasor may recall any released capacity, (ii) the maximum duration of any such recall, (iii) whether and under what conditions any right of first refusal held by Releasor is transferred to Replacement Shipper, and (iv) such other terms as Releasor may specify. Replacement Shipper shall be permitted to make secondary assignments of all or any part of the capacity contained in its assignment agreement, unless prohibited by the Releasor, that is subject to Releasor's right to recall, provided, however, that such assignments shall not vary the recall provisions contained in the original assignment.

(b) Replacement Shipper Release. A Replacement Shipper that desires to release some or all of its assigned capacity (Replacement Shipper/Secondary Releasor) may release and reassign all or a portion of the assigned capacity to other parties (Secondary Replacement Shippers) subject to the requirements set forth in paragraph (a) immediately above. Any such reassignment must satisfy all of the posting, bidding and notice requirements set forth in this Section, and any Secondary Replacement Shipper must satisfy all of the creditworthiness and other requirements set forth in this Section. No limitation unless required by Releasor shall be placed on the number of times service rights that are not subject to recall may be reassigned, provided, however, that an Replacement Shipper/Secondary Releasor may not assign rights any greater than the rights it received pursuant to the earlier assignment, and may not place any unreasonable or discriminatory conditions on such assignments.

(c) For all released capacity subject to recall rights, the following recall notification periods shall apply:

Timely Recall Notification:

(1) Releasor recalling capacity shall provide notice of such recall to the Transporter and the first Replacement Shipper no later than 8:00 a.m. on the day that Timely Nominations are due;

(2) Transporter shall provide notification of such recall to all affected Replacement Shippers no later than 9:00 a.m. on the day that Timely Nominations are due;

Early Evening Recall Notification:

(3) Releasor recalling capacity shall provide notice of such recall to the Transporter and the first Replacement Shipper no later than 3:00 p.m. on the day that Evening Nominations are due;

(4) Transporter shall provide notification of such recall to all affected Replacement Shippers no later than 4:00 p.m. on the day that Evening Nominations are due;

Evening Recall Notification:

(5) Releasor recalling capacity shall provide notice of such recall to the Transporter and the first Replacement Shipper no later than 5:00 p.m. on the day that Evening Nominations are due;

(6) Transporter shall provide notification of such recall to all affected Replacement Shippers no later than 6:00 p.m. on the day that Evening Nominations are due;

Intraday 1 Recall Notification:

(7) Releasor recalling capacity shall provide notice of such recall to the Transporter and the first Replacement Shipper no later than 7:00 a.m. on the day that Intraday 1 Nominations are due;

(8) Transporter shall provide notification of such recall to all affected Replacement Shippers no later than 8:00 a.m. on the day that Intraday 1 Nominations are due;

Intraday 2 Recall Notification:

(9) Releasor recalling capacity shall provide notice of such recall to the Transporter and the first Replacement Shipper no later than 12:00 p.m. on the day that Intraday 2 Nominations are due;

(10) Transporter shall provide notification of such recall to all affected Replacement Shippers no later than 1:00 p.m. on the day that Intraday 2 Nominations are due;

Intraday 3 Recall Notification:

(11) Releasor recalling capacity shall provide notice of such recall to the Transporter and the first Replacement Shipper no later than 4:00 p.m. on the day that Intraday 3 Nominations are due;

(12) Transporter shall provide notification of such recall to all affected Replacement Shippers no later than 5:00 p.m. on the day that Intraday 3 Nominations are due.

For recall notification provided to Transporter prior to the recall notification deadline specified above and received between 7:00 a.m. and 5:00 p.m., Transporter shall provide notification to all affected Replacement Shippers no later than one hour after receipt of such recall notification. For recall notification provided to Transporter after 5:00 p.m. and prior to 7:00 a.m., Transporter shall provide notification to all affected Replacement Shippers no later than 8:00 a.m. after receipt of such recall notification. Recalled capacity notices will indicate whether penalties will apply for the Gas Day for which quantities are being reduced due to a capacity recall.

(d) For the recall notification provided to Transporter, the quantity shall conform to Transporter's capacity recall notification specification. Transporter requires that the quantity must be expressed in terms of adjusted total released capacity entitlements based upon the

Elapsed Prorata Capacity. Transporter will not be obligated to deliver in excess of the total daily contract quantity of the release.

(e) Assignment Agreements that call for payment by Shipper of a one-part volumetric rate may not be released and assigned.

(f) If a Releasor's Service Agreement is suspended or terminated, then Transporter may terminate the release of capacity to the Replacement Shipper if Transporter has first provided the Replacement Shipper an opportunity to continue receiving service by paying the lesser of (i) the Releasor's Service Agreement rate; (ii) the applicable Recourse Rate; or (iii) some other rate that is acceptable to Transporter.

(g) If a Replacement Shipper's Service Agreement is suspended or terminated, then the released capacity will revert to the Releasor.

14.9 Billing.

(a) Transporter, in accordance with the terms of this Tariff, shall (i) bill the Releasor for the full reservation charge and any applicable reservation-related surcharges and any other fixed charges for which Releasor is otherwise obligated to Transporter, less either the reservation charge bid by Releasor's Replacement Shipper, or the reservation charge portion of amounts billed to Replacement Shippers paying one-part volumetric rates; and (ii) bill the Replacement Shipper for (A) the reservation charge bid by that Replacement Shipper, (B) all commodity charges, or all payments under one-part volumetric rates, and any minimum volumetric commitment agreed to but not met by the Replacement Shipper, (C) any commodity surcharges, and (D) any penalties or imbalance correction costs, as any of these charges may change from time to time upon approval of the Commission. For all payments received from Replacement Shipper, Transporter shall allocate such payment first to the reservation charge (or to the reservation charge component under a one-part rate) and then any amounts above that level to the commodity charge (or to the commodity charge component under a one-part rate). Replacement Shipper may, upon notice to Transporter and approval of the Releasor, appoint Releasor as its agent to receive such billings from Transporter. The charges shall be pro-rated for a billing month if necessary.

(b) For all assignments of service rights, Releasor shall remain ultimately responsible to Transporter for full payment of the reservation charge, any applicable reservation-related surcharges, and any other fixed charges for which Releasor is otherwise obligated to Transporter. For permanent releases of capacity, Transporter may in its reasonable discretion agree to release the Releasor from this responsibility. Such discretion shall be exercised by Transporter in a nondiscriminatory manner. Until payment by Assignee to Transporter of any unpaid reservation charges, any claims Releasor may have relating to those charges shall be subordinated to those of Transporter. Any reservation charge payments made by Assignee to Transporter will not be withheld from Releasor by Transporter due to Assignee's failure to pay Transporter other amounts owed that are unrelated to the released capacity. In the event of termination of

Releasor's Service Agreement with Transporter, Replacement Shipper's Service Agreement with Transporter is deemed terminated unless Replacement Shipper agrees to pay the lower of: (1) the former Releasor's contract rate, or (2) the maximum tariff rate for the service for the remainder of the Replacement Shipper's Service Agreement.

(c) In the event that an Assignee (including a Secondary Assignee) fails to pay Transporter's invoice relating to the released capacity, Transporter shall within ten business days provide the Releasor (the most recent Releasor, where the capacity has been secondarily assigned) with written or telephonic notice of such nonpayment. Upon Releasor's receipt of such notice of Assignee's nonpayment, Releasor, without prejudice to any other rights it may have, may immediately recall the assigned capacity upon 24-hour notice to Assignee unless within such period Assignee pays in full the outstanding indebtedness, together with accrued interest at the Commission approved interest rate, and furnishes adequate assurance of payment to Releasor if required by Releasor.

(d) Transporter should provide the original Releasor with Internet E-mail notification reasonably proximate in time with any of the following formal notices given by Transporter to the Releasor's Replacement Shipper(s), of the following:

(1) Notice to the Replacement Shipper regarding the Replacement Shipper's past due, deficiency, or default status pursuant to Transporter's tariff

(2) Notice to the Replacement Shipper regarding the Replacement Shipper's suspension of service notice

(3) Notice to the Replacement Shipper regarding the Replacement Shipper's contract termination notice due to default or credit-related issues

(4) Notice to the Replacement Shipper that the Replacement Shipper(s) is no longer creditworthy and has not provided credit alternative(s) pursuant to Transporter's tariff

14.10 Refunds.

(a) For all refunds other than those described at paragraph (b) immediately below, the original Releasor of any capacity shall receive from Transporter any reservation charge-related refunds associated with assigned capacity, including any refunds related to the reservation charge portion of payments under a one-part volumetric rate. The Assignee holding the assigned right to service at the time of the overpayment shall receive from Transporter its share of any commodity charge-related refunds, including any refunds related to the commodity portion of payments under a one-part volumetric rate, associated with the assigned capacity. Refunds owed by Transporter will be made by Transporter directly to Assignee, or indirectly through the Releasor if Assignee has appointed Releasor as its agent for billings pursuant to Section 14.9(a) above.

(b) The refund obligation of Transporter set forth in paragraph (a) shall be modified where Releasor has released capacity at a rate in excess of that owed by Releasor to Transporter for that capacity ("Releasor's Margin"), to the extent that Releasor's Margin equals or exceeds the amount of any refund obligation, Transporter shall not be obliged to make refunds to Releasor. (Any refunds ultimately paid to an Assignee in that event shall be paid by Releasor). For capacity release transactions with a term of one (1) year or less that are not subject to the maximum rates set forth in Transporter's Tariff, no refunds will be owed to the Replacement Shipper. Any applicable refund will be paid directly to the Releasor.

14.11 Fees. Transporter shall not charge a fee for posting of a Release Notice or a Request to Purchase on its EBB. Transporter shall be entitled to charge a reasonable fee if Releasor and Transporter agree that Transporter shall receive a fee for actively marketing the capacity Releasor seeks to release.

15. FORCE MAJEURE

15.1 Defined. Neither Transporter nor Shipper shall be liable to the other for any damages occurring because of force majeure. The term force majeure means an event that creates an inability to serve that could not be prevented or overcome by the due diligence of the party claiming force majeure. Such events include, but are not defined by or limited to, acts of God, strikes, lockouts, acts of a public enemy, acts of sabotage, wars, blockades, insurrections, riots, epidemics, landslides, earthquakes, fires, hurricanes, storms, tornadoes, floods, washouts, civil disturbances, explosions, accidents, freezing of wells or pipelines, partial or entire electronic failure (including the failure of the EBB and the EBB back-up plan, or the failure of SCADA or electronic measurement equipment), mechanical or physical failure that affects the ability to transport gas, or the binding order of any court, legislative body, or governmental authority which has been resisted in good faith by all reasonable legal means. Failure to prevent or settle any strike or strikes shall not be considered to be a matter within the control of the party claiming suspension.

15.2 In Operation. Such causes or contingencies affecting the performance hereunder by either Transporter or Shipper, however, shall not relieve it of liability in the event of its concurring negligence or in the event of its failure to use due diligence to remedy the situation and to remove the cause in an adequate manner and with all reasonable dispatch, nor shall such causes or contingencies affecting such performance relieve either party from meeting all payment obligations.

16. INTERRUPTIONS OF SERVICE

Interruptions of service for purposes of this Tariff (i) shall include but not be limited to decreasing, suspending, or discontinuing the receipt or delivery of gas, and (ii) shall be effected by Transporter in accordance with the provisions of this Section.

16.1 Interruptions of Firm Services.

(a) If due to force majeure, other unforeseen conditions on Transporter's system, or operating conditions (such as, but not limited to, performing routine maintenance, making modifications, tests or repairs to Transporter's pipeline system or protection of the integrity and performance capability of its facilities), the gas available for receipt into or delivery from Transporter's system or portion thereof is temporarily insufficient to meet all of Transporter's authorized firm services on any day, then Transporter, upon providing as much notice as possible, shall interrupt all such services in accordance with the priorities set forth at Section 16.4 below. Transporter shall notify Shipper of interruptions by Electronic Notice Delivery to Shipper's representative, and shall do so 72 hours in advance in the case of interruptions due to routine maintenance. Transporter will specify in interruption orders issued pursuant to this Section the: (i) date and time by which Shipper must comply; and (ii) the revised quantity (if any) authorized to flow (Lowered Quantity).

(b) Where Transporter's ability to render service is impaired in a particular segment of Transporter's system, interruptions of firm services shall be effected, in accordance with Paragraph (a) above, only for those Shippers served through the segment(s) of Transporter's system in which service has been impaired.

(c) A Shipper that fails to interrupt its firm service as directed by Transporter shall be subject to penalties as set forth in Section 19 of the General Terms and Conditions.

16.2 Interruptions of Interruptible Service.

(a) Transporter may interrupt any interruptible services for the reasons set forth in Section 16.1 above, or for the purpose of making capacity available for firm services. Whenever Transporter determines that such interruption is appropriate, Transporter shall do so in accordance with the priorities set forth at Section 16.4 below.

(b) Where Transporter's ability to render service is impaired in a particular segment of Transporter's system, interruptions of interruptible services shall be effected, in accordance with paragraph (a) above, only for those Shippers served through the segment(s) of Transporter's system in which service has been impaired.

(c) A Shipper that fails to interrupt its interruptible service as directed by Transporter shall be subject to penalties as set forth at Section 19 of the General Terms and Conditions.

16.3 Notice of Interruptions. Transporter reserves the right to interrupt services under any of its Rate Schedules at any time during any Day and shall give as much notice of such interruptions as is practicable. When possible, Transporter shall announce interruptions at 3:00 p.m. C. T. on the Day preceding the planned interruption. Transporter shall notify electronically each Shipper whose service is interrupted and shall post interruptions on its Electronic Bulletin Board (EBB). Direct interconnect parties shall also receive notice of interruptions from Transporter's Gas Controllers by Electronic Notice Delivery (or via telephone); provided that such direct interconnect parties have, as required, made available a representative to maintain 24-hour contact with Transporter to receive such notices. Such a representative shall have the requisite authority and capability to make any adjustments required as a result of Transporter's notice of interruption. In the event of any conflicting communications, notices from Transporter's Gas Controllers shall control. In the event of interruption, Shippers shall only be entitled to receive such services as Transporter can provide under Transporter's applicable Rate Schedules. Electronic Notice Delivery shall be according to the following provisions:

(a) Transporter will provide affected parties with notification of intraday bumps, operational flow orders and other critical notices through the affected party's choice of Electronic Notice Delivery mechanism(s).

(b) Unless the affected party and Transporter have agreed to exclusive notification via EDI/EDM, the affected party should provide Transporter with at least one Internet E-mail address to be used for Electronic Notice Delivery of intraday bumps, operational flow orders and other critical notices. The obligation of Transporter to provide notification is waived until the above requirement has been met.

(c) Transporter will support the concurrent sending of electronic notification of intraday bumps, operational flow orders and other critical notices to two Internet E-mail addresses for each affected party.

16.4 Service Priorities.

(a) Transportation Services. The provisions of this paragraph (a) shall apply to Transporter's FTS-1, FTS-2, ITS-1, ITS-2, AS-Gulf, IPP-Gulf, PAL, and IMS Rate Schedules and firm and interruptible service agreements set forth at Volume No. 2 of this Tariff. In the event capacity is not available to continue the receipt, transportation or delivery of all Shippers' gas which has been scheduled and is flowing on Transporter's transmission system, Transporter, in the capacity constrained area shall (i) interrupt capacity sequentially among the Rate Schedule priority groupings set forth below, and (ii) interrupt within those Rate Schedule priority groupings in the order and manner set forth below until the necessary level of interruption is achieved:

(1) Quantities under Transporter's IMS Rate Schedule, sequentially, beginning with quantities attributable to Shippers paying the lowest rate, and pro rata among Shippers paying the same rate based upon those Shipper's respective scheduled quantities.

(2) Quantities under Transporter's PAL Rate Schedule, sequentially, beginning with quantities attributable to Shippers paying the lowest rate, and pro rata among Shippers paying the same rate based upon those Shippers' respective scheduled quantities.

(3) Quantities under Transporter's AS-Gulf and IPP-Gulf Rate Schedules, pro rata based upon those Shippers' respective scheduled quantities.

(4) Quantities under Transporter's ITS-1, ITS-2 Rate Schedules, overrun quantities in excess of a Shipper's Transportation Demand under Transporter's FTS-1 and FTS-2 Rate Schedules, and quantities under interruptible services set forth at Volume No. 2 of this Tariff, sequentially, beginning with quantities attributable to Shippers paying the lowest rate, and pro rata among Shippers paying the same rate based upon those Shippers' respective scheduled quantities.

(5) Quantities at primary or secondary receipt points, internal constraint points, and delivery points under Transporter's FTS-1 and FTS-2 Rate Schedules, and quantities under firm services set forth at Volume No. 2 of this Tariff, pro rata based upon those Shippers' respective scheduled quantities.

16.5 Interruptions Based on Price. For purposes of interrupting service pursuant to this Section 16 of the General Terms and Conditions, Shippers paying more than the applicable maximum rate will be considered to be paying such maximum rate.

17. CRITICAL PERIOD NOTICES AND OPERATIONAL FLOW ORDERS

17.1 In General. When conditions develop on Transporter's system that threaten the system's safety, integrity, or the ability of Transporter to provide reliable firm service, Transporter, in its reasonable discretion, shall have the right to issue Critical Period Notices and Operational Flow Orders to alleviate such conditions. Unless conditions require otherwise, Transporter will first issue a Critical Period Notice. An Operational Flow Order (OFO) may next be issued if the Critical Period Notice has not alleviated system conditions.

17.2 Critical Period Notices.

(a) A Critical Period for transportation will be declared by Transporter whenever Transporter determines, in its reasonable discretion (based on criteria such as weather forecasts, line pack, storage conditions, pipeline pressures, horsepower availability, system supply and demand, and other operational circumstances) that operating conditions pose a threat to the integrity or safety of Transporter's system, and/or to Transporter's ability to meet its firm service obligations. Transporter will limit Critical Period Notices to the smallest possible affected segment of its system. Critical Period Notices may be issued for any period from one day to one month, based on system operating conditions. Transporter may implement any or all of the following operational remedies that Transporter deems necessary to alleviate the conditions giving rise to the Critical Period Notice. Transporter may, on a not-unduly discriminatory basis, specify less stringent remedies in its Critical Period Notice. Specifically, Transporter may:

(1) require that scheduled delivery quantities vary from actual delivered quantities by no more than 1,000 Dth or by 3%, whichever is greater;

(2) require that daily imbalances be less than 1000 Dth or 5 %, whichever is greater;

(3) require Shippers with a cumulative monthly imbalance of more than 5% to make nominations to reduce such imbalance to no more than 5% within a specified period contained in the notice (which shall not be less than three Days); and

(4) require Shippers to conform to the hourly flow requirements set forth in Section 9 of the General Terms and Conditions or Shipper's Service Agreement.

(b) Transporter shall issue Critical Period Notice by posting on its EBB and by Electronic Notice Delivery to Shipper's representative. Shippers shall monitor Transporter's EBB for any Critical Period Notice applicable to Shipper's service and shall be solely responsible for compliance with each Critical Period Notice. Electronic Notice Delivery will be in accordance with the following provisions:

(1) Transporter will provide affected parties with notification of Critical Period Notices through the affected party's choice of Electronic Notice Delivery mechanism(s).

(2) Unless the affected party and Transporter have agreed to exclusive notification via EDI/EDM, the affected party should provide Transporter with at least one Internet E-mail address to be used for Electronic Notice Delivery of Critical Period Notices. The obligation of Transporter to provide notification is waived until the above requirement has been met.

(3) Transporter will support the concurrent sending of electronic notification of Critical Period Notices to two Internet E-mail addresses for each affected party.

(c) Each Critical Period Notice will be issued at least 24 hours prior to becoming effective and will contain the following information:

- (1) Time and date of issuance;
- (2) Time that the Critical Period is effective;
- (3) Duration of the Critical Period (If none specified, the Critical Period will remain in effect until further notice);
- (4) The Shipper(s) or class of Shipper(s) affected;
- (5) The affected segment(s) of Transporter's system;
- (6) The action that Shipper(s) must take;
- (7) The operational need for the issuance of the Critical Period; and
- (8) The penalties that will be applicable.

Critical Period Notices will become effective on a prospective basis only in the nomination cycle following their issuance.

If a Critical Period will be in effect for a period of more than one week, Transporter will provide Shippers with weekly updates on the conditions necessitating the issuance of the Critical Period and the anticipated duration of the Critical Period. These updates will be made available on Transporter's EBB and through the affected party's choice of Electronic Notice Delivery Mechanism.

(d) With the exception of: (1) OFO penalties; (2) Non-Critical Period Unauthorized Gas Penalties; and (3) Non-Critical Period Delivery Point Scheduling Penalties, Transporter will not impose penalties under Section 19 (Penalties) or under any Rate Schedule unless a Critical Period has been declared and is in effect on Transporter's system. For penalties ascribed for conduct that occurs over a monthly as opposed to a daily period of time, these monthly penalties will be imposed if Transporter has declared a Critical Period on any day occurring in that monthly period.

(e) Within two weeks of declaring a Critical Period, Transporter will post information on its EBB describing the events leading up to the declaration of the Critical Period. When reasonably feasible, Transporter will post notices on its EBB advising that if Shippers take certain specific actions, Transporter may be able to avoid the issuance of a Critical Period, or minimize the issuance or duration of a Critical Period.

17.3 Operational Flow Orders.

(a) Transporter, in its reasonable discretion, shall have the right to issue Operational Flow Orders as specified in this section upon determination by Transporter that action is required in order to alleviate conditions which threaten the integrity of Transporter's system, to maintain pipeline operations at the pressures required to provide reliable firm transportation services, to have adequate supplies in the system to deliver on demand (including injection of gas into the system and providing line pack), to maintain firm service to all Shippers and for all firm services, and to maintain the system in balance for the foregoing purposes. To the extent feasible, Transporter shall attempt to direct such OFOs to those Shippers causing the condition that necessitates issuance of the OFO.

(b) Each OFO shall contain the following information:

- (1) Time and date of issuance;
- (2) Time that the OFO is effective;
- (3) Duration of OFO (If none specified, the OFO will remain in effect until further notice;
- (4) The Shipper(s) or class of Shippers affected;
- (5) The action that Shipper(s) must take;
- (6) The reason or justification for issuing the OFO; and
- (7) Any other information which may be required by the terms of this Tariff.

(c) Except for Force Majeure events, events or conditions which threaten the integrity of Transporter's system, or as specified in Section 17.4(a), Transporter will give at least 24 hours general advance notice of an OFO by posting on the EBB the conditions that may jeopardize the system or affect Transporter's ability to meet its firm service obligations. Transporter reserves the right to issue an OFO to be effective upon less than 24 hours' notice if necessary to protect the integrity of its system.

(d) In addition to the 24-hour notice requirement of Section 17.3(c) above, Transporter shall post, giving as much advance warning as is reasonably possible, information regarding the operational variables that will give, or will in the future give rise to issuance of an OFO, and Transporter shall provide updates regarding the expected duration of an OFO based on those operational variables. In addition, and within a reasonable period of time following termination of an OFO, Transporter shall post on its EBB a report detailing the factors requiring the issuance and the termination of the OFO.

(e) Transporter shall issue OFOs by posting on its EBB and by Electronic Notice Delivery to Shipper's representative. Shippers shall monitor Transporter's EBB for any OFO applicable to Shipper's service and shall be solely responsible for compliance with each OFO. Electronic Notice Delivery shall be according to the following provisions:

(1) Transporter will provide affected parties with notification of intraday bumps, operational flow orders and other critical notices through the affected party's choice of Electronic Notice Delivery mechanism(s).

(2) Unless the affected party and Transporter have agreed to exclusive notification via EDI/EDM, the affected party should provide Transporter with at least one Internet E-mail address to be used for Electronic Notice Delivery of intraday bumps, operational flow orders and other critical notices. The obligation of Transporter to provide notification is waived until the above requirement has been met.

(3) Transporter will support the concurrent sending of electronic notification of intraday bumps, operational flow orders and other critical notices to two Internet E-mail addresses for each affected party.

(f) Operational Remedies. Transporter may implement any or all the following operational remedies in any order that Transporter deems necessary when addressing operational constraints on Transporter's pipeline system:

(1) Transporter may impose any of the operational remedies set forth in Section 17.2(a).

(2) Transporter may restrict non-firm deliveries to Transporter's affected pipeline segment(s) by posting a reduced level (down to zero) of non-firm deliveries into those affected pipeline segment(s).

(3) Transporter may allocate internal constraint points in accordance with the provisions of this Tariff.

(4) Transporter may require individual Shippers to utilize primary delivery points.

(5) Transporter may require individual Shippers to utilize primary receipt points.

(6) Transporter may impose hourly flow rates and limitations in accordance with the provisions of this Tariff.

In addition, as provided in Section 17.3(c), Transporter shall provide as much advance warning as possible of the operating conditions that may create a need for the issuance of an OFO and of the anticipated duration of such an OFO. However, nothing in this Section 17.3(f) shall preclude Transporter from issuing an OFO at any time if Transporter, in its reasonable discretion, determines that such an OFO is necessary to protect the integrity of Transporter's system or to meet other operational conditions as provided for in this Section 17.

17.4 Pipeline-Specific Operational Standards for Issuance of OFOs.

(a) If, in Transporter's judgment, impending operating conditions will cause the delivery pressure to one or more Shippers to drop below the pressure provided in the Service Agreement(s) of the Shipper(s), Transporter may immediately issue an OFO pursuant to this Section requiring that deliveries under all of Transporter's rate schedules be made on a basis consistent with the flow rates and limitations set forth in the OFO. If only one segment of Transporter's system will be affected by low pressure, the OFO shall be limited to that segment of the system and shall be so stated. For the duration of this OFO, increases in scheduled delivery quantities within affected segments of Transporter's system will be made on a prospective basis only.

(b) Transporter shall have the right to issue OFOs requiring Shippers to deliver gas to Transporter at Shipper's primary receipt points under Shipper's Firm Transportation Service Agreement with Transporter. This right shall also apply to Shippers which have acquired capacity via Transporter's capacity release and assignment procedures.

(c) Transporter may issue an OFO directing a Shipper to take certain actions to enable Transporter to adequately respond to certain operational conditions occurring on Transporter's system, including, but not limited to:

(1) Freezing of wells or pipelines or other essential equipment to the extent that such freezing damages, destroys or otherwise impairs Transporter's essential

facilities, Transporter's ability to monitor and control Transporter's facilities or results in the loss of supplies of natural gas from upstream transporters or producers of natural gas.

(2) Partial or entire electronic failure (including the failure of the EBB and the EBB backup plan, or the failure of SCADA or electronic measurement equipment) that impairs Transporter's ability to monitor and control Transporter's essential facilities.

(3) Mechanical or physical failure that affects Transporter's ability to transport gas, including but not limited to, pipeline failure, compressor failure, regulator failure or other similar mechanical or physical failure.

(4) External operations, including, but not limited to, surface or subsurface mining operations, highway construction operations or blasting operations that require Transporter to reduce operating pressures in, or remove from service, a portion of Transporter's pipeline facilities.

(5) Federal or state rules, regulations or orders, such as safety inspection orders and environmental safety orders that require Transporter to reduce operating pressures in, or remove from service, a portion of Transporter's pipeline facilities.

(6) Loss of natural gas supply from third-party upstream transporters, producers or storage providers, due to emergencies occurring on such upstream transporters' systems.

(7) Failure of Shipper to comply with the hourly flow requirements contained in this Tariff.

(d) Transporter may, on a nondiscriminatory basis, issue such other reasonable OFOs as may be required for the purposes set forth in this Section in order to provide the services contemplated by this Tariff.

(e) Transporter has the right to issue OFOs on a nondiscriminatory basis without liability except in cases of Transporter's sole negligence or undue discrimination. Compliance with the OFOs and the other terms and conditions of Transporter's Tariff is essential to Transporter's ability to provide deliveries and services under all Rate Schedules. A failure by one or more Shipper to comply with the OFOs may affect Transporter's ability to provide such deliveries and services. In such event and in addition to other provisions hereof and not in lieu of any other remedies available in law or at equity, Transporter will, except in cases of Transporter's sole negligence or undue discrimination, have no liability or responsibility for its inability to provide deliveries and services and will be indemnified and held harmless against any claims related to such failure to provide deliveries and services by the failure of Shippers to comply with Transporter's Tariff and in particular, the provisions of this Section.

17.5 Limitations.

(a) Shipper shall not be required to flow gas pursuant to this Section in excess of Shipper's Scheduled Total Daily Quantities or any maximum entitlement level specified in Shipper's Service Agreement(s) with Transporter.

(b) A Shipper must comply with an OFO within the time period set forth therein unless the Shipper is able to demonstrate that such compliance: (1) is not within Shipper's physical or contractual control; (2) is prevented by operating conditions on a third party pipeline system beyond Shipper's control; (3) is precluded by its contractual restrictions with a third party pipeline system; and/or (4) is prevented due to a force majeure event as defined in Section 15 (Force Majeure) of the General Terms and Conditions. Shipper shall make a good faith effort to comply with an OFO, including seeking waivers of any contractual limits with third party pipelines or modifications of operating conditions on third party pipeline systems. Shipper shall notify Transporter immediately if it believes that it is excused from compliance with the OFO for the reasons set forth in this Section 17.3(b), and shall promptly provide Transporter with documentation sufficient to support its basis for non-compliance.

(c) A Shipper shall not incur penalties for complying with an OFO.

18. IMBALANCE TRANSFERS AND IMBALANCE NETTING AND TRADING

18.1 Transfers Generally. A Shipper may transfer imbalances in its account to its other account(s) or the accounts of other Shippers under this Section without obtaining Transporter's approval with the exception of the following pipeline segments where operational imbalances between Transporter and interconnecting pipelines would be adversely affected. The pipeline segments which require Transporter's prior approval include, but are not limited to, Transporter's Offsystem-Onshore Facilities.

Any approval required from Transporter before transfer of an imbalance will not be unreasonably withheld. For purposes of this Section, the term "account" shall mean a Shipper's gas account under a Service Agreement with Transporter. A Shipper seeking to transfer imbalances between accounts pursuant to this Section shall notify Transporter electronically through Transporter's EBB using Transporter's approved nomination form as set forth on Transporter's EBB. Transporter shall not be obligated to provide any information to a Shipper concerning the account status of other Shipper's accounts. Transporter will permit a Shipper, upon request, to post on Transporter's EBB an announcement of Shipper's desire to transfer imbalances, but Shipper shall remain responsible for making all arrangements effecting the proposed transfer.

18.2 No Cost Transfer. A Shipper may transfer imbalances from an account under a Service Agreement with Transporter set forth under column "From" to an account under a Service Agreement with Transporter set forth under Column "To", as set forth below, without incurring transportation charges or surcharges, and without assessment of Retainage on the transferred quantity:

	<u>From</u>		<u>To</u>
(a)	IPP-Gulf (market)	(a)	IPP-Gulf (market)
(b)	ITS-1, FTS-1,	(b)	ITS-1, FTS-1
(c)	AS-Gulf	(c)	AS-Gulf, IPP-Gulf (onshore)
(d)	FTS-2 (onshore)	(d)	FTS-2 (onshore)

18.3 Nominated Transfers. A Shipper seeking to transfer imbalances from and to accounts under Service Agreements with Transporter other than those permitted without cost or assessment of Retainage as set forth in Section 18.2 shall nominate such imbalance quantities for transportation pursuant to the terms of the Service Agreement with Transporter under which said imbalance is held in account for Shipper. Such nomination shall be pursuant to Section 6 (Nominating, Scheduling, and Monitoring) of the General Terms and Conditions. Nominated and transferred imbalance quantities shall be subject to the charges and surcharges, and assessment of Retainage applicable to the Service Agreement with Transporter specified in the nomination. Transportation need not occur in order to effectuate netting or trading of imbalances

within or between rate zones, although netting or trading between rate zones may constitute transportation service for which charges apply.

18.4 Effectiveness of Transfers. Any transfer made pursuant to Section 18.2 shall be effective on the date a Shipper's completed nomination form is received by Transporter electronically through its EBB, unless Transporter rejects the transfer within two business days of Transporter's receipt of such completed nomination form pursuant to Section 18.5. Any transfer made pursuant to Section 18.3 shall be effective on the date a Shipper's nomination to transport imbalance quantities is received by Transporter electronically through its EBB, unless Transporter rejects the nomination prior to transportation pursuant to Section 18.5. A transfer shall become effective as of a date certain in accordance with the foregoing, and shall have prospective, as opposed to retroactive, effect with respect to the affected accounts from that date certain. The cumulative balance in such affected accounts shall be adjusted as of the effective date of a transfer in accordance with the transfer.

18.5 Rejection by Transporter. Transporter may, in its reasonable discretion, reject any proposed transfer if it determines that such transfer cannot be accommodated: (i) without diminishing Transporter's ability to provide firm service to any Shipper; (ii) without increasing Transporter's firm service obligations; (iii) because the gas sought to be transferred is not on Transporter's system; (iv) because of the actual account status of the transferor's and transferee's accounts, as reflected in Transporter's records; (v) because the transfer is requested to have a retroactive effective date; or (vi) without threatening the integrity of Transporter's system. If the transfer is rejected pursuant to this Section 18.5, Transporter shall provide the Shipper seeking to transfer imbalances that Shipper's actual account status under the applicable Service Agreement.

18.6 Imbalance Netting and Trading.

(a) Definitions. For purposes of this Section 18.6, the following definitions shall be applicable:

(1) "Operational Impact Area" is the term used to describe Transporter's designation of the largest possible area(s) on its system in which imbalances have a similar operational effect.

(2) "Netting" is the term used to describe the process of resolving imbalances for Shipper within an Operational Impact Area. There are two types of Netting: (a) summing is the accumulation of all imbalances above any applicable tolerances for Shipper or agent; and (b) offsetting is the combination of positive or negative imbalances above any applicable tolerances for Shipper or agent.

(b) Month-end Imbalances.

(1) Transporter shall allow Shipper (including agents of Shipper) to net imbalances within the same Operational Impact Area on and across service agreements with Shipper and to trade imbalances within the same Operational Impact Area.

(2) Transporter shall provide Shippers the ability to post and trade imbalances until at least the close of the seventeenth (17th) business day of the month.

(3) Transporter shall provide Shippers the ability to view and, upon request, download posted imbalances.

(4) Imbalances to be posted for trading should be authorized by Shipper.

(5) An authorization to Post Imbalances that is received by Transporter by 11:45 a.m. (CT) should be effective by 8:00 a.m. (CT) the next business day. An imbalance that is previously authorized for posting should be posted on or before the ninth (9th) business day of the month.

(6) Transporter is not required to post zero imbalances.

(7) Netting, posting, and trading of imbalances shall be accomplished based upon Transporter's current method for accounting for imbalances and Transporter is not required to institute daily imbalance procedures.

(8) Transporter shall enable the imbalance trading process by: receiving the Request for Imbalance Trade, receiving the Imbalance Trade Confirmation, sending the Imbalance Trade Notification, and reflecting the trade prior to or on the next monthly Shipper Imbalance.

(9) When trading imbalances, Shippers shall specify a quantity.

(10) An imbalance trade can only be withdrawn by the Initiating Trader and only prior to the Confirming Trader's confirmation of the trade. An imbalance trade is considered final when confirmed by the Confirming Trader and effectuated by Transporter.

(11) To account for any imbalances after imbalance trading, where Transporter associates such imbalance with a service agreement, Shipper and Transporter shall agree to designate one of Shipper's valid service agreements in the Operational Impact Area where the original imbalance occurred, for such purpose.

18.7 Cumulative Monthly Imbalance Cash-Out Mechanism.

(a) Definition of Cumulative Monthly Imbalance. A Cumulative Monthly Imbalance means: any outstanding imbalance associated with prior months that have yet to be cashed out plus the difference between: (1) the total gas quantities Transporter actually received from or for Shipper's account (adjusted for Retainage) at the point(s) of receipt under all of Shipper's firm and interruptible transportation service agreement(s), interruptible paper pool service agreement(s), and aggregation service agreement(s); and (2) the total gas quantities Transporter actually delivered to or for Shipper's account at the point(s) of delivery under all of Shipper's firm and interruptible transportation service agreement(s), interruptible paper pool service agreement(s), and aggregation service agreement(s).

(b) Netting. For each rate zone, Cumulative Monthly Imbalances will be netted among Shipper's firm and/or interruptible transportation service agreement(s), interruptible paper pool service agreement(s) and aggregation service agreement(s) with Transporter.

(c) Trading. The trading of Cumulative Monthly Imbalances will be allowed between Shippers from the 1st calendar day until the end of the 17th Business Day following the end of the Month. Trading will be allowed when the resulting trade will reduce the imbalances for each Shipper. Trading will be allowed within each rate zone for the Cumulative Monthly Imbalance associated with each zone. No fee will be assessed for this intra-zone imbalance trading.

(d) Transportation Charges for Inter-Zone Netting and Trading. A Shipper that nets or trades imbalances across rate zones will be assessed the appropriate transportation charges and retainage for the required movement of gas.

(e) Netting and Trading Process. With the exception of the Offsystem-Onshore Zone, the process for netting and trading will follow this sequence:

(1) Shippers are permitted to net Cumulative Monthly Imbalances within rate zones.

(2) Shippers are permitted to trade Cumulative Monthly Imbalance within rate zones, and can voluntarily move gas between rate zones to collect imbalances for trading purposes. Transportation across rate zones will be subject to the appropriate transportation charges and retainage. With respect to Netting and Trading, a Shipper that is long one month and short the next month cannot offset the two months via netting or trading. Each month's imbalance can only be offset with an opposite imbalance incurred for the same month.

(3) If any Cumulative Monthly Imbalances remain in any rate zone that Shippers have not cleared by the 17th Business Day of the month following, Transporter will net those Cumulative Monthly Imbalances to the least-cost rate zone (i.e., the rate

zone that results in the lowest transportation charge to the Shipper), based on the applicable maximum transportation rate and retainage across the rate zones.

(4) Any Shipper with a remaining Cumulative Monthly Imbalance is cashed-out by Transporter in accordance with Section 18.8.

(f) Correction of Imbalances During the Month. Shipper or Shipper's agent may nominate transactions (in accordance with Section 6 of the General Terms and Conditions) during the course of the month in order to correct imbalances. Third parties may offer imbalance management services to Shippers on Transporter's system. Transporter's ability to receive or deliver imbalance quantities will depend upon Transporter's physical operations, and Transporter will not be obligated to allow receipt or delivery of quantities for the resolution of imbalances if Transporter determines that activity would jeopardize the operational integrity of its system.

(g) Cash Settlement to Eliminate Imbalances for Prior Period Adjustments ("PPA"). Subject to netting and trading pursuant to Section 18.7, Transporter will provide an invoice credit for PPA quantities that are over-received and an invoice charge for PPA quantities that are over-delivered. If the PPA imbalance is in the opposite position than the original imbalance (*i.e.* original position was short and PPA was long or vice versa), then the PPA imbalance will be credited or charged at the originally charged "Buy" or "Sell" price described in Section 18.8, up to the original imbalance quantities. If an imbalance remains after the original imbalance is reversed, then the remaining PPA imbalance will be credited or charged at the index "Midpoint" price. If the PPA imbalance is in the same position as the original imbalance, or if there was no original imbalance, then the PPA imbalance will be credited or charged at the index "Midpoint" price.

(h) Determination of "Index Midpoint" Price. For the month in which the imbalance occurred, the index "Midpoint" price per Dekatherm used in the calculation will be the arithmetic average of the original month's "Buy" and the "Sell" price, multiplied by a factor of 1.0

18.8 Cash-Out Resolution of Cumulative Monthly Imbalances.

All Cumulative Monthly Imbalances remaining after netting and trading, negative or positive, will be cashed-out on a monthly basis pursuant to the following process:

(a) Excess Deliveries (Negative Imbalances).

Subject to netting and trading pursuant to Section 18.7, if Shipper has accrued a Cumulative Monthly Imbalance due to Transporter's delivery of excess gas quantities to Shipper (Negative Imbalance), then Shipper will pay Transporter the Cash-Out "Sell" Price for the Negative Imbalance at the Price Tier specified for each stated percentage of excess deliveries. The Cash-Out "Sell" Price will equal the highest price published weekly during the month, plus the first week of the succeeding month, by NGI Weekly Gas Price Index for "Columbia Gulf-Mainline" or "Columbia Gulf-Onshore."

<u>Percentage of Excess Deliveries</u>	<u>Price Tier</u>
>0 to 5%	100% of Sell Price
>5 to 10%	115% of Sell Price
>10 to 15%	125% of Sell Price
>15 to 20%	140% of Sell Price
>20%	150% of Sell Price

For purposes of determining the Price Tier at which a Negative Imbalance will be cashed out, each price will apply only to quantities within that tier. For example, if there is a 6% Cumulative Monthly Imbalance, quantities that comprise the first 5% of the imbalance are priced at 100% of the index price, and quantities comprising the remaining 1% of the imbalance are priced at 115% of the applicable price. The "Sell" price will be "Columbia Gulf-Mainline" or "Columbia Gulf-Onshore," whichever is higher.

(b) Excess Receipts (Positive Imbalances).

Subject to netting and trading pursuant to Section 18.7, if Shipper has accrued a Cumulative Monthly Imbalance due to Transporter's receipt of excess gas quantities from Shipper (Positive Imbalance), then Transporter will pay Shipper the Cash-Out "Buy" Price for the Positive Imbalance at the Price Tier specified for each stated percentage of excess receipts. The Cash-Out "Buy" Price will equal the lowest price published weekly during the month, plus the first week of the succeeding month, by NGI Weekly Gas Price Index for "Columbia Gulf-Mainline" or "Columbia Gulf-Onshore."

<u>Percentage of Excess Receipts</u>	<u>Price Tier</u>
>0 to 5%	100% of Buy Price
>5 to 10%	85% of Buy Price
>10 to 15%	75% of Buy Price
>15 to 20%	60% of Buy Price
>20%	50% of Buy Price

For purposes of determining the Price Tier at which a Positive Imbalance will be cashed out, each price will apply only to quantities within that tier. For example, if there is a 6% Cumulative Monthly Imbalance, quantities that comprise the first 5% of the imbalance are priced at 100% of the index price, and quantities comprising the remaining 1% of the imbalance are priced at 85% of the applicable price. The "Buy" price will be "Columbia Gulf-Mainline" or "Columbia Gulf-Onshore," whichever is lower.

(c) If the designated publication (or specific postings) is discontinued, Transporter will revise this Section 18.8 as necessary to substitute another price index that meets the criteria established by Commission for the publishers of price indices.

18.9 Annual Cash-Out Report.

Transporter will file an Annual Cash-Out Report that will calculate, on a system-wide basis, the annual gross revenue balance (positive or negative) derived from the cash-out program, using the following procedure:

(a) Transporter will determine the cash balance and volumetric gas balance ("Cash Pool") of its cash-out program as of May 31 on an annual basis, including the cash subject to credit calculation ("Cash Pool Determination"). The Cash Pool will be determined by crediting all revenues attributable to high/low pricing of imbalances, regardless of the imbalance tier, to the annual determination of net cash-out loss or gain, and will credit net-positives cash-out revenues in accordance with this Section 18.9. On or before September 1, Transporter will file a report with the Commission which provides the results of the Cash Pool Determination as calculated below. Any positive Cash Pool Determination will be credited to Shippers by September 30 pro rata based on transportation throughput for the twelve month period ending on May 31. Any deficiency of cash shall be carried forward to the next Cash Pool Determination.

(1) If the Cash Pool balances include a positive or zero volumetric gas balance and a positive cash balance, the resulting positive Cash Pool Determination will be subject to crediting.

(2) If the Cash Pool balances include a negative volumetric gas balance and a positive cash balance, the following formula will be used to determine if there is a positive Cash Pool Determination that will be subject to crediting.

Positive cash balance + (Negative volumetric gas balance * August NYMEX gas closing price) = Cash Pool Determination.

(b) Transporter will carry forward to its next annual Cash-Out report any positive Cash Pool Determination that is less than \$250,000.

(c) Interest will be calculated on the balances in the Cash Pool in accordance with Section 154.501(d) of the Commission's Regulations.

(d) Transporter's operational purchases and sales of gas pursuant to Section 39 of the General Terms and Conditions will not be included in the Cash Pool.

(e) Variances between actual gas receipts and actual deliveries at each point covered by an OBA will be resolved in accordance with the terms of the OBA. Shippers will be deemed to be in balance with Transporter and will not be subject to Transporter's Cumulative Monthly Imbalance Cash-Out Mechanism where the receipt point and delivery point are both covered by an OBA.

19. PENALTIES

The penalties set forth in this Section apply to the FTS-1, FTS-2, ITS-1, ITS-2, AS-Gulf, IPP-Gulf, PAL and IMS Rate Schedules, unless otherwise indicated in this Section or the individual Rate Schedules.

19.1 Takes in Excess of Total Firm Entitlements. If Shipper's takes on any Day exceed 103 percent of its Total Firm Entitlement (TFE), Shipper shall be assessed and pay a penalty based on a price per Dth equal to three times the midpoint of the range of prices reported for "Columbia Gulf, Louisiana" as published in Platts Gas Daily price survey for all such quantities in excess of 103 percent of its applicable TFE.

19.2 Failure to Interrupt Service. If Shipper fails to interrupt service as directed by Transporter pursuant to Section 16 (Interruptions of Service) of the General Terms and Conditions, and thereby delivers gas to or takes gas from Transporter in excess of 103 percent of the sum of the lowered Scheduled Daily Receipt Quantity or Scheduled Daily Delivery Quantity under all applicable Rate Schedules set by Transporter's interruption order, Shipper shall be assessed and pay penalties based on a price per Dth equal to three times the midpoint of the range of prices reported for "Columbia Gulf, Louisiana" as published in Platts Gas Daily price survey for all quantities taken or delivered in excess of its Scheduled Daily Receipt Quantity or Daily Scheduled Delivery Quantity.

19.3 Failure to Comply with Critical Period Notice or OFO. If Shipper fails to comply with Critical Period Notice or OFO issued by Transporter pursuant to Section 17 (Operational Flow Orders) of the General Terms and Conditions, a penalty shall be assessed on all quantities taken or delivered in violation of that Critical Period Notice or OFO based on a price per Dth equal to three times the midpoint of the range of prices reported for "Columbia Gulf, Louisiana" as published in Platts Gas Daily price survey for the days on which the Critical Period or OFO is issued. This penalty will be applied to volumes taken in violation of the limitations set forth in the applicable Critical Period notice or Operational Flow Order.

19.4 Miscellaneous.

(a) All penalties and charges assessed under this Section shall be paid in addition to the applicable transportation rates and charges, including any Overrun charge.

(b) If Shipper seeks to avoid any penalty provided for in this Section on the ground that such charge was incurred because of a force majeure event as defined at Section 15 (Force Majeure) of the General Terms and Conditions, Shipper shall document such force majeure event to Transporter. Transporter shall waive penalties to the extent that it determines that the imbalance or scheduling variance was caused by a bona fide force majeure event as defined at Section 15.

(c) If Shipper, or any other individual or entity receiving or delivering gas on behalf of, as an assignee of, or otherwise for the benefit of Shipper, does not: (i) provide the schedules, allocations, or other data required by this Section, Section 6 or Section 8 of the General Terms and Conditions, or by any other provision of this Tariff on or before the due dates scheduled by Transporter; or (ii) provide other data required by Transporter within two business days after Transporter requests such data, Transporter shall have the right to impose penalties based upon the data otherwise available to Transporter, without regard to actual imbalances. Shipper shall have no right to contest the imposition of such penalties on the basis that the imbalance levels reflected in the data available to Transporter are at variance with actual imbalance levels.

(d) Transporter may, on a not unduly discriminatory basis, waive its right to collect all or any portion of any of the penalties set forth in this Section 19 or in any Rate Schedule.

(e) If any imbalance or scheduling variance directly results from Shipper's reliance on inaccurate data from Transporter, or is otherwise caused by Transporter, no penalty will be assessed for that portion of the imbalance or scheduling variance shown by Shipper to be attributable to such inaccurate data.

(f) Transporter will bill penalties based upon volume information available at its close of a business month. The volume information may be subject to adjustment. Transporter will review the aggregate impact of any such adjustments on Shipper's account for a given flow month. If the aggregate impact of adjustments benefits Shipper, Transporter will adjust the penalty bill accordingly. If the aggregate impact of adjustments worsens Shipper's position, Transporter will not adjust the penalty bill.

(g) Transporter will not impose more than one penalty for the same conduct. If the same conduct would result in the application of more than one penalty, only the highest penalty will be assessed.

19.5 Penalty Crediting Mechanism.

(a) The purpose of this provision is to provide the mechanism by which Transporter shall credit any "Penalty Revenues," as defined herein, to "Non-Penalized Shippers."

(b) For purposes of this Section, the following definitions shall apply:

(1) The term "Penalty Revenues" shall mean penalty amounts assessed and actually collected, net of Transporter's costs, during each month of a contract year (November 1 to October 31), pursuant to the penalty provisions of this Tariff; exclusive of (A) Transporter's actual gas, transportation and retainage costs for the replenishment of gas quantities with respect to PAL Rate Schedule Section 5(b) and IMS Rate Schedule Section 5(c), and (B) overrun charges imposed pursuant to the terms of any of Transporter's Rate Schedules.

(2) The term "Non-Penalized Shippers" shall mean Shippers that were not assessed penalties by the Transporter in the applicable month of the contract year (November 1 to October 31) pursuant to the penalty provisions of this Tariff, under all of Transporter's Rate Schedules, except the AS-Gulf and IPP-Gulf Rate Schedules.

(c) At the end of the contract year, Transporter shall calculate the amount of Penalty Revenues for each month of the preceding contract year. Transporter will include interest on the Penalty Revenues balance at the rate specified in the Commission's Regulations at Section 154.501(d)(1). Transporter shall allocate such Penalty Revenues for that month to the Non-Penalized Shippers based on their actual throughput for that month and in the case of service under Rate Schedule PAL, Transporter shall allocate such Penalty Revenues based on Non-Penalized Shipper's PAL service agreement account balance for that month. Transporter shall credit the bills of Non-Penalized Shippers for such allocated amounts within 60 days of the end of the contract year.

(d) Transporter will file a report within 60 days of the close of the contract year showing the Penalty Revenues, the costs netted against the Penalty Revenues, and the resulting Penalty Revenue credits for each month of the contract year (November 1 to October 31). The report will: (1) identify Transporter's incremental out-of-pocket costs that were caused by Shipper misconduct and the Shipper misconduct that caused the costs; (2) account separately for these costs; and (3) provide supporting documentation of the costs and the Shipper misconduct that caused them.

20. DISCOUNTING

20.1 In General. Transporter may at any time in its sole discretion selectively discount the rate(s) applicable to any individual Shipper under the Rate Schedules set forth in Volume No. 1 of this Tariff; provided, however, that such discounted rate(s) shall not be less than the Minimum Rate(s) for the applicable service as set forth in this Tariff. All discounted rates will be reflected on Transporter's transactional postings, as required by Section 284.13 of the Commission's regulations. Transporter and Shipper shall enter into a written agreement describing the terms of any such discounting of Shipper's rate(s).

20.2 Apportionment of Discounts. For each transaction discounted pursuant to this provision, the amount of the discount (the difference between the maximum rate otherwise applicable to the transaction and the total rate to be billed) shall be apportioned among the components of the Base Tariff Rate.

20.3 Allocation or Interruption. To the extent that Transporter allocates or interrupts service rights based upon price, as set forth in Section 7 (Capacity Allocation) and Section 16 (Interruptions of Service) of the General Terms and Conditions, the price utilized by Transporter for such purposes, where rates for service have been discounted by Transporter, shall be Shipper's discounted rate for the service.

20.4 Refunds. If the rates charged Shipper exceed the rates ultimately approved by the Commission, any required refund shall be made based on the amount by which the rate actually collected from Shipper exceeds the rate approved by the Commission.

20.5 Treatment of Discounts:

(i) A discount-type adjustment to recourse rates for negotiated rate agreements shall only be allowed to the extent that Transporter can meet the standards required of an affiliate discount-type adjustment including requiring that Transporter shall have the burden of proving that any discount granted is required to meet competition.

Transporter shall be required to demonstrate that any discount-type adjustment for negotiated rate agreements does not have an adverse impact on recourse rate shippers.

(a) Demonstrating that, in the absence of Transporter's entering into such negotiated rate agreement providing for such discount, Transporter would not have been able to contract for such capacity at any higher rate, and that recourse rates would otherwise be as high or higher than recourse rates which result after applying the discount adjustment; or

(b) Making another comparable showing that the negotiated rate discount contributes more fixed costs to the system than could have been achieved without the discount.

(ii) Transporter may also seek to include in a discount-type adjustment for negotiated rate agreements that were converted from pre-existing discounted Part 284 agreements to negotiated rate agreements. Such adjustment would be based on the greater of: (i) the negotiated rate revenues received or (ii) the discounted recourse rate revenues which otherwise would have been received.

21. REGULATORY FEES

Shipper shall pay to Transporter all fees required by the Federal Energy Regulatory Commission, or any regulatory body having jurisdiction, relating to service provided under any of Transporter's Rate Schedules including, but not limited to, filing, reporting, and application fees.

22. POSSESSION AND PROCESSING OF GAS

22.1 Possession of Gas. After Shipper delivers gas or causes gas to be delivered to Transporter at the point(s) of receipt specified in the Service Agreement, Transporter shall be deemed to be in control and possession of the gas until thermally equivalent quantities (less Retainage) are redelivered to Shipper or for the account of Shipper at the point(s) of delivery. Shipper shall have no responsibility with respect to any gas deliverable by Transporter or on account of anything which may be done, happen, or arise with respect to such gas until Transporter delivers such gas to Shipper or for the account of Shipper. Transporter shall have no responsibility with respect to such gas before Shipper delivers or causes such gas to be delivered to Transporter or after Transporter redelivers such gas to Shipper or for the account of Shipper, or on account of anything which may be done, happen, or arise with respect to such gas before such delivery or after such redelivery. Transporter will have the unconditional right to commingle gas received from any Shipper or source for transportation under this Tariff with gas received from other Shippers or source. Any party tendering gas to Transporter recognizes that gas delivered by Transporter may have been commingled from various sources and may not be the same molecules, or contain the same constituents, as the gas received by Transporter.

22.2 Processing of Gas. Shippers will have the right to process gas that has been accepted for receipt by Transporter and to which they have title for the removal of moisture, helium, natural gasoline, butane, propane, ethane or other liquefiabiles or inerts. If Shipper elects to process Shipper's gas, Shipper must make arrangements for such processing at an existing point on Transporter's system, upon 30 days prior written notice to Transporter, unless physical modifications to facilities are required. Transporter will have the right to process any gas on Transporter's system for the purpose of removing such moisture, helium, natural gasoline, butane, propane, ethane or other liquefiabiles or inerts, and the ownership of such moisture, helium, natural gasoline, butane, propane, ethane or other liquefiabiles or inerts, will be vested in Transporter. Transporter's election to process such gas will be for Transporter's sole account and at Transporter's sole risk, and all costs and expenses related to such processing will be Transporter's sole responsibility.

23. WARRANTY OF TITLE TO GAS

Each Shipper under this Tariff warrants for itself, its successors and assigns, that Shipper or the party on whose behalf Shipper is acting will at the time of delivery to Transporter for transportation have good and merchantable title to or good right to receive all gas so delivered free and clear of all liens, encumbrances and claims whatsoever. Shipper will indemnify Transporter and save it harmless from all suits, actions, regulatory proceedings, debts, damages, costs, losses and expenses (including reasonable attorney fees) arising from or out of adverse claims arising from breach of this warranty (including, without limitation, claims for any royalties, taxes, license fees or charges applicable to such gas or to the delivery thereof to Transporter for transportation under Transporter's applicable Rate Schedule). Assignees under Section 14 (Release and Assignment of Service Rights) of the General Terms and Conditions shall be considered to be "Shippers" for purposes of this Section, and therefore Releasors under Section 14 shall not be liable under this Section for breach of the foregoing warranty by its Assignees.

24. WARRANTY OF ELIGIBILITY FOR TRANSPORTATION

(a) Each shipper under this Tariff warrants for itself, its successors and assigns, that all gas delivered to Transporter for transportation shall be eligible for transportation in interstate commerce under applicable rules, regulations or orders of the FERC. Shipper will indemnify Transporter and save it harmless from all suits, actions, damages, costs, losses, expenses (including reasonable attorney fees), and regulatory proceedings arising from breach of this warranty. Replacement Shippers under Section 14 (Release and Assignment of Service Rights) of the General Terms and Conditions shall be considered to be "Shippers" for purposes of this Section, and therefore Releasors under Section 14 shall not be liable under this section for breach of the foregoing warranty by its Replacement Shippers.

(b) Where transportation will be provided under § 311 of the National Gas Policy Act (15 U.S.C. § 3371) and pursuant to Subpart B of Part 284 of the Commission's Regulations (18 C.F.R. § 284.101 et seq.), Shipper warrants that such transportation service is authorized to be provided within the meaning of 18 C.F.R. Section 284.102 (d)(3), if the local distribution company or intrastate pipeline company on whose behalf the transportation service is being provided will not have physical custody of and transport the gas or will not hold title to the gas. Where transportation will be provided under Transporter's blanket certificate, Shipper warrants that an interstate pipeline will receive some economic benefit from the transaction.

25. GAS QUALITY

25.1 Gas Quality Specifications. All gas tendered hereunder shall comply with the following specifications:

- (a) Be natural gas and be commercially free from dust, gum, gum-forming constituents, water, paraffin and other objectionable solid and/or liquid matter.
- (b) Contain not more than one grain of hydrogen sulphide per 100 cubic feet.
- (c) Contain not more than 20 grains of total sulphur per 100 cubic feet.
- (d) Contain not more than four percent by volume of nitrogen and carbon dioxide combined.
- (e) Contain not more than three percent by volume of carbon dioxide.
- (f) Contain not more than one percent by volume of oxygen.
- (g) Contain not more than seven pounds of water vapor per 1,000,000 cubic feet.
- (h) Have a gross heating value of not less than 978 Btu per cubic foot.
- (i) Have a temperature of not less than 40 degrees Fahrenheit and not more than 120 degrees Fahrenheit.

25.2 Hydrocarbon Dewpoint Specification. Transporter may not refuse to accept receipt of gas with a Cricondenthem Hydrocarbon Dewpoint ("CHDP") equal to or less than fifteen degrees Fahrenheit (15°F), provided that gas satisfies all other applicable provisions of Transporter's FERC Gas Tariff. This standard will be referred to as Transporter's Hydrocarbon Dewpoint Safe Harbor. Transporter may, as operationally necessary, establish and post on its EBB a CHDP limit for receipts (no lower than the Hydrocarbon Dewpoint Safe Harbor) that would prevent actual or anticipated hydrocarbon liquid fallout on Transporter's system, or assure that gas would be accepted for delivery at interconnects with interstate or intrastate pipelines, end-users, and local distribution companies.

- (a) Transporter has discretion to impose CHDP limits on its entire system, or on specified portions of its system in a not unduly discriminatory manner, provided that any limit will not be lower than the Hydrocarbon Dewpoint Safe Harbor, except as provided in Section 25.4. When Transporter posts a CHDP limit on its system, or for specified portions of its system, all gas receipts into the affected areas must meet the posted CHDP limit. Such posted CHDP limits shall remain in effect no longer than necessary.

(b) For purposes of posting CHDP limits, Transporter's system is divided into three HDP Segments. The Market Segment includes all of Transporter's system at and downstream of Rayne, Louisiana; the West Lateral Segment includes all points west of Rayne; and the East Lateral Segment includes all points east of Rayne.

(c) Monitoring Points. Transporter will establish Monitoring Points on its system for the purpose of posting and monitoring compliance with any CHDP limits issued pursuant to Section 25.2. Transporter will post a list of Monitoring Points on its EBB. Transporter will establish at least one Monitoring Point on each HDP Segment on its system. Transporter may revise or establish additional Monitoring Points as operationally necessary and will post any such changes on its EBB. Transporter will provide as much notice as reasonably possible and will attempt to provide at least thirty (30) days' notice prior to establishing or revising a Monitoring Point. Transporter will, unless unable to do so, provide at least thirty (30) days of CHDP data for the new Monitoring Point and will continue to make data available for any previously established Monitoring Point(s) for at least ninety (90) days.

(d) Transporter will not require gas to be processed if it meets the posted CHDP limit without processing at receipt points upstream of a processing plant.

(e) If gas does not meet a posted CHDP limit at the receipt point, Transporter will accept receipt of that gas if (i) Shipper provides to Transporter proof of processing at a plant within the HDP Segment where the gas is received and the CHDP of the gas at the tailgate of the plant satisfies the CHDP limit for the applicable HDP Segment; or (ii) if Transporter has approved a pairing arrangement for the gas pursuant to subsection (g) below.

(f) Transporter will provide as much notice of any revision to a CHDP limit as reasonably possible and will attempt to provide that notice at least ten (10) days before the effective date of the revision.

(g) Pairing. To the extent operationally feasible, and subject to the conditions below, Transporter may allow a Shipper whose gas does not meet a posted CHDP limit to contractually pair its gas with another shipper whose gas satisfies the posted CHDP limit, or to self-pair its own gas supplies, so that the combined supply meets the posted CHDP limit.

(1) A Shipper wishing to contractually pair, or to self-pair, must provide Transporter with a written proposal (including, but not limited to e-mail or facsimile) for the pairing of its volumes.

(2) Upon receipt of a pairing proposal, Transporter will determine whether the proposal can physically occur on Transporter's system without causing undue risk to Transporter's operations.

(3) If Transporter determines that Shipper's proposal is physically possible, then Transporter will evaluate whether the commingled stream that would result from the proposal satisfies the posted CHDP limit.

(4) To the extent that Transporter determines that the pairing proposal does not meet one or more of the above listed conditions, Transporter will provide Shipper a written denial specifying the basis for this determination.

(5) Transporter will permit all Shippers interested in pairing to post relevant data, including contact information, on its EBB.

(h) Transporter will post on its EBB, within 24 hours after making the calculations, each CHDP value Transporter calculates at the Monitoring Points. Transporter will perform the CHDP calculations for Section 25.2, using the Peng-Robinson equation of state and C6+ assumptions consistent with industry practices. Upon a Shipper's request and expense, Transporter will perform a C9+ analysis at that Shipper's receipt or delivery point, provided that in no event will Transporter be required to perform a C9+ analysis at any one receipt or delivery point more frequently than once every twelve months, except if a new source of supply has been added at that point.

25.3 Acceptance of Non-Conforming Gas. If the gas received by Transporter from any source ever fails to meet the specifications in Section 25.2, then Transporter may elect to either continue to receive gas or refuse to take all or a portion of that gas until the gas is brought into conformity with these specifications. Nothing in this Section 25.3 will prevent Transporter from waiving any quality specifications in Section 25.2 where the acceptance of non-conforming gas will not, in Transporter's reasonable judgment, adversely impact Transporter's operations, or adversely affect the ability of gas to be accepted for delivery at interconnects with interstate or intrastate pipelines, end-users and local distribution companies.

25.4 Operational Flow Orders. None of the specifications and restrictions set forth in Section 25.2 shall be deemed to negate, reduce or limit Transporter's authority to issue Operational Flow Orders consistent with Section 17 of the General Terms and Conditions of this Tariff to provide for the safe and reliable operation of its system.

26. MEASUREMENT

26.1 Measuring station(s) and equipment shall be installed in accordance with Transporter's specifications, by which the volumes of gas delivered hereunder shall be determined.

26.2 Orifice Meters - When orifice meters are used, the gas delivered shall be measured with meters designed, constructed and installed, and whose computations of volumes are made, in accordance with the provision of AGA Measurement Committee Report No. 3 of the American Gas Association as reprinted and revised September 1985, (AGA Report No. 3), with any subsequent amendments or revisions which may be mutually acceptable to the parties.

26.3 Positive or Turbine Meters - When positive meters are used, the gas delivered shall be measured with meters designed, constructed and installed, and whose computations of volumes are made, in accordance with the provisions of AGA Measurement Report No. 6 (AGA Report No. 6). When turbine meters are used, the gas delivered shall be measured with meters designed, constructed and installed, and whose computations of volumes are made, in accordance with the provisions of AGA Measurement Committee Report No. 7 (AGA Report No. 7). Subsequent amendments or revisions of either AGA Report No. 6 or 7 which may be mutually acceptable to the parties may be utilized.

26.4 The unit of volume for purposes of measurement of volumes hereunder shall be a "cubic foot of gas" as defined in Section 1.8 of these General Terms and Conditions.

26.5 The Transporter shall determine the deviation of the gas from Ideal Gas Laws in accordance with the methods prescribed in American Par Research NX-19 (NX-19) Report, titled " Manual for the Determination of Supercompressibility Factors for Natural Gas". In making such determination Transporter may also utilize any subsequent amendments, expansions or supersessions of the NX-19 Report which may be mutually acceptable to the parties.

26.6 For purposes of measurement and equipment calibration, the atmospheric pressure shall be assumed to be constant at 14.7 pounds per square inch absolute.

26.7 The parties hereto shall preserve (or cause to be preserved) all test data, charts, and other similar records, including binary or machine-readable representations of information stored in computer memory or other electronic devices which are created through the use of Electronic Measurement, in accordance with applicable rules and regulations of the Federal Energy Regulatory Commission (Commission) or other regulatory bodies having jurisdiction with respect to the retention of such records, but in no case less than three years.

26.8 The Transporter may, at its option, determine the heating value of the gas with a recording calorimeter or chromatograph. If the Transporter does not elect to use a recording calorimeter, the heating value of the gas shall be determined by the Transporter from continuous samples taken under tender conditions and run on a chromatograph.

26.9 Where Electronic Measurement is not utilized, the Transporter shall determine the temperature of the gas by the continuous use of a recording thermometer. The daily average of the temperatures recorded each day shall be deemed the gas temperature and shall be used in computing the volumes of gas for that day.

26.10 Testing and Correction of Metering Errors.

(a) The accuracy of all measuring equipment will be verified by its operator ("Operating Party") at least once each year and if requested, in the presence of representatives of the other party ("Non-Operating Party"); provided, however, that the Operating Party will not be required to verify the accuracy of the equipment more than once in any thirty (30) day period. The costs of all regular testing will be borne solely by the Operating Party.

(b) If the Non-Operating Party at any time desires a special (i.e., non-routine) test of any measuring equipment, it will promptly notify the Operating Party, who will verify the accuracy of the equipment within ten (10) business days, unless otherwise agreed to by the parties. Unless otherwise agreed to in writing, the cost of any special testing, repair and calibration (including transportation and related expenses) will be borne by the Non-Operating Party if the measurement equipment is found not to be in error such that previous Recordings from the equipment must be corrected under the provisions of this section. If measuring equipment is found to be in error, such that previous Recordings from the equipment must be corrected under this Section, the costs of any special testing, repair and calibration (including transportation) will be borne by the Operating Party, unless otherwise agreed to in writing.

(c) If, upon any regular or special testing, any measuring equipment is found to be in error, it will immediately be repaired and adjusted by the Operating Party to record correctly. If (1) the total measurement adjustment for the period of error is greater than 500 Dth and the total error is greater than 1% or (2) the total measurement adjustment for the period of error is greater than 10,000 Dth, any quantities previously recorded by the tested equipment will be corrected to zero error for any period of error which is known definitely or agreed upon by the parties. If the period of error is not known definitely or agreed upon, the correction will be for a period extending over one half of the time elapsed since the date of the last test.

(d) In the event any measuring equipment is out of service, or is determined to be registering inaccurately and the error is not determinable by test, previous Recordings from such equipment, or the volumes of gas or quantities of energy received or delivered through such equipment, will be estimated:

(1) by using the registration of any check meter or meters if installed and accurately registering;

(2) in the absence of check meters, by correcting the error if the percentage of error is ascertainable by calibration, special test or mathematical calculation;

(3) in the absence of check meters or the possibility of calibrations, by using Recordings or quantities received or delivered through such equipment during periods under similar conditions when the equipment was registering accurately; or

(4) as otherwise agreed by Transporter and Shipper.

The volumes of gas and quantities of energy, as determined in this Section 26.10(d) will be used in determining the volumes of gas and quantities of energy received or delivered for any known or agreed upon applicable period. In case the period is not known or agreed upon, the estimated receipts or deliveries will be used in determining the quantity of gas received or delivered hereunder during the latter half of the period beginning on the date of the immediately preceding test and ending on the date the measuring equipment has been adjusted to record accurately. The Recordings of the measuring equipment during the first half of this period will be considered accurate in computing receipts or deliveries.

(e) The provisions of this Section will take precedence in the event of a conflict with any Agreement between Transporter and any other party regarding the testing and repair of measurement equipment.

26.11 The Transporter, may at its option, determine the specific gravity of the gas with a recording gravitometer. The daily average of the specific gravities recorded each day shall be deemed the specific gravity and shall be used in computing the volumes of gas for that day. If the Transporter does not elect to use a recording gravitometer, the specific gravity of the gas shall be determined from a spot sample using a portable Ranarex or other mutually acceptable device.

26.12 The Transporter shall determine the water content with a portable Meeco water analyzer or by other mutually acceptable device.

26.13 Electronic Measurement may be utilized in lieu of calculations based upon charts and chart recorders, and may be used with orifice, positive, or turbine meters. When Electronic Measurement is utilized, the process variables necessary for the flow calculation are generated, where possible, by transmitters located on or near the flow computer. Where process variables are not available from transmitters located on or near the flow computer, necessary values will be supplied by prospective application of the arithmetic or other average of values taken from generally accepted analytical instrument(s). Where Electronic Measurement is utilized, the flow calculations generated and electronic records based upon such calculations shall be accepted and utilized in substitution for charts and other documentary records. If the transmitters used to provide process variables are found to be out of calibration when tested then the requirements of paragraph 2.17 shall be followed in determining the volume of gas tendered.

27. SCHEDULES AND CONTRACTS SUBJECT TO REGULATION AND REVISION

This Tariff, including the Rate Schedules, the General Terms and Conditions, and the respective obligations of the parties under the Service Agreements and assignment Agreements, is subject to all valid laws, orders, rules, and regulations of duly constituted authorities having jurisdiction.

28. NOTICES

28.1 General Notice Procedures. Unless otherwise specifically provided in this Tariff, particularly with regard to notices and communications required through Transporter's EBB, or via Electronic Notice Delivery, any notice, request, demand, or communication ("Notice") provided for in these General Terms and Conditions or in the Rate Schedules, or any other Notice that Transporter or Shipper may desire to give to the other, shall be in writing and shall be considered as duly delivered when mailed by registered mail to the Post Office address of Transporter or Shipper, or at such other address as either shall designate for formal written notice. Any notice, request, demand, communication, or other posting made on Transporter's EBB or via Electronic Notice Delivery as required by this Tariff shall be considered as duly delivered when transmitted by the sending party. Monthly payments, except those required to be made by wire or other electronic transfer, shall be considered as duly delivered when mailed either by registered or ordinary mail. Routine communications by telephone between members of the operating staffs of Transporter and Shipper shall be considered duly delivered without confirmation by mail. If Transporter is required by this Tariff to provide any notice, request, demand or other communication to a Shipper by telephonic communication, Transporter may, at its option, make such communication via Electronic Notice Delivery without any telephonic communication. System wide notices shall have a separate category for notices which are not critical.

28.2 To the extent Transporter is authorized under this Tariff to provide any notice via Electronic Notice Delivery and Transporter becomes aware that the Electronic Notice Delivery notification sent by Transporter has failed, Transporter shall recommunicate such notice via telephone or facsimile.

29. COMPLAINT RESOLUTION PROCEDURE

Any Shipper or potential Shipper may make a written complaint to Transporter, Attention: Chief Compliance Office (CCO), regarding any dispute between Shipper and Transporter arising under this Tariff. The CCO's appropriate contact information is available via Transporter's Internet website. Shipper must specify each reason for the dispute. Within forty-eight (48) hours of receiving a complaint, Transporter shall provide an initial response to complainant, acknowledging receipt of the complaint and requesting further information as appropriate. Within thirty (30) days after receipt of Shipper's complaint, Transporter shall appoint a Committee composed of any necessary personnel to review the complaint and provide a written decision to the complainant addressing each element thereof and, where appropriate, recommending a course of action. In the event the complainant disagrees with this determination and makes a written request for reconsideration or clarification, specifying each reason the complainant disagrees with the initial determination, the Committee shall consider such request and within thirty (30) days after receipt thereof shall render its final written decision to complainant, addressing each element thereof and, where appropriate, recommending a course of action.

30. RESERVED FOR FUTURE USE

31. ANNUAL CHARGE ADJUSTMENT (ACA)

31.1 Purpose. For the purpose of reimbursing Transporter for the Annual Charge it pays to the Commission, this Section establishes, pursuant to Section 154.402 of the Commission's Regulations, an Annual Charge Adjustment (ACA) rate applicable to: (i) Shippers under Transporter's FTS-1, FTS-2, ITS-1 and ITS-2 Rate Schedules, as set forth on the applicable rate sections of this Tariff, and (ii) Shippers under those Rate Schedules set forth in Volume No. 2 of this Tariff that incorporate rates from Volume No. 1 of this Tariff.

31.2 Basis of the ACA Rate. Transporter's ACA rate shall be the increment specified by the Commission for such charge for that fiscal year (October 1 through September 30). Such ACA unit charge, as revised annually and posted in an annual notice issued each fiscal year by the Commission entitled "FY [Year] Gas Annual Charges Correction for Annual Charges Unit Charge" at (<http://www.ferc.gov>) is incorporated by reference into Transporter's FERC Gas Tariff.

32. TRANSPORTATION RETAINAGE ADJUSTMENT ("TRA")

32.1 In General. Retainage, as defined at Section 1 of the General Terms and Conditions, shall apply to all Rate Schedules in Volume Nos. 1 and 2 of this Tariff that provide for Retainage to be supplied by Shipper (the Applicable Rate Schedules). The amount of such Retainage shall be determined based upon the Retainage percentage, as set forth on the applicable rate section of this Tariff. That Retainage percentage shall be adjusted pursuant to the Retainage adjustment mechanism set forth in this Section.

32.2 Transporter's TRA Filing. Annually, or at such other times as Transporter in its reasonable discretion determines necessary based upon operating or other conditions, Transporter shall adjust the Retainage percentage, to take into account both prospective changes in Retainage requirements and unrecovered Retainage quantities from the preceding period as described at Section 32.4 below. That Retainage adjustment shall be effected by means of Transporter's filing of a Transportation Retainage Adjustment (TRA), which shall be filed with the Commission (i) annually on or before March 1 to become effective April 1 (Annual TRA Filing), and (ii) at such other times as required by operating or other conditions, to become effective 30 days after filing (Periodic TRA Filing). Any adjustments to Retainage percentages shall become effective on the first day of a calendar month.

32.3 Accounting for Activity. Transporter will account for all under or over recovered company-use, lost and unaccounted-for quantities consistent with FERC accounting requirements.

32.4 Retainage Percentage. The Retainage percentage, as adjusted by Transporter through its TRA filings, shall consist of the sum of (i) the current Retainage percentage, and (ii) the unrecovered Retainage percentage, calculated in the following manner:

(a) In each Annual and Periodic TRA Filing, Transporter shall calculate the current Retainage percentage by (i) estimating the total company-use, lost, and unaccounted-for quantities required under the applicable Rate Schedule during the 12-month period commencing with the effective date of Transporter's TRA filing (Current Retainage Quantities) and (ii) dividing that amount by the total quantities (excluding off-system quantities) estimated by Transporter to flow under the Applicable Rate Schedules during the same 12-month period commencing with the effective date of the TRA filing (Current Transportation Quantities).

(b) In each Annual TRA Filing, Transporter shall calculate the unrecovered Retainage percentage by:

- (i) determining the total system company-use, lost, and unaccounted-for quantities for the preceding calendar year (Preceding Annual Period);
- (ii) subtracting the total system Retainage quantities retained by Transporter during that Preceding Annual Period;

- (iii) allocating the result (the Unrecovered Retainage Quantities), whether positive or negative, to the mainline and onshore systems of the Market Zone based on each system's respective percentage of Current Transportation Quantities (excluding quantities transported on the Offsystem-Onshore Zone); and
- (iv) dividing the allocated Unrecovered Retainage Quantities by the Current Transportation Quantities (excluding off-system quantities) attributable to each zone.

(c) In each Annual or Periodic TRA Filing, Transporter shall add (i) the current Retainage percentage established in that filing, as calculated in accordance with paragraph (a) above, and (ii) the unrecovered Retainage percentage established in the currently effective Annual TRA Filing (whether a positive figure reflecting an underrecovery or a negative figure reflecting an overrecovery), as calculated in accordance with paragraph (b) above. The resulting total Retainage percentage shall be effective until the effective date of Transporter's next succeeding TRA Filing.

(d) Except as specifically provided for in Section 32.4(b), the methodology of this Section 32.4 specified on paragraphs (a), (b), and (c) shall be separately applicable to the onshore and mainline components of the Market Zone under the FTS-1 and ITS-1 Rate Schedules using their respective transportation quantities (excluding quantities transported over the Offsystem-Onshore Zone) associated with each zone.

32.5 Termination.

(a) If the provisions of this Section are terminated or otherwise rendered inapplicable (termination), Shippers under the Applicable Rate Schedules from the effective date of Transporter's most recent TRA filing through the date of termination (the Termination Period) shall remain liable for any Unrecovered Retainage Quantities. Transporter shall remain liable to such Shippers for any excess quantities retained.

(b) Any positive or negative balance in Transporter's Unrecovered Retainage Quantities account at the date of termination (i) shall be allocated to any successor services offered by Transporter, or (ii) if no successor services are offered by Transporter, shall be charged or refunded to Shippers under the Applicable Rate Schedules based on the actual quantities that flowed during the Termination Period.

33. Contract Demand Reduction Option

(a) Any Shipper receiving service under a firm transportation Service Agreement with Transporter (whether the service is provided at a Negotiated Rate, Recourse Rate, or a discount to the Recourse Rate) with a remaining term of at least five years, and any Shipper that will receive service under a firm transportation Service Agreement with Transporter (whether the service is provided at a Negotiated Rate, Recourse Rate, or a discount to the Recourse Rate) with an initial term of at least five years, may mutually agree with Transporter to obtain a right to a contract demand reduction ("Reduction Option") in its Service Agreement upon the occurrence of "Regulatory Restructuring" as defined below. Once mutually agreed to and inserted in its Service Agreement(s), a Shipper may exercise its Reduction Option at any time all of the prerequisite terms and conditions set forth below are met. A contract demand reduction as that term is used in this Section 33 means, for firm transportation Service Agreements, a "Transportation Demand" reduction. For purposes of this Section 33, the following definition and associated terms and conditions of Shipper eligibility apply:

Regulatory Restructuring: Regulatory Restructuring is defined as an event in which a local distribution company Shipper is required by a final order of a state regulatory agency with authority to regulate the rates and services of such local distribution company Shipper ("State Commission") to provide separate merchant and transportation services pursuant to a retail access or competitive choice program, and both of the following events occur: (1) such State Commission does not approve a mechanism which provides Shipper the opportunity to recover fully all costs incurred by Shipper under Shipper's Service Agreement(s), notwithstanding Shipper's reasonable efforts to seek State Commission approval of a mechanism that allows Shipper the opportunity to recover such costs; and (2) the Shipper is unable to fully recover all of its costs by releasing such Service Agreement(s), including any existing discounted or negotiated rate agreements, pursuant to the capacity release provisions of Transporter's Tariff, in whole or in part, at both the rate provided for under the Service Agreement(s) (or a greater rate) and for the full remaining term of that Service Agreement(s). The contract demand of an individual Service Agreement subject to reduction under this Regulatory Restructuring reduction provision shall be that portion as to which the State Commission denies Shipper cost recovery and which portion cannot be released or assigned at the rates provided under such Service Agreements (or a greater rate) and for the full remaining term of that Service Agreement(s). If a local distribution company Shipper is also served by other natural gas pipelines in addition to Transporter, the contract demand subject to reduction on Transporter shall be a pro rata amount based on the respective levels of firm transportation service that Shipper holds on Transporter and such other natural gas pipelines; provided, if a local distribution company Shipper can show (1) that it entered into a Service Agreement(s) with another pipeline solely to transport supplies to a location unrelated to load lost as a result of Regulatory Restructuring and (2) that the Shipper has never used the Service Agreement(s) with the other pipeline to

supply the load lost as result of Regulatory Restructuring, then the capacity associated with such Service Agreement(s) will be excluded from the pro-rata calculation.

(b) Shipper must establish its entitlement to a Regulatory Restructuring Reduction Option by demonstrating that the provisions of Section 33(a) have been met. For purposes of establishing the requirement that Shipper cannot release the capacity under the provisions of Transporter's Tariff, Shipper must demonstrate that the capacity has been posted on Transporter's EBB for thirty (30) days, and that no Shipper has agreed to purchase the capacity, in whole or in part, at the rate provided for under the relevant Service Agreement(s) (or a greater rate) and for the full remaining term of that Service Agreement(s). Shipper must provide Transporter with sixty (60) days written notice of its intent to exercise the Regulatory Restructuring Reduction Option. The effective date of the Regulatory Restructuring Reduction Option will be the latter of the effective date of the Regulatory Restructuring or the end of the sixty (60) day written notice period. Transporter will utilize the sixty (60) days to verify that the Shipper is entitled to the Regulatory Restructuring Reduction Option. If Transporter determines that Shipper is not so entitled, Transporter will provide written notice as soon as possible, but in no event later than 5 business days after the end of the initial sixty (60) day period.

(c) The details of any mutual agreement between Transporter and Shipper shall be reflected in the appropriate blanks in a Service Agreement between the parties and shall be posted on Transporter's EBB in accordance with the Commission's Regulations.

(d) Transporter shall be under no obligation to grant any request for a Regulatory Restructuring Reduction Option, but Transporter shall not unduly discriminate against Shippers when determining whether to mutually agree to a Regulatory Restructuring Reduction Option.

(e) Any portions of any Service Agreement that is subject to termination in accordance with the provisions of this section and that are necessary to correct any natural gas imbalances or make any payments required under the Service Agreement as required by the General Terms and Conditions will survive the termination until such time as the balancing or payment has been accomplished.

34. NEGOTIATED RATES

34.1 Availability. Transporter and Shipper may mutually agree to a Negotiated Rate for service under any Rate Schedule that does not result from the temporary release of capacity under Section 14 of the General Terms and Conditions.

34.2 Recourse Rate Availability. The Recourse Rate shall be available to any Shipper that does not wish to mutually agree to a Negotiated Rate.

34.3 Limitations. This Section 34 does not authorize the negotiation of terms and conditions of service.

34.4 Allocations/Interruptions Based on Price. Under any circumstances where the allocation or interruption of capacity is determined by the rate being paid, Shippers paying more than the Recourse Rate will be considered to be paying the Recourse Rate.

34.5 Right of First Refusal. Unless otherwise mutually agreed to by Transporter and Shipper, the right of first refusal described in Section 4.1 of the General Terms and Conditions will not apply to firm Service Agreements with Negotiated Rates.

34.6 Assessing Negotiated Rate Bids for Available Firm Capacity. For purposes of assessing bids for available firm capacity pursuant to Section 4 of the General Terms and Conditions, the net present value of Negotiated Rate bids containing a reservation rate or other form of revenue guarantee which exceeds the applicable Recourse Rate shall not exceed the net present value that is calculated assuming that the applicable Recourse Rate is in effect for any portion of the term in which the Negotiated Rate exceeds the Recourse Rate. For any portion of the term in which the Negotiated Rate is less than the Recourse Rate, Transporter will calculate the net present value for that portion of the term in the same manner as it would a discounted contract.

34.7 Negotiated Rate Surcharge and Retainage Components. If Transporter negotiates surcharge or retainage percentage rate components at lower than the maximum rate level for those components as part of a Negotiated Rate agreement, Transporter will bear the risk of any under-recovery of costs or retainage associated with such agreement and will credit the appropriate surcharge and retainage accounts as if it had received the maximum applicable rate or charge.

34.8 Relationship to Section 20.2 of the General Terms and Conditions. If Transporter negotiates specific surcharge components of its rates, rather than total rates, as part of a Negotiated Rate arrangement, the attribution policy in Section 20.2 of the General Terms and Conditions will not apply.

34.9 Filing Requirement. Transporter will file any Negotiated Rate Service Agreements with the Commission for approval, consistent with the Commission's then applicable filing requirements with respect to such agreements.

34.10 Accounting Treatment. Transporter shall maintain and provide separately identified and totaled volume, billing determinant, rate or surcharge component, and revenue accounting information for its Negotiated Rate arrangements in any general or limited rate change filing that it makes. Transactions related to Negotiated Rate agreements that originated as a pre-existing discounted service and were subsequently converted will be recorded separately from those originating as Negotiated Rate agreements.

35. CONSTRUCTION OF LATERALS

Unless otherwise agreed to by the parties, Transporter shall not be required to own, construct or install any lateral pipeline facilities, including new delivery points, enlargements or replacements of existing laterals, to perform any service requested by Shipper. In the event Transporter agrees to own, construct or install such facilities to perform any service requested by Shipper, Shipper shall reimburse Transporter for all Transporter's actual costs associated therewith as agreed to by the parties. Transporter's costs include, but are not limited to, monies, if required, for income tax gross-up. Transporter may waive its right to collect all or any portion of the actual costs associated with construction or installation of such facilities, provided that any such waiver is granted on a nondiscriminatory basis.

36. COMPLIANCE WITH 18 CFR, SECTION 284.12

Compliance with 18 CFR, Section 284.12

Transporter has adopted the Business Practices and Electronic Communications Standards, NAESB WGQ Version 3.2, which are required by the Commission in 18 CFR Section 284.12(a), as indicated below. Standards without accompanying identification or notations are incorporated by reference. Standards that are not incorporated by reference are identified along with the tariff record in which they are located. Standards for which waivers or extensions of time have been granted are also identified.

Standards not Incorporated by Reference and their Location in Tariff:

<u>NAESB Standard</u>	<u>Tariff Record</u>
0.3.3	GTC Section 9.6(b)
0.3.4	GTC Section 9.6(c)
0.3.5	GTC Section 9.6(d)
0.3.6	GTC Section 9.6(e)
0.3.7	GTC Section 9.6(f)
0.3.8	GTC Section 9.6(g)
0.3.9	GTC Section 9.6(h)
0.3.10	GTC Section 9.6(i)
1.2.3	GTC Section 1.38
1.2.4	GTC Section 1.24
1.2.5	GTC Section 1.36
1.2.6	GTC Section 1.35
1.2.9	GTC Section 1.7(a)
1.2.11	GTC Section 1.7(b)
1.2.12	GTC Section 1.14
1.2.15	GTC Section 1.49
1.2.16	GTC Section 1.49
1.3.1	GTC Section 1.19
1.3.2(i-vi)	GTC Section 1.31 (a-e)
	GTC Section 6.2(e)
1.3.3	GTC Section 6.3(c)(6)

1.3.6	GTC Section 6.2(h)(4)
1.3.9	GTC Section 6.2(h)
1.3.11	GTC Section 6.2(h)
1.3.13	GTC Section 6.2(h)
1.3.14	GTC Section 1.11
1.3.15	GTC Section 6.2(b)
1.3.16	GTC Section 6.2(b)
1.3.19	GTC Section 6.2(f)
1.3.22	GTC Section 6.3(d)
1.3.28	GTC Section 6.2(b)
1.3.32	GTC Section 6.2(h)
1.3.33	GTC Section 6.2(h)
1.3.40	GTC Section 6.3(i)
1.3.44	GTC Section 6.3(k)
1.3.51	GTC Section 7.2(c)(3)(vii)
1.3.80	GTC Section 6.2(l)
2.2.1	GTC Section 1.32
2.2.2	GTC Section 18.6(a)(1)
2.2.3	GTC Section 18.6(a)(2)
2.3.3	GTC Section 8.3(b)
2.3.4	GTC Section 8.3(c)
2.3.6	GTC Section 8.3(e)
2.3.11	GTC Section 8.4(a)
2.3.13	GTC Section 8.4(a)
2.3.16	GTC Section 8.3(a)
2.3.18	GTC Section 8.3(a)
2.3.20	GTC Section 8.3(d)
2.3.26	GTC Section 8.4(b)
2.3.30	GTC Section 18.6(b)(1)

2.3.31	GTC Section 19.4(g)
2.3.40	GTC Section 18.6(b)(5)
2.3.41	GTC Section 18.6(b)(2)
2.3.42	GTC Section 18.6(b)(3)
2.3.43	GTC Section 18.6(b)(4)
2.3.44	GTC Section 18.6(b)(6)
2.3.45	GTC Section 18.6(b)(9)
2.3.47	GTC Section 18.6(b)(10)
2.3.48	GTC Section 18.6(b)(12)
2.3.50	GTC Section 18.6(b)(7)
3.2.1	GTC Section 1.4
3.3.9	GTC Section 10.1
3.3.17	GTC Section 10.5(a)
3.3.18	GTC Section 10.5(a)
3.3.19	GTC Section 10.5(d)
3.3.25	GTC Section 10.5(a)
5.2.1	GTC Section 1.8
5.2.2	GTC Section 1.18
5.2.3	GTC Section 1.13
5.3.1	GTC Section 14.1(b)
5.3.2	GTC Section 14.1(c)
5.3.3	GTC Section 14.2(c)
5.3.4	GTC Section 14.2(c)
5.3.13	GTC Section 14.4(f)
5.3.14	GTC Section 14.2(d)
5.3.16	GTC Section 14.2(d)
5.3.24	GTC Section 14.3(e)
5.3.25	GTC Section 14.3(d)
5.3.34	GTC Section 7.2(c)(3)(vii)
	GTC Section 16.3(a)

	GTC Section 17.3(e)(1)
	GTC Section 7.2(c)(3)(vii)
5.3.35	GTC Section 16.3(b)
	GTC Section 17.3(e)(2)
	GTC Section 7.2(c)(3)(vii)
5.3.36	GTC Section 16.3(c)
	GTC Section 17.3(e)(3)
5.3.44	GTC Section 14.8(c)
5.3.45	GTC Section 14.8(c)
5.3.49	GTC Section 14.8(c)
5.3.55	GTC Section 14.8(d)
5.3.57	GTC section 14.8(d)
5.3.59	GTC Section 14.5(e)
5.3.60	GTC Section 14.9(d)
5.3.63	GTC Section 14.2(c)(2)
5.3.64	GTC Section 14.2(c)(2)

Standards Incorporated by Reference:

Additional Standards:

General:

Definition:
0.2.5

Standards:
0.3.1, 0.3.2, 0.3.16, 0.3.17

Gas/Electric Operational Communications:

Definitions:

0.2.1, 0.2.2, 0.2.3, 0.2.4

Standards:

0.3.11, 0.3.12, 0.3.13, 0.3.14, 0.3.15

Operating Capacity and Unsubscribed:

Standards:

0.3.18, 0.3.20, 0.3.21, 0.3.22

Datasets:

0.4.2, 0.4.3

Location Data Download:

Standards:

0.3.23, 0.3.24, 0.3.25, 0.3.26, 0.3.27, 0.3.28, 0.3.29

Dataset:

0.4.4

Storage Information:

Dataset:

0.4.1

Nominations Related Standards:

Definitions:

1.2.1, 1.2.2, 1.2.8, 1.2.10, 1.2.13, 1.2.14, 1.2.17, 1.2.18, 1.2.19

Standards:

1.3.4, 1.3.5, 1.3.7, 1.3.8, 1.3.17, 1.3.18, 1.3.20, 1.3.21, 1.3.23, 1.3.24, 1.3.25, 1.3.26, 1.3.27, 1.3.29, 1.3.30, 1.3.31, 1.3.34, 1.3.35, 1.3.36, 1.3.37, 1.3.38, 1.3.39, 1.3.41, 1.3.42, 1.3.43, 1.3.45, 1.3.46, 1.3.48, 1.3.53, 1.3.55, 1.3.56, 1.3.58, 1.3.62, 1.3.64, 1.3.65, 1.3.66, 1.3.67, 1.3.68, 1.3.69, 1.3.70, 1.3.71, 1.3.72, 1.3.73, 1.3.74, 1.3.75, 1.3.76, 1.3.77, 1.3.79, 1.3.81, 1.3.82

Datasets:

1.4.1, 1.4.2, 1.4.3, 1.4.4, 1.4.5, 1.4.6, 1.4.7

Flowing Gas Related Standards:

Definitions:

2.2.4, 2.2.5

Standards:

2.3.1, 2.3.2, 2.3.5, 2.3.7, 2.3.8, 2.3.9, 2.3.10, 2.3.12, 2.3.14, 2.3.15, 2.3.17, 2.3.19, 2.3.21, 2.3.22, 2.3.23, 2.3.25, 2.3.27, 2.3.28, 2.3.29, 2.3.32, 2.3.46, 2.3.51, 2.3.52, 2.3.53, 2.3.54, 2.3.55, 2.3.56, 2.3.57, 2.3.58, 2.3.59, 2.3.60, 2.3.61, 2.3.62, 2.3.63, 2.3.64, 2.3.65, 2.3.66

Datasets:

2.4.1, 2.4.2, 2.4.3, 2.4.4, 2.4.5, 2.4.6, 2.4.7, 2.4.8, 2.4.9, 2.4.10, 2.4.11, 2.4.17, 2.4.18

Invoicing Related Standards:

Standards:

3.3.3, 3.3.4, 3.3.5, 3.3.6, 3.3.7, 3.3.8, 3.3.10, 3.3.11, 3.3.12, 3.3.13, 3.3.14, 3.3.15, 3.3.16, 3.3.21, 3.3.22, 3.3.23, 3.3.24, 3.3.26

Datasets:

3.4.1, 3.4.2, 3.4.3, 3.4.4

Quadrant Electronic Delivery Mechanism Related Standards:

Definitions:

4.2.1, 4.2.2, 4.2.3, 4.2.4, 4.2.5, 4.2.6, 4.2.7, 4.2.8, 4.2.9, 4.2.10, 4.2.11, 4.2.12, 4.2.13, 4.2.14, 4.2.15, 4.2.16, 4.2.17, 4.2.18, 4.2.19, 4.2.20

Standards:

4.3.1, 4.3.2, 4.3.3, 4.3.16, 4.3.17, 4.3.18, 4.3.20, 4.3.22, 4.3.23, 4.3.24, 4.3.25, 4.3.26, 4.3.27, 4.3.28, 4.3.30, 4.3.31, 4.3.32, 4.3.33, 4.3.34, 4.3.35, 4.3.36, 4.3.38, 4.3.40, 4.3.41, 4.3.42, 4.3.43, 4.3.44, 4.3.45, 4.3.46, 4.3.47, 4.3.48, 4.3.49, 4.3.50, 4.3.52, 4.3.53, 4.3.54, 4.3.55, 4.3.57, 4.3.58, 4.3.60, 4.3.61, 4.3.62, 4.3.66, 4.3.67, 4.3.68, 4.3.69, 4.3.72, 4.3.75, 4.3.78, 4.3.79, 4.3.80, 4.3.81, 4.3.82, 4.3.84, 4.3.85, 4.3.86, 4.3.87, 4.3.89, 4.3.90, 4.3.91, 4.3.92, 4.3.93, 4.3.94, 4.3.95, 4.3.96, 4.3.97, 4.3.98, 4.3.99, 4.3.100, 4.3.101, 4.3.102, 4.3.103, 4.3.104, 4.3.105, 4.3.106, 4.3.107, 4.3.108, 4.3.109, 4.3.110

Capacity Release Standards:

Definitions:

5.2.4, 5.2.5

Standards:

5.3.5, 5.3.7, 5.3.8, 5.3.9, 5.3.10, 5.3.11, 5.3.12, 5.3.15, 5.3.18, 5.3.19, 5.3.20, 5.3.21, 5.3.22, 5.3.23, 5.3.26, 5.3.28, 5.3.29, 5.3.31, 5.3.32, 5.3.33, 5.3.37, 5.3.38, 5.3.39, 5.3.40, 5.3.41, 5.3.42, 5.3.46, 5.3.47, 5.3.48, 5.3.50, 5.3.51, 5.3.52, 5.3.53, 5.3.54, 5.3.56, 5.3.58, 5.3.62, 5.3.62a, 5.3.65, 5.3.66, 5.3.67, 5.3.68, 5.3.69, 5.3.70, 5.3.71, 5.3.72, 5.3.73

Datasets:

5.4.14, 5.4.15, 5.4.16, 5.4.17, 5.4.20, 5.4.21, 5.4.22, 5.4.23, 5.4.24, 5.4.25, 5.4.26, 5.4.27

Internet Electronic Transport Related Standards:

Definitions:

10.2.1, 10.2.2, 10.2.3, 10.2.4, 10.2.5, 10.2.6, 10.2.7, 10.2.8, 10.2.9, 10.2.10, 10.2.11, 10.2.12, 10.2.13, 10.2.14, 10.2.15, 10.2.16, 10.2.17, 10.2.18, 10.2.19, 10.2.20, 10.2.21, 10.2.22, 10.2.23, 10.2.24, 10.2.25, 10.2.26, 10.2.27, 10.2.28, 10.2.29, 10.2.30, 10.2.31, 10.2.32, 10.2.33, 10.2.34, 10.2.35, 10.2.36, 10.2.37, 10.2.38, 10.2.39

Standards:

10.3.1, 10.3.3, 10.3.4, 10.3.5, 10.3.6, 10.3.7, 10.3.8, 10.3.9, 10.3.10, 10.3.11, 10.3.12, 10.3.14, 10.3.15, 10.3.16, 10.3.17, 10.3.18, 10.3.19, 10.3.20, 10.3.21, 10.3.22, 10.3.23, 10.3.24, 10.3.25, 10.3.26, 10.3.27, 10.3.28, 10.3.29

Standards for which Waiver or Extension of Time to Comply have been granted:

NAESB Standard

Waiver or Extension of Time

37. Offsystem Pipeline Capacity

From time to time, Transporter may acquire capacity on a third-party system. When Transporter acquires such offsystem capacity, it will utilize the offsystem capacity to provide service to Transporter's shippers under its FERC Gas Tariff, and the "shipper must have title" policy is waived to permit such use. This Section 37 does not preclude Transporter from seeking case specific authorization for the utilization of off-system capacity by Transporter for other purposes.

In the event that offsystem capacity used to render service to Transporter's Shippers is subject to renewal limitations, consistent with the offsystem capacity provider's tariff or operating statement, Transporter will indicate, in any posting of capacity available for service, any limitation to extension rights that will apply as a result of the limitation on the offsystem capacity. Any such extension limitation shall be reflected in the Service Agreement between Transporter and Shipper. This provision shall not impact any right of first refusal Shipper may have pursuant to this tariff, except that extension of the affected Service Agreement shall be limited to the term of Transporter's contract or service agreement with the offsystem capacity provider.

38. Reimbursement of Sales and Use Taxes

Shipper shall pay to Transporter any applicable energy, value added, sales or use tax, or similar tax, and any penalty and interest imposed on the Shipper by the federal government, any state, or by any political subdivision of a state, which amount Transporter is obligated by law to collect and remit. Payment shall be at the applicable rate prescribed by law. If Shipper is exempt from the obligation to pay such taxes, Shipper shall provide Transporter with documentation establishing that exemption.

39. OPERATIONAL PURCHASE AND SALES

39.1 Transporter may buy and/or sell gas to the extent necessary to:

- (a) maintain system pressure and line pack;
- (b) manage system imbalances;
- (c) perform other operational functions of Transporter in connection with transportation, and other similar services; and
- (d) otherwise protect the operational integrity of Transporter's system.

Any operational purchases and/or sales will be made on an unbundled basis and the purchaser will be responsible for any transportation. Sales by Transporter will be made at receipt point(s), which may include Pooling Points or Aggregation Points, as defined in Transporter's IPP or AS-Gulf Rate Schedules, or at the points of interconnection with the upstream pipelines prior to receipt into Transporter's system. Purchases by Transporter will be made at locations where the gas may be most operationally needed from time to time.

39.2 Transporter will post its operational sales quantities for bidding on its electronic bulletin board in accordance with the applicable bidding provisions which will be posted at the time of the sale. Transporter reserves the right, in its sole discretion,

- (a) to withdraw its postings;
- (b) reject all bids due to operational changes; and
- (c) reject any bids which do not meet or which contain modifications to the terms of the posting or which contain terms that are operationally unacceptable.

39.3 Transporter will file a report on or before March 1 of each year reflecting the operational purchases/sales for the 12-month period ending the preceding December 31. The report will indicate:

- (a) the source of the operational gas purchased/sold;
- (b) the date of the purchase/sale;
- (c) volumes;
- (d) the purchase/sale price;
- (e) the costs and revenues from the purchase/sale;

- (f) the disposition of the associated costs and revenues, including their absorption by Transporter;
- (g) an explanation of the purpose of any operational purchase/sales; and
- (h) whether Transporter exercised its rights under Section 39.2(a) and (b).

40. RESERVATION CHARGE CREDITS

Transporter will provide reservation charge credits to a Shipper under Rate Schedules FTS-1 and FTS-2 when it is unable to schedule or deliver up to the Shipper's applicable Transportation Demand, taking into account capacity release activity, under the applicable service agreement on a firm daily basis, subject to the following conditions:

40.1 Reservation charge credits shall not be applicable:

- (a) To the extent that:
 - (1) Transporter's inability to schedule quantities on behalf of Shipper is due to that Shipper's failure to perform in accordance with the terms of the applicable Rate Schedule or Service Agreement; provided that the issuance of an Operational Flow Order in accordance with Section 17 of the General Terms and Conditions will not relieve Transporter of its obligation to provide reservation charge credits;
 - (2) a Shipper delivers gas that fails to conform to the gas quality specifications detailed in Section 25 of the General Terms and Conditions; or
- (b) To quantities in excess of Shipper's applicable Transportation Demand under each of its firm service agreements; or
- (c) To quantities that Transporter is unable to schedule at a receipt or delivery point due to the allocation of capacity to a Shipper that was properly scheduled in an earlier nomination cycle that is not eligible to be reduced (bumped) in the current cycle; or
- (d) To quantities nominated by and subsequently delivered to Shipper at another primary point or a secondary point during the Gas Day; provided, however, that Shipper will not be obligated to submit nominations to another primary or secondary delivery point; or
- (e) When at Shipper's election, Shipper's actual deliveries are less than its scheduled deliveries, or
- (f) With respect to quantities that Shipper elects not to receive at a primary delivery point when such gas quantities meet Transporter's obligations under this Tariff with respect to delivery of Shipper's gas.

40.2 Calculation and Volume Determination:

Subject to the provisions of Section 40.1, reservation charge credits will be determined as follows. Reservation charge credits under Transporter's firm transportation services will apply when Transporter is unable to schedule or deliver a Shipper's nominated primary receipt point to primary delivery point volume due to a force majeure event, as defined in Section 15.1 of the

General Terms and Conditions, or for reasons other than a force majeure event (i.e., a non-force majeure event as that term is used in Section 40.2(b)(2) below). To the extent Transporter is unable to deliver the Force Majeure Average Usage Quantity (as defined below), or Non-Force Majeure Average Usage Quantity (as defined below), as applicable, to a firm transportation service Shipper on any Gas Day due to capacity shortfall pursuant to Sections 7 and 16 of the General Terms and Conditions, reservation charge credits will be calculated subject to the following conditions.

(a) Force Majeure Event

- (1) When Transporter is unable to schedule or deliver up to the Shipper's Force Majeure Average Usage Quantity (as defined below) for a period greater than ten (10) consecutive days as a result of a force majeure event, as defined in Section 15.1 of the General Terms and Conditions, then for each day beyond ten (10) days that Transporter so fails to provide service, Transporter will pay a reservation charge credit to such Shipper equal to the product of the daily Force Majeure Average Usage Quantity determined in Section 40.2(a)(2), less any applicable quantity that Shipper nominated and Transporter was able to schedule and deliver on that Gas Day, multiplied by the contract reservation rate, stated on a daily basis. For quantities released to Replacement Shippers, as defined in Section 14.2 of the General Terms and Conditions, reservation charge credits will be the product of the daily Force Majeure Average Usage Quantity determined in Section 40.2(a)(2), less any applicable quantity scheduled and delivered by Transporter, multiplied by the Releasor's currently effective reservation rate; provided however, that the maximum rate for purposes of calculating the credit shall not exceed the applicable maximum recourse rate. Notwithstanding the foregoing, credits applicable to volumes released to an asset manager, as defined in 18 C.F.R. § 284.8(h)(3), shall be calculated based on the Releasor's currently effective reservation charge and shall be payable to the Releasor, unless otherwise agreed to in writing by the Replacement Shipper and the Releasor and credits applicable to volumes released to a marketer participating in a state-regulated retail access program as defined in 18 C.F.R. § 284.8(h)(4) shall be calculated based on the Releasor's currently effective reservation charge and shall be payable to the Replacement Shipper, unless (a) the state agency with jurisdiction over the retail access program provides otherwise and/or (b) the agreement between the Replacement Shipper and the Releasor provides otherwise. Provided, however, that the reservation charges described in this Section 40.2(a)(1) shall not be credited to the extent that the Shipper utilizes secondary service.
- (2) Provided Transporter posts notice of the force majeure event prior to the Timely Nomination Cycle deadline for the first Gas Day of the force majeure event, then Shipper's "Force Majeure Average Usage Quantity" for any Gas Day will be determined by calculating the Shipper's average usage (measured

as the quantity of gas actually delivered each Gas Day), up to its applicable Transportation Demand, for services from the Shipper's primary receipt point(s) to the Shipper's primary delivery point(s), as set forth in Shipper's Service Agreement, during the seven (7) Gas Days during which Transporter did not experience a force majeure event or non-force majeure event prior to the date of the first posting of notice of the force majeure event on Transporter's EBB. If Transporter fails or is unable to post notice of the force majeure event prior to the Timely Nomination Cycle deadline for the first Gas Day of the force majeure event, then: (i) a Shipper's "Force Majeure Average Usage Quantity" for the first Gas Day of the force majeure event and for any subsequent Gas Days during a force majeure event on which Transporter has not notified Shipper that the force majeure event shall continue prior to the Timely Nomination Cycle deadline on such Gas Day will be the quantity of firm service from the Shipper's primary receipt point(s) to Shipper's primary delivery point(s), as reflected in Shipper's Service Agreement, up to Shipper's applicable Transportation Demand, that Shipper nominated for scheduling; provided that no reservation charge credits shall apply to any increased volumes Shipper may nominate under its firm Service Agreement after Transporter posted notice of the force majeure event; and (ii) provided that Transporter has notified Shipper that the force majeure event shall continue on subsequent Gas Days, the "Force Majeure Average Usage Quantity" for each subsequent Gas Day of the force majeure event will be Shipper's average usage (measured as the quantity of gas actually delivered each Gas Day), up to its applicable Transportation Demand, for services from the Shipper's primary receipt point(s) to the Shipper's primary delivery point(s), as reflected in Shipper's Service Agreement, during the seven (7) Gas Days during which Transporter did not experience a force majeure event or non-force majeure event prior to the first Gas Day of the force majeure event. Only service provided from the Shipper's primary receipt point(s) to the Shipper's primary delivery point(s) affected by the force majeure event shall be included in the "Force Majeure Average Usage Quantity."

- (3) If Transporter has given advanced notice that no firm transportation service from the Shipper's Primary Receipt Point(s) to the Shipper's Primary Delivery Point, as set forth in Shipper's Service Agreement, will be available during the force majeure event, then Shipper shall not be required to provide nominations to Transporter on any Primary Receipt Point to Primary Delivery Point quantities to receive reservation charge credits, and shall continue to be permitted to nominate for capacity on a secondary basis.

(b) Non-Force Majeure Event

- (1) When Transporter is unable to schedule or deliver up to the Shipper's Non-Force Majeure Average Usage Quantity (as defined below) on any Gas Day

for reasons other than a force majeure event (i.e., a non-force majeure event as that term is used in Section 40.2(b)(2) below) pursuant to Sections 7 and 16 of the General Terms and Conditions, Transporter will pay a reservation charge credit to such Shipper equal to the product of the daily Non-Force Majeure Average Usage Quantity determined in Section 40.2(b)(2), less any applicable quantity that Shipper nominated and Transporter was able to schedule and deliver on that Gas Day, multiplied by the contract reservation rate, stated on a daily basis. For quantities released to Replacement Shippers, as defined in Section 14.2 of the General Terms and Conditions, reservation charge credits will be the product of the daily Non-Force Majeure Average Usage Quantity determined in Section 40.2(b)(2), less any applicable quantity scheduled and delivered by Transporter, multiplied by the Releasor's currently effective reservation rate; provided however, that the maximum rate for purposes of calculating the credit shall not exceed the applicable maximum recourse rate. Notwithstanding the foregoing, credits applicable to volumes released to an asset manager, as defined in 18 C.F.R. § 284.8(h)(3), shall be calculated based on the Releasor's currently effective reservation charge and shall be payable to the Releasor, unless otherwise agreed to in writing by the Replacement Shipper and the Releasor and credits applicable to volumes released to a marketer participating in a state-regulated retail access program as defined in 18 C.F.R. § 284.8(h)(4) shall be calculated based on the Releasor's currently effective reservation charge and shall be payable to the Replacement Shipper, unless (a) the state agency with jurisdiction over the retail access program provides otherwise and/or (b) the agreement between the Replacement Shipper and the Releasor provides otherwise. Provided, however, that the reservation charges described in this Section 40.2(b)(1) shall not be credited to the extent that the Shipper utilizes secondary service.

- (2) Provided Transporter posts notice of the non-force majeure event prior to the Timely Nomination Cycle deadline for the first Gas Day of the non-force majeure event, then a Shipper's "Non-Force Majeure Average Usage Quantity" for any Gas Day during the non-force majeure event will be determined by calculating the Shipper's average usage (measured as the quantity of gas actually delivered each Gas Day), up to its applicable Transportation Demand, for services from the Shipper's primary receipt point(s) to the Shipper's primary delivery point(s), as reflected in Shipper's Service Agreement, during the seven (7) Gas Days during which Transporter did not experience a force majeure event or non-force majeure event prior to the date of the first posting of notice of the non-force majeure event on Transporter's EBB. If Transporter fails or is unable to post notice of the non-force majeure event prior to the Timely Nomination Cycle deadline for the first Gas Day of the non-force majeure event, then: (i) a Shipper's "Non-Force Majeure Average Usage Quantity" for the first Gas Day of the non-force majeure event and for any subsequent Gas Days during a non-force majeure

event on which Transporter has not notified Shipper that the non-force majeure event shall continue prior to the Timely Nomination Cycle deadline on such Gas Day will be the quantity of firm service from the Shipper's primary receipt point(s) to Shipper's primary delivery point(s), as reflected in Shipper's Service Agreement, up to Shipper's applicable Transportation Demand, that Shipper nominated for scheduling; provided that no reservation charge credits shall apply to any increased volumes Shipper may nominate under its firm Service Agreement after Transporter posted notice of the non-force majeure event; and (ii) provided that Transporter has notified Shipper that the non-force majeure event shall continue on subsequent Gas Days, the "Non-Force Majeure Average Usage Quantity" for each subsequent Gas Day of the non-force majeure event will be Shipper's average usage (measured as the quantity of gas actually delivered each Gas Day), up to its applicable Transportation Demand, for services from the Shipper's primary receipt point(s) to the Shipper's primary delivery point(s), as reflected in Shipper's Service Agreement, during the seven (7) Gas Days during which Transporter did not experience a force majeure event or non-force majeure event prior to the first Gas Day of the non-force majeure event. Only service provided from the Shipper's primary receipt point(s) to the Shipper's primary delivery point(s) affected by the non-force majeure event shall be included in the "Non-Force Majeure Average Usage Quantity."

- (3) If Transporter has given advanced notice that no firm transportation service from the Shipper's Primary Receipt Point(s) to the Shipper's Primary Delivery Point, as set forth in Shipper's Service Agreement, will be available during the non-force majeure event, then Shipper shall not be required to provide nominations to Transporter on any Primary Receipt Point to Primary Delivery Point quantities to receive reservation charge credits, and shall continue to be permitted to nominate for capacity on a secondary basis.

40.3 Any reservation charge credit payable will be reflected on the Shipper's monthly invoice and will be applied first to offset any outstanding past due balances owed by Shipper.

40.4 Reservation charge credits applicable to service agreements that are not in effect due to termination will be paid by Transporter to Shipper in dollars no later than the 15th Day of the second Month following the Month the credit was generated, net of any amount(s) owed to Transporter.

40.5 Shippers shall have the right to dispute the availability and calculation of any reservation charge credit in accordance with Section 29 of the General Terms and Conditions.

SERVICE AGREEMENT FORMS

REFERENCE TO CUSTOMERS HAVING NON-CONFORMING SERVICE AGREEMENTS
PURSUANT TO SECTION 154.112(B) OF THE COMMISSION'S REGULATIONS:

<u>Shipper</u>	<u>Rate Schedule</u>	<u>Contract Number</u>	<u>Effective Date</u>	<u>Termination Date</u>	<u>Docket Number</u>
ATP Oil & Gas Corporation	ITS-2	73277	4/1/2011		RP13-683
Antero Resources Corporation	FTS-1	158017	11/1/2014	6/30/2028	RP15-55
Antero Resources Corporation	FTS-1	158018	11/1/2014	10/31/2022	RP15-55
Range Resources – Appalachia, LLC	FTS-1	174461	11/1/2017	10/31/2032	RP17-1116
Kaiser Marketing Appalachian, LLC	FTS-1	174463	1/1/2018	12/31/2033	RP17-1116
EQT Energy, LLC	FTS-1	198521	1/1/2018	10/31/2032	RP18-812
Mitsui & Co. Cameron LNG Sales, Inc.	FTS-1	172619	3/1/2018	7/22/2038	RP18-380
Marubeni Natural Gas and LNG America Corp.	FTS-1	177680	8/1/2023	9/28/2038	RP23-952
TotalEnergies Gas & Power North America, Inc.	FTS-1	210086	7/1/2023	5/31/2038	RP23-874
Antero Resources Corporation	FTS-1	198840	2/27/2019	2/26/2034	RP19-372
Kaiser Marketing Appalachian, LLC	FTS-1	198841	3/15/2019	3/14/2034	RP19-372
Equinor Natural Gas LLC	FTS-1	198842	2/27/2019	2/26/2034	RP19-372
Expand Energy Marketing LLC	FTS-1	198843	3/1/2019	2/28/2034	RP19-372
Expand Energy Marketing LLC	FTS-1	216577	1/1/2021	10/31/2032	RP21-284
Sabine Pass Liquefaction, LLC	FTS-1	214599	10/1/2022	9/30/2042	RP22-998
Venture Global Plaquemines LNG, LLC	FTS-1	265290	5/1/2025	4/30/2045	RP25-

[Applicable to the following Rate Schedules: FTS-1, FTS-2, ITS-1, ITS-2]

Service Agreement No. _____

Revision No. _____

SERVICE AGREEMENT

THIS AGREEMENT is made and entered into this _____ day of _____, 20____, by and between COLUMBIA GULF TRANSMISSION, LLC (“Transporter”) and _____ (“Shipper”).

WITNESSETH: That in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

Section 1. Service to be Rendered. Transporter shall perform and Shipper shall receive the service in accordance with the provisions of the effective _____ Rate Schedule and applicable General Terms and Conditions of Transporter's FERC Gas Tariff, Third Revised Volume No. 1 (“Tariff”), on file with the Federal Energy Regulatory Commission (“Commission”), as the same may be amended or superseded in accordance with the rules and regulations of the Commission herein contained. The maximum obligations of Transporter to deliver gas hereunder to or for Shipper, the designation of the points of delivery at which Transporter shall deliver or cause gas to be delivered to or for Shipper, and the points of receipt at which the Shipper shall deliver or cause gas to be delivered, are specified in Appendix A, as the same may be amended from time to time by agreement between Shipper and Transporter, or in accordance with the rules and regulations of the Commission.

Section 2. Term. Service under this Agreement shall commence as of _____, [or when applicable, “This Agreement shall be effective as of the later of _____, or the date that all of Transporter's _____ (insert project name) facilities necessary to provide firm transportation service to Shipper have been commissioned, tested, and are ready for service as determined in Transporter's discretion”] and shall continue in full force and effect until _____ [or, when applicable, “shall remain in full force and effect for a term of _____”] [or, when applicable to Rate Schedules ITS-1 or ITS-2, “Service under this Agreement shall commence as of _____, and shall continue from month to month thereafter until terminated by either Transporter or Shipper upon thirty days prior notice”]. Shipper and Transporter agree to avail themselves of the Commission's pre-granted abandonment authority upon termination of this Agreement, subject to any right of first refusal Shipper may have under the Commission's Regulations and Transporter's Tariff.

Section 3. Rates. Shipper shall pay the charges and furnish the Retainage as described in the above-referenced Rate Schedule, unless otherwise agreed to by the parties in writing and specified as an amendment to this Service Agreement. Transporter may agree to discount its rate to Shipper below Transporter's maximum rate, but not less than Transporter's minimum rate.

Such discounted rate may apply to: (a) specified quantities (contract demand or commodity quantities); (b) specified quantities above or below a certain level or all quantities if quantities exceed a certain level; (c) quantities during specified time periods; (d) quantities at specified points, locations, or other defined geographical areas; (e) that a specified discounted rate will apply in a specified relationship to the quantities actually transported (i.e., that the reservation charge will be adjusted in a specified relationship to quantities actually transported); and (f) production and/or reserves committed by the Shipper.

Section 4. Notices. Notices to Transporter under this Agreement shall be addressed to it at 700 Louisiana St., Suite 700, Houston, Texas 77002-2700, Attention: Customer Services and notices to Shipper shall be addressed to it at _____, Attention: _____, until changed by either party by written notice.

Section 5. Superseded Agreements. This Service Agreement supersedes and cancels, as of the effective date hereof, the following Service Agreement(s): _____.

[if applicable, pursuant to Section 9.6(d) of the General Terms and Conditions] Section 6. Credit Annex. The credit requirements appended hereto as Attachment A are incorporated herein by reference with full force and effect and are made a part of this Service Agreement as though restated herein verbatim.

[SHIPPER]

COLUMBIA GULF TRANSMISSION, LLC

By _____ By _____

Title _____ Title _____

Date _____ Date _____

(For FTS-1 and FTS-2 Rate Schedules) Revision No. ____

Appendix A to Service Agreement No. _____
Under Rate Schedule _____
between Columbia Gulf Transmission, LLC (“Transporter”)
and _____ (“Shipper”)

Transportation Demand

<u>Begin</u> <u>Date</u>	<u>End</u> <u>Date</u>	<u>Transportation</u> <u>Demand Dth/day</u>	<u>Recurrence</u> <u>Interval</u>
-----------------------------	---------------------------	--	--------------------------------------

Primary Receipt Points

<u>Begin</u> <u>Date</u>	<u>End</u> <u>Date</u>	<u>Measuring</u> <u>Point No.</u>	<u>Measuring</u> <u>Point Name</u>	<u>Maximum Daily Quantity</u> <u>(Dth/day)</u>	<u>Recurrence</u> <u>Interval</u>
-----------------------------	---------------------------	--------------------------------------	---------------------------------------	---	--------------------------------------

Primary Delivery Points

<u>Begin</u> <u>Date</u>	<u>End</u> <u>Date</u>	<u>Measuring</u> <u>Point No.</u>	<u>Measuring</u> <u>Point Name</u>	<u>Maximum Daily Quantity</u> <u>(Dth/day)</u>	<u>Recurrence</u> <u>Interval</u>
-----------------------------	---------------------------	--------------------------------------	---------------------------------------	---	--------------------------------------

The Master List of Interconnects (“MLI”) as defined in Section 1 of the General Terms and Conditions of Transporter’s Tariff is incorporated herein by reference for purposes of listing valid secondary interruptible receipt points and delivery points.

Transporter and Shipper have mutually agreed to the following maximum or minimum pressure commitments:

____ Yes ____ No (Check applicable blank) Transporter and Shipper have mutually agreed to a Regulatory Restructuring Reduction Option pursuant to Section 33 of the General Terms and Conditions of Transporter's FERC Gas Tariff.

____ Yes ____ No (Check applicable blank) Shipper has a contractual right of first refusal equivalent to the right of first refusal set forth from time to time in Section 4 of the General Terms and Conditions of Transporter's FERC Gas Tariff.

____ Yes ____ No (Check applicable blank) This Service Agreement covers interim capacity sold pursuant to the provisions of General Terms and Conditions Section 4. Right of first refusal rights, if any, applicable to this interim capacity are limited as provided for in General Terms and Conditions Section 4.

[SHIPPER]

COLUMBIA GULF TRANSMISSION, LLC

By _____

By _____

Title _____

Title _____

Date _____

Date _____

(For ITS-1 and ITS-2 Rate Schedules)

Revision No. _____

Appendix A to Service Agreement No.
Under Rate Schedule
between Columbia Gulf Transmission, LLC (“Transporter”)
and _____ (“Shipper”)

<u>Begin</u> <u>Date</u>	<u>End</u> <u>Date</u>	<u>Transportation Quantity (Dth/day)</u>
-----------------------------	---------------------------	--

The Master List of Interconnects (“MLI”) as defined in Section 1 of the General Terms and Conditions of Transporter’s Tariff is incorporated herein by reference for purposes of listing valid interruptible receipt points and delivery points.

[SHIPPER]

COLUMBIA GULF TRANSMISSION, LLC

By _____ By _____

Title _____ Title _____

Date _____ Date _____

[For FTS-1 and FTS-2 Rate Schedule]

Appendix B to Service Agreement No. _____
Under Rate Schedule _____

between Columbia Gulf Transmission, LLC (Transporter)
and _____ (Shipper)

Capacity Reduction Option Provisions*

SERVICE PACKAGE:

OPTION PERIOD(S) _____

OPTION DESCRIPTION _____

OPTION CONSIDERATION _____

ANY LIMITATIONS ON
THE EXERCISE OF THE
CAPACITY REDUCTION
OPTION AS BID BY
THE SHIPPER:

* NOTICE MUST BE GIVEN AS PROVIDED FOR IN GENERAL TERMS AND
CONDITIONS SECTION 4.4(c).

Service Agreement No. _____
Revision No. _____

AS-GULF SERVICE AGREEMENT

THIS AGREEMENT is made and entered into this ____ day of _____, 20____, by and between COLUMBIA GULF TRANSMISSION, LLC (“Transporter”) and _____ (“Shipper”).

WITNESSETH: That in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

Section 1. Service to be Rendered. Transporter shall perform and Shipper shall receive service in accordance with the provisions of the effective AS-Gulf Rate Schedule and applicable General Terms and Conditions of Transporter's FERC Gas Tariff, Third Revised Volume No. 1 (“Tariff”), on file with the Federal Energy Regulatory Commission (“Commission”), as the same may be amended or superseded in accordance with the rules and regulations of the Commission. The maximum obligation of Transporter to receive gas at multiple receipt points and deliver thermally equivalent quantities at Aggregation Points on an interruptible basis are specified in Appendix A, as the same may be amended from time to time by regulations of the Commission.

Section 2. Term. Service under this Agreement shall commence as of _____, and shall continue in full force and effect until _____ [or, when applicable, “Service under this Agreement shall commence as of _____, and shall continue from month to month thereafter until terminated by either Transporter or Shipper upon thirty days prior notice”]. Pre-granted abandonment shall apply upon termination of this Agreement.

Section 3. Rates. Shipper shall pay Transporter any charges and furnish any Retainage as may be described in the above-referenced Rate Schedule, unless otherwise agreed to by the parties in writing and specified as an amendment to this Service Agreement.

Section 4. Notices. Notices to Transporter under this Agreement shall be addressed to it at 700 Louisiana St., Suite 700, Houston, Texas 77002-2700, Attention: Customer Services and notices to Shipper shall be addressed to it at _____, Attention: _____, until changed by either party by written notice.

Section 5. Superseded Agreements. This Service Agreement supersedes and cancels, as of the effective date hereof, the following Service Agreement(s): _____.

[SHIPPER]

COLUMBIA GULF TRANSMISSION, LLC

By _____

By _____

Title _____

Title _____

Date _____

Date _____

[For AS-Gulf Rate Schedule]

Revision No. _____

Appendix A to Service Agreement No.
Under Rate Schedule AS-Gulf
between Columbia Gulf Transmission, LLC (“Transporter”)
and _____ (“Shipper”)

Transportation Quantity

<u>Begin Date</u>	<u>End Date</u>	Transportation Quantity <u>Dth/day</u>
-------------------	-----------------	---

Service under this Rate Schedule is available from Receipt Points for Production within each Aggregation Area to the Aggregation Point specified for that Aggregation area.

[SHIPPER]

COLUMBIA GULF TRANSMISSION, LLC

By _____ By _____

Title _____ Title _____

Date _____ Date _____

Service Agreement No. _____
Revision No. _____

IPP-GULF SERVICE AGREEMENT

THIS AGREEMENT is made and entered into this _____ day of _____, 20____, by and between COLUMBIA GULF TRANSMISSION, LLC (“Transporter”) and _____ (“Shipper”).

WITNESSETH: That in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

Section 1. Service to be Rendered. Transporter shall perform and Shipper shall receive an accounting service in accordance with the provisions of the effective IPP-Gulf Rate Schedule and applicable General Terms and Conditions of Transporter's FERC Gas Tariff, Third Revised Volume No. 1 (“Tariff”), on file with the Federal Energy Regulatory Commission (“Commission”), as the same may be amended or superseded in accordance with the rules and regulations of the Commission. Subject to the limitations set forth in the IPP-Gulf Rate Schedule, Transporter shall provide an accounting service for gas supplies pooled by Shipper on an interruptible basis. The Pooling Point(s) designated for service herein shall be:

Onshore Pool _____ or Market Pool _____.

Section 2. Term. Service under this Agreement shall commence as of _____, and shall continue in full force and effect until _____ [or, when applicable, “Service under this Agreement shall commence as of _____, and shall continue from month to month thereafter until terminated by either Transporter or Shipper upon thirty days prior notice”]. Pre-granted abandonment shall apply upon termination of this Agreement.

Section 3. Rates. Shipper shall pay Transporter any charges and furnish any Retainage as may be described in the above-referenced Rate Schedule, unless otherwise agreed to by the parties in writing and specified as an amendment to this Service Agreement.

Section 4. Notices. Notices to Transporter under this Agreement shall be addressed to it at 700 Louisiana St., Suite 700, Houston, Texas 77002-2700, Attention: Customer Services and notices to Shipper shall be addressed to it at _____, Attention: _____, until changed by either party by written notice.

Section 5. Superseded Agreements. This Service Agreement supersedes and cancels, as of the effective date hereof, the following Service Agreement(s): _____

[SHIPPER]

COLUMBIA GULF TRANSMISSION, LLC

By _____

By _____

Title _____

Title _____

Date _____

Date _____

MASTER PAL Agreement No. ____
Revision No. _____

MASTER PAL AGREEMENT

THIS MASTER PAL AGREEMENT ("Agreement") is made and entered into this ____ day of _____, 20____, by and between COLUMBIA GULF TRANSMISSION, LLC ("Transporter") and _____ ("Shipper").

WITNESSTH: That in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

Section 1. Service to be Rendered. Transporter shall perform and Shipper shall receive service in accordance with the provisions of the effective PAL Rate Schedule; the applicable General Terms and Conditions of Transporter's FERC Gas Tariff, Third Revised Volume No. 1 ("Tariff"), on file with the Federal Energy Regulatory Commission ("Commission"), as the same may be amended or superseded in accordance with the rules and regulations of the Commission. Transporter shall park or loan quantities of gas for Shipper as specified in the Transaction Confirmation Sheet for each parking and lending transaction, each of which shall be incorporated into this Service Agreement.

Section 2. Term. Service under this Agreement shall commence as of _____, and shall continue in full force and effect until _____ [or, when applicable, "Service under this Agreement shall commence as of _____, and shall continue from month to month thereafter until terminated by either Transporter or Shipper upon thirty days prior notice"].

Section 3. Rates. Shipper shall pay Transporter the rates as set forth in the Transaction Confirmation Sheet hereto. Transporter may agree to discount its rate to Shipper below Transporter's maximum rate, but not less than Transporter's minimum rate. Such discounted rate may apply to: (a) specified quantities (contract demand or commodity quantities); (b) specified quantities above or below a certain level or all quantities if quantities exceed a certain level; (c) quantities during specified time periods; (d) quantities at specified points, locations, or other defined geographical areas; and (e) that a specified discounted rate will apply in a specified relationship to the quantities actually transported (i.e., that the reservation charge will be adjusted in a specified relationship to quantities actually transported). In addition, the discount agreement may include a provision that if one rate component which was at or below the applicable maximum rate at the time the discount agreement was executed subsequently exceeds the applicable maximum rate due to a change in Transporter's maximum rate so that such rate component must be adjusted downward to equal the new applicable maximum rate, then other rate components may be adjusted upward to achieve the agreed overall rate, so long as none of the resulting rate components exceed the maximum rate applicable to that rate component. Such changes to rate components shall be applied prospectively, commencing with the date a

Commission order accepts revised tariff sections. However, nothing contained herein shall be construed to alter a refund obligation under applicable law for any period during which rates, which had been charged under a discount agreement, exceeded rates which ultimately are found to be just and reasonable.

Section 4. Notices. Notices to Transporter under this Agreement shall be addressed to it at 700 Louisiana St., Suite 700, Houston, Texas 77002-2700, Attention: Customer Services and notices to Shipper shall be addressed to it at _____, Attention: _____, until changed by either party by written notice.

Section 5. Transaction Confirmation Requirement. Shipper must execute a Transaction Confirmation Sheet for each parking and lending transaction in order to receive service under this Agreement. On the Shipper's behalf, Transporter will complete the rate, quantity, and other terms required by the Transaction Confirmation Sheet consistent with the agreed upon transaction. The completed Transaction Confirmation Sheet will be automatically e-mailed to the Shipper and Shipper may choose one of the following two methods of execution (check selection):

_____ Transaction Confirmation Sheet will be deemed executed if not disputed in writing within 2 business days.

_____ Shipper must physically execute and return or transmit the executed electronic or paper copy of the Transaction Confirmation Sheet to Transporter.

Section 6. Superseded Agreements. This Service Agreement supersedes and cancels, as of the effective date hereof, the following Service Agreement(s): _____.

[SHIPPER] COLUMBIA GULF TRANSMISSION, LLC

By _____ By _____

Title _____ Title _____

Date _____ Date _____

TRANSACTION CONFIRMATION SHEET NO. _____
TO MASTER PAL AGREEMENT NO. _____

COMPANY: Columbia Gulf Transmission, LLC

COMPANY'S ADDRESS: 700 Louisiana St., Suite 700, Houston, Texas 77002-2700
Attention: Customer Services

SHIPPER:

SHIPPER'S ADDRESS:

TERM COMMENCEMENT DATE: _____

TERM ENDING DATE: _____

TYPE OF TRANSACTION (check applicable blank): PARK ____; LOAN ____

SCHEDULE FOR SERVICE:

Maximum Quantity Parked/Loaned (Dth): _____

Minimum Quantity Parked/Loaned (Dth): _____

Beginning Date	Ending Date	Point(s) of Transaction	Daily Quantity Delivered to Transporter		Daily Quantity Received From Transporter	
			Minimum (Dth)	Maximum (Dth)	Minimum (Dth)	Maximum (Dth)
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____

RATES:

The maximum Account Balance Charge set forth in the Tariff from time to time shall apply to all service provided under this Master PAL Agreement; provided, Transporter and Shipper may agree to discount the Account Balance Charge in accordance with Transporter's Tariff and Section 3 of the Master PAL Agreement, which discounted Account Balance Charge shall be set forth on this Transaction Confirmation Sheet.

If applicable, the discounted Account Balance Charge for the specified quantities and time periods set forth in the Schedule for Service stated above shall be as set forth below:

<u>Beginning Date</u>	<u>Account Balance Ending Date</u>	<u>Charges (per Dth)</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

If quantities exceed the maximum daily quantities or do not meet the minimum daily quantities agreed to on the above Schedule of Service for any day, the maximum Account Balance Charge set forth in the tariff from time to time shall apply to the account balance on that day. In no event is Transporter obligated to provide service under this Master PAL Agreement for time periods outside the above term commencement and ending dates.

[SHIPPER]

COLUMBIA GULF TRANSMISSION, LLC

By _____ By _____

Title _____ Title _____

Date _____ Date _____

MASTER Auto PAL Agreement No. _____
Revision No. _____

MASTER AUTO PAL AGREEMENT

THIS MASTER AUTO PAL AGREEMENT ("Agreement") is made and entered into this ____ day of _____, 20__, by and between COLUMBIA GULF TRANSMISSION, LLC ("Transporter") and _____ ("Shipper").

WITNESSETH: That in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

Section 1. Service to be Rendered. Transporter shall perform and Shipper shall receive service in accordance with the provisions of: the effective PAL Rate Schedule and the applicable General Terms and Conditions of Transporter's FERC Gas Tariff, Third Revised Volume No. 1 ("Tariff"), on file with the Federal Energy Regulatory Commission ("Commission"), as the same may be amended or superseded in accordance with the rules and regulations of the Commission. Each gas day, any difference between Shipper's scheduled and actual quantities at the points of service set forth in this Agreement will be deemed by Transporter to be an auto park or auto loan (i.e., an auto park for any positive difference, an auto loan for any negative difference).

Section 2. Term. Service under this Agreement shall commence as of _____, and shall continue in full force and effect until _____ [or, when applicable, "Service under this Agreement shall commence as of _____, and shall continue from month to month thereafter until terminated by either Transporter or Shipper upon thirty days prior notice"]. Upon termination of this Master Auto PAL Agreement, any pending parking or lending transaction will be deemed terminated on the same date.

Section 3. Rates. The maximum Account Balance Charge set forth in the Tariff from time to time shall apply to all service provided under this Service Agreement; the Account Balance Charge shall be assessed daily on Shipper's Auto PAL Account Balance. No Account Balance Charge shall be assessed on any day Shipper's Account Balance is zero. Transporter may agree to discount its rate to Shipper below Transporter's maximum rate, but not less than Transporter's minimum rate. Such discounted rate may apply to: (a) specified quantities (contract demand or commodity quantities); (b) specified quantities above or below a certain level or all quantities if quantities exceed a certain level; (c) quantities during specified time periods; (d) quantities at specified points, locations, or other defined geographical areas; and (e) that a specified discounted rate will apply in a specified relationship to the quantities actually transported (i.e., that the reservation charge will be adjusted in a specified relationship to quantities actually transported). In addition, the discount agreement may include a provision that if one rate component which was at or below the applicable maximum rate at the time the discount agreement was executed subsequently exceeds the applicable maximum rate due to a change in Transporter's maximum rate so that such rate component must be adjusted downward to equal the new applicable maximum rate, then other rate components may be adjusted upward

to achieve the agreed overall rate, so long as none of the resulting rate components exceed the maximum rate applicable to that rate component. Such changes to rate components shall be applied prospectively, commencing with the date a Commission order accepts revised tariff sections. However, nothing contained herein shall be construed to alter a refund obligation under applicable law for any period during which rates, which had been charged under a discount agreement, exceeded rates which ultimately are found to be just and reasonable. Transporter will post offers of Auto PAL discounts on its Electronic Bulletin Board at least two business days in advance of the discount's effective date.

Section 4. Quantities and Points of Service. Transporter shall park or loan quantities of natural gas up to a Maximum Cumulative Park/Loan Quantity of _____ Dth and a Maximum Cumulative Loan Quantity of _____ at Shipper's Pooling Point(s). The Maximum Cumulative Park/Loan Quantity shall represent Shipper's maximum account balance (negative or positive) at any time under this Agreement. In no event is Transporter obligated to provide service under this Service Agreement for amounts greater than the Maximum Cumulative Park/Loan Quantity identified in the Agreement, or for time periods outside the Term Commencement and Ending Dates.

Section 5. Notices. Notices to Transporter under this Agreement shall be addressed to it at 700 Louisiana St., Suite 700, Houston, Texas 77002-2700, Attention: Customer Services and notices to Shipper shall be addressed to it at _____, Attention: _____, until changed by either party by written notice.

Section 6. Superseded Agreements. This Agreement supersedes and cancels, as of the effective date hereof, the following Service Agreement(s): _____.

[SHIPPER]

COLUMBIA GULF TRANSMISSION, LLC

By _____

By _____

Title _____

Title _____

Date _____

Date _____

RESERVED FOR FUTURE USE

Service Agreement No. _____
Revision No. _____

IMS SERVICE AGREEMENT

THIS AGREEMENT, made and entered into this ____ day of _____, _____, by and between COLUMBIA GULF TRANSMISSION, LLC ("Transporter") and _____ ("Shipper").

WITNESSTH: That in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

Section 1. Service to be Rendered. Transporter shall perform and Shipper shall receive service in accordance with the provisions of the effective IMS Rate Schedule and applicable General Terms and Conditions of Transporter's FERC Gas Tariff, Third Revised Volume No. 1 (Tariff), on file with the Federal Energy Regulatory Commission (Commission), as the same may be amended or superseded in accordance with the rules and regulations of the Commission. Transporter shall park or loan quantities of gas for Shipper as specified in this Agreement, as the same may be amended from time to time by agreement between Shipper and Transporter or in accordance with the rules and regulations of the Commission. Service hereunder shall be provided subject to the provisions of Subpart B or G of Part 284 of the Commission's regulations.

Section 2. Automatic Nomination Option. Shipper _____ requests or _____ does not request (check one) that Transporter submit nominations on Shipper's behalf in situations where Shipper's receipt and delivery quantities are not in balance.

Section 3. Term. Service under this Agreement shall commence as of _____ and shall continue in full force and effect until _____. Pre-granted abandonment shall apply upon termination of this Agreement.

Section 4. Rates. Shipper shall pay the Transporter charges as described in the above-referenced Rate Schedule, unless otherwise agreed to by the parties as follows:
_____.

Section 5. Notices. Notices to Transporter under this Agreement shall be addressed to it at 700 Louisiana St., Suite 700, Houston, Texas 77002-2700, Attention: Customer Services, and notices to Shipper shall be addressed to it at _____, Attention: _____, Internet E-mail Address: _____ until changed by either party by written notice.

Section 6. Superseded Agreements. This Service Agreement supersedes and cancels, as of the effective date hereof, the following Service Agreements:
_____.

[SHIPPER]

COLUMBIA GULF TRANSMISSION, LLC

By _____ By _____

Title _____ Title _____

Date _____ Date _____

Revision No. _____

Appendix A to Service Agreement No. _____
under Rate Schedule IMS
between Columbia Gulf Transmission, LLC (Transporter)
and _____ (Shipper)

Maximum Parked Account Balance Quantity _____ Dth/day

Maximum Loaned Account Balance Quantity _____ Dth/day

The Master List of Interconnects (MLI) as defined in Section 1 of the General Terms and Conditions is incorporated herein by reference for purposes of listing valid interruptible receipt and delivery points.

CANCELLATION OF PREVIOUS APPENDIX A

Service changes pursuant to this Appendix A shall commence as of _____, 20____. This Appendix A shall cancel and supersede the previous Appendix A to the Service Agreement dated _____, 20____. With the exception of this Appendix A, all other terms and conditions of said Service Agreement shall remain in full force and effect.

[SHIPPER]

COLUMBIA GULF TRANSMISSION, LLC

By _____ By _____

Its _____ Its _____

Date _____ Date _____

Index

Tariff: Third Revised Volume No. 1	[v. 3.0.0, eff. 6/6/2022]
I. Table of Contents Vol. 1:	[v. 15.0.0, eff. 5/1/2025]
II. Table of Contents Vol. 2:	[v. 3.0.0, eff. 3/15/2013]
III. Preliminary Statement:	[v. 2.0.0, eff. 3/15/2013]
IV. Map:	[v. 5.0.0, eff. 6/6/2022]
V. Currently Effective Rates: Currently Effective Rates	[v. 1.0.0, eff. 3/15/2013]
V.1. Currently Effective Rates: FTS-1 Rates	[v. 15.0.0, eff. 3/1/2024]
V.1.1. Currently Effective Rates: Reserved for Future Use	[v. 2.0.0, eff. 3/15/2013]
V.2. Currently Effective Rates: FTS-2 Rates	[v. 14.0.0, eff. 3/1/2024]
V.2.1. Currently Effective Rates: Reserved for Future Use	[v. 2.0.0, eff. 3/15/2013]
V.3. Currently Effective Rates: ITS-1 Rates	[v. 13.0.0, eff. 3/1/2024]
V.3.1. Currently Effective Rates: Reserved for Future Use	[v. 2.0.0, eff. 3/15/2013]
V.4. Currently Effective Rates: ITS-2 Rates	[v. 13.0.0, eff. 3/1/2024]
V.4.1. Currently Effective Rates: Reserved for Future Use	[v. 2.0.0, eff. 3/15/2013]
V.5. Currently Effective Rates: PAL Rates	[v. 10.0.0, eff. 3/1/2024]
V.5.1. Currently Effective Rates: Reserved for Future Use	[v. 2.0.0, eff. 3/15/2013]
V.6. Currently Effective Rates: IMS Rates	[v. 10.0.0, eff. 3/1/2024]
V.6.1. Currently Effective Rates: Reserved for Future Use	[v. 2.0.0, eff. 3/15/2013]
V.7. Currently Effective Rates: FTS-1-ELXP	[v. 7.0.0, eff. 5/1/2025]
V.8. Currently Effective Rates: Retainage Rates	[v. 29.0.0, eff. 5/1/2025]
V.9. Currently Effective Rates: FTS-1-GXP	[v. 8.0.0, eff. 3/1/2024]
V.10. Currently Effective Rates: FTS-1-LAXP	[v. 1.0.0, eff. 3/1/2024]
VI. Rate Schedules:	[v. 1.0.0, eff. 3/15/2013]
VI.1. Rate Schedules: Rate Schedule FTS-1	[v. 15.0.0, eff. 8/1/2020]
VI.2. Rate Schedules: Rate Schedule FTS-2	[v. 14.0.0, eff. 1/15/2018]
VI.3. Rate Schedules: Rate Schedule ITS-1	[v. 11.0.0, eff. 8/1/2020]
VI.4. Rate Schedules: Rate Schedule ITS-2	[v. 10.0.0, eff. 1/15/2018]
VI.5. Rate Schedules: Rate Schedule AS-Gulf	[v. 7.0.0, eff. 1/15/2018]
VI.6. Rate Schedules: Rate Schedule IPP-Gulf	[v. 8.0.0, eff. 1/15/2018]
VI.7. Rate Schedules: Rate Schedule PAL	[v. 9.0.0, eff. 7/1/2014]
VI.8. Rate Schedules: Rate Schedule IMS	[v. 5.0.0, eff. 4/1/2013]

**Columbia Gulf Transmission, LLC
Third Revised Volume No. 1
Tariff**

- VI.9. Rate Schedules: Reserved for Future Use [v. 5.0.0, eff. 3/15/2013]
- VI.10. Rate Schedules: Reserved for Future Use [v. 5.0.0, eff. 3/15/2013]
- VII. Gen. Terms and Conditions: [v. 10.0.0, eff. 1/15/2018]
- VII.1. Gen. Terms and Conditions: Definitions [v. 14.0.0, eff. 6/1/2022]
- VII.2. Gen. Terms and Conditions: Electronic Bulletin Board [v. 2.0.0, eff. 3/15/2013]
- VII.3. Gen. Terms and Conditions: Requests for Service [v. 5.0.0, eff. 4/1/2016]
- VII.4. Gen. Terms and Conditions: Availability of Capacity for Firm Services [v. 5.0.0, eff. 4/1/2016]
- VII.5. Gen. Terms and Conditions: Service Agreement and Electronic Contracting [v. 4.0.0, eff. 4/1/2016]
- VII.6. Gen. Terms and Conditions: Nominating, Scheduling and Monitoring [v. 5.0.0, eff. 4/1/2016]
- VII.7. Gen. Terms and Conditions: Capacity Allocation [v. 8.0.0, eff. 12/1/2021]
- VII.8. Gen. Terms and Conditions: Meter Allocations [v. 3.0.0, eff. 4/1/2016]
- VII.9. Gen. Terms and Conditions: Operating Conditions [v. 7.0.0, eff. 3/15/2013]
- VII.10. Gen. Terms and Conditions: Billing and Payment [v. 4.0.0, eff. 8/1/2022]
- VII.11. Gen. Terms and Conditions: Flexible Primary and Secondary Receipt and Delivery Points [v. 4.0.0, eff. 3/1/2015]
- VII.12. Gen. Terms and Conditions: Maximum Daily Obligation [v. 3.0.0, eff. 3/15/2013]
- VII.13. Gen. Terms and Conditions: Pressure [v. 1.0.0, eff. 3/15/2013]
- VII.14. Gen. Terms and Conditions: Release and Assignment of Service Rights [v. 7.0.0, eff. 1/15/2018]
- VII.15. Gen. Terms and Conditions: Force Majeure [v. 1.0.0, eff. 3/15/2013]
- VII.16. Gen. Terms and Conditions: Interruptions of Service [v. 9.0.0, eff. 12/1/2021]
- VII.17. Gen. Terms and Conditions: Operational Flow Orders [v. 6.0.0, eff. 3/15/2013]
- VII.18. Gen. Terms and Conditions: Imbalances [v. 10.0.0, eff. 1/15/2018]
- VII.19. Gen. Terms and Conditions: Penalties [v. 9.0.0, eff. 2/1/2025]
- VII.20. Gen. Terms and Conditions: Discounting [v. 3.0.0, eff. 3/15/2013]
- VII.21. Gen. Terms and Conditions: Regulatory Fees [v. 1.0.0, eff. 3/15/2013]
- VII.22. Gen. Terms and Conditions: Possession and Processing of Gas [v. 3.0.0, eff. 3/15/2013]

**Columbia Gulf Transmission, LLC
Third Revised Volume No. 1
Tariff**

- VII.23. Gen. Terms and Conditions: Warranty of Title to Gas [v. 1.0.0, eff. 3/15/2013]
- VII.24. Gen. Terms and Conditions: Warranty of Eligibility [v. 1.0.0, eff. 3/15/2013]
- VII.25. Gen. Terms and Conditions: Gas Quality [v. 6.0.0, eff. 8/1/2019]
- VII.26. Gen. Terms and Conditions: Measurement [v. 2.0.0, eff. 3/15/2013]
- VII.27. Gen. Terms and Conditions: Schedules and Contracts Subject to Regulation and Revision [v. 1.0.0, eff. 3/15/2013]
- VII.28. Gen. Terms and Conditions: Notices [v. 1.0.0, eff. 3/15/2013]
- VII.29. Gen. Terms and Conditions: Complaint Resolution Procedure [v. 3.0.0, eff. 6/6/2022]
- VII.30. Gen. Terms and Conditions: Reserved for Future Use [v. 2.0.0, eff. 1/15/2018]
- VII.31. Gen. Terms and Conditions: Annual Charge Adjustment [v. 4.0.0, eff. 1/15/2018]
- VII.32. Gen. Terms and Conditions: Transportation Retainage Adjustment [v. 10.0.0, eff. 1/15/2018]
- VII.33. Gen. Terms and Conditions: Contract Demand Reduction [v. 1.0.0, eff. 3/15/2013]
- VII.34. Gen. Terms and Conditions: Negotiated Rates [v. 5.0.0, eff. 1/15/2018]
- VII.35. Gen. Terms and Conditions: Construction of Laterals [v. 2.0.0, eff. 3/15/2013]
- VII.36. Gen. Terms and Conditions: Compliance with 18 CFR Sec 284.12 [v. 10.0.0, eff. 6/1/2022]
- VII.37. Gen. Terms and Conditions: Offsystem Pipeline Capacity [v. 1.0.0, eff. 3/15/2013]
- VII.38. Gen. Terms and Conditions: Reimbursement of Sales and Use Taxes [v. 1.0.0, eff. 3/15/2013]
- VII.39. Gen. Terms and Conditions: Operational Purchases & Sales [v. 2.0.0, eff. 3/15/2013]
- VII.40. Gen. Terms and Conditions: Reservation Charge Credits [v. 6.0.0, eff. 10/29/2023]
- VIII. Service Agreement Forms: [v. 1.0.0, eff. 3/15/2013]
- VIII.1. Service Agreement Forms: Non-Conforming Service Agreements [v. 24.0.0, eff. 5/1/2025]
- VIII.2. Service Agreement Forms: FTS and ITS [v. 9.0.0, eff. 1/15/2018]

**Columbia Gulf Transmission, LLC
Third Revised Volume No. 1
Tariff**

VIII.2.1. Service Agreement Forms: FTS-1 and FTS-2 Appendix [v. 4.0.0, eff. 3/15/2013]

VIII.2.2. Service Agreement Forms: ITS-1 and ITS-2 Appendix [v. 3.0.0, eff. 3/15/2013]

VIII.2.3. Service Agreement Forms: FTS-1 and FTS-2 Appendix B [v. 5.0.0, eff. 3/1/2015]

VIII.3. Service Agreement Forms: AS-GULF [v. 4.0.0, eff. 1/15/2018]

VIII.3.1. Service Agreement Forms: AS-GULF Appendix [v. 3.0.0, eff. 3/15/2013]

VIII.4. Service Agreement Forms: IPP-GULF [v. 8.0.0, eff. 1/15/2018]

VIII.5. Service Agreement Forms: PAL [v. 6.0.0, eff. 1/15/2018]

VIII.5.1. Service Agreement Forms: PAL Appendix [v. 3.0.0, eff. 1/15/2018]

VIII.6. Service Agreement Forms: Auto PAL [v. 6.0.0, eff. 1/15/2018]

VIII.6.1. Service Agreement Forms: Reserved for Future Use [v. 2.0.0, eff. 3/15/2013]

VIII.7. Service Agreement Forms: IMS [v. 3.0.0, eff. 1/15/2018]

VIII.7.1. Service Agreement Forms: IMS Appendix [v. 2.0.0, eff. 3/15/2013]

VIII.8. Service Agreement Forms: Reserved for Future Use [v. 4.0.0, eff. 3/15/2013]

VIII.8.1. Service Agreement Forms: Reserved for Future Use [v. 4.0.0, eff. 3/15/2013]