

TABLE OF CONTENTS TO
GENERAL TERMS AND CONDITIONS

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 Delivery Obligation at Delivery Points and Maximum Daily Quantity at Receipt Points
13	Delivery Pressure
14	Release and Assignment of Service Rights
15	Force Majeure
16	Interruptions of Service
17	Operational Flow Orders
18	Inventory Transfers
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	Facilities Policy
28	Schedules and Contracts Subject to Regulation and Revision
29	Notices
30	Complaint Resolution Procedure
31	Reserved for Future Use
32	Curtailment
33	Reserved for Future Use
34	Annual Charge Adjustment
35	Retainage Adjustment Mechanism (RAM)
36	Transportation Costs Rate Adjustment (TCRA)
37	Compliance with 18 CFR, Section 284.12
38	Reservation Charge Credits
39	Account No. 191 Reconciliation Mechanism
40	Segmentation Pooling
41	Recovery of Stranded Account No. 858 Costs

42	Contract Demand Reduction Option
43	Storage Inventory Transfers
44	Electric Power Costs Adjustment (EPCA)
45	SFC Charge
46	Negotiated Rates
47	Offsystem Pipeline Capacity
48	Reimbursement of Sales and Use Taxes
49	Operational Purchases and Sales
50	Storage Service with Market-Based Rates
51	Gathering Affiliates(s) Standards of Conduct
52	Capital & Compliance Recovery Mechanism (CCRM)
53	Reserved for Future Use

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 "Billing Month" shall mean the period elapsed between consecutive final monthly meter readings and, when referred to in terms of a calendar month, shall mean that calendar month in which the majority of the Billing Month occurs.

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 volume at the Volumetric Measurement Base defined in Section 26.2 of the General Terms and Conditions.

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

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

1.16 "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.

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

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

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

1.20 "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 psig and 60° 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.

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

1.22 "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.

1.23 "Market Areas" shall mean the geographic regions shown on the Market Area map and the accompanying descriptions and listing of delivery points within each such geographic region, as published on Transporter's EBB, as they each may be changed from time to time.

1.24 "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.

1.25 "Maximum Hourly Quantity" shall mean the maximum hourly quantity of gas that Transporter shall be obligated to deliver to or for the account of Shipper pursuant to a Service Agreement under Rate Schedule NTS-S.

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

1.27 "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.

1.28 "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.

1.29 "Negotiated Rate" shall mean "negotiated rate" 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. A Negotiated Rate: must be mutually agreed to by Transporter and Shipper; may be less than, equal to, or greater than or less than the Recourse Rate and/or the minimum rate; may be based on a rate design other than straight fixed variable; and may include a minimum quantity.

1.30 "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 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 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.

1.31 "OBA" shall mean Operation Balancing Agreement between two parties which specifies the procedures for managing operating variances at an interconnect.

1.32 "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.

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

1.34 "Permanent Release" shall mean a release where the releasing Shipper releases its capacity for the entire remaining term of its Service Agreement and Transporter and Shipper agree to terminate the releasing Shipper's Service Agreement, so that the releasing Shipper no longer has any liability to Transporter to pay for the capacity.

1.35 "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 dis-aggregation of gas from a single physical or logical point to multiple physical and/or logical points.

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

1.37 "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."

1.38 "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.

1.39 "Recourse Rate" shall mean the Total Effective Rate (maximum base tariff rate plus all applicable surcharges) set forth in this Tariff for service under the corresponding rate schedule.

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

1.41 "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.

1.42 "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.

1.43 "Scheduled Daily Receipt Quantity" shall mean the quantity of gas scheduled by Transporter pursuant to Section 6 (Nominating, Scheduling, and Monitoring) 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.

1.44 "Segmentation Pool" ("SP") shall be the virtual location at which pooling for segmentation purposes occurs (designated as being west of Transporter's Lanham compressor station).

1.45 "Shipper" shall mean any person or entity receiving service under any of Transporter's Rate Schedule(s).

1.46 "Summer Season" shall mean the seven-month period commencing with the first Day of the April Billing Month of any year and ending with the last Day of the next succeeding October Billing Month.

1.47 "Third Party Storage Company" shall mean a storage service provider with physical facility storage assets connected directly to Transporter's physical facilities.

1.48 "Transporter" shall mean Columbia Gas Transmission, LLC.

1.49 "Transporter Holiday" shall mean those annually sanctioned holidays of Transporter.

1.50 "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.

1.51 "Total Firm Entitlement" or "TFE" shall mean the aggregate daily quantity of gas that Transporter is obligated to deliver to Shipper at its delivery points under Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST, and GTS, and under all firm X-Rate Schedules contained in Original Volume No. 2 of this Tariff.

1.52 "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.

1.53 "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.

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

1.55 "Winter Season" shall mean the five-month period commencing with the first Day of the November Billing Month in any year and ending with the last Day of the next succeeding March Billing Month.

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 communications system (Electronic Bulletin Board (EBB)) (also referred to by its trade name TC eConnects). All Shippers of 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.

(a) 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 and storage schedules, confirmation of gas transportation nominations, amendments of interruptible receipt and 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 notices 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 releases made pursuant to an exempt transaction; executions of Service Agreements; and submissions 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 Replacement Shippers 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 and storage services from each receipt point to each Market Area, and capacity available through capacity release from receipt points to delivery points. A map and descriptions of the Market Areas shall be posted on Transporter's EBB, together with a list of delivery points in each Market Area. Capacities posted on the EBB are not additive; any award of capacity may impact the capacity available from any other receipt point/Market Area combination;

(b) A listing of the points of receipt on Transporter's system from interconnects with upstream pipelines and from Appalachian Aggregation Areas as defined in the AS Rate Schedule, including the following information: (i) designation of point of receipt; (ii) location of point of receipt; and (iii) total firm capacity subscribed at the point; and

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

(d) On-line Help through a feature that provides user support and can be accessed from 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 Proprietary and Confidential Nature of TC eConnects. TC eConnects software and the information contained in TC eConnects is proprietary and confidential. Shipper shall not reproduce, disclose, or otherwise make available TC eConnects software, or any confidential information contained therein, to any other entity or individual. The TC eConnects software is a proprietary product of Transporter and is protected by Copyright Law. 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 Gas Industry 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 TC eConnects 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 are 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 electronic data interchange (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 Bulletin 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 Limitation 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 except Rate Schedule MS 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. Requests for amended Service Agreements shall be made on a form provided or approved by Transporter. 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 for Service Form 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 condition; 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 its 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 3.2, 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 schedules under which Requestor could use Transporter's gas, including Rate Schedules SIT, NTS, NTS-S, GTS, AS, IPP and PAL. Transporter may consider the quantities which 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 (Operating Conditions) 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) 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 the 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/Recontracting 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 twelve (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 twelve (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 procedure 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 twelve (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 thirty (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. For a Long-Term Service Agreement subject to a ROFR pursuant to Section 4.1, Transporter and Shipper may mutually agree to a renewal of the Long-Term Service Agreement, the exact terms of which are to be negotiated on a case-by-case basis in a not unduly discriminatory manner, provided that such mutual agreement is reached prior to Shipper’s response deadline in accordance with this Section 4.1(a). Where applicable, and in accordance with Section 47.2 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) Shippers with Long-Term Service Agreements expiring prior to or on July 31, 2025 shall have the one-time right to provide Transporter with a six (6) month notice of intent to exercise the Shipper’s ROFR. Shippers with Long Term Service Agreements expiring after July 31, 2025 shall provide Transporter with an eleven (11) month notice

of intent to exercise the Shipper's ROFR. Upon Shipper providing Transporter with an eleven (11) 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 (5) 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 Shipper's Long-Term Service Agreement, Transporter, within two (2) 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 the 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 fifteen (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 fifteen (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 (2) 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 fifteen (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. General Terms and Conditions Section 12 addresses the adjustment to maximum daily delivery obligations (MDDOs) when a Shipper reduces its service agreement's Transportation Demand through the exercise of a ROFR.

(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/Recontracting 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.

- (2) Transporter and Shipper may mutually agree to the early termination of one or more service agreements in exchange for Shipper making use of either some portion of its underlying capacity or generally available unsubscribed capacity under terms that are mutually agreeable. Any such use of the underlying capacity must be based upon Transporter's currently applicable pro forma service agreement. To the extent that Transporter and Shipper have mutually agreed to such an arrangement, Shipper need not participate in an open season for any recontracted underlying capacity nor must the recontracted underlying capacity be posted on Transporter's EBB as unsubscribed, available capacity.

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 where such agreements do not have a ROFR or shipper does not exercise its 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 or storage service 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 from each receipt point to each market area; (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 (1) year from such reservation date, or because Transporter ultimately does not receive authorization, shall be posted as unsubscribed capacity within thirty (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 ninety (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 the 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 (1) year or longer, the requested service must commence no later than six (6) months from the date the request is granted;

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

(iii) For service for ninety two (92) days or less, the request must be for service starting no later than five (5) 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 (5) business days for firm capacity that will be available for a term of twelve (12) months or longer;

(ii) three (3) business days for firm capacity that will be available for a term of at least five (5) but less than twelve (12) months;

(iii) one (1) business day for firm capacity that will be available for a term of less than five (5) months but greater than thirty one (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 unless otherwise indicated in the posting. 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, including the CCRM as applicable, 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; or (iii) include conditions or provisions that Transporter determines, in its reasonable discretion, to be unacceptable.

(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 is requested to commence, 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 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) 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.

(c) 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

Agreement 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(f), 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.

(d) 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(c) 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.

(e) Awarding Capacity. Transporter shall award capacity to the bidder submitting the highest value bid or if two or more bidders submit equal acceptable highest value bids 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.

(f) Binding Nature of Bids. All bids are binding; provided, however, that a bidder 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(c), if a successful bidder fails to execute a service agreement before the start date of the contract or within fifteen (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 bid acceptable, the capacity shall be posted to 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 (6) 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.

(g) Adjustment to Bid Rate. When the rate bid by a bidder is at least for 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 bidder 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.

(h) Relation to Section 11 of the General Terms and Conditions. With regard to 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 (Flexible Primary and Secondary Receipt and Delivery Points) 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 AND ELECTRONIC CONTRACTING

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. 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 procedures set forth at Section 4 (Availability of Capacity for Firm Services) 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 sold, transported, injected, withdrawn or stored 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 West Virginia.

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 TC eConnects, (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 unauthorized 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 TC eConnects 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' mutual 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 otherwise stated 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 having scheduling or confirmation problems.

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

6.2 Nominations.

(a) Quantities of gas nominated and capacity awarded 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 by using the following formula: $(1 - \text{fuel \%}/100) \times \text{receipt quantity}$ rounded to the nearest Dth = delivery quantity. 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 Gulf Transmission Company (Columbia Gulf) Service Agreement may, when nominating, make one nomination covering both Transporter and Columbia Gulf, except when submitting a nomination using Electronic Data Interchange (EDI).

(c) Quantities shall be nominated in dekatherm units and 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 shall 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 shall 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) Shipper shall have the option to either submit overrun quantities (nominations under firm contracts in excess of its Maximum Daily Quantity (MDQ)) as a separate nomination or within the aggregate sum of all nominations. When nominations for overrun quantities are submitted as a separate transaction, they must be identified as such by using the appropriate nomination transaction type.

(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 Transporter's contract or 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 intra-day 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.

All nomination procedures that apply to regular nominations (excluding timelines) including quick response, confirming with upstream and downstream parties and scheduling, also apply to intraday nominations.

(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 6.3 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 by in no event later than the last day of the month in which Shipper is notified of its 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. (CT) on the current Gas Day.

(6) At the end of each Gas Day, Transporter shall 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 shall 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 shall 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 shall 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 shall 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 shall 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 shall 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 shall 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 (Priority Reduction List) 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 priority reduction list 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) 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.

(i) 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;
- (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 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 OFOs 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 or downstream 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 non-discriminatory basis, to waive the information requirements set forth in this paragraph.

(e) At times established by Transporter, each Shipper and Intermediate Transporter shall provide to Transporter any data requested by Transporter concerning gas used by Shipper or delivered to or for Shipper or Shipper's end-user(s). The Intermediate Transporter 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. Intermediate Transporters shall only be required to furnish such data on an aggregate basis for end-users on their system for whom transportation gas is delivered by Transporter.

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 that is restricted ("internal constraint point"), 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 Method of Allocating Transportation Delivery Points. For transportation capacity at delivery points under Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST, GTS, OPT, ITS and PAL and firm X-Rate Schedules set forth in Volume No. 2 of this Tariff, Transporter shall allocate capacity sequentially among the Rate Schedule priority groupings set forth below and within those Rate Schedule priority groupings, in the manner set forth below:

(a) Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST, GTS and X-Rate Schedules. For deliveries to primary delivery points under the FTS, FT-C, NTS, NTS-S, TPS, SST and GTS Rate Schedules, and under firm X-Rate Schedules set forth in Volume No. 2 of this Tariff, upon the occurrence of a force majeure event or the existence of a condition identified in Section 16 (Interruptions of Service) of the General Terms and Conditions, Transporter shall allocate capacity among those Shippers on a pro rata basis, based upon those Shippers' respective levels of Transportation Demand.

(b) Rate Schedule OPT. For deliveries to primary delivery points under the OPT Rate Schedule during the Winter Season, Transporter shall allocate capacity among Shippers on the basis of each Shipper's respective remaining number of days of interruption, with capacity allocated first to those Shippers with the fewest remaining days of interruption. For Shippers with the same number of remaining days of interruption, Transporter shall allocate capacity pro rata based upon those Shippers' respective levels of Transportation Demand. For deliveries to primary delivery points under the OPT Rate Schedule during the Summer Season, Transporter, upon the occurrence of a force majeure event, shall allocate capacity among Shippers on a pro rata basis, based upon those Shippers' respective levels of Transportation Demand.

(c) Secondary Delivery Points Under Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST, GTS and OPT. For deliveries to secondary delivery points under the FTS, FT-C, NTS, NTS-S, TPS, SST and GTS Rate Schedules, and for deliveries to secondary delivery points under the OPT Rate Schedule when not interrupted pursuant to the provisions of the OPT Rate

Schedule, Transporter shall allocate capacity among Shippers on a pro rata basis, based upon those Shippers' respective nominated quantities. This priority shall apply where Shipper's aggregate deliveries at primary and secondary delivery points do not exceed Shipper's Transportation Demand. Any interruptions or other allocation reductions to Shipper's deliveries at secondary delivery points under the OPT Rate Schedule shall not reduce Shipper's allowable days of interruption under that Rate Schedule.

(d) Secondary Delivery Points Under Rate Schedule OPT During Periods of Interruption. For deliveries to secondary delivery points under the OPT Rate Schedule, Transporter shall allocate capacity among Shippers on a pro rata basis, based upon those Shippers' respective nominated quantities. This priority shall apply where Shipper's aggregate deliveries at primary and secondary delivery points do not exceed Shipper's Transportation Demand. Any interruptions or other allocation reductions to Shipper's deliveries at secondary delivery points under the OPT Rate Schedule shall not reduce Shipper's allowable days of interruption under that Rate Schedule.

(e) Rate Schedule ITS, Overrun Quantities Under Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST, and OPT and X-Rate Schedules.

(1) Where Shippers have nominated deliveries to commence on the first Day of the Month of (i) quantities under the ITS Rate Schedule, (ii) overrun quantities under the FTS, FT-C, NTS, NTS-S, TPS, SST, or OPT Rate Schedules, or (iii) interruptible quantities under interruptible X-Rate Schedules set forth in Volume No. 2 of this Tariff, Transporter shall award capacity to those Shippers offering to pay the highest rate for service during that Month. Transporter shall allocate capacity among Shippers offering to pay the same rate first to those Shippers flowing gas during the previous month, pro rata based upon the quantities flowing on the fifth business day preceding the first Day of that Month, up to but not exceeding such flowing quantities. Transporter then shall allocate any remaining capacity equally among the remaining Shippers offering to pay the same rate for service during that Month up to but not exceeding nominated quantities.

(2) Where Shippers have requested deliveries in excess of available capacity and commencing other than the first Day of the Month of (i) quantities under the ITS Rate Schedule, (ii) overrun quantities under the FTS, FT-C, NTS, NTS-S, TPS, SST, or OPT Rate Schedules, or (iii) interruptible quantities under interruptible X-Rate Schedules set forth in Volume 2 of this Tariff, Transporter shall allocate any available capacity on the basis of the highest rate. Where requested deliveries at the same highest rate exceed available capacity, Transporter shall allocated capacity first to those Shippers flowing gas on a pro rata basis, based upon respective confirmed nominations; and second to all remaining Shippers based upon the order in which Transporter received nominations from those Shippers (equally to any Shippers submitting nominations on the same day).

(3) If intraday nominations require an allocation of the pipeline system, the following will describe 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, FT-C, NTS, NTS-S, TPS, SST, GTS and OPT will not bump nominations at a secondary point under these same rate schedules that are submitted and scheduled within the Timely Nomination Cycle. Nomination increases submitted under Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST, GTS and OPT whether at primary or secondary points will have priority over nominated and scheduled quantities under Rate Schedule ITS and overruns under the firm rate schedules and may bump such quantities effective at 9:00 a.m. CT the next day. Nomination increases submitted under Rate Schedule ITS and overruns under the firm rate schedules 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. on the current Gas Day, nomination increases at a primary point under Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST, GTS and OPT will not bump nominations at a secondary point under these same rate schedules that are submitted and scheduled within the Timely Nomination Cycle or Evening Nomination Cycle. Nomination increases submitted under Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST, GTS and OPT whether at primary or secondary points will have priority over nominated and scheduled quantities under Rate Schedule ITS and overruns under the firm rate schedules and may bump such quantities effective at 2:00 p.m. CT on the current Gas Day. Nomination increases submitted under Rate Schedule ITS and overruns under the firm rate schedules 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, FT-C, NTS, NTS-S, TPS, SST, GTS and OPT will not bump nominations at a secondary point under these same rate schedules that are submitted and scheduled within the Timely Nomination Cycle, Evening Nomination Cycle or Intraday 1 Nomination Cycle. Nomination increases submitted under Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST, GTS and OPT whether at primary or secondary points will have priority over nominated and scheduled quantities under Rate Schedule ITS and overruns under the firm rate schedules and may bump such quantities effective at

6:00 p.m. CT on the current Gas Day. Nomination increases submitted under Rate Schedule ITS and overruns under the firm rate schedules 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.

(4) 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 notification to Shipper's representative through Shipper's choice of Electronic Notice Delivery mechanism(s). Unless Shipper and Transporter have agreed to exclusive notification via EDI/EDM, Shipper shall 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 or 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.

(f) Rate Schedule PAL. For parking or lending at delivery points under Rate Schedule PAL, Transporter shall allocate capacity among those Shippers based on net present value, with the transaction yielding the highest net present value receiving priority over transactions yielding a lower net present value. Transporter shall use the current Commission-approved interest rate in calculating the net present value of bids. PAL transactions yielding the same net present value shall be scheduled pro rata based on Shippers' respective nominated quantities.

7.3 Internal Constraint Points. For capacity at internal constraint points under Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST, GTS, OPT, ITS and PAL and X-Rate Schedules set forth in Volume No. 2 of this Tariff, Transporter shall allocate capacity sequentially among the Rate Schedule priority groupings set forth below and within those Rate Schedule priority groupings, in the manner set forth below:

(a) Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST, GTS and OPT, and X-Rate Schedules. For capacity at internal constraint points when using primary firm rights under the FTS, FT-C, NTS, NTS-S, TPS, SST and GTS Rate Schedules, and firm X-Rate Schedules set forth in Volume No. 2 of this Tariff, and at internal constraint points under the OPT Rate Schedule during the Summer Season, Transporter, upon the occurrence of a force majeure event or the existence of a condition identified in Section 16 (Interruptions of Service) of the General

Terms and Conditions, shall allocate such capacity to Shippers under the FTS, FT-C, NTS, NTS-S, TPS, SST and GTS Rate Schedules, and under firm X-Rate Schedules set forth in Volume No. 2 of this Tariff, and at internal constraint points under the OPT Rate Schedule during the Summer Season, on a pro rata basis, based upon each such Shipper's respective Transportation Demand. Transporter shall then allocate capacity at internal constraint points under the OPT Rate Schedule during the Winter Season on a pro rata basis, based upon each such Shipper's respective Transportation Demand.

(b) Secondary Capacity at the Internal Constraint Points Under Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST, GTS and OPT. Any interruptions or other allocation reductions to Shipper's secondary deliveries through internal constraint points under the OPT Rate Schedule shall not reduce Shipper's allowable days of interruption under that Rate Schedule. For secondary capacity at internal constraint points under the FTS, FT-C, NTS, NTS-S, TPS, SST and GTS Rate Schedules, and for secondary capacity at internal constraint points under the OPT Rate Schedule when not interrupted pursuant to the provisions of the OPT Rate Schedule, Transporter shall allocate capacity in the following manner:

(1) Requests to obtain capacity to secondary delivery points will be evaluated based on the availability of capacity. Transporter shall post on its Internet EBB those secondary delivery points by Market Area that Shipper(s) with a particular primary delivery point can access on a priority basis. Transporter shall, using Transporter's reasonable judgment, have the right to revise the list from time to time as necessary to protect Transporter's system integrity and primary firm obligations. Transporter will give as much advance notice of changes in the list as is practicable. Whenever possible, Transporter shall announce changes in the list at least twenty-four hours prior to the start of the Gas Day. At the time an announcement of a change(s) is made, Transporter shall post a brief explanation of the reasons supporting the change(s). This priority, and the priorities in subparagraphs (2) through (4) below, shall apply where Shipper's aggregate deliveries at primary and secondary delivery points do not exceed Shipper's Transportation Demand. If a secondary delivery point by Market Area is not listed, Shippers will be subject to the process for allocating secondary firm and interruptible ("Non-Firm") capacity described in this Section 7.3(b)(5) below.

(2) Shippers shall be allowed access on a priority basis to secondary delivery points located within the same market area as their primary delivery points and will not be subject to the Non-Firm Capacity allocation process described in Section 7.3(b)(5) below. This priority access shall not be applicable if Transporter, in its reasonable discretion, determines that it must restrict Shippers to their primary delivery points in order to protect system integrity or Transporter's ability to meet its primary firm service obligations.

(3) Shippers shall be allowed access on a priority basis to secondary delivery points where both the receipt and delivery points are located within the same Market Area and shall not be subject to the Non-Firm Capacity allocation process described in

Section 7.3(b)(5) below. This priority access shall not be applicable if Transporter, in its reasonable discretion, determines that it must restrict Shippers to their primary delivery points in order to protect system integrity or Transporter's ability to meet its primary firm service obligations.

(4) Shippers whose primary receipt points are deemed, in Transporter's reasonable discretion, to be upstream of the internal constraint points, and whose primary delivery points are deemed to be downstream of the same internal constraint points, shall have access to secondary receipt points that are also deemed to be upstream of those same internal constraint points, and will not be subject to the Non-Firm capacity allocation process as described in Section 7.3(b)(5) below.

(5) Shippers who seek to access Non-Firm capacity through an internal constraint points that do not meet with one of the above-described priorities shall be subject to an allocation of Non-Firm capacity through the applicable internal constraint points. To the extent that nominations exceed the amount of capacity that is available, if any, Transporter will allocate capacity pro rata, on the basis of those Shippers' respective nominated quantities.

(c) Secondary Capacity at the Internal Constraint Points Under Rate Schedule OPT During Periods of Interruption. For secondary capacity at internal constraint points under the OPT Rate Schedule, Transporter shall allocate capacity in the following manner. Any interruptions or other allocation reductions to Shipper's secondary deliveries through internal constraint points under the OPT Rate Schedule shall not reduce Shipper's allowable days of interruption under that Rate Schedule.

(1) Requests to obtain capacity to secondary delivery points will be evaluated based on the availability of capacity. Transporter shall post on its Internet EBB those secondary delivery points by Market Area that Shipper(s) with a particular primary delivery point can access on a priority basis. Transporter shall, using Transporter's reasonable judgment, have the right to revise the list from time to time as necessary to protect Transporter's system integrity and primary firm obligations. Transporter will give as much advance notice of changes in the list as is practicable. Whenever possible, Transporter shall announce changes in the list at least twenty-four hours prior to the start of the Gas Day. At the time an announcement of a change(s) is made, Transporter shall post a brief explanation of the reasons supporting the change(s). This priority, and the priorities in subparagraphs (2) through (4) below, shall apply where Shipper's aggregate deliveries at primary and secondary delivery points do not exceed Shipper's Transportation Demand. If a secondary delivery point by Market Area is not listed, Shippers will be subject to the process for allocating secondary firm and interruptible ("Non-Firm") capacity described in this Section 7.3(c)(5) below.

(2) Shippers shall be allowed access on a priority basis to secondary delivery points located within the same market area as their primary delivery points and will not

be subject to the Non-Firm Capacity allocation process described in Section 7.3(c)(5) below. This priority access shall not be applicable if Transporter, in its reasonable discretion, determines that it must restrict Shippers to their primary delivery points in order to protect system integrity or Transporter's ability to meet its primary firm service obligations.

(3) Shippers shall be allowed access on a priority basis to secondary delivery points where both the receipt and delivery points are located within the same Market Area and shall not be subject to the Non-Firm Capacity allocation process described in Section 7.3(c)(5) below. This priority access shall not be applicable if Transporter, in its reasonable discretion, determines that it must restrict Shippers to their primary delivery points in order to protect system integrity or Transporter's ability to meet its primary firm service obligations.

(4) Shippers whose primary receipt points are deemed, in Transporter's reasonable discretion, to be upstream of the internal constraint points, and whose primary delivery points are deemed to be downstream of the same internal constraint points, shall have access to secondary receipt points that are also deemed to be upstream of those same internal constraint points, and will not be subject to the Non-Firm capacity allocation process as described in Section 7.3(c)(5) below.

(5) Shippers who seek to access Non-Firm capacity through an internal constraint points that do not meet with one of the above-described priorities shall be subject to an allocation of Non-Firm capacity through the applicable internal constraint points. To the extent that nominations exceed the amount of capacity that is available, if any, Transporter will allocate capacity pro rata among the Shippers on the basis of those Shippers' respective nominated quantities.

(d) Rate Schedule ITS, Overrun Quantities Under Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST, and OPT and X-Rate Schedules. Transporter shall award capacity to the Shippers paying the highest rate. Among Shippers of this class paying the same rate, Transporter shall allocate capacity in the manner described at Section 7.2(e) above.

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

(a) Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST, GTS and OPT, and X-Rate Schedules. For capacity at primary receipt points under the FTS, FT-C, NTS, NTS-S, TPS, SST and GTS Rate Schedules, firm X-Rate Schedules set forth in Volume No. 2 of this Tariff, and at primary receipt points under the OPT Rate Schedule during the Summer Season, Transporter, upon the occurrence of a force majeure event or the existence of a condition identified in Section 16 (Interruptions of Service) of the General Terms and Conditions, shall allocate such capacity to Shippers under the FTS, FT-C, NTS, NTS-S, TPS, SST and GTS Rate Schedules, under firm X-

Rate Schedules set forth in Volume No. 2 of this Tariff, and at receipt points under the OPT Rate Schedule during the Summer Season, on a pro rata basis, based upon each such Shipper's respective Transportation Demand. Transporter shall then allocate capacity at primary receipt points under the OPT Rate Schedule during the Winter Season on a pro rata basis, based upon each such Shipper's respective Transportation Demand.

(b) Secondary Receipt Points Under Rate Schedules FTS, FT-C, SST, TPS, NTS, NTS-S, GTS and OPT. Transporter shall allocate capacity among Shippers requesting capacity at secondary receipt points under the FTS, FT-C, SST, TPS, NTS and GTS Rate Schedules and Shippers requesting capacity at secondary receipt points under the OPT Rate Schedule when not interrupted pursuant to the provisions of the OPT Rate Schedule pro rata, on the basis of the Shippers' respective nominated quantities. Any interruptions or other allocation reductions to Shipper's secondary receipts under the OPT Rate Schedule shall not reduce Shipper's allowable days of interruption under that Rate Schedule.

(c) Secondary Receipt Points Under Rate Schedule OPT During Periods of Interruption. Transporter shall allocate capacity among Shippers requesting capacity at secondary receipt points under the OPT Rate Schedule pro rata, on the basis of those Shippers' respective nominated quantities. This priority shall apply where Shipper's aggregate receipts at primary and secondary receipt points do not exceed Shipper's Transportation Demand. Any interruptions or other allocation reductions to Shipper's secondary receipts under the OPT Rate Schedule shall not reduce Shipper's allowable days of interruption under that Rate Schedule.

(d) Rate Schedule ITS, Overrun Quantities Under Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST and OPT, and X-Rate Schedules. Where Shippers have requested receipt point capacity for (i) quantities under the ITS Rate Schedule, (ii) overrun quantities under the FTS, FT-C, NTS, NTS-S, TPS, SST or OPT Rate Schedules, or (iii) interruptible quantities under interruptible X-Rate Schedules set forth in Volume No. 2 of this Tariff, Transporter shall award capacity to the Shippers paying the highest rate. Among Shippers of this class paying the same rate, Transporter shall allocate capacity in the manner described at Section 7.2(e) above.

(e) Receipt Points Under the AS and IPP Rate Schedules. Transporter shall allocate capacity among shippers requesting receipt point capacity under Rate Schedules AS and IPP on a pro rata basis, based on each such Shipper's respective nominated quantities.

(f) Receipt Points Under the PAL Rate Schedule. For parking or lending service at receipt points under Rate Schedule PAL, Transporter shall allocate capacity based on net present value, with the transaction yielding the highest net present value receiving priority over transactions yielding a lower net present value. Transporter shall use the current Commission-approved interest rate in calculating the net present value of bids. PAL transactions yielding the same net present value shall be scheduled pro rata based on Shippers' respective nominated quantities.

7.5 Aggregation Points. Where aggregation points are the points of delivery under Shippers' AS Service Agreements, Transporter shall allocate capacity among such Shippers in accordance with the corresponding priority held by the downstream shippers at the respective aggregation points.

7.6 Storage Withdrawal Points. For nominations for which Transporter's storage is the point of receipt, Transporter shall allocate capacity sequentially among the Rate Schedule priority groupings set forth below, and within those Rate Schedule priority groupings, in the manner set forth below:

(a) Rate Schedules FSS, FBS, NTS, NTS-S, and GTS. Transporter shall allocate capacity among Shippers requesting receipt point capacity from storage under the FSS, FSS-M and FBS Rate Schedules on a pro rata basis, based upon each such Shipper's respective Maximum Daily Withdrawal Quantity (MDWQ); and among Shippers seeking receipt point capacity from storage under the NTS, NTS-S and GTS Rate Schedules on a pro rata basis, based upon each such Shipper's respective Transportation Demand.

(b) Overruns of MDWQ Levels - FSS and FSS-M Rate Schedule. When Shippers seek to withdraw quantities from storage in excess of their storage ratchet levels (or MDWQ), but below their respective Maximum Daily Storage Quantity (MDSQ), Transporter shall allocate capacity pro rata on the basis of those Shippers' respective MDWQ levels.

(c) Rate Schedule ISS and ISS-M and Overruns under Rate Schedules FSS, FSS-M and FBS. When Shippers seek to withdraw quantities from storage either under the ISS and ISS-M Rate Schedules or as overrun quantities under the FSS, FSS-M and FBS Rate Schedules, Transporter shall allocate capacity first on the basis of the highest rate being paid for that capacity, and then among Shippers paying the same rate, pro rata on the basis of those Shippers' nominated receipt quantities.

(d) Rate Schedule SIT. Transporter shall allocate capacity among Shippers requesting storage receipt point capacity from storage under this Rate Schedule in accordance with the priority of each such Shipper's underlying transportation Service Agreement. Transporter shall allocate capacity (i) first to Shippers under firm transportation Rate Schedules (including the OPT Rate Schedule) and, among those Shippers, on the basis of each such Shipper's respective Transportation Demand, and (ii) second to Shippers with interruptible transportation Service Agreements and, among those Shippers, first on the basis of price and then, if the prices being paid are equal, pro rata on the basis of those Shippers' nominated receipt quantities.

7.7 Storage Injection Points. For nominations for which storage is the point of delivery, Transporter shall allocate capacity sequentially among the Rate Schedule priority groupings set forth below, and within those Rate Schedule priority groupings, in the manner set forth below:

(a) Rate Schedules FSS, FSS-M, FBS, NTS, NTS-S and GTS. Among Shippers requesting deliveries into storage under the FSS, FSS-M, FBS, NTS, NTS-S, and GTS Rate Schedules, Transporter shall allocate capacity on a pro rata basis based upon each such Shipper's respective level of Storage Contract Quantity (SCQ), or Gas Supply Quantity (GSQ).

(b) Rate Schedule ISS and Overrun Quantities Under Rate Schedules FSS, FSS-M and FBS. When Shippers seek to inject quantities into storage either under the ISS Rate Schedule or in excess of their Maximum Daily Injection Quantity under the FSS, FSS-M and FBS Rate Schedules, Transporter shall allocate capacity first on the basis of the highest rate being paid for that capacity, and then among Shippers paying the same rate, pro rata based on those Shippers' nominated delivery quantities.

(c) Rate Schedule SIT. Transporter shall allocate capacity among Shippers requesting deliveries into storage under this Rate Schedule in accordance with the priority of each Shipper's underlying transportation Service Agreement. Transporter shall allocate capacity (i) first to Shippers under firm transportation Service Agreements (including the OPT Rate Schedule) and, among those Shippers, on the basis of each such Shipper's respective Transportation Demand, and (ii) second to Shippers under interruptible transportation Service Agreements and, among those Shippers, first on the basis of price and then, if the prices being paid are equal, pro rata based on those Shipper's respective nominated quantities.

7.8 Allocations Based on Value. For purposes of allocating capacity pursuant to Sections 7.2(e)(1), 7.3(d), 7.4(d), 7.6(c) and (d), and 7.7(b) and (c), Shippers paying more than the Recourse Rate will be considered to be paying the Recourse Rate.

7.9 Posting Procedures for Capacity Allocation. Except for force majeure events and/or events or conditions which threaten the integrity of Transporter's system or Transporter's ability to meet its firm service obligations, Transporter will notify Shippers at least 24 hours in advance on its Internet EBB (1) of the effective dates of the market restrictions; (2) of the type of market restrictions that will be applicable during the affected dates; and (3) to the extent applicable, the areas of the system where market restrictions will be applied. In addition to the general restrictions described below, more specific restrictions may be imposed when necessary in accordance with the provisions of this Tariff.

(a) Delivery Market Area Restrictions.

(1) No Market Area Restrictions. Transporter, based on forecasted system conditions and utilization, has determined there is adequate system capacity to make all nominated deliveries to a specific Market Area, and all confirmed quantities will flow to that Market Area.

(2) Market Area Restrictions. Transporter, based on forecasted system conditions and utilization, has determined there is a limited amount of Non-Firm Capacity available to certain Market Area(s). Transporter will post on its EBB the Non-

Firm Capacity available and the Market Area(s) affected. Transporter will allocate capacity in the affected Market Area(s) as described in Section 7.3 above.

(3) Zero Non-Firm Capacity. Transporter, based on forecasted system conditions and utilization, has determined there is zero Non-Firm Capacity available to certain Market Area(s). Transporter will post on its EBB the Market Area(s) where Non-Firm Capacity is not available. Provisions of Section 19.7 (Critical Day) of the General Terms and Conditions apply to the affected Market Area(s). Transporter will allocate capacity in the affected Market Area(s) as described in Section 7.3 above.

(4) Primary MLI Only. Transporter, based on forecasted system conditions and utilization, has determined there is zero Non-Firm Capacity available and furthermore, forecasted system conditions are such that Transporter can only make deliveries to primary MLI numbers for firm service to certain Market Area(s). Transporter will post on its EBB the Market Area(s) where these conditions exist. Provisions of Section 19.7 (Critical Day) of the General Terms and Conditions apply in the affected Market Area(s). Transporter will allocate capacity in the affected Market Area(s) as described in Section 7.3 above.

8. METER ALLOCATIONS

This Section specifies the procedures for allocating any differences between (i) the aggregate of all Shippers' Scheduled Daily Delivery Quantities and actual deliveries, and (ii) the aggregate of all Shippers' Scheduled Daily Receipt Quantities and actual receipts (Difference(s)) at delivery points at which gas is being delivered to or for the account of multiple 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, physically measured quantities shall be allocated on scheduled daily quantities and shall be made using dekatherm units.

8.1 Delivery Point Allocation.

(a) Unless other agreed upon PDAs are applicable, if deliveries to or on behalf of two or more Shippers or Service Agreements are made at a point of delivery at which a Shipper has an FSS or FSS-M Service Agreement with Transporter, the last gas through the meter shall be the gas delivered to or for the Shipper with the FSS or FSS-M Service Agreement. If more than one Shipper at the delivery point has an FSS or FSS-M Service Agreement, the gas of the Shipper controlling the facilities immediately downstream of the delivery point shall be last through the meter. If none of the Shippers with an FSS or FSS-M Agreement control such facilities, the last gas through the meter shall be prorated among all Shippers with FSS and/or FSS-M Service Agreements on the basis of their MDWQ then in effect. Differences at such a point of delivery shall be attributed to applicable FSS and/or FSS-M Service Agreement(s) and shall be deemed to be a storage injection or withdrawal under the FSS and/or FSS-M Rate Schedules. Shipper's account under the FSS and/or FSS-M Rate Schedules shall be debited or credited by the Difference and no imbalance shall be created in any transportation Service Agreement. The appropriate maximum commodity charges and surcharges (and any overrun charges) will be assessed for the transportation into or out of storage under the appropriate transportation Service Agreement held by the FSS or FSS-M Shipper, in the following order of priority if Shipper holds more than one firm transportation agreement, up to the Transportation Demand under each: (i) SST Service Agreement; (ii) NTS Service Agreement; (iii) NTS-S Service Agreement; (iv) FTS Service Agreement; or (v) TPS Service Agreement; provided that Shipper may notify Transporter in writing of a preferred different order of priority for specified Rate Schedules. Such notice must be received by Transporter at least 30 days prior to the beginning of the Month for which it is to be initially effective.

(b) If deliveries are made directly to a Shipper at a point of delivery that is not a point of delivery for a Shipper with an FSS or FSS-M Service Agreement, that Shipper's gas shall be the last gas through the meter.

(c) If deliveries are made to a third party (that is not a Shipper) for the accounts of multiple Shippers, the Difference shall be allocated pro rata among all Shippers at that delivery point on the basis of those Shippers' Scheduled Daily Delivery Quantities, unless all affected Shippers at that delivery point have agreed to a Predetermined Allocation Method (PDA)

specifying a different allocation methodology and such agreement is provided to Transporter in writing and approved by Transporter.

(d) Month-end allocations shall be based on a measurement closing date of the fifth business day after the business month. If actual quantities are not available, quantities will be estimated by the Measuring Party.

8.2 Receipt Point Allocation. 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 upstream interconnecting operator providing the point confirmation submits a PDA to the allocating party before the start of the Gas Day, and Transporter accepts the PDA.

8.3 Predetermined Allocation Method (PDA).

(a) As used in this Section 8, a PDA is an agreement by or among 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 methods 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) Except as prescribed in Section 8.1(a) of the General Terms and Conditions, if confirming parties cannot agree upon an allocation methodology, "pro rata based upon confirmed nominations" shall be used as the default method.

(c) Transporter may negotiate and enter into OBAs with interstate pipelines, intrastate pipelines and other entities. No Difference balanced in-kind shall be allocated to any Shipper at the receipt or delivery points covered by the OBA. If an interstate pipeline charges Transporter for Differences in the OBA, however characterized, Transporter shall charge such interstate pipeline an equivalent and offsetting charge. If Transporter is unable to charge or collect such equivalent and offsetting charges for such Differences, 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.

(d) Where an OBA exists between interconnecting parties, a PDA is not necessary.

(e) 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.

(f) PDAs shall remain in effect until a replacement PDA is received from the interconnecting operator or upstream title holder; provided, however, PDAs shall be updated at the beginning of each month. A new allocation detail may be needed when a nomination changes.

(g) If the PDA is provided using EDI, Transporter shall respond with an EDI 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 6 months of the end of the production month, with a 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 6 months of the initial month-end allocation, with a 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.

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. 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 Delivery Obligation at Delivery Points and Maximum Daily Quantity at 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 ensure compliance with such requirements.

9.3 Hourly Flow. Transporter shall have the right but not the obligation to mutually agree with any Shipper to an hourly flow rate other than a uniform hourly rate for a stated period at any receipt and/or delivery point(s) identified in the applicable Service Agreement, and where necessary upon specified conditions to ensure that such agreements do not have any adverse effect on Transporter's system. Transporter will not enter into hourly flow obligations or conditions that will adversely affect Transporter's ability to meet its firm service obligations to an existing Shipper. In addition, Transporter will not unilaterally impose new contractual hourly flow rate conditions when an existing Shipper exercises its right of first refusal in accord with Section 4 of the General Terms and Conditions; provided, however, if a Shipper with a Service Agreement containing an hourly flow rate stated as a numerical Dth per hour amount and exercising its right of first refusal does not retain one-hundred percent (100%) of its Transportation Demand in its new Service Agreement, there will be a proportionate reduction in the numerical Dth per hour hourly flow rate amount in that Shipper's new Service Agreement. In the event that Transporter and Shipper mutually agree to such an hourly flow rate for a stated period, the hourly flow rate and any conditions will be specified in the applicable pro forma service agreement in the blank space provided. If Transporter and a Shipper are unable to mutually agree upon a hourly flow rate, Transporter will, upon request from that Shipper, provide a written explanation concerning the operational reasons for the denial.

9.4 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 or storage services, 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 or

store the gas or utilize Transporter's storage facilities, 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.

9.5 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. Notwithstanding any other provision in this Tariff, Transporter shall not be required to pay for or to construct or install facilities of any kind, including, but not limited to meters and measuring stations; provided, however, that Shipper may request construction of facilities under the provisions of Section 27 (Construction of Facilities) of the General Terms and Conditions.

9.6 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 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(s).

(3) A Shipper will establish creditworthiness if:

(i) its unenhanced senior unsecured debt securities are rated at least BBB- by S&P Global Market Intelligence LLC or its successor ("S&P") or Baa3 by Moody's Investors Service, Inc. or its successor ("Moody's"); provided however, that in the event a split rating occurs between rating agencies, Transporter will rely upon the lower of the ratings. Nothing herein shall limit Transporter's ability to evaluate any factors set forth in Section 9.6 (4) (i) – (vii) below where Shipper's creditworthiness is established by a rating agency if such factor(s) would alter Transporter's evaluation of Shipper. If Shipper has multiple Service Agreements with Transporter, then the total of potential fees and charges

of all such 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.

(4) If Shipper does not meet the creditworthiness standard described in part 3(i) above, then Shipper may have the Transporter evaluate its creditworthiness based upon the level of Shipper's current and requested service(s) with Transporter relative to Shipper's current and future ability to meet its obligations. Such creditworthiness evaluation shall be based upon any or all of the following requested information in (i) through (vii) below:

(i) S&P, Moody's and other credit reporting agencies opinions watch alerts, outlooks, 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) The nature of Shipper's business and the effect on that business of economic conditions, including Shipper's ability to recover the cost of Transporter's service through filings with regulatory agencies or otherwise to pass on such costs to its customers.

(iv) Shipper is not operating under any chapter of the United States Bankruptcy Code and is not subject to liquidation or debt reduction procedures under state laws and no petition for involuntary bankruptcy against Shipper is pending. Transporter may give consideration for a Shipper who is a debtor-in-possession operating under Chapter 11 of the United States Bankruptcy Code if Transporter is adequately assured that the service billing will be paid promptly as a cost of administration under the federal court's jurisdiction, based on a court order in effect, and if the Shipper is continuing and continues in the future to make payment.

(v) Whether Shipper is subject to any lawsuits or outstanding judgments which could materially impact its ability to remain solvent.

(vi) Whether Shipper has or has had any delinquent balances outstanding for services provided previously by Transporter and whether Shipper is paying or has paid its account balances according to the terms established in its Service Agreement(s) (excluding amounts as to which there is a good faith dispute).

(vii) Any other information including any information provided by Shipper, that Transporter deems relevant to Shipper's current and future financial strength and Shipper's ability to make full payment over the term of its Service Agreement(s).

(c) Failure to Establish or Maintain Creditworthiness

(1) If Shipper fails to establish or maintain creditworthiness as described in Section 9.6 (b), Shipper has the option of receiving or continuing service under this Tariff by providing and maintaining one of the following financial assurances in accordance with the requirements as set forth below:

- (i) Guarantee: Shipper may provide a guarantee of financial performance in a form satisfactory to Transporter and for the term of the Service Agreement(s) from a person or entity which meets the creditworthiness standard outlined in Section 9.6 (b) (guarantor).
- (ii) Cash Security Deposit: Shipper may provide a cash security deposit for service. Transporter shall accrue simple interest on cash security deposits at the Federal Funds Rate. Upon Shipper's request, provided Shipper is not in default under any obligation to Transporter, Transporter will remit the balance of the interest to Shipper within thirty (30) days, provided, however that Transporter shall not be required to remit interest to Shipper more often than every thirty (30) days.
- (iii) Letter of Credit: Shipper may post an irrevocable standby letter of credit in a form acceptable to Transporter and issued by a bank or financial institution deemed acceptable by Transporter.
- (iv) Any other financial assurance mutually agreed upon by Transporter and Shipper. Such other financial assurance shall be accepted on a nondiscriminatory basis and may include, as related to interruptible service, a prepayment equal to an amount defined

by Transporter. Such defined prepayment will remain in place until Shipper exhausts its prepaid balance by utilizing interruptible transportation service. At the point Shipper’s prepayment is exhausted, Transporter may suspend further interruptible service. Shipper will not earn interest on defined balance prepayments, as further discussed in Section 10.8.

(2) Transporter may deny subsequent requests to substitute financial assurances on a not unduly discriminatory basis and will provide Shipper with a written explanation of any denial of a request to substitute financial assurances.

Within five (5) Business Days of Transporter’s notification to Shipper that Shipper has returned to creditworthiness in accordance with Section 9.6 (b) herein, Transporter will return Shipper’s financial assurance held by Transporter along with any applicable interest and interest calculation reconciliations.

Upon performance in full of all Shipper’s obligations under its Service Agreement(s), Transporter will return Shipper’s financial assurance associated with undisputed invoice amounts within five (5) Business Days of Shipper performing all obligations in full. Any remaining financial assurance will be returned after resolving any and all disputed invoice amounts under the expired Service Agreement(s). In either case, Transporter will pay applicable interest and provide Shipper final billing reconciliations detailing interest calculations.

(3) Financial Assurance Requirement Table

Service	Column A: Guarantee Requirement	Column B: Cash Security or Letter of Credit Amount
Firm Service	Shipper’s contractual obligation under its firm Service Agreement(s) with Transporter	Up to the value of three (3) months Reservation Charges
Interruptible/Volumetric Service	Shipper’s highest monthly bill for interruptible and volumetric based service over the previous rolling twelve (12) months multiplied by three (3). Initial requirement based upon Shipper’s anticipated usage for three (3) month period as determined by	Same under Column A

	Shipper and Transporter.	
Park and Loan	The lesser of the transaction term or three (3) months value based on the transaction quantities multiplied by the rate for such transaction, plus the value of loaned gas in accordance with Section 9.6 (d).	Same under Column A
Imbalance Gas	In accordance with Section 9.6 (d)	Same under Column A

Unless otherwise agreed, the financial assurance must at all times maintain a value specified above equal to the highest estimated charges during the term of the Service Agreement(s). Financial assurances are held for security, provided that any financial assurance may be applied or set off by Transporter to satisfy any and all delinquent account(s) or other obligations.

(d) Loaned/Imbalance Gas Owed to Transporter

For lending services PAL Rate Schedule, Transporter shall have the right to seek financial assurance for the value of gas loaned by Transporter. The amount of such financial assurance will be based on the quantity of gas loaned multiplied by the Columbia Gas, Appalachia price located under the "Platts Gas Daily" (or any successor publication thereto) for the month the quantity of gas is loaned. Transporter shall have no obligation to lend any quantity of gas beyond the financial assurance amount provided by Shipper to Transporter.

Transporter has the right to seek additional financial assurance 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 midpoint of the range of prices reported for "Columbia Gas, Appalachia" as published in Platts Gas Daily price survey or any successor publication, less applicable transportation charges. 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.

(e) Collateral Requirements for Lateral Facilities and/or Expansion Capacity

Notwithstanding the foregoing requirements, if Transporter constructs new facilities to accommodate a Shipper, Transporter may require financial assurance in an amount up to Shipper's proportionate share of the cost of the new facilities. This financial 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. Financial assurance requirements for expansion capacity will be separately identified within Transporter's nondiscriminatory project precedent agreement and/or credit support agreement. As Transporter recovers the cost of these facilities through its rates, the financial assurance required will be reduced accordingly. Specifically, any financial 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 financial assurances 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 sixty (60) days of the capacity being made available, to the extent such capacity has been awarded, the financial 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.

9.7 Notification of Failure to Meet Creditworthiness.

Transporter shall have the right, on an ongoing basis, to review Shipper's creditworthiness and acceptability of any financial assurance, and upon Transporter's request, Shipper shall provide within three (3) Business Days, or such later date acceptable to Transporter, information in order to facilitate such review. If Shipper is found by Transporter to be non-creditworthy, Transporter will, upon request, inform Shipper in writing as to the reasons. Upon notification by Transporter of Shipper's non-creditworthy status, Shipper must, within five (5) Business Days after receipt of such notification, submit advanced payment to Transporter equal to one (1) month of service under Shipper's Service Agreement(s) to continue service. Shipper must, within thirty (30) days, provide an acceptable financial assurance, as set forth in Section 9.6 (c). For Shippers utilizing lateral facilities or expansion capacity, the financial assurance that must be provided within thirty (30) days shall be in accordance with Section 9.6 (e). If Shipper fails to provide one of the financial assurances within these time periods, Transporter may suspend service immediately (Shippers are not responsible for Reservation Charges after service is suspended) and may provide simultaneous written notice to Shipper, the Commission, and any Replacement Shipper(s) that service will be terminated in thirty (30) days. Transporter also may exercise any other remedy available to it hereunder, at law or in equity. At all times prior to termination under this Section 9.7, as applicable, Shipper may avoid such termination by providing the advance

payment and financial assurance described herein. 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 financial assurances in accordance with 9.6 (c) above.

9.8 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.

9.9 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 9.9 shall apply solely to Shipper that is the Service Agreement holder.

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

9.11 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.

9.12 General Limitation of Transporter's Obligation. Transporter shall not be required to perform or continue service on behalf of any Shipper that, within five (5) 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(s) 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(s) with Transporter, or the General Terms and Conditions of this Tariff.

9.13 Balancing at Termination of Service Agreement.

(a) Following the termination of a Service Agreement(s), Shipper under that Service Agreement(s) shall be required to correct any outstanding imbalance in receipts and deliveries within thirty (30) days after Transporter determines, and notifies Shipper, that such an imbalance exists, or within such longer period of time agreed to by Shipper and Transporter (the balancing period). Shipper shall correct in-kind any undertender imbalance by making arrangements

upstream of Transporter for delivery to Transporter to correct such undertender imbalance during the balancing period. Shipper shall correct in-kind any overtender imbalance by (i) obtaining a service agreement (e.g., under the ITS Rate Schedule) from Transporter pursuant to the terms of this Tariff, and scheduling to receive such overtender imbalance quantities from Transporter under such service agreement pursuant to the terms of this Tariff, or (ii) otherwise making arrangements pursuant to this Tariff (e.g., under Section 18 "Inventory Transfers" of the General Terms and Conditions) to dispose of its overtender imbalance. If, after the end of the balancing period, Transporter determines that an imbalance continues to exist in Shipper's account, Transporter shall resolve such imbalance as set forth below.

(b) If Transporter determines that it delivered quantities to or for Shipper in excess of the quantities tendered to Transporter by or for Shipper, Transporter shall assess and collect from Shipper a penalty. Shipper shall pay Transporter a penalty for each Dth of such outstanding imbalance, grossed up for the Retainage percentage applicable to Transporter's ITS Rate Schedule. The penalty shall be the sum of: 120 percent of the Spot Market Price for the Month during which such quantities are made up by Transporter. "Spot Market Price", for purposes of this Section, shall mean, for the applicable Month, the contract index price for gas delivered to "Columbia Gas Transmission, LLC, Appalachia", as reported in Inside FERC's Gas Market Report or successor publication. For purposes of calculating Penalty Revenues pursuant to Section 19.6 of the General Terms and Conditions, 100 percent of the Spot Market Price times the applicable number of replenishment dekatherms shall be retained by Transporter. 20 percent of the Spot Market Price times the applicable number of replenishment dekatherms shall be treated as Penalty Revenues as defined in Section 19.6 of the General Terms and Conditions. Upon payment of such charge, the imbalance shall be removed from Shipper's account.

(c) If Transporter determines that Shipper tendered to Transporter quantities in excess of the quantities taken by or for Shipper at the delivery point(s), any such quantities automatically shall be forfeited by Shipper to Transporter free and clear of all liens and encumbrances. Transporter shall post such forfeited quantities on its EBB as gas available for sale to the highest bidder within a 24-hour notice period. Such posting may provide as a condition of sale that such gas be withdrawn from storage within a period of time to be specified in the notice. Upon receipt of payment, Transporter shall treat the forfeited gas proceeds as Penalty Revenues as defined in Section 19.6 of the General Terms and Conditions.

(d) Transporter may waive the provisions of this Section 9.13 on a nondiscriminatory basis.

10. BILLING AND PAYMENT

10.1 Billing.

(a) On or before the ninth (9th) Business Day following the date of the final monthly meter reading for each Billing Month, Transporter shall render to Shipper an imbalance statement and an invoice (collectively "Billing Statements") setting forth the total quantity of gas delivered to or for the account of Shipper under each Rate Schedule during each Day of the preceding Billing 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. 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 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.

(b) When information necessary for billing purposes is in the control of Shipper, Shipper shall furnish such information to Transporter on or before the fifth (5th) day after the final meter reading of each Billing Month.

(c) Both Transporter and Shipper shall have the right to examine, at reasonable times agreed to by both parties, books, records, and charts of the other to the extent necessary to verify the accuracy of any statement, charge, or computation made pursuant to any of the provisions of this Section. 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.

10.2 Payment.

(a) Shipper shall pay Transporter by wire or other electronic fund transfer of Federal Funds which are made immediately available to Transporter at such bank account as Transporter shall designate, on or before the twentieth (20th) day following the date of the final monthly meter readings for the gas delivered during the preceding Billing Month, except when such twentieth (20th) day of the month is a Saturday, Sunday or federal bank holiday, in which case payment is due on the following Business Day. All such payments shall be considered to have been made on the date when Transporter has use of said funds. Notwithstanding the foregoing, a Shipper whose monthly statement total amount due is less than \$5,000.00 may elect to make payment by check which shall be sent by U.S. Mail, First Class delivery on or before the twentieth (20th) day of the month. Shipper should identify invoice number(s) on all payments. Shipper should provide supporting documentation. Transporter should apply payment per supporting documentation provided by Shipper. If payment differs from the invoiced amount, remittance detail should be provided by the Shipper 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 rendering of a bill by Transporter is delayed after the tenth (10th) day following the date of the final monthly meter reading, then the time of payment shall be extended by the same number of days unless Shipper is responsible for such delay.

(c) Should Shipper fail to pay all of the amount of any bill as herein provided, interest on the unpaid portion of such bill shall be computed at the rate set forth in Section 154.501(d) 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 such bill or part thereof, Transporter shall not be entitled to suspend further delivery of gas if

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

(2) within ten (10) days of a demand made by Transporter, Shipper furnishes good and sufficient financial assurance acceptable to Transporter for the disputed amount and with financial assurance satisfactory to Transporter;

(3) such financial assurance ensures payment to Transporter of the amount ultimately found due upon such 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 such financial assurance.

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

10.3 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 such overcharge or undercharge, Transporter shall refund the amount of any such overcharge or Shipper shall pay the amount of any such undercharge within thirty (30) days after final determination of such amounts. If an error is discovered in the amount billed in any statement rendered by Transporter, such error shall be adjusted within thirty (30) days of Transporter's determination thereof, provided that claim therefore shall have been made within thirty (30) days from the date of discovery of such error but in any event within six (6)

months from the date of such statement with a three (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.

10.4 Suspension or Termination for Nonpayment. If Shipper fails to pay Transporter the entire amount due on or before the payment due date, Transporter may suspend service under Shipper's Agreement(s) upon ten (10) days' notice of a Shipper's first instance of non-payment or five (5) days' notice to Shipper for any subsequent instances of non-payment occurring within the last six (6) months and shall have the right to seek termination of the Agreement(s) provided, however, Transporter may only suspend service to the extent the capacity is not subject to a capacity release at the time of suspension. In the event Transporter suspends service under Shipper's Agreement(s), Shipper shall not be responsible for Reservation Charges during such suspension period. At all times prior to suspension, Shipper has the right to cure such non-payment by providing payment of the past due amounts plus accrued interest or by providing financial assurance equivalent to the amounts past due.

In the event that service to a Shipper is suspended, Transporter shall have the right to remarket the capacity that is subject to suspension on a month-to-month basis with terms not to exceed thirty-one (31) days ("Interim Capacity Arrangement"). Any capacity sold pursuant this Section 10.4 shall be made available on a nondiscriminatory basis and will not be assigned on the basis of a period determined pursuant to the open season of the capacity release provisions set forth in Section 14 of the General Terms and Conditions. Capacity sold pursuant to this Section 10.4 shall not have a right of first refusal. If the Shipper whose service has been suspended remedies the deficiency that gave rise to the suspension after the capacity has been remarketed to another Shipper as part of an Interim Capacity Arrangement, service to the Shipper whose service has been suspended will resume on the first (1st) day following expiration of the Interim Capacity Arrangement. To the extent Transporter seeks to terminate a Shipper's Agreement(s), Transporter will provide written notice to Shipper, the Commission, and any Replacement Shipper(s) that has obtained temporary release capacity from Shipper, that if Shipper fails to make payment within thirty (30) days of such notice, Transporter will terminate Shipper's Agreement(s) and may exercise any other remedy available to Transporter hereunder, at law or equity. At all times prior to termination, Shipper has the right to cure such non-payment by providing payment of the past due amounts plus interest or by providing financial assurances equivalent to the amount past due. However, if Shipper in good faith disputes the amount of any bill or part thereof by providing written notice of its dispute including documentation identifying the basis of the dispute and 1) promptly pays to Transporter the undisputed amount, when due, and 2) on or before the due date of such bill, furnishes to Transporter a financial assurance acceptable to Transporter for the disputed amount then Transporter shall not be entitled to suspend or terminate service under the Agreement(s) unless and until a default is made in the conditions of the financial assurance; provided further that should Shipper prevail on the dispute, Transporter shall reimburse Shipper up to the reasonable and customary cost of the financial assurance.

10.5 Billing Disputes. If Shipper in good faith disputes an invoice from Transporter and complies with the provisions of Section 10.2(d) above, further resolution of the dispute shall be in accordance with the provisions of Section 30 (Complaint Resolution Procedure) of the General Terms and Conditions.

10.6 Refunds. Transporter shall pay any refunds owed in excess of \$5,000 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.

10.7 Right to Set Off Unpaid Amounts. If the Shipper does not pay the full amount due Transporter in accordance with Section 10.2 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, including but not limited to any cash security deposits or any other financial assurance, against any and all amounts or monies due or owing by Shipper to Transporter. 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).

10.8 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 rates are changed pursuant to NGA Section 4 or 5 during the period for which Shipper has prepaid for service and Shipper shall understand that any prepayment does not absolve it of such future adjustments to the recourse rates. 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 9.6.(c)(1)(ii) of these General Terms and Conditions for purposes of creditworthiness, nor shall a cash security deposit under Section

9.6(c)(1)(ii) 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. Except as may otherwise be specified in this Section or in individual Rate Schedules, Shipper shall have flexible primary receipt and delivery point authority; provided that 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. If firm capacity is available to accommodate Shipper's requested change, Transporter and Shipper shall execute an agreement, superseding Appendix A to the relevant Service Agreement, that shall reflect 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.

11.4 Aggregation Points. A Shipper nominating from a Receipt Point for Production under its firm transportation Service Agreement that is located in an Aggregation Area set forth in Section 3(a) of Rate Schedule AS may use the Aggregation Point associated with that Aggregation Area as a secondary delivery point for service under Shipper's firm transportation Service Agreement up to the Transportation Demand set forth in Shipper's firm Service Agreement. Secondary deliveries to Aggregation Points will not be assessed commodity charges or Retainage and will have the priority set forth in Section 7.2(c) of the General Terms and Conditions. An

Aggregation Point may not be used as a secondary delivery point under Shipper's firm transportation Service Agreement when nominations are not from a Receipt Point for Production located in the corresponding Aggregation Area.

11.5 Secondary Deliveries to Interruptible Paper Pool (IPP). A Shipper nominating from a receipt point under its Rate Schedule FTS, NTS, NTS-S, TPS, SST, GTS, or OPT transportation agreement may nominate, on a secondary basis, deliveries to the IPP up to the Transportation Demand set forth in Shipper's transportation service agreement. Secondary deliveries to the IPP will not be assessed commodity charges or Retainage and will have the priority set forth in Section 7.2(c) of the General Terms and Conditions. Deliveries originating from the IPP to either primary or secondary delivery points will be assessed commodity charges and Retainage and will have the priority set for in Section 7.2(c) of the General Terms and Conditions.

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

12.1 Maximum Daily Delivery Obligation at Delivery Points.

(a) The Maximum Daily Delivery Obligation (MDDO) at each point of delivery under Transporter's firm transportation service Rate Schedules shall be set forth in the applicable Service Agreement. Unless further limited by a Design Daily Quantity, as described in 12.1(c) below, or by an Aggregate Daily Quantity, as described in 12.1(d) below, the MDDOs expressed in Shipper's firm Service Agreement shall serve to define Transporter's firm service obligation to Shipper at each of its delivery points. At a minimum, the MDDOs expressed in Shipper's Service Agreement will be utilized by Transporter in its design of any measurement, pressure regulation, lateral pipeline, or other local facilities used to make deliveries to Shipper at each of its delivery points under the Service Agreement. Unless otherwise specified in an applicable Service Agreement, Transporter will use 1/24th of the MDDO for such hourly design purposes. Transporter retains the right to restrict Shipper activity in excess of this hourly design under Section 17 of the General Terms and Conditions. Where Shipper receives service from Transporter under two or more firm service Rate Schedules, the MDDOs specified in one Service Agreement may be incorporated by reference in the other Service Agreements.

(b) The sum of the MDDOs under all of Shipper's firm Service Agreements shall equal the sum of the Transportation Demands under all of Shipper's firm Service Agreements; provided, however, that the sum of those MDDOs may exceed Shipper's specified Transportation Demand if the Shipper previously held Service Agreements under Transporter's former CDS or SGS Rate Schedules. Where the sum of the MDDOs exceed Shipper's Transportation Demand, Transporter's firm service obligation to Shipper may be further limited by Design Daily Quantities, as described in 12.1(c) below, or by Aggregate Daily Quantities, as described in 12.1(d) below.

(c) Notwithstanding the MDDOs at individual delivery points, Transporter and Shipper may mutually agree to further define Transporter's service obligation to Shipper under Transporter's firm service Rate Schedules by implementation of a Design Daily Quantity (DDQ) at each point of delivery to Shipper. If applicable, the DDQ at each point of delivery under Transporter's firm transportation service Rate Schedules shall be set forth in the applicable Service Agreement, and shall serve to define Transporter's firm service obligation to Shipper at each of its delivery points in a specified area on a coincidental design day, unless such obligation is further limited by an Aggregate Daily Quantity, as described in 12.1(d) below. The DDQ at each point of delivery will be equal to or less than the corresponding MDDO value at each point. The DDQs expressed in Shipper's Service Agreement will be utilized by Transporter in its design of its transmission pipeline systems. Unless otherwise specified in an applicable Service Agreement, Transporter will use 1/24th of the DDQ for such hourly design purposes. Transporter retains the right to restrict Shipper activity in excess of this hourly design under Section 17 of the General Terms and Conditions. Where Shipper receives

service from Transporter under two or more firm service Rate Schedules, the DDQs specified in one Service Agreement may be incorporated by reference in the other Service Agreements.

(d) Notwithstanding the MDDOs or DDQs at individual delivery points, Transporter and Shipper may mutually agree that Transporter's combined aggregate service obligation at all or some of the delivery points to Shipper in a specified area (the Aggregate Area) shall, if applicable, be limited to an Aggregate Daily Quantity (ADQ). Aggregate Area ADQs may themselves be included in larger Aggregate Area ADQs that would control multiple areas. All such Aggregate Area ADQs shall be set forth in the applicable Service Agreement. The Service Agreement will also specify which delivery points are to be included in and limited by an Aggregate Area ADQ. Any Aggregate Area ADQ will be equal to or less than the sum of the individual MDDOs or DDQs for each of the delivery points that are governed by that ADQ. Where Shipper receives service from Transporter under two or more firm service Rate Schedules, the ADQs specified in one Service Agreement may be incorporated by reference in the other Service Agreements.

(e) Unless waived by Transporter in its reasonable discretion, the aggregate of Shipper's MDDOs, DDQs and ADQs, where applicable, shall be reduced in proportion to any reduction by Shipper in its Total Firm Entitlement (TFE). Shipper shall have the right to specify the delivery points at which the reductions or adjustments in those MDDOs, DDQs and ADQs shall be made.

12.2 Maximum Daily Quantity 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 equal the sum of the Transportation Demand under Shipper's firm Service Agreements plus quantities necessary for Retainage.

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, less any pressure reduction that may occur through any measurement, flow control, regulation or other appurtenant facilities that are owned by Transporter; provided, however, that Transporter and Shipper may mutually agree to a specific minimum delivery pressure for a stated period at any delivery point or points which Transporter shall agree to meet or exceed, and where necessary, upon specified conditions to ensure that such agreements do not have any adverse effects on Transporter's system. Transporter's obligation to meet or exceed this minimum delivery pressure shall be contingent upon total deliveries at the particular delivery point or points not exceeding the Transporter's hourly design as outlined in Section 12 of the General Terms and Conditions, unless specified within the applicable Service Agreement(s), for the combined total of all Shippers who hold firm Service Agreement rights to said point or points. Transporter may meet or exceed the specified minimum delivery pressure if deliveries at the delivery point or points are in excess of the combined total of all Shippers who hold firm Service Agreement rights to said point or points or any specified hourly flow commitments, but shall have no obligation to do so. If Transporter and Shipper agree to a specific minimum delivery pressure obligation for a stated period, the pressure obligation and any conditions will be specified in the pro forma service agreement in the blank spaces provided. Transporter may at any time, and from time to time, exceed a minimum delivery pressure obligation it has made to a Shipper. Transporter also may operate its facilities at less than the minimum delivery pressure obligation made to a Shipper when the Shipper does not require the agreed-upon minimum delivery pressure. If Transporter and a Shipper are unable to mutually agree upon a minimum pressure commitment, Transporter will, upon request from that Shipper, provide a written explanation concerning the operational reasons for the denial.

(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. Transporter and Shipper may agree to a specific minimum receipt pressure for a stated period at any point or points, below which Transporter is not obligated to receive gas from or on behalf of Shipper, and where necessary, upon specified conditions to ensure that such agreements do not have any adverse effect on Transporter's system. If Transporter and Shipper agree to a specific minimum receipt point pressure obligation for a stated period, the pressure obligation and any conditions will be specified in the pro forma service agreement in the blank spaces provided. If Transporter and a Shipper are unable to mutually agree upon a minimum pressure commitment, Transporter will, upon request from that Shipper, provide a written explanation concerning the operational reasons for the denial.

(c) Transporter will not enter into minimum pressure obligations or conditions that will adversely affect Transporter's ability to meet its firm service obligations to an existing Shipper. In addition, Transporter will not unilaterally impose new contractual minimum pressure conditions when an existing Shipper exercises its right of first refusal in accord with Section 4 of the General Terms and Conditions.

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: provided that these procedures are subject to the provisions of Section 40 of the General Terms and Conditions governing segmentation. 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 all 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 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 release is on a temporary or permanent basis;

(3) the numeric quantity being released on a per day basis for transportation, storage injection and storage withdrawal, a per-release quantity for storage capacity, 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, term, or volume that the releasing shipper 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, and Internet E-mail address or EDI/EDM Electronic Notice Delivery Mechanism 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 an indemnification provision 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; and

(19) for releases of storage capacity, any conditions concerning the transfer and/or return of storage inventory.

(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 affected 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 marketer participating in a state-regulated retail access program as defined in Section 284.8 of the Commission's regulations (collectively "exempt transactions"). There shall be no maximum price cap for pre-packaged arrangements of one (1) year or less in length. Pre-packaged arrangements for more than 31 days but less than one (1) year in length are not exempt transactions under this Section 14.3(a). 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 for more than one (1) year that are exempt from the ordinary posting and competitive bidding procedures set forth in this Section 14 must not exceed the maximum rate.

(b) Notice to Transporter; 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 248.8 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, as specified in Section 6.2(e) of the General Terms and Conditions. In the event Shipper has 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 for a term of more than one (1) year at the maximum rate, 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. For capacity release transactions of one (1) year or less in length, there shall be no maximum price cap. 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) in accordance with Transporter's specifications, shall specifically reference the capacity for which the bid is being submitted; and (iv) must take effect on or before one (1) 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 must: (i) 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 more than one (1) year in length shall neither exceed the maximum rates nor 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 may exceed the maximum rates but shall not be less than the minimum rates permitted by the Commission for released services. Bids for capacity offered for more than one (1) year 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. For transactions one (1) year or less in length, a designated Replacement Shipper shall be required to match the highest competing bid,

including bids that may be submitted in excess of the maximum rate. 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) For (1) capacity release transactions of more than one (1) year where Releasor has posted a prepackaged arrangement at less than the maximum rate or (2) 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 14.1(c), 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 in 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 in their bids the minimum quantities they will accept. If a 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 properly has been executed. If the Replacement Shipper does not execute and return such Assignment Agreement within two business days of Transporter's tender (or such later date established by Releasor through notice to Transporter and Replacement Shipper), the bid and Transporter's offer of an Assignment Agreement shall be void and Transporter will tender an Assignment Agreement to the next highest acceptable bidder, if any, consistent with the terms of the Release Notice. Except with respect to prearranged transactions described in Section 14.3(a) above, Replacement Shippers failing to return such agreement shall be prohibited from bidding for six months, or less than six months if agreed to in writing by the Releasor. Nothing herein shall restrict Releasor from pursuing any other remedies it may have against a Replacement Shipper failing to execute and return an Assignment Agreement tendered by Transporter.

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, as specified in Section 6.2(e) of the General Terms and Conditions. In the event Shipper has not executed the Assignment Agreement prior to making its nomination, Shipper will be deemed to have executed the Assignment Agreement with Transporter pursuant to which the nomination is being 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, unless prohibited by the Releasor, contained in its assignment agreement 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 the Releasor shall be placed on the number of times service rights that are not subject to recall may be reassigned, provided, however, that a 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 Pro-rata 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, 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 (except for periods during which the Releasor has recalled the capacity), (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, (D) any penalties or imbalance correction costs associated with the assigned capacity, and (E) any applicable overrun charges, 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 Replacement Shipper 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 Replacement Shipper to Transporter will not be withheld from Releasor by Transporter due to Replacement Shipper'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 (1) Replacement Shipper agrees to pay Transporter the currently effective maximum rates for service under the Tariff, or (2) Transporter and Replacement Shipper mutually agree upon a discounted rate or negotiated rate for service under this Tariff; provided, however, that any Replacement Shipper shall be entitled to continued service at the contract rate between the Releasor and Transporter.

(c) In the event that a Replacement Shipper (including a Secondary Replacement Shipper) fails to pay Transporter's invoice relating to the released capacity, Transporter shall within five 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 Replacement Shipper's nonpayment, Releasor, without prejudice to any other rights it may have, may immediately recall the assigned capacity upon 24-hour notice to Replacement Shipper unless within such period Replacement Shipper 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 shall 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; and

(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 the assigned capacity, including any refunds related to the reservation charge portion of payments under a one-part volumetric rate. The Replacement Shipper 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 Replacement Shipper or indirectly through the Releasor if Replacement Shipper 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 obligated to make refunds to Releasor. (Any refunds ultimately paid to a Replacement Shipper 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 backup plan, or the failure of SCADA or electronic measurement equipment), mechanical or physical failure that affects the ability to transport gas or operate storage facilities, 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 storage and transmission facilities), the gas available for 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. Shipper must make available a representative to maintain 24-hour contact with Transporter to receive such notices. Such a representative shall have a requisite authority and capability to make any adjustments required as a result of Transporter's notice of interruption. 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 at Section 19 (Penalties) of the General Terms and Conditions.

16.2 Interruptions of Interruptible Service.

(a) Transporter may interrupt any interruptible services (i) for the reasons set forth in Section 16.1 above, or (ii) 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 (Penalties) 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. 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, FT-C, NTS, NTS-S, TPS, SST, GTS, OPT, ITS, AS, IPP and PAL Rate Schedules and all Service Agreements with Shippers thereunder, and firm and interruptible X-Rate Schedules set forth in 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 PAL Rate Schedule, beginning with quantities attributable to Shippers paying the lowest net present value, and pro rata among transactions yielding the same net present value.

(2) Quantities under Transporter's ITS, AS, and IPP Rate Schedules, overrun quantities in excess of a Shipper's Transportation Demand under Transporter's FTS, FT-C, NTS, NTS-S, TPS, SST and GTS Rate Schedules, and quantities under interruptible services set forth at Volume No. 2 of this Tariff, beginning with quantities attributable to Shippers paying the lowest price, and pro rata among Shippers paying the same price.

(3) Quantities at secondary receipt or delivery points under Transporter's OPT Rate Schedule, pro rata on the basis of Shipper's Scheduled Daily Receipt or Delivery Quantity. Any interruptions or other allocation reductions to Shipper's deliveries at secondary delivery points under the OPT Rate Schedule shall not reduce Shipper's allowable days of interruption under that Rate Schedule.

(4) Quantities at primary receipt or delivery points under Transporter's OPT Rate Schedule, beginning first with quantities attributable to OPT Service Agreements that have days remaining for interruption and then quantities attributable to OPT Service Agreements that have no days remaining for interruption, in the event of the existence of force majeure conditions or such other conditions as described in the OPT Rate Schedule.

(5) Quantities at primary or secondary receipt points under Transporter's FTS, FT-C, NTS, NTS-S, TPS, SST and GTS Rate Schedules, and quantities under firm services set forth at Volume No. 2 of this Tariff, pro rata based on Transportation Demand.

(6) Quantities at primary or secondary delivery points under Transporter's FTS, FT-C, NTS, NTS-S, TPS, SST and GTS Rate Schedules and under Volume No. 2 of this Tariff, allocated pro rata based on Transportation Demand.

(b) Storage Services. This paragraph shall apply to Transporter's GTS, FSS, FSS-M, FBS, NTS, NTS-S, ISS, ISS-M, and SIT Rate Schedules and Service Agreements with Shippers thereunder. In the event capacity is not available to continue storage injections and withdrawals of all Shippers' flowing gas that has been scheduled on Transporter's system, Transporter, in the capacity constrained area, shall (i) interrupt service sequentially among the priority groupings set forth below, and (ii) interrupt within those priority groupings, in the order and manner set forth below until the necessary level of interruption is achieved:

(1) Quantities under any of Transporter's Operational Balancing Agreements (OBAs), operational imbalances under Transporter's AS or IPP Rate Schedules, and

corrections of imbalances under Transporter's transportation Rate Schedules, pro rata, if necessary, based on scheduled quantities.

(2) Storage injection and withdrawal quantities under Transporter's SIT Rate Schedule, pro rata based on scheduled quantities.

(3) Storage injections and withdrawal quantities in excess of Shipper's Maximum Daily Injection Quantity or Maximum Daily Withdrawal Quantity under Transporter's FSS, FSS-M and FBS Rate Schedules, and storage injection and withdrawal quantities under Transporter's ISS and ISS-M Rate Schedule, beginning with injections and withdrawals attributable to Shippers paying the lowest price, and pro rata among Shippers paying the same price.

(4) Storage withdrawal quantities made by Transporter to provide service to Shippers under Transporter's NTS and NTS-S Rate Schedules, pro rata based on the Transportation Demand set forth in the NTS and NTS-S Service Agreements for Shippers to which such interruptions in the constrained area are attributable; storage injection and withdrawal quantities under Transporter's FSS or FSS-M Rate Schedule, pro rata based on Maximum Daily Withdrawal Quantity for Shippers to which such interruptions in the constrained area are attributable; and quantities under Transporter's GTS Rate Schedule, pro rata based on respective levels of Transportation Demand.

16.5 Relief from Interruptions of Firm Transportation Service in Emergency Situations.

(a) Transporter shall adjust interruptions made pursuant to this Section to the extent necessary to respond to emergency situations. An emergency situation exists when irreparable injury to life or property (including minimum plant protection requirements) will occur if natural gas transportation service is not rendered to a Shipper under Transporter's firm transportation service agreements. Emergency exemptions from interruption procedures or orders under this Section may be requested by a Shipper of firm transportation services when supplemental deliveries in excess of its pro rata interruption level are required to prevent irreparable injury to life or property, and such Shipper (1) has arranged to use all alternate sources of supply and capacity available, including other pipeline capacity capable of operationally serving the affected area of interruption, recallable released capacity, and alternate fuels, for the period involved, and (2) has interrupted and will continue to interrupt service to its interruptible, off-system sales and low priority shippers during the emergency.

(b) Such request shall be submitted by the Shipper to Transporter by telephonic or facsimile transmission, and shall be confirmed in writing, within 24 hours of the request, including a sworn, notarized statement attesting (1) to the details of the emergency; (2) its estimated length; (3) that Shipper has unsuccessfully attempted to obtain capacity from other sources, including capacity release and assignment; (4) that all sources of gas supply and capacity, including that available from other pipelines capable of operationally serving the affected area of interruption are being used; (5) that interruptible services are unavailable; (6)

that no alternate fuel can be used to avoid the emergency; and (7) that it has interrupted service to its interruptible shippers, off-system sales and other low priority shippers and will continue to do so during the emergency.

(c) Transporter shall adjust the capacity available to such Shipper to avoid the emergency to the extent such adjustment can be made without creating any other emergency for other Shippers of firm service or jeopardizing Transporter's operations. Capacity shall be made available by increasing the pro rata interruption of other Shippers (to the extent that an emergency is not created for any such Shipper) in accordance with Section 16.4. Any additional capacity made available hereunder shall not exceed the lesser of (1) the minimum quantity of capacity necessary to alleviate the emergency situation, or (2) that quantity which, when added to the capacity already available, would equal Shipper's contractual entitlement at the relevant point(s) of delivery. Any relief granted hereunder to such Shipper shall consist exclusively of an additional allocation of capacity, and Transporter shall have no obligation to provide quantities of gas not otherwise available to such Shipper under the terms of the pertinent transportation agreement. The time during which additional capacity is made available hereunder shall not exceed that which is necessary to alleviate the emergency situation. Shipper shall notify Transporter immediately upon cessation of the emergency situation. Transporter shall not be liable to any person for any damages whatsoever resulting from Transporter's interruption pursuant to this Section 16.5, unless such interruption is caused by the negligence or willful misconduct of Transporter.

(d) A Shipper receiving relief under this Section shall compensate any other Shipper injured thereby. Such compensation shall consist of payment to such injured Shipper, by the Shipper receiving relief, of the daily equivalent of Transporter's applicable reservation charge for the time period and amount of capacity taken from the injured Shipper. Payment for the capacity so taken shall be made to Transporter, which will then credit such payment to the injured Shipper in the billing cycle applicable to the period in which the emergency interruption occurred. Nothing in this Section 16.5 shall limit the rights of a Shipper which has capacity adjusted pursuant to this Section 16.5 in order to provide relief from emergency interruption to another Shipper from seeking any damages from such Shipper receiving relief, to the extent permitted by applicable law.

(e) In the event Shipper does not provide the sworn statement as required by this Section 16.5, or receives emergency relief on the basis of any representation in such sworn statement that is determined to have been materially false, then all of the quantities attributable to the adjustment made by Transporter shall be billed to that Shipper, in addition to all other charges, at a rate of \$25 per dekatherm. All revenues attributable to such \$25 per dekatherm charge shall be credited, on a pro rata basis, to those Shippers interrupted to a lower quantity as a result of the anticipated sworn statement.

(f) To the extent Transporter's interruption of any Shipper pursuant to this Section 16.5 would cause such Shipper to incur a penalty due Transporter through no fault of Shipper,

Transporter shall not assess that penalty against that Shipper. This provision does not excuse Shipper from taking all reasonable action necessary to remove itself from a penalty situation.

(g) In the event emergency relief is provided pursuant to this Section 16.5, Transporter shall post on its EBB the following information within two hours after such relief has been granted: (1) the name of the Shipper(s) whose request(s) for emergency relief have been granted; (2) the date and the time when the emergency relief was initiated to the Shipper(s); (3) the expected duration of the emergency; (4) the specific location of the emergency; and (5) a brief description of the nature of the capacity constraint and the emergency.

(h) Transporter will maintain, and make available for inspection by any interested party, all written and electronic information generated in connection with the granting or denial of emergency relief pursuant to this Section 16.5, including but not limited to the sworn statement and facsimile transmissions required by Section 16.5(b), and the EBB notice required by Section 16.5(g).

17. OPERATIONAL FLOW ORDERS

17.1 In General.

(a) Transporter, in its reasonable discretion, shall have the right to issue Operational Flow Orders (OFO) 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 services, to have adequate supplies in the system to deliver on demand (including injection of gas into the mainline, providing line pack, and injecting gas into storage at the right place and time), to maintain and protect the integrity and performance capability of Transporter's storage fields, 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 OFO is effective;
- (3) Duration of OFO (If none specified, the Operational Flow Order 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 Operational Flow Order; 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 17.2(a), Transporter will give at least 24 hours general advance notice of an OFO by posting on the Electronic Bulletin Board 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 Operational Flow Order to be effective upon less than 24 hours notice if necessary to protect the integrity of its system. If Transporter issues an Operational Flow Order without providing such 24 hours notice, except for those Operational Flow Orders issued pursuant to Section 17.2(a), Transporter shall post on its Electronic Bulletin Board and send to the Commission a detailed explanation containing information specific to that individual situation to justify the issuance of the Operational Flow Order.

(d) In addition to the 24-hour notice requirement of Section 17.1(c) above, Transporter shall post, giving as much advance warning as is reasonably possible, information regarding the operational variables that give, or will in the future give, rise to issuance of an OFO and Transporter will 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 an OFO.

(e) Transporter shall issue OFOs by posting on its Electronic Bulletin Board and by Electronic Notice Delivery to Shipper's representative. Shippers shall monitor Transporter's Electronic Bulletin Board 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, OFOs 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, OFOs 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, OFOs and other critical notices to two Internet E-mail addresses for each affected party.

(f) Operational Remedies. Transporter may implement any or all of the following operational remedies, in any order that Transporter deems necessary, when addressing operational constraints on Transporter's pipeline system: (1) Transporter may restrict non-firm delivery capacity to Transporter's affected Market Areas by posting a reduced level (down to zero) of non-firm delivery capacity into those affected Market Areas; (2) Transporter may allocate internal constraint points in accordance with the provisions of Transporter's FERC Gas Tariff; (3) Transporter may require individual Shippers to utilize primary delivery points; (4) Transporter may require individual Shippers to utilize primary receipt points; (5) Transporter may impose hourly flow rates and limitations in accordance with the provisions of Transporter's FERC Gas Tariff; and (6) Transporter may limit service to a specific MLI or Aggregate Area. In addition, as provided in Section 17.1(c) above, Transporter shall provide as much advance warning as possible of the conditions that may create an OFO and of the anticipated duration of such an OFO. However, nothing in this Section 17.1(f) shall preclude Transporter from issuing, at any time, an OFO if Transporter reasonably determines that such an OFO is necessary to protect the integrity of Transporter's pipeline system or to meet other operational exigencies as provided for in this Section 17.

17.2 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 Operational Flow Order 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 Operational Flow Order. If only one segment of Transporter's system will be affected by low pressure, the Operational Flow Order shall be limited to that segment of the system and shall be so stated. For the duration of this Operational Flow Order, 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 Operational Flow Orders requiring Shippers to deliver gas to Transporter at Shipper's primary receipt points under Shipper's FTS, FT-C, NTS, NTS-S, TPS, or GTS Service Agreement with Transporter. This right shall also apply to Shippers which have acquired capacity via Transporter's capacity release and assignment procedures.

(c) Proper utilization of Transporter's storage facilities is crucial to Transporter's ability to provide firm services to Shippers. Therefore, in the event Transporter determines that action is necessary to prevent damage to the integrity of its storage fields or to ensure the operating performance of Transporter's system, including its storage fields, Transporter may issue an Operational Flow Order as follows to preserve its ability to provide firm service to Shippers:

(1) Transporter may issue an Operational Flow Order limiting all Shippers to receipts and deliveries at primary points.

(2) Transporter may issue an Operational Flow Order requiring each Shipper at a given receipt point to fully utilize all of its non-storage receipt point firm transportation capacity on Transporter prior to being entitled to withdraw quantities from storage.

(3) Transporter may issue an Operational Flow Order limiting or prohibiting transfers of injection rights, withdrawal rights, or storage inventory by Shipper where:

(i) Transporter's storage pool deliverabilities, in the aggregate or in any segment, have declined to such a level that, in Transporter's discretion, a transfer may jeopardize Transporter's ability to perform firm service to any Shipper; or

(ii) The transfer could cause Transporter to issue an Operational Flow Order under another part of this section.

(4) Transporter may issue an Operational Flow Order directing a Shipper to correct imbalances or operate within the limitations on transportation, storage, injections or withdrawals as set forth in the Shipper's Service Agreement or the applicable Rate Schedule.

(d) In addition to the other provisions of this Section 17 that may be applicable to Shippers under the NTS and NTS-S Rate Schedules, Transporter may issue an Operational Flow Order to a Shipper under the NTS and NTS-S Rate Schedules to require Shipper to replenish its Gas Supply Quantity (GSQ) earlier than required by NTS and NTS-S Rate Schedules Section 2(f) in order for Transporter to provide no-notice service, replace borrowed gas or to preserve system integrity.

(e) Transporter may, on a nondiscriminatory basis, issue such other reasonable Operational Flow Orders as may be required for the purposes set forth in this Section in order to provide the services contemplated by this Tariff. For example, but without limitation, Transporter may issue an OFO directing a Shipper to take certain actions to enable Transporter to adequately respond to the following type of exigent circumstances occurring on Transporter's system:

(1) Freezing of wells or pipelines or other essential equipment to the extent that such freezing damages or destroys or otherwise impairs Transporter's essential facilities or Transporter's ability to monitor and control Transporter's essential facilities or results in the loss of supplies of natural gas from upstream transporters, Transporter's storage fields, 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 or operate storage facilities, including for example but without limitation, pipeline failure, compressor failure, regulator failure or other similar mechanical or physical failure.

(4) External operations, including for example but not limited to, surface or subsurface mining operations or highway construction operations or blasting operations that require Transporter to reduce operating pressures in, or remove from service, a portion of Transporter's pipeline and/or storage 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 or Transporter's pipeline and/or storage facilities.

(6) Failure of Shipper's to comply with hourly flow requirements contained in Transporter's FERC Gas Tariff.

(7) Loss of natural gas supply from upstream transporters, producers, storage providers or LNG providers due to exigencies occurring on those entities' systems.

(f) To the extent that Transporter seeks to implement hourly flow restrictions beyond those provided for in other provisions of its Tariff and/or service agreements, Transporter shall issue an operational flow order pursuant to the conditions of this section.

(g) For the reasons specified in Section 17.2(a) through (e), Transporter may, on a nondiscriminatory basis, issue Operational Flow Orders in order to provide no-notice service under the NTS, NTS-S, FSS, FSS-M and SST Rate Schedules.

(h) Transporter has the right to issue Operational Flow Orders on a nondiscriminatory basis without liability except in cases of Transporter's negligence or undue discrimination. Compliance with the Operational Flow Orders 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 Operational Flow Orders 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 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 Shipper(s) failing to comply with Transporter's Tariff and in particular, the provisions of this Section.

17.3 Limitations.

(a) Shipper shall not be required to flow gas pursuant to this Section in excess of Shipper's Total Firm Entitlement or any maximum entitlement level specified in Shipper's Service Agreement(s) with Transporter.

(b) A Shipper must comply with an Operational Flow Order 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; provided that Shipper shall make a good faith effort to comply with an Operational Flow Order, 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 Operational Flow Order

for the reasons set forth in this subparagraph (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 Operational Flow Order.

18. INVENTORY TRANSFERS AND IMBALANCE TRANSFERS

18.1 Transfers Generally. A Shipper may transfer inventory in its account to its other account(s) or the accounts of other Shippers under this Section. For purposes of this Section, the term "account" shall mean a Shipper's gas account under a storage or transportation Service Agreement with Transporter. A Shipper seeking to transfer inventory 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 Shippers' accounts. Transporter will permit a Shipper, upon request, to post on Transporter's EBB an announcement of Shipper's desire to transfer inventory, but Shipper shall remain responsible for making all arrangements effecting the proposed transfer.

18.2 No Cost Transfers. A Shipper may transfer inventory 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, storage, injection or withdrawal charges or surcharges, and without assessment of Retainage on the transferred quantity:

	<u>From</u>	<u>To</u>
(a)	FTS, OPT, ITS, NTS, NTS-S	FTS, OPT, ITS, NTS, NTS-S, GTS
(b)	FSS, FSS-M, FBS, ISS, ISS-M	FSS, FSS-M, FBS, ISS, ISS-M, SIT, NTS, NTS-S, GTS
(c)	SIT	NTS, NTS-S, GTS
(d)	GTS	GTS
(e)	FT-C	FT-C

(f) In addition, a Shipper with an SIT Service Agreement with Transporter which has a remaining inventory balance thereunder after having crossed-zero once within the prior 10-day period pursuant to Section 3(b) of the SIT Rate Schedule (and other than as a result of cost-free inventory transfers pursuant to this Section 18) may transfer such remaining inventory balance, or portion thereof, to another Shipper's (or Shippers') SIT Service Agreement with Transporter; provided that (1) such transferee Shipper (or Shippers) has also crossed-zero once within the same prior 10-day period pursuant to Section 3(b) of the SIT Rate Schedule (and other than as a result of cost-free inventory transfers pursuant to this Section 18) and (2) both Shippers' accounts move closer to, but without crossing zero as a result of such transfer. In addition, an SIT Shipper shall not create an SIT balance where one did not previously exist by engaging in an inventory transfer with another SIT Shipper.

(g) Transportation imbalances that are unresolved (other than through operation of the applicable terms of this Tariff; e.g, the FSS or FSS-M Rate Schedules, General Terms and Conditions Section 8, predetermined allocation agreements, etc.) under a Shipper's non-FSS or FSS-M Service Agreements may be transferred to the Segmentation Pool by nominating such imbalance quantities for transfer. There will be no charge for transferring imbalance quantities to the Segmentation Pool under this provision.

18.3 Nominated Transfers.

(a) A Shipper seeking to transfer inventory 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 inventory quantities for transportation pursuant to the terms of the Service Agreement with Transporter under which said inventory is held in account for Shipper; provided that a Shipper with a SIT Service Agreement with Transporter shall not transfer inventory to the SIT account of another Shipper unless both Shippers' accounts move closer to, but without crossing zero as a result of such transfer. In cases where an FSS, FSS-M, FBS, ISS, or ISS-M Shipper proposes to transfer inventory to an SIT Shipper, the SIT Shipper's account must move closer to zero as a result of the transfer. In addition, a SIT Shipper shall not create a SIT balance where one did not exist previously by engaging in an inventory transfer with another Shipper. Nominations shall be pursuant to Section 6 (Nominating, Scheduling and Monitoring) of the General Terms and Conditions. Nominated and transferred inventory quantities shall be subject to the charges and surcharges, and assessment of Retainage applicable to the Service Agreement with Transporter specified in the nomination.

(b) A Shipper may transfer inventory from its FSS, FSS-M, FBS, ISS or ISS-M Service Agreement account with Transporter to the Segmentation Pool by nominating such inventory quantities for transfer. Shipper shall not be subject to transportation commodity charges or Retainage on the transportation into the Segmentation Pool but will be subject to applicable storage withdrawal fees when gas is removed from storage for transfer to the Segmentation Pool.

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 inventory 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; (vi) without threatening the integrity of Transporter's system; (vii) because a SIT Shipper's account will not move closer to zero as a result of the proposed inventory transfer; or (viii) a SIT balance would be created where one did not previously exist as a result of the proposed inventory transfer. If the transfer is rejected pursuant to this Section 18.5, Transporter shall provide the Shipper seeking to transfer inventory 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 through the use of the Imbalance Trade screen in Transporter's EBB. All finalized imbalance trades will be reflected 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.

19. PENALTIES

The penalties set forth in this Section apply to the FTS, FT-C, NTS, NTS-S, TPS, SST, OPT, and ITS Rate Schedules, unless otherwise indicated in this Section or in individual Rate Schedules.

19.1 Takes in Excess of Total Firm Entitlements. If Shipper's takes on any Day exceed the greater of 103 percent of or 1,000 Dths more than its Total Firm Entitlement (TFE), Shipper shall be assessed and pay a penalty based on the higher of: (i) a price per Dth equal to three times the midpoint of the range of prices reported for "Columbia Gas, Appalachia" as published in Platts Gas Daily price survey for all such quantities in excess of its TFE, or (ii) a price per Dth equal to 150 percent of the highest midpoint posting for either: Mich Con City-gate, Transco, Zone 6 Non-N.Y., or Texas Eastern, M-2 Receipts as published in Platts Gas Daily price survey for all such quantities in excess of its TFE. 19.1(ii) penalties will only be assessed on days in which the daily spot price of gas exceeds three times the midpoint of the range of prices reported for "Columbia Gas, Appalachia."

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 lowered Scheduled Daily Delivery Quantity or 1,000 Dths in excess of such quantities, whichever is greater, under all applicable Rate Schedules set by Transporter's interruption order, Shipper shall be assessed and pay penalties based on the higher of: (i) a price per Dth equal to three times the midpoint of the range of prices reported for "Columbia Gas, Appalachia" as published in Platts Gas Daily price survey for all quantities taken or delivered in excess of its lowered Scheduled Daily Receipt Quantity or lowered Scheduled Daily Delivery Quantity, or (ii) a price per Dth equal to 150 percent of the highest midpoint posting for either: Mich Con City-gate, Transco, Zone 6 Non-N.Y., or Texas Eastern, M-2 Receipts as published in Platts Gas Daily price survey for all quantities taken or delivered in excess of its lowered Scheduled Daily Receipt Quantity or lowered Scheduled Daily Delivery Quantity. 19.2(ii) penalties will only be assessed on days in which the daily spot price of gas exceeds three times the midpoint of the range of prices reported for "Columbia Gas, Appalachia." The penalties set forth in this Section and in Section 19.1 shall not both be assessed for the same actions by Shipper.

19.3 Failure to Comply with Operational Flow Orders. If Shipper fails to comply with an 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 operational flow order based on the higher of: (i) a price per Dth equal to three times the midpoint of the range of prices reported for "Columbia Gas, Appalachia" as published in Platts Gas Daily price survey for the days on which the OFO is issued, or (ii) a price per Dth equal to 150 percent of the highest midpoint posting for either: Mich Con City-gate, Transco, Zone 6 Non-N.Y., or Texas Eastern, M-2 Receipts as published in Platts Gas Daily price survey for the days on which the OFO is issued. 19.3(ii) penalties will only be assessed on days in which the

daily spot price of gas exceeds three times the midpoint of the range of prices reported for “Columbia Gas, Appalachia.”

19.4 Monthly Imbalances. A penalty of \$0.25 per Dth shall be assessed to Shipper on any difference between actual cumulative receipts (less Retainage) and actual cumulative deliveries in excess of 10 percent of actual cumulative deliveries during a Billing Month. No penalty will be imposed when a prior period adjustment applied to the current period causes or increases a current month penalty.

19.5 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) In the event 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) In the event Shipper, or any other individual or entity receiving or delivering gas on behalf of, as a Replacement Shipper of, or otherwise for the benefit of Shipper, does not (i) provide the schedules, allocations, or other data required by this Section, Section 6 (Nominating, Scheduling and Monitoring) or Section 8 (Meter Allocations) 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 waive its right to collect all or any portion of the penalties assessed against Shipper, provided that any such waiver is granted in a nondiscriminatory manner.

(e) To the extent that 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 waive any penalties set forth in this Section 19 or in Shipper's applicable Rate Schedule that are incurred as a direct result of Transporter's inability to schedule

and/or deliver gas to Shipper up to Shipper's full Transportation Demand, as set forth in Section 38 of the General Terms and Conditions.

19.6 Penalty Crediting Mechanism.

(a) The purpose of this provision is to provide the mechanism (except the mechanism currently existing at Section 16.5(e) and Section 32.5 of the General Terms and Conditions) 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 NTS Rate Schedule Section 6(b), NTS-S Rate Schedule Section 6(b), SIT Rate Schedule Section 3(d), PAL-T Rate Schedule Section 5(b), PAL Rate Schedule Section 5(b), and Section 9.7(b) of the General Terms and Conditions; and (B) overrun transportation and storage revenues 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 provision of this Tariff, under Transporter's FTS, FT-C, NTS, NTS-S, TPS, SST, ITS, GTS, and OPT Rate Schedules.

(c) At the end of the contract year, Transporter shall calculate the amount of Penalty Revenues. Transporter will include interest on the Penalty Revenues balance at the rate specified in the Commission's Regulations at Section 154.501(d)(1). For each month of the preceding contract year, Transporter shall allocate Penalty Revenues for that month to the Non-Penalized Shippers based on their actual monthly throughput for that month under the Non-Penalized Shippers' FTS, FT-C, NTS, NTS-S, TPS, SST, ITS, GTS and OPT Service Agreements. Transporter shall credit the bills of Non-Penalized Shippers for such allocated amounts within 60 days of the end of the contract year. To the extent that there are no Non-Penalized Shippers in a month in which there are Penalty Revenues, the Penalty Revenues will be carried forward to the next succeeding month and will be allocated to Non-Penalized Shippers in that month.

(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).

19.7 Critical Day Requirement for Penalties.

A "Critical Day" for transportation and/or storage will be declared by Transporter whenever Transporter, in Transporter's reasonable discretion, determines (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 are such that Transporter faces a threat to its system integrity and/or to Transporter's ability to meet its firm service obligations. With the exception of (1) failure to interrupt penalties imposed pursuant to Sections 16 and 19 of the General Terms And Conditions and/or the failure to interrupt provisions of individual rate schedules, and (2) OFO penalties imposed pursuant to the provisions of Sections 17 and 19 of the General Terms And Conditions and/or the OFO provisions of individual rate schedules, Transporter will not impose penalties under this Section 19 and under any rate schedule unless a Critical Day, as defined above, 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 only if Transporter has declared a Critical Day on any day occurring in that monthly period.

Except for force majeure events and/or events or conditions which threaten the integrity of Transporter's system or Transporter's ability to meet its firm service obligations, Transporter will notify Shippers at least 24 hours in advance on its Internet EBB (1) the effective dates of the Critical Day; (2) the type of penalties that will be applicable during the Critical Day period; and (3) to the extent applicable, the Market Areas where penalties will be applied. If due to declaration of a Critical Day, a monthly penalty becomes applicable, Transporter will notify Shippers by posting on its Internet EBB notice that the monthly penalty is applicable. Within two weeks of a Critical Day event, Transporter will post information on its EBB describing the events leading up to the declaration of the Critical Day.

19.8 No Imposition of Multiple Penalties.

Transporter will not impose on a Shipper both OFO or failure to interrupt service penalties pursuant to Sections 17 and 19 of the General Terms and Conditions and Critical Day penalties for the same infraction.

19.9 (a) Transporter anticipates that Critical Day penalties will be implemented to impose system discipline to ensure Transporter's ability to meet its firm service obligations. To the extent Critical Day penalties are no longer imposing system discipline, such that Transporter's firm service obligations are being threatened, Transporter can implement an OFO to alleviate conditions threatening the integrity of Transporter's system. Transporter can also implement an OFO to deal with sudden, unexpected and catastrophic events on its system.

(b) 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 Day, or minimize the sequential issuance of Critical Days.

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 with the exception of Rate Schedules FSS-M and ISS-M; provided, however, that such discounted rate(s) shall not be less than the Minimum Rate(s) for the applicable service as set forth in the currently-effective rate sections of this Tariff. If Transporter discounts any rate to any Shipper, Transporter shall file with the Commission any required reports respecting such adjusted rate. 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 rate in the following order: (1) the Base Tariff Rate, the Current Operational TCRA Rate and Operational TCRA Surcharge collected pursuant to Section 36 of the General Terms and Conditions and the CCRM Rate collected pursuant to Section 52 of the General Terms and Conditions, on a pro rata basis and (2) the Electric Power Costs Adjustment (EPCA) charges collected pursuant to Section 44 of the General Terms and Conditions and the Operational Transaction Rate Adjustment (OTRA) charges collected pursuant to Section 49 of the General Terms and Conditions, on a pro rata basis.

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. This provision will not apply to rates charged under Rate Schedules FSS-M or ISS-M.

21. REGULATORY FEES

Shipper shall pay to Transporter all fees required by the 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 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. Except as specified in the FSS, FSS-M, FBS, ISS and ISS-M Rate Schedules, 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.

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 or storage 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 or storage under Transporter's applicable Rate Schedule). 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 Releasers under Section 14 shall not be liable under this Section for breach of the foregoing warranty by its Replacement Shippers.

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 or storage shall be eligible for transportation in interstate commerce under applicable rules, regulations or orders of the Commission. 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 Natural 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 benefit from the transaction.

25. GAS QUALITY

25.1 General Requirement. Natural gas delivered to Transporter and redelivered to Shipper hereunder shall at all times conform to the quality provisions set forth in this Section. Transporter shall not be required to receive gas from Shipper or for Shipper's account that does not conform to the requirements of this Section. Shipper shall indemnify Transporter and save it harmless from all suits, actions, regulatory proceedings, damages, costs, losses and expenses (including reasonable attorney fees) arising out of the failure of said gas to conform to such quality provisions.

25.2 Gas. The gas delivered to Transporter and redelivered to Shipper hereunder shall be a combustible gas consisting wholly of, or a mixture of:

- (a) natural gas of the quality and composition produced in its natural state except as provided for in Section 25.3(a) herein;
- (b) gas generated by vaporization of Liquefied Natural Gas (LNG); or
- (c) manufactured, reformed, or mixed gas consisting essentially of hydrocarbons of the quality and character produced by nature in the petroleum, oil, and gas fields with physical properties such that when the gases are commingled they become indistinguishable with respect to the physical properties of the mixture.

25.3 Processing.

(a) The gas received and delivered hereunder shall be natural gas as defined in Section 25.2 above; provided, however, that:

(1) Transporter may extract or permit the extraction of moisture, helium, natural gasoline, butane, propane, and/or other hydrocarbons (except methane) from said natural gas, or may return thereto any substance extracted from it. Transporter, in order to conserve and utilize other available gases, may blend such gases with said natural gas; provided, however, that such blending shall not extend to a degree which, in Shipper's judgment reasonably exercised, would materially affect the utilization of the gas delivered hereunder, and

(2) Transporter may subject or permit the subjection of said natural gas to compression, cooling, cleaning or other processes to such an extent as may be required in its transmission from the source thereof to the point or points of delivery.

(b) Processing, as used in this Section 25, shall include processing, treatment, conditioning and extraction of the gas stream.

(c) If Shipper's gas is transported through a processing plant on Transporter's system and the Heating Value of the gas at the point it enters Transporter's system is higher than 1130 Btu ("Gas Requiring Processing"), then the Producer of that gas shall enter into a processing agreement with the owner/operator of the applicable processing plant on Transporter's system. If requested by Transporter, Producer shall provide proof to Transporter that it has entered into such a processing agreement. Transporter may decline to receive Gas Requiring Processing into Transporter's system if Producer has not entered into such a gas processing agreement.

(d) If Gas Requiring is produced by multiple Producers and commingled before it enters Transporter's system, then the operator of the meter at the point the comingled Gas Requiring Processing enters Transporter's system (referred to in this Section as "Meter Operator") shall be responsible for either entering into a processing agreement covering all of the volumes flowing through the meter or providing to Transporter or its designee the proper allocation of all quantities and Btu values among all Producers delivering Gas Requiring Processing into Transporter's system at that point.

(e) Transporter reserves the right to use gas upstream of the point of processing as required for the reasonable and prudent operation of Transporter's facilities and to make deliveries of gas to others under the provisions of Transporter's Tariff.

(f) Transporter shall collect from Producers of Gas Requiring Processing the applicable processing retainage on behalf of and as determined by the owner/operator of the applicable processing plants. Alternatively, Transporter may collect the applicable processing retainage from the Meter Operator when a comingled stream of Gas Requiring Processing enters Transporter's system through a meter controlled by Meter Operator.

(g) Notwithstanding any other provision of this Section 25.3, Transporter shall not be obligated to process gas or to permit gas to be processed on its system and may interrupt or terminate any processing activity at any time, and from time to time, without prior notice to any Producer of Gas Requiring Processing, Meter Operator, Shipper, or other affected party. Transporter reserves the right to sell or abandon its processing facilities at any time upon 30 days notice to Producers of Gas Requiring Processing, Meter Operators, or other affected parties.

(h) Nothing in this Section 25 shall be construed to preclude a Producer of Gas Requiring Processing from processing gas or having gas processed prior to delivery of such gas to Transporter.

25.4 Heating Value. Neither Shipper nor Transporter shall be required to accept natural gas having a Heating Value of less than 967.

25.5 Objectionable Properties. The gas received and delivered by Transporter:

(a) shall be commercially free from dust, gum, gum-forming constituents, paraffin, and other particulates or other solid or liquid matter which might interfere with its

merchantability or cause injury to or interference with proper operation of the lines, regulators, meters and other equipment through which it flows at the delivery point;

(b) shall not contain more than twenty-five hundredths (0.25) grains of hydrogen sulfide per one hundred (100) Cubic Feet of gas;

(c) shall not contain more than two (2) grains of total sulfur per one hundred (100) Cubic Feet.

25.6 Objectionable Properties. The gas received by Transporter:

(a) shall not contain more than seven (7) pounds of water vapor per million cubic feet of gas at the base pressure and temperature of fourteen and seventy-three hundredth (14.73) pounds per square inch absolute (psia) and sixty degrees Fahrenheit (60°F). The water vapor content will be determined in accordance with the latest methods in use in the gas industry, using apparatus approved by Transporter;

(b) shall not contain more than four percent (4%) by volume of a combined total of carbon dioxide, nitrogen, and inert components, e.g., helium, argon, neon;

(c) shall not contain more than one and twenty-five hundredths percent (1.25%) by volume of carbon dioxide;

(d) shall not contain more than two hundredths percent (0.02%) by volume of oxygen;

(e) shall not have a cricondentherm hydrocarbon dewpoint of greater than twenty-five degrees Fahrenheit (25°F). The hydrocarbon dewpoint will be determined in accordance with approved methods in use in the gas industry, using apparatus approved by Transporter;

(f) shall have a flowing temperature of no greater than one hundred and twenty degrees Fahrenheit (120°F);

(g) The gas, including any associated liquids, shall not contain any microbiological organism, active bacteria, including, but not limited to sulfate reducing bacteria (SRB) and acid producing bacteria (APB), or bacterial agent capable of causing or contributing to: (i) injury to Transporter's pipelines, meters, regulators, or other facilities and appliances through which Transporter's gas flows or (ii) interference with the proper operation of the Transporter's facilities;

(h) (1) shall have a Wobbe Index of one thousand three hundred and fifty (1,350) plus or minus four percent (4%), subject to a maximum Wobbe Index of one thousand four hundred (1,400) and a maximum heating value of one thousand one hundred and ten (1,110) btu/scf. The

Wobbe Index is defined as that number obtained by dividing the dry, real basis heating value of the gas by the square root of its specific gravity.

(h) (2) Exception: Appalachian Basin Gas may fall outside of the Wobbe Index and heating value limits set forth above as long as it does not unduly contribute to safety and utilization problems. For purposes of this subsection, "Appalachian Basin Gas" refers to natural gas received into Transporter's system directly or upstream of the following pipeline locations (listed by Line and Counties): Line KA-1 South in Estill, Lee, Owsley and Clay Counties, Kentucky; Line KZ in Menifee and Morgan Counties, Kentucky; Line B in Boyd, Martin and Lawrence Counties, Kentucky and Wayne County, West Virginia; Line P in Lawrence, Johnson, Floyd, Pike, and Martin Counties, Kentucky and in Wayne County, West Virginia; Line 8000 in Allegheny and Garrett Counties, Maryland and Mineral County, West Virginia; Line A-5 in Allegany, Steuben, Chemung and Tioga Counties, New York; Line C-106 in Fairfield, Hocking, Athens, Morgan and Washington Counties, Ohio; Line E in Hocking, Athens, Fairfield, and Meigs Counties, Ohio; Line G in Fairfield, Perry and Licking Counties, Ohio; Line H in Fairfield, Perry and Muskingum Counties, Ohio; Line L in Knox, Richland, Ashland, Wayne, and Medina Counties, Ohio; Line L-3265 in Ashland County, Ohio; Line L-1237 in Ashland County, Ohio; Line L-723 in Ashland County, Ohio; Line L-916 in Ashland County, Ohio; Line L-526 in Medina County, Ohio; Line L-530 in Medina County, Ohio; Line L-545 in Wayne County, Ohio; Line L-609 in Cuyahoga County, Ohio; Line L-920 in Cuyahoga, Lorain and Medina Counties, Ohio; Line O in Muskingum, Guernsey and Noble Counties, Ohio; Line O-1463 in Guernsey and Belmont Counties, Ohio; Line O-400 in Licking, Muskingum, and Guernsey Counties, Ohio; Line O-415 in Guernsey and Tuscarawas Counties, Ohio; Line O-1460 in Tuscarawas County, Ohio; Line V in Holmes, Wayne, Stark, Carroll and Columbiana Counties, Ohio; Line V-100 in Belmont, Harrison, Carroll, and Columbiana, Counties Ohio; Line 35 in Greene and Washington Counties, Pennsylvania; Line 65 in Lawrence, Beaver, Allegheny and Washington Counties, Pennsylvania; Line 134 in Lawrence, Butler, Armstrong, Clarion and Jefferson Counties, Pennsylvania; Line 138 in Greene, Fayette and Somerset Counties, Pennsylvania; Line 1360 in Greene, Washington and Allegheny Counties, Pennsylvania and Marshall, Wetzel, Doddridge and Gilmer Counties, West Virginia; Line 1711 in Allegheny, Washington, Westmoreland, Indiana, Clearfield, Centre and Clinton Counties, Pennsylvania; Line 7215 in Greene County, Pennsylvania; Line 1740 in Marshall and Wetzel Counties, West Virginia; Line BM74 in Wayne, Cabell, Putnam and Lincoln Counties, West Virginia; Line E in Jackson and Roane Counties, West Virginia; Line H in Kanawha and Roane Counties, West Virginia; Line KA (Suction of Flat Top) in Mingo, Summers, Mercer, Raleigh and Wyoming Counties, West Virginia and Pike County, Kentucky; Line N in Kanawha County, West Virginia; Line R in Boone, Lincoln and Putnam Counties, West Virginia; Line S in Cabell, Putnam, Lincoln and Kanawha Counties, West Virginia; Line SM-116 in Mingo, Logan and Lincoln Counties, West Virginia; Line T in Kanawha, Roane and Calhoun Counties, West Virginia; Line T-Loop in Gilmer, Calhoun, Roane and Kanawha, Counties, West Virginia.

25.7 Odorization. Transporter and Shipper may agree, or governmental authorities may require, that the gas be odorized by use of a malodorant agent of such character as to indicate by a distinctive odor the presence of gas. Whenever odorized gas is delivered, the quality

and specifications of such gas, as set forth in this Section 25, shall be determined prior to the addition of malodorant and with proper allowance for changes or additions to the gas due to such malodorant. Such odorization of the gas by the Transporter, unless otherwise mutually agreed by Shipper and Transporter, shall be for the purpose of detection of the gas only during the time it is in possession of the Transporter, prior to delivery to the Shipper.

25.8 Acceptance of Non-Conforming Gas. If gas received by Transporter ever fails to meet the specifications in this Section 25, then Transporter may elect to either continue to receive such gas pursuant to the waiver procedures of Section 25.9 or refuse to take all or any portion of such gas until that gas is brought into conformity with the specifications in Section 25. None of the specifications and restrictions set forth in this Section 25 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.

25.9 Waiver.

(a) Transporter, in its reasonable discretion and judgment, exercised on a not unduly discriminatory basis, may accept gas that does not conform to the quality specifications in Section 25, provided that Transporter determines that such acceptance will not interfere with its ability to: (1) maintain an acceptable gas quality in its pipeline through prudent and safe operation of Transporter's pipeline system and any related storage facility; (2) ensure that such gas does not affect Transporter's ability to provide service to its customers consistent with the applicable Rate Schedule and these General Terms and Conditions; and (3) ensure that such gas does not adversely affect Transporter's ability to deliver gas at its delivery points. All requests for waiver subsequent to the effective date of this Section 25.9 shall be submitted to Transporter in writing. Transporter will post any waivers granted pursuant to this section on its EBB.

(b) All waivers granted pursuant to this Section shall be subject to suspension, to the extent necessary to (i) ensure the operational integrity of Transporter's system, (ii) enable Transporter to meet its firm service obligations, (iii) facilitate the flow of natural gas during times of emergency and/or periods of force majeure, or (iv) for failure to comply with specifications for which the waiver was granted, such as a deviation from the historical composition or volume. The duration of suspension shall vary depending on the specific circumstances and conditions presented. Notice of suspension shall be posted on Transporter's EBB and shall be immediately effective. The notice shall provide the ground(s) for such suspension.

(c) All waivers granted pursuant to this Section shall be subject to revocation to the extent required to reflect significant changes in historic operating conditions on Transporter's system. To the extent possible, Transporter will provide Shipper with thirty (30) days prior written notice of revocation, and will post the notice of such revocation on Transporter's EBB. The notice shall provide the ground(s) for such revocation.

(d) All disputes concerning the grant, denial, suspension or revocation of waivers pursuant to this Section shall initially be presented to Transporter in accordance with the Complaint Resolution Procedure set forth in Section 30 of the General Terms and Conditions of this Tariff.

26. MEASUREMENT

The volumes of natural gas and the quantities of energy received or delivered through a meter or meters shall be determined in accordance with the provisions set forth in this Section; provided, that Transporter and Shipper may agree to determine such volumes and quantities of gas received or delivered pursuant to a method or methods agreed upon by Transporter and Shipper in place of the construction and installation of a meter and measuring station. Notwithstanding any other provision in this Tariff, Transporter shall not be required to pay for or to construct or to install facilities of any kind, including, but not limited to meters and measuring stations.

26.1 Measurement Unit. The Measurement Unit shall be one Dekatherm (one Dth) of natural gas and shall be calculated by multiplying the volume delivered in Mcf by a fraction, the numerator of which is the Heating Value and the denominator of which is 1,000.

26.2 Volumetric Measurement Base. The volumetric measurement base shall be one cubic foot of natural gas at a pressure base of fourteen and seventy-three one-hundredths (14.73) pounds per square inch absolute, a temperature base of sixty degrees (60°) Fahrenheit (519.67° R Absolute), and without adjustment for water vapor content.

26.3 Atmospheric Pressure. The average absolute atmospheric (barometric) pressure shall be assumed to be fourteen and four-tenths (14.4) pounds per square inch, irrespective of actual elevation or location of the delivery point above sea level or variations in actual barometric pressure from time to time.

26.4 Temperature. The temperature of the natural gas shall be determined at Transporter's option:

(a) where Electronic Measurement equipment is provided, by continuous application of instantaneous temperature measurements from one or more of the meters at a measuring station, or by contemporaneous application of the arithmetic or other average of the temperature Record from one or more of the meters for the time during which gas is flowing;

(b) where Electronic Measurement equipment is not provided,

(1) where an instrument which measures and records the temperature of the flowing gas is installed, by contemporaneous application of the arithmetic or other average of the hourly or daily temperature Record from one or more of the meters at a measuring station, or

(2) where an instrument which measures and records the temperature of the flowing gas is not installed, by contemporaneous application of the temperature as read from established tables of monthly averages for the point of measurement; or

(c) by any other method or methods mutually agreed upon by Transporter and Shipper.

26.5 Static Pressure. The static pressure of the natural gas shall be determined at Transporter's option:

(a) where Electronic Measurement equipment is provided, by continuous application of instantaneous static pressure measurements from one or more of the meters at a measuring station, or by contemporaneous application of the arithmetic or other average of the static pressure Record from one or more of the meters for the time during which gas is flowing;

(b) where Electronic Measurement equipment is not provided, by contemporaneous application of the static pressure Record from one or more of the meters at a measuring station, or by contemporaneous application of the arithmetic or other average of the hourly or daily static pressure Record from one or more of the meters at a measuring station; or

(c) by any other method or methods mutually agreed upon by Transporter and Shipper.

26.6 Specific Gravity. The specific gravity (relative density) of the natural gas shall be determined by gravimetric, chromatographic, or other generally accepted analytical method at Transporter's option:

(a) where Electronic Measurement equipment is provided,

(1) by contemporaneous application of continuous instantaneous specific gravity measurements, or by contemporaneous application of arithmetic or other average of the specific gravity for the time during which gas was flowing,

(2) by prospective application of the arithmetic or other average of the specific gravity Record, or

(3) by prospective application of the results of analyses of samples of the gas;

(b) where Electronic Measurement equipment is not provided,

(1) by contemporaneous application of the arithmetic or other average of the hourly or daily continuous specific gravity Record,

(2) by prospective application of the results of analyses of samples of the gas;
or

(c) by any other method or methods mutually agreed upon by Transporter and Shipper.

26.7 Heating Value. The heating value of the natural gas shall be determined by chromatographic, or other generally accepted analytical method at Transporter's option:

(a) where Electronic Measurement equipment is provided,

(1) by contemporaneous application of continuous instantaneous heating value measurements, or by contemporaneous application of the arithmetic or other average of the heating value for the time during which gas was flowing,

(2) by prospective application of the arithmetic or other average of the heating value Record, or

(3) by prospective application of the results of analyses of samples of the gas;

(b) where Electronic Measurement equipment is not provided,

(1) by the contemporaneous application of the arithmetic or other average of the hourly or daily continuous heating value Record,

(2) by prospective application of the results of analyses of samples of the gas;
or

(c) by any other method or methods mutually agreed upon by Transporter and Shipper.

26.8 Supercompressibility.

(a) The deviation of the natural gas from the Ideal Gas Laws shall be determined:

(1) in accordance with the American Gas Association, Par Research Project NX-19 report, titled "Manual for the Determination of Supercompressibility Factors for Natural Gas", Reprinted 1976, if the composition of the natural gas is such to render this procedure applicable. Transporter may utilize AGA Report No. 8, Compressibility Factors of Natural Gas and Other Related Hydrocarbon Gas (1994), as amended from time to time as determined by Transporter, or

(2) by any other method mutually agreed upon by Transporter and Shipper.

(b) If the measurement method used by Transporter requires the concentrations of nitrogen and carbon dioxide, the concentrations of nitrogen and carbon dioxide shall be determined by chromatographic or other generally accepted analytical method at Transporter's option:

- (1) where Electronic Measurement equipment is provided,
 - (i) by contemporaneous application of continuous instantaneous measurements of the concentrations of nitrogen and carbon dioxide, or by contemporaneous application of the arithmetic or other average of the concentrations of nitrogen and carbon dioxide for the time during which gas was flowing,
 - (ii) by prospective application of the arithmetic or other average of the concentrations of nitrogen and carbon dioxide Record, or
 - (iii) by prospective application of the results of analyses of samples of the gas; or
- (2) where Electronic Measurement equipment is not provided,
 - (i) by the contemporaneous application of the arithmetic or other average of the hourly or daily concentrations of nitrogen and carbon dioxide, or
 - (ii) by prospective application of the results of analyses of samples of the gas; or
- (3) by any other method or methods mutually agreed upon by Shipper and Transporter.

26.9 Measuring Equipment.

(a) Shippers or other parties shall not operate, maintain, construct, or install facilities, meters, measuring stations, and equipment by which the volumes of natural gas or quantities of energy received or delivered by Transporter are determined, unless otherwise agreed to in writing with Transporter. Transporter reserves the right to operate, maintain, construct or install facilities, meters, measuring stations, and equipment by which the volumes of natural gas or quantities of energy received or delivered by Transporter are determined, and when agreeing to permit a Shipper or other party to do so to ensure that such operation, maintenance, construction or installation is performed pursuant to Transporter's standards, specifications, practices, and requirements.

(b) In place of the construction and installation of meters and measuring stations pursuant to this section, Transporter and Shipper and/or other affected parties may agree to a measurement methodology pursuant to Section 26.13(c).

(c) Where measuring stations and associated equipment are installed by Shipper, they shall be designed and installed in accordance with all engineering and other standards and practices as specified by Transporter, and Transporter shall have the right to be present and

inspect the installation of all such measuring stations and equipment to insure compliance with such standards and practices. Shipper and Transporter shall agree in writing to reasonable standards and practices by which such measuring stations and associated equipment shall be operated by Shipper as required to insure the continuous accuracy thereof.

(d) Shipper and Transporter shall have the right to be present at the time of any installation, reading, cleaning, change of charts, repair, inspection, test, calibration, or adjustment made in connection with Transporter's or Shipper's measuring stations or equipment used to measure gas received by Transporter for Shipper or delivered by Transporter to Shipper.

(e) The Records from measuring equipment shall remain the property of the operator of such equipment, but upon request the operator will submit to the other party its Records, together with calculations therefrom, for inspection, subject to return within 30 days after receipt thereof.

(f) Orifice meters shall be installed and operated, and gas quantities computed, in accordance with AGA Report No. 3, American National Standards Institute ANSI/API 2530, "Orifice Metering of Natural Gas", revised Second Edition, 1985, applied in a practical and appropriate manner, except that the supercompressibility factor shall be calculated in accordance with 26.8 above.

(g) Turbine meters shall be installed and operated, and gas quantities computed, in accordance with AGA Transmission Measurement Committee Report No. 7, "Measurement of Gas by Turbine Meters", 2006 Edition, applied in a practical and appropriate manner, except that the supercompressibility factor shall be calculated in accordance with Section 26.8 above.

(h) Ultrasonic meters shall be installed and operated and gas quantities computed in accordance with AGA Transmission Measurement Committee Report No. 9, "Measurement of Gas by Multipath Ultrasonic Meters," 2007 Edition, applied in a practical and appropriate manner, except that the supercompressibility factor shall be calculated in accordance with Section 26.8 above.

(i) Coriolis meters shall be installed and operated and gas quantities computed in accordance with AGA Transmission Measurement Committee Report No. 11, "Measurement of Natural Gas by Coriolis Meters," Second Edition 2013, applied in a practical and appropriate manner, except that the supercompressibility factor shall be calculated in accordance with Section 26.8 above.

(j) Diaphragm meters shall be installed and operated, and gas quantities computed, in accordance with ANSI B109.1 or B109.2, "Diaphragm Type Gas Displacement Meters", 1986, applied in a practical and appropriate manner, except that the supercompressibility factor shall be calculated in accordance with Section 26.8 above.

(k) Rotary meters shall be installed and operated, and gas quantities computed, in accordance with ANSI B109.3, "Rotary Type Gas Displacement Meters", 1986, applied in a practical and appropriate manner, except that the supercompressibility factor shall be calculated in accordance with Section 26.8 above.

(l) Other types of meters may be used if mutually agreed to by Transporter and Shipper.

(m) Instrumentation and equipment to provide Records or samples of gas necessary to determine the specific gravity, heating value, and/or concentrations of nitrogen or carbon dioxide as required under Sections 26.6, 26.7 and 26.8 hereof may be installed at representative points along the pipeline in lieu of installing such instrumentation and equipment at each measuring station.

(n) Upon notice to Shippers, Transporter may prospectively implement and use any future editions or versions of the American Gas Association or ANSI reports referenced in this Section 26.

26.10 Check Measuring Equipment.

(a) Shipper may install check measurement equipment, provided such equipment does not interfere with the exercise of Transporter's rights to operate its station under this Tariff.

(b) Transporter, in the presence of Shipper, shall have access to Shipper's check measuring equipment at all reasonable times, but the reading, calibration and adjustment thereof and the change of charts shall be performed only by Shipper, unless otherwise agreed upon.

(c) Shipper shall exercise reasonable care in the installation, maintenance and operation of its equipment so as to avoid any inaccuracy in the determination of the quantity of gas delivered.

(d) The Records from such check measuring equipment shall remain the property of Shipper, but upon request Shipper will submit to Transporter its Records and charts, together with calculations therefrom, for inspection, subject to return within 30 days after receipt thereof.

26.11 Calibration and Testing of Meters. The accuracy of all measuring equipment shall be verified by its operator at reasonable intervals and, if requested, in the presence of representatives of the other party, but neither Transporter nor Shipper shall be required to verify the accuracy of such equipment more frequently than once in any 30-day period. If either party at any time desires a special test of any measuring equipment, or if either party at any time observes an error in any such measuring equipment, it will promptly notify the other party, and the parties shall then cooperate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test shall be borne by the requesting party if the

measurement equipment so tested is found not to be in error such that previous Recordings from the equipment must be corrected under the provisions of Section 26.12 herein.

26.12 Correction of Metering Errors. If, upon any test, any measuring equipment is found to be in error, it will be repaired and adjusted to record correctly. Previously recorded volumes of gas and quantities of energy received or delivered will be adjusted accordingly. If (1) the resultant total measurement adjustment for the period of 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 measuring 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 not agreed upon, the correction will be for a period extending over one-half of the time elapsed since the date of the last test but not to exceed 90 days. Any adjustment to previously recorded volumes of gas and quantities of energy will be processed in accordance with Section 8.4(a) Prior Period Adjustments. The NAESB section 2.3.14, as may be amended from time to time, is incorporated by reference.

26.13 Failure or Absence of Measuring Equipment.

(a) Failure of Measuring Equipment. In the event any measuring equipment is out of service, or is found 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, shall 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.

(b) The Recordings from such equipment, or the volumes of gas and quantities of energy received or delivered through such equipment, so estimated shall 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, such estimated receipts or deliveries shall 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 said period shall be considered accurate in computing receipts or deliveries.

(c) Absence of Measuring Equipment. Transporter, Shipper and other affected parties may agree with Transporter to determine the volumes of natural gas and the quantities of energy received or delivered pursuant to a method or methods, instead of agreeing to construct and install facilities, meters, and measuring stations. Such method or methods that may be agreed to include, but are not limited to, the minute pick up test with correction factor (or gauged pressure test), clip valve device, or test meter methods.

26.14 Preservation of Records. Both Transporter and Shipper shall preserve all test data, charts, and other similar Records for a period of at least two years, or such other longer period as may be required by public authority.

27. FACILITIES POLICY

Transporter shall not be required to construct new facilities to provide either firm or interruptible transportation. In the event Transporter agrees to build, operate, own, or contribute to the cost of building any such facilities, Transporter shall do so on a not unduly discriminatory basis.

27.1 Shipper Reimbursement. Unless otherwise agreed to by Transporter, Shipper will be required to reimburse Transporter, on mutually agreeable terms, for all or a portion of Transporter's costs associated with construction and operation of facilities. Such mutually agreed upon reimbursement may be in the form of an incremental rate, an operations fee, a lump sum payment, or a mutually agreed upon method, including reimbursement for any associated tax effects. Transporter may waive this requirement on a not unduly discriminatory basis.

27.2 Transporter Contribution. Transporter may pay or contribute to all or a portion of the cost of building or operating facilities requested by current or potential Shippers if Transporter determines that such action will result in an economic benefit, or determines that the project is economically neutral to Transporter. Transporter will evaluate each prospective project under this policy based upon the incremental cost-of-service and the incremental revenues which Transporter estimates will be generated as a result of the project. When estimating incremental revenues to be generated, Transporter will base those revenues upon transportation rates it expects to be able to charge, net of any surcharges, and the incremental volumes or firm service contracts that will result from the project. Transporter may consider volumes or firm service contracts to be incremental if the volumes or firm service contracts that will be transported or provided, respectively, would not otherwise flow through or be contracted for firm service on Transporter's pipeline system.

27.3 Pipeline Interconnections. Transporter will have the right, regardless of which party designs and constructs the facilities, to require installation of any equipment necessary to: i) accurately monitor the quality of gas received into its facilities to ensure that such gas meets the specifications of its Tariff; ii) maintain the reliability and operational integrity of its facilities; and iii) enable accurate custody transfer management. In addition, any interconnection will be subject to the following conditions:

- a) The party seeking the interconnection must be willing to bear the costs of the construction if Transporter performs the task. In the alternative, the party seeking the interconnection could construct the facilities itself in compliance with Transporter's technical requirements;
- b) The proposed interconnection must not adversely affect Transporter's operations;
- c) The proposed interconnection and any resulting transportation must not diminish service to Transporter's existing customers;
- d) The proposed interconnection must not cause Transporter to be in violation of any applicable environmental or safety laws or regulations with respect to the facilities required to establish an interconnection with Transporter's existing facilities; and

- e) The proposed interconnection must not cause Transporter to be in violation of its right-of-way agreements or any other contractual obligations with respect to the interconnection facilities.

28. 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.

29. NOTICES

29.1. 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 on EDI 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.

29.2 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.

30. COMPLAINT RESOLUTION PROCEDURE

Any Shipper or potential Shipper may make a written complaint to Transporter, Attention: Chief Compliance Officer (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.

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32. CURTAILMENT PROCEDURES AND LIMITATION OF TRANSPORTER'S OBLIGATION

The curtailment procedures set forth in this Section 32 are applicable to firm sales services rendered by Transporter.

32.1 Seasonal Curtailment.

(a) If, in Transporter's reasonable judgment, its available gas supply will not be sufficient during a Winter Season or a Summer Season, or any portion of either season, to deliver the aggregate of Shippers' Annual Sales Quantity (ASQs), to satisfy Transporter's company-use and unaccounted-for gas requirements, and, if necessary, to inject the required quantities of gas into its underground storage fields to meet system requirements, then Transporter shall not deliver the ASQs of applicable Shippers, and shall deliver gas in accordance with this Section 32 up to Shippers' ASQs. For purposes of this Section 32, the ASQ shall mean the annual quantity of gas, as specified in the applicable firm sales Service Agreement, that Transporter is obligated to sell and Shipper is entitled to purchase from Transporter under any of Transporter's firm sales Rate Schedules. In such event, Transporter shall curtail deliveries to applicable Shippers by giving Electronic Notice Delivery to each Shipper of the Authorized Quantity that Shipper is entitled to receive during that season, or portion thereof. Said notice shall be given as much in advance as reasonably possible under the circumstances. The procedure for determining each Shipper's Authorized Quantity is set forth in Section 32.3 below.

(b) When Transporter is required to curtail sales as provided in Subsection (a) above, curtailment shall be determined in accordance with Shippers' end-use profiles based upon the following priorities of service, listed from highest to lowest priority:

Priority 1 - Residential uses, small commercial uses (less than 50 Dth on an average day in the peak month) and other high-priority uses.

Priority 2 - Essential agricultural uses.

Priority 3(a) - Essential industrial process and feedstock uses as determined under Section 402 of the Natural Gas Policy Act of 1978 (NGPA).

Priority 3(b) - Feedstock and process gas uses not included in Priority 3(a).

Priority 4 - All uses not specified in Priorities 1, 2, 3 and 5.

Priority 5 - Large industrial boiler fuel and power generation uses (in excess of 300 Dth on an average day in the peak month).

(c) All quantities of gas to be taken by Shipper for injection into underground storage facilities under one or more of Transporter's firm storage rate schedules (including the GTS Rate

Schedule) and into its own or a third party's underground storage facilities during a Summer Season shall be assigned priorities of service in accordance with Shipper's end-use profile for the preceding Winter Season.

(d) Transporter shall fully curtail all lower priorities before commencing curtailment of a higher priority.

(e) All quantities of gas taken by Shipper in excess of its Authorized Quantity shall be subject to the penalty for violation of an Operational Flow Order as set forth in Section 19.3 of the General Terms and Conditions.

(f) If and when Transporter foresees the need to implement seasonal curtailment pursuant to this Section 32.1, the then-effective ASQs of all Shippers under Transporter's firm sales Rate Schedules shall not be increased, at which point no further reclassification of end uses shall be permitted except as required by Subpart B of Part 281 of the Commission's Regulations. The ASQs shall not be increased until the end of a curtailment period. Transporter shall promptly notify all Shippers via Electronic Notice Delivery if and when it foresees the need to implement seasonal curtailment.

32.2 Definitions for Priorities of Service. The following definitions shall be utilized in assigning specific end uses to the priorities of service set forth in Subsection 32.1(b) above:

(a) Residential - Service to shippers that utilize gas directly in a residential dwelling for purposes such as space heating, air conditioning, water heating, cooking, clothes drying and other residential uses. Also included are apartment buildings and multi-unit dwellings where such uses constitute 50% or more of the total gas usage.

(b) Commercial - Service to shippers engaged primarily in the sale of goods or services, including institutions and local, state and federal government agencies, for uses other than those involving manufacturing or electric power generation.

(c) Other High Priority - Service to schools, hospitals and similar institutions, including police protection, fire protection, sanitation and correctional facilities.

(d) School - Any facility, the primary function of which is to provide instruction to regularly enrolled students in attendance at such facility. Facilities used for both educational and non-educational activities are not included under this definition unless the latter activities are merely incidental to the primary function of providing instruction.

(e) Hospital - Any facility, the primary function of which is providing medical care to patients who remain at the facility, including nursing and convalescent homes. Outpatient clinics and doctor offices are not included in this definition.

(f) Police Protection, Fire Protection, Sanitation or Correctional Facility - Any facility, the primary function of which is to provide the above services, but only if the gas used for such services, either singly or in combination, constitutes 50% or more of the total gas usage.

(g) Essential Agricultural Uses - Any use of natural gas which has been certified in 7 CFR Section 2900, et seq., by the Secretary of Agriculture as an "essential agricultural use" under Section 401(b) of the Natural Gas Policy Act of 1978 unless the Commission, in consultation with the Secretary of Agriculture, determines, by rule or order, that the use of an alternative fuel is economically practicable and reasonably available. The definition of "alternate fuel" shall be that stated in Section 281.303(b) of the Commission's Regulations, as amended from time to time. Peak day quantities shall be based on current requirements unless such quantities exceed contract or certificate limitations.

(h) Essential Industrial Process and Feedstock Uses - Any use which falls within the definition of "essential industrial process and feedstock uses" prescribed by the Secretary of Energy pursuant to NGPA Section 402.

(i) Feedstock and Process Gas Uses - Feedstock gas and process gas uses as defined in 18 CFR Section 2.78.

(j) Boiler Fuel and Power Generation - Service to facilities for fuel used in the generation of steam or electricity, including the utilization of gas turbines for the generation of electricity.

(k) Plant Protection Uses - Minimum volumes required to prevent physical harm to the plant facilities or danger to plant personnel when such protection cannot be afforded through the use of an alternate fuel. This includes the protection of such material in process as would otherwise be destroyed, but shall not include deliveries required to maintain plant production. For the purposes of this definition propane and other gaseous fuels shall not be considered alternate fuels.

32.3 Determination of Authorized Quantity.

(a) The total quantity of gas available to Transporter for delivery to all Shippers under Transporter's firm sales Rate Schedules for each Winter Season and each Summer Season, or any portion of either season, shall be allocated among said Shippers on the basis of the priorities of service underlying their ASQs, beginning with Priority 1 and continuing until the priority which cannot be fully served is reached. The remainder of the quantity of gas available to Transporter shall then be allocated among said Shippers by providing each Shipper with its proportionate share of the quantity of gas available for the priority which cannot be fully served. The total quantity of gas allocated to each Shipper pursuant to the foregoing procedure shall constitute Shipper's Authorized Quantity. The Authorized Quantities determined in accordance with the foregoing procedure may be redetermined for all Shippers whenever and to the extent deemed necessary and appropriate in Transporter's reasonable discretion. The Authorized

Quantity shall never exceed a Shipper's ASQ on an annual basis, or Shipper's contractual monthly or seasonal entitlement (if any) during such month or season. In addition, a Shipper's Authorized Quantity may not exceed the quantities which Shipper could take if it used its full Total Firm Entitlement for the remainder of the curtailment period.

(b) In the event it becomes necessary for Transporter to implement seasonal curtailment and determine Authorized Quantities for a curtailment period consisting of less than a full Winter Season or a full Summer Season, the monthly quantities underlying each Shipper's ASQ, as set forth in the Index of Firm Sales Entitlements, or the applicable portion of said monthly quantities, shall be utilized to determine Shipper's Authorized Quantity for the designated curtailment period. The foregoing procedure also shall be utilized if it becomes necessary for Transporter to redetermine Shipper's Authorized Quantities for the remainder of a previously designated curtailment period.

32.4 Daily Curtailment.

(a) If, in Transporter's reasonable judgment, the total quantity of gas available to it on any given day from all sources is insufficient to deliver the Daily Sales Demand or other specified daily entitlements level (collectively "daily entitlements") of all Shippers under Transporter's firm sales services, to meet Transporter's company-use and unaccounted-for gas requirements, and, if necessary, to inject the required quantities of gas into Transporter's underground storage fields to meet system requirements, then Transporter shall not deliver the daily entitlements of applicable Shippers, and shall deliver gas pursuant to the provisions of this Section 32.4 up to the daily entitlements of applicable Shippers. Transporter shall reduce the daily entitlement of each applicable Shipper which has taken quantities of gas in excess of one hundred and three percent (103%) of the monthly quantities underlying Shipper's ASQ or Authorized Quantities through the prior Billing Month of the current Winter Season or Summer Season, as the case may be, by a quantity determined by multiplying such excess takes in millions of dekatherms (0.000 MMDth) by thirty-five thousand dekatherms (35 MDth). Transporter's remaining deficiency, if any, shall then be allocated among all applicable Shippers in proportion to each Shipper's reduced daily entitlement.

(b) If the imposition of daily curtailment pursuant to Subsection (a) above prevents Shipper from taking its Authorized Quantity for a given Winter Season, the quantity not taken by Shipper shall be added to its Authorized Quantity for the succeeding Summer Season. In such event, Shipper shall submit a verified statement, in form and content satisfactory to Transporter, setting forth the circumstances and the extent to which said daily curtailment prevented Shipper from taking its Authorized Quantity.

(c) All quantities of gas taken by Shipper in excess of its curtailed daily entitlement shall be subject to the penalty provisions set forth in Section 19.1 of the General Terms and Conditions. For the purpose of determining the amount of such penalties, Shipper's curtailed daily entitlement shall be deemed to constitute Shipper's "Effective Daily Quantity" as that term is used in said Section 19.1.

32.5 Distribution of Penalty Amounts. Penalty amounts collected by Transporter pursuant to Subsections 32.1(e) and 32.4(c) shall be distributed separately for each Winter Season and each Summer Season among those Shippers under firm sales rate schedules which did not take quantities of gas in excess of either their Authorized Quantities or their curtailed daily entitlements during the time Transporter was in curtailment. The penalty amounts applicable to each season shall be divided by Transporter's total deliveries under firm sales rate schedules to all such Shippers for such season. The resultant quotient, expressed to the nearest one one-hundredth of one cent (.01¢) per Dth, shall be applied to the deliveries made by Transporter to each such Shipper during the season in question. The amount so determined shall appear as a credit on each such Shipper's gas purchase invoice issued for the last Billing Month of the succeeding season.

32.6 Exemptions from Curtailment.

(a) Transporter recognizes that exceptions to the levels of curtailment resulting from this Section 32 may be required in response to emergency situations (including environmental emergencies) during periods of curtailment when deliveries of gas in excess of curtailed levels are required to forestall irreparable injury to life or property or to provide for minimum plant protection. Any Shipper seeking emergency relief on this basis shall have the burden of establishing under oath the nature and extent of its problem and the minimum quantity of gas needed to avoid irreparable injury to life or property. In such event, Shipper may be exempted from curtailment to the extent necessary to respond to the emergency situation. Exemptions under this Subsection (a) shall be granted within Transporter's reasonable discretion, and all exempt quantities delivered by Transporter shall be returned by Shipper as soon as possible.

(b) Transporter also recognizes that exceptions to the levels of daily curtailment resulting from Section 32.4 above may be required to avoid impairment of service for essential agricultural uses during periods when, absent the curtailment of residential, small commercial and other high-priority uses, deliveries of gas in excess of curtailed levels are necessary to satisfy said essential agricultural uses within contractual entitlements. Any Shipper seeking an exemption from curtailment in accordance with this Subsection (b) shall have the burden of establishing under oath the minimum quantity of gas needed to protect said essential agricultural uses. In such event, Shipper may be exempted from daily curtailment to the extent necessary to satisfy said essential agricultural uses.

(c) Transporter further recognizes that exceptions to the levels of daily curtailment resulting from Section 32.4 above may be required to avoid impairment of service for Priority 3(a) (essential industrial process and feedstock) and Priority 3(b) (other feedstock and process gas) uses, as each are defined in Section 32.2, during periods when, absent the curtailment of residential, small commercial, other high-priority and essential agricultural uses, deliveries of gas in excess of curtailed levels are necessary to satisfy said essential industrial process and feedstock uses within contractual entitlements. Any Shipper seeking an exemption from curtailment under this Subsection (c) shall have the burden of establishing under oath the

minimum quantity of gas needed to protect said essential industrial process and feedstock uses. In such event, Shipper may be exempted from daily curtailment to the extent necessary to satisfy said Priority 3(a) and Priority 3(b) uses; provided, however, that Transporter shall exempt deliveries for Priority 3(a) uses prior to exempting deliveries for Priority 3(b) uses.

32.7 Transporter's Obligation to Serve.

Transporter shall have or obtain sufficient gas supply to serve Shippers' Annual Sales Quantities. Where a deficiency in gas supply is caused by reason of force majeure events, as that term is defined in General Terms and Conditions Section 15, Transporter shall be deemed to have met this obligation. The curtailment procedures set forth in this Section 32 shall be utilized in the event of any supply deficiency.

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34. ANNUAL CHARGE ADJUSTMENT (ACA)

34.1 Purpose.

(a) Pursuant to Section 3401(a)(1) of the Omnibus Budget Reconciliation Act of 1986 (Budget Act), the Commission is required to "assess and collect fees and annual charges in any fiscal year in amounts equal to all of the costs incurred by the Commission in that fiscal year." Order Nos. 472 and 472-A, issued by the Commission on May 29, 1987, and June 17, 1987, respectively, in Docket No. RM87-3-000, amend the Commission's regulations to establish annual charges as required by the Budget Act. Pursuant to those regulations, Transporter is assessed, and pays to the Commission, an allocated annual assessment (Annual Charge).

(b) 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, FT-C, NTS, NTS-S, TPS, SST (when a secondary receipt point is being utilized), GTS, OPT, and ITS Rate Schedules 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. The ACA rate shall not be applicable to deliveries to or for a Shipper under Transporter's above referenced Rate Schedules to the extent the receipt point for such gas is Transporter's storage facilities.

34.2 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. Transporter does not intend to recover any Annual Charges in an NGA Section 4 rate filing. ^{1/}

^{1/} In Order No. 472, the Commission gave natural gas pipelines the choice of implementing an ACA clause, or including their annual charges in Account 928 (Regulatory Commission Expenses) for consideration in general rate filings made pursuant to Subpart D of the Commission's Regulations. While exercising the ACA clause option at this time, Transporter reserves the right to switch to the general rate filing method at a future date. If Order No. 472 annual charges are included in the cost of service in any future rate case, Transporter would file therein to eliminate its ACA rate and Tariff provision.

35. RETAINAGE ADJUSTMENT MECHANISM (RAM)

35.1 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 and to Transporter's gathering and processing services 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 percentages, as set forth at Part V.17 of this Tariff, which section includes the following Retainage percentages: Transportation Retainage, Storage Gas Loss Retainage, Processing Retainage and Gathering Retainage (hereinafter the "Retainage percentages"). The Storage Gas Loss Retainage Percentage applicable to Rate Schedules FSS-M and ISS-M will be calculated separately. Those Retainage percentages shall be adjusted pursuant to the Retainage Adjustment Mechanism (RAM) set forth in this Section. Transporter shall not recover any extraordinary gas losses pursuant to this provision.

35.2 Transporter's RAM 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 percentages, to take into account both prospective changes in Retainage requirements and unrecovered Retainage quantities from the preceding period as described at Section 35.4 below for transportation, storage, processing or gathering. That Retainage adjustment shall be effected by means of a Retainage Adjustment Mechanism filing (RAM), which shall be filed with the Commission (i) annually on or before March 1 to become effective April 1 (Annual RAM Filing), and (ii) at such other times as required by operating or other conditions, to become effective 30 days after filing (Periodic RAM Filing). Any adjustments to Retainage percentages shall become effective on the first day of a calendar month.

35.3 Accounting for Activity. Transporter will account for all under or over recovered company-use, lost and unaccounted-for quantities in Account No. 186.

35.4 Retainage Percentage. The four Retainage percentages, as adjusted by Transporter through its RAM filings, shall each consist of the sum of (i) the Current Retainage Percentage, and (ii) the Unrecovered Retainage Percentage, calculated in the following manner for each of the three Retainage percentages, respectively:

(a) Current Retainage Percentage Component. In each Annual and Periodic RAM Filing, Transporter shall calculate the Current Retainage Percentage by (i) estimating the total company-use, lost, and unaccounted-for quantities required during the 12-month period commencing with the effective date of Transporter's RAM filing (Current Retainage Quantities) and (ii) dividing that volumetric figure by the total quantities estimated by Transporter to flow under the Applicable Rate Schedules which are the subject to that particular retainage percentage during the same 12-month period commencing with the effective date of the RAM filing (Current Rate Schedule Quantities).

(b) Unrecovered Retainage Percentage Component. In each Annual RAM Filing, Transporter shall calculate the Unrecovered Retainage Percentage by: (i) determining the company-use, lost, and unaccounted-for quantities for the preceding calendar year (Preceding Annual Period); (ii) subtracting the Retainage quantities retained by Transporter during that Preceding Annual Period; and (iii) dividing the result (the Unrecovered Retainage Quantities), whether positive or negative, by the Current Rate Schedule Quantities for the 12-month period commencing on the effective date of that Annual RAM filing.

(c) In each Annual or Periodic RAM 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 RAM Filing (whether a positive figure reflecting an under-recovery or a negative figure reflecting an over-recovery), as calculated in accordance with paragraph (b) above. The resulting total Retainage percentage for transportation, storage, processing and/or gathering shall be effective until the effective date of Transporter's next succeeding RAM Filing.

35.5 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 RAM 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 to Shippers under the Applicable Rate Schedules based on the actual quantities that flowed during the Termination Period.

36. TRANSPORTATION COSTS RATE ADJUSTMENT (TCRA)

36.1 Purpose.

(a) This Section provides for the recovery of costs incurred for the transmission and compression of gas by others (Account No. 858 costs or 858 costs), applicable to Operational 858 costs, which shall be defined as including amounts paid to upstream pipelines for contracts retained as a result of Transporter's Order No. 636 restructuring, or utilized in Transporter's post-restructuring operations.

(b) Transporter shall recover Transportation Costs, including carrying charges calculated under Section 154.501 or successor provision of the Commission's regulations, by means of rates and charges applicable to Shippers under (i) Transporter's FTS, NTS, NTS-S, TPS, SST, GTS, OPT, and ITS Rate Schedules as set forth in Volume No. 1 of this Tariff, and (ii) those X-Rate Schedules set forth in Volume No. 2 of this Tariff that incorporate rates from Volume No. 1 of this Tariff (collectively the Applicable Rate Schedules). The rates for recovery of Transportation Costs, as set forth in Sections 5.1 through 5.8 inclusive, of this Tariff, shall be established by Transporter's Section 4(e) rate filings. Recovery of adjustments to those base rates and of unrecovered amounts from preceding periods shall be effected through the Transportation Cost Rate Adjustment (TCRA) mechanism set forth in this Section.

36.2 Transporter's TCRA Filings. Annually, or at such other times as Transporter in its reasonable discretion determines necessary (Periodic TCRA Filing), Transporter may adjust the TCRA rates to take into account prospective changes in Transportation Costs. That adjustment shall be effected by Transporter filing a TCRA with the Commission (i) annually on or before March 1, to become effective April 1 (Annual TCRA Filing), and (ii) at such other times as Transporter in its reasonable discretion determines necessary to become effective 30 days after filing (Periodic TCRA Filing).

36.3 Accounting for Activity. Transporter will account for all under or over recovered Transportation Costs in Account No. 186.

36.4 Adjustments To The Transportation Costs Rate.

(a) The Transportation Costs Rate, as adjusted by Transporter through its TCRA filings, shall consist of the sum of (i) the current Operational 858 costs includable in the Transportation Costs rate (Current Operational TCRA Rate) as adjusted by any TCRA Filing, and (ii) the unrecovered Operational 858 costs includable in the Transportation Costs rate (Operational TCRA Surcharge) as adjusted through the Annual TCRA. These shall be calculated for TCRA Filings in the following manner:

(1) In each Annual or Periodic TCRA Filing, Transporter shall calculate, and allocate to the Applicable Rate Schedules on an as-billed basis and in a manner consistent with Transporter's currently effective cost allocation and rate design, the Current

Operational TCRA Rate applicable to current Operational 858 costs by: (i) estimating the Operational 858 costs comprising the total Transportation Costs for the 12-month period commencing with the effective date of that TCRA filing, using the transportation rates that will be in effect on the effective date of that TCRA filing; and (ii) dividing those amounts by the applicable rate design determinants under all of the Applicable Rate Schedules for that same 12-month period.

(2) In each Annual TCRA Filing, Transporter shall calculate, and allocate to the Applicable Rate Schedules on an as-billed basis and in a manner consistent with Transporter's currently effective cost allocation and rate design, the Operational TCRA Surcharge applicable to unrecovered Operational 858 costs by: (i) ascertaining the Operational 858 costs comprising the total Transportation Costs actually incurred by Transporter during the preceding calendar year (Preceding Period); (ii) subtracting the amounts collected by Transporter during that same Preceding Period under the Current Operational TCRA Rate; and (iii) dividing the differences, respectively, whether positive or negative, by the estimated design determinants under the Applicable Rate Schedules for the 12-month period commencing on the effective date of that Annual TCRA filing.

(b) In calculating the Transportation Costs Rate, as set forth in paragraph (a) above, Transporter shall credit against actual costs incurred any (i) amounts received through the release of its capacity on upstream pipelines, and (ii) refunds received that are attributable to the transmission and compression of gas by others.

36.5 Termination

(a) If the provisions of this Section are terminated or otherwise rendered inapplicable (termination), Shippers under the Applicable Rate Schedules from the date of Transporter's most recent Annual TCRA Filing through the date of termination (Termination Period) shall remain responsible for any Unrecovered Transportation Costs.

(b) Any positive or negative balances in Transporter's Unrecovered Transportation Costs 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 billing determinants and throughput, as applicable, during the Termination Period.

37. 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 9.7(b)
0.3.4	GTC Section 9.7(c)
0.3.5	GTC Section 9.7(d)
0.3.6	GTC Section 9.7(e)
0.3.7	GTC Section 9.7(f)
0.3.8	GTC Section 9.7(g)
0.3.9	GTC Section 9.7(h)
0.3.10	GTC Section 9.7(i)
1.2.3	GTC Section 1.39
1.2.4	GTC Section 1.26
1.2.5	GTC Section 1.37
1.2.6	GTC Section 1.36
1.2.9	GTC Section 1.10(a)
1.2.11	GTC Section 1.10(b)
1.2.12	GTC Section 1.18
1.2.15	GTC Section 1.54
1.2.16	GTC Section 1.54
1.3.1	GTC Section 1.22
1.3.2(i-vi)	GTC Section 1.34
1.3.3	GTC Section 6.2(e)
1.3.6	GTC Section 6.3(c)(6)
1.3.7	GTC Section 6.2(h)(4)
1.3.9	GTC Section 6.2(d)
1.3.11	GTC Section 6.2(h)
1.3.13	GTC Section 6.2(h)
1.3.14	GTC Section 6.2(h)
1.3.16	GTC Section 1.15
1.3.19	GTC Section 6.2(b)
1.3.22	GTC Section 6.2(f)
	GTC Section 6.3(d)

1.3.28	GTC Section 35.2
1.3.32	GTC Section 6.2(h)
1.3.33	GTC Section 6.2(h)
1.3.40	GTC Section 6.3(h)
1.3.44	GTC Section 6.3(i)
1.3.51	GTC Section 7.2(e)(4)
1.3.80	GTC Section 6.2(l)
2.2.1	GTC Section 1.35
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(d)
2.3.4	GTC Section 8.3(e)
2.3.6	GTC Section 8.3(g)
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(b)
2.3.20	GTC Section 8.3(f)
2.3.26	GTC Section 8.4(b)
2.3.30	GTC Section 18.6(b)(1)
2.3.31	GTC Section 19.4
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.
3.3.9	GTC Section 10.1(a)
3.3.17	GTC Section 10.2(a)
3.3.18	GTC Section 10.2(a)
3.3.19	GTC Section 10.2(d)
3.3.25	GTC Section 10.2(a)
5.2.1	GTC Section 1.12
5.2.2	GTC Section 1.21
5.2.3	GTC Section 1.17
5.3.1	GTC Section 14.1(b)
5.3.2	GTC Section 14.1(c)
5.3.3	GTC Section 14.2(c)(1)
5.3.4	GTC Section 14.2(c)(1)
5.3.13	GTC Section 14.4(f)

5.3.14	GTC Section 14.2(d)
5.3.15	GTC Section 14.4(f)
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 16.3(a)
5.3.35	GTC Section 16.3(b)
5.3.36	GTC Section 16.3(c)
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

Datasets:

0.4.4

Storage Information

Data Sets:

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, 1.3.8, 1.3.15, 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, 1.3.28, 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

Data Sets:

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

Data Sets:

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

Data Sets:

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, 5.3.18, 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

Data Sets:

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 Standards

Waiver or Extension of Time

38. RESERVATION CHARGE CREDITS

Transporter will provide reservation charge credits to a Shipper under Rate Schedules FTS, FT-C, NTS, NTS-S, FSS, FSS-M, SST, FBS and TPS 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:

38.1 Reservation charge credits shall not be applicable:

- (a) When:
 - (i) 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;
 - (ii) a Shipper fails to deliver gas that conforms 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 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.

38.2 Calculation and Volume Determination: Subject to the provisions of Section 38.1, reservation charge credits will be determined as follows. Reservation charge credits under Transporter's nominated firm transportation and/or no-notice services, and/or storage services when storage assets are directly affected, 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 38.2(b)(ii) below). To the extent Transporter fails 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 a 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

- (i) 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 38.2(a)(ii), 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 38.2(a)(ii), less any applicable quantity scheduled and delivered by Transporter, multiplied by the lower of: (1) the rate under the Replacement Shipper's service agreement, or (2) the Releasor's currently effective reservation 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 (1) the state agency with jurisdiction over the retail access program provides otherwise and/or (2) the agreement between the Replacement Shipper and the Releasor provides otherwise. Provided, however, that the reservation charges described in this Section 38.2(a)(i) shall not be credited to the extent that the Shipper utilizes secondary service.
- (ii) 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 first Gas Day of the force majeure event. 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: (1) 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 (2) 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." For determining a Shipper's applicable Force Majeure Average Usage Quantity if a posted force majeure event extends into a subsequent season(s), the volume(s) associated with Transporter's Service Agreement(s) with variable contract rights with a term greater than one year to be included in the calculation will be based on a Shipper's average daily usage of its primary receipt and delivery points affected by the current outage in such Service Agreement, up to its applicable Transportation Demand, in the same month of the preceding year for the duration of the event.

(b) Non-Force Majeure Event

- (i) 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 38.2(b)(ii) 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 38.2(b)(ii), 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 38.2(b)(ii), less any applicable quantity scheduled and delivered by Transporter, multiplied by the lower of: (1) the rate under the Replacement Shipper's service agreement, or (2) the Releasor's currently effective reservation 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 (1) the state agency with jurisdiction over the retail access program provides otherwise and/or (2) the agreement between the Replacement Shipper and the Releasor provides otherwise. Provided, however, that the reservation charges described in this Section 38.2(b)(i) shall not be credited to the extent that the Shipper utilizes secondary service.

- (ii) 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 final 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: (1) 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 (2) 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.” For determining a Shipper’s applicable Non-Force Majeure Average Usage Quantity if a posted non-force majeure event extends into a subsequent season(s), the volume(s) associated with Transporter’s Service Agreement(s) with variable contract rights with a term greater than one year to be included in the calculation will be based on a Shipper’s average daily usage of its primary receipt and delivery points affected by the current outage in such Service Agreement, up to its applicable Transportation Demand, in the same month of the preceding year for the duration of the event.

38.3 For purposes of determining the Force Majeure Average Usage Quantity in Section 38.2(a)(ii), and the Non-Force Majeure Average Usage Quantity in Section 38.2(b)(ii), herein, a Shipper’s allocated volume(s) associated with Transporter’s no-notice services (Rate Schedule FSS with SST, Rate Schedule NTS, and Rate Schedule NTS-S) at its primary point(s) will be included in the calculation of such average usage quantities for the same prior seven (7) Gas Days during which Transporter did not experience either a force majeure event or non-force majeure event, as applicable, provided Transporter posts notice of such event prior to the Timely Nomination Cycle deadline for the first Gas Day of the event; however, if Transporter fails or is unable to post notice of the event prior to the Timely Nomination Cycle deadline for the first Gas Day of the event, and for any subsequent Gas Days during an event on which Transporter has not notified Shipper that the event shall continue prior to the Timely Nomination Cycle deadline on such Gas Day, then a Shipper’s no-notice service volume shall be the quantity of no-notice service allocated at its primary point(s). For determining a Shipper’s applicable Average Usage Quantity if either a posted force majeure or non-force majeure event extends into a subsequent season(s), the volume(s) associated with Transporter’s no-notice service(s) with variable contract rights to be included in the calculation will be based on a Shipper’s average daily usage of its primary receipt and delivery points of such service affected by the current outage in the same month of the preceding year for the duration of the event.

38.4 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.

38.5 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.

38.6 Shippers shall have the right to dispute the availability and calculation of any reservation charge credit in accordance with Section 30 of the General Terms and Conditions.

39. ACCOUNT NO. 191 RECONCILIATION MECHANISM

39.1 Purpose. This Section provides a mechanism by which Transporter shall refund to or recover from certain Shippers (i) any overrecovered or underrecovered balance in Transporter's Account No. 191 as of the day preceding the effective date of Transporter's Order No. 636 Compliance Filing (Account No. 191 Transition Balance), and (ii) any other billings or refunds arising from purchased gas costs attributable to periods prior to termination of Transporter's PGA and otherwise eligible for recovery by Transporter (Other Eligible Costs). Transporter shall refund or recover the Account No. 191 Transition Balance and any Other Eligible Costs, both of which shall include carrying charges calculated under Section 154.501 or successor provision of the Commission's Regulations, from Shippers under the Rate Schedules set forth below.

39.2 The Initial Filing. Transporter initially shall refund or recover any Account No. 191 Transition Balance by means of a positive or negative fixed charge applicable to all Shippers under Transporter's previous CDS, WS and SGS Rate Schedules (Former Sales Customers) as of the day preceding the effective date of Transporter's Order No. 636 restructuring (Effective Date) Transporter shall: (i) allocate demand-related portions of that Account No. 191 Balance based upon such Former Sales Customers' Total Daily Entitlements as of the date immediately preceding the Effective Date; and (ii) allocate commodity-related portions of that Account No. 191 Balance based upon such Former Sales Customers' respective purchases during the twelve months preceding the Effective Date. That initial fixed charge under this Section, to be filed by Transporter on or before March 1, 1994, shall be refunded or recovered from Eligible Shippers over a 24 month period for CDS Rate Schedule shippers, a 36 month period for SGS Rate Schedule shippers, or other agreed to amortization period not to exceed 24 months or 36 months, as applicable, (Recovery Period) commencing with the April 1, 1994 effective date of such filing; provided, however, that Transporter may elect to propose such longer Recovery Period as may be warranted and provided further that Shipper may elect the option of a lump sum payment.

39.3 Additional Filings. Transporter periodically may make additional filings under this Section as necessary to recover Other Eligible Costs. Any such periodic filings shall provide for the refund or recovery of those costs (i) over an amortization period of 12 months, provided however that Transporter may elect to propose such longer Recovery Period as may be warranted and provided further that Shipper may elect the option of a lump sum payment to be prescribed in such filings, and (ii) otherwise in accordance with the allocation and recovery procedures set forth in Section 39.2 above. Such additional filings to recover costs from Former Sales Customers shall be filed within nine months of the Effective Date; provided, however, that such nine-month limitation shall not apply to Other Eligible Costs that are the subject of ongoing litigation at such date, including any unpaid purchased gas costs attributable to the period before the filing of Transporter's July 31, 1991 petition under Chapter 11 of the United States Bankruptcy Code in the United States District Court for the District of Delaware that are not yet resolved by that bankruptcy proceeding but are otherwise eligible for recovery as Other Eligible Costs. No time limitation shall apply to flow through refunds received by Transporter applicable to amounts paid by Former Sales Customers.

39.4 Reconciliation Procedure. Within 60 days after the end of each Recovery Period following the Initial and Additional Filings described at Sections 39.2 and 39.3 above, Transporter shall file with the Commission a Reconciliation that sets forth the actual applicable balance of such costs, including carrying charges at the end of the Recovery Period (Reconciliation Balance). Any such Reconciliation Balance shall be refunded or recovered through a Reconciliation Balance Fixed Charge that shall be recovered (i) over a period to be prescribed in each such Reconciliation filing, and (ii) otherwise in accordance with the allocation and recovery procedures set forth at Section 39.2 above. To the extent that any balance remains after completion of the Recovery period for the first Reconciliation Balance Fixed Charge, Transporter shall file, for each recovery filing under this section, a Final Reconciliation Balance Fixed Charge, which shall reflect the Commission published interest rate in effect at that time. Such Final Reconciliation filings shall provide for refund or recovery of the remaining amount through a one-time fixed charge allocated in accordance with the procedures set forth in Section 39.2 above.

39.5 Reports. Nine months after the effective date of Transporter's Order No. 636 Compliance Filing Transporter shall file with the Commission a report detailing Transporter's final Account No. 191 Balance and any additional Account No. 191 costs subject to ongoing litigation as set forth at Section 39.3 above. If Transporter has begun collecting Account No. 191 amounts as of that date, such report shall provide for adjustments to the amounts being billed, if necessary, to correct for any revisions to the Account No. 191 Balance. Following the close of the amortization and reconciliation periods for any filings made pursuant to this Section, Transporter shall file with the Commission a report showing the total actual amounts billed to each Former Sales Customer along with workpapers supporting the amounts billed and paid by each such shipper.

39.6 Service Entitlement Changes or Termination. If the Service Agreements of any Shipper liable for charges under this Section are terminated for any reason, including but not limited to the expiration of said agreement, an abandonment of service under the Natural Gas Act, a change in corporate identity, a change in entitlement levels, or conversion of any or all demand billing determinants to another of Transporter's Rate Schedules, such Shipper shall not be relieved of its obligation under this Section. In that event, Transporter, at Shipper's option, shall (i) bill Shipper within 45 days after notice of such termination or conversion a one-time charge for the aggregate amount of all of that Shipper's charges remaining due, (ii) continue billing the charges to Shipper (or its corporate successor) during the remainder of the recovery period, or under Shipper's new Rate Schedule, or (iii) bill Shipper in any other manner allowable under the Natural Gas Act and agreed to in writing by Transporter and Shipper.

40. SEGMENTATION POOLING

40.1 A Shipper contracting for firm transportation service on Transporter under Rate Schedules FTS, NTS, NTS-S, TPS, SST or OPT may elect, subject to the below limitations, to segment its contractual entitlement into two segments as follows:

(a) Supply Segment. One segment designated as the "Supply Segment" must be nominated from primary and/or secondary receipt point(s) to the Segmentation Pool. The Supply Segment contract Transportation Demand shall be limited to the Transportation Demand set forth in the firm transportation service agreement being segmented. The Supply Segment is not entitled to utilize secondary delivery points other than the Segmentation Pool and is not subject to Commodity Charges or Retainage by Transporter.

(b) Market Segment. The second segment designated as the "Market Segment" shall be nominated from the Segmentation Pool and/or secondary receipt point(s) to Shipper's primary and/or secondary delivery point(s). Subject to the exceptions set forth in Section 40.5 below, the Market Segment contract Transportation Demand shall be limited to the available Transportation Demand of the firm transportation service agreement being segmented, and shall be subject to all applicable rates and surcharges provided for in this Tariff.

(c) The Segmentation Pool will be a secondary receipt or delivery point, as applicable.

(d) If a Shipper segments its SST and/or TPS Service Agreement, the SST and/or TPS capacity shall be treated as if it is capacity segmented under Transporter's FTS Rate Schedule. In all other respects, the provisions of the SST and/or TPS Rate Schedule will control.

40.2 A segmented firm transportation service agreement under Rate Schedules FTS, NTS, NTS-S, or OPT shall be subject to the provisions of (i) Section 7 (Capacity Allocation) of the General Terms and Conditions; (ii) Section 16 (Interruptions of Service) of the General Terms and Conditions; (iii) Section 17 (Operational Flow Orders) of the General Terms and Conditions; and (iv) any other applicable provisions of Transporter's FERC Gas Tariff.

40.3 A firm service agreement may be segmented and released and assigned in accordance with Section 14 (Release and Assignment of Service Rights) of the General Terms and Conditions; provided, a segmented firm service agreement may not be permanently released and assigned. Service to a replacement Shipper under any such release and assignment shall be subject to the provisions set forth in the underlying rate schedule and in the applicable General Terms and Conditions.

40.4 Transporter reserves the right at any time to control or restrict segmentation when, in Transporter's sole discretion, such segmentation would result in a degradation of service or pose a threat to the sound operation of Transporter's system. Such control or restriction may be necessary to ensure that gas is available at particular locations at particular times.

40.5 The Segmentation Pool must be in balance in each nomination cycle and on a daily basis. Therefore, the gas to be transported from the Segmentation Pool to market must equal the amount of gas supply arising from transportation into the Segmentation Pool and/or from inventory transfers.

41. RECOVERY OF STRANDED ACCOUNT NO. 858 COSTS

41.1 Purpose. This Section establishes the mechanism by which Transporter shall recover any costs associated with reformations or terminations of contracts with upstream pipeline suppliers and included in Transporter's Account No. 858 that are stranded as a result of Order No. 636 (Stranded 858 Costs). Stranded 858 Costs shall include costs incurred by Transporter under contracts with upstream pipelines for transportation service, provided that those contracts are not assigned and are not required for Transporter's continuing system operations.

41.2 Recovery Mechanism. Transporter shall recover Stranded 858 Costs by including such costs in its Transportation Cost Recovery Adjustment (TCRA) mechanism, as set forth at Section 36 of this Tariff.

42. CONTRACT DEMAND REDUCTION OPTION

(a) Any Shipper receiving service under a firm transportation and/or storage Service Agreement(s) 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 and/or storage 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(s) 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 42 means, for firm transportation service agreements, a "Transportation Demand" reduction and, for firm storage Service Agreements, a "Storage Contract Quantity" and "Maximum Daily Storage Quantity" reduction. For purposes of this Section 42, 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) If a Regulatory Restructuring Reduction Option is implemented pursuant to Section 42(a), Shipper must implement the Reduction Option under its firm storage Service Agreement(s) and its related firm transportation Service Agreement(s) on a proportionate basis so that storage service quantities, including storage capacity and deliverability quantities, and related transportation service quantities, remain proportionately the same. In addition, unless otherwise agreed to by Transporter and Shipper, Shipper may only implement a Reduction Option under its firm storage Service Agreement(s) and its related firm transportation Service Agreement(s) to be effective as of March 31 of any given Service Agreement year.

(c) Shipper must establish its entitlement to a Regulatory Restructuring Reduction Option by demonstrating that the provisions of Section 42(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 for transportation service not associated with storage will be the latter of the effective date of the Regulatory Restructuring or the end of the sixty (60) day written notice period. For storage service and associated storage transportation Service Agreements, unless otherwise agreed to by Transporter and Shipper, Shipper must provide written notice to Transporter no less than sixty (60) days prior to March 31 of any Service Agreement year of its intent to exercise its Regulatory Restructuring Reduction Option as of the upcoming March 31. 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.

(d) 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.

(e) 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.

(f) 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.

43. STORAGE INVENTORY TRANSFERS

43.1 Purpose. Pursuant to the restructuring of Transporter's services under Commission Order No. 636, on November 1, 1993 or such later effective date of Transporter's Order No. 636 Compliance Filing (the Effective Date), Transporter shall effect a transfer of certain storage inventory gas (the Conversion Transfer) to shippers converting from Transporter's former CDS, WS, and SGS Rate Schedules to Transporter's current FSS and GTS Rate Schedules and those shippers receiving direct assignment from Transporter of storage capacity on upstream pipelines (Converting Shippers). This Section provides the mechanisms through which the Conversion Transfer shall be effected, and any resulting costs recovered by Transporter.

43.2 The Conversion Transfer Mechanism.

(a) Pursuant to the Conversion Transfer authority referenced above, Transporter, on the Effective Date, shall transfer to Converting Shippers title to (i) all gas reflected in Shippers' WS Reserve Gas Balance as of the Effective Date (WS Reserve Gas Balance), and (ii) an additional quantity of Transporter's current storage inventory based on the aggregate Storage Contract Quantity (SCQ) for Converting Shippers as of the Effective Date, less the aggregate SCQ and Winter Contract Quantity (WCQ) under Transporter's former FSS and WS Rate Schedules, respectively, as of the Conversion Date (the Additional Quantity).

(b) Transporter shall allocate to each Converting Shipper at no charge its share of the WS Reserve Gas Balance, the cost of which was prepaid by those Shippers at the time of nomination.

(c) Transporter shall allocate the Additional Quantity to Converting Shippers pro rata based on each such Converting Shipper's share of the amount by which (i) the aggregate Storage Contract Quantity (SCQ) for Converting Shippers, as of the Effective Date exceeds the aggregate SCQ and WCQ under Transporter's former FSS and WS Rate Schedules, respectively, as of the conversion date. Converting Shippers shall be billed for their respective allocations of the Additional Quantity in the next regular monthly billing following the Effective Date. Transporter shall bill Shippers under the GTS Rate Schedule for their respective allocations of the Additional Quantity in three equal installments during the months of January, February and March following the effective date of implementation of this Tariff. The cost to be charged to those Converting Shippers shall be Transporter's imbedded per book storage costs for the transferred gas as of the Effective Date.

44. ELECTRIC POWER COSTS ADJUSTMENT (EPCA)

44.1 Purpose. This Section provides for the recovery of electric power costs incurred by Transporter for compression or processing of natural gas and for company use and operations (Electric Power Costs). Transporter shall recover Electric Power Costs, including carrying charges calculated under Section 154.501 or successor provision of the Commission's regulations, by means of a Transportation EPCA Rate, an LNG EPCA Rate and a Processing EPCA Rate, each of which shall be comprised of a Current EPCA Rate and an EPCA Surcharge as calculated in Section 44.4 below (hereinafter generally referred to as the "EPCA Rates"). The Transportation EPCA Rate shall be applicable to Shippers under (i) Transporter's FTS, NTS, NTS-S, TPS, SST, GTS, OPT, and ITS Rate Schedules as set forth in Volume No. 1 of this Tariff, and (ii) Rate Schedule X-124 and those X-Rate Schedules set forth in Volume No. 2 of this Tariff that incorporate rates from Volume No. 1 of this Tariff (collectively the Applicable Rate Schedules). The LNG EPCA Rate shall be applicable to Shippers under Transporter's Rate Schedules X-131, X-132 and X-133. The Processing EPCA Rate shall be applicable to those receiving processing services from Transporter. The EPCA Rates for recovery of Transporter's Electric Power Costs are set forth in Sections 5.1 through 5.8 and 5.16, inclusive, of this Tariff, which may be adjusted by Transporter in subsequent Section 4(e) rate filings. Recovery of adjustments in such filings to the EPCA Rates for the current period, and unrecovered amounts from preceding periods, shall be effected through the mechanism set forth in this section.

44.2 Transporter's EPCA Filings. Annually, or at such other times as Transporter in its reasonable discretion determines necessary, Transporter may adjust any of the EPCA Rates to take into account both prospective changes in Electric Power Costs and unrecovered Electric Power Costs from the preceding period as described at Section 44.4 below. That adjustment shall be effected by Transporter filing an Electric Power Costs Adjustment (EPCA), with the Commission (i) annually on or before March 1 to become effective April 1 (Annual EPCA Filing), and (ii) at such other times as Transporter in its reasonable discretion determines necessary to become effective 30 days after filing (Periodic EPCA Filing).

44.3 Accounting for Activity. Transporter will account for all under or over recovered Electric Power Costs for the three EPCA Rates in Account No. 186.

44.4 Adjustments to Electric Power Costs Recovery. Transporter's Electric Power Costs recovery through each of its three EPCA Rates (Transportation, LNG or Processing), as adjusted by Transporter through its EPCA filings, shall include the following components: (i) the current component of Transporter's Electric Power Costs recovery for that particular EPCA Rate (the Current EPCA Rate), and (ii) the unrecovered component of Transporter's Electric Power Costs recovery from the preceding period for that particular EPCA Rate (the EPCA Surcharge). The Current EPCA Rate and the EPCA Surcharge for each of the three EPCA Rates shall be calculated separately for EPCA filings in the following manner:

(a) Current EPCA Rate. In each Annual or Periodic EPCA Filing, Transporter shall calculate, and allocate to the applicable Rate Schedules or services covered by that particular

EPCA Rate on an as-billed basis and in a manner consistent with Transporter's currently effective cost allocation and rate design, the Current EPCA Rate by: (i) estimating the total Electric Power Costs for the 12-month period commencing with the effective date of that EPCA Filing associated with the Rate Schedules or services covered by the particular EPCA Rate, and (ii) dividing that amount by the applicable rate design determinants under all of the applicable Rate Schedules or services covered by that particular EPCA Rate for that same 12-month period. The following is an example of the calculation of the LNG Current EPCA Rate and the numbers are for illustrative purposes only:

	<u>Total</u>	<u>Demand</u>	<u>Capacity</u>
Projected LNG Electric Power Costs	\$692,000	\$ 138,400	\$ 553,600
Projected Determinants		<u>1,440,000</u>	<u>14,426,400</u>
LNG Current EPCA Rate		\$ 0.100	\$.038

(b) EPCA Surcharge. In each Annual EPCA Filing, Transporter shall calculate, and allocate to the applicable Rate Schedules or services covered by that particular EPCA Rate on an as-billed basis and in a manner consistent with Transporter's currently effective cost allocation and rate design, the EPCA Surcharge by subtracting from the Electric Power Costs actually incurred by Transporter during the preceding calendar year the amount collected by Transporter during that period under the particular EPCA Rate and dividing the difference, whether positive or negative, by the estimated design determinants under all of the applicable Rate Schedules or services covered by that particular EPCA Rate for the 12-month period commencing on the effective date of that Annual EPCA Filing. The following is an example of the calculation of an LNG EPCA Surcharge and the numbers are for illustrative purposes only:

LNG Electric Power Costs Incurred	\$650,000
Amount Collected	<u>600,000</u>
Amount for Surcharge Purposes	\$ 50,000

	<u>Total</u>	<u>Demand</u>	<u>Capacity</u>
Amount for Surcharge Purposes	\$50,000	\$ 10,000	\$ 40,000
Projected Determinants		<u>1,440,000</u>	<u>14,426,400</u>
LNG EPCA Surcharge		\$.007	\$.003

44.5 Termination.

(a) If the provisions of this Section are terminated or otherwise rendered inapplicable (termination), Shippers under the Rate Schedules subject to any of the three EPCA Rates from

the date of Transporter's most recent EPCA Filing through the date of termination (Termination Period) shall remain liable for any unrecovered Electric Power Costs.

(b) Any positive or negative balances in Transporter's Unrecovered Electric Power Costs 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 Rate Schedules subject to the three EPCA Rates based on the actual billing determinants and throughput, as applicable, during the Termination Period set forth above.

45. SFC CHARGE

45.1 Purpose. This Section provides for (a) the application of a surcharge ("SFC Charge") to Shippers under Transporter's FTS, NTS, SST, GTS, OPT, and ITS Rate Schedules (collectively the Applicable Rate Schedules) and (b) the potential collection from such Shippers of certain other amounts below a "Sharing Threshold," as defined in, and in accordance with, the provisions of Article III, Section F of the Offer of Settlement, Stipulation II, filed by Transporter on November 22, 1996 and approved by the Commission on April 17, 1997 in FERC Docket Nos. RP95-408, et al. (Stipulation).

45.2 SFC Collections. The SFC Charge, as set forth in Sections 5.1, 5.2, 5.4, 5.5, 5.6 and 5.8 of this Tariff, shall be fixed at 18.2 cents per Dth during the period August 1, 1996 through December 31, 1997. Transporter shall terminate assessment of the SFC Charge on the earlier of: (i) December 31, 1997, or (ii) the date upon which Transporter's total SFC Charge collections pursuant to this Section 45 commencing with its effective date of February 1, 1996, equal \$22.4 million, inclusive of interest.

45.3 Subsequent Assessment. If implementation of the terms of the Stipulation results in Transporter being entitled to collect an additional sum of money pursuant to Article III, Section F of the Stipulation, Transporter shall make a limited Section 4(e) filing on December 31, 2000, to be effective on February 1, 2001, to implement a surcharge to rates under the Applicable Rate Schedules to collect such amounts, plus applicable interest. To the extent Transporter is thereafter entitled to collect additional sums of money pursuant to Article III, Section F of the Stipulation, Transporter shall make annual limited Section 4(e) filings on December 31 of each year, to be effective on February 1 of the following year, to adjust the surcharge to collect such amounts, plus applicable interest.

46. NEGOTIATED RATES

46.1 Availability. Transporter and Shipper may mutually agree to a Negotiated Rate for service under any Rate Schedule, provided Shipper has not acquired its capacity as a temporary capacity release under Section 14 (Release and Assignment of Service Rights) of the General Terms and Conditions.

46.2 Recourse Rate Availability. The Recourse Rate shall be available to any Shipper that does not wish to mutually agree to a Negotiated Rate.

46.3 Limitations. This Section 46 does not authorize the negotiation of terms and conditions of service.

46.4 Allocations/Interruptions Based on Price. Under any circumstances where the allocation or interruption of capacity is determined by the rate being paid (including pursuant to General Terms and Conditions Sections 7.2(d)(1), 7.3(c), 7.4(c), 7.6(c) and (d), and 7.7(b) and (c), and pursuant to General Terms and Conditions Sections 16.4(a)(2) and 16.4(b)(3)), Shippers paying more than the Recourse Rate will be considered to be paying the Recourse Rate.

46.5 Capacity Release. With the exception of short-term (one year or less) capacity release transactions under Order No. 637, the maximum price cap for the release of capacity under a Negotiated Rate agreement shall be the Recourse Rate. Transporter and a Releasor under Section 14 (Release and Assignment of Service Rights) of the General Terms and Conditions may, in connection with their agreement to a Negotiated Rate, agree upon payment obligations and crediting mechanisms in the event of a capacity release that vary from or are in addition to those set forth in General Terms and Conditions Section 14.8.

46.6 Right of First Refusal. Unless otherwise mutually agreed to by Transporter and Shipper pursuant to General Terms and Conditions Section 4.1(c)(1)(ii), the right of first refusal provided with respect to certain Shipper's firm Service Agreements, as described in Section 4 (Availability of Capacity for Firm Services) of the General Terms and Conditions, shall not apply to firm Service Agreements with Negotiated Rates.

46.7 Assessing Negotiated Rate Bids for Available Firm Capacity. For purposes of assessing bids for available firm capacity pursuant to General Terms and Conditions Section 4, the net present value of Negotiated Rate bids containing a reservation rate or other form of revenue guarantee which exceeds the applicable Recourse Rate during all or any portion of the term contained in the bid, shall not exceed the net present value that is calculated assuming that the applicable Recourse Rate is in effect during the full term contained in the bid, in place of the reservation rate or other revenue guarantee contained in the bid.

46.8 Discount Adjustments for Negotiated Rate Agreements. 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.

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.

46.9 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 arrangement, it will assume any under-recovery of costs or retainage from negotiated shippers in order to ensure that its recourse Shippers are not better or worse off due to Negotiated Rate arrangements with individual Shippers. To accomplish this, Columbia will credit full recourse rate surcharge and retainage amounts to the appropriate surcharge and retainage accounts.

46.10 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 shall not apply.

46.11 Filing Requirement. With respect to Negotiated Rate arrangements, unless Transporter executes and files a non-conforming service agreement, Transporter will file with the Commission a tariff section stating the exact legal name of the Shipper, the Negotiated Rate, the rate schedule, the receipt and delivery points, the contract quantities, and where applicable, any Negotiated Rate formula. The Negotiated Rate arrangement shall not become effective earlier than the filing date of the tariff section, unless the Negotiated Rate arrangement is dependent on information available on the first day of the month, and the filing date of the tariff section falls after the first day of the month. Any such filed tariff section will contain a statement that the Negotiated Rate agreement does not deviate in any material aspect from the Form of Agreement in the tariff for the applicable rate schedule.

46.12 Accounting Treatment. To ensure compliance with the foregoing Sections 46.8, 46.9, 46.10 and 46.11, and to ensure that recourse Shippers are not better or worse off due to Negotiated Rate arrangements, 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.

47. OFFSYSTEM PIPELINE CAPACITY

47.1 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 for operational reasons, to meet existing or new firm service commitments, or 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. Transporter will seek prior authorization from the Federal Energy Regulatory Commission prior to acquiring offsystem capacity that will be used to meet new firm service commitments. When offsystem capacity is not required for operational reasons or to meet firm service commitments, Transporter will offer the offsystem capacity to Shippers on a primary firm basis. This Section 47 does not preclude Transporter from seeking case specific authorization for the utilization of off-system capacity by Transporter for other purposes, nor does it preclude Transporter from releasing any capacity it holds on offsystem pipelines.

47.2 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. Transporter may also limit any applicable right to first refusal on capacity offered to Shippers on a primary firm basis to the extent that Transporter determines, in its reasonable discretion, that it will require additional offsystem capacity for operational reasons or to meet existing or new firm service commitments. 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 may: (1) be limited to the term of Transporter's contract or service agreement with the offsystem capacity provider, or (2) the amount of capacity subject to the right of first refusal may be reduced to reflect changes in Transporter's operational requirement.

47.3 If a Shipper to whom Transporters has sold offsystem capacity on a primary firm basis incurs penalties on the on the offsystem pipeline associated with that Shipper's use of that capacity, Transporter will directly assign the costs of such penalties to that Shipper. The direct assignment of penalties will only be applicable where Shipper has control over the nomination and scheduling of the offsystem capacity. Transporter will provide Shipper with documentation regarding any such penalties. In the event a Shipper utilizes offsystem capacity on a third-party system and incurs a penalty associated with that Shipper's use of that capacity, Shipper will not be penalized twice for the same conduct. If such penalty occurs on an offsystem capacity pipeline, Transporter will not assess any penalties to Shipper under its own Tariff for the same conduct.

48. 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.

49. OPERATIONAL TRANSACTIONS

49.1 Eligible Transactions. Transporter may buy, sell and/or borrow or tender gas for return at a later date (an "Operational Transaction") 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, storage, and other similar services; and/or
- (d) otherwise protect the operational integrity of Transporter's system.

Any Operational Transaction will be made on an unbundled basis. Transporter may assess separate transportation charges, where applicable, for transportation service to or from the point of any Operational Transaction. 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 Rate Schedules or at the points of interconnection with the upstream pipelines prior to receipt into Transporter's system. Other Operational Transactions will be made at locations where the gas may be most operationally needed from time to time. Operational Transactions will have a lower priority than firm service.

49.2 Posting Requirements. Transporter will post its quantities for sale, borrow or tender for bidding on its electronic bulletin board in accordance with the applicable bidding provisions which will be posted at the time of the offer. Transporter will provide as much advance notice through its EBB as is reasonably possible, but not less than 24-hours in advance of any gas purchases. Transporter reserves its right, in its sole discretion, to:

- (a) withdraw its postings;
- (b) reject all bids due to operational changes; and/or
- (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.

49.3 Reporting Requirements. Transporter will file a report on or before March 1 of each year reflecting the Operational Transactions for the 12-month period ending the preceding December 31. The report will indicate:

- (a) whether the Operational Transaction was a purchase, sale, borrow or tender;
- (b) the source of the gas in the Operational Transaction;

- (c) the date of the Operational Transaction; (for borrows and tenders, Transporter will include the beginning and termination date of the transaction);
- (d) volumes, expressed in dekatherms;
- (e) the Operational Transaction price, expressed as a rate per dekatherm;
- (f) the costs and revenues from the Operational Transaction;
- (g) the disposition of the associated costs and revenues;
- (h) an explanation of the purpose of any Operational Transaction, any alternatives that were considered, and how the action(s) taken were the best available; and
- (i) and explanation for any exercise of Transporter's rights under Section 49.2.

49.4 Operational Transaction Rate Adjustment (OTRA) Mechanism

- (a) Purpose. This Section provides for the recovery of the costs of Operational Transactions (OTRA Costs) incurred in order to ensure sufficient flowing supply in Transporter's system in Market Areas 1, 2, 3 and 7, including carrying charges calculated under Section 154.501 of the Commission's regulations, through an OTRA surcharge applicable to Transporter's FTS, NTS, NTS-S, TPS, SST, GTS, OPT and ITS Rate Schedules. Such costs include, but are not limited to, the difference between the purchase price of gas in Market Areas 1, 2, 3, and 7 (or points on other pipelines) and the price for the sale of equivalent volumes at other locations on Transporter's system. Such OTRA costs shall include costs incurred under any third party transportation contracts associated with OTRA. Such third party transportation costs will not be included in the Transporter's TCRA costs. Transporter's OTRA Costs will be reduced by any revenues earned by Transporter for the Operational Transactions described in this Section 49.4 ("OTRA Revenues").
- (b) Transporter's OTRA Filings. On a semi-annual basis, Transporter will make a Section 4(e) rate filing to adjust its OTRA rates to take into account both prospective changes in OTRA Costs and unrecovered OTRA Costs for the summer season (April 1 to October 31) and winter season (November 1 to March 31). These filings will be submitted no later than: (i) April 1 of each year, to become effective May 1; and (ii) November 1 of each year, to become effective December 1.
- (c) Calculation of Current OTRA Surcharge. In each OTRA Filing, Transporter will calculate and allocate to the applicable Rate Schedules on an as-billed basis and in a manner consistent with Transporter's currently effective cost allocation and rate

design, the Current OTRA Surcharge by: (i) estimating the total OTRA Costs, including any third party transportation costs associated with OTRA and the total OTRA Revenues for the summer or winter period (as applicable) commencing with the effective date of the OTRA Filing; (ii) subtracting the OTRA Revenues from the OTRA Costs; and (iii) dividing that amount by the applicable rate design determinants under all of the applicable Rate Schedules for that same period. In the event third party transportation capacity is acquired in excess of Transporter's operational needs, Transporter will attempt to release the excess capacity and credit revenue amounts against the OTRA costs incurred during that period.

- (d) True-Up of OTRA Surcharge. In each OTRA Filing, Transporter will calculate and allocate to the applicable Rate Schedules on an as-billed basis and in a manner consistent with Transporter's currently effective cost allocation and rate design, the OTRA True-Up Surcharge by subtracting from the OTRA Costs (less OTRA Revenues) actually incurred by Transporter during the preceding OTRA period the amount collected by Transporter during that period under the then-effective Current OTRA Surcharge and dividing the difference, whether positive or negative, by the estimated design determinants under the applicable Rate Schedules for period commencing on the effective date of that OTRA Filing.
- (e) Termination. If the provisions described in this Section 49.4 are terminated, Shippers under the applicable Rate Schedules from the date of Transporter's most recent OTRA Filing through the date of termination (Termination Period) will remain subject to any unrecovered OTRA Costs (less OTRA Revenues), and Transporter will be required to refund any over-recovered OTRA Costs (less OTRA Revenues). Any positive or negative balances in Transporter's OTRA account as of the date of termination will be charged or refunded to Shippers under the applicable Rate Schedules over a six-month period following the Termination Period.

50. STORAGE SERVICE WITH MARKET-BASED RATES

50.1 Request for Service. Shippers who want service under Rate Schedules FSS-M or ISS-M must submit a request for service pursuant to Section 3 (Requests for Service) of the General Terms and Conditions.

50.2 Notice. Transporter will post on its EBB either its own intention or a Shipper request to initiate an open season for FSS-M or ISS-M storage capacity. The reserve price will be determined by Transporter. The price and term for the open season initiated by a Shipper will be established through negotiation. If Transporter and Shipper are unable to reach agreement, the reserve price will be established by Transporter in accordance with Section 50.4, with the term set by the requesting Shipper. Prior to the beginning of the open season, Transporter will post a notice announcing the date of the open season for FSS-M or ISS-M storage capacity. Transporter will refuse any bid that would require it to sell capacity at a rate lower than the applicable reserve price. The notice of the open season will include the start time(s) and all steps that will be required to participate and bid in the open season, as well as the following information:

- (a) the quantity of capacity available;
- (b) the term for which the capacity is available; and
- (c) the reserve price for the capacity;
- (d) the criteria that will be applied to determine the winning bidder.

50.3 Creditworthiness. Before any Shipper can submit a bid, it must satisfy Transporter's credit requirements, as set forth in Section 3 (Requests for Service) of the General Terms and Conditions.

50.4 Calculation of Reserve Price. The reserve price for capacity sold under Rate Schedules FSS-M or ISS-M will be set at up to: (1) \$2.222 per Dth per year; (2) the highest price charged under contracts with the same term in the twelve (12) month period preceding the open season by a competing storage seller; or (3) the highest rate paid for service under the applicable rate schedule for the twelve (12) month period preceding the open season, excluding transactions with companies affiliated with Transporter. For the purpose of this provision, a "competing storage seller" is defined as a storage provider located in a state in which Transporter has transportation facilities.

50.5 Binding Nature of Bids. All bids will be binding on the potential Shipper. Transporter will notify the Shipper(s) with the winning bid(s) electronically following the close of the open season. If a successful bidder does not accept the capacity, it will forfeit its capacity and Transporter will award the capacity to the Shipper with the next highest bid. Once Shipper accepts the capacity, it must execute a Service Agreement within fifteen (15) days after the Service Agreement is tendered by Transporter, unless otherwise mutually agreed by Transporter and Shipper. If the Shipper fails to execute the Service Agreement by the established deadline, the capacity will be forfeited, Transporter will re-post the open season and the Shipper will be

required to pay any difference between the value of its bid and the next winning bid received by Transporter.

50.6 Posting of Open Season Results. No later than twenty-four (24) hours following the close of the open season, Transporter will post the following information on its EBB:

- (a) the name of the Shipper(s) with the winning bid(s);
- (b) the rate(s) for the capacity;
- (c) the term of the contract(s);
- (d) the injection and withdrawal points; and
- (e) any affiliate relationship between Transporter and Shipper(s).

51. GATHERING AFFILIATE(S) STANDARDS OF CONDUCT

(a) Transporter will provide nondiscriminatory access to all sources of supply in accordance with Part 284 of the Commission's regulations and will not give shippers of its gathering affiliate(s) undue preference over shippers of nonaffiliated gatherers or other customers in scheduling, transportation, storage or curtailment priority; and

(b) Transporter will not condition or tie its agreement to provide transportation service to an agreement by the producer, customer, end user, or shipper relating to any service by any gathering affiliate(s), any service by it on behalf of its gathering affiliate(s), or any services in which its gathering affiliate(s) is involved.

52. Capital & Compliance Recovery Mechanism (CCRM)

52.1 Purpose. This Section provides for the recovery of Transporter's revenue requirements associated with investments in Eligible Facilities in the categories of (1) third party compliance; (2) safety and integrity; and (3) system reliability, as defined in Section 52.3(a) (Revenue Requirements) in order to modernize Transporter's system (Modernization Program). These Revenue Requirements will be recovered through separately-tracked surcharges (CCRM Rate(s)) that will be added to the base tariff rates applicable to Shippers under Transporter's FTS, NTS, NTS-S, ITS, GTS, OPT, TPS, SST, FSS, and FBS Rate Schedules set forth in this Tariff (Applicable Rate Schedules). Except as otherwise provided in this Tariff or in an individual service agreement, the CCRM-T (defined below) shall apply to service agreements under Transporter's FTS, NTS, NTS-S, ITS, GTS, OPT, TPS, and SST Rate Schedules and the CCRM-S (defined below) shall apply to service agreements under Transporter's FSS and FBS Rate Schedules. Service agreements that are exempt from paying the CCRM will remain exempt from paying the CCRM-T or the CCRM-S, as applicable. The CCRM Rates will provide for the recovery of the Revenue Requirements associated with capital expenditures incurred through November 30, 2031 related to Eligible Facilities that are placed into service during this term.

52.2 Transporter's CCRM Filings. The first CCRM rate filing will implement CCRM Rate(s) to become effective April 1, 2026 to recover Revenue Requirements related to Eligible Facilities that have been placed into service between April 1, 2025 through November 30, 2025 (CCRM Period) and any trailing capital expenditures associated with such Eligible Facilities placed into service during such eight month period, provided that (a) such trailing capital expenditures are incurred by Transporter before such CCRM Filing is made and (b) the inclusion of such trailing capital expenditures does not cause the total amount of investment in Eligible Facilities to exceed the annual and overall CCRM caps set forth in Section 52.3(c) of this Tariff. Subsequently, Transporter will have the right to file to adjust the CCRM Rate(s) to become effective April 1 to additionally recover Revenue Requirements related to Eligible Facilities that have been placed into service during the December 1 through November 30 period (CCRM Period(s)) prior to such CCRM Filing and any trailing capital expenditures associated with Eligible Facilities placed into service provided that (a) such trailing capital expenditures are incurred by Transporter before such CCRM Filing is made and (b) the inclusion of such trailing capital expenditures does not cause the total amount of investment in Eligible Facilities to exceed the annual and overall CCRM caps set forth in Section 52.3(c) of this Tariff. Any filings by Transporter pursuant to this Section 52.2 are referred to in this Tariff as a "CCRM Filing."

52.3 CCRM Implementation.

(a) Eligible Facilities. Eligible Facilities have been defined in the Eligible Facilities Plan (EFP) as filed by Transporter in its general Section 4 rate case filed September 30, 2024 and also include the facilities added in accordance with Section 52.3(a)(1) and Section 52.3(a)(2) of this Tariff. Each Eligible Facilities investment will be allocated to the appropriate transmission (CCRM-T) or storage (CCRM-S) rates in accordance with Section 52.4 of this Tariff. Transporter's CCRM Filings will revise the CCRM Rate(s) to take into account both changes in

the Revenue Requirements and over/under-recovered Revenue Requirements from the preceding periods.

(1) Discretionary Eligible Facilities. Transporter shall have the right to cancel projects and retains the discretion to recover capital expenditures and expenses associated with projects related to facilities not listed in the EFP through the CCRM Rate(s) set forth in any CCRM Filing provided that the expenditures are for one or more projects falling within one or both of the following categories: (1) additional bare steel replacement and/or abandonment projects and (2) projects to address issues that Transporter believes could lead to imminent unsafe conditions, and provided further that: (a) the projects are similar in purpose and scope to those provided in the EFP; (b) such construction projects do not result in the cost limits set forth in Section 52.3(c) of this Tariff being exceeded; and (c) no costs may be included from such construction projects which would otherwise be ineligible for CCRM recovery. Such projects will be deemed to be investments in Eligible Facilities for purposes of this Section 52 of the Tariff.

(2) Unanticipated Eligible Facilities. Transporter shall be permitted to recover capital expenditures and expenses associated with facilities that are not listed in the EFP and that do not fall into one of the categories listed in Section 52.3(a)(1) provided that Transporter receives the consent of shippers constituting a majority of the billing determinants subject to the applicable CCRM Rate(s) or approval from the Commission during the term of the modernization program. Such facilities will be deemed to be Eligible Facilities for purposes of this Section 52 of the Tariff.

(b) Right to Challenge CCRM Filings. Parties shall have the right to challenge the CCRM Filings.

(c) Cost Limits. The total amount of prudent capital investment in Eligible Facilities incurred for which Revenue Requirements may be recovered through the CCRM will not exceed an annual cap of \$450 million, subject to a 15 percent annual program tolerance. The total amount of prudent capital investment in Eligible Facilities incurred for which Revenue Requirements are eligible for recovery through the CCRM for this term will not exceed \$2.9 billion. The initial date of such investment will be deemed to have begun on April 1, 2025. Any costs exceeding the cost limits in this Section 52.3(c) shall be treated as GPMC under Section 52.3(d) of this Tariff.

(d) GPMC Levels. Transporter will expend annual general plant maintenance capital (GPMC) costs of \$185 million per year, during the seven year term for transmission and storage function projects (GPMC Projects) and such GPMC Projects will not be considered Eligible Facilities. If Transporter expends less than \$185 million in GPMC in the applicable years of the seven year term, the difference will be used to reduce the plant investment included in the CCRM and the total amount of Eligible Facilities for which the Revenue Requirements would be recoverable through the CCRM will be adjusted downward by such difference.

52.4 CCRM Rate Calculation. In each CCRM Filing, Transporter will calculate the CCRM Rate(s) and allocate to the Applicable Rate Schedules (as defined above) on an as-billed basis and in a manner consistent with Transporter's currently effective cost allocation and rate design, as set forth below:

(a) Determination of Revenue Requirements. Transporter will first calculate the Revenue Requirements related to those Eligible Facilities that were placed in and remained in service during the applicable prior CCRM Periods set forth in Section 52.2 of this Tariff and any applicable trailing capital expenditures associated with such Eligible Facilities placed into service during such applicable prior CCRM Period, subject to the limitations in Section 52.2 of this Tariff.

(1) Storage. The Storage Revenue Requirements associated with Eligible Facilities will consist of (A) a total rate base multiplier comprised of: (i) a pre-tax rate of return of 14.66 percent and (ii) a Taxes Other than Income Taxes (TOIT) calculation utilizing the applicable ad valorem tax rate at the time of filing multiplied by the "net rate base" (i.e., the gross plant minus accumulated depreciation and accumulated deferred income taxes) associated with Eligible Facilities that have been functionalized as storage by Transporter; (B) Transporter's applicable storage depreciation rate and storage negative salvage rate, both multiplied by the gross plant associated with Eligible Facilities that have been functionalized as storage by Transporter; and (C) expenses associated with Eligible Facilities.

(2) Transmission. The Transmission Revenue Requirements associated with Eligible Facilities will consist of (A) a total rate base multiplier which is comprised of: (i) a pre-tax rate of return of 14.66 percent and (ii) a TOIT calculation utilizing the applicable ad valorem tax rate at the time of filing multiplied by the "net rate base" (i.e., the gross plant minus accumulated depreciation and accumulated deferred income taxes) associated with Eligible Facilities that have been functionalized as transmission by Transporter; (B) Transporter's applicable transmission depreciation rate and transmission negative salvage rate, both multiplied by the gross plant associated with Eligible Facilities that have been functionalized as transmission by Transporter; and (C) expenses associated with Eligible Facilities.

(b) Allocation of Revenue Requirements. Transporter will allocate the Revenue Requirements across each Applicable Rate Schedule to derive the CCRM-T and CCRM-S Rate on a per unit basis, utilizing the greater of:

(1) The annual billing determinants for customers under the Applicable Rate Schedules, including billing determinants for all non-incremental negotiated rate service agreements that are by their terms exempt from paying the CCRM, but excluding billing determinants associated with service agreements for capacity on incrementally-priced expansion projects, which are not subject to the CCRM as described in Section 52.4(d) of

the Tariff, and adjusted for discounted contracts as described in Section 52.4(c) of the Tariff for each applicable CCRM Period set forth in Section 52.2 of this Tariff; or

(2) A transmission billing determinant floor of 74,640,556 Dth and a storage billing determinant floor with a MDSQ of 37,852,239 Dth and SCQ of 2,107,332,641 Dth for each CCRM Filing, as applicable.

(3) If the billing determinants are lower than the floors set forth herein, Transporter will impute billing determinants at the maximum applicable rate and the revenues that would be associated with such billing determinants to reflect the above-stated billing determinant levels in the calculation of the CCRM Rate(s).

(4) Subject to Section 52.5, Columbia shall be at risk for any under-recovery of the Revenue Requirement associated with the billing determinants of non-incremental negotiated rate service agreements that are by their terms exempt from paying the CCRM.

(c) Billing Determinants Associated with Discounted and Non-Incremental Negotiated Rate Service Agreements. Transporter will allocate a portion of the revenues derived from discount rate agreements to its calculation of actual revenues derived by the CCRM. To the extent discounted transactions would reduce the level of revenue below the level that results from the billing determinant floor set forth in Section 52.4(b)(2) above, Transporter will impute billing determinants and the revenues that would be associated with such billing determinants at the maximum applicable rate up to that floor level. Non-incremental negotiated rate agreement billing determinants will be imputed at the maximum CCRM Rate.

(d) Billing Determinants under Incrementally-Priced Expansion Projects. Incrementally-priced expansion projects will not be charged the CCRM Rate(s) and the billing determinants for incrementally-priced expansion projects will not be included in the calculation of the CCRM Rate(s). In the event the FERC's policy with respect to the rate treatment of incrementally-priced expansion projects changes after the effectiveness of this provision of the Tariff, any future treatment of incrementally-priced expansion projects in the CCRM will conform to the revised FERC policy.

(1) When incrementally-priced expansion projects are constructed concurrently with Eligible Facilities, the costs of such combined projects shall be allocated between the Modernization Program and the expansion project.

(e) Cost Over/Under Recovery. Except to the extent such results from the imputation of billing determinants under the billing determinant floors or for non-incremental negotiated rate agreements that exclude the CCRM, any over/under recovery of the Revenue Requirements will be recovered in the next succeeding CCRM Filing. Subject to the annual and overall CCRM caps set forth in Section 52.3 of this Tariff, the over/under recovery will be calculated each year by comparing the actual Revenue Requirements, by function, to the revenues received during the

recovery period, including any revenues required to be imputed by Transporter pursuant to Section 52.4(b) of this Tariff, above.

52.5 Term of CCRM. The CCRM will reflect the Revenue Requirements for capital and applicable expenses placed into service during the term commencing April 1, 2025 and ending on November 30, 2031. Upon termination of the CCRM, Shippers under the Applicable Rate Schedules will remain subject to any unrecovered CCRM costs and Transporter will be required to refund any over-recovered CCRM costs. Any positive or negative balances in Transporter's CCRM account as of the expiration of the CCRM will be charged or refunded to Shippers, as applicable, in the next monthly billing cycle that is at least fifteen days after the termination of the CCRM.

RESERVED FOR FUTURE USE