

GENERAL TERMS AND CONDITIONS

## 6.1 DEFINITIONS

1. The term "Agreement" shall mean the Service Agreement executed by the Shipper and Transporter and any exhibits, attachments and/or amendments thereto. Effective May 1, 1994, Shippers shall be required to execute a separate gathering service agreement in order to obtain service on any facilities in a Pooling Area not functionalized as transmission.
2. The term "Associated Liquefiabiles" shall mean that portion of Transporter's Gas stream that is extracted as liquid hydrocarbons at a processing plant.
3. The term "Associated Liquids" shall mean condensate (liquid hydrocarbons without free water) produced in conjunction with the production of Gas to be transported hereunder (the quantity shall not exceed 10 bbls per MMcf).
4. The term "Backhaul" shall mean the receipt and delivery of Gas which is accomplished by the Transporter's delivery of Gas at Delivery Point(s) which are upstream from the Receipt Point(s) of such Gas.
5. Unless otherwise agreed, the term "Base Maximum Daily Injection Quantity" ("Base MDIQ") shall mean the maximum quantity of Gas that Transporter is required to inject into Storage for the account of Shipper on a firm basis, and shall be equal to the MSQ divided by two hundred (200) for Rate Schedule FSS without ratchets and the MSQ divided by one hundred seventy-five (175) for Rate Schedule FSS with ratchets. Provided, further, that for Rate Schedule FSS with Flexible Entitlements and a Base MDWQ between 1/10 and 1/49 of its MSQ, the Base MDIQ shall be a mutually agreeable amount.
6. Unless otherwise agreed, the term "Base Maximum Daily Withdrawal Quantity" ("Base MDWQ") shall mean the maximum quantity of Gas that Transporter is required to withdraw from Storage for a Shipper, and shall be at least one-two hundred and thirteenth (1/213) but not more than one tenth (1/10) of the MSQ.
7. The term "Burner Tip Actual" ("BTA") shall mean quantities of Gas that have been electronically measured at the point of actual consumption for Rate Schedule FTS-3, ITS-3 and MBS Shippers and submitted via electronic measurement system to Transporter; provided, however, that if deliveries at the point of actual consumption include commingled deliveries from another supply source, the Shipper or Shipper's designee must identify the quantity attributable to each supply source, subject to verification of same by the intervening downstream transporter, including Transporter's deliveries within four (4) hours after the close of the applicable Day.

8. The term "Business Day" shall mean Monday through Friday, excluding Federal Banking Holidays for transactions in the United States, and similar holidays for transactions in Canada and Mexico.
9. The term "BTA Stand-Alone Option" shall mean service to a Notice Service Shipper that has elected and qualified to have deliveries allocated on a BTA basis and agreed to the installation of flow control facilities at the point of consumption.
10. The term "BTU" shall mean one (1) British thermal unit, the amount of heat required to raise the temperature of one (1) pound of water one (1) degree Fahrenheit at sixty (60) degrees Fahrenheit, and is the International Btu. The reporting basis for BTU is 14.73 psia at 60 degrees F (101.325 kPa at 15 degrees C) and dry; and for gigacalorie it is 1.035646 Kg/cm<sup>2</sup> at 15.6 degrees C, and dry.

For purposes of this term, and the term Mcf in Section 6.1(45) below, NAESB WGQ takes no position on the basis upon which transactions are communicated to trading partners and/or regulatory agencies, as applicable, nor does NAESB WGQ state whether transactions may take place between parties on a volumetric basis.

11. The term "Cashout" shall mean the monetary settlement of quantities of Gas owed to or by Transporter or third parties, as further described in Section 6.15 of these General Terms and Conditions.
12. The term "Cashout Price" shall mean the price determined pursuant to Section 6.15 of these General Terms and Conditions.
13. The term "Catalog Receipt Point(s)" shall mean any eligible Transmission Receipt Point(s) located in a Pooling Area.
14. The term "Central Clock Time" or "CCT" shall mean Central Standard Time ("CST") except when Daylight Savings Time is in effect, when it shall mean one hour in advance of CST. All times referenced in this Tariff shall be in CCT.
15. The term "Commission" shall mean the Federal Energy Regulatory Commission or any successor regulatory authority.
16. The term "Confirmed Price" shall mean the Transportation rate inclusive of all applicable fees and surcharges agreed upon by Transporter and Shipper.
17. The term "Cycling Fuel" shall mean the quantity of Gas equal to Transporter's Use (%) for Rate Schedule FSS times the quantity of Working Storage Gas in excess of twenty percent (20%) of Shipper's MSQ at the end of the Winter Period.

18. The term "Day" shall mean a period of consecutive hours, beginning at 9:00 a.m., and ending on the following 9:00 a.m.
19. The term "DDS Maximum Daily Injection Quantity" shall mean one thirtieth (1/30) of the Maximum Storage Quantity.
20. The term "DDS Maximum Daily Withdrawal Quantity" shall mean (a) the Working Storage Gas as of the last Day of the prior Service Month divided by the number of Days in the current Service Month or, if applicable, (b) the Working Storage Gas divided by the number of remaining Days in the Service Month as of the date that Transporter notifies Shipper that it must withdraw all of its Working Storage Gas within forty-five (45) Days.
21. The term "Dekatherm" (or "Dth") shall mean the quantity of heat energy which is equivalent to one (1) million (1,000,000) BTU; thus the term MDth shall mean one (1) thousand (1,000) Dth. The conversion factor between Dth and gigajoule, the standard measure of heat energy in Canada and Mexico, is 1.055056 gigajoules per Dth.
22. The term "Delivery Point" shall mean either (a) a Headstation, (b) the Point of Injection/Withdrawal, or (c) a point on Transporter's Pipeline System that Shipper and Transporter shall agree upon, where Gas exits facilities owned by Transporter, and is metered.
23. The term "Delivery Point MDQ" shall mean the greatest number of Dekatherms that Transporter is obligated to deliver to or on behalf of Shipper on any Day at the applicable Primary Delivery Point.
24. The term "Delivery Point Operator" shall mean the party that is responsible for operating the facilities that are immediately downstream of the applicable Delivery Point.
25. The term "Designated Storage Account" shall mean any Agreement pursuant to Rate Schedule FSS that is designated by the Shipper pursuant to Rate Schedule NNS, for which quantities are to be allocated under Rate Schedule NNS for debiting and crediting.
26. The term "Hydrocarbon Dewpoint" shall mean cricondentherm, the highest temperature at which the hydrocarbon vapor-liquid equilibrium may be present. The Hydrocarbon Dewpoint (cricondentherm) calculations are performed using the Peng-Robinson equation of state.
27. The term "HDP Segment(s)" shall have the meaning as defined in Section 6.13 paragraph 3.

28. The term "HDP Problem(s)" shall mean actual or anticipated operational problems on Transporter's system specifically related to actual or anticipated hydrocarbon liquid fallout.
29. The term "Extreme Condition Situation" shall mean that (a) on any portion of Transporter's Pipeline System throughput approaches capacity, or (b) weather conditions exist, or (c) operating pressures on an affected portion of Transporter's Pipeline System are significantly less than or greater than normal operating pressures, such that Transporter's ability to receive or deliver quantities of Gas in accordance with its service obligations is impaired.
30. The term "Electronic Communication" shall mean the transmission of information via Transporter's Internet website, electronic delivery mechanism prescribed by NAESB or other mutually agreed communication methodologies used to transmit and receive information, including communication by telephone.
31. The term "Electronic Delivery Mechanism" or "EDM" shall mean the Electronic Communication methodology used to transmit and receive data related to gas transactions. Transporter and Shipper shall designate an electronic "site" at which Shippers and Transporter may exchange data electronically. All data provided at such site shall be considered as being delivered to the appropriate party. Transporter's use and implementation of EDM shall conform to all appropriate NAESB standards.
32. The term "Equivalent Quantities" shall mean a quantity of Gas containing an amount of Dekatherms equal to the amount of Dekatherms received by Transporter for the account of Shipper at the Receipt Point(s) reduced, where applicable, by the Dekatherms removed for Transporter's Use, third party use, and treatment and processing of Shipper's Gas, all as attributable to Transportation of Shipper's Gas.
33. The term "Firm Daily Volume" shall mean the maximum volume of gas which ANR is obligated to deliver on a firm basis to Shipper's Primary Delivery Point(s) on any Day, based on confirmable nominations for firm service within Shipper's MDQ (for Rate Schedules, ETS, FTS-1, FTS-2, FTS-4, and FTS-4L), MDQ and MHQ (for Rate Schedule FTS-3) or MDWQ and MSQ (for Rate Schedule FSS), as applicable; and the actual quantity of Gas that Shipper would otherwise have taken within Shipper's NNE (for Rate Schedule NNS).
34. The term "Flash Gas" shall mean gaseous hydrocarbons that either vaporize or are vaporized (including flare and vent gas) from liquefied hydrocarbons within facilities located onshore.

35. The term "Gas" shall mean natural gas, including gas cap gas, casinghead gas produced with crude oil, gas from gas wells, gas from condensate wells, Associated Liquefiabiles and synthetic natural gas, or any mixture of these gases meeting the quality standards under Section 6.13 of these General Terms and Conditions.
36. The term "Gas Delivered Hereunder" shall mean the quantities of Gas allocated to Shipper by Transporter, as determined in accordance with the provisions of Section 6.14 of these General Terms and Conditions.
37. The term "TC eConnects" shall mean Transporter's electronic communication system which shall be available to any Shipper.
38. The term "Headstation" shall mean (a) Transporter's compressor station located at Eunice, Louisiana in the Southeast Area; (b) Transporter's compressor station located at Greensburg, Kansas in the Southwest Area; or (c) subject to operational feasibility, any single Delivery Point in a Pooling Area.
39. The term "Hub" shall mean (a) all interconnections with other transporters or storage service providers and Transporter, located between Transporter's compressor station at Sandwich, Illinois and the Crown Point, Indiana interconnect point (the ANR Joliet Hub), (b) all interconnections with other transporters or storage service providers and Transporter, located between Transporter's meter station at Glen Karn, Ohio and the terminus of the Lebanon Lateral in Ohio (the ANR Lebanon Hub), or (c) subject to operational or administrative feasibility, any other geographic region encompassing Transporter's facilities.
40. The term "Mainline Area Facilities" shall mean those facilities of Transporter which are not Southwest Area Facilities or Southeast Area Facilities of Transporter, and shall comprise Mainline Segments. Set forth below are the Mainline Segment location definitions:
  - (a) SOUTHEAST SOUTHERN SEGMENT: all points downstream of the Eunice, LA compressor station site and upstream of the Madisonville, KY compressor station site.
  - (b) SOUTHEAST CENTRAL SEGMENT: all points downstream of and including the Madisonville, KY compressor station site and upstream of and including the Defiance, OH compressor station site.
  - (c) SOUTHWEST SOUTHERN SEGMENT: all points downstream of the Greensburg, KS compressor station site and upstream of the Maitland, MO compressor station site.

- (d) SOUTHWEST CENTRAL SEGMENT: all points downstream of and including the Maitland, MO compressor station site and upstream of and including the Sandwich, IL compressor station site.
- (e) NORTHERN SEGMENT: all points downstream of the Sandwich, IL and the Defiance, OH compressor station sites.

Any Transportation from a Point of Injection/Withdrawal to a Delivery Point in the Northern Segment shall not involve the use of any other Mainline Area Facilities.

41. The term "Maximum Daily Injection Quantity" shall mean:
- (a) The Base Maximum Daily Injection Quantity if the Working Storage Gas is less than or equal to ninety percent (90%) of the MSQ; or
  - (b) Eighty percent (80%) of the Base Maximum Daily Injection Quantity if the Working Storage Gas is greater than ninety percent (90%) and less than one hundred percent (100%) of the MSQ; or
  - (c) The lesser of (1) the otherwise applicable Maximum Daily Injection Quantity or (2) the difference between the Maximum Storage Quantity and the Working Storage Gas.
42. The term "Maximum Daily Quantity" ("MDQ") shall mean the greatest number of Dekatherms that Transporter is obligated to deliver to or on behalf of Shipper on any Day.
43. The term "Maximum Daily Withdrawal Quantity" shall mean:
- (a) One hundred percent (100%) of the Base MDWQ if the Working Storage Gas is greater than twenty percent (20%) of the Maximum Storage Quantity; or
  - (b) Ninety percent (90%) of the Base MDWQ if the Working Storage Gas is greater than fifteen (15%) and less than or equal to twenty percent (20%) of the Maximum Storage Quantity; or
  - (c) Eighty percent (80%) of the Base MDWQ if the Working Storage Gas is greater than ten percent (10%) and less than or equal to fifteen percent (15%) of the Maximum Storage Quantity; or
  - (d) Seventy percent (70%) of the Base MDWQ if the Working Storage Gas is greater than five percent (5%) and less than or equal to ten percent (10%) of the Maximum Storage Quantity; or

- (e) Sixty percent (60%) of the Base MDWQ if the Working Storage Gas is less than or equal to five percent (5%) of the Maximum Storage Quantity; or
  - (f) The lesser of the otherwise applicable Maximum Daily Withdrawal Quantity and the remaining Working Storage Gas.
44. The term "Maximum Storage Quantity" ("MSQ") shall mean the greatest number of Dekatherms that Transporter is obligated to store on behalf of Shipper.
45. The term "Maximum Transportation Quantity" shall mean the maximum quantity of Gas that Transporter is obligated to transport on any Day on behalf of Shipper from the applicable supply area.
46. The term "Mcf" shall mean one (1) thousand (1,000) cubic feet of Gas; the term MMcf shall mean one (1) million (1,000,000) cubic feet of Gas. The reporting basis for gas volumes measured in cubic feet is (at standard conditions) 14.73 psia at 60 degrees F, and dry. For cubic meters, the reporting basis is 101.325 kPa at 15 degrees C, and dry.
47. The term "Month" shall mean the period beginning on the first Day of a calendar Month and ending at the same hour on the first Day of the next succeeding calendar Month.
48. The term "Negotiated Rate" shall mean a rate or rate formula for computing a rate for service under a single rate schedule under which, for some portion of the contract term, one or more of the individual rate components may exceed the maximum charge, or be less than the minimum charge, for such component of the applicable tariff rate as set forth in Transporter's Schedule of Rates in Sections 4.1 through 4.17 and in Section 5.19. A Negotiated Rate must be mutually agreed upon by Transporter and Shipper, and may be based on a rate design other than straight fixed-variable.
49. The term "Net Present Value" ("NPV") shall mean the discounted cash flow of incremental revenues to Transporter produced, lost or affected by the request for service and may be based upon such factors as the term, quantity, date on which the requested service is requested to commence, 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).
50. The term "Nomination Route" shall mean the route used to transport Gas from the nominated Receipt Point to the nominated Delivery Point.

51. The term "No-Notice Service" shall mean service available under Rate Schedules NNS, STS and MBS.
52. The term "North American Energy Standards Board" or "NAESB" shall mean the private, consensus standards developer whose wholesale natural gas standards are developed by representatives from all segments of the natural gas industry.
53. The term "Notice Service" shall mean all Transportation Services provided by Transporter other than No-Notice Services.
54. The term "Pipeline Condensate" shall mean the hydrocarbons in a liquid state which condense out of the Transporter's facilities (Pipeline Condensate Reduction ("PCR") shall be measured in Dekatherms.)
55. The term "Plant Thermal Reduction" or "PTR" shall mean the quantity of Dekatherms removed at a processing plant and allocated in accordance with the procedures set forth in Section 6.5.2(b) of these General Terms and Conditions.
56. The term "Point of Injection/Withdrawal" shall mean Transporter's storage facilities.
57. The term "Pooler" shall mean a Shipper under Rate Schedules PTS-1, PTS-2 and PTS-3 that delivers Gas only at the Headstation to other Shippers utilizing Transporter's Mainline Area Facilities.
58. The term "Pooling Agreement" shall mean an Agreement entered into by a Pooler with Transporter.
59. The term "Pooling Area" shall mean, as to any Headstation, Transporter's facilities located upstream of that Headstation.
60. The term "Primary Delivery Point(s)" shall mean the Delivery Point(s) as specified in the Agreement.
61. The term "Primary Receipt Point(s)" shall mean the Receipt Point(s) as specified in the Agreement.
62. The term "Primary Point(s)" shall mean the Primary Delivery Point(s) and/or Primary Receipt Point(s).
63. The term "Primary Route" shall mean the shortest distance along contiguous ANR-owned transmission facilities deemed to transport Gas from the Primary Receipt Point to the Primary Delivery Point, and shall be deemed to include points of interconnection with the facilities of third parties, but shall not include transmission

laterals unless the affected Shipper's Primary Receipt or Delivery Points are along any such laterals.

64. The term "Receipt Point" shall mean either (a) a Headstation, (b) the Point of Injection/Withdrawal, or (c) a point on Transporter's Pipeline System that Transporter and Shipper shall agree upon, where Gas enters facilities owned by Transporter, and is metered.
65. The term "Receipt Point MDQ" shall mean the greatest number of Dekatherms that Transporter is obligated to receive for or on behalf of Shipper on any Day at the applicable Primary Receipt Point.
66. The term "Reput" shall mean the reinstatement of a capacity release transaction that was recalled.
67. The term "Residue Gas" shall mean Transporter's Gas stream that has been reduced by PTR.
68. The term "Secondary Delivery Point" shall mean a Delivery Point that is not specified as a Primary Delivery Point.
69. The term "Secondary Receipt Point" shall mean a Receipt Point that is not specified as a Primary Receipt Point.
70. The term "Secondary Point(s)" shall mean the Secondary Delivery Point and/or the Secondary Receipt Point.
71. The term "Service Day" shall mean the Day during which Shipper receives Transportation Service pursuant to a nomination in accordance with Section 6.6 of these General Terms and Conditions.
72. The term "Service Month" shall mean the Month during which Shipper receives Transportation Services under this Tariff.
73. The term "Southeast Area Facilities" shall mean those facilities of Transporter which are located upstream or south of the Eunice, LA compressor station site property, including such site property of Transporter at Eunice, and Transporter's other facilities which are not directly connected.
74. The term "Southwest Area Facilities" shall mean those facilities of Transporter which are located upstream of the Greensburg, KS compressor station site property, including such site property of Transporter at Greensburg.

75. Unless otherwise agreed, the term "Storage Contract Year" shall mean a period of consecutive Months ending on March 31 for services of at least twelve (12) consecutive Months, and shall commence and end on the Days provided in the Service Agreement for services of less than twelve (12) consecutive Months.
76. The term "Summer Period" shall mean the period from April 1 of each calendar year through October 31 of such year.
77. The term "Swing Percentage" shall mean the percentage of quantities allocated at Delivery Points to each Shipper that will be excused from overrun charges or daily scheduling penalties, as applicable. The Swing Percentage shall be equal to ten percent (10%) of the Delivery Point nomination for such Shipper, unless Transporter shall have posted on TC eConnects a notification that an Extreme Condition Situation exists. In such case, the Swing Percentage shall be equal to five percent (5%) of the Delivery Point nomination for such Shipper.
78. The terms "Tender Gas" and "Tender of Gas" shall mean that the delivering party is able and willing, and offers, to deliver Gas to the receiving party at the appropriate Receipt Point or Delivery Point.
79. The term "Term of Agreement" shall mean the period set forth in the applicable Agreement during which Shipper may take service under the Agreement and shall be any period of one Day or longer. A period must be for consecutive Days except that Transporter may agree to non-continuous periods for multiple year contracts on a not-unduly discriminatory basis.
80. The term "Transmission Delivery Point(s)" shall mean any Delivery Point which does not include any facilities functionalized as gathering.
81. The term "Transmission Receipt Point(s)" shall mean any Receipt Point which does not include any facilities functionalized as gathering.
82. The terms "Transportation" and "Transportation Service(s)" shall mean (a) storage or (b) transportation of Gas by either forward haul, exchange or Backhaul or any combination thereof which includes the use of facilities functionalized on Transporter's books as transmission and/or storage.
83. The term "Transporter" shall mean ANR Pipeline Company.
84. The term "Transporter's Pipeline System" shall mean those facilities of Transporter which are Mainline Area Facilities, Southwest Area Facilities or Southeast Area Facilities.

85. The term "Transporter's Use" shall mean the quantity of Gas required by Transporter for (1) compressor fuel and (2) lost-and-unaccounted for ("L&U") Gas for service under each Agreement, and shall be equal to the Transporter's Use (%) under each such Agreement times Receipt Point quantities tendered to Transporter.
86. The term "Transporter's EPC" shall mean the dollar amount required by Transporter to recover the cost of electric power purchased, including surcharges, by or for Transporter for use in the operation of electric powered compressor units, and shall be equal to the EPC Charge times Delivery Point quantities.
87. The term "Transporter's Use (%)" shall mean the applicable percentage of Transporter's Use, as specified in the Agreement, which shall be an allocable amount of Transporter's Use. The term "EPC Charge" shall mean the rates in \$ per Dth applicable to Transporter's rate schedules, and shall be equal to an allocable amount of Transporter's EPC. The Transporter's Use (%) and the EPC Charge shall be calculated by Transporter by appropriate engineering principles and shall include consideration of the distance of Transportation. Except as otherwise noted herein and in Section 6.34 of these General Terms and Conditions, the determination of Transporter's Use (%) and EPC Charge in each of Transporter's annual redetermination filings, shall be based upon the transactional throughput methodology set forth in Transporter's December 4, 1997 filing in Docket No. TM97-2-48-001 as accepted by Order of the Commission dated December 31, 1997, as further amended in the December 26, 2001 Stipulation and Agreement in Docket No. RP01-259-000.
88. The term "Winter Period" shall mean the period from November 1 of each calendar year through March 31 of the following calendar year.
89. The term "Wire Transfer" shall mean payments made/effected by wire transfer (Fedwire, CHIPS, or Book Entry), or Automated Clearinghouse, or any other recognized electronic or automated payment mechanism that is agreed upon by Transporter in the future.
90. The term "Working Storage Gas" shall mean the quantity of Gas held in storage by Transporter for Shipper.
91. Capitalized terms not defined herein are defined pursuant to NAESB.

## 6.2 REQUESTS FOR TRANSPORTATION SERVICE

### 6.2.1 Requests.

To seek to qualify for Transportation Service, a potential Shipper shall submit a request for such service in writing or via Transporter's Internet website to the Transporter. Transporter shall evaluate and respond to such requests as soon as is reasonably possible and shall begin service, if an Agreement is executed, as soon as is reasonably possible, after receipt of such request. Such a request shall be considered acceptable and valid only if 1) the information specified in Section 6.2.2 below is provided in writing or via Transporter's Internet website, but Transporter may waive all or a portion of such information in individual instances, when the information is already in the possession of Transporter and 2) the creditworthiness requirements as specified in Section 6.2.3 are satisfied. Requests for service may be sent to:

ANR Pipeline Company  
700 Louisiana, Suite 1300  
Houston, Texas 77002-2700  
Attention: Marketing

An Agreement will be deemed executed either (1) in writing or (2) by approval by Transporter of the Agreement via TC eConnects and the Shipper's nomination on such Agreement, whichever is earlier.

By execution, Shipper will have certified that the Shipper has title to, or the legal right to cause to be delivered to Transporter, for Transportation, the Gas which is to be Transported and owns facilities or contractual rights which will cause such Gas to be delivered to and received from Transporter (or, as appropriate, that the Shipper will have such necessary title or legal right and associated facilities and contractual rights at the time gas is transported by Transporter on Shipper's behalf).

6.2.2 Request for Transportation.

- (a) Each request, to be considered as an acceptable and valid request, must furnish the information set forth below.

- (b) Requestor's Identification.

Name, address, representative, telephone, e-mail address and/or fax number of party requesting service.

Is Requestor affiliated with ANR? (Please answer this question with "yes" or "no" and provide the % ownership shared between the parties.)

- (c) Shipper's Identification.

Is Shipper affiliated with ANR? (Please answer this question with "yes" or "no" and provide the % ownership shared between the parties.)

(Note: the "Shipper" is the party which proposes to execute the Agreement).

- (1) Legal Name
- (2) Entity Dun & Bradstreet Number
- (3) Representative's name, phone number, fax number and/or e-mail address

- (d) Type of Request.

New Service or Amendments

If amendment is being requested, the reason for the amendment and the Agreement No(s) of the Agreement(s) being amended.

- (e) Term of Service.

New Service

- (1) Date service is requested to commence.
- (2) Date service is requested to terminate (Unless otherwise agreed, Agreements for Rate Schedule FSS of at least twelve (12) consecutive Months must end on March 31. Agreements for Rate Schedule STS must end on March 31st).

Amendment(s) Effective Date: \_\_\_\_\_

(f) Type of Service(s) Requested.

Specify which Rate Schedule service is desired.

(g) Contract Quantities (stated in Dekatherms).

- (1) For Rate Schedules ETS, FTS-1, FTS-2, FTS-3, FTS-4, FTS-4L, STS and PTS-2

Specify Primary Route(s) and Primary Route(s) MDQ described by Primary Receipt Point identification name and number and Primary Delivery Point identification name and number. A Shipper's MDQ shall be a uniform quantity throughout the contract term, except that i) to the extent the requested Transportation Service is related to storage then Section 6.2.10(e) of these General Terms and Conditions applies; or ii) Transporter may, on a not unduly discriminatory basis, agree to differing levels in the Shipper's MDQ during the term of Shipper's contract. Shipper's MDQ and any differing levels in the MDQ, as well as the period of such differing MDQ levels, shall be specified in the Agreement.

- (2) Indicate desired options for Rate Schedules ETS and FTS-3.

- (3) For Storage related Transportation under Rate Schedules ETS, FTS-1, FTS-2, FTS-4 and FTS-4L, Transporter may permit a Shipper to have a Maximum Daily Quantity during the Summer Period equal to the Base Maximum Daily Injection Quantity; provided, however, that the only Primary Delivery Point during such Summer Period shall be the Point of Injection/Withdrawal and further, Transporter may permit a Shipper to have a Maximum Daily Quantity during the Winter Period equal to Shipper's Base Maximum Daily Withdrawal Quantity for Rate Schedule FSS provided that the only Primary Receipt Point during such Winter Period shall be the Point of Injection/Withdrawal.

- (4) For Rate Schedule FSS, Transporter may, on a not unduly discriminatory basis, agree to set Shipper's Base Maximum Daily Withdrawal Quantity ("Base MDWQ") to zero (0) during the initial Withdrawal (Winter) Period covered by the term of Shipper's Agreement, and a constant value during the subsequent remaining term of Shipper's Agreement. Shipper's Base MDWQ for each period shall be specified in the Agreement.

- (i) Winter Period only, or Flexible Entitlements; and  
(ii) With storage ratchets or without storage ratchets.

- (5) For Rate Schedule DDS, the Maximum Storage Quantity.
- (6) For Rate Schedule NNS, the No-Notice Entitlements (NNE), the Designated Storage Account FSS Agreement Number and the NNS Storage Transportation Agreement Number. A Shipper's NNE shall be a uniform quantity throughout the contract term, except that Transporter may, on a not unduly discriminatory basis, agree to differing levels in the Shipper's NNE during the term of Shipper's contract. Shipper's NNE and any differing levels in the NNE, as well as the period of such differing NNE levels, shall be specified in the Agreement.

(h) Further Agreement.

Describe any other terms and conditions desired.

(i) Notices.

Name, address, representative, telephone, e-mail address and/or fax number for invoices, statements and all other matters.

### 6.2.3 Request for Service - Creditworthiness.

Transporter's acceptance of a request for service is subject to the requesting Shipper satisfying Transporter's creditworthiness requirements set forth in Section 6.18.5. With respect to a request for service pursuant to 6.2.1, any financial assurance required by Transporter pursuant to Section 6.18.5(B) shall be received by Transporter within ten (10) Business Days of Transporter's notification to Shipper, unless otherwise mutually agreed by Transporter and Shipper.

#### 6.2.4 Amendments to Change or Elevate Points.

- (a) Unless Transporter and Shipper agree otherwise, a Shipper, or a Replacement Shipper that has acquired its capacity through a permanent release, or a Replacement Shipper that has acquired its capacity through a temporary release effectuated after July 1, 2003, may elect changes to any Primary Point(s) designated in its Service Agreement. A Shipper shall have these rights provided that such Shipper (1) is paying maximum rates; (2) is paying discounted rates, but is willing to pay maximum rates; or (3) has a provision in its Service Agreement that entitles it to a specified discounted rate at such changed Primary Point(s); and further provided that nothing herein shall prohibit such Shipper from requesting to transfer a discount to the new point when a similarly situated Shipper with a discount is at such Point(s). If such request is from a Replacement Shipper that acquired capacity through a temporary release, Transporter shall notify the Releasing Shipper of the request, and such request shall be subject to the terms of the release agreement. A Shipper granted a change of Primary Point(s) pursuant to this section shall relinquish the primary status held at the pre-change point(s). Furthermore, a Shipper may only restore such primary status to the pre-changed points by requesting a change pursuant to provisions of this section.
- (b) A Replacement Shipper that has acquired its capacity through a temporary release, may elect to elevate any Secondary Point(s) designated in its Service Agreement to Primary Point(s). Any such elevation shall cause a portion of the MDQ of the Releasing Shipper's contract equal to the MDQ of the Replacement Shipper's contract, to become a maximum rate contract for the term of the elevation, but the Replacement Shipper may request to transfer the Releasing Shipper's discount when a similarly situated Shipper with a discount is at such Point(s). Any incremental charges associated with such elevation shall be billed in accordance with Section 6.21.2(b)(2) of these General Terms and Conditions.
- (c) Shipper shall submit a Request for Service Form updating any information that has changed from the Request for Service Form submitted for the existing Agreement. Transporter shall respond to such request within five (5) Business Days, and shall evaluate any such request on a not unduly discriminatory basis with, and applying the same standards for evaluating, any request(s) for new service at such point(s). Transporter shall not be obligated to agree to any changed or elevated point(s) if such request (1) would reduce the economic value of the Shipper's Agreement to Transporter, taking into consideration either: (a) the revenues projected to be received by Transporter at the existing Point(s) under the Agreement; or (b) any potential loss of incremental revenues associated with new service opportunities for which a Request for Service Form is then pending and that would be precluded if the request were granted, (2) is made pursuant to an FTS-4 Agreement and would affect Transporter's service obligations under Rate Schedule FTS-4L, or (3) is made

pursuant to an FTS-4L Agreement and would not be operationally feasible taking into consideration the availability of firm capacity under Rate Schedule FTS-4.

#### 6.2.5 Request Validity.

Shipper's Request for Service shall be considered null and void if Transporter has tendered an Agreement for execution to Shipper and Shipper fails to execute the Agreement within fifteen (15) Days thereafter; provided, however, that if Shipper's execution of an Agreement is dependent upon prior state regulatory approval, then Shipper's Request for Service shall be considered null and void if Transporter has tendered an Agreement for execution to Shipper and Shipper fails to execute the Agreement within thirty (30) Days thereafter; provided further, however, that Transporter and Shipper may mutually agree to extend the foregoing deadlines. In determining whether it is feasible to tender an Agreement, after provision for existing requirements on Transporter's system, operating constraints and pending requests for service, Transporter will not tender a firm Agreement which relates to requests for service for which it does not have sufficient available capacity, or is unable to reasonably predict the demand requirements at the gate station to perform the service requested, in the case of service under Rate Schedules NNS and MBS. In addition Transporter shall not be required to tender an Agreement for service which Shipper cannot begin within thirty (30) Days after the date the request is made pursuant to Section 6.2.1 of these General Terms and Conditions, or such other period as the parties may agree to in writing.

#### 6.2.6 Complaints.

In the event that a Shipper or potential Shipper has a complaint relative to service under this Tariff, the Shipper shall:

- (a) Provide a description of the complaint to Transporter, verbally or in writing, including the identification of the transportation request (if applicable). Complaints should be directed to Transporter's Chief Compliance Officer (CCO). The CCO's appropriate contact information is available via Transporter's Internet site.
- (b) Within forty-eight (48) hours, Transporter will respond initially to the complaint and Transporter shall respond in writing within thirty (30) Days advising Shipper or potential Shipper of the disposition of the complaint.

### 6.2.7 Information.

Contact information is available via Transporter's Internet site for any person desiring information on the availability, pricing, or other terms of the Transportation Services.

#### 6.2.8 Relationship with Affiliates.

Information on any facilities that Transporter's transmission function employees share with any of the marketing function employees of its affiliate(s) will be available on its Internet site, in accordance with the Commission's regulations.

6.2.9 Relationship with Gathering Affiliate.

- (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 undue preference over shippers of nonaffiliated gatherers or other customers in scheduling, transportation, storage or curtailment priority.
- (b) Transporter will not condition or tie its agreement to provide transportation service to an agreement by the producer, customers, end-user, or shipper relating to any service by its gathering affiliate, any services by it on behalf of its gathering affiliate or any services in which its gathering affiliate is involved.

#### 6.2.10 Sale of Service.

Transporter shall post available capacity on its Internet website. Capacity that becomes available may be sold on a first-come, first-served basis or may be subject to an open season bidding process. Transporter will respond to requests for Transportation Service submitted in accordance with this Section 6.2 within five (5) Business Days of Transporter's receipt of such request.

- (a) To the extent that Transporter does not consider a request acceptable and valid in accordance with Section 6.2.2, above, Transporter's response shall identify those elements of the request that cause Transporter to consider the request not acceptable and valid in accordance with Section 6.2.2, above.
- (b) To the extent that Transporter considers a request acceptable and valid in accordance with Section 6.2.2, above, Transporter's response shall state whether it is operationally feasible to provide the requested Transportation Service and whether the request for Transportation Service is granted pursuant to this Section 6.2.10, provided that Transporter shall not be obligated under any circumstances to accept requests for service at rates less than maximum rates.
- (c) To the extent that a valid request for capacity not subject to an open season is at maximum rates, is at a fixed MDQ for the requested term, and is operationally feasible for Transporter to provide, then Transporter shall take the following action for service requested within the time periods set forth below:
  - (i) Requests for a term of one year or longer that are made within six (6) months of the requested service commencement date shall obligate Transporter to either: 1) conduct an open season for the requested capacity in accordance with Section 6.2.10(i) below within five (5) Business Days of receiving such request and award such capacity to the shipper submitting the request/bid with the greatest economic value; or 2) honor such request. If Transporter conducts an open season for the requested capacity, the initial valid service request will be included in the open season, however, the shipper submitting such request may submit a bid with higher NPV during the open season;
  - (ii) Requests for a term of either a Winter Period or a Summer Period or longer, but less than one year, that are made within thirty (30) days of the requested service commencement date shall be honored;
  - (iii) Requests for a term of less than either a Winter Period or Summer Period, but longer than one month, that are made within ten (10) days of the requested service commencement date shall be honored;
  - (iv) Requests for a term of one month or less that are made within six (6) days of

the requested service commencement date shall be honored.

- (d) Transporter may grant, on a not unduly-discriminatory basis, requests for service made outside of the time periods set forth in Section 6.2.10(c) above.
- (e) A request for transportation services associated with a storage service request whose combined term is the same as the storage service term, and where the MDQ of the request matches, subject to an initial adjustment for Transporter's Use, the Maximum Daily Injection Quantity and the Maximum Daily Withdrawal Quantity, respectively, of the storage service, shall be a valid request and shall be administered under the same timeframe in Section 6.2.10(c)(i)-(iv) above as the storage service request regardless of whether the transportation service would be provided under multiple contracts for the injection and withdrawal periods.
- (f) When a request is made for transportation service that is associated with third-party storage, such service shall be available to similarly situated Shippers on the same terms and conditions as is transportation service associated with Transporter's storage services.
- (g) Transporter is not required to sell multiple year contracts unless the request is for continuous service at a fixed MDQ during the contract period.
- (h) Nothing in this Section 6.2.10 shall in any way limit or affect a Shipper's right, as defined under Section 6.22.3(b) of these General Terms and Conditions, to select the term of Agreement when the Shipper is willing to pay maximum rates to exercise its ROFR.
- (i) If Transporter conducts an open season it will post a notice of the open season on its Internet website to afford all potential Shippers an opportunity to acquire the capacity. Any award of capacity through an open season is subject to the requirements for service to commence as set forth in this Tariff, including Transporter's creditworthiness requirements. Any potential shipper wishing to purchase the capacity in an open season may participate in the open season. Transporter will use nondiscriminatory and objective posting, bidding and evaluation criteria for determining the NPV of a bid, which evaluation criteria will be specified in the notice of open season, along with the details of what constitutes a valid bid request, contingencies that Transporter is willing to accept, and details of when the successful bidder(s), if any, will be identified by posting of a notice on Transporter's Internet website. Any potential shipper submitting a bid with rates which exceed the applicable maximum tariff rates, including surcharges, shall be considered to be paying such applicable maximum tariff rates to determine the NPV for such bid. Once an open season commences, all requests for service for the capacity available through the open season will be treated under this open season process.

- (j) Transporter may also, on a not unduly discriminatory basis, state in its open season that it will take into account bidder's probability of default when evaluating bids for long-term firm capacity with terms of three (3) years or more. Within such open season, bidder's (or bidder's guarantor) unenhanced senior unsecured debt rating will be determined by Transporter in accordance with Section 6.18.5(A)(2)(a). If bidder (or bidder's guarantor, if applicable) does not have an unenhanced senior unsecured debt rating, Transporter will assign an equivalent rating in accordance with Section 6.18.5(A)(2)(b). If bidder's (or bidder's guarantor) (i) unenhanced senior unsecured debt rating is determined by Transporter to have met the minimum investment grade rating standard set forth in Section 6.18.5(A)(2)(a) or (ii) equivalent rating is determined to have met the minimum investment grade rating by Transporter in accordance with Section 6.18.5(A)(2)(b), its NPV shall not be subject to a probability of default adjustment. If bidder's (or bidder's guarantor) debt rating or equivalent rating is determined by Transporter to have not met such minimum investment grade rating standard, Transporter shall make an adjustment to reduce bidder's (or bidder's guarantor) NPV to take into account bidder's (or bidder's guarantor) probability of default ("PD").

Transporter will use data from Standard & Poor's Financial Services LLC's most recent "Global Corporate Average Cumulative Default Rates By Rating Modifier" table, published on their website, as extrapolated to reflect the maximum bid term to be used for evaluation purposes, to quantify bidder's PD.

The specific bid evaluation methodology to be used will be included as part of Transporter's open season posting with sufficient specificity to allow a prospective shipper to calculate the value of its bid and duplicate Transporter's results. The following formula, which may be used in an open season, illustrates the application of PD in bid valuation:

$$NPV = \sum [R * (1 / (1+i)^n)] * (1-PD)$$

Where:

$\sum$  = Summation of months 1 through n

n = term in months

R = Incremental monthly revenue of all services and paths in bid

i = Monthly Discount Factor (current FERC annual interest rate divided by 12)

PD = For an investment grade bidder (or bidder's investment grade guarantor, if applicable) PD shall be equal to zero. For non-investment grade bidders (or bidder's non-investment grade guarantor), PD shall be equal to bidder's probability of default (%) for the applicable bid term minus the probability of default (%) associated with a BBB- rating and the same bid term.

A non-investment grade bidder may elect to increase the NPV of its bid by posting collateral, as described in Section 6.18.5(B)(1), subsections (ii) and (iii) ("Voluntary Collateral"), whereby the amount of Voluntary Collateral provided to Transporter will increase the bidder's NPV dollar for dollar. For bid evaluation purposes, a non-investment grade bidder's Voluntary Collateral shall be limited to an amount no greater than such bidder's PD times the revenue component of the NPV formula excluding PD [ $PD * (\sum[R*(1 / (1+i)^n])$ ]. Should a bidder desire to enhance its bid through Voluntary Collateral, such collateral must be received by Transporter no later than the close of the open season. Voluntary Collateral shall be in addition to that as required pursuant to Section 6.18.5(B)(3).

If bidder wishes to use a guarantor, such guarantor's rating may be substituted for NPV purposes if bidder indicates such on its bid form; provided, however, such guarantee financial assurance is acceptable to Transporter and provided to Transporter prior to the close of the open season. If bidder (or bidder's guarantor, if applicable) does not have an unenhanced senior unsecured debt rating, Transporter will assign an equivalent rating in accordance with Section 6.18.5(A)(2)(b). If bidder's guarantor is not creditworthy pursuant to Section 6.18.5(A), Transporter may request a financial assurance as outlined in Section 6.18.5(B)(1)(ii)–(iv).

Irrespective of whether a bid(s) has the highest NPV of the bids received, Transporter may reject bids for service that (i) may detrimentally impact the operational integrity of Transporter's system; (ii) do not satisfy all the terms of the specified open season posting; or (iii) contain terms and conditions other than those set forth in Transporter's FERC Gas Tariff.

In the event bidder posts Voluntary Collateral and/or a guarantee as described above, and bidder's bid is rejected, Transporter shall return the Voluntary Collateral and/or guarantee. In the event Voluntary Collateral and/or guarantee is/are posted and bidder's awarded capacity is pro-rated, the Voluntary Collateral and guarantee shall be adjusted accordingly, and the excess returned to bidder. Furthermore, any Voluntary Collateral held, as a result of a bidder providing such Voluntary Collateral due to capacity awarded in an open season, will be returned over time in proportion to the initial term of the firm service agreement

- (k) Capacity made available in an open season may include capacity for service that commences outside of time periods set forth in Section 6.2.10(c) above, or that includes reduction options under Section 6.32 of these General Terms and Conditions, or that has been sold on a pre-arranged basis. Transporter shall conduct an open season to sell capacity in the following circumstances:
- (1) If (i) Transporter elects to sell capacity, or a potential Shipper requests service one year or more in advance of the date that the service is to commence, (ii) capacity available to satisfy that request is not otherwise subject to a pending request for Transportation Services, and (iii) Transporter wishes to sell capacity for the interim period prior to the start of the requested service commencement date without ROFR, then Transporter shall (1) so indicate in its open season posting, (2) include a bid methodology based on NPV, and (3) include the interim capacity as available capacity to be bid on by potential Shippers in the open season.
  - (2) If Transporter agrees with a potential Shipper to provide capacity reduction options in accordance with Section 6.32.5 of these General Terms and Conditions, Transporter shall (i) so indicate in its open season posting, and (ii) include a bid methodology based on NPV.
  - (3) Transporter may sell, on a pre-arranged basis, available firm capacity one year or more in advance of the date that the service is to commence. If Transporter sells capacity on a pre-arranged basis, Transporter will post the terms of the pre-arranged transaction and other parties will have an opportunity to bid on the capacity. At the time Transporter enters into a pre-arranged service agreement, Transporter will post a notice on its Internet website indicating that the pre-arranged capacity will be subject to an open season bidding process for a minimum of five (5) days permitting bids for service to start immediately or anytime in the future, even if such capacity has already been subject to an open season bidding process and is currently posted as available capacity. If another party submits a bid with a higher NPV, the pre-arranged Shipper will have a one-time right to match the higher bid within five (5) Business Days of notification in order to retain the capacity. If the pre-arranged Shipper elects not to match a higher competing bid, the capacity will be awarded to the creditworthy bidder bidding the greatest NPV. If there is an open season ongoing for certain capacity, Transporter will not enter into a pre-arranged deal for that capacity during the open season.

If Transporter sells capacity on a pre-arranged basis, such capacity will be made available for transportation service on an interim basis up to the commencement date of the service agreement for such capacity. For such interim service agreements, Transporter reserves the right to limit Shipper

extension rights, including the right of first refusal, within the service agreement. Transporter will indicate in any open season posting of this capacity any limitations on extension rights that will apply to such interim transportation service.

Except as otherwise set forth in Section 6.2.10(k)(1), (2), and (3) above, any open season conducted by Transporter in accordance with this Section 6.2.10(k) shall comply with Section 6.2.10(i) above.

- (l) Transporter shall post the winning bid(s), the identity of the bidder(s), and the NPV analysis used to determine such winning bidder(s) on Transporter's Internet website following the close of the open season.

6.2.11 Availability of Operationally Created Capacity.

- (a) To the extent that, pursuant to Section 6.11 of these General Terms and Conditions, Shipper and Transporter have agreed to a minimum delivery pressure, such Shipper may at any time elect to waive its right to receive deliveries at the minimum delivery pressure specified in its Service Agreement. Should Shipper waive this right, it shall notify Transporter in writing of its waiver, including the following:
- (1) the applicable Delivery Point(s);
  - (2) the duration of the waiver, which shall be for a term not longer than the remaining term of the applicable Service Agreement; and
  - (3) the minimum pressure to which it agrees to reduce Transporter's delivery obligation.
- (b) Transporter shall notify Shipper of any increased capacity available on mainline or lateral facilities resulting from Shipper's waiver. Shipper shall then have the right to subscribe, for a term not to exceed the term of the waiver, to all or a portion of the additional capacity for firm Transportation Service by providing notice to Transporter within three (3) Business Days of Transporter's notification. Should Shipper make a timely election to utilize all or a portion of the capacity created through the reduction in delivery pressure, Transporter and Shipper shall amend Shipper's existing agreement(s) or alternatively, execute new agreement(s) for the additional capacity in accordance with this Section 6.2.11. A Shipper that makes a timely election to utilize all or a portion of the capacity created through the reduction in delivery pressure may notify Transporter, in writing, of its election to terminate the waiver prior to the term established pursuant to Section 6.2.11(a) above. Following such notification by Shipper, and provided that such termination does not affect Transporter's service obligations to Shippers that subscribed for firm service pursuant to Section 6.2.11(c) below, Transporter and Shipper shall amend Shipper's agreement(s) to reflect the elimination of the delivery pressure waiver and the new capacity that was created as a result of the waiver.
- (c) To the extent mainline capacity is created and if within the three (3) Business Day period specified in Section 6.2.11(b) above, Shipper does not exercise its right to subscribe for the firm capacity created by the waiver, any such unsubscribed capacity shall be available for firm Transportation Service by other Shipper(s) under any of Transporter's existing firm rate schedules for a term not to exceed the term of the waiver, in accordance with the procedures set forth in Sections 6.2 and 6.9 of these General Terms and Conditions and subject to the provisions of Section 6.2.11(d) below.
- (d) Any new agreement entered into pursuant to this Section 6.2.11 shall not be subject to the Right of First Refusal pursuant to Section 6.22 of these General Terms and

Conditions, except to the extent that the term of Shipper's agreement is less than the term of the applicable waiver established pursuant to Section 6.2.11(a) above, and Shipper is otherwise eligible for a Right of First Refusal under Section 6.22 of these General Terms and Conditions, in which event Shipper may only exercise its Right of First Refusal to extend the applicable agreement for a term that does not exceed the term of the applicable waiver.

6.2.12 Extension of Service Agreements.

- (a) Transporter and Shipper may mutually agree to the early termination of one or more Agreements in exchange for Shipper's extension of the use of all or part of the underlying capacity under new terms. To the extent that Transporter and Shipper have mutually agreed to this arrangement, Shipper need not participate in an open season for the extension nor must the underlying capacity be posted on Transporter's Internet website as unsubscribed, available capacity prior to the extension.
- (b) Prior to the expiration of the term of an Agreement, Transporter and Shipper may mutually agree to an extension of the term of the Agreement with respect to all or part of the underlying capacity (the exact terms of which are to be negotiated on a case-by-case basis in a not unduly discriminatory manner).

If an Agreement has a Right of First Refusal, the mutual agreement to extend must be reached prior to initiation of the Right of First Refusal procedure pursuant to Section 6.22.3 of these General Terms and Conditions.

### 6.2.13 Early Termination of Service Agreements.

Transporter may, in a not unduly discriminatory manner, agree with Shipper to terminate its Agreement prior to its expiration date. The circumstances in which Transporter may agree to terminate such an Agreement include, without limitation, the following:

- (a) Where a Shipper returns capacity to Transporter in response to a direct solicitation from Transporter to existing capacity holders for Turnback Capacity to serve an expansion project and the conditions set forth in the solicitation have been satisfied; or
- (b) Where Shipper agrees to pay an exit fee that is sufficient, taking into account the remaining term of the Agreement and the value and liquidity of the capacity subscribed under the Agreement being terminated, to make the termination financially beneficial to Transporter, in Transporter's reasonable judgment. Transporter may waive the exit fee where Shipper's 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 Agreement, or where other arrangements produce a financial benefit to Transporter.

An agreement to terminate an Agreement hereunder shall not constitute a material deviation from the applicable Form of Service Agreement.

#### 6.2.14 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 Capacity Release Agreements by electronic communications through Transporter's Internet website. Transporter and Shipper may also by mutual agreement enter into any other contract through electronic communications. Service Agreements, Capacity Release Agreements pursuant to Section 6.21 (Capacity Release Provisions) and other agreements are collectively referred to as "Contracts" in this Section 6.2.14. The execution of Contracts electronically shall be governed by the provisions of this Section 6.2.14 and the Electronic Contracting Agreement.
- (b) 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 Transporter's Internet website.
- (c) Documents Standards. Transporter and Shipper may, and when required by the Tariff shall, electronically transmit to or receive from the other party any of the electronic forms (including Contracts) listed by Transporter, currently or in the future, on the Transaction List posted on Transporter's Internet website, (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.
- (d) 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). The employee(s) or officer(s) designated by Subscriber in the Electronic Contracting Agreement or the ID Request Form 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 the Electronic Contracting Agreement or the ID Request Form 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.
- (e) 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 Transporter's Internet website 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.

- (f) Pro Forma Service Agreement. When a party affixes its Signature to a Contract and transmits the Contract to Transporter, it shall be bound, as applicable, by (i) the terms and conditions of the applicable pro forma Service Agreement or 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, non-jurisdictional agreement or contract that is a Document. The date of Transporter's acceptance of an executed and properly transmitted Contract shall be deemed to be the date of execution for purposes of the Contract. The effective date and term of the Contract shall be determined in accordance with the provisions of Section 6.2 of the General Terms and Conditions, but Transporter shall not be obligated to provide service to Subscriber prior to the date of acceptance.
- (h) Termination. Except as stated in Section 6.2.14(e), the Electronic Contracting Agreement shall remain in effect until terminated by either party with at least 48 hours 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.
- (i) Terms and Conditions of Electronic Contracting Agreement. The terms and conditions set forth in this Section 6.2.14(i) shall apply to the Electronic Contracting Agreements entered into by Transporter and Shippers.

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

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

(3) Any Document properly transmitted in connection with any Transaction, Contract, or Electronic Contracting Agreement 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 executed by electronic communications through Transporter's Internet website. 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.

(j) 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 Internet website 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.

## 6.3 FACILITIES POLICY

1. Unless otherwise agreed to by the parties, Transporter shall not be required to own, construct and install any facilities to perform any service requested by a Shipper under this Tariff. In the event that Transporter determines that it will construct facilities that will result in the expansion of its pipeline system, Transporter shall offer the proposed expansion capacity to all Shippers on a non-discriminatory basis. Further, in the event Transporter agrees to own, construct and install facilities to perform services requested including, but not limited to, hot tap, side valve, measurement, gas supply lateral lines, looping and/or compression facilities, Transporter shall do so on a not unduly discriminatory basis, and may require that Shipper reimburse Transporter for all Transporter's costs associated therewith either on a lump sum or incremental fee basis as agreed to by the parties. Nothing in this policy statement shall require Transporter to file an application for a certificate of public convenience and necessity under Section 7(c) of the Natural Gas Act. Nothing in this policy statement, further, shall prevent Transporter from contesting an application for service filed pursuant to Section 7(a) of the Natural Gas Act. Transporter reserves the right to seek a waiver of the policy set forth herein, for good cause shown.

### 2. Contribution in Aid of Construction.

Transporter may agree to pay or contribute to the cost of building facilities for current or potential Shippers when Transporter determines that doing so will result in an economic benefit or when Transporter determines that the project is economically neutral to Transporter. Transporter may conclude that a portion of the facilities are economically beneficial. Transporter will evaluate each prospective project under this policy based upon the incremental cost of service and 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 pass-through surcharges, and the incremental 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 system.

### 3. Capacity Reserved for Expansion Projects.

Transporter reserves the right, but shall not be obligated, to reserve for expansion projects capacity that is or will become available. Such available capacity shall consist of the following types of existing or potential unsubscribed capacity:

- (1) Capacity currently posted on Transporter's Internet website under Informational Postings as unsubscribed, available capacity ("Unsubscribed Capacity");

- (2) Capacity that will be returned to Transporter by an existing capacity holder at the expiration of that Shipper's contract term(s) either (i) pursuant to the provisions of Section 6.22, Right of First Refusal ("ROFR"), of these General Terms and Conditions ("ROFR Capacity"), or (ii) by the termination of a contract that does not have a ROFR ("Non-ROFR Capacity");
- (3) Capacity that is returned to Transporter by an existing capacity holder at the expiration of that Shipper's capacity pursuant to the provisions of Section 6.22 of these General Terms and Conditions ("Expiring Capacity"); and
- (4) Capacity that is returned to Transporter in response to a direct solicitation from Transporter to existing capacity holders for permanent releases of capacity to serve an expansion project ("Turnback Capacity").

Hereinafter, any references to the term "capacity" in this Section 6.3 paragraph 3 shall mean the four types of available capacity collectively, unless noted otherwise.

Before any capacity can be reserved by Transporter, it must first be posted on Transporter's Internet website under Informational Postings as Unsubscribed Capacity for at least five (5) Business Days. Such capacity will be awarded pursuant to this Tariff (see Section 6.9 of these General Terms and Conditions).

Any available capacity that remains unsubscribed following the five (5) Business Days posting can be reserved for an expansion project. Transporter shall notify shippers of its reservation of capacity for an expansion project by making a "reservation posting" on its Internet website. The reservation posting shall include, but not be limited to, the following information: (1) a description of the expansion project for which the capacity is being reserved; (2) the quantity of capacity being reserved; (3) the location of the reserved capacity on the pipeline system, specifying the affected pipeline locations and segments and associated quantities within those locations and segments; (4) the estimated in-service date of the expansion project; (5) the anticipated timing of the expansion open season; and (6) on an ongoing basis, how much of the reserved capacity has been sold on a limited-term basis that would otherwise be eligible for a right of first refusal. Transporter shall make reasonable efforts to update the reservation posting up to the in-service date of the expansion project to reflect any material changes in the scope of the expansion project.

Transporter may only reserve capacity for an 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 capacity on its Internet website under Informational Postings as being reserved. Transporter shall make a non-binding solicitation for Turnback Capacity no later than ninety (90) days after the close of the expansion project open season specifying the minimum terms for a response to the solicitation. Capacity that has been reserved for a future expansion project that does not go forward will be reposted

as generally available within thirty (30) days of the date that the capacity becomes available subject to the provisions of Section 6.22.2 of these General Terms and Conditions.

Capacity may be reserved for an expansion project only during a 12-month period prior to Transporter filing for certificate approval for construction of proposed expansion project and thereafter until all expansion facilities are placed into service.

Any capacity reserved under this Section 6.3 paragraph 3 shall be made available for Transportation Service pursuant to these General Terms and Conditions on a limited-term basis up to the in-service date of the expansion project(s). For such limited-term agreements, Transporter reserves the right to limit any extension rights provided in the Service Agreement and pursuant to Section 6.22 of these General Terms and Conditions, commensurate with the proposed in-service date of the expansion project, or the actual in-service date if the project has not been completed by the proposed in-service date. Transporter will indicate any limitations on extension rights that will apply to such limited-term Transportation Service on Transporter's Internet website under Informational Postings listing Unsubscribed Capacity.

Reservation of capacity under this Section 6.3 paragraph 3 shall not in any way modify or limit existing capacity holders' rights under Section 6.22 of these General Terms and Conditions.

## 6.4 RECEIPT AND DELIVERY POINT OPTIONS

### 1. Firm Receipt Point Options.

- (a) Agreements shall specify the Receipt Point MDQs by Primary Receipt Point(s) in the Mainline Area for each Primary Route. If an Agreement specifies a Headstation as a Primary Receipt Point, the Shipper shall have the right to nominate at all Receipt Points in the applicable Pooling Area as Catalog Receipt Points, up to the Headstation Receipt Point MDQ.
- (b)(1) Any firm service Shipper (including any Releasing Shipper or Replacement Shipper) shall be entitled to nominate any Receipt Point as a Secondary Receipt Point. Any such transportation from any Secondary Receipt Point within the Primary Route shall be at the rate applicable to service from the Primary Receipt Point to the Primary Delivery Point, unless Transporter and Shipper shall expressly agree otherwise.
- (2) In the case of a capacity release, if: (i) a Replacement Shipper nominates any Secondary Receipt Point, outside of the Primary Route; or (ii) the Replacement Shipper nominates any Secondary Receipt Point within the Primary Route and Transporter and Releasing Shipper have agreed otherwise pursuant to Section 6.4 paragraph 1(b)(1), above; then any such transportation shall be at the maximum rates and charges applicable to service from the nominated Secondary Receipt Point to the nominated Delivery Point.

### 2. Firm Delivery Point Options.

- (a) Agreements shall specify the Delivery Point MDQs by Primary Delivery Point(s) for each Primary Route.
- (b)(1) Any firm service Shipper (including any Releasing Shipper or Replacement Shipper) shall be entitled to nominate any Delivery Point as a Secondary Delivery Point. Any such transportation to any Secondary Delivery Point within the Primary Route shall be at the rate applicable to service from the Primary Receipt Point to the Primary Delivery Point, unless Transporter and Shipper shall expressly agree otherwise.
- (2) In the case of a capacity release, if: (i) a Replacement Shipper nominates any Secondary Delivery Point, outside of the Primary Route; or (ii) the Replacement Shipper nominates any Secondary Delivery Point within the Primary Route and Transporter and Releasing Shipper have agreed otherwise pursuant to Section 6.4 paragraph 2(b)(1), above; then any such transportation shall be at the maximum rates and charges applicable to service from the nominated Receipt Point to the nominated Secondary Delivery Point.

- (c) For the purposes of nominating and allocating Gas under Rate Schedule ETS, Transporter and Shipper may agree to aggregate gate stations into a single Delivery Point provided, however, that any such aggregation shall be in effect for a minimum of a one (1) year period.
- (d) Notwithstanding the aggregation of individual gate stations into a single Delivery Point for nominating and allocating purposes, Transporter shall not be required to deliver Gas to Shipper in excess of any individual gate station's capacity.

## 6.5 TRANSPORTATION SERVICE

### 6.5.1 Operating Tolerances.

Variations of allocated receipts from nominations shall be kept to a minimum by Shippers, and shall be balanced as soon as practicable, but shall not exceed a daily variation of ten percent (10%) of the nominated receipts; provided, however, that Transporter shall allow a greater variation on a not unduly discriminatory basis:

- (a) Transporter shall have the right to adjust the nominations for receipts or deliveries under any Agreement, effective with at least twenty (20) hours prior notice, if the difference in any Day between nominated and allocated quantities at a Receipt Point under such Agreement is at least ten percent (10%) of the nominations.
- (b) Transporter shall not adjust nominations pursuant to Section 6.5.1(a), above, unless continued deviations from the applicable tolerance levels would likely threaten, in Transporter's reasonable judgement, the operational integrity of Transporter's Pipeline System.
- (c) Transporter also reserves the right to adjust nominations for receipts or deliveries of Gas of the affected Shipper(s), effective immediately, if any of the following occurs:
  - (1) the quantities of Gas received by Transporter on behalf of a Shipper at any Receipt Point(s) that is an interconnection with an upstream pipeline are reduced by such upstream pipeline; or
  - (2) the quantities of Gas delivered by Transporter on behalf of a Shipper at any Delivery Point(s) that is an interconnection with a downstream pipeline are reduced by such downstream pipeline; or
  - (3) the quantities of Gas delivered on behalf of a Shipper to a Headstation are reduced by the Pooler delivering the Gas to such Shipper; or
  - (4) in any case where Shipper is a Pooler and any downstream service receiving Gas from such Pooler reduces its takes from such Pooler.
- (d) If Transporter lowers the Shipper's receipt and/or delivery nomination as a result of an event of Force Majeure outside the control of Shipper, Transporter shall provide Shipper with forty-eight (48) hours, after the time Shipper is no longer affected by the event of Force Majeure, to regain its capacity on Transporter's system for the remainder of that Service Month; provided, however, such capacity will not be reserved if the Shipper's Receipt Point is at an interconnection with an upstream pipeline that does not have a corresponding provision in its tariff for maintaining capacity for at least seventy-two (72) hours.

- (e) If, after notification of a nomination change to its receipts or deliveries pursuant to this section, or after notification by Transporter of a change in receipts tendered to conform to nominations, a Shipper does not effectuate such change, then at the end of the Service Month Transporter shall charge Shipper the maximum Cashout imbalance rate if deliveries were in excess of Transporter's reduced delivery nomination or the Transporter will pay the minimum Cashout rate if receipts were in excess of the reduced receipt nomination. Any required payments pursuant to this provision shall be combined with any Monthly imbalance Cashout payment that is payable for such Agreement pursuant to Section 6.15 of these General Terms and Conditions.
- (f) Notwithstanding any other provision to the contrary, should the quantities of Gas received from Shipper at any Receipt Point exceed the applicable nomination and:
  - (1) such overdelivery, if continued, would threaten the operational integrity of Transporter's system, Shipper, or Shipper's supplier, shall reduce its overdeliveries at such Receipt Point immediately upon notification from Transporter. Failure to comply with Transporter's request to cease overdeliveries shall subject Shipper, in addition to the imbalance charges set forth in Section 6.5.1(f)(2), below, to all costs, losses, foregone revenues and damages of any nature whatsoever, direct or indirect; and
  - (2) such overdelivery affects other Shippers' receipts in a capacity constrained segment, Shipper, or Shipper's supplier, shall reduce its overdeliveries at such Receipt point immediately upon notification from Transporter. Failure to comply with Transporter's request shall create an imbalance for all overdeliveries, for which Transporter shall pay Shipper the minimum applicable Cashout Price.
- (g) Consistent with the allocation procedures set forth in Section 6.14 of these General Terms and Conditions, and notwithstanding anything contained in this Section 6.5.1 express or implied to the contrary, under no circumstances shall Transporter be obligated to deliver to any Shipper, on any Day, a quantity of Gas under any Agreement greater than Transporter receives at Receipt Point(s) on behalf of such Shipper for such Agreement.
- (h) If an event of Force Majeure occurs and Transporter is unable specifically and timely to implement the provisions of this Section 6.5.1, Transporter shall curtail all services on a pro rata basis to preserve the operational integrity of its system.

## 6.5.2 Transportation of Associated Liquefiabiles.

- (a) Any party with the right to extract Associated Liquefiabiles may elect to extract such Associated Liquefiabiles and tender the Residue Gas for Transportation to a Shipper. Such party shall implement its election by arranging for Transportation of the Associated Liquefiabiles pursuant to an Agreement under Rate Schedules FTS-1 or ITS ("Liquefiabiles Agreement"). Provided that a Liquefiabiles Agreement is in place, nothing in this Tariff is intended to deny or interfere with a producer's or Shipper's right to extract Associated Liquefiabiles. Transporter shall not prevent any such person from entering into a Liquefiabiles Agreement, nor seek to retain title to such Associated Liquefiabiles.
- (b) Shippers should request PTR percentages from their processing plant operator and utilize such percentage to submit a PTR nomination on Transporter. If Shipper is unable to receive a PTR percentage from its processing plant operator, such Shipper may contact Transporter to receive a PTR percentage. If a PTR percentage is provided by Transporter, Transporter will utilize the last month's allocated percentage for PTR adjusted for current month actual processing plant operations. Once a PTR percentage is established, Shipper should submit a PTR nomination under its "Associated Liquefiabiles Agreement" in accordance with Transporter's nomination procedures and timeline in Section 6.6 of these General Terms and Conditions. Receipts on the Associated Liquefiabiles Agreement will be allocated pursuant to Section 6.14.2 of these General Terms and Conditions. Deliveries of PTR at the outlet of the processing plant will be allocated by the plant operator. A Shipper's imbalance related to its PTR activity will be the difference between the Transporter's allocated receipt and the processing plant operator allocated delivery on the Associated Liquefiabiles Agreement.

### 6.5.3 Treatment of Gas by Transporter.

- (a) Transporter may subject or permit the subjection of Gas to compression, cooling, cleaning, or other processes to such extent as may be required for its transmission from the Receipt Point(s) to the Delivery Point(s). Transporter may also arrange to have PTR removed from the Gas stream to the extent that owners of the Associated Liquefiabiles have not elected to have such Associated Liquefiabiles removed pursuant to an election made under Section 6.5.2, above.
- (b) To the extent that Transporter has Gas processed and allows PTR to be removed from the Gas stream, such removal shall constitute a delivery of Gas under this Tariff, and such extraction shall only occur to the extent that the operator of the processing plant shall have executed an Agreement under an applicable Rate Schedule to transport makeup Gas to the processing plant. Such Transportation Agreement shall be subject to the General Terms and Conditions of this Tariff, except as follows:
  - (1) The daily operating tolerance set forth in Section 6.5.1(a) of these General Terms and Conditions shall be increased to twenty percent (20%);
  - (2) The Monthly operating tolerance set forth in Section 6.5.1(b) of these General Terms and Conditions shall be increased to ten percent (10%);
  - (3) Shipper shall be permitted to make up in kind Excess or Deficient Quantities, as determined in the Cashout procedures pursuant to Section 6.15 of these General Terms and Conditions;
  - (4) To assist the Shipper in estimating the PTR, Transporter will provide Shipper with an estimate of the expected quantity of Gas to be processed, based on nominations to Transporter for Receipt Points upstream of the processing plant.

#### 6.5.4 Transportation of Associated Liquids.

Nothing contained herein shall be construed to prevent the use of conventional separation equipment, including low temperature wellhead separation units, prior to the Tender of Gas to Transporter hereunder. If any party with the rights to Associated Liquids has such Associated Liquids transported to a liquid handling facility on Transporter's Pipeline System, such transportation shall be performed pursuant to an Associated Liquids contract. If such party causes Associated Liquids to be transported without a valid Associated Liquids contract, Transporter shall be entitled to reject nominations for receiving Gas produced with the Associated Liquids.

#### 6.5.5 Liquids or Liquefiabiles In-Kind Replacement.

Nothing in this Tariff is intended to preclude any owner of liquids or liquefiabiles from entering into any in-kind replacement arrangements with the operator of any processing facility that are consistent with Transporter's obligation to redeliver Equivalent Quantities. Further, reimbursement to the owner of liquids (Section 6.5.4), above, or to the owner of liquefiabiles (Section 6.5.2), above, shall be determined by the plant operator and the respective owners of the extracted products.

## 6.6 NOMINATIONS

Transporter shall accept nominations twenty-four (24) hours a Day via TC *eConnects* or the EDM that is authorized by the Commission. All nominations submitted to and accepted by Transporter must contain, at a minimum, the mandatory data elements included in the NAESB standards and any additional business-conditional or mutually agreeable data elements. In addition, nominations must be stated in Dths, and specify a begin and an end date, which dates must be for a minimum period of one (1) Day, and must be within the term of Shipper's Agreement. At the end of each Day, Transporter shall provide the final scheduled quantities for the just completed Day. With respect to the implementation of this process via the EDI/EDM, Transporter shall send an end of Day Scheduled Quantity (NAESB WGQ Standard 1.4.5) and Scheduled Quantity for Operator (NAESB WGQ Standard 1.4.6). A receiver of either of these documents can waive Transporter's requirement to send such documents.

#### 6.6.1 Submission of Nominations.

- (a) All new or revised nominations must be communicated via TC *eConnects* or EDM unless otherwise mutually agreed, and must be submitted in accordance with the standard nomination timelines set forth below. A revised nomination supersedes the previous nomination in effect, but only for the Days specified in such revised nomination, after which the previous nomination once again takes effect until its end date or until superseded by another new or revised nomination, whichever is earlier. For purposes of NAESB WGQ Standard 1.3.2, the word "provides" as used in nomination cycles (2) through (7) in this Section 6.6.1(a) shall mean, for transmittals pursuant to NAESB WGQ Standards 1.4.x, receipt at the designated site, and for purposes of other forms of transmittal, it shall mean send or post.

The standard nomination timelines are as follows:

(1) The Timely Nomination Cycle:

(All times are CCT on the Day prior to the Service Day.)

- 1:00 p.m. Latest time that nominations may leave control of the service requester;
- 1:15 p.m. Receipt of nominations by Transporter (including from Title Transfer Tracking Service Providers (TTTSPs));
- 1:30 p.m. Transporter sends the quick response to the service requester;
- 4:30 p.m. Receipt of completed confirmations by Transporter from confirming parties;
- 5:00 p.m. Service requester and point operator receive scheduled quantities from Transporter.

Scheduled quantities resulting from the Timely Nomination Cycle shall be effective at 9:00 a.m. CCT on the start of the next Service Day.

(2) The Evening Nomination Cycle:

(All times are CCT on the Day prior to the Service Day.)

- 6:00 p.m. Latest time that nominations may leave control of the service requester;
- 6:15 p.m. Receipt of nominations by Transporter (including from TTTSPs);
- 6:30 p.m. Transporter sends the quick response to the service requester;

8:30 p.m. Receipt of completed confirmations by Transporter from confirming parties;

9:00 p.m. Transporter provides scheduled quantities to the affected service requester and point operator, including bumped parties (notice to bumped parties).

Scheduled quantities resulting from the Evening Nomination Cycle shall be effective at 9:00 a.m. CCT on the start of the next Service Day.

(3) The Morning Nomination Cycle:  
(All times are CCT on the Day prior to the Service Day.)

7:00 a.m. Latest time that nominations may leave control of the service requester;

7:00 a.m. Receipt of nominations by Transporter (including from TTTSPs);

7:10 a.m. Transporter sends the quick response to the service requester;

8:30 a.m. Receipt of completed confirmations by Transporter from confirming parties;

9:00 a.m. Transporter provides scheduled quantities to the affected service requester and point operator, including bumped parties (notice to bumped parties).

Scheduled quantities resulting from the Morning Nomination Cycle shall be effective at 9:00 a.m. CCT on the Service Day commencing.

(4) The Intraday 1 Nomination Cycle:  
(All times are CCT on the current Service Day.)

10:00 a.m. Latest time that nominations may leave control of the service requester;

10:15 a.m. Receipt of nominations by Transporter (including from TTTSPs);

10:30 a.m. Transporter sends the quick response to the service requester;

12:30 p.m. Receipt of completed confirmations by Transporter from confirming parties;

1:00 p.m. Transporter provides scheduled quantities to the affected service requester and point operator, including bumped parties (notice to bumped parties).

Scheduled quantities resulting from the Intraday 1 Nomination Cycle shall be effective at 2:00 p.m. CCT on the current Service Day.

(5) The Intraday 2 Nomination Cycle:  
(All times are CCT on the current Service Day.)

- 2:30 p.m. Latest time that nominations may leave control of the service requester;
- 2:45 p.m. Receipt of nominations by Transporter (including from TTTSPs);
- 3:00 p.m. Transporter sends the quick response to the service requester;
- 5:00 p.m. Receipt of completed confirmations by Transporter from confirming parties;
- 5:30 p.m. Transporter provides scheduled quantities to the affected service requester and point operator, including bumped parties (notice to bumped parties).

Scheduled quantities resulting from the Intraday 2 Nomination Cycle shall be effective at 6:00 p.m. CCT on the current Service Day.

(6) The Intraday 3 Nomination Cycle:  
(All times are CCT on the current Service Day.)

- 7:00 p.m. Latest time that nominations may leave control of the service requester;
- 7:15 p.m. Receipt of nominations by Transporter (including from TTTSPs);
- 7:30 p.m. Transporter sends the quick response to the service requester;
- 9:30 p.m. Receipt of completed confirmations by Transporter from confirming parties;
- 10:00 p.m. Transporter provides scheduled quantities to the affected service requester and point operator.

Scheduled quantities resulting from the Intraday 3 Nomination Cycle shall be effective at 10:00 p.m. CCT on the current Service Day. Bumping is not allowed during the Intraday 3 Nomination Cycle except as provided for under Section 6.6.2(d) of these General Terms & Conditions.

(7) The Last Intraday Nomination Cycle:  
(All times are CCT on the current Service Day.)

- 3:00 a.m. Latest time that nominations may leave control of the service requester;
- 3:00 a.m. Receipt of nominations by Transporter (including from TTTSPs);
- 3:10 a.m. Transporter sends the quick response to the service requester;
- 4:30 a.m. Receipt of completed confirmations by Transporter from confirming parties;
- 5:00 a.m. Transporter provides scheduled quantities to the affected service requester and point operator.

Scheduled quantities resulting from the Last Intraday Nomination Cycle shall be effective at 5:00 a.m. CCT on the current Service Day. Bumping is not allowed during the Last Intraday Nomination Cycle except as provided for under Section 6.6.2(d) of these General Terms & Conditions. The nomination cycles set forth in Section 6.6.1 paragraphs (a)3 and (a)7 above, shall be limited to Receipt and Delivery Points located in Transporter's Northern Segment.

- (b) If the Shipper is a Pooler, or is withdrawing quantities of Gas from storage, Shipper shall be required to include in its nomination the quantity it intends to deliver to each downstream Shipper at the Headstation or Point of Injection/Withdrawal, identifying each Shipper by name, by contract number, and the order of priority in the event that Transporter is required to make adjustments pursuant to Section 6.5.1 of these General Terms and Conditions. Gas which is nominated for delivery to a Headstation may be transferred to another party at the same Headstation, provided that both the transferor and transferee are Shippers, the transfer is made from similar pools, i.e., transmission to transmission or gathering to gathering, and the transfer is effectuated pursuant to a valid nomination in accordance with this Section 6.6, where the applicable Headstation is designated as both the Receipt Point and the Delivery Point. Finally, Rate Schedule MBS Shippers shall include with their nominations a nomination for the MBS withdrawal quantity and the MBS injection quantity for each Delivery Point, and the MBS maximum storage quantity for the Month. In the event that a Rate Schedule MBS Shipper's confirmed nomination differs from the nomination submitted pursuant to paragraph (a) or (d) of this Section 6.6.1, and the quantity allocated to such Rate Schedule MBS Shipper pursuant to Section 6.14.1 of these General Terms and Conditions exceeds the confirmed nomination, then Transporter shall charge such Rate Schedule MBS Shipper ten dollars (\$10) for each Dth of allocated deliveries in excess of the confirmed nomination.

- (c) Shipper shall also include in its nomination the desired order of priority of receipts and deliveries under each Agreement and Transporter may rely thereon (or in the absence of such information, upon Transporter's judgment) if Transporter takes action to change receipts and/or deliveries according to Section 6.5.1 of these General Terms and Conditions. The order of priority shall indicate that a priority of one (1) shall be the last to be affected by changes, provided, however, if receipts must be reduced and a shipper has nominated a pool-to-pool transfer(s), such pool-to-pool transfer(s) will be the last quantity to be affected by such reduction. Nominations with the same priority will be adjusted pro rata.
- (d) If a Shipper completes and resubmits an otherwise incomplete nomination, the first nomination cycle that occurs where the Shipper's complete nomination meets the deadline for nominations to leave a Shipper's control will apply to the Shipper's nomination.
- (e) Variations by Shipper of actual deliveries to Transporter from the nominated deliveries at the Receipt Point(s) shall be kept to a minimum. In addition, variations by Shipper of actual receipts from Transporter from the nominated receipts at the Delivery Point(s) shall be kept to a minimum. If the nominated quantity cannot be delivered or received at uniform daily rates, provisions to deliver the Gas at a non-uniform rate must be made with Transporter's Gas Control Department prior to Gas flowing.
- (f) Any nomination that is submitted and validated by TC eConnects or EDM shall be considered valid. If the nomination of Transporter's Use is inaccurate by five (5) Dths or more, the nomination will not be considered valid.
- (g) Any shipper may designate an agent, which may be Transporter, to nominate and schedule Transportation Service on Shipper's behalf. Shipper shall notify Transporter, in writing or via TC eConnects, of the designated agent. An agent who has been designated to nominate and schedule Transportation Service for more than one Shipper may provide aggregate nomination(s) for multiple Shippers. Transporter is authorized to rely on nominations and scheduling information provided by Shipper's agent. By designating an agent, Shipper agrees to indemnify and save Transporter harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising in any way from Shipper's agent's actions on behalf of Shipper, Shipper's agent's failure to act on behalf of Shipper, or Transporter's reliance upon the information provided to Transporter by Shipper's agent; provided, however that such indemnification will not excuse Transporter from liability for actions taken when Transporter is acting as agent.

## 6.6.2 Implementation of Intraday Nominations.

- (a) Subject to the deadlines in Section 6.6.1(a)(2) through (a)(7), above, intraday nominations may be nominated twenty-four (24) hours a Day and will be processed in the same manner as other nominations. However, the nomination deadline and effective time of intraday nominations specified in Section 6.6.1(a), above, will not apply to OFO-related intraday nominations.
- (b) Subject to upstream and downstream operators' confirmations and Transporter's operating conditions, an intraday nomination submitted pursuant to one of the deadlines set forth in Section 6.6.1(a), above, can be used to request increases or decreases in total flow, changes to Receipt Points, or changes to Delivery Points, of scheduled Gas. Transporter will not accept a reduced intraday nomination for any quantity deemed already delivered based on an elapsed-prorated-scheduled quantity.
- (c) Transporter shall allow Shipper to alter the order of priority of receipts and deliveries, and shall allow a Pooler to redesignate the priority of the Agreements into which such Pooler is selling Gas, upon which Transporter shall rely in taking actions to adjust receipts and/or deliveries under Section 6.5.1 of these General Terms and Conditions, provided that such changes are submitted via TC eConnects or EDM in accordance with the nomination deadlines set forth in Section 6.6.1(a), above. If Shipper adds a new nomination at a Receipt Point or Delivery Point under its Agreement during the Service Day, or if a Pooler designates the addition of a new downstream Shipper during the Service Day, provided that any of such additions is not performed simultaneously with a change in priorities that accommodates the new receipt or delivery, Transporter shall place such addition as the last in priority to be affected by any changes under Section 6.5.1 of these General Terms and Conditions.
- (d) Notice. For purposes of providing notice of any nomination changes (including where an interruptible Shipper's nomination is bumped by a firm Shipper's intraday nomination or a nomination under Rate Schedule FTS-3) to a Shipper and/or Shipper's agent, Transporter shall use Electronic Communication. Transporter will provide advance notice to interruptible Shipper(s) being bumped due to nominations by Rate Schedule FTS-3 Shippers as soon as practicable, but at no time by less than two (2) hours notice using one or more of the following methods as determined by Transporter: posting on Internet website, facsimile, telephone or E-Mail. Intraday bump notices should indicate whether daily penalties will apply for the Gas Day for which quantities are reduced. With respect to changes initiated by Transporter, if a Shipper so elects, such Shipper may provide a telephone number and Transporter will contact Shipper at such phone number by means of Electronic Communication to alert Shipper that a change has been made. Such Shipper shall then be responsible for reviewing its TC eConnects account to obtain details of such change.

- (e) Daily Scheduling Penalties. Transporter will not impose any daily scheduling penalties as a result of nomination changes notified under Section 6.6.2(d), above, if the Shipper can demonstrate that it made a good faith attempt to accept Electronic Communication, and such Electronic Communication could not be accepted through no fault of Shipper, such as an event of force majeure affecting Shipper's facilities. In addition, where an interruptible Shipper's nomination is bumped by a firm Shipper's intraday nomination, Transporter will, in noncritical situations, waive any daily scheduling penalty for such bumped interruptible Shipper.

### 6.6.3 Delivery of Gas.

Transporter, subject to the other provisions hereof, shall make daily delivery of Equivalent Quantities of Gas at the Delivery Point(s) that Shipper has nominated and Transporter has simultaneously received at Receipt Point(s). Shipper will not have the right to receive quantities of Gas that it has not simultaneously nominated and delivered to Transporter at Receipt Point(s).

#### 6.6.4 Hourly Variation.

Receipts and deliveries shall be made for all Notice Services, except deliveries for Rate Schedules ETS and FTS-3, at uniform rates over a twenty-four (24) hour period to the extent practicable. However, Transporter shall not enforce such uniform twenty-four (24) hourly rate limits unless it has provided at least two (2) hours notice to Shipper that it must enforce such hourly rate limits due to operational constraints. Subject to Section 5.1.2(g) of Rate Schedule ETS, Shippers under such Rate Schedule shall be entitled to maximum hourly deliveries equal to one-sixteenth (1/16) of the respective Delivery Point MDQ. Subject to Section 5.5.2(c) of Rate Schedule FTS-3, Shippers under such Rate Schedule shall be entitled to maximum Hourly deliveries equal to the respective Delivery Point MHQ.

#### 6.6.5 Elimination of Inactive Agreements.

In order to eliminate Agreements that Shippers have not nominated and utilized for service under Rate Schedule ITS, ITS-3, PTS-3 or DDS for a period of eighteen (18) consecutive months, Transporter shall be authorized to advise Shipper by written notice that the Agreement(s) may be terminated if not utilized during the next thirty (30) Days following notice, and the priority established for such Agreement(s) pursuant to Section 6.9 paragraph 2 of these General Terms and Conditions relinquished, regardless of the original term established under such Agreement(s). Nominations submitted and rejected because of capacity constraints will qualify as being utilized under this provision.

#### 6.6.6 Scheduled Nominations.

Shipper will be required to review TC *eConnects* to view all scheduled nominations. Transporter will notify a Shipper via Electronic Communication, if a segmented nomination was not accepted and the reason why.

## 6.7 FORCE MAJEURE

1. Definition. The term "Force Majeure" as used herein shall mean acts of God, strikes, lockouts, or other industrial disturbances; acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms (including but not limited to hurricanes or hurricane warnings), crevasses, floods, washouts, arrests and restraints of the government, either Federal or State, civil or military, civil disturbances. Force Majeure shall also mean shutdowns for purposes of unexpected and uncontrollable repairs, relocation, or construction of facilities; failure of electronic data capability; breakage or accident to machinery or lines of pipe; the necessity for testing, excluding that associated with normal and planned maintenance (as required by governmental authority or as deemed necessary by Transporter for the safe operation thereof), the necessity of making unexpected and uncontrollable repairs or alterations to machinery or lines of pipe; failure of surface equipment or pipe lines; accidents, breakdowns, inability to obtain necessary materials, supplies or permits, or labor to perform or comply with any obligation or condition of service, rights of way; and any other causes, whether of the kind herein enumerated or otherwise, including legislative, administrative or judicial action which has been resisted in good faith by all reasonable legal means, all of which are not reasonably expected and within Transporter's control. It is understood and agreed that the settlement of strikes or lockouts or controversies with landowners involving rights of way shall be entirely within Transporter's discretion and that the above requirement that any Force Majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts or controversies with landowners involving rights of way by acceding to the demands of the opposing party when such course is inadvisable in the discretion of Transporter.
2. Force Majeure. If by reason of Force Majeure either party hereto is rendered unable, wholly or in part, to carry out its obligations under this Tariff, it is agreed that upon such party giving notice in full particulars of such Force Majeure in writing or by other electronic means to the other party within a reasonable time after the occurrence of the cause relied on, the party giving such notice, so far as and to the extent that it is affected by such Force Majeure, shall not be liable in damages during the continuance of any inability so caused, but for no longer period, and such cause shall so far as possible be remedied with all reasonable dispatch.

Transporter shall not be liable in damages to Shipper other than for acts of gross negligence or willful misconduct and then only where Force Majeure does not apply.

3. Limitations. Such Force Majeure affecting the performance hereunder by either Transporter or Shipper, however, shall not relieve such party of liability in the event of 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 cause or contingency affecting such performance relieve Shipper from its obligations to make

payments as then due or becoming due determined hereunder, except as provided for in Section 6.36 of the General Terms and Conditions of this Tariff. Transporter shall notify any affected Shipper of such Force Majeure by use of Electronic Communication.

6.8 OPERATIONAL FLOW ORDER(S)

#### 6.8.1 General.

For purposes of this Section 6.8, the term "Shipper" shall also include any customer receiving service under any Rate Schedule contained in Transporter's Volume No. 2 FERC Gas Tariff. Transporter, in its discretion, shall have the right to issue OFOs when in its judgment it is necessary to maintain or restore the operational integrity of Transporter's Pipeline System. Where a particular Shipper's conduct threatens the operational integrity of Transporter's Pipeline System, Transporter will first attempt to modify such Shipper's offending conduct, including the issuance of an OFO to such offending Shipper, before Transporter issues an OFO to non-offending Shippers. Before issuing an OFO, Transporter will also evaluate and implement any reasonable alternatives thereto (e.g., declining to schedule firm secondary nominations and/or curtailing interruptible service). Further, Transporter will not be required to issue an OFO:

- (a) to deliver Gas to any Shipper that has not tendered Equivalent Quantities of Gas to Transporter's Pipeline System; or
- (b) to any other pipeline in order to obtain access to quantities of Gas, except to the extent that such quantities of Gas are being transported by such pipeline for the account of a Shipper or Transporter; or
- (c) to be a supplier of last resort for any Shipper that has insufficient Gas supply.

Transporter shall not be required to respond to any OFO that it receives from another interstate pipeline that is not currently providing equivalent quantities and pressures of Gas to Transporter, unless Transporter is a shipper on that pipeline.

6.8.2 Forms of OFOs. An OFO may:

- (a) direct any Shipper to increase quantities tendered or taken, or increase pressures at a Receipt Point, in accordance with Section 6.8.4, below; or
- (b) utilize such services as may be available under an OFO performance contract in accordance with Sections 6.8.5 and 6.8.6, below; or
- (c) implement verbal arrangements with other transporters; or
- (d) enable Transporter to take or require any other actions as may be deemed necessary by Transporter in its judgment in order to maintain the operational integrity of Transporter's Pipeline System.
- (e) impose a Hydrocarbon Dewpoint limitation below the Hydrocarbon Dewpoint Safe Harbor at a receipt point or Monitoring Point to avoid an event that threatens the operational integrity of Transporter's System.

6.8.3 OFO Operational Conditions. OFOs may be issued in any of the following circumstances:

- (a) to alleviate conditions that threaten the operational integrity of Transporter's Pipeline System; or
- (b) to maintain minimum necessary pressures for pipeline operations; or
- (c) to ensure adequate Gas supplies in Transporter's Pipeline System to inject Gas into the mainline, provide line pack or inject Gas into storage or withdraw Gas from storage; or
- (d) to maintain Transporter's Pipeline System in balance for the foregoing purposes.
- (e) notwithstanding the above, an OFO that reduces the Hydrocarbon Dewpoint Safe Harbor shall be applied in a manner consistent with the procedures set forth in Section 6.13 paragraph 3(a).

The OFO will remain in effect until the operational condition requiring its issuance has been remedied.

6.8.4 OFOs to Increase Quantities.

- (a) Transporter may issue an effective OFO to any Shipper under Rate Schedules ETS, FTS-1, FTS-4, FTS-4L or FTS-3 to increase quantities tendered to Transporter at Shipper's Primary Receipt Point, up to the Shipper's Primary Receipt Point MDQ. Shipper will be required to comply with such OFO within twenty-four (24) hours prior notice.
- (b) Transporter shall develop a rotating schedule of Shippers at major Receipt Points to establish the priority of the Shipper that will receive an OFO in the event Transporter requires additional supplies. For the purposes of this Section 6.8.4(b), a major Receipt Point shall exist where the sum of Primary Receipt Point MDQs for all of Transporter's firm Rate Schedules is greater than one hundred (100) MDth per day.

#### 6.8.5 OFO Supply Contracts.

Transporter may enter into a supply contract, on such terms and conditions as it may deem appropriate, with any supplier of Gas, which supply contract will authorize Transporter to purchase supplies pursuant to an OFO.

#### 6.8.6 OFO Performance Contracts.

Transporter may enter into performance contracts, on such terms and conditions as it may deem appropriate, with Shippers that are either end users, local distribution companies, or any other parties receiving firm deliveries from Transporter, which performance contracts will authorize Transporter to interrupt deliveries to Shipper while maintaining its receipts to Transporter, which interrupted quantities will be purchased by Transporter under the provisions of such performance contracts.

6.8.7 Advance Warning and Update of Status.

- (a) As soon as reasonably practicable, Transporter will post a warning of the conditions that may create an OFO, and of the specific type of OFO that Transporter might issue.
- (b) Transporter shall further undertake to post on its Internet website, as soon as reasonably practicable, any information about the status of operational variables that determine when an OFO will begin and end, and such information will be updated as soon as it is available.

#### 6.8.8 OFO Notice, Contents and Procedures.

Transporter shall issue an OFO as expeditiously as is reasonably practicable in the circumstances, through posting and utilizing Electronic Communication. Each OFO will contain the following provisions:

- (a) time and date of issuance;
- (b) time that the OFO is considered to be effective (if no time is specified, the OFO shall be effective immediately);
- (c) duration of the OFO (if none is specified, the OFO will be effective until further notice);
- (d) the party or parties receiving the OFO;
- (e) the quantity of Gas required to remedy the operational condition requiring the issuance of the OFO; and
- (f) any other terms Transporter may reasonably require to ensure the effectiveness of the OFO.

6.8.9 OFO Notices of an HDP Limit Below the Hydrocarbon Dewpoint Safe Harbor.

With respect to an OFO that sets a Hydrocarbon Dewpoint limit below the Hydrocarbon Dewpoint Safe Harbor, Transporter shall post on its Internet website within three (3) Business Days a notice identifying the operational event giving rise to the OFO with specificity, identifying the point(s) where the operational event threatened Transporter's operational integrity, identifying specific points upstream of the Hydrocarbon Dewpoint Problem(s) and HDP Segments of Transporter's System affected by the OFO. Transporter shall update this information as updates become available.

#### 6.8.10 Failure to Comply with OFO.

If Shipper (or Shipper's Gas seller, supplier, agent, or the producer and/or operator as the circumstances may require) fails to comply with the terms of a validly issued OFO, for any reason other than Force Majeure on an upstream pipeline and Shipper's actual over/under receipts onto the Transporter's Pipeline System or over/under deliveries off the Transporter's Pipeline System, as applicable, exceed the lesser of one thousand (1,000) Dth or 5% of Shipper's scheduled volumes, such Shipper shall be liable for any damages including, but not limited to direct, consequential, exemplary or punitive damages incurred by Transporter or any other affected party as a result of such failure and may be subject to an OFO penalty equal to the greater of:

- (a) two times the Midpoint of the range of prices reported for "Chicago city-gates" as published in the "Daily Price Survey" in Platts Gas Daily, (or any successor publication thereto) for the days on which the OFO is issued multiplied by each Dekatherm of Gas by which the Shipper deviated from the requirements of the OFO;
- (b) two times the Midpoint of the applicable Regional Daily Average for each Dekatherm of Gas by which the Shipper deviated from the requirements of such OFO. For purposes of this section, the "Regional Daily Average" means the highest spot price published in Platts Gas Daily applicable to each zone for the day(s) on which, and for the region(s) in which, the OFO is in effect:  
  
Zone 1 – ANR, La.  
Zones 2 and 3 – Rex Zone 3 delivered  
Zones 4 and 5 – ANR, Okla.  
Zones 6 and 7 – Chicago city-gates
- (c) twenty-five dollars (\$25.00) for each Dekatherm of Gas by which the Shipper deviated from the requirements of such OFO.

Notwithstanding anything to the contrary in this Section 6.8.10, (a) if Shipper is required to make a nomination pursuant to an OFO, unless critical circumstances dictate otherwise, no damages and/or penalties will be assessed unless Shipper is given the opportunity to correct the circumstances giving rise to the OFO, and (b) Transporter shall waive otherwise applicable penalties for failure to comply with an OFO to the extent the Shippers' actions are consistent with the following, if: (1) Transporter has provided in advance and on a non-discriminatory basis notice to Shippers that Transporter has determined that specific actions that may otherwise be deemed non-compliant with an OFO will benefit Transporter's Pipeline System; or (2) if a Shipper, prior to taking action that would otherwise be non-compliant with the OFO, has discussed such action with Transporter and receives authorization from Transporter to take such action.

#### 6.8.11 Reimbursement.

If Transporter receives Gas pursuant to an OFO issued under Section 6.8.4, above, then Transporter shall pay the full commodity rate applicable to the primary gas purchaser, whether higher or lower than Transporter's Cashout price. If Transporter receives Gas pursuant to an OFO issued under Sections 6.8.5 and 6.8.6, Transporter shall pay the recipient of the OFO for such quantity of Gas at the applicable contract price.

Notwithstanding the foregoing, any party supplying Gas to Transporter under Sections 6.8.4, 6.8.5 and 6.8.6, above, shall have the right to receive such imbalance in kind, delivered to such recipient by no later than the Month subsequent to the Month in which the OFO was issued.

6.8.12 Transporter Cost Recovery for OFO.

Transporter shall direct bill pipeline transmission charges incurred as a result of an OFO to all firm Shippers on a system-wide basis. Gas purchase costs and quantities incurred as a result of an OFO shall be channeled through Transporter's Cashout program pursuant to Section 6.15 of these General Terms and Conditions.

### 6.8.13 Transporter Liability for OFOs.

Transporter shall not be liable to any person for any costs, damages or other liability associated with the issuance of, or the failure to issue, any OFOs, other than such costs to be paid by Transporter according to Section 6.8.11, above; provided, however, Transporter shall be liable for acts of negligence or undue discrimination, such standards to be judged in light of the emergency conditions under which OFOs are issued.

6.8.14 Transporter's Scheduling Authority.

Transporter shall have the right to act as a scheduling agent for a Shipper's account if (i) the Shipper refuses to schedule gas receipts as specified by an OFO issued pursuant to Section 6.8.4(a), above; or (ii) if Transporter requires additional quantities in less than the twenty-four (24) hour notice period normally required for an OFO, and the Shipper has refused a verbal request to schedule the required quantity of Gas.

#### 6.8.15 Reporting.

Within ten (10) Days after an OFO terminates, Transporter will post a report containing information on the factors that caused the OFO to be imposed and to be terminated.

#### 6.8.16 Emergency Gas Pool.

Transporter shall allow Shippers and suppliers to participate in the creation of a pool of emergency Gas on TC *eConnects* to be available to both Transporter and its Shippers in an emergency situation. Offers to participate shall be made in advance and shall specify (a) time, (b) price, (c) quantity and (d) location of Gas available for such emergency purposes. Transporter shall have no liability or responsibility whatsoever with respect to any information provided by Shippers or suppliers.

## 6.9 PRIORITY OF REQUESTS FOR SERVICE

The following provisions shall govern requests for service among services rendered and to be rendered under this Tariff and under Original Volume No. 2 of Transporter's Tariff.

1. Firm Services Priority of Requests. If there is insufficient firm capacity available to accept all new requests for service, after providing for Agreements for firm Transportation Service, the priority of requests for firm Transportation Service received by Transporter subsequent to October 9, 1985 shall be pursuant to the greatest NPV, provided, however, that Transporter shall not be obligated to provide service below the maximum applicable rate(s). Usage components will be considered in deriving the NPV for any offer involving a Negotiated Rate transaction that includes a minimum volume commitment. In such instance, usage rate components, to the extent of any minimum volume commitment, will be evaluated using the same criteria applied to the reservation rate components; the sum of the resulting reservation and minimum usage revenues will be used to determine the greatest NPV. Shippers offering to pay a Negotiated Rate which exceeds the applicable maximum tariff rates, including surcharges, shall be considered to be paying such applicable maximum tariff rates in determining the NPV for such Agreement. If more than one such request for firm Transportation Service has the same NPV, then the order of priority as among such requests shall be determined by the order in which the requests are received by Transporter. Requests received by mail will be deemed received at 5:00 p.m. on the date of postmark. Requests received by facsimile or electronic mail will be deemed received at the time noted on the Transporter's facsimile transmission sheet or the electronic mail.

Acceptance of new requests for service under Rate Schedule FTS-4L shall be conditioned on the availability of capacity resulting from FTS-4 Agreements. If a Shipper has executed an Agreement with Transporter under Rate Schedule FTS-4, such Shipper shall be given priority over other Shippers requesting service under Rate Schedule FTS-4L, provided (i) Shipper's request for service is for the same Primary Route MDQ as that in the executed FTS-4 Agreement and the Primary Receipt and Delivery Points are within the Primary Route of the executed FTS-4 Agreement and (ii) Shipper has agreed to pay the highest applicable tariff rates offered for the FTS-4L service.

2. Interruptible Services. Agreements relating to interruptible transportation service obligations, and extensions thereof, shall have priority in the following paragraph order and pursuant to the following principles.
  - (a) Agreements for interruptible Transportation Service which were filed prior to October 9, 1985 pursuant to applications under Section 7 of the Natural Gas Act and Agreements for interruptible Transportation Service, and extension thereof by change to Agreements under Rate Schedule ITS, which have been authorized

under Subpart B, Section 284.105 and Subpart G, Section 284.223(g)(1) of the Commission's Regulations. Priority under this paragraph (a) shall be by the date of the Agreement.

- (b) Agreements for interruptible Transportation Service authorized by certificates under Section 7 of the Natural Gas Act pursuant to applications filed on or after October 9, 1985; and Agreements relating to interruptible Transportation Service which are not referred to above and overrun. Priority under this Section 6.9 paragraph 2(b) shall be by the date of receipt by Transporter, during normal business hours, of valid requests for such service or in the absence of such date, the date of the Agreement.

3. Conditions.

- (a) Notwithstanding the provisions of Section 6.9 paragraph 2(b) above, if a Shipper under Rate Schedule ITS fails to submit a timely nomination for interruptible service for any Service Month, pursuant to these General Terms and Conditions, then such Shipper's priority for such service for that Service Month only shall be changed, on the first Day of the Service Month, to a ranking below that of all other Shippers having made timely nominations for interruptible services under Section 6.9 paragraphs 2(a) and (b), above.
- (b) If more than one Agreement within one of the categories described in Section 6.9 paragraphs 2(a) and (b), above, shall have equal priority, then the order of priority for such Agreements in such category shall be determined by the drawing of lots by each Shipper (or its designated representative, which may be Transporter), in a drawing conducted by Transporter.
- (c) In offering Transportation service from time to time, Transporter may deem any offer made by telephone or other instant communication method to have been refused if acceptance thereof is not communicated to Transporter within six normal working hours after such offer, or as otherwise agreed to by the parties. The deeming of any such offer as refused shall not disqualify the Shipper from receiving subsequent such offers of further service.

## 6.10 SCHEDULING AND CURTAILMENT OF SERVICES

6.10.1 Scheduling. Subject to the provisions of Section 6.10.1(c) below, Transporter will schedule nominated services as of each nominating cycle, whether such nominations are part of segmentation transactions or otherwise, in accordance with the following procedures:

(a) Transporter will determine available mainline capacity and allocate it preliminarily to services in the following sequential order, utilizing the Priority Classes defined below: (1) to Priority Class One nominations, pro rata if necessary, up to MDQ; then (2) sequentially by class to Priority Classes Two through Four nominations, up to MDQ, on the basis of Confirmed Price; and then (3) to Priority Class Five nominations on the basis of Confirmed Price. Transporter will also determine whether or not there is available capacity at the receipt or delivery points associated with the services that have been preliminarily allocated mainline capacity pursuant to this Section 6.10.1(a). In the event that insufficient capacity exists at a point to accommodate all nominations, the available capacity at the point will be allocated: (1) to firm Primary Point nominations, pro rata if necessary; then (2) to firm Secondary Point nominations on the basis of Confirmed Price; and then (3) to interruptible/overrun nominations on the basis of Confirmed Price, provided that in the event of an equal Confirmed Price within either (2) or (3), above, the capacity will be allocated pro rata. Upon completion of this allocation process, each service will be scheduled at a level of entitlements equal to the lesser of the mainline or point capacity that has been allocated to such service.

(b) The Priority Classes of service to be used for scheduling purposes shall be as follows:

Priority Class One. All Part 157 firm service nominations; all firm catalog nominations; and all Part 284 firm service nominations (including Rate Schedule FTS-2 when scheduled as firm) to points only within the Primary Route. Notwithstanding the above, PTS-2 nominations within the Primary Route shall apply to firm catalog nominations received by Transporter in each Pooling Area.

Priority Class Two. All PTS-1 nominations and all Part 284 firm service nominations (including Rate Schedule FTS-2 when scheduled as firm); and all Rate Schedule PTS-2 nominations outside of the Primary Route.

Priority Class Three. Rate Schedule FTS-2 service (when not scheduled as firm) to points only within the Primary Route.

Priority Class Four. Rate Schedule FTS-2 service (when not scheduled as firm) to any points outside of the Primary Route.

Priority Class Five. Interruptible and overrun.

- (c) If, for any Day, due to the failure of any FTS-4 Shipper to comply with its MFO obligations under Rate Schedule FTS-4, Transporter does not have sufficient capacity to schedule nominated quantities received from all FTS-4L Shippers, then nominated quantities for the affected FTS-4L Shippers shall be reduced on a pro-rata basis based upon nominated quantities received from the affected FTS-4L Shippers during the nominating cycle and the excess of nominated quantities over scheduled quantities shall then be scheduled as Priority Class Three or Four.
- (d)(1) For purposes of this Section 6.10.1, Confirmed Price shall be defined as the Shipper's contract price computed at one hundred percent (100%) load factor. Notwithstanding the foregoing, for purposes of allocating capacity to Secondary Points under Rate Schedule FTS-3, the Confirmed Price shall not exceed the one hundred percent (100%) load factor rate for Rate Schedule ETS.
- (2) To the extent a Shipper's Confirmed Price is either derived from a capacity release transaction or from a Negotiated Rate pursuant to Section 6.21 or 6.27, respectively, of these General Terms and Conditions and exceeds the applicable maximum tariff rates, including surcharges, such Shipper's Confirmed Price for purposes of this Section 6.10.1 will be based upon the applicable maximum tariff rates.

Ties within any priority class shall be allocated pro rata based on nominations.

6.10.2 Allocation and Curtailment of Capacity During a Service Day.

- (a) Subject to the provisions of Section 6.10.2(b) below, if, for any Day, Transporter determines that the capacity of its system, or portion(s) thereof, is insufficient to serve all transportation requirements scheduled for such Day, or to accept the quantities of Gas tendered, capacity which requires curtailment shall be curtailed so as to provide the service which is feasible, in the order prescribed for scheduling, above; provided, however, that once capacity is scheduled, firm deliveries at Secondary Receipt and Delivery Points will not have a lower priority than firm deliveries at Primary Receipt and Delivery Points; provided, further, that to enable prompt action in an emergency situation where capacity is insufficient, Transporter shall have the authority to take all necessary and appropriate actions, as then may appear necessary, to preserve the operational integrity of its system. Transporter shall not impose any Cashout Price in excess of one hundred percent (100%) with respect to any quantities out of balance that are attributable to implementation of this emergency situation procedure. Transporter shall notify Shippers of the existence of any such emergency situation by use of Electronic Communication, as soon as is reasonably practicable, and shall include with such notification the information set forth in Section 6.8.7 of these General Terms and Conditions.
- (b) If, for any Day, due to the failure of any FTS-4 Shipper to comply with its MFO obligations under Rate Schedule FTS-4, Transporter does not have sufficient capacity to provide FTS-4L service scheduled for such Day, Transporter shall curtail the affected FTS-4L service, on a pro-rata basis based on scheduled quantities.

### 6.10.3 Segmentation of Capacity.

- (a) Any Shipper, or Replacement Shipper, receiving firm Transportation Service may segment its capacity by nominating, either on a forward haul or backhaul basis, service at any Receipt Point and Delivery Point within the Rate Segments traversed by the Primary Route specified in its Service Agreement, up to MDQ, provided that: (1) the segmentation nomination is operationally feasible; (2) the total of the segmentation nominations by the original Shipper or a combination of Releasing and Replacement Shippers on any overlapping segment, or at any common point used by multiple forward haul segments, does not exceed the firm entitlements of the underlying segmented Service Agreement on a firm basis; (3) capacity exists at the applicable Receipt and Delivery Points subject to the segmentation nomination (and with respect to an FTS-4L Shipper, Rate Schedule FTS-4 capacity exists at the applicable Receipt and Delivery Points subject to the segmentation nomination); and (4) capacity segmentation by any FTS-4 Shipper does not affect Transporter's service obligations under Rate Schedule FTS-4L. For purposes of determining the Primary Route of a Rate Schedule ETS Shipper desiring to segment its capacity, for the segmented capacity such Shipper shall be required to designate, no more frequently than each April 1, the gate station which it elects to serve as the Primary Receipt Point or Primary Delivery Point, whichever is applicable.

Further, unless otherwise agreed, the rates and charges applicable to service from the Primary Receipt Point to the Primary Delivery Point shall also apply to segmentation nominations along the Primary Route. For purposes of determining whether a nominated segmented release is operationally feasible, Transporter shall take into consideration the availability of mainline and/or point capacity, the location on Transporter's Pipeline System of the nominated segment, and whether or not the nomination is otherwise consistent with the tariff requirements and scheduling practices for all of Transporter's services.

- (b) Notwithstanding the provisions of Section 6.10.3(a)(2), above, if the sum of the nominations on an overlapping segment exceed the firm entitlements of the underlying segmented Service Agreement, the Releasing and/or Replacement Shipper(s) shall be required to notify Transporter as to which quantities (up to the level of the firm entitlements of the underlying segmented Service Agreement) shall be treated as a firm nomination, and which shall be treated as an authorized overrun nomination. In the absence of such notice, the services shall be scheduled in accordance with Section 6.10.1, above, provided however, that if both services are of equal priority, then Transporter shall treat the nomination of the Releasing Shipper as the nomination entitled to the firm priority status up to the level of the firm entitlements of the underlying segmented Service Agreement.

## 6.11 PRESSURE AT RECEIPT POINT(S) AND DELIVERY POINT(S)

1. Pressure at Receipt Point(s). Shipper shall cause the Gas to be delivered at the Receipt Point(s) at a pressure sufficient to allow the Gas to enter Transporter's existing pipeline system; provided, however, that such pressure of the Gas delivered or caused to be delivered by Shipper shall not exceed Transporter's Maximum Allowable Operating Pressure; provided, further, that in the case of Receipt Points located in the Mainline Area Facilities, Shipper shall be obligated to maintain a minimum pressure of five hundred (500) pounds per square inch, gauge pressure, unless otherwise mutually agreed to between Shipper and Transporter.
2. Pressure at Delivery Point(s). Unless otherwise agreed to by the parties as set forth in the Agreement, Transporter shall redeliver the Gas to Shipper at the Delivery Point(s) hereunder at Transporter's prevailing line pressure as such may vary from time to time, provided, however, that the minimum pressure which Transporter shall be obligated to maintain shall be not less than two hundred-fifty (250) pounds per square inch, gauge pressure, unless otherwise mutually agreed to between Shipper and Transporter. Subject to the limitations specified in Section 6.4 paragraph 2(d) of these General Terms and Conditions, if Shipper requests a minimum pressure that is greater than the pressure that Transporter's existing facilities and/or operations can accommodate, Transporter will perform a study, within four (4) Months of such request, in order to determine the facilities that would be required to accommodate Shipper's request and the estimated costs of such facilities.
3. Pressure Commitments. If mutually agreed in the Agreement, Transporter may make minimum receipt or delivery pressure commitments to Shippers on a non-discriminatory basis, and where necessary, upon specified conditions to ensure that such commitments do not have any adverse effect on Transporter's system. Transporter will not agree to a minimum or maximum receipt or delivery pressure that will render it unable to meet its existing firm obligations and, upon request, will provide a written explanation to the Shipper explaining the operational basis for rejecting any request for a minimum delivery pressure.

## 6.12 MEASUREMENT AND MEASUREMENT EQUIPMENT

6.12.1 Measurement Equipment.

- (a) The volume of Gas delivered at the Receipt Point(s) and at the Delivery Point(s) shall be measured by:
  - (1) An orifice meter, designed, installed, maintained and operated as recommended in the latest issue of American National Standard ANSI/API 2530 (American Gas Association Gas Measurement Report No. 3), entitled "Orifice Metering of Natural Gas and Other Related Hydrocarbon Fluids", as such publication may be revised from time to time (hereinafter referred to as "AGA Report No. 3"); or
  - (2) A turbine meter, designed, installed, maintained and operated as recommended in the latest issue of American Gas Association Transmission Measurement Committee Report No. 7, entitled "Measurement of Fuel Gas by Turbine Meters", as such publication may be revised from time to time (hereinafter referred to as "AGA Report No. 7"); or
  - (3) A positive displacement meter, installed and operated in accordance with generally accepted industry practices.
- (b) Auxiliary measuring equipment shall be installed, maintained and operated in accordance with generally accepted industry practices.

### 6.12.2 Measurement Computations and Factors.

- (a) The volume of Gas delivered at each Receipt Point and Delivery Point shall be calculated by means of an electronic flow computer located at, or by the processing of meter charts recorded at, each Receipt Point or each Delivery Point, in either case in the following manner:
- (1) When the measuring equipment is an orifice meter, the flow of Gas through the meter shall be computed in the manner recommended in AGA Report No. 3, properly using all factors set forth therein.
  - (2) When the measuring equipment is a turbine meter, the volume of Gas delivered through the meter shall be computed in the manner recommended in AGA Report No. 7, properly using all factors set forth therein.
  - (3) When the measuring equipment is a positive displacement meter, the volume of Gas delivered through the meter shall be computed by properly applying, to the volume delivered at flowing Gas pressures and temperatures, correction factors for (i) absolute static pressure, (ii) flowing Gas temperature, and (iii) compressibility ratio.
- (b) The volume of Gas delivered shall be computed using the standards and factors determined as follows:
- (1) The unit of volume for the purpose of measurement shall be one thousand cubic feet of Gas at a temperature of sixty (60) degrees Fahrenheit and a pressure of 14.73 pounds per square inch absolute. For the purpose of pricing hereunder, the Dekatherm equivalent of such unit of volume shall be determined by multiplying each such unit of volume by the total heating value per cubic foot of the Gas delivered hereunder (adjusted to a common temperature and pressure base) and by dividing the result by one thousand (1000).
  - (2) The average absolute atmospheric (barometric) pressure at each Receipt Point and each Delivery Point shall be assumed to be equal to the value, in pounds per square inch, shown in the table below corresponding to the location of the Receipt Point or Delivery Point, irrespective of the actual location or elevation above sea level of the Receipt Point or Delivery Point or of variations in actual atmospheric pressure from time to time:

Michigan; Wisconsin; Indiana;  
Kentucky; Tennessee; Illinois;  
Iowa; Missouri; Ohio

14.4

Onshore Louisiana; Offshore Louisiana; Offshore Texas	14.7
Oklahoma; Kansas; Texas Panhandle	13.5
Wyoming	12.1

- (3) The flowing temperature of the Gas shall be determined by means of an instrument of standard manufacture accepted in the industry for this purpose.
- (4) The supercompressibility factor used in computing the volume of Gas delivered through an orifice meter shall be determined in a manner which yields results consistent with the results produced by the procedures presented in American Gas Association Transmission Measurement Committee Report No. 8, entitled "Compressibility Factors of Natural Gas and Other Related Hydrocarbon Gases."
- (5) The specific gravity of the Gas used in computing the volume of Gas delivered through a meter shall be determined by one of the following methods:
  - (i) At intervals of not more than six (6) Months, by means of an instrument of standard manufacture accepted in the industry for this purpose using a sample of Gas from the Gas stream at the Receipt Point or Delivery Point.
  - (ii) By means of an instrument of standard manufacture accepted in the industry for this purpose installed at a point to measure the specific gravity of the Gas stream from which Gas is being delivered at the Receipt Point or Delivery Point.
- (6) The compressibility ratio factor "s" used in computing the volume of Gas delivered through a turbine meter or a positive displacement meter shall be determined by the equation  $s = (Fpv)^2$ , in which "Fpv" is the supercompressibility factor determined as described in Section 6.12.2(b)(4).
- (7) In determining the flowing temperature factor, supercompressibility factor, and compressibility ratio factor "s" for use in computing the volume of Gas delivered through a meter, the flowing Gas temperature for only the period(s) of time that Gas was flowing through the meter shall be used.

### 6.12.3 Measurement Testing and Accuracy.

All flow, measuring, testing and related equipment shall be of standard manufacture and type approved by Transporter. If applicable, Transporter or Shipper may install check measuring equipment and telemetering equipment, provided that such equipment shall be so installed as not to interfere with the operations of the operator. Transporter, or Shipper, in the presence of the other party, shall have access to measuring equipment at all reasonable times, but the reading, calibrating, and adjusting thereof and the changing of charts, if any, shall be done by the operator of the facilities. Transporter or Shipper shall have the right to be present at the time of the installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating or adjusting done by the operator of the measuring equipment. The records from such measuring equipment shall remain the property of the operator, but upon request, the other party may request records, including charts, if any, together with calculations therefrom for inspection, subject to return within thirty (30) Days after receipt thereof. Reasonable care shall be exercised in the installation, maintenance and operation of the measuring equipment so as to avoid any inaccuracy in the determination of the volume of Gas received and delivered.

The accuracy of all measuring equipment shall be verified by 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 thirty (30) Day period. If the operator agrees to verification and test of measuring equipment and fails to perform such verification and testing, then the other party shall have the right to cease or temporarily discontinue service under this Agreement relative to such measuring equipment. If either party at any time desires a special test of any 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. Transportation and related expenses involved in the testing of meters shall be borne by the party incurring such expenses, provided, however, that Shipper shall not be responsible for such Transportation and related expenses if the special testing reveals that the meter(s) is (are) not operating within the required tolerance level of two percent (2%).

The operator, for purposes of this section, shall be the owner of the equipment referenced herein, or the agent of such owner, or such other person as the parties may agree in writing.

If, upon any test, any measuring equipment is found to be in error, such errors shall be taken into account in a practical manner in computing the deliveries. If the resultant aggregate error in the computed receipts or deliveries is not more than two percent (2%), then previous receipts or deliveries shall be considered accurate. All equipment shall, in any case, be adjusted at the time of test to record correctly. If, however, the resultant aggregate error in computing receipts or deliveries exceeds two percent (2%), at a recording corresponding to the average hourly rate, of Gas flow rate for the period

since the last preceding test, the previous recordings of such equipment shall be corrected to zero error for any period which is known definitely or agreed upon, but in case the period is not known definitely or agreed upon, such correction shall be for a period extending over one-half of the time elapsed since the date of the last test.

#### 6.12.4 Measurement Corrections.

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 of receipts or deliveries through such equipment shall be determined as follows; provided, however, that the correction period shall be within six (6) Months of the production Month, with a three (3) Month rebuttal period and provided, further, that such standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. 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. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard:

- (a) by using the registration of any check meter or meters if installed and accurately registering, or in the absence of (a);
- (b) by correcting the error if the percentage of error is ascertainable by calibration, special test or mathematical calculation, or in the absence of both (a) and (b) then;
- (c) by estimating the quantity of receipt or delivery based on receipts or deliveries during preceding periods under similar conditions when the meter was registering accurately.

6.12.5 New Methods of Measurement.

If at any time during the term hereof, a new method or technique is developed with respect to Gas measurement or the determination of the factors used in such Gas measurement, such new method or technique may be substituted upon mutual agreement thereto by both parties.

6.12.6 Preservation of Measurement Records.

The parties agree to preserve for a period of at least three (3) years or such longer period as may be required by public authority, all test data, charts, if any, and other similar records.

6.12.7 Other Equipment.

Shipper or Transporter may install, maintain, and operate odorizing (at a Delivery Point only), regulating, telemetering, heating and fogging equipment at its own expense as it shall desire at each Receipt Point or Delivery Point, and the operator of such equipment at its own expense shall provide the other party a suitable site therefor and allow the other party free access to and use of the site; provided that such equipment shall be so installed, maintained and operated as not to interfere with the operation or maintenance of the operating party's measuring equipment at each Receipt Point or Delivery Point. All such equipment as Shipper or Transporter shall desire to install shall be constructed, installed and operated to conform to the other party's requirements. Shipper or Transporter may remove any of its equipment installed on such site at any time.

## 6.13 QUALITY

Gas delivered to, and received by, Transporter, shall meet the following specifications:

1. Heat Content. Heat content shall mean the gross heating value per cubic foot of Gas delivered at each Receipt Point and Delivery Point. The Gas at each Receipt Point shall have a heat content not greater than 1200 BTUs per cubic foot nor less than 967 BTUs per cubic foot when determined on a dry basis. Transporter shall have the right to waive such BTU content limits if, in Transporter's sole opinion, Transporter is able to accept Gas with a BTU content outside such limits without affecting Transporter's operations. The total heating value per cubic foot of Gas shall be determined at each Receipt Point and each Delivery Point by one of the following methods:
  - (a) by means of an instrument of standard manufacture installed to measure the heating value of the Gas being delivered at the Receipt Point or the Delivery Point;
  - (b) at intervals of not more than six (6) Months by means of an instrument of standard manufacture and a sample of Gas from the Gas stream from which Gas is being delivered at the Receipt Point or the Delivery Point; or
  - (c) other methods mutually agreed upon by both parties.

For the purpose of calculating receipts and deliveries, the heat content of the Gas so determined at each such point shall be deemed to remain constant at such point until the next determination. The unit of quantity for the purpose of determining total heating value shall be one (1) cubic foot of anhydrous Gas at a temperature of sixty (60) degrees Fahrenheit and an absolute pressure of 14.73 psia.

2. Freedom from Objectionable Matter. The Gas received and delivered hereunder:
  - (a) shall be commercially free from objectionable odors, dust, water and any other solid or liquid matter which might interfere with its merchantability or cause injury to or interference with proper operation of the equipment through which it flows and any substance that might become separated from the gas in Transporter's facilities.
  - (b) shall not contain more than sixteen (16) parts per million (one (1) grain per one hundred (100) cubic feet of Gas) of hydrogen sulfide in the Southeast Area Facilities and Southwest Area Facilities and shall not contain more than four (4) parts per million (one quarter grain per one hundred (100) cubic feet of Gas) of hydrogen sulfide in the Mainline Area Facilities, as determined by the method prescribed in the Gas Processors Association Standard 2377, entitled "Test for

Hydrogen Sulfide and Carbon Dioxide in Natural Gas Using Length of Stain Tubes";

- (c) shall not contain more than twenty (20) grains of total sulfur (including the sulfur in any hydrogen sulfide and mercaptans) per one hundred (100) cubic feet of Gas;
  - (d) shall not at any time have an oxygen content in excess of one percent (1%) by volume and the parties hereto shall make every reasonable effort to keep the Gas free of oxygen;
  - (e) shall be free of water and hydrocarbons in liquid form and shall in no event contain water vapor in excess of seven (7) pounds per million cubic feet of Gas;
  - (f) shall not contain more than two percent (2%) by volume of carbon dioxide;
  - (g) shall be delivered at a temperature not in excess of one hundred twenty (120) degrees Fahrenheit or less than forty (40) degrees Fahrenheit; and
  - (h) shall not contain more than three percent (3%) by volume of nitrogen.
  - (i) shall not contain any toxic, hazardous materials or substances, or any deleterious material potentially harmful to persons or to the environment, including but not limited to, polychlorinated biphenyls and substances requiring investigation, remediation or removal under any law, regulation, rule or order in effect from time to time.
3. Hydrocarbon Dewpoint. Transporter may not refuse to accept delivery of Gas with a Hydrocarbon Dewpoint equal to or less than 15 degrees Fahrenheit ("F"), provided that such Gas satisfies all other applicable provisions of Transporter's FERC Gas Tariff. This Standard shall be referred to as Transporter's Hydrocarbon Dewpoint Safe Harbor. Transporter may, from time to time, as operationally necessary, establish and post on its Internet website a limit on Hydrocarbon Dewpoint (no lower than the Hydrocarbon Dewpoint Safe Harbor) for receipts on specified HDP Segments to cure or prevent hydrocarbon liquid fallout. Transporter may post on its Internet website such limits when operational and engineering considerations on Transporter's System upstream of designated Monitoring Points demonstrate the need for such limits in order to prevent anticipated hydrocarbon liquid fallout, to correct problems from actual hydrocarbon liquid fallout, or to assure that gas would be accepted for delivery into interconnects, including with interstate or intrastate pipelines, end users, and local distribution companies.
- (a) Procedures for Postings. Transporter shall establish Monitoring Points on its system for the purpose of posting Hydrocarbon Dewpoint limits pursuant to

Section 6.13 paragraph 3. For purposes of this section, "HDP Segment(s)" shall be that portion of Transporter's System between Monitoring Points or, for the furthestmost upstream Monitoring Points of Transporter's System, the applicable HDP Segment shall be the remaining portion of Transporter's upstream system.

- (i) HDP Problem(s) - Actual Hydrocarbon Liquid Fallout - If Transporter experiences hydrocarbon liquid fallout on Transporter's system, Transporter may post on its Internet website Hydrocarbon Dewpoint limits (no lower than 15 degrees F) at the point where the liquid fallout occurs and then to the receipt points upstream of that location within the HDP Segment where the fallout is occurring. If that will not correct the Hydrocarbon Dewpoint problem, Transporter shall apply Hydrocarbon Dewpoint limits for each HDP Segment immediately upstream of the HDP Segment where the liquid fallout occurs up to the nearest Monitoring Point that satisfies the Hydrocarbon Dewpoint limit. Any such Hydrocarbon Dewpoint limit shall be applied uniformly to all receipt points in such HDP Segments. Transporter's analysis and posting of HDP limits shall not skip over any HDP Segment between the HDP Problem and the furthestmost upstream HDP Segment to which an HDP limit is posted.
- (ii) HDP Problem(s) - Anticipated Hydrocarbon Liquid Fallout - When Transporter anticipates hydrocarbon liquid fallout under foreseeable operating conditions on Transporter's System, Transporter may post on its Internet website, pursuant to the procedures established in this section below, Hydrocarbon Dewpoint limits (no lower than 15 degrees F) for the HDP Segment(s) of Transporter's System required to prevent the anticipated liquid fallout. Transporter may make a posting when Transporter's analysis of system operating factors indicates a need for a limitation. Such factors may include, but are not limited to, anticipated processing plant operation, pressure reduction, flow patterns, flowing gas temperatures, and Hydrocarbon Dewpoint temperatures. Hydrocarbon Dewpoint limitations posted pursuant to this section shall be applied to all HDP Segment(s) where potential for liquid fallout is anticipated absent such Hydrocarbon Dewpoint limitation and to all HDP Segments required to prevent the anticipated liquid fallout under foreseeable operating conditions, provided such posting shall not skip over any HDP Segment between the HDP Problem and the furthestmost upstream HDP Segment to which an HDP limit is posted. Transporter shall post on its Internet website an explanation of the basis for the HDP limit. Upon Shipper's request, Transporter shall provide, within three (3) Business Days, a written detailed explanation of the nature and level of the anticipated hydrocarbon liquid fallout problem, the reasons for its choices of the posted HDP limit and the affected HDP Segments.

- (iii) Transporter shall post HDP limits in a given HDP Segment only to the extent necessary to prevent liquid fallout from occurring in order to manage and operate Transporter's system in a safe and reliable manner. Such posted Hydrocarbon Dewpoint limits shall remain in effect no longer than necessary.
- (iv) To the extent that it is operationally feasible, Transporter will not apply the Hydrocarbon Dewpoint limits of this section to meters that are not upstream of a processing plant with available capacity and that flow 500 Dth or less per day.
- (v) Transporter will provide as much notice of such limitation as reasonably practicable and will attempt to provide such notice at least ten (10) days prior to the effective date of the limitation.
- (vi) Posted Hydrocarbon Dewpoint limitations shall not exceed the limits needed to correct the specifically identified or anticipated HDP Problem on specific HDP Segments of Transporter's system.
- (vii) Where the Transporter can not fully correct an HDP Problem by posting a Hydrocarbon Dewpoint limit in the most downstream HDP Segment experiencing or anticipating to experience a HDP Problem, it may post a Hydrocarbon Dewpoint limit in subsequent upstream HDP Segment(s) but the Hydrocarbon Dewpoint limit in the subsequent HDP Segment(s) may be no stricter than the limit in the first HDP Segment. Where the Hydrocarbon Dewpoint of an upstream Monitoring Point complies with the posted Hydrocarbon Dewpoint limit, Transporter shall not apply any Hydrocarbon Dewpoint limit to that point or any other upstream receipt point in the sequential HDP Segment.
- (viii) When Transporter posts a Hydrocarbon Dewpoint limit on the Sandwich - Georgetown - Defiance HDP Segment (the SGD HDP Segment) then the gas receipts into the SGD HDP Segment either from interconnects or from any adjacent HDP Segment feeding gas directly into the SGD HDP Segment must meet the posted HDP limit for the SGD HDP Segment.
- (ix) Transporter will not require processing of gas at receipt points upstream of the tailgate of a straddle plant that meets the posted Hydrocarbon Dewpoint limit without processing.
- (x) To the extent operationally practicable, Transporter may allow gas that does not meet a posted Hydrocarbon Dewpoint limitation at receipt

points to continue to flow provided that Transporter approves a "pairing" proposal as set forth in Section 6.13 paragraph 3(c).

- (xi) Transporter shall allow gas that does not meet a posted Hydrocarbon Dewpoint limitation at receipt points to continue to flow provided that the Shipper or a third party provides to Transporter proof of processing at a plant within the HDP Segment where the gas at the tailgate of that plant satisfies the Hydrocarbon Dewpoint limitation for the applicable HDP Segment.
- (b) Monitoring Points. Transporter shall utilize the following Monitoring Points to establish HDP Segments on Transporter's System for purposes of posting Hydrocarbon Dewpoint limits per this Section 6.13 paragraph 3.
- 1. Eunice Headstation East
  - 2. Eunice Headstation West
  
  - 3. Greensburg Headstation East
  - 4. Greensburg Headstation West
  
  - 5. Defiance Station East
  - 6. Defiance Station South
  - 7. Defiance Station North
  
  - 8. Sandwich Station North
  - 9. Sandwich Station South
  - 10. Sandwich Station East
  
  - 11. Georgetown Station
- (c) Pairing. To the extent operationally feasible, and subject to the conditions below, Transporter may allow a shipper whose Gas does not meet a posted Hydrocarbon Dewpoint limit to pair its Gas with a shipper whose Gas satisfies the posted specification.
- (i) A shipper wishing to pair must provide ANR with a written proposal for the pairing of its volumes (including but not limited to E-Mail or facsimile).
  - (ii) Upon receipt of a pairing proposal, Transporter will determine whether the proposal can physically occur on Transporter's system without causing undue risk to Transporter's operations.

- (iii) If Transporter determines that shipper's proposal is physically possible, then Transporter will evaluate whether the commingled stream that would result from the proposal satisfies the Hydrocarbon Dewpoint limitation.
  - (iv) To the extent that Transporter determines that the pairing proposal does not meet one or more of the above listed conditions, Transporter will provide shipper a written denial specifying the basis for the determination.
  - (v) Transporter shall permit all shippers interested in pairing to post relevant data, including contact information, on its Internet website.
- (d) Transporter shall post on its Internet website each Receipt Point Hydrocarbon Dewpoint value Transporter calculates, within twenty-four (24) hours after making the calculations, and the method by which the Hydrocarbon Dewpoint value was calculated.
- (e) Transporter shall post on its Internet website each blended Hydrocarbon Dewpoint and blended BTU values Transporter calculates for a line segment of its system within twenty-four (24) hours of such calculation.
- (f) HDP Measurement - Transporter shall perform the Hydrocarbon Dewpoint (cricondentherm) calculations for Section 6.13 paragraph 3 using the Peng-Robinson equation of state and C6+ assumptions consistent with industry practices. Upon a shipper's request, Transporter shall conduct a C9+ analysis; provided that in no event shall Transporter be required to conduct such C9+ analysis at any one receipt point more frequently than once every twelve months, except if a new source of supply has been added at that point.
4. Failure to Meet Specifications. Should any Gas tendered for delivery hereunder fail at any time to conform to any of the specifications of this Section 6.13 ("Non-Conforming Gas"), the affected Party shall notify the party tendering such Gas of any such failure and the affected party may at its option suspend all or a portion of the receipt of any such Non-Conforming Gas, and shall be relieved of obligations hereunder for the duration of such time as the Non-Conforming Gas does not meet such specifications. Nothing in this Section 6.13 shall prevent Transporter from waiving any quality specifications where the acceptance of Non-Conforming Gas will not in the reasonable judgment of Transporter adversely impair its operation. The exclusive remedy of the Affected Party shall be liquidated damages not to exceed the greater of (a) ten dollars (\$10.00), or (b) two times the Spot Price Index (as defined in Section 6.16 of these General Terms and Conditions, for each Dekatherm of such Non-Conforming Gas.

5. Commingling. It is recognized that Gas delivered by Shipper will be commingled with other Gas transported hereunder by Transporter. Accordingly, the Gas of Shipper shall be subject to such changes in heat content as may result from such commingling and Transporter shall, notwithstanding any other provision herein, be under no obligation to redeliver for Shipper's account, Gas of a heat content identical to that caused to be delivered by Shipper to Transporter.

6.14 ALLOCATION OF RECEIPTS AND DELIVERIES, DAILY BALANCING

6.14.1 Allocation of Deliveries. Unless Transporter and Operator mutually agree to allocate deliveries each Day using ranked, pro rata, percentage, swing, or operator provided value methodologies, such deliveries will be allocated through the meter using the allocation methodology in Section 6.14.1(a) below.

(a) Each Day's deliveries of Gas shall be allocated by Transporter for all services using the following order through the meter:

- (1) Rate Schedules FTS-3, ITS-3 and MBS Shippers and BTA Stand-Alone Option Shippers will be allocated their BTA consumption, if available, or, if such BTA consumption is not available, pursuant to Section 6.14.1(a)(2), below. The difference between the BTA Stand-Alone Option Shipper's nomination and its BTA allocation ("BTA Stand-Alone Variance") shall be subject to the additional charges, if any, set forth in Section 6.14.1(d), below. The MBS Supply Transportation shall be allocated as-nominated, pursuant to Section 6.14.1(a)(2), below. The difference between the MBS Supply Transportation allocation and the BTA shall be allocated as injections into or withdrawals from the MBS Storage Account and as Transportation under Rate Schedule MBS. An overrun charge pursuant to Rate Schedule MBS shall only be assessed on each Dekatherm of such allocated quantities that exceeds the Swing Percentage;
- (2) Next, all Notice Services (other than BTA Stand-Alone Option Shippers) will be allocated a quantity equal to the confirmed daily nomination for such services;
- (3) Finally, all residual quantities, positive or negative, will be allocated pursuant to the following procedures:
  - (i) In the case of any Delivery Point Operator that has elected no-notice service pursuant to Rate Schedule NNS, there shall be no daily scheduling penalties. The residual quantities, positive or negative, shall be allocated to the Delivery Point Operator's NNS service as injections into or withdrawals from the Designated Storage Account, and as transportation under the Delivery Point Operator's NNS Storage Transportation. An overrun charge pursuant to Rate Schedule NNS shall only be assessed on each Dekatherm of such allocated quantities that exceeds the Swing Percentage.
  - (ii) In the case of any Delivery Point Operator that is a Rate Schedule STS Shipper, there shall be no daily scheduling penalties. The residual quantities, positive or negative, shall be allocated as no-notice service pursuant to Rate Schedule STS. The difference between the quantities allocated hereunder and the receipts allocated for such service pursuant

to Section 6.14.2, below, shall be injected into or withdrawn from the storage account underlying such service. An overrun charge pursuant to Rate Schedule STS shall only be assessed on each Dekatherm of such allocated quantities that exceeds the Swing Percentage.

- (iii) In the case of any Delivery Point Operator that has not elected No-Notice Service pursuant to Rate Schedules NNS or STS, then, unless otherwise agreed, residual quantities shall first be allocated to any Notice Service designated for that purpose by the Delivery Point Operator (if the affected Shipper has agreed in writing) and then shall be allocated pro rata based on nominations to all Notice Services, except for MBS Supply Transportation, and such Shippers shall be subject to daily scheduling penalties on each Dekatherm of such allocated quantities in excess of the Swing Percentage, for overdeliveries or underdeliveries, as applicable.
- (b) Notwithstanding Section 6.14.1(a) above, if the Delivery Point is a Point of Injection/Withdrawal or a Headstation, deliveries shall be allocated to each service in a quantity equal to the confirmed nomination for such service.
- (c) If allocated deliveries hereunder are less than, or exceed scheduled quantities under any Agreement, Transporter will, after applying the Swing Percentage, only charge the affected Shipper the applicable daily scheduling penalty for underdeliveries on each Dekatherm down to the delivered amount, or for overdeliveries on each Dekatherm up to Shipper's MDQ, and only the applicable overrun charges for overdeliveries in excess of MDQ.
- (d) The BTA Stand-Alone Variance, in addition to the applicable Transportation charges, shall be subject to the following charges:
  - (i) for a quantity up to the Swing Percentage, there shall be no additional charge;
  - (ii) for the next incremental quantity up to any amount equal to the Swing Percentage, a daily scheduling penalty equal to the highest applicable Rate Schedule STS rate times each Dekatherm of such quantity; then
  - (iii) for any remaining quantity, a daily scheduling penalty of ten dollars (\$10) per Dekatherm.

6.14.2 Allocation of Receipts. Each Day, allocation of actual quantities at a Receipt Point shall be made pro rata, based on nominations, to all services at each Receipt Point, provided, however, that if Transporter and operator mutually agree, Transporter shall allow the operator, if any, at any Receipt Point, to establish allocation priorities according to the following procedures:

- (a) Operator shall notify Transporter via Transporter's Internet website after or during confirmation and before start of the Service Day, that it desires to establish allocation priorities at Receipt Points utilizing any of the following methodologies: ranked, percentage, swing, or operator provided value provided, however, Transporter will not be required to agree to any of such allocation methodologies if they are operationally or administratively infeasible.
- (b) Transporter shall advise such operator of the confirmed nominations at such Receipt Points.
- (c) The operator shall establish separate allocation priorities for over and under production at the level of detail that the confirmed nominations are provided, and advise Transporter of such priorities via Transporter's Internet website before the beginning of the Day. Any confirmed nominations that do not have established allocation priorities shall be considered as having the highest priority:
  - (1) In the case of underproduction, such allocation priorities shall be used by Transporter to allocate Gas, such that Transporter shall allocate Gas to each Shipper, in order of priority designated by the operator, up to the full nomination of that Shipper, until the entire gross measured volume at such Receipt Point is allocated.
  - (2) In the case of over production, such allocation priorities shall be used by Transporter to allocate Gas, such that Transporter shall allocate Gas to each Shipper, in order of priority designated by the operator, equal to the full nomination of that Shipper, with any over produced quantities being allocated to the Shipper(s) with the lowest priority, until the entire gross measured volume at such Receipt Point is allocated.

6.14.3 Simultaneous Receipts and Deliveries. To the extent that both receipts and deliveries have been nominated at the same meter, then for any Day:

- (a) If the actual flow through the meter represents a delivery by Transporter, then the nominated receipts shall be allocated as nominated and the sum of such receipts shall be added to the metered quantity before any allocation is made in accordance with Section 6.14.1, above; or
- (b) If the actual flow through the meter represents a receipt by Transporter, then the nominated deliveries shall be allocated as nominated (as adjusted by the BTAs for the Rate Schedule MBS Shippers) and the sum of such deliveries shall be added to the metered quantity before any allocation is made in accordance with Section 6.14.2, above.

#### 6.14.4 Prior Period Adjustments.

- (a) In accordance with the provisions of Sections 6.12.3, 6.12.4, and 6.17 paragraphs 1 and 3 of these General Terms and Conditions, Transporter shall use the best information available to close its measurement quantities for a Service Month five (5) business days after such Service Month. To the extent that adjustments are made after the date of such close such adjustments ("Prior Period Adjustments" or "PPA") shall be treated under this Section 6.14.4. If the PPA are due to the correction of measurement data or allocations, such adjustments should be processed within six (6) Months of the applicable Service Month. If the affected party disputes the as-adjusted quantity, it is entitled to rebut the basis for the PPA, but only if it does so within three (3) Months of the processing of the as-adjusted quantity. Notwithstanding the above-specified deadlines for processing/rebutting PPAs, such deadlines shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not be diminished by this standard. 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) If an adjustment is required at a Receipt Point, such adjustment shall be allocated pursuant to the methodology set forth in Section 6.14.2 above.
- (c) If an adjustment is required at a Delivery Point, such adjustment shall be allocated pursuant to the methodology set forth in section 6.14.1 above.
- (d) Flash Gas shall be treated as a prior period adjustment. Transporter shall pay each operator, that submits a valid and verifiable statement to Transporter for quantities of Flash Gas, an amount (as full consideration, inclusive of taxes and any other amounts) equal to the product of the Flash Gas quantity times the one hundred percent (100%) Cashout Price for the Service Month to which the Flash Gas applies.

6.14.5 Determination of PTR.

PTR shall be determined each Day as the difference between (a) the gross metered quantity at the inlet meter of the processing plant, and (b) the gross metered quantity at the outlet meter of the processing plant.

#### 6.14.6 Trespass Gas.

Gas that is received by Transporter during a Service Month at a Receipt Point, for which there is no valid nomination, shall be considered Trespass Gas. If Transporter receives Trespass Gas during a Service Month, it shall post such fact on TC eConnects, including the location and quantity of such Trespass Gas, for a period of ninety (90) Days after the end of the Service Month. The owner of such Trespass Gas may claim such Gas by informing Transporter in writing of such fact and by having the ownership verified by the operator of the facilities upstream of the Receipt Point. Upon receiving a valid claim of ownership, Transporter shall first give the claimant the opportunity to move the Gas off of Transporter's Pipeline System upon payment of the applicable transportation charges that shall consist of interruptible transportation service into storage, interruptible storage service, and transportation service to claimant's Delivery Point. Alternatively, the claimant may request payment of an amount (as full consideration, inclusive of taxes and any other amounts) equal to the product of the quantity of Trespass Gas times fifty percent (50%) of the Cashout Price for the Service Month in which the Trespass Gas was received into Transporter's system. If there is no valid claim for such Trespass Gas within such ninety (90) Day posting period, Transporter shall be allowed to retain such Trespass Gas.

6.14.7 Conversion of Gas.

Any party that takes Gas without Transporter's authorization shall be liable for all costs, losses, and damages attributable to such taking, the penalties set forth in Section 5.1.3 paragraph 5(b) of Rate Schedule ETS, any other charges under this Tariff, in addition to any legal remedies otherwise available.

6.14.8 Electronic Information.

Transporter shall operate its allocation procedures under this Section 6.14 on the basis of electronic information available at Receipt Point(s) and/or Delivery Point(s). If such electronic information is not available on any Day, however, Transporter shall be entitled to assume that receipts and/or deliveries are equal to nominations, provided, however, that Transporter shall be required to adjust such assumed receipts and/or deliveries to actual receipts and/or deliveries as soon as is reasonably practicable after such actual information becomes available before the close date specified in Section 6.14.4, above.

#### 6.14.9 Information Availability.

Within one (1) Business Day following the end of each Gas Day, Transporter shall, based upon available quantities and/or scheduled quantities, post on TC eConnects and EDM (if requested) individual Shipper information regarding the quantity allocated at each Receipt Point and at each Delivery Point including any information on imbalances.

Upon request to Transporter, Shipper will be provided operational allocated quantities pursuant to NAESB WGQ Standard 2.4.3 or 2.4.4 for the transaction(s) which have been scheduled by Transporter for Shipper.

Transporter can agree to send the operational allocated quantities on a daily basis to a Shipper rather than accept the Request for Information (NAESB WGQ Standard 2.4.7) for operational allocated quantities.

Transporter is not required to support requests for operational allocated quantities other than on an "all locations for a Shipper basis." Where Transporter has determined to support NAESB WGQ Standard 2.3.21 in a manner other than:

- (a) providing specific operational allocated quantities in response to a request for same, or
- (b) providing operational allocated quantities on an "all locations for a Shipper basis," then the Shipper can rely on the absence of a line item(s) provided by Transporter as indicative that the particular line item(s)' scheduled quantities are operational allocated quantities.

NAESB WGQ Standard 2.3.21 applies to the daily provision of operational allocated quantities whether they are provided pursuant to NAESB WGQ Standard 2.4.3, NAESB WGQ Standard 2.4.4 or NAESB WGQ Standard 2.4.7.

6.14.10 Third Party Storage and Imbalance Management Services.

- (a) Nothing in this Section or Tariff shall preclude Shipper from obtaining storage imbalance management services from a third party provider.
- (b) Transporter acknowledges that, in the case of a third party service provider with facilities directly connected to Transporter's Pipeline System, Transporter will need to enter into an interconnection agreement with such third party service provider. Such interconnection agreement will set forth the terms and conditions pursuant to which the interconnection will be operated. Under such interconnection agreement(s), which shall be publicly available for inspection, Transporter shall accommodate scheduled receipts and deliveries from the third party facility operator on the same terms and conditions that Transporter accommodates scheduled receipts and deliveries from Transporter's storage facilities so that the third party storage facility operator is not in any manner precluded by this Tariff from providing, and Shipper is not in any manner precluded by this Tariff from receiving, a storage service from a third party under the same or similar terms and conditions as a scheduled storage service offered by Transporter; and
- (c) Transporter shall make Transportation Services available to any Shipper under Rate Schedules ETS, FTS-1, FTS-2, FTS-3, FTS-4, FTS-4L, ITS or ITS-3 to transport Gas on Transporter's Pipeline System associated with scheduled third party storage service, without discrimination or preference, and on the same terms and conditions, subject to the same availability, including on a seasonal basis, and for the same rates as Transporter makes Transportation Service available or such service offers to similarly situated Shippers, for receipt or delivery of Gas associated with scheduled storage services offered by Transporter.

## 6.15 CASHOUT AND TRADING OF MONTHLY IMBALANCES

6.15.1 Cashout of Imbalances.

- (a) For the purposes of this Section 6.15, "Receipts" shall mean quantities of Gas allocated pursuant to Section 6.14 of these General Terms and Conditions, net of Transporter's Use, and "Deliveries" shall mean quantities of Gas allocated pursuant to Section 6.14 of these General Terms and Conditions. Transporter and Shipper shall Cashout any remaining imbalance between Monthly Receipts and Monthly Deliveries under all of Shippers' Transportation Agreements, subject to Transporter's Billing and Payment provisions contained in Section 6.17 of these General Terms and Conditions.
- (b) If Monthly Receipts are greater than Monthly Deliveries, the difference shall be "Excess Quantities". If Monthly Deliveries are greater than Monthly Receipts, the difference shall be "Deficient Quantities". Such Excess Quantities and/or Deficient Quantities shall be individually determined by Receipts in each Operational Impact Area which shall be either the Southeast, Southwest, Canadian or Mainline Receipts, as defined below in Section 6.15.1(d), respectively, and will be divided by the Monthly Delivery Point nominations applicable to such Receipts, using such information as was available to Shipper on the last Day of the Service Month on TC eConnects, for the purpose of determining the applicable imbalance percentage. Transporter shall be authorized to purchase and sell Gas at Receipt Points to manage imbalance quantities and shall endeavor to make any such purchases or sales of Gas necessary to balance its system by the end of the month following the Service Month in which the imbalance is determined, to the extent such purchases or sales are operationally practicable.
- (c) The Cashout Price will be equal to the Louisiana Spot Price Index, the Oklahoma Spot Price Index, the Canadian Spot Price Index, or the Mainline Spot Price Index, as applicable, as such spot price indices are defined in Section 6.16 of these General Terms and Conditions, and shall be applicable to imbalances associated with Southeast Receipts, Southwest Receipts, Canadian Receipts and Mainline Receipts, respectively. The indicated percentage(s) of the Cashout Price (as defined below) will be paid for the Excess/Deficient Quantities that fall within each respective bracket of the total imbalances (1) by Transporter to Shipper (as full consideration, inclusive of taxes and any other amounts) for Excess Quantities or (2) by Shipper to Transporter for Deficient Quantities, based on the scale set forth below:

Transporter Pays Shipper the following % of Imbalance:

% of Imbalance	Percentage of the Cashout Price for the Excess Quantities
-----	-----
> 0% Up to 5%	100%
> 5% Up to 10%	85%
> 10% Up to 15%	70%
> 15% Up to 20%	60%
> 20%	50%

Shipper Pays Transporter the following % of Imbalance:

% of Imbalance	Percentage of the Cashout Price for the Deficient Quantities
-----	-----
> 0% Up to 5%	100%
> 5% Up to 10%	115%
> 10% Up to 15%	130%
> 15% Up to 20%	140%
> 20%	150%

- (d) The Cashout Payment applicable to all Agreements of a Shipper during a Service Month shall equal (1) the sum of the Excess Quantities (if applicable) by Southeast, Southwest, Canadian and/or Mainline Receipts multiplied by the applicable Cashout Price less the Cashout Price Surcharge, if any, pursuant to Section 6.15.5(b), below, minus (2) the sum of the Deficient Quantities (if applicable) by Southeast, Southwest, Canadian and/or Mainline Receipts multiplied by the applicable Cashout Price plus the Cashout Price Surcharge, if any, pursuant to Section 6.15.5(b), below. If the difference is positive, such amount will be paid by Transporter to Shipper. If the difference is negative, such amount will be paid by Shipper to Transporter.

The Receipt Quantities under each Agreement will be determined as follows:

- (1) Southeast Receipts will equal the quantity of Monthly receipts under such Agreement that entered Transporter's System through Receipt Point(s) in the Southeast Area Facilities;

- (2) Southwest Receipts will equal the quantity of Monthly receipts under such Agreement that entered Transporter's System through Receipt Point(s) in the Southwest Area Facilities;
  - (3) Canadian Receipts will equal the quantity of Monthly receipts under such Agreement that entered Transporter's System through the Marshfield, Wisconsin Receipt Point; and
  - (4) Mainline Receipts will equal the total quantity of Monthly receipts that are not included in the calculation of the Southeast Receipts, Southwest Receipts or Canadian Receipts.
- (e) A Cashout of imbalances at prices above or below one hundred percent (100%) of the Cashout Price shall not occur if it has been determined that such imbalances are due to Transporter's negligence. Additionally, a Cashout of imbalances due to Excess Quantities or Deficient Quantities shall be limited to one hundred percent (100%) of the Cashout Price if such imbalances occurred during circumstances of force majeure that directly affect the Transporter's or upstream or downstream facilities over which Gas is transported under the applicable Agreement, or during circumstances of force majeure that directly affect Shipper's facilities for the period until Shipper has an opportunity to adjust its nominations, or were the direct result of an OFO issued to the Shipper or its supplier. Transporter shall be required to provide accumulated imbalance data to Shipper requesting such data by electronic or other available means of communication within forty-eight (48) hours of such request during the Service Month.

6.15.2 Cashout of Imbalances at Agreement Expiration.

At the time of expiration of an Agreement, all imbalances shall be paid for according to the provisions of Section 6.15.1 above.

6.15.3 Upstream Transportation.

In the event that Transporter acts as agent on behalf of any Shipper in obtaining transportation service on any upstream pipeline, the cashout provisions (if any) of any such upstream pipeline shall be applicable to such upstream transportation, and not the provisions of this Section 6.15.

#### 6.15.4 Penalties.

Failure of Shipper to fulfill responsibilities, during the period of Force Majeure, which contribute to Excess Quantities or Deficient Quantities pursuant to the Cashout provisions of this Section 6.15 shall result in the use by Transporter of the applicable Cashout Price as to each Dekatherm for which payments are due under such provisions.

#### 6.15.5 System Cashout Mechanism.

Transporter shall establish an annual mechanism to determine the results of implementing this Cashout provision. Such mechanism shall calculate, on a system-wide basis, the annual gross revenue balance (positive or negative) derived from the Cashout program, utilizing the following procedures:

- (a) Commencing May 1, 1998, and each May 1 thereafter, Transporter shall calculate the Net Cashout Activity, which shall be defined as the sum of (1) actual net revenues attributable to the operation of the Cashout program for the preceding calendar year; (2) any prior negative balance from any previous redetermination, pursuant to Section 6.15.5(b), below; and (3) any prior positive balance(s) from any previous redetermination, pursuant to Section 6.15.5(c), below.
- (b) Any Net Cashout Activity that is a negative balance shall be divided by the total of all Cashout volumes bought and sold during the preceding calendar year to derive a Cashout Price Surcharge. Transporter shall file to make such Cashout Price Surcharge effective June 1, for the next succeeding twelve (12) Month period. The Cashout Price Surcharge as stated in Section 4.16 will be subtracted from the Cashout Price where Excess Quantities are being Cashed Out, and will be added to the Cashout Price where Deficient Quantities are being Cashed Out.
- (c) Any Net Cashout Activity that is a positive balance shall be divided by the throughput actually experienced for the applicable year reported in Transporter's FERC Form No. 2 to calculate a negative surcharge per Dekatherm. Transporter shall file to make such negative surcharge effective June 1, for the next succeeding twelve (12) Month period, to be applied to all Transportation Services subject to surcharges.

6.15.6 Imbalance Netting.

- (a) Transporter shall net any Shipper imbalances within the same "Operational Impact Area" on and across Agreements with the Shipper at the close of each Service Month, including any prior period adjustment volumes received by Shipper which are not resolved on an in-kind basis.
- (b) Any imbalances arising as a result of prior period adjustment volumes may be resolved by Shipper on an in-kind basis through nominations during the Service Month in which the prior period adjustment is received by the Shipper.

#### 6.15.7 Imbalance Trading.

- (a) Transporter will allow Shipper(s) (including agents of Shippers(s)) to trade, within the same Operational Impact Area, any imbalances remaining from the previous Service Month after imbalance netting pursuant to Section 6.15.6 above.
- (b) Authorizations to post imbalances that are received by Transporter by 11:45 a.m. via TC eConnects or EDI data set will be effective by 8:00 a.m. the next Business Day (CCT). Imbalances previously authorized for posting should be posted on or before the ninth Business Day of the Month following service.
- (c) Imbalance(s) to be posted for trading must be authorized by the Shipper. The Shipper can note that the authorization will be effective for a specific period of time or leave the authorization open-ended. Posted imbalances can be viewed and downloaded upon request.
- (d) Transporter may not post zero imbalances.
- (e) Transporter will enable the imbalance trading process by:
  - (1) Receiving requests for imbalance trades;
  - (2) Receiving imbalance trade confirmations;
  - (3) Sending imbalance trade notifications; and
  - (4) Reflecting the trade on the next Monthly cashout billing.
- (f) Imbalance trading will be allowed between the ninth and seventeenth Business Day of each Month via TC eConnects or EDI data sets. Transporter will provide the ability to post and trade imbalances until the close of the seventeenth (17<sup>th</sup>) Business Day of the Month.
- (g) Imbalance trades can only be withdrawn by the party initiating the trade and only prior to the confirming party's confirmation of the trade. Imbalance trades are considered final when confirmed by the party confirming the trade and effectuated by the Transporter.
- (h) When trading imbalances, a quantity should be specified. Transporter will not authorize an imbalance trade that will increase the Shipper's absolute imbalance position (above/below zero). After receipt of an imbalance trade confirmation, Transporter will post trade results on TC eConnects and, for EDI transactions, will send, no later than noon CCT of the next Business Day, a notice of the imbalance trade to the party initiating and the party confirming the trade.

- (i) The information required for trading must include the identification of both Shippers involved in the trade, production period, and the monthly volume to be traded.
- (j) Any imbalance remaining after the close of the imbalance trading period set out in Section 6.15.7(f) above, will be cashed out pursuant to this Section 6.15.

6.15.8 Historical Gas Deficiency.

Transporter shall endeavor to purchase each month during a 36 month period, to the extent such purchases are operationally practicable, 1/36th of the gas deficiency existing as of December 31, 2004 (the "Historical Gas Deficiency") as set out in Transporter's April 29, 2005 annual cashout filing in Docket RP05-294. Provided however, Historical Gas Deficiency purchases in any month, shall be netted against any applicable sales of Gas to be made by Transporter pursuant to Section 6.15.1(b) above. In addition, Transporter shall use the additional revenues from the cashout program in excess of that required to balance the system on a current basis, to purchase additional quantities of Gas to reduce remaining Historical Gas Deficiency over a shorter period.

## 6.16 SPOT PRICE INDEX

Spot Price Index. The Spot Price Indices shall be determined in accordance with the provisions of this Section 6.16:

(a) Spot Price Indices - Louisiana and Oklahoma.

- (1) Louisiana Spot Price Index. The spot price index for Southeast Receipts shall be the Louisiana Spot Price Index and will be determined each week by use of the following published daily and weekly spot prices: (i) the S&P Global Platts Gas Daily "ANR, La." daily Midpoint prices, averaged each week over the same calendar days for a given week as specified in the publication referenced in (ii), and (ii) the Natural Gas Intelligence (NGI) Weekly Gas Price Index "ANR SE" weekly average price. The Louisiana Spot Price Index for Deficient Quantities will be the highest of the simple weekly averages of the "ANR spot" prices in the two publications. The Louisiana Spot Price Index for Excess Quantities will be the lowest of the simple weekly averages of the "ANR spot" prices in the two publications.
- (2) Oklahoma Spot Price Index. The spot price index for Southwest Receipts shall be the Oklahoma Spot Price Index and will be determined each week by use of the following published daily and weekly spot prices: (i) the S&P Global Platts Gas Daily "ANR, Okla." daily Midpoint prices, averaged each week over the same calendar days for a given week as specified in the publication referenced in (ii), and (ii) the Natural Gas Intelligence (NGI) Weekly Gas Price Index "ANR SW" weekly average price. The Oklahoma Spot Price Index for Deficient Quantities will be the highest of the simple weekly averages of the "ANR spot" prices in the two publications. The Oklahoma Spot Price Index for Excess Quantities will be the lowest of the simple weekly averages of the "ANR spot" prices in the two publications.
- (3) Material Changes or Cessation of Publication(s). In the event the publications referenced above are not published, materially change or are otherwise not available, Transporter shall determine the Louisiana Spot Price Index or Oklahoma Spot Price Index, as applicable, using a similar publication selected by Transporter in its reasonable judgment that is broadly published and widely accepted within the gas industry as a reliable source for the quotation of gas prices.

(b) Spot Price Index - Canada.

- (1) Canadian Spot Price Index. The spot price index for Canadian Receipts shall be the Canadian Spot Price Index and will be determined each week by use of the following published daily and weekly spot prices, stated in U.S. Dollars: (i) the

Natural Gas Intelligence (NGI) Weekly Gas Price Index “Emerson” weekly average price, and (ii) the S&P Global Platts Gas Daily “Emerson, Viking GL” daily Midpoint prices, averaged each week over the same calendar days for a given week as specified in the publication referenced in (i) above. The Canadian Spot Price Index for Deficient Quantities will be the highest of the simple weekly averages of the Emerson spot prices in the two publications plus the variable costs on Viking Gas Transmission Company (“Viking Variable Costs”). The Canadian Spot Price Index for Excess Quantities will be the lowest of the simple weekly averages of the Emerson spot prices in the two publications plus the Viking Variable Costs. The Viking Variable Costs shall be the sum of Viking's firm transportation commodity rate, plus Viking's fuel at the average of the published prices reported in the two publications, plus any Viking surcharge(s).

- (2) Material Changes or Cessation of Publication(s). In the event the publications referenced above are not published, materially change or are otherwise not available, Transporter shall determine the Canadian Spot Price Index using a similar publication selected by Transporter in its reasonable judgment that is broadly published and widely accepted within the gas industry as a reliable source for the quotation of gas prices.

(c) Spot Price Index - Mainline.

- (1) Mainline Spot Price Index. The spot price index for Mainline Receipts shall be the Mainline Spot Price Index and will be determined each week as the weighted average of the Louisiana Spot Price Index, the Oklahoma Spot Price Index and the Canadian Spot Price Index (as determined above). The weighting will be based on the capacity available per Transporter's §260.8 System Flow Diagrams: Format No. FERC 567 at the following points: Jena Compressor Station, Alden Compressor Station and Marshfield Compressor Station. The Mainline Spot Price Index for Deficient Quantities will be the highest of the weekly Mainline Spot Price Indices. The Mainline Spot Price Index for Excess Quantities will be the lowest of the weekly Mainline Spot Price Indices.

## 6.17 BILLING AND PAYMENT

1. **Billing.** On or before the ninth (9th) Business Day of each Month, Transporter shall render (for purposes of this Section 6.17 paragraph 1, "render" shall mean either (a) postmarked or (b) time-stamped and electronically transmitted via EDM to the designated site, whichever is applicable) to Shipper an invoice statement and an imbalance statement (collectively "Billing Statement") of the amount due for the preceding Month under the applicable Rate Schedule(s) and any charges pursuant to the Cashout provisions of Section 6.15 of these General Terms and Conditions for imbalances remaining after the close of the imbalance trading period set out in Section 6.15.7(f). When information necessary for billing purposes is in the control of Shipper, Shipper shall furnish such information to Transporter on or before the third (3rd) Day of the Month.

Both Transporter and Shipper have the right to examine at reasonable times, books, records and charts of the other to the extent necessary to verify the accuracy of any Billing Statement, charge or computation made under or pursuant to any of the provisions hereof.

2. **Payment.** Shipper shall pay Transporter the amount due for the preceding Month on or before the tenth (10th) Day after the Date of the invoice. Payments by Shipper to Transporter shall be made in the form of Wire Transfer directed to a bank account designated by Transporter for amounts equal to or greater than \$50,000 such that funds are available on the date payment is due. Payments of amounts less than \$50,000 by Shipper to Transporter shall be made at Shipper's election by either Wire Transfer directed to a bank account designated by Transporter, or by check at Transporter's general office or at such other address as Transporter shall designate such that funds are available on the date payment is due.

Party making payment should submit supporting documentation, party receiving payment should apply payment per supporting documentation provided by the paying party; and if payment differs from the invoiced amount, remittance detail should be provided with the payment except when payment is made by electronic funds transfer (EFT), in which case the remittance detail is due within two business days of the payment due date. Interest on the unpaid portion of the bill shall accrue at the current rate as set forth in Section 154.501(d) of the Commission's Rules and Regulations, from the due date until the date of payment.

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) Business 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 assurances equivalent to the amount past due. 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).

In the event that service to a Shipper is suspended Transporter shall have the right to remarket the capacity that is subject to the suspension on a month-to-month basis with terms not to exceed thirty-one (31) days ("Interim Capacity Arrangements"). Any capacity sold pursuant to this Section 6.17.2 shall be made available on a nondiscriminatory basis and will be assigned on the basis of a bid period determined pursuant to the open season of the Capacity Release provisions set forth in Section 6.21 of the General Terms and Conditions. Capacity sold pursuant to this Section 6.17.2 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 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.

3. Adjustment of Billing Errors. Subject to the provisions of Sections 6.12.3, 6.12.4 and 6.14.4 of these General Terms and Conditions, if it shall be found that at any time or times a person has been charged an overrun penalty and Shipper shall have actually paid the invoices containing such penalty, then within thirty (30) Days after the final determination thereof, either Transporter shall refund the amount of any overcharge or Shipper shall pay the amount of any undercharge. In the event an error is discovered in the amount billed in any Billing Statement rendered by Transporter, such error shall be adjusted within thirty (30) Days of the determination thereof, provided that claim therefor 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 Billing Statement, provided, however, that the party harmed by the adjustment shall have up to three (3) Months to dispute such adjustment. The timing of billing claims and adjustments referenced in the previous sentence shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not be diminished by this standard. 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. If the parties are unable to agree on the adjustment of any claimed error, any resort by either of the parties to legal proceedings shall be commenced within fifteen (15) Months after the supposed cause of action is alleged to have arisen, or shall thereafter be forever barred.
4. Refunds: Refunds due Shipper from Transporter pursuant to either the terms and conditions of this Tariff or orders of the Commission shall be paid by Wire Transfer to a bank account established by Shipper if: (a) Shipper has made twelve consecutive Monthly payments to Transporter in the form of Wire Transfer preceding the date of the refund; (b) the amount of the refund, including interest, exceeds \$50,000; and (c) Shipper has designated a bank account for the receipt of refunds by Wire Transfer at least thirty (30) Days prior to the date established for refunds by written communication to Transporter. Refunds of an amount less than \$50,000 will be paid by Transporter to Shipper by check.
5. 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 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 Agreement or the entire term of a new firm 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 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 Agreement.

Prepayments received by Transporter under this section shall not qualify as cash security deposits for purposes of creditworthiness, nor shall cash security deposits for purposes of creditworthiness be considered as prepayments under this section.

6.18 MISCELLANEOUS

6.18.1 Responsibility for Gas.

Upon receiving delivery of Gas to be transported at the Receipt Point(s), Transporter shall be in exclusive control and possession of such Gas and responsible for any loss thereof, or any and all injury or damage caused thereby, until the Equivalent Quantities of Gas have been delivered for the account of Shipper at the Delivery Point(s) after which Shipper shall be in exclusive control and possession of such Gas and responsible for any and all injury or damage caused thereby.

6.18.2 Warranty.

Shipper warrants for itself, its successors, and assigns, that it has, or will have, at the time of delivery of the Gas for transportation hereunder good title to such Gas and/or good right to cause the Gas to be delivered to Transporter for Transportation. Shipper warrants for itself, its successors, and assigns, that the Gas it warrants hereunder shall be free and clear of all liens, encumbrances or claims, that it will indemnify and save Transporter harmless from all suits, actions, debts, accounts, damages, costs, losses, and expenses arising from or out of any adverse claims of any and all persons to said Gas and/or to royalties, taxes, license fees, or charges thereon which are directly applicable to such delivery of Gas and that it will indemnify and save Transporter harmless from all taxes or assessments which may be directly levied and assessed upon such delivery and which are by law payable and the obligation of the party making such delivery. Shipper shall be solely responsible for, and shall indemnify and save Transporter harmless from any sales or use tax which may be levied on Gas furnished by Shipper for Transporter's Use.

6.18.3 Waivers.

No waiver by either Transporter or Shipper of any one or more defaults by the other in the performance of any provisions hereunder shall operate or be construed as a waiver of any future default or defaults, whether of a like or a different character. Transporter may waive compliance with provisions of this Tariff, so long as such is done in a manner which shall not be unduly discriminatory.

#### 6.18.4 Assignments.

Any company which shall succeed by purchase, merger or consolidation to the properties, substantially as an entirety, of Shipper or of Transporter, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in interest under an Agreement. Any party may, without relieving itself of its obligations under an Agreement, pledge, mortgage or assign its rights hereunder as security for its indebtedness. Except for such pledge, mortgage or assignment, neither party shall assign an Agreement or any of its rights thereunder without the consent in writing of the other party.

## 6.18.5 Creditworthiness.

### A. Creditworthiness Evaluation.

(1) Transporter shall not be required to commence or continue to provide service under an agreement with any Shipper who fails to establish or maintain creditworthiness.

#### (2) Determining Creditworthiness

Transporter shall apply consistent evaluation practices to all similarly situated Shippers to determine Shipper's financial ability to satisfy payment obligations due to Transporter over the term of the requested or existing Agreement(s). A creditworthiness evaluation shall be performed in accordance with the following:

(a) Shipper will establish creditworthiness if its unenhanced senior unsecured debt securities are rated investment grade of at least BBB- by S&P Global Market Intelligence LLC ("S&P") or at least Baa3 by Moody's Investors Service, Inc. ("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 of the factors set forth in Section 6.18.5.(A), paragraph (2)(b)(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 Agreements with Transporter, then the total of potential fees and charges of all such Agreements shall be considered in determining creditworthiness.

(b) If Shipper does not meet the creditworthiness standard described in part (a) above, Transporter shall evaluate 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.

If Shipper (or its guarantor, as applicable) does not have an unenhanced senior unsecured debt rating, and such rating is required for bid evaluation pursuant to Section 6.2.10(j) of these General Terms and Conditions, Shipper may request that Transporter determine an equivalent rating based on the financial rating methodology, criteria, and ratios for the industry of Shipper (or its guarantor, as applicable), 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, outlooks, watch alerts, and rating actions.
- (ii) Financial reports whereby 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, notes to financial statements, and auditor's opinions will be analyzed along with key ratios and trends regarding liquidity, asset management, debt management, debt coverage, capital structure, operational efficiency and profitability.
- (iii) Whether Shipper is operating under any chapter of the bankruptcy code and is subject to liquidation or debt reduction procedures under state laws and whether there is pending any petition for involuntary bankruptcy. 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 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.
- (iv) Whether Shipper is subject to any lawsuits or outstanding judgments which could materially impact its ability to remain solvent.
- (v) The nature of Shipper's business and the effect on that business of economic conditions, including Shipper's ability to recover the costs of Transporter's services through filings with regulatory agencies or otherwise to pass on such costs to its customers.
- (vi) Whether Shipper has or has had any delinquent balances outstanding for services provided previously by Transporter and whether Shipper is paying and has paid its account balances according to the terms established in its Agreement(s) (excluding amounts as to which there is a good faith dispute).
- (vii) Any other information, including any information provided by Shipper, as may be mutually agreed upon by the parties.

B. Failure to Establish or Maintain Creditworthiness.

- (1) If Shipper fails to establish or maintain creditworthiness as described in

Section 6.18.5(A)(2), 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 in Section 6.18.5.(B)(3) below:

- (i) Guarantee: Shipper may provide a guarantee of financial performance in a form satisfactory and acceptable to Transporter and for the term of the Agreement from a person or entity which meets the creditworthiness standards outlined in Section 6.18.5(A)(2) (guarantor).
  - (ii) Cash Security Deposit: Shipper may provide a cash security deposit for service. Transporter will accrue simple interest on cash security deposits at the applicable monthly "Federal Funds (effective)" rate published in the Federal Reserve Statistical Report H.15. Interest will be paid by Transporter on an annual basis each September 1 or at the time Shipper's deposit is returned.
  - (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 balance 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.
- (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 6.18.5(A)(2) 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 Agreement(s),

Transporter will return Shipper's financial assurance associated with undisputed invoice amounts within five (5) Business Days of Shipper paying its final invoice. Any remaining financial assurance will be returned after resolving any and all disputed invoice amounts under the expired 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 Deposit or Letter of Credit Amount
Firm Service	Shipper's contractual obligation under its firm service Agreements with Transporter	Up to the value of 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 a three (3) month period as determined by Shipper and Transporter.	Same as under Column A
Park and Loan Service	The lesser of the transaction term or three (3) months value based on transaction quantities multiplied by the rate for such transaction, plus the value of loaned gas in accordance with Section 6.18.5 (C).	Same as under Column A
Cashout Payments due Transporter	Shipper's three (3) highest Cashout payments due Transporter during the previous rolling twelve (12) months.	Same as under Column A
Imbalance Gas	In accordance with Section 6.18.5(C)	Same as 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.

(C) Loaned/Imbalance Gas Owed to Transporter.

For lending services under Rate Schedule PAL, Transporter shall have the right to seek a 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 Chicago City Gates price located under the "Monthly Bidweek Spot Gas Prices" as reported in "S&P Global Platts Inside FERC's Gas Market Report" (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.

For imbalance gas owed to Transporter pursuant to an Operational Balancing Agreement, Transporter shall have the right to seek a financial assurance to cover the value of imbalance gas owed to Transporter. The financial assurance shall be for an amount equal to the largest month end imbalance owed to Transporter over the previous rolling 12 months multiplied by the applicable Spot Price Index “buy” price (Excess Quantities) pursuant to Section 6.16. Where a historical imbalance record has not been established, any initial financial assurance amount shall be based on 5% of the maximum monthly design flow, as determined by Transporter, multiplied by the applicable Spot Price Index as described herein. The maximum monthly design flow calculation shall be used for the first three months of service in order to establish a month end imbalance historical record.

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

- (1) Collateral requirements for expansion capacity will be separately identified within Transporter’s nondiscriminatory project precedent agreement.
- (2) The amount of collateral (for example, Cash Security Deposit or Letter of Credit) initially required for lateral facilities will be determined by Transporter and may be up to the cost of the facilities to be constructed (“Maximum Allowable Collateral Requirement” or “MACR”). Where new lateral facilities serve multiple Shippers, an individual Shipper's maximum collateral obligation (“Shipper’s Maximum Collateral Obligation” or “SMCO”) will be for no more than its proportionate share of the MACR. Subsequent to lateral facilities being placed into service, the SMCO shall be reduced in proportion to contract term or as mutually agreed on a not unduly discriminatory basis. Shipper's actual collateral requirement (“Shipper’s Actual Collateral Obligation” or “SACO”), may be equal to or less than the SMCO. Unless otherwise provided for, when the SMCO equals the SACO held by Transporter, Transporter shall thereafter return Shipper's collateral on either a monthly basis or as mutually agreed with Shipper, on a not unduly discriminatory basis, consistent with the reduction in SMCO. Transporter is only permitted to recover the cost of lateral facilities once through either transportation rates or, in the event of Shipper default, by means of a financial assurance provided through this provision.

(E) 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-creditworthiness 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 Agreement(s) to continue service. Shipper must, within thirty (30) days, provide an acceptable financial assurance as set forth in Section 6.18.5(B). 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 6.18.5(D). 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 6.18.5(E), as applicable, Shipper may avoid such termination by providing the advance payment and financial assurance described herein.

6.18.6 Limitation of Service.

If a Shipper fails to comply with any material terms of the Agreement, including the applicable Rate Schedules and these General Terms and Conditions, Transporter may unilaterally and without liability, after five (5) Days notice to such Shipper, suspend any service provided hereunder to Shipper until such time as Shipper has cured such failure to comply.

6.18.7 Interpretation of Laws.

Any Agreement shall be interpreted, performed and enforced in accordance with the laws of the State of Texas.

#### 6.18.8 Regulations.

Any Agreement, and all terms and provisions herein, and the respective obligations of the parties thereunder are subject to valid laws, orders, rules and regulations of duly constituted authorities having jurisdiction. If any provision of any Agreement is declared null and void, or voidable, by a regulatory authority or court of competent jurisdiction, then that provision will be considered severable at either Party's option; and if the severability option is exercised, the remaining provisions of the Agreement shall remain in full force and effect.

6.18.9 No Third Party Beneficiary.

It is expressly agreed that there is no third party beneficiary of any Agreement, and that the provisions of any Agreement and these General Terms and Conditions do not impart enforceable rights in anyone who is not a party or successor or assignee of any party to an Agreement herein.

6.18.10 Counterparts.

Any Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument.

6.18.11 Headings.

The headings contained in any Agreement are for reference purposes only and shall not affect the meaning or interpretation of any Agreement.

#### 6.18.12 In-Field Storage Transfers.

Transporter or any Shipper receiving storage service from Transporter shall be entitled to transfer, in-field, any of its Working Storage Gas to another Shipper or to Transporter, provided, however, that Transporter may restrict such transfers when the transfer results in an increase in Transporter's service obligations and such increase would in Transporter's reasonable judgment impair Transporter's ability to meet all of its other service obligations of equal or higher priority. Furthermore, Transporter may restrict a Shipper's ability to transfer any of its Working Storage Gas to another Shipper or to Transporter during those periods when its Base MDWQ is equal to zero.

6.18.13 Waiver of Penalties.

Transporter may waive its right to collect all or any portion the following penalties assessed against Shipper on a not unduly discriminatory basis:

- (a) daily scheduling penalties assessed as a result of allocations of deliveries pursuant to Section 6.14.1(a)(3)(iii) or Section 6.14.1(c) of these General Terms and Conditions;
- (b) penalty rates for unauthorized overrun charges assessed pursuant to any of Transporter's firm service rate schedules; or
- (c) penalties assessed for failure to comply with the terms of an OFO issued by Transporter.

6.18.14 Responsibility For Unauthorized Overrun.

- (a) Shippers shall have a duty to refrain from taking delivery of quantities in excess of their MDQ. In the event a Shipper takes delivery of quantities in excess of its MDQ such Shipper may be held accountable either through a direct cause of action by other Shippers, or as an impleaded or third party defendant in a suit by other Shippers. In no event shall the payment of overrun charges be considered as giving Shipper the right to take overrun quantities, nor shall such payment be considered as a substitute for all other rights and remedies (including but not limited to consequential damages) available to any other Shipper.
- (b) Transporter shall use reasonable care in scheduling the Gas quantities available to Shipper up to its confirmed nomination, based on the best operating information available to Transporter. Transporter shall be responsible to Shipper for penalties, in the same manner as an overrun by a Shipper, for service deficiencies (i.e., the failure to allow Shipper to nominate Gas for receipt or delivery) caused by Transporter allocating to any other Shipper in a knowing, willful or grossly negligent manner the Gas which Transporter has confirmed as available to Shipper.

## 6.18.15 NAESB WGQ Standards

### Compliance with 18 CFR, Section 284.12

Transporter has adopted the Business Practices and Electronic Communications Standards, NAESB WGQ Version 4.0, and the standard revised by Minor Correction MC24002 marked with an asterisk [\*], 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>
1.3.1	GT&C, Definitions, 6.1(18)
1.3.2(i)	GT&C, Submission of Nominations, 6.6.1(a)(1)
1.3.2(ii)	GT&C, Submission of Nominations, 6.6.1(a)(2)
1.3.2(iii)	GT&C, Submission of Nominations, 6.6.1(a)(4)
1.3.2(iv)	GT&C, Submission of Nominations, 6.6.1(a)(5)
1.3.2(v)	GT&C, Submission of Nominations, 6.6.1(a)(6), except as provided for under Section 6.6.2(d) of these General Terms and Conditions
1.3.2(vi)	GT&C, Submission of Nominations, 6.6.1(a)
1.3.3	GT&C, Submission of Nominations, 6.6
1.3.4	GT&C, Nominations, 6.6
1.3.5	GT&C, Nominations, 6.6
1.3.7	GT&C, Submission of Nominations, 6.6.1(a)
1.3.8	GT&C, Submission of Nominations, 6.6.1(a)(4)-(7)
1.3.11	GT&C, Implementation of Intraday Nominations, 6.6.2(b)
1.3.14	GT&C, Nominations, 6.6
1.3.17	Rate Schedules, Rate Schedule PTS-1, 5.16(2); Rate Schedule PTS-2, Applicability and Character of Service, 5.17.2; and Rate Schedule PTS-3, Applicability and Character of Service, 5.18.2
1.3.18	Rate Schedules, Rate Schedule PTS-1, 5.16(2); Rate Schedule PTS-2, Applicability and Character of Service, 5.17.2; and Rate Schedule PTS-3, Applicability and Character of Service, 5.18.2
1.3.19	Rate Schedule ETS, Charges, 5.1.3(4); Rate Schedule STS, Charges, 5.2.3(3);

	Rate Schedule FTS-1, Charges, 5.3.3(4);
	Rate Schedule FTS-2, Charges, 5.4.3(4);
	Rate Schedule FTS-3, Charges, 5.5.3(4);
	Rate Schedule FSS, Charges, 5.12.3(4);
	Rate Schedules, Rate Schedule DDS, 5.13(5);
	Rate Schedules, Rate Schedule MBS, 5.14(3)(3);
	Rate Schedule NNS, Charges, 5.15.3(4); and
	Rate Schedule PTS-2, Charges, 5.17.3(3)
1.3.29	GT&C, Submission of Nominations, 6.6.1(f)
1.3.34	GT&C, Operational Flow Order(s), 6.8
1.3.51	GT&C, Implementation of Intraday Nominations, 6.6.2(d)
1.4.5	GT&C, Nominations, 6.6
1.4.6	GT&C, Nominations 6.6
2.3.7	GT&C, Prior Period Adjustments, 6.14.4(a)
2.3.9	GT&C, Definitions, 6.1(10) and (45)
2.3.14	GT&C, Measurement Corrections, 6.12.4
2.3.15	GT&C, Allocation of Deliveries, 6.14.1(a); and
	GT&C, Allocation of Receipts, 6.14.2
2.3.16	GT&C, Allocation of Deliveries, 6.14.1; and
	GT&C, Allocation of Receipts, 6.14.2
2.3.17	GT&C, Allocation of Deliveries, 6.14.1;
	GT&C, Allocation of Receipts, 6.14.2; and
	GT&C, Simultaneous Receipts and Deliveries, 6.14.3
2.3.18	GT&C, Allocation of Deliveries, 6.14.1; and
	GT&C, Allocation of Receipts, 6.14.2
2.3.21	GT&C, Information Availability, 6.14.9
2.3.26	GT&C, Prior Period Adjustments, 6.14.4(a)
2.3.28	GT&C, Billing and Payment, 6.17(1)
3.2.1	GT&C, Definitions, 6.1(8)
3.3.14	GT&C, Billing and Payment, 6.17(1)
3.3.15	GT&C, Billing and Payment, 6.17(3)
3.3.17	GT&C, Billing and Payment, 6.17(2)
3.3.19	GT&C, Billing and Payment, 6.17(2)
5.3.1	GT&C, Capacity Release Timeline, 6.21.1.6
5.3.2	GT&C, Capacity Release Timeline, 6.21.1.6
5.3.3	GT&C, Required Information for the Release of
	Capacity, 6.21.1.7(15)
5.3.4	GT&C, Awarding of Capacity Available for Release, 6.21.1.11
5.3.5	GT&C, Required Information for the Release of
	Capacity, 6.21.1.7(7)
5.3.7	GT&C, Recall Rights, 6.21.1.4(1)
5.3.8	GT&C, Recall Rights, 6.21.1.4(2)
5.3.10	GT&C, Pre-arranged Release not Subject to Bidding, 6.21.1.9
5.3.11	GT&C, Pre-arranged Release not Subject to Bidding, 6.21.1.9

5.3.12	GT&C, Required Information for the Release of Capacity, 6.21.1.7; GT&C, Bidding Period, 6.21.1.5; and GT&C, Posting of Purchase Offers, 6.21.3
5.3.13	GT&C, Open Bidding Process, 6.21.1.8
5.3.14	GT&C, Bidding Period, 6.21.1.5
5.3.15	GT&C, Open Bidding Process, 6.21.1.8
5.3.16	GT&C, Bidding Period, 6.21.1.5
5.3.19	GT&C, Released Capacity Availability, 6.21.1.2
5.3.24	GT&C, Bidding Period, 6.21.1.5
5.3.26	GT&C, Required Information for the Release of Capacity, 6.21.1.7(7); and GT&C, Open Bidding Process, 6.21.1.8
5.3.28	GT&C, Required Information for the Release of Capacity, 6.21.1.7(3)
5.3.29	GT&C, Required Information for the Release of Capacity, 6.21.1.7(3)
5.3.44	GT&C, Recall Rights, 6.21.1.4
5.3.45	GT&C, Recall Rights, 6.21.1.4
5.3.49	GT&C, Recall Rights, 6.21.1.4(1)
5.3.51	GT&C, Recall Rights, 6.21.1.4(1)
5.3.53	GT&C, Recall Rights, 6.21.1.4(1)
5.3.54	GT&C, Recall Rights, 6.21.1.4(1)
5.3.55	GT&C, Recall Rights, 6.21.1.4(1)
5.3.56	GT&C, Recall Rights, 6.21.1.4(1)
5.3.57	GT&C, Recall Rights, 6.21.1.4(1)
5.3.58	GT&C, Recall Rights, 6.21.1.4(1)

**Standards Incorporated by Reference:**

**Additional Standards:**

**General:**

Definition:  
0.2.5

Standards:  
0.3.1, 0.3.2, 0.3.16, 0.3.17

**Creditworthiness:**

Standards:  
0.3.3, 0.3.4, 0.3.5, 0.3.6, 0.3.7, 0.3.8, 0.3.9, 0.3.10

**Gas/Electric Operational Communications:**

Definitions:

0.2.1, 0.2.2, 0.2.3, 0.2.4

Standards:

0.3.11, 0.3.12, 0.3.13, 0.3.14, 0.3.15

**Operating Capacity and Unsubscribed:**

Standards:

0.3.18, 0.3.20, 0.3.21, 0.3.22

Datasets:

0.4.2, 0.4.3

**Location Data Download:**

Standards:

0.3.23, 0.3.24, 0.3.25, 0.3.26, 0.3.27, 0.3.28, 0.3.29

Dataset:

0.4.4

**Storage Information:**

Datasets:

0.4.1

**Nominations Related Standards:**

Definitions:

1.2.1, 1.2.2, 1.2.3, 1.2.4, 1.2.5, 1.2.6, 1.2.8, 1.2.9, 1.2.10, 1.2.11, 1.2.12, 1.2.13,  
1.2.14, 1.2.15, 1.2.16, 1.2.17, 1.2.18, 1.2.19

Standards:

1.3.6, 1.3.9, 1.3.13, 1.3.15, 1.3.16, 1.3.20, 1.3.21, 1.3.22, 1.3.23, 1.3.24, 1.3.25,  
1.3.26, 1.3.27, 1.3.28, 1.3.30, 1.3.31, 1.3.32, 1.3.33, 1.3.35, 1.3.36, 1.3.37, 1.3.38,  
1.3.39, 1.3.40, 1.3.41, 1.3.42, 1.3.43, 1.3.44, 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, 1.3.80, 1.3.81, 1.3.82

Datasets:

1.4.1, 1.4.2, 1.4.3, 1.4.4, 1.4.7

### **Flowing Gas Related Standards:**

Definitions:

2.2.1, 2.2.2, 2.2.3, 2.2.4, 2.2.5

Standards:

2.3.1, 2.3.2, 2.3.3, 2.3.4, 2.3.5, 2.3.6, 2.3.8, 2.3.10, 2.3.11, 2.3.12, 2.3.13, 2.3.19,  
2.3.20, 2.3.22, 2.3.23, 2.3.25, 2.3.27, 2.3.29, 2.3.30, 2.3.31, 2.3.32, 2.3.40, 2.3.41,  
2.3.42, 2.3.43, 2.3.44, 2.3.45, 2.3.46, 2.3.47, 2.3.48, 2.3.50, 2.3.51, 2.3.52, 2.3.53,  
2.3.54, 2.3.55, 2.3.56, 2.3.57, 2.3.58, 2.3.59, 2.3.60, 2.3.61, 2.3.62, 2.3.63, 2.3.64,  
2.3.65, 2.3.66

Datasets:

2.4.1, 2.4.2, 2.4.3, 2.4.4, 2.4.5, 2.4.6, 2.4.7, 2.4.8, 2.4.9, 2.4.10, 2.4.11, 2.4.17,  
2.4.18

### **Invoicing Related Standards:**

Definitions:

Standards:

3.3.3, 3.3.4, 3.3.5, 3.3.6, 3.3.7, 3.3.8, 3.3.9, 3.3.10, 3.3.11, 3.3.12, 3.3.13, 3.3.16,  
3.3.18, 3.3.21, 3.3.22, 3.3.23, 3.3.24, 3.3.25, 3.3.26, 3.3.27

Datasets:

3.4.1\*, 3.4.2, 3.4.3, 3.4.4

### **Quadrant Electronic Delivery Mechanism Related Standards:**

Definitions:

4.2.1, 4.2.2, 4.2.3, 4.2.4, 4.2.5, 4.2.6, 4.2.7, 4.2.8, 4.2.9, 4.2.10, 4.2.11, 4.2.12,  
4.2.13, 4.2.14, 4.2.15, 4.2.16, 4.2.17, 4.2.18

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, 4.3.66, 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, 4.3.85, 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, 4.3.104, 4.3.105, 4.3.106, 4.3.107, 4.3.108, 4.3.110

### **Capacity Release Related Standards:**

Definitions:

5.2.1, 5.2.2, 5.2.3, 5.2.4, 5.2.5

Standards:

5.3.9, 5.3.18, 5.3.20, 5.3.21, 5.3.22, 5.3.23, 5.3.25, 5.3.31, 5.3.32, 5.3.33, 5.3.34, 5.3.35, 5.3.36, 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, 5.3.52, 5.3.59, 5.3.60, 5.3.62, 5.3.62a, 5.3.63, 5.3.64, 5.3.65, 5.3.66, 5.3.67, 5.3.68, 5.3.69, 5.3.70, 5.3.71, 5.3.72, 5.3.73

Datasets:

5.4.14, 5.4.15, 5.4.16, 5.4.17, 5.4.20, 5.4.21, 5.4.22, 5.4.23, 5.4.24, 5.4.25, 5.4.26, 5.4.27

### **Cybersecurity Related Standards:**

Definitions:

12.2.1, 12.2.2, 12.2.3, 12.2.4, 12.2.5, 12.2.6, 12.2.7, 12.2.8, 12.2.9, 12.2.10, 12.2.11, 12.2.12, 12.2.13, 12.2.14, 12.2.15, 12.2.16, 12.2.17, 12.2.18, 12.2.19, 12.2.20, 12.2.21, 12.2.22, 12.2.23, 12.2.24, 12.2.25, 12.2.26, 12.2.27, 12.2.28, 12.2.29, 12.2.30, 12.2.31, 12.2.32, 12.2.33, 12.2.34, 12.2.35, 12.2.36, 12.2.37, 12.2.38, 12.2.39, 12.2.40, 12.2.41

Standards:

12.3.1, 12.3.2, 12.3.3, 12.3.4, 12.3.5, 12.3.6, 12.3.7, 12.3.8, 12.3.9, 12.3.10, 12.3.11, 12.3.12, 12.3.13, 12.3.14, 12.3.15, 12.3.16, 12.3.17, 12.3.18, 12.3.19, 12.3.20, 12.3.21, 12.3.22, 12.3.23, 12.3.24, 12.3.25, 12.3.26, 12.3.27, 12.3.28, 12.3.29, 12.3.30, 12.3.31

### **Standards for which Waiver or Extension of Time to Comply have been granted:**

<u>NAESB Standard</u>	<u>Waiver or Extension of Time</u>
1.3.2(v)	Limited Waiver, as provided for under Section 6.6.2(d) of these General Terms and Conditions
1.3.39	Waiver

6.18.16 Limited Liability.

Except as otherwise provided herein, in no event shall Shipper or Transporter be liable to the other for special, indirect, consequential (including loss of profits), incidental or punitive damages whether or not such damages arise out of breach of contract, negligence, tort, strict liability; provided, however, unless otherwise agreed to by Transporter and Shipper, the foregoing shall not limit Transporter's liability, if any, to Shipper, nor Shipper's liability, if any, to Transporter, arising out of gross negligence, willful misconduct, or bad faith actions. Nothing herein shall limit Transporter's liability, if any, to Shipper, nor Shipper's liability, if any, to Transporter, for direct damages.

## 6.19 PAPER POOLING

- (a) Paper pooling will be effectuated, pursuant to a Shipper's valid Agreement(s) under Rate Schedule(s) ETS, FTS-1, FTS-2, FTS-3, FTS-4, FTS-4L, ITS and ITS-3 in each Pooling Area.
- (b) Paper pooling shall not relieve any Shipper from its obligation to make valid nominations for Transportation Service in accordance with the provisions of Section 6.6 of these General Terms and Conditions.
- (c) After Transporter has allocated Gas for Shippers according to the provisions of Section 6.14 of these General Terms and Conditions, overdeliveries by a Shipper under any Agreement hereunder at one Receipt Point within a Pooling Area may be offset by underdeliveries by that Shipper at another Receipt Point within the same Pooling Area under any Agreement hereunder. Such netting shall be utilized by Transporter for determining the action(s) it may take pursuant to Section 6.5.1(a) and (b) of these General Terms and Conditions.

## 6.20 CAPACITY TRADING

This Section 6.20 sets forth the terms and conditions pursuant to which certain Shippers may trade part or all of their rights to have Gas transported by Transporter to and from Receipt Point(s) and Delivery Point(s) specified in its Agreement, to and with other Shippers. The rights to trade under this Section 6.20, shall be limited to trades among those Shippers that have effective Agreements for service under Rate Schedules FTS-1 or ETS of this Tariff.

- (a) All of the traded transportation entitlements of both parties must relate to transportation to Primary Delivery Point(s) located within the same pipeline segment of Transporter, that is, Mainline Area Facilities, Southeast Area Facilities, or Southwest Area Facilities, as the case may be. In addition, each Shipper involved in the trade shall be entitled to have Gas transported only to the Primary Delivery Point(s) specified in that Shipper's Agreement, but such Shipper shall have the right to Tender Gas to Transporter at the Receipt Point(s) specified in the other Shipper's Agreement, even if such Receipt Point(s) utilize different Mainline Segments. The level of firm service capacity entitlements traded shall be equal for each Shipper.
- (b) No trade hereunder shall be for a period of less than one (1) year, and the term of the trade shall be the same for each Shipper. Any trades shall be for a maximum period expiring on the shorter term of the two Agreements that are traded when the trade is for the entire length of such shorter term. If the period of any trade is less than the remaining term of any Agreement that is traded, the capacity entitlements traded shall revert to the original Shipper(s), and each of such Shipper(s) shall remain bound under the terms of its original Agreement at the conclusion of the trade.
- (c) Requests to trade service entitlements hereunder shall be submitted in writing to Transporter, including particulars of the transaction and transportation capacity to be traded in reasonable detail, by February 1 of each year, and shall become effective, if approved, on April 1 of such year. Transporter, as a condition of review and approval of any such request, may require that the parties to the proposed trade furnish such additional information to Transporter as Transporter may reasonably deem necessary. Transporter shall approve or disapprove each proposed trade by March 1 of the year in which the request is submitted. Further, Transporter shall approve requested trades unless it can demonstrate, on a reasonable, good faith basis, that one or more of the following conditions would occur if the trade were effectuated:
  - (1) The trade would violate any provision of Transporter's Tariff; or
  - (2) The trade would impair Transporter's ability to honor any commitments then in effect to any firm service customer; or

- (3) At an assumed one hundred percent (100%) load factor utilization for the next succeeding twelve (12) Months relative to the traded capacity entitlements, and the rates that parties to the trade have agreed shall be utilized, the reservation or commodity revenues payable to Transporter would be less than if the trade did not occur.
- (d) Transporter's approval of a trade hereunder shall be shown by execution of Agreement amendments providing for such trade, and the requests for trade hereunder shall be deemed to constitute the consent of the trading parties to such amendment.
- (e) Eligible Shippers shall be entitled to participate in one or more trades hereunder, subject to the terms and conditions set forth herein. Information concerning capacity trades will be posted on TC eConnects in accordance with Section 6.21.1.9 of these General Terms and Conditions as if the trades were pre-arranged releases at maximum rates.

## 6.21 CAPACITY RELEASE PROVISIONS

This section sets forth the terms and conditions that are applicable to the release of firm entitlements under various services that are provided pursuant to this Tariff.

6.21.1 Procedure.

Capacity released shall be subject to the terms and conditions of this Section 6.21.1.

6.21.1.1 Eligibility.

Any Shipper ("Releasing Shipper") under Rate Schedule FTS-1, FTS-2, FTS-3, FTS-4, FTS-4L, ETS, FSS, PTS-2 or NNS of this Tariff, except Shippers electing service under the small customer option of Rate Schedules FTS-1 or ETS, shall be entitled, subject to the terms and conditions of this Section 6.21.1, to release any or all of its firm Transportation entitlements held under an Agreement but only to the extent that the capacity so released is acquired by another Shipper ("Replacement Shipper") pursuant to the provisions of this Section 6.21.1. Any such release shall result in a temporary suspension of the Releasing Shipper's right to use the released firm entitlements. In the case of segmented capacity releases, all segmentation nominations shall be subject to the limitations set forth in Section 6.10.3 of these General Terms and Conditions. In addition, the following conditions shall apply:

- (1) During the Winter Period, to the extent a Shipper under Rate Schedules ETS, FTS-1, FTS-2, FTS-4, FTS-4L, FSS, or FTS-3 releases capacity, its NNE, if any, at Primary Delivery Point(s) will not be diminished; provided, however, that if the MDQ under such Rate Schedules is released below the Shipper's NNE at any Delivery Point, then the otherwise applicable NNE at such Delivery Point shall be reduced to the level of the remaining MDQ at such Delivery Point.
- (2) Any release under Rate Schedule FSS shall be subject to the limitation that, under any affected Agreement, the ratio of the Maximum Storage Quantity to the Base Maximum Daily Withdrawal Quantity, and the ratio of the Maximum Storage Quantity to the Base Maximum Daily Injection Quantity for Rate Schedule FSS Shippers with Flexible Entitlements and a Base MDWQ between 1/10 and 1/49 of its MSQ, shall remain constant for both the Releasing Shipper's and Replacement Shipper's Agreements. Nothing contained herein is intended to restrict a Shipper from releasing its Rate Schedule FSS capacity separate from any associated transportation entitlement.
- (3) Any release under Rate Schedule NNS shall be subject to all of the limitations of Rate Schedule NNS and shall only be releasable at the Primary Delivery Point(s) specified in the underlying Rate Schedule NNS Agreement.
- (4) Any release under Rate Schedule FTS-2 shall be subject to the same interruption(s) of service thereunder as set forth in such Rate Schedule FTS-2.

- (5) Any Replacement Shipper that acquires capacity pursuant to a segmented release shall acquire Secondary Receipt and Delivery Points unless the Releasing Shipper has agreed to release all or part of the capacity at the Primary Receipt and/or Delivery Points. With the prior consent of the Releasing Shipper, as expressed in the capacity release notice, a Replacement Shipper that acquires Primary Receipt and/or Delivery Points may request a change in such point(s) from Transporter pursuant to Section 6.2.4 of these General Terms and Conditions. In addition, a Replacement Shipper that acquires Secondary Receipt and/or Delivery Points shall have the right to request that Transporter elevate such point(s) to Primary Points subject to the conditions set forth below and in accordance with Sections 6.2.4 and 6.10.3, as applicable, of these General Terms and Conditions. In addition, the following provisions will apply.
- (i) For any contractual path traversing the Northern Segment, only Secondary Points included in the released segment within the Primary Route of the Releasing Shipper's Agreement shall be eligible for elevation by the Replacement Shipper as Primary Points.
  - (ii) No point may be elevated to a Primary Point if such point is not eligible for treatment as a Primary Point under these General Terms and Conditions and Shipper's Rate Schedule.
  - (iii) For any contractual path traversing the Northern Segment, a request to elevate a Secondary Point to a Primary Point may not change the contractual direction of flow of the original Releasing Shipper's Agreement.
  - (iv) A Replacement Shipper may not hold Primary Receipt or Delivery Point capacity in excess of the MDQ specified in the Replacement Shipper's Agreement. The sum of the MDQ at all Primary Receipt Points must be less than or equal to the MDQ specified in the Replacement Shipper's Agreement. Likewise, the sum of the MDQ at all Primary Delivery Points must be less than or equal to the MDQ specified in the Replacement Shipper's Agreement.

A Replacement Shipper shall be permitted to elevate a Secondary Point to a Primary Point, if sufficient path and point capacity is available. Once a Secondary Point is elevated to a Primary Point, the Replacement Shipper may change the Primary Point in accordance with the provisions of Section 6.2.4 of these General Terms and Conditions and subject to the conditions specified in this Section 6.21.1.1(5). Furthermore, at the end of the release, the Replacement Shipper's Primary Point(s) that were

elevated from Secondary Points during the release shall revert to  
Secondary Point(s).

6.21.1.2 Released Capacity Availability.

Released Capacity shall be made available on a basis that is not unduly discriminatory, and any Replacement Shipper shall be entitled to acquire Releasing Shipper's capacity subject to the terms and conditions under Section 6.21.1, provided the Replacement Shipper meets all provisions governing eligibility under this Tariff in a timely manner. A Replacement Shipper shall be entitled to release acquired capacity to another Replacement Shipper, subject to the requirement that the original Replacement Shipper satisfies all of the provisions of Section 6.21.1 as if such Replacement Shipper were a Releasing Shipper, and the new Replacement Shipper meets all provisions governing eligibility under this Tariff in a timely manner, provided, however, that a Replacement Shipper that acquired released capacity through a volumetric bid shall not be entitled to re-release that capacity.

6.21.1.3 Term.

Any release under this Section 6.21 shall be for a minimum period of one Day, and shall not exceed the expiration of the initial term of the Agreement that is released.

6.21.1.4 Recall Rights.

(1) Releasing Shippers may, to the extent permitted as a condition of the capacity release, recall released capacity by providing notice to the Transporter in accordance with the time line, stated in CCT, set forth below. The recall notification shall show the recall quantity expressed in terms of adjusted total released capacity entitlements based upon the Elapsed Prorata Capacity. Recalled capacity notices will indicate whether penalties will apply for the Gas Day for which quantities are reduced due to a capacity recall. Transporter will support the ability for the Releasing Shipper to specify, as a condition of a release, whether the Releasing Shipper's recall notification must be provided exclusively on a Business Day. When capacity is recalled, it may not be Reput for the same Gas Day. The deadline for notifying Transporter of a Reput is 8:00 a.m. to allow for the timely nominations to flow on the next Gas Day.

(i) Timely Recall Notifications:

- (a) A Releasing Shipper recalling capacity should 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;
- (b) The Transporter should 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;

(ii) Early Evening Recall Notifications:

- (a) A Releasing Shipper recalling capacity should 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;
- (b) The Transporter should 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;

(iii) Evening Recall Notifications:

- (a) A Releasing Shipper recalling capacity should 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;

- (b) The Transporter should 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;
- (iv) Intraday 1 Recall Notifications:
  - (a) A Releasing Shipper recalling capacity should 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;
  - (b) The Transporter should 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;
- (v) Intraday 2 Recall Notifications:
  - (a) A Releasing Shipper recalling capacity should provide notice of such recall to the Transporter and the first Replacement Shipper no later than 12:00 noon on the day that Intraday 2 Nominations are due;
  - (b) The Transporter should 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; and
- (vi) Intraday 3 Recall Notifications:
  - (a) A Releasing Shipper recalling capacity should 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;
  - (b) The Transporter should 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.

In the event of an intraday capacity recall, Transporter will determine the allocation of capacity between the Releasing Shipper and the Replacement Shipper(s) based upon the Elapsed Prorata Capacity. Variations to the use of Elapsed Prorata Capacity may be necessary to reflect the nature of Transporter's Tariff, services, and/or operational characteristics.

Transporter will not be obligated to deliver in excess of the total daily contract quantity of the release as a result of NAESB WGQ Standard No. 5.3.55.

The amount of capacity allocated to the Replacement Shipper(s) should equal the original released capacity less the recalled capacity that is adjusted based upon the Elapsed Prorata Capacity or other Transporter Tariff specific variations of the Elapsed Prorata Capacity in accordance with NAESB WGQ Standard No. 5.3.56.

For recall notification provided to the Transporter prior to the recall notification deadline specified above and received between 7:00 a.m. and 5:00 p.m., the Transporter should provide notification to all affected Replacement Shippers no later than one hour after receipt of such recall notification. For recall notification provided to the Transporter after 5:00 p.m. and prior to 7:00 a.m., the Transporter should provide notification to all affected Replacement Shippers no later than 8:00 a.m. after receipt of such recall notification.

The Releasing Shipper shall make such recall effective by communicating the recall via TC eConnects and submitting a nomination change to Transporter, pursuant to Section 6.6.1 of these General Terms and Conditions.

Upon notification of a recall, the MDQ of the Replacement Shipper(s) shall be reduced by the quantity of the recall, and its nominations adjusted as necessary. Transporter shall be entitled to rely upon such nomination change and not be held liable under any circumstances whatsoever in the event of any such recall. The terms and conditions of recall may include non-payment of reservation charges by the Replacement Shipper. Transporter shall notify the Releasing Shipper of Replacement Shipper's non-payment of reservation charges no later than five (5) business days after the date such payment was due pursuant to Section 6.17 paragraph 2 of these General Terms and Conditions.

- (2) Upon notification by Releasing Shipper to Transporter that such recall of transportation entitlements is no longer in effect, the Replacement Shipper shall, if provided for in the Agreement with the Releasing Shipper, be entitled to Reput the release effective upon communication to Transporter via TC eConnects a nomination change pursuant to Section 6.6.1 of these General Terms and Conditions.

- (3) If released transportation capacity is recalled by the Releasing Shipper, Transporter may, if requested by the Replacement Shipper, and subject to availability of capacity, continue service to the Replacement Shipper under Rate Schedule ITS.

#### 6.21.1.5 Bidding Period.

Releasing Shipper may specify the date and time that the Bidding Period starts and the date that the Bidding Period ends, provided, however, that the Bidding Period shall not commence any later than the time set forth in Section 6.21.1.6 below regarding the capacity release timeline.

Releasing Shipper's offer to release shall be posted for the Bidding Period; provided, however, that the Releasing Shipper shall have the right to withdraw such offer before the end of the Bidding Period where unanticipated circumstances so justify and a notice of withdrawal of the offer is posted on TC eConnects prior to the receipt of any valid bids for such capacity.

Transporter will post offers and bids, including prearranged deals, upon receipt. A Releasing Shipper may request a later posting time for posting of such offer, and Transporter will support such request insofar as it comports with the Capacity Release timeline in Section 6.21.1.6, below.

#### 6.21.1.6 Capacity Release Timeline.

The following capacity release timeline, stated in CCT, is applicable to all parties involved in the capacity release process; however, it is only applicable if all information provided by the parties to the transaction is valid and the Replacement Shipper has been determined to be creditworthy before the capacity release bid is tendered, for index-based capacity release transactions the Releasing Shipper has provided Transporter with sufficient instructions to evaluate the corresponding bid(s) according to the timeline, and there are no special terms or conditions of the release.

Further, Transporter may complete the capacity release process on a different timeline if the offer includes unfamiliar or unclear terms and conditions (e.g. designation of an index not supported by the Transporter).

- (i) 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.
  
- (ii) For biddable releases (more than 1 year):
  - (1) Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day.
  - (2) Open season shall include no less than three 9:00 a.m. to 10:00 a.m. time periods on consecutive Business Days.
  - (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.
- (iii) For non-biddable releases:
- The posting of prearranged deals that are not subject to bid are due no later than one hour prior to the nomination deadline for the applicable cycle, pursuant to NAESB WGQ Standard 1.3.2. The posting deadlines are:
    - Timely Cycle 12:00 noon
    - Evening Cycle 5:00 p.m.
    - Intraday 1 Cycle 9:00 a.m.
    - Intraday 2 Cycle 1:30 p.m.
    - Intraday 3 Cycle 6:00 p.m.
  - The contract is issued within one hour of the award posting (with a new contract number, when applicable).
  - Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

6.21.1.7 Required Information for the Release of Capacity.

The Releasing Shipper shall submit the following information, objectively stated and applicable to all potential shippers on a non-discriminatory basis, to Transporter via Electronic Communication:

- (1) The Releasing Shipper's legal name, contract number, and the name, title, address and phone and fax number of the individual who will authorize the release of capacity for the Releasing Shipper.
- (2) Whether the capacity is biddable;
- (3) The level of daily firm entitlements that the Releasing Shipper elects to release, expressed as a numeric quantity per Day for transportation, storage injection, storage withdrawal, and a per release quantity for storage capacity and total release period quantity.
- (4) The Primary Route(s) or segment within such Primary Route(s), and quantity to be released for such Primary Route.
- (5) The requested effective date and the term of the release.
- (6) The minimum acceptable period of release and minimum acceptable quantities (if any).
- (7) The Releasing Shipper's maximum reservation rate (including any demand type surcharges, direct bills, or similar mechanisms), any minimum rate requirement, whether bids are to be submitted on a reservation or volumetric basis, and whether the bids should be stated in dollars and cents or percent of the maximum tariff rate for a non-index-based release, or the index-based formula as detailed in the capacity release offer.

If the release is for a term of one (1) year or less and is to take effect on or before one (1) year from the date on which the Transporter is notified of the release, the Reservation Rate, Deliverability Rate, Capacity Rate, Volumetric Rate, percentage of the maximum tariff rate, or the rate resulting from the index-based formula as detailed in the capacity release offer for capacity released and assigned may exceed the Maximum Reservation Rate, Maximum Deliverability Rate, Maximum Capacity Rate, or Volumetric Rate for the service being released.

Payments or other consideration exchanged between the Releasing Shipper and Replacement Shipper in a release to an asset manager as described in Section 6.21.1.9 are not subject to the maximum rate.

- (8) The Releasing Shipper's request (if at all) for Transporter to market actively the capacity to be released.
- (9) The legal name of the Replacement Shipper that is designated in any pre-arranged release ("Pre-arranged Replacement Shipper").
- (10) Whether the capacity is to be released on a recallable basis, and, if so, the terms and conditions of such recall, and whether the Releasing Shipper is authorized to Reput the release if and when it notifies Transporter that the recall is no longer in effect; or whether the capacity is to be released on a permanent basis.
- (11) Whether the capacity to be released is contingent on the release of other capacity, or on certain terms and conditions, and if so, the capacity, terms and/or conditions upon which the release is contingent.
- (12) The terms and conditions under which Releasing Shipper will accept contingent bids, including bids that are contingent upon the Replacement Shipper acquiring transportation on a pipeline interconnected to transporter, the method for evaluating contingent bids, what level of proof is required by the contingent bidder to demonstrate that the contingency did not occur, and for what time period the next highest bidder will be obligated to acquire the capacity if the next winning contingent bidder declines the release.
- (13) Any other reasonable and not unduly discriminatory terms and conditions to accommodate the release, including provisions necessary to evaluate bids and tie breaking criteria, provided, however, that bid evaluations will be limited to highest rate, net revenue and present value. For index-based capacity release transactions, the Releasing Shipper should provide the necessary information and instructions to support the chosen methodology.

Other choices of bid evaluation methodology (including other Releasing Shipper 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 the Releasing Shipper elect another method of evaluation.

- (14) Any restriction on the use of higher rate Secondary Points that Transporter and Releasing Shipper have agreed to, or any requirement that the Replacement Shipper reimburse the Releasing Shipper for any incremental charges assessed by Transporter pursuant to Section 6.4 paragraphs 1(b)(2) and 2(b)(2) of these General Terms and Conditions for use of Secondary Points by the Replacement Shipper.
- (15) Any other additional information that Transporter deems necessary, from time to time, to effectuate releases hereunder.
- (16) Transporter shall not be liable for information provided to Transporter, including any such information that is posted on TC eConnects.
- (17) Any restriction on the changing of Primary Points that Replacement Shipper and Releasing Shipper have agreed to, or any requirement that the Replacement Shipper reimburse the Releasing Shipper for any incremental charges assessed by Transporter associated with a change in Primary Points pursuant to Section 6.2.4 of these General Terms and Conditions. Absent an indication to the contrary, the Replacement Shipper shall not have a right to change the Primary Point(s). In any event, when a Primary Point is changed as part of a temporary release, at the end of such release the Releasing Shipper shall be responsible for any on-going incremental charges associated with the Primary Point.
- (18) The priority to be afforded the nominations of Releasing Shipper and Replacement Shipper in the event of overlapping nominations of equal priority in excess of the firm entitlements of the released capacity. Absent an indication to the contrary, the Replacement Shipper shall be deemed responsible for any nominations scheduled in excess of the firm entitlements of the released capacity on the overlapping segment.
- (19) An indication of whether the Pre-arranged capacity release is to an asset manager as described in Section 6.21.1.9, and the asset manager's obligation as to volumetric level and effective time period(s) to deliver gas to, or purchase gas from the Releasing Shipper.
- (20) An indication of whether the Pre-arranged capacity release is to a marketer participating in a state-regulated retail access program as described in Section 6.21.1.9.

#### 6.21.1.8 Open Bidding Process.

Prospective Shippers wishing to acquire capacity available for release ("Bidding Shipper"), must: (1) have an executed Master Service Agreement in place pursuant to Section 6.21.1 of these General Terms and Conditions; and (2) place a bid on TC eConnects or in writing for the available capacity during the Posting Period. If such bid is not expressly labeled contingent, such bid shall be binding. The bid shall contain the following information:

- (1) The Bidding Shipper's legal name and the name, title, address and phone number of the individual who will authorize the acquisition of the available capacity.
- (2) The level of daily firm entitlements that the Bidding Shipper requests and the minimum quantity it will accept.
- (3) The requested effective date and the term of the acquisition.
- (4) The Bidding Shipper's bid, addressing all criteria required by the Releasing Shipper.

The Bidding Shipper shall be entitled to withdraw its bid via TC eConnects , prior to the end of the bidding period, if such withdrawal is not due to lower bids by other Shippers. Bidding Shipper cannot withdraw its bid after the Bidding Period ends. If Bidding Shipper withdraws its bid, it may not resubmit a lower bid. If Bidding Shipper submits a higher bid, lower bids previously submitted by Bidding Shipper will be automatically eliminated. A Bidding Shipper may submit multiple bids where the term or quantity involved in each bid is different. Transporter shall post all information provided by Bidding Shippers, except the information provided in Section 6.21.1.8(1), above.

The bids for the given capacity release offer should adhere to the method specified by the Releasing Shipper. No bid shall exceed the maximum applicable transportation rates, in addition to any and all applicable fees and surcharges, as specified in this Tariff, provided, however, that such limitation shall not apply to any bid for release of capacity with a term of one (1) year or less and is to take effect on or before one (1) year from the date on which the Transporter is notified of the release. The quantity or the requested term of the release of such bid shall not exceed the maximum quantity or term specified in the executed Agreement.

6.21.1.9 Pre-arranged Release not Subject to Bidding.

Releasing Shipper shall have the right to release capacity to a pre-arranged Replacement Shipper without posting an offer via Electronic Communication if: Replacement Shipper will confirm via TC eConnects the terms and conditions of the Pre-arranged Release, meets all other terms and conditions of the release, and the release is either:

- (1) A capacity release transaction for a term of more than one (1) year at maximum rates, or
- (2) A capacity release transaction equal to thirty-one (31) days or less, or
- (3) A Capacity release transaction to an asset manager that contains a condition that the Releasing Shipper may call upon the Replacement Shipper to deliver to, or purchase from, the Releasing Shipper a volume of gas up to 100 percent (100%) of the daily contract demand of the released transportation or storage capacity, provided that,
  - (a) if the capacity release is for a period of one (1) year or less, the asset manager's delivery or purchase obligation must apply on any day during a minimum period of the lesser of five (5) months (or 155 days) or the term of the release;
  - (b) if the capacity release is for a period of more than one (1) year, the asset manager's delivery or purchase obligation must apply on any day during a minimum period of five (5) months (or 155 days) of each twelve (12) month period of the release, and on five-twelfths of the days of any additional period of the release not equal to twelve (12) months;
  - (c) if the capacity release is a release of storage capacity, the asset manager's delivery or purchase obligation need only be up to 100 percent (100%) of the daily contract demand under the release for storage withdrawals or injections, or
- (4) A capacity release transaction to a marketer participating in a state-regulated retail access program that will be utilized by the Replacement Shipper to provide the gas supply requirement of retail consumers pursuant to a retail access program approved by the state agency with jurisdiction over the local distribution company that provides delivery service to such retail consumers.

If Releasing Shipper exercises such right, Releasing Shipper must notify Transporter prior to the nomination of the released entitlements, and the Replacement Shipper shall adhere to the contracting requirements pursuant to Section 6.21.2, below. Releasing Shipper will post the information on TC *eConnects* any time before the release transaction begins. The Replacement Shipper shall confirm the prearranged release and meet any eligibility requirements under this Section 6.21. Transporter will support the creation of pre-arranged releases on TC *eConnects*.

6.21.1.10 Matching Rights for Pre-arranged Releases Open for Bidding.

A Pre-arranged Replacement Shipper shall have the right of first refusal for a time period as negotiated by the Releasing Shipper and the Pre-arranged Replacement Shipper ("Matching Period"). The Matching Period will be one-half (1/2) hour following the time the Pre-Arranged Replacement Shipper has been notified of the winning bid. In the event a bid is received that more closely meets the criteria specified by the Releasing Shipper, Transporter shall provide the Pre-arranged Replacement Shipper an opportunity during the Matching Period to match or exceed the bid that more closely meets the criteria specified by the Releasing Shipper. No later than 11:00 a.m., the Pre-arranged Replacement Shipper shall receive notification on TC eConnects of the terms and conditions of the prevailing bid, and shall have the Matching Period to respond via TC eConnects. Absent a response, the capacity shall be awarded to the prevailing Bidding Shipper no later than 12:00 noon.

6.21.1.11 Awarding of Capacity Available for Release.

Capacity for Releases subject to bidding will be awarded consistent with the timeline set forth in Section 6.21.1.6 above. The capacity available for release shall be awarded to the Bidding Shipper with the highest bid matching all terms and conditions provided by the Releasing Shipper. In the case of multiple bid winners, the highest ranking bid will receive the entire maximum amount of capacity bid. The next highest bidder will receive the remainder of the offered capacity provided that the amount remaining is above the bidder's minimum acceptable quantity. Any remaining capacity will be given to the next highest bidder under the same provisions as above. This process will repeat until either all of the offered capacity is awarded or the remaining capacity falls below either the Releasing Shipper's minimum quantity or all the remaining bidder's acceptable quantities. If bids are received that do not match all the terms and conditions provided by the Releasing Shipper, bids will be evaluated by the criteria provided by the Releasing Shipper. If no criteria are provided by the Releasing Shipper, the Bidding Shipper bidding the greatest NPV shall be awarded the capacity. If more than one such bid has an equal NPV, then the capacity shall be awarded on a first come, first served basis. The ultimate awarding of capacity will be posted subsequently on Transporter's TC eConnects consistent with the timeline set forth in Section 6.21.1.6 above.

5.21.1.12 Remaining Capacity.

In the event that a Releasing Shipper does not release all of its firm entitlements, the Releasing Shipper shall remain responsible for the remaining entitlements and is entitled to utilize the remaining entitlements with the MDQ reduced accordingly by the released capacity quantities.

6.21.1.13 No Rollover.

The Releasing Shipper shall not re-release firm entitlements that were previously released pursuant to Section 6.21.1.9(2), above, to the same Pre-arranged Replacement Shipper on a pre-arranged basis, until twenty-eight (28) Days after the end of the first release period. The 28-day hiatus does not apply to any re-release to the same Replacement Shipper that is posted for bidding or that qualifies for any other exemptions from bidding under Section 6.21.1.9. Section 6.21.1.9(1), (3) and (4) transactions can be rolled-over for subsequent periods without bidding.

6.21.1.14 Agreement for Multiple Capacity Release Transactions.

In lieu of execution of individual Agreement(s), Transporter and Replacement Shipper may execute a Master Service Agreement For Capacity Release Transactions to cover multiple capacity release transactions.

## 6.21.2 Execution of Capacity Release Agreements.

- (a) **Contractual Obligations.** Transporter and Replacement Shipper must have a Master Service Agreement in effect pursuant to Section 6.21.1, above. With respect to a permanent release in which Replacement Shipper accepts all obligations of the Releasing Shipper under the Releasing Shipper's Agreement for the remaining term of such Agreement, Transporter may refuse to allow such permanent capacity release if it has a reasonable basis to conclude that it will not be financially indifferent to the release. If Shipper's request to permanently release capacity is denied by Transporter, Transporter shall notify Releasing Shipper in writing and shall include in the notification the reasons for such denial. Any Replacement Shipper shall be required to comply with the creditworthiness requirements of Section 6.18.5 of these General Terms and Conditions. All Replacement Shippers shall be required to accept by a release all transportation rights and obligations of the Releasing Shipper with respect to the capacity released, including nominations and Primary Routes. Unless otherwise agreed by Transporter, the Releasing Shipper shall remain fully liable to Transporter for all reservation charges, including reservation type surcharges and direct bills, that were due under the Releasing Shipper's Agreement, unless, subject to Transporter's financial indifference, Replacement Shipper has agreed to pay Transporter maximum rates, and to accept all obligations of the Releasing Shipper under the Releasing Shipper's Agreement for the remaining term of such Releasing Shipper's Agreement.
- (b) **Billing.** Pursuant to Sections 6.15, 6.17 and 6.21.2(c) of these General Terms and Conditions, Replacement Shipper shall be billed for its services the applicable rates and charges set forth in Section 6.4 paragraphs 1 and 2 of these General Terms and Conditions, and further provided that:
- (1) Transporter shall bill the Releasing Shipper the difference between (1) the Releasing Shipper's rates and charges under its Service Agreement and (2) any additional reservation charges applicable under Section 6.4 paragraphs 1 and 2 of these General Terms and Conditions in the event that the Releasing Shipper has agreed to be billed any such additional reservation charges as part of its capacity release offer otherwise those incremental charges will be billed to the Replacement Shipper. Transporter shall also bill the Releasing Shipper in the event of default in payment of the Replacement Shipper.
  - (2) If the Replacement Shipper elevates Secondary Point(s) to Primary Point(s) in accordance with the provisions of Section 6.2.4 of these General Terms and Conditions, then Transporter shall bill the Releasing Shipper the difference between (1) the Releasing Shipper's rates and charges under its Service Agreement and (2) any additional reservation charges applicable under Sections 6.2.4(b) and 6.4 paragraphs 1 and 2 of these General Terms and Conditions in the event that the Releasing Shipper has agreed to be billed any such additional reservation charges as part of its capacity release offer,

otherwise those incremental charges will be billed to the Replacement Shipper.

- (3) If the Replacement Shipper nominates to Secondary Point(s) outside of the Rate Segment where the Releasing Shipper's Primary Point is located, then the Replacement Shipper shall be billed the incremental Rate Segment differential to the Secondary Point, plus, if applicable, the amount of reimbursement required to the Releasing Shipper in accordance with Section 6.21.1.7(14) of these General Terms and Conditions.
- (c) Credits. Except as otherwise agreed to between Transporter and Releasing Shipper, Releasing Shipper shall receive a credit against its Monthly Reservation Charges equal to the amount of reservation charges contained within the Replacement Shipper's bid plus any amounts billed to Replacement Shipper pursuant to Section 6.4 paragraphs 1(b)(2) and 2(b)(2) of these General Terms and Conditions, as the case may be. Transporter and Shipper may, in connection with a Negotiated Rate Agreement under a firm rate schedule, 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 this Section 6.21.2, provided, however, that terms and conditions of service may not be negotiated.
- (d) Refunds. Releasing Shipper and any Replacement Shipper must track any changes in Transporter's rates approved by the Commission. In the event the Commission orders refunds of any such rates charged by Transporter and previously approved, Transporter and/or Releasing Shipper, as the case may be, must make corresponding refunds to such Releasing Shipper or any Replacement Shipper, to the extent that Releasing Shipper or Replacement Shipper(s) has paid a rate in excess of Transporter's just and reasonable, applicable maximum rates. Transporter shall assume no liability or responsibility whatsoever for the failure of the Releasing Shipper to comply with its obligations under this Section 6.21.2(d).

6.21.3 Posting of Purchase Offers.

Transporter shall allow a potential Replacement Shipper to post for at least thirty (30) Days its offers to acquire released firm entitlements. The offer must contain the following information:

- (a) The potential Replacement Shipper's legal name and the name, title, address and phone number of the individual who will authorize the acquisition of the available capacity.
- (b) The daily quantities of capacity which the Bidding Shipper requests.
- (c) The Receipt Points and/or Delivery Points where capacity is requested, as applicable.
- (d) The requested effective date and the term of the acquisition.

6.21.4 Marketing Fee.

Transporter shall be entitled, upon Releasing Shipper's request, to market the capacity available for release actively on Releasing Shipper's behalf. Transporter and Releasing Shipper will negotiate the terms and conditions upon which Transporter will market the Releasing Shipper's capacity.

#### 6.21.5 Transporter's Right to Terminate a Capacity Release.

Transporter may elect to terminate a Replacement Shipper's Agreement, upon written notice to Replacement Shipper, under the following conditions:

- (a) The Releasing Shipper has failed to maintain creditworthiness in accordance with Section 6.18.5, or Releasing Shipper has failed to pay its invoices in accordance with Section 6.17 such that Transporter has provided notice that it will terminate Releasing Shipper's Agreement pursuant to Section 6.18.5(E) and Section 6.17.2, as applicable; and
- (b) The rate stated in the effective Replacement Shipper's Agreement is less than the maximum Reservation Rate and Commodity Rate for the contracted for service; and
- (c) The Replacement Shipper has not, prior to the expiration of thirty (30) days, executed an amendment to such Replacement Shipper's Agreement, agreeing to pay, beginning the first day after the end of the thirty day notice period and for the remainder of the term of the Replacement Shipper's Agreement, the lesser of (1) the Releasing Shipper's contract rate (2) the maximum tariff rate for the service or (3) a mutually agreeable rate.
- (d) The Replacement Shipper has failed to comply with the MFO obligations under the Releasing Shipper's FTS-4 Agreement.

Should the Releasing Shipper cure its failure to maintain creditworthiness prior to termination, the Replacement Shipper's amendment to its contract will expire by its own terms without ever having gone into effect.

## 6.22 RIGHT OF FIRST REFUSAL

6.22.1 Purpose.

The Purpose of this section is to provide the necessary information pertaining to the right of long-term firm Shippers to continue firm Transportation Service at the expiration of their Agreements, or any volumetric portion thereof (both hereinafter referred to as "Capacity" for purposes of this Section 6.22), by exercising a right of first refusal.

## 6.22.2 Eligibility and Interim Sales.

### 1. Eligibility.

- a. Any Shipper with an Agreement under Rate Schedules ETS, STS, FTS-1, FTS-2, FTS-3, FTS-4, FTS-4L, PTS-2, FSS, or NNS, which is: (a) executed prior to March 26, 2000 with an initial term of one (1) year or more; or (b) after March 26, 2000, for a term of twelve (12) consecutive months or more and is at the maximum applicable tariff rate (including maximum rate Agreements of one year or more where service is not available for twelve consecutive months), may exercise a right to continue to receive service thereunder from Transporter at the expiration of its Agreement provided that Shipper gives notice to Transporter that it desires to continue its Agreement and will match (a) the longest term, and (b) the highest rate for such service, up to the maximum rate, that is offered by any other person desiring such capacity; provided, however, that Transporter shall not be obligated to provide service at less than the maximum applicable rate(s).
- b. If a Shipper's Agreement does not qualify for the right of first refusal under this Section 6.22, then Transporter in a not unduly discriminatory manner may agree otherwise with any such Shipper.
- c. The Shipper may exercise its right to retain a portion of its firm service entitlement subject to the right of first refusal; however, the Shipper may not exercise the right of first refusal for a geographic portion of its Agreement.

### 2. Capacity Sold on an Interim Basis.

The following Capacity shall not be eligible for a right of first refusal, unless otherwise noted:

- a. Capacity sold on an interim basis in accordance with Section 6.3 paragraph 3, Capacity Reserved for Expansion Projects, of these General Terms and Conditions, unless Transporter and Shipper agree to a conditional contractual right of first refusal that would take effect upon a determination that the proposed expansion project will not go forward;
- b. Capacity sold under Rate Schedule FTS-4L, unless Transporter and Shipper agree to a conditional contractual right of first refusal that would take effect upon the extension for a commensurate term of the applicable FTS-4 Agreement(s) needed to provide Transportation Service under the FTS-4L Agreement;

- c. Interim Service Agreements associated with capacity that is already under contract for a future period in accordance with Section 6.2.10(j) of these General Terms and Conditions.

6.22.3 Procedure.

- (a) Except as to expiring Capacity that is the subject of the provisions of paragraph (b) below, Transporter shall notify Shipper no earlier than eight (8) Months, nor later than seven (7) Months, prior to the expiration of the Capacity whether there exists any acceptable bona fide offers for Transporter's Capacity that could be satisfied by the relinquishment of Shipper's Capacity. If Transporter has received any such offers, Transporter shall inform Shipper of the rate and the term that has been offered for Shipper's Capacity and, if requested, shall provide to Shipper a copy of the acceptable, bona fide, offer (except that Transporter may redact the identity of the offering Shipper, unless the offering Shipper is an affiliate of Transporter, in which case the identity of the offering Shipper shall not be redacted). Shipper shall notify Transporter within thirty (30) days after notification whether it desires to match the offered rate, up to the applicable maximum rate, and term. If Shipper elects to match the bona fide offer, Transporter shall provide Shipper with an executable contract within ten (10) days after receipt of Shipper's election, and Shipper shall have twenty (20) days after receipt of the contract to execute and return the contract to Transporter.

If Transporter notifies Shipper that there are no acceptable, bona fide, offers for Shipper's capacity under this Section 6.22.3(a), Transporter and Shipper shall have sixty (60) days after notification to negotiate the terms and conditions of a new or amended Agreement; provided, however, that in no event shall Shipper have any automatic right to renew service at a discounted rate; provided further, however, Shipper may select the term of the Agreement after agreeing to pay maximum rates, and all applicable surcharges.

If Shipper does not execute a new or amended Agreement within either of these sixty (60) day periods, whichever is applicable, Shipper's rights to such Capacity shall terminate and Transporter shall at such time post the Capacity as becoming generally available at the expiration of its term.

- (b) For expiring Capacity (1) in Agreements that have a remaining term greater than thirteen (13) months (except where such Capacity expires less than thirteen (13) months from the beginning of the Agreement's term); (2) where the Capacity under one or more Agreements terminating the same day is equal to or greater than a Maximum Daily Quantity ("MDQ") of 100,000 Dth/d or a Maximum Storage Quantity ("MSQ") of 9 MMdth; and (3) where Transporter does not have sufficient available capacity to meet a then-pending request for Transportation Service, and Shipper's Capacity could be utilized to satisfy such request, Transporter shall notify Shipper no earlier than thirteen (13) Months, nor later than eleven (11) Months, prior to the expiration of the Capacity that Shipper must notify Transporter within thirty (30) days thereafter whether it wishes to (i) terminate the Capacity; (ii) extend the term of the Capacity; or (iii) exercise a right of first

refusal for the Capacity. The remaining portion of Shipper's subject Capacity that is not required to satisfy a then-pending request for Transportation Service will be subject to the provisions of paragraph (a) above.

If Shipper elects to terminate the Capacity, or if it elects to extend the term of the Capacity but does not execute a new or amended Agreement within sixty (60) days from said election, Shipper's right to such Capacity shall terminate and Transporter shall post the Capacity as becoming generally available at the expiration of its term.

If Shipper notifies Transporter that it wishes to exercise its right of first refusal, Transporter shall notify Shipper no earlier than ten (10) months, nor later than nine (9) months, prior to the expiration of the Capacity, whether there exists any acceptable bona fide offers for Transporter's Capacity which could be satisfied by the relinquishment of Shipper's Capacity, and if requested, shall provide to Shipper a copy of the acceptable, bona fide offer (except that Transporter may redact the identity of the offering Shipper, unless the offering Shipper is an affiliate of Transporter, in which case the identity of the offering Shipper shall not be redacted). If there is such an offer, Shipper shall have thirty (30) days to notify Transporter whether it desires to match the offered rate, up to the applicable maximum rate, and term. If Shipper elects to match the bona fide offer, Transporter shall provide Shipper with an executable contract within ten (10) days after receipt of Shipper's election, and Shipper shall have twenty (20) days after receipt of the contract to execute and return the contract to Transporter.

If Transporter notifies Shipper that there are no bona fide offers for Shipper's Capacity under Section 6.22.3(b) of these General Terms and Conditions, Transporter and Shipper shall have sixty (60) days to negotiate the terms and conditions of a new or amended Agreement; provided, however, that in no event shall Shipper have any automatic right to renew service at a discounted rate; provided further, however, Shipper may select the term of the Agreement after agreeing to pay maximum rates, and all applicable surcharges.

If Shipper does not execute a new or amended Agreement within either of these sixty (60) day periods, whichever is applicable, Shipper's rights to such Capacity shall terminate and Transporter shall at such time post the Capacity as becoming generally available at the expiration of its term.

- (c) For purposes of this Section 6.22.3, offers will be deemed bona fide if made in compliance with Section 6.2.1 of these General Terms and Conditions. Any party that has an outstanding request for firm service under Section 6.9 paragraph 1 of these General Terms and Conditions shall be notified and given the opportunity to specify the rate and term it is willing to offer for Shipper's capacity.

- (d) Notwithstanding Section 6.22.3(a) and (b) of these General Terms and Conditions, the notification deadlines applicable to transportation agreements that are utilized by Shipper to inject and withdraw gas to and from storage shall be the same as the associated storage agreement, provided that (1) the transportation and associated storage agreements are eligible for right of first refusal pursuant to Section 6.22.2 of these General Terms and Conditions, or include a right of first refusal provision; and (2) the date for Shipper's initial right of first refusal notice applicable to the storage agreement under Section 6.22.3(a) or (b) of these General Terms and Conditions precedes the expiration of the transportation agreements. For purposes of this section, transportation and storage agreements will be considered associated when the transportation agreement MDQs are equal to the storage agreement's Maximum Daily Injection and Withdrawal Quantities, respectively, after adjustment for fuel. Transporter and Shipper may mutually agree that the notification deadlines applicable to any two or more Agreements that are not associated shall be the same.

## 6.23 INTERNET WEBSITE

TC *eConnects* is available via Transporter's Internet website at [www.ebb.tceconnects.com](http://www.ebb.tceconnects.com). To access TC *eConnects* from this site, a User ID and Password must be obtained by completing the User ID Request form or emailing [USEBBSecurity@tcenergy.com](mailto:USEBBSecurity@tcenergy.com). At such time, Transporter will provide instructions and current menus. Further, since Transporter is continually developing enhancements to TC *eConnects*, Transporter will provide periodic updates for such instructions to its users.

6.24 FEDERAL ENERGY REGULATORY COMMISSION ANNUAL CHARGE  
ADJUSTMENT

1. Purpose. The purpose of this Section 6.24 is to establish an Annual Charge Adjustment ("ACA") as permitted by Section 154.402 of the Commission's Regulations to permit Transporter to recover from its Shippers all Total Annual Charge annual charges assessed it by the Commission under Part 382 of the Commission's Regulations.
2. Applicable Rate Schedules: The ACA as set forth in Section 4.16 of this Tariff, is applicable to the Transporter's Rate Schedules as follows:  
  
ETS, STS, FTS-1, FTS-2, FTS-3, FTS-4, FTS-4L, ITS and ITS-3; and, if not collected under another Rate Schedule, FSS, DDS, and MBS.  
  
X-Rate Schedules as set forth on Sheet Nos. 13 and 14 of Original Volume No. 2
3. Remittance to the Commission. Transporter shall remit to the Commission, not later than forty-five (45) Days after receipt of the Annual Charges Billing, the Total Annual Charge stated on such billing.
4. Basics of the Annual Charge Adjustment. The Rate Schedules specified in Section 6.24 paragraph 2, above, shall include an increment for an Annual Charge Adjustment for costs specified in Section 6.24 paragraph 1, above. Such adjustment shall be the billable charge factor from the Commission, adjusted to the Company's pressure base and heating value, if required, which is stated in the Commission's Annual Charges Billing. The Annual Charge Adjustment shall be reflected in Section 4.16 of this Tariff.

## 6.25 GAS RESEARCH INSTITUTE PASSTHROUGH PROVISION

1. Purpose: Transporter shall be a voluntary collection agent for Shippers who voluntarily choose to support Gas Research Institute ("GRI") as provided in Section 6.25 paragraph 3, below.
2. Remittance to GRI: Transporter shall remit to GRI, not later than fifteen (15) days after the receipt thereof, the amount of all voluntary GRI contributions received along with a listing by Shipper of such voluntary contributions as provided in Section 6.25 paragraph 3, below, including any identified project or project areas.
3. Voluntary GRI Contribution Mechanism: Pursuant to Section 1.7 of the January 21, 1998, GRI settlement in Docket No. RP97-149-003, et al., Transporter will act as a voluntary collection agent for Shippers who voluntarily choose to contribute to GRI programs. ANR's invoices will provide notification of a "check the box" voluntary GRI contribution form, which once completed and returned by Shipper to Transporter, will be billed by Transporter on a monthly basis until modified or canceled. The "check the box" form will allow a Shipper to specify the level of monthly contribution and the project or project areas to be funded.

6.26 RESERVED FOR FUTURE USE

6.26.1 RESERVED FOR FUTURE USE

6.26.2 RESERVED FOR FUTURE USE

6.26.3 RESERVED FOR FUTURE USE

6.26.4 RESERVED FOR FUTURE USE

## 6.27 NEGOTIATED RATES

1. **Availability.** Notwithstanding anything to the contrary contained in this Tariff, including the provisions of the rate schedules contained herein, Transporter and Shipper may mutually agree to a Negotiated Rate under any Agreement, provided that Shipper has not acquired its capacity under the capacity release provisions of Section 6.21 of these General Terms and Conditions. If a portion of the capacity under any existing Agreement is agreed to be priced at Negotiated Rates, the existing Agreement must first be bifurcated, and the existing maximum or discounted tariff rates will continue to apply to the capacity not subject to the Negotiated Rates. As a recourse to Negotiated Rates, any Shipper may receive service at the applicable maximum tariff rates, including surcharges, for service under the rate schedule applicable to the Negotiated Rate.
2. **Filing Requirement.** No later than the first business day on or after service under a Negotiated Rate Agreement commences, Transporter shall file with the Commission either the Negotiated Rate Agreement or 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, the exact formula underlying a Negotiated Rate for any Negotiated Rate Agreement. Such 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.
3. **Rate Treatment.** Transporter shall have the right to seek in future general rate proceedings discount-type adjustments in the design of its rates related to Negotiated Rate Agreements that were converted from pre-existing discount Agreements to Negotiated Rate Agreements, provided that the type of pre-existing service is not altered as a result of conversion to a Negotiated Rate. In those situations, Transporter may seek a discount-type adjustment based upon the greater of: (a) the Negotiated Rate revenues received or (b) the discounted tariff rate revenues which otherwise would have been received.
4. **Limitations.** This Section 6.27 does not authorize Transporter to negotiate terms and conditions of service.
5. **Capacity Release.** Negotiated Rates do not apply as the price cap for capacity release transactions. However, if the release is for a term of one (1) year or less and if the release is to take effect on or before one (1) year from the date on which the Transporter is notified of the release, the rate at which capacity subject to a Negotiated Rate may be released shall not be capped at the maximum applicable tariff rate. Further, capacity release bids must conform to Transporter's applicable tariff rates, as further described in Sections 6.21.1.7, 6.21.1.8 and 6.21.1.9 of these General Terms and Conditions.

6. Right of First Refusal. For purposes of exercising rights to continue service pursuant to Section 6.22 of these General Terms and Conditions, the highest rate that a Shipper must match if it desires to retain all or a portion of its capacity, is the applicable maximum tariff rate, including surcharges, for such service.
7. Accounting Treatment. Transporter shall maintain separate records for all revenues associated with Negotiated Rate transactions. Transactions related to Negotiated Rate Agreements which originated as a pre-existing discounted service and were subsequently converted will be recorded separately from those originating as Negotiated Rate Agreements. Transporter shall record each volume transported, billing determinant, rate component, surcharge, and the revenue associated with its Negotiated Rates so that this information can be filed, separately identified, and separately totaled, as part of and in the format of Statements G, I, and J in Transporter's next general rate change application.

## 6.28 NON-CONFORMING AGREEMENTS

1. Midland Cogeneration Venture Limited Partnership FTS-1 Agreements, dated August 30, 2001.  
  
Contract No. 106102
2. Wisconsin Gas LLC, ETS Agreement, dated September 27, 2004.  
  
Contract No. 108014
3. Callon Petroleum Operating Company, Habanero Lease Dedication Agreement, dated December 1, 2003.
4. PXP Offshore LLC, Letter Agreement Regarding Natural Gas Reserve Commitment, dated September 1, 2002.
5. Kerr-McGee Oil & Gas Corp., Red Hawk Lease Dedication Agreement, dated September 12, 2002.
6. ExxonMobil Gas Marketing Company, Lease Dedication Agreement, dated November 1, 2002.
7. BP Exploration & Production, Inc., Red Hawk Lease Dedication Agreement, dated November 1, 2002.
8. Conoco Phillips Company, Magnolia Lease Dedication Agreement, dated February 1, 2004.
9. Chevron U.S.A. Inc. & BHP Billiton Petroleum (Deepwater) Inc., Lease Dedication Agreement, dated November 14, 2001.
10. Antero Resources Corporation, FTS-1 Agreements, dated September 22, 2014.  
  
Contract Nos. 125082, 125083
11. CNX Gas Company LLC, FTS-1 Agreements, dated January 21, 2015.  
  
Contract Nos. 125723, 125724
12. Indeck-Corinth Limited Partnership and ABN-AMRO Bank, N.V., Acknowledgement and Consent, dated August 1, 2005.

13. Indeck-Corinth Limited Partnership and General Electric Capital Corporation, Acknowledgement and Consent, dated August 31, 2005.
14. Iowa Fertilizer Company LLC, FTS-1 Agreement, dated December 23, 2015.  
Contract No. 127009
15. EQT Energy, LLC, FTS-1 Agreements, dated February 23, 2015.  
Contract Nos. 125852, 125853, 125854
16. Tennessee Valley Authority, FTS-3 Agreement, dated July 23, 2008.  
Contract No. 114656
17. Vectren Energy Delivery of Ohio, Inc., ETS Agreements, dated May 20, 2015.  
Contract Nos. 126278, 126279
18. Tennessee Valley Authority, FTS-3 Agreement, dated September 2, 2015.  
Contract No. 126586
19. Wisconsin Public Service Corporation, ETS Agreement, dated November 8, 2017.  
Contract No. 126333
20. Northern Illinois Gas Company d/b/a Nicor Gas Company, ETS Agreement, dated November 9, 2017  
Contract No. 127117
21. Wisconsin Power and Light Company, FTS-3 Agreement, dated November 9, 2017  
Contract Nos. 126336 and 126340
22. Wisconsin Power and Light Company, ETS Agreement, dated September 24, 2020  
Contract No. 134806
23. Wisconsin Power and Light Company, ETS Agreement, dated November 8, 2017  
Contract No. 126334

24. Wisconsin Power and Light Company, FTS-3 Agreement, dated November 8, 2017  
Contract No. 126335
25. Venture Global Calcasieu Pass, LLC, FTS-1 Agreement, dated January 22, 2020  
Contract No. 133755
26. Venture Global Calcasieu Pass, LLC, FTS-1 Agreement, dated January 22, 2020  
Contract No. 133756
27. Dynegy Marketing and Trade, LLC, FTS-3 Agreement, dated September 27, 2022  
Contract No. 137273
28. Jackson Generation, LLC, FTS-3 Agreement, dated December 17, 2018  
Contract No. 132120
29. Tourmaline Oil Marketing Corp, FTS-1 Agreement, dated July 22, 2021  
Contract No. 136174
30. Tourmaline Oil Marketing Corp, FTS-1 Agreement, dated July 22, 2021  
Contract No. 134858
31. Madison Gas and Electric Company FSS Agreement, dated April 1, 2011  
Contract No. 117357
32. Wisconsin Gas LLC ETS Agreement, dated April 1, 2006  
Contract No. 108014
33. Centra Gas Manitoba, Inc. FTS-1 Agreement, dated November 1, 2013  
Contract No. 120592
34. Devon Gas Services, L.P. PTS-2 Agreement, dated March 1, 2024  
Contract No. 140141

35. Tourmaline Oil Marketing Corp. FTS-1 Agreement, dated November 26, 2024  
Contract No. 141537
36. Wisconsin Power and Light Company FTS-3 Agreement, dated May 25, 2022  
Contract No. 137657
37. Wisconsin Power and Light Company FTS-3 Agreement, dated May 25, 2022  
Contract No. 137658
38. Wisconsin Power and Light Company FTS-3 Agreement, dated May 25, 2022  
Contract No. 137665
39. North Shore Gas Company ETS Agreement, dated February 13, 2024  
Contract No. 140155
40. Wisconsin Public Service Corp. DBA WPSC-GEN FTS-3 Agreement, dated February 20, 2024  
Contract No. 140164
41. Wisconsin Public Service Corporation ETS Agreement, dated February 20, 2024  
Contract No. 140165
42. Wisconsin Electric Power Company FTS-3 Agreement, dated February 13, 2024  
Contract No. 140156

## 6.29 DISCOUNTED RATES

- (a) Transporter and Shipper may agree that a specified discounted rate will apply: (a) only to certain specified firm service entitlements under the Agreement; (b) only if specified quantity levels are actually achieved under the Agreement (with higher rates, charges, and fees applicable to all quantities above those levels, or to all quantities under the Agreement if the specified levels are not achieved); (c) only to production reserves committed by the Shipper; (d) only during specified time periods; (e) only to specified Receipt Points, Delivery Points, Mainline Area Segments, Supply Areas, transportation paths, or defined geographical areas; or (f) to an FTS-4 Agreement in consideration for the MFO obligations in such agreement; provided, however, that any such discounted rates set forth above shall be between the minimum and maximum rates applicable to the service provided under the Agreement.
- (b) Transporter and Shipper may also agree that a specified discounted rate is based on published index prices for specific Receipt and/or Delivery Points or other agreed upon pricing reference points. Such discounted rate may be based on the differential between published index prices or arrived at by formula. Any Agreement containing such discounted rate shall specify the rate component(s) to be discounted (i.e., reservation charge or usage charge or both) and any formula will provide a reservation rate per unit of contract demand. In no event shall Shipper pay to Transporter more than the maximum rates applicable to the service provided under the Agreement, or less than the minimum rates applicable to the service provided under the Agreement.
- (c) In addition, the discount agreement may include a provision that if one rate component which was at or below the applicable maximum rate at the time the discount agreement was executed subsequently exceeds the applicable maximum rate due to a change in Transporter's maximum rates so that such rate component must be adjusted downward to equal the new applicable maximum rate, then other rate components may be adjusted upward to achieve the agreed overall rate, as long as none of the resulting rate components exceeds the maximum rate applicable to that rate component. Such changes to rate components shall be applied prospectively, commencing with the date a Commission Order accepts revised tariff section rates. However, nothing contained herein shall be construed to alter a refund obligation under applicable law for any period during which rates that had been charged under a discount agreement exceeded rates, which ultimately are found to be just and reasonable.
- (d) 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.

- (1) 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
- (2) Making another comparable showing that the Negotiated Rate discount contributes more fixed costs to the system than could have been achieved without the discount.

Consistent with Section 6.27, paragraph 3, of Transporter's Tariff, 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.

### 6.30 OFF-SYSTEM CAPACITY

From time to time, Transporter may enter into transportation and/or storage agreements with other interstate and intrastate pipeline and storage providers ("off-system capacity"). In the event that Transporter acquires off-system capacity, Transporter will use such capacity for operational reasons or to render service for its Shippers. In the event that Transporter uses off-system capacity to render service for its Shippers, it will only render service to Shippers on the acquired capacity pursuant to Transporter's Tariff and subject to Transporter's approved rates, as such tariff and rates may change from time to time. For purposes of transactions entered into subject to this section, the "Shipper must have title" requirement is waived.

## 6.31 CREDITING OF PENALTY REVENUES

1. Definition. As used in this Section 6.31, the term "penalty revenues" shall mean any net revenues that Transporter actually receives for any of the following:
  - (a) daily scheduling penalties assessed as a result of allocations of deliveries pursuant to Section 6.14.1(a)(3)(iii) or Section 6.14.1(c) of these General Terms and Conditions;
  - (b) penalty rates for unauthorized overrun charges assessed pursuant to any of Transporter's firm service rate schedules;
  - (c) penalties assessed pursuant to Section 6.8.10 for failure to comply with the OFO pursuant to Section 6.8.8 of these General Terms and Conditions; or
  - (d) penalties assessed to FTS-4 Shippers for failure to comply with their MFO obligations under their Agreements.
2. Crediting of Penalty Revenues. Transporter shall record all penalty revenues received from time to time in a separate account, and credit such penalty revenues to its Firm Service Shippers on an annual basis in accordance with the following procedures:
  - (a) on July 1, 2001, and on each July 1, thereafter, Transporter shall determine the outstanding balance in its penalty revenues account for the previous annual period. Such annual period shall consist of the twelve (12) Month period ending three (3) Months prior to the determination date of July 1;
  - (b) if there is a positive balance in such account exceeding \$100,000, Transporter shall allocate such positive balance to its "Eligible Credit Shippers", who shall consist of those Firm Service Shippers who received service during any such previous annual period provided, however, that any such Shipper that paid any penalty revenues to Transporter during any Month of the applicable annual period shall not be an Eligible Credit Shipper to receive any of that Month's penalty revenues. Notwithstanding the above, any penalty revenues received by Transporter from an FTS-4 Shipper due to that Shipper's failure to comply with its MFO obligations, shall be credited directly to the affected FTS-4L Shipper(s);
  - (c) the allocation of the credits to the qualifying Eligible Credit Shippers shall be determined pro rata based on the firm service revenues paid to Transporter by such Firm Service Shippers during the applicable annual period, and each Shipper's cumulative annual credit, if any, shall be reflected as a credit to the billing statement(s) due to such Shipper on the ninth (9th) business Day of the

next Month. If no such billing statement is due to any such Eligible Credit Shipper, then the credit shall be paid to such Shipper by Transporter in cash; and

- (d) any positive balance less than \$100,000 shall be carried forward, with interest to the next July 1 determination.
- (e) Transporter will file a report within sixty (60) days of crediting penalty revenues to Eligible Credit Shippers showing the penalty revenues, the costs (if any) netted against the penalty revenues, and the resulting penalty revenue credits for each month of the annual period.

## 6.32 REDUCTION OPTIONS

Shipper (other than an FTS-4 Shipper) may elect (1) at the time it submits its initial request for Transportation Service pursuant to Section 6.2 of these General Terms and Conditions; or (2) upon mutual agreement during the term of the Service Agreement, one or more of the following options to reduce its Contract Quantities during the term of its Service Agreement(s) ("Reduction Option"). Shipper's eligibility for a Reduction Option and Shipper's ability to exercise such Reduction Option is subject to the terms and conditions specified below that are applicable to the elected Reduction Option. For purposes of this Section 6.32, the provisions of Section 6.22 of these General Terms and Conditions shall not attach to Contract Quantities that Shipper has reduced prior to the expiration of the term of the Service Agreement.

6.32.1 Loss of Load.

- (a) Eligibility. If (1) Shipper is a local distribution company or municipality; (2) no facilities were constructed or installed by Transporter to provide service under Shipper's Service Agreement, the costs of which have not been reimbursed; and (3) Shipper's Service Agreement has an initial term of three (3) years or more, Shipper may include in such Service Agreement an option to reduce its Contract Quantities upon experiencing a loss of load. Loss of load is defined as any of Shipper's customers with daily requirements on facilities owned or operated by Shipper exceeding 100 Dth/day either permanently ceasing gas-consuming operations or scaling down such operations to plant protection levels, or bypassing Shipper by directly connecting to Transporter. Nothing in this Section 6.32.1 shall limit Shipper's ability to reduce contract demand in the event of bypass pursuant to FERC's bypass policies in effect at the time the proposed bypass occurs.
- (b) Notice and Certification. In order to qualify for a reduction in its Contract Quantities under this Section 6.32.1, Shipper must give Transporter written notice no more than thirty (30) days after Shipper receives notice from its customer of a Loss of Load, which notice shall state the Contract Quantity reduction sought and the date that Shipper anticipates it will lose the load. At the time of such notice, Shipper must certify and provide supporting data that:
  - (i) The load was actually served by the Shipper with gas transported by Transporter as of the date that Shipper's Service Agreement with Transporter became effective.
  - (ii) The Contract Quantity reduction requested is equal to or less than the actual load lost.
- (c) Level of Reduction. Shipper may reduce its aggregate Contract Quantities under all its Service Agreements by an amount up to the firm daily contract quantity that was used to serve the lost load; provided, however, that (1) if the lost load is served by other natural gas pipelines in addition to Transporter, Shipper may only reduce its Contract Quantities on Transporter by an amount that is pro rata on the basis of the respective levels of firm Transportation Service used to serve the lost load that Shipper holds on Transporter and such other natural gas pipelines and (2) if more than one Service Agreement on Transporter serves such load, any reduction shall be applied first to the Contract Quantities under the Service Agreement with the shortest remaining contract term, unless otherwise agreed.
- (d) Storage and Related Transportation. If Shipper has storage and related transportation contract(s) that contain contract reduction options under this Section 6.32.1, Contract Quantities under the storage and related firm

transportation services shall be proportionally reduced so that storage service quantities, including storage capacity and deliverability quantities, and related transportation service quantities remain proportionately the same.

- (e) **Effective Date.** Reductions under this section shall take effect on the first calendar day of the month following the later of (i) ninety (90) days after the date of Shipper's notice; and (ii) the effective date of the lost load.

### 6.32.2 Plant Outage.

- (a) Eligibility. If (1) Shipper is an industrial customer of Transporter; (2) no facilities were constructed or installed by Transporter to provide service under Shipper's Service Agreement, the costs of which have not been reimbursed; and (3) Shipper's Service Agreement has an initial term of three (3) years or more, Shipper may include in such Service Agreement an option to reduce its Contract Quantities in the event that its plant will be closed, sold to a non-affiliated third party or the plant has experienced a permanent major production scale-down in the plant's output.
- (b) Notice and Certification. In order to qualify for a reduction in its Contract Quantities under this Section 6.32.2, Shipper must give Transporter written notice no more than thirty (30) days following a public announcement that its plant will be closed, sold or scaled-down, or if no public announcement has been made with respect to a scale-down, no more than thirty (30) days after a final decision has been made to scale-down a plant. The notice shall state the Contract Quantity reduction sought and the date that Shipper anticipates that the plant will be closed, sold or scaled down. At the time of such notice, Shipper must certify and provide supporting data that:
  - (i) The plant was actually served by the Shipper with gas transported by Transporter as of the date that Shipper's Service Agreement with Transporter became effective.
  - (ii) The plant closing, sale or permanent major production scale down has been publicly announced, or a final decision has been made that a permanent major production scale down will occur.
  - (iii) The delivery point at which Transporter made deliveries to the plant was listed as a Primary Delivery Point on Shipper's Service Agreement.
- (c) Level of Reduction. In the event of a permanent major production scale-down in the plant's output, Shipper may only reduce its Contract Quantities by a percentage equal to the percentage that the scale down represents to the total plant output. In the event of a plant closing or sale, Shipper may reduce its aggregate Contract Quantities under all its Service Agreements that serve the plant by an amount up to the daily contract quantity delivered to the plant. Provided, however, that (1) if Shipper's plant is served by other natural gas pipelines in addition to Transporter, Shipper may only reduce its Contract Quantities on Transporter by an amount that is pro rata on the basis of the respective levels of firm Transportation Service used to serve the plant that Shipper holds on Transporter and other such natural gas pipelines; and (2) if more than one Service Agreement on Transporter serves such plant, any such

reduction shall be applied first to the Contract Quantities under the Service Agreement with the shortest remaining contract term, unless otherwise agreed.

- (d) Storage and Related Transportation. If Shipper has storage and related transportation contract(s) that contain contract reduction options under this Section 6.32.2, Contract Quantities under the storage and related firm transportation services shall be proportionally reduced so that storage service quantities, including storage capacity and deliverability quantities, and related transportation service quantities remain proportionately the same.
- (e) Effective Date. Reductions under this section shall take effect on the first calendar day of the month immediately following the later of (i) ninety (90) days after the date of Shipper's notice that it desires to exercise this Reduction Option; and (ii) the effective date of the plant's permanent scale-down, closing or sale.

### 6.32.3 Regulatory Unbundling Order.

- (a) **Eligibility.** If (1) Shipper is a local distribution company under the direct regulation of a state regulatory or legislative body ("State Commission"); (2) no facilities were constructed or installed by Transporter to provide service under Shipper's Service Agreement, the costs of which have not been reimbursed; and (3) Shipper's Service Agreement has an initial term of three (3) years or more, Shipper may include in such Service Agreement an option to reduce its Contract Quantities in the event Shipper is required by a final order of the State Commission to unbundle its merchant and transportation functions, and such governmental body does not approve a mechanism which provides Shipper the opportunity to recover fully all costs incurred by Shipper under Shipper's Service Agreements.
- (b) **Notice and Certification.** In order to qualify for a reduction in its Contract Quantities under this Section 6.32.3, Shipper shall give Transporter ninety (90) days prior written notice of the anticipated effective date of such reduction. The notice shall state the Contract Quantity reduction sought, the date of an anticipated final order requiring unbundling, and the anticipated effective date of such unbundling order. At the time of such notice, Shipper must certify and provide supporting data that:
  - (i) The reduction requested is equal to the level of stranded capacity on Transporter resulting from (1) Shipper unbundling its distribution/transportation functions from its merchant functions and (2) a net decrease in Shipper's system sales requirements.
  - (ii) Shipper has used reasonable efforts to seek State Commission approval of a mechanism that allows Shipper the opportunity to recover the costs incurred by Shipper under Shipper's Service Agreements and that such efforts were unsuccessful prior to exercising its Reduction Option under this Section 6.32.3.
- (c) **Level of Reduction.** Shipper may reduce its aggregate Contract Quantities under all its Service Agreements by an amount that qualifies under the above-specifications; provided, however, that (1) if a Shipper customer(s) who, as a result of unbundling, is no longer a Shipper customer(s) and such Shipper customer(s) was also served by other natural gas pipelines in addition to Transporter, Shipper may only reduce its Contract Quantities on Transporter by an amount that is pro rata on the basis of the respective levels of firm Transportation Service used to serve such customer(s) that Shipper holds on Transporter and such other natural gas pipelines; and (2) unless otherwise agreed, if more than one Service Agreement on Transporter is used to serve the system sales requirements no longer served by Shipper as a result of unbundling, Shipper

shall reduce its Contract Quantities on Transporter pro rata based on the MDQ of each Service Agreement, subject to the requirements of paragraph (d) below.

- (d) Storage and Related Transportation. If Shipper has storage and related transportation contract(s) that contain contract reduction options under this Section 6.32.3, Contract Quantities under the storage and related firm transportation services shall be proportionally reduced so that storage service quantities, including storage capacity and deliverability quantities, and related transportation service quantities remain proportionately the same.
- (e) Effective Date. Such reduction shall take effect on the later of (i) the effective date of unbundling or the date of a final order requiring unbundling; and (ii) the first calendar day of the month following the 90th day after Shipper's notice of the anticipated effective date of the reduction.

6.32.4 Sole Supply Customer.

- (a) Eligibility. If (1) Shipper is a local distribution company or municipality; (2) at least 95 percent of Shipper's citygate transportation service requirements are served by Transporter at the time its Service Agreement is executed (a "Sole Supply Customer"); (3) no facilities were constructed or installed by Transporter to provide service under Shipper's Service Agreement, the costs of which have not been reimbursed; and (4) such Service Agreement has an initial term of five (5) years or more, Shipper may include in its Service Agreement an option to reduce its Contract Quantities.
- (b) Notice. In order to qualify for a reduction in its Contract Quantities under this Section 6.32.4, Shipper shall give Transporter a minimum of ninety (90) days prior written notice of the reduction in Contract Quantities sought, and the effective date of such reduction.
- (c) Level of Reduction. Shipper may reduce its aggregate Contract Quantities under all its Service Agreements on Transporter, provided that in any one year, Shipper may not reduce the Contract Quantities under any individual Service Agreement by more than fifteen percent (15%) and no more than fifty-seven percent (57%) over the term of the individual Service Agreement. If Shipper does not exercise its right to reduce an individual Service Agreement by 15% in any year, any rights not exercised in that year may be carried forward to any one or more subsequent years, up to the 57% cap.
- (d) Storage and Related Transportation. If Shipper has storage and related transportation contracts that contain reduction options under this Section 6.32.4, Contract Quantities under the storage and related firm transportation services shall be proportionally reduced so that storage service quantities, including storage capacity and deliverability quantities, and related transportation service quantities remain proportionately the same.
- (e) Effective Date. Reductions under this section shall take effect on the first calendar day of the month following the later of (i) ninety (90) days of Shipper's notice that it desires to exercise this Reduction Option; and (ii) the date the reduction is sought in the notice.

### 6.32.5 Other Reduction Options

Transporter may grant, on a not unduly-discriminatory basis, requests for reduction options that otherwise do not meet the requirements of this Section 6.32, provided that the request will be subjected to an open season process in accordance with Section 6.2.10(i) of these General Terms and Conditions.

6.33 RESERVED FOR FUTURE USE

## 6.34 TRANSPORTER'S USE AND TRANSPORTER'S EPC ADJUSTMENT

### (a) Filing of Transporter's Use (%) and EPC Charge.

Transporter shall file annually to revise the Transporter's Use (%) and the EPC Charge in accordance with Section 6.34 herein, effective on April 1 of each year. Such annual filing shall be made at least 30 days prior to the effective date of the change in Transporter's Use (%) and in the EPC Charge and shall include revised tariff sections and supporting documentation setting out the proposed change. Provided however, Transporter shall not be obligated to make a filing to recover the cost of electric power purchased by or for Transporter if such costs are for a period of less than 12 months.

### (b) Computation of Transporter's Use (%).

The Transporter's Use (%) shown in Section 4.18 shall be equal to the sum of the Current Transporter's Use (%) and the Annual Transporter's Use Adjustment (%).

### (c) Computation of Current Transporter's Use (%).

1. The Current Transporter's Use (%) for transportation services shall be equal to the sum of the Current Fuel Use (%) and the Current L&U (%). The Current Fuel Use (%) shall be calculated by Rate Segment by dividing (1) compressor fuel use in each Rate Segment for the previous calendar year (as adjusted for any known and measurable changes for the 12 month period beginning on the effective date of the filing), by (2) the sum of (1) above and the transactional throughput in each Rate Segment for the previous calendar year (as adjusted for any known and measurable changes for the 12 month period beginning on the effective date of the filing). The Current L&U (%) shall be computed by dividing (1) L&U for the previous calendar year (as adjusted for any known and measurable changes for the 12 month period beginning on the effective date of the filing), by (2) the sum of (1) above and the total transactional throughput for the previous calendar year (as adjusted for any known and measurable changes for the 12 month period beginning on the effective date of the filing).
2. The Current Transporter's Use (%) for storage services shall be calculated by dividing (1) fuel use attributable to storage operations for the previous calendar year (as adjusted for any known and measurable changes for the 12 month period beginning on the effective date of the filing), by (2) the sum of (1) above and the transactional throughput for the previous calendar year (as adjusted for any known and measurable changes for the 12 month period beginning on the effective date of the filing).

(d) Computation of Annual Transporter's Use Adjustment (%).

1. Transporter shall maintain a Deferred Transporter's Use Account with appropriate subaccounts for transportation and storage services to separately track over/under collections of fuel related to those services. Such account(s) may have a negative or positive balance to reflect any past over or under collections of fuel.
2. The applicable subaccounts shall be increased or decreased for a positive or negative change in Transporter's Use for each billing Month, which shall be equal to the difference between (1) the applicable Transporter's Use for such billing Month and (2) the applicable quantities of Gas expended by Transporter for compressor fuel and L&U Gas during such billing Month.
3. The Annual Transporter's Use Adjustment (%) for transportation services shall be computed by Rate Segment by dividing (1) the positive or negative balance in the applicable Deferred Transporter's Use subaccount as of December 31 of the previous calendar year and allocated to each Rate Segment based on the over/under recoveries that occurred in each Rate Segment during the previous calendar year, by (2) the sum of (1) above and the transactional throughput in each Rate Segment for the previous calendar year (as adjusted for any known and measurable changes for the 12 month period beginning on the effective date of the filing).
4. The Annual Transporter's Use Adjustment (%) for storage services shall be computed by dividing (1) the positive or negative balance in the applicable Deferred Transporter's Use subaccount as of December 31 of the previous calendar year by (2) the sum of (1) above and the transactional throughput for the previous calendar year (as adjusted for any known and measurable changes for the 12 month period beginning on the effective date of the filing).

(e) Computation of EPC Charge.

The EPC Charges shown in Section 4.19 for both transmission and storage Transportation Services shall be equal to the sum of the applicable Current EPC Charge and the associated Annual EPC Charge Adjustment.

(f) Computation of Current EPC Charge.

1. The Current EPC Charge for transportation services shall be calculated by Rate Segment by dividing (1) the cost, in each Rate Segment, of electric power purchased by or for Transporter for use in the operation of electric powered compressor units for the previous calendar year (as adjusted for any known and measurable changes for the 12 month period beginning on the effective date of

the filing), by (2) the transactional throughput in each Rate Segment for the previous calendar year (as adjusted for any known and measurable changes for the 12 month period beginning on the effective date of the filing).

2. The Current EPC Charge for storage services shall be calculated by dividing (1) the cost of electric power purchased by or for Transporter for use in the operation of electric powered compressor units attributed to storage operations for the previous calendar year (as adjusted for any known and measurable changes for the 12 month period beginning on the effective date of the filing), by (2) the transactional throughput for the previous calendar year (as adjusted for any known and measurable changes for the 12 month period beginning on the effective date of the filing).

(g) Computation of Annual EPC Charge Adjustment.

1. Transporter shall maintain a Deferred Transporter's EPC Account with appropriate subaccounts for transportation and storage services to separately track over/under collections of electric power costs related to those services. Such account(s) may have a negative or positive balance to reflect any past over or under collections of electric power costs.
2. The applicable subaccounts shall be increased or decreased for a positive or negative change in Transporter's EPC for each billing Month, which shall be equal to the difference between (1) the applicable Transporter's EPC for such billing Month and (2) the applicable cost of electric power purchased by or for Transporter during such billing Month.
3. Each Month, Transporter shall credit or debit the account(s), as appropriate, with carrying charges. Carrying charges shall be calculated in a manner consistent with the procedures set forth in Section 154.501 of the Commission's Regulations.
4. The Annual EPC Charge Adjustment for transportation services shall be computed by Rate Segment by dividing (1) the positive or negative balance in the applicable Deferred Transporter's EPC subaccount as of December 31 of the previous calendar year and allocated to each Rate Segment based on the over/under recoveries that occurred in each Rate Segment during the previous calendar year, by (2) the transactional throughput in each Rate Segment for the previous calendar year (as adjusted for any known and measurable changes for the 12 month period beginning on the effective date of the filing).
5. The Annual EPC Charge Adjustment for storage services shall be computed by dividing (1) the positive or negative balance in the applicable Deferred Transporter's EPC subaccount as of December 31 of the previous calendar year

by (2) the transactional throughput for the previous calendar year (as adjusted for any known and measurable changes for the 12 month period beginning on the effective date of the filing).

## 6.35 OPERATIONAL PURCHASES AND SALES OF GAS

1. Transporter may purchase and/or sell gas to the extent necessary to: (i) balance fuel and L&U quantities pursuant to Section 6.34 of these General Terms and Conditions; (ii) maintain system pressure and line pack; (iii) manage imbalance quantities pursuant to Section 6.15 of these General Terms and Conditions; (iv) perform other operational functions of Transporter in connection with transportation, storage and other similar services; and (v) otherwise protect the operational integrity of its system. Any such purchases and/or sales shall be made on an unbundled basis and at Receipt Point(s). Operational purchases or sales shall have a lower transportation priority than firm service.
2. Transporter will post its operational purchases and/or sales on its electronic bulletin board or alternatively will utilize a third party electronic bulletin board(s). Transporter's posting on its electronic bulletin board shall include at a minimum: (1) the level of daily quantities and whether such purchase and/or sale quantities shall be made on a firm or interruptible basis; (2) the requested effective date and term of the purchase and/or sale; (3) the points of receipt and/or delivery of gas; and (4) any additional information as may be required by Transporter. Transporter shall ask prospective bidders to place a bid on its electronic bulletin board or in writing (via US Mail, Fax or E-Mail), with such bid(s) containing the following information: (1) bidders legal name and the name, title, address and phone number of individual authorized to purchase or sell gas; (2) bidders price; (3) completed bid form addressing all criteria requested by Transporter in its posting; and (4) any conditions on the prospective bidder's offer to purchase and/or sell gas. Transporter shall evaluate bids and shall award such purchase and/or sale of gas to the prospective bidder having a bid containing the lowest bid (if a purchase) or the highest bid (if a sale) and otherwise matching all terms and conditions requested by Transporter in its posting. Transporter reserves its right, in its sole discretion: (1) to withdraw its postings; (2) reject all bids due to operational changes; and (3) reject any bids which are not complete, which contain modifications to the terms of the posting or which contain terms that are operationally unacceptable.
3. Transporter will file an annual report on or before May 1 of each year reflecting the operational purchases and sales for the 12-month period ending the preceding December 31. The report will state the source of the gas purchased/sold, the date of the purchases/sales, volumes, the purchase/sales price, the cost and revenues for such purchase/sales and the disposition of the associated costs and revenues for all operational purchases and sales except those associated with Section 6.15 (Cashout) of these General Terms and Conditions.

## 6.36 RESERVATION CHARGE CREDITS

ANR will provide reservation charge credits to a Shipper under Rate Schedules ETS, FTS-1, FTS-2, FTS-4, FTS-4L, FTS-3, FSS, and NNS when it is unable to schedule or deliver on such Day the quantity of Gas that Shipper has nominated in accordance with Section 6.6 of the General Terms and Conditions up to the Shipper's applicable Firm Daily Volume, taking into account capacity release activity, under the applicable service agreement on a firm daily basis, subject to the following conditions:

### 6.36.1 Reservation charge Credits shall not be applicable:

- (a) When:
  - i. ANR'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 6.8 of the General Terms and Conditions will not relieve ANR 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 6.13 of the General Terms and Conditions; or
- (b) To quantities in excess of Shipper's applicable Firm Daily Volume under each of its firm service agreements; or
- (c) To quantities that ANR 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; or
- (e) When at Shipper's elections, 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 ANR's obligations under this Tariff with respect to delivery of Shipper's gas.

6.36.2 Calculation and Volume Determination: Subject to the provisions of Section 6.36.1, reservation charge credits will be determined as follows: Reservation charge credits under ANR's nominated firm transportation and/or no-notice services, and/or storage services when storage assets are directly affected, will apply when ANR is unable to schedule or deliver on such Day the quantity of Gas nominated by a Shipper in accordance with Section 6.6 of the General Terms and Conditions from its Primary Receipt Point to its Primary Delivery Point due to a force majeure event, as defined in Section 6.7 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 6.36.2(b)(ii) below). To the extent ANR 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 Section 6.14 of the General Terms and Conditions, reservation charge credits will be calculated subject to the following conditions.

(a) Force Majeure Event

- i. If, due to an event of Force Majeure as defined in Section 6.7 of the General Terms and Conditions of this FERC Gas Tariff, ANR is unable to schedule or deliver the quantity of Gas that Shipper has nominated in accordance with Section 6.6 of the General Terms and Conditions up to the Shipper's Force Majeure Average Usage Quantity (as defined below) for a period greater than ten (10) consecutive days, then for each day beyond ten (10) days that ANR so fails to provide service, ANR will pay a reservation charge credit to such Shipper equal to the product of the daily Force Majeure Average Usage Quantity determined in Section 6.36.2(a)(ii), less any applicable quantity that Shipper nominated and ANR was able to schedule and delivery on that Gas Day, multiplied by the contract reservation rates, stated on a daily basis. For quantities released to Replacement Shippers, as defined in Section 6.21.1.1 of the General Terms and Conditions, reservation charge credits will be the product of the daily Force Majeure Average Usage Quantity determined in Section 6.36.2(a)(ii), less any applicable quantity scheduled and delivered by ANR, multiplied by the lower of: (1) the rate under the Replacement Shipper's service agreement, or (2) the Releasing Shipper'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 6.36.2(a)(i) shall not be credited to the extent that the Shipper utilizes secondary service.

- ii. Provided ANR 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 the Shipper's applicable Firm Daily Volume, 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 ANR did not experience a force majeure event or non-force majeure event prior to the first Gas Day of the force majeure event.
- iii. If ANR 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 ANR 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 Firm Daily Volume, 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 ANR posted notice of the force majeure event; and (2) provided that ANR 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 Firm Daily Volume, 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 ANR 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.

- iv. If and to the extent that ANR has given advanced notice that no Firm Daily Volume for services from the Shipper's Primary Receipt Point(s) to the Shippers Primary Delivery Point(s), as reflected in Shipper's Service Agreement, will be available then Shipper shall not be required to provide nominations to ANR on any Primary Receipt Point to Primary Delivery Point quantities to be eligible for reservation charge credits, but shall continue to be permitted to nominate for capacity on a secondary basis.

(b) Non-Force Majeure Event

- i. Except as provided for in paragraph 6.36.2(a) above, in the event ANR fails to schedule or deliver the quantity of Gas that Shipper has nominated in accordance with Section 6.6 of the General Terms and Conditions 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 6.36.2(b)(ii) below) pursuant to Section 14 of the General Terms and Conditions, ANR 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 6.36.2(b)(ii), less any applicable quantity that Shipper nominated and ANR 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 6.21.1.1 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 6.36.2(b)(ii), less any applicable quantity scheduled and delivered by ANR, multiplied by the lower of: (1) the rate under the Replacement Shipper's service agreement, or (2) the Releasing Shipper'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 6.36.2(b)(i)

shall not be credited to the extent that the Shipper utilizes secondary service.

- ii. Provided ANR 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 Firm Daily Volume, 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 ANR 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 ANR's EBB.
- iii. If ANR 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 ANR 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 Firm Daily Volume, 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 ANR posted notice of the non-force majeure event; and (2) provided that ANR 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 Firm Daily Volume, 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 ANR 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.

- iv. If and to the extent that ANR has given advanced notice that no Firm Daily Volume 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 will be available then Shipper shall not be required to provide nominations to ANR on any Primary Receipt Point to Primary Delivery Point quantities to be eligible for reservation charge credits, but shall continue to be permitted to nominate for capacity on a secondary basis.
- 6.36.3 For purposes of determining the Force Majeure Average Usage Quantity in Section 6.36.2(a)(ii), and the Non-Force Majeure Average Usage Quantity in Section 6.36.2(b)(ii), herein, a Shipper's allocated volume(s) associated with ANR's no-notice service (Rate Schedule NNS) 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 ANR did not experience either a force majeure event or non-force majeure event, as applicable, provided ANR posts notice of such event prior to the Timely Nomination Cycle deadline for the first Gas Day of the event; however, if ANR 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 ANR 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).
- 6.36.4 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.
- 6.36.5 Reservation charge credits applicable to service agreements that are not in effect due to termination will be paid by ANR 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 ANR.
- 6.36.6 Shippers shall have the right to dispute the availability and calculation of any reservation charge credit in accordance with Section 6.2.6 of the General Terms and Conditions.

6.37 RESERVED FOR FUTURE USE

6.38 RESERVED FOR FUTURE USE