

GENERAL TERMS AND CONDITIONS

## 6.1 DEFINITIONS

The following terms, when used in this Tariff or in an Agreement, shall have the following respective meanings:

1. The term "Account Holder" shall mean a party using the services of a Title Transfer Tracking Service Provider under a contract or other arrangement with that Title Transfer Tracking Service Provider. [NAESB WGQ Standard 1.2.18]
2. The term "Agreement" shall mean an executed agreement for service under this Tariff or any agreement to which these General Terms and Conditions shall apply.
3. The term "Backhaul" shall mean any transportation service on Company's pipeline system where the Delivery Point is located upstream of the Receipt Point. Backhaul transportation service will be available only to the extent that Forwardhaul volumes are received into Company's pipeline system on the same day upstream of or at the designated Delivery Point and are required to be delivered out of Company's pipeline system downstream of or at the designated Receipt Point for the Backhaul such that the service can be provided.
4. The term "Best Bid" shall mean the Bid(s) which is determined to be the best using the applicable evaluation methodology.
5. The term "Bid" shall mean the terms pursuant to which a Bidder is willing to acquire services under any of Company's Rate Schedules or these General Terms and Conditions.
6. The term "Bid Closing Date" shall mean the date established by Company for each Offer by which a Bid must be received to be a valid Bid and included in the evaluation of the Bid(s).
7. The term "Billing Commencement Date" shall mean the date of the Gas Day when a Shipper's payment obligation commences as set forth in a Shipper's Service Agreement.
8. 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 from fifty-eight and one-half (58.5) degrees Fahrenheit to fifty-nine and one-half (59.5) degrees Fahrenheit. (Btu is measured on a dry basis at 14.73 psia.)
9. The term "Business Day" shall mean Monday through Friday, excluding federal banking holidays for transactions in the United States. [NAESB WGQ Standard 3.2.1]

10. The term "Calendar Day" shall mean any day, excluding federal banking holidays for transactions in the United States.
11. The term "Calendar Month" shall mean one of the twelve named divisions of a calendar year according to the Gregorian calendar which shall commence on the first Calendar Day of such Calendar Month and end on the last Calendar Day of such Calendar Month.
12. The term "CCT" shall mean Central Clock Time.
13. The term "Company" shall mean Bison Pipeline LLC, a "Transportation Service Provider" pursuant to NAESB WGQ Standards.
14. The term "Confirmation Requester" shall mean a Service Provider (including a Point Operator) which is seeking to confirm a quantity of gas via the information outlined in NAESB WGQ Standard 1.4.3 with another Service Provider (the Confirming Party) with respect to a nomination at a location. [NAESB WGQ Standard 1.2.8]
15. The term "Confirming Party" shall mean a Service Provider (including a Point Operator) which provides a confirmation for a quantity of gas via the information outlined in NAESB WGQ Standard 1.4.4 to another Service Provider (the Confirmation Requester) with respect to a nomination at a location. [NAESB WGQ Standard 1.2.9]
16. The term "Confirming Parties" shall mean the Confirmation Requester and the Confirming Party. [NAESB WGQ Standard 1.2.10]
17. The term "Customer Activities" shall mean the business function categories related to Nominations, Flowing Gas, Invoicing, Capacity Release, Contracts and other business functions on Company's secured website. [NAESB WGQ Standard 4.2.10]
18. The term "Delivery Point" shall mean the location where Company delivers gas to or for the account of Shipper pursuant to the terms of the applicable Rate Schedule and Agreement.
19. The term "Designated Replacement Shipper" shall mean the Person who has been designated by the Releasing Shipper as the Replacement Shipper for firm capacity being released.
20. The term "Elapsed Prorata Capacity" or "EPC" shall mean that portion of the capacity that would have theoretically been available for use prior to the effective time of the intra-day recall based upon a cumulative uniform hourly use of the capacity. [NAESB WGQ Standard 5.2.3]

21. The term "Electronic Data Interchange" (EDI) shall mean the electronic communication methodology used to transmit and receive data related to gas transactions. Company shall designate an electronic "site" at which Shippers, Interconnecting Parties, and Company may exchange data electronically. All data provided at such site shall be considered as being delivered to the appropriate party. Company's use and implementation of EDI shall conform to all appropriate NAESB standards. Company's implementation of EDI shall be specified in an Electronic Data Interchange Trading Partner Agreement, which shall substantially conform to the NAESB Model EDI Trading Partner Agreement.
22. The term "Federal Energy Regulatory Commission" or "FERC" or "Commission" shall mean the Federal Energy Regulatory Commission of the United States of America or any other tribunal or Person which may hereafter exercise the functions now exercised by that Commission with respect to Company.
23. The term "Forwardhaul" shall mean any transportation service provided on Company's pipeline system where the Delivery Point is located downstream from a Receipt Point on Company's pipeline system.
24. The term "Foundation Shipper" shall mean a Shipper who executed a Service Agreement for a minimum quantity of 250,000 Mcf per day for at least a term of ten (10) years on the Bison Pipeline Project approved by FERC in Docket No. CP09-161-000.
25. The term "gas" shall mean natural gas, manufactured, artificial or synthetic gas, or any mixture or combination thereof.
26. The term "Gas Day" shall mean a period beginning and ending at 9:00 a.m., Central Clock Time. The reference date for any day shall be the date of the beginning of such day.
27. The term "General Terms and Conditions" shall mean, at any time, the effective General Terms and Conditions contained in Company's Tariff which may from time to time be amended or supplemented.
28. The term "gross heating value", shall mean gross heating value dry as determined by the total calorific (heating) value, in British thermal units, Btu, of the amount of any dry gas which would occupy a volume of one standard cubic foot, based on 14.73 psia and 60 degrees F. The total, or gross, calorific value represents the Btus evolved by the complete combustion, at constant pressure, of one standard cubic foot of any dry gas with air, the temperature of the gas, air, and products of combustion being 60 degrees F, and all water formed by the combustion reaction being condensed to the liquid state.

29. The term "Informational Postings" shall mean the common information as specified in NAESB WGQ Standard 4.3.23. [NAESB WGQ Standard 4.2.1]
30. The term "In-Direction" shall mean a nomination line item that has a nominated flow direction in the same direction as the contracted Transportation Path.
31. The term "Interconnected Party" shall mean the Person who is directly connected to Company's facilities at a physical Receipt Point or a physical Delivery Point.
32. The term "Loan Point(s)" shall mean the location(s) referenced on Exhibit A to such Shipper's Rate Schedule PAL Agreement where Shipper can borrow gas quantities on Company's pipeline system pursuant to the terms of such Agreement.
33. The term "Maximum Rate" shall mean the sum of the applicable Maximum Reservation Rate, if applicable, and the applicable Maximum Commodity Rate, plus applicable surcharges, as shown on the effective Statement of Rates.
34. The term "Mcf" shall mean 1000 cubic feet of gas.
35. The term "Mcf/day" or "Mcf per day" shall mean 1000 cubic feet of gas per day.
36. The term "Measurement Party" shall mean the Person who is primarily responsible for measurement of gas volumes at a physical Receipt Point into or a physical Delivery Point on Company's pipeline system.
37. The term "MMBtu" shall mean a quantity of heating energy which is equivalent to one million (1,000,000) Btus.
38. The term "MMcf" shall mean 1,000,000 cubic feet of gas.
39. The term "MMcf/day" or "MMcf per day" shall mean 1,000,000 cubic feet of gas per day.
40. The term "Minimum Rate" shall mean the minimum commodity rate as shown on the effective Statement of Rates for the applicable Rate Schedules.
41. The term "NAESB" shall mean North American Energy Standards Board.
42. The term "Netting" shall describe the process of resolving imbalances for a Service Requestor within an Operational Impact Area. There are two types of Netting: summing and offsetting. Summing is the process of accumulation of all imbalances above any applicable tolerance for a Service Requestor or agent. Offsetting is the combination of positive and negative imbalances above any applicable tolerances for Service Requestor or agent. [NAESB WGQ Standard 2.2.3]

43. The term "Nominating Party" shall mean a Shipper, or its Nominating Agent (one who has been pre-designated in writing by Shipper to serve in such role).
44. The term "Nomination Day" shall mean one day prior to Gas Day.
45. The term "Non-OBA Point" shall mean a Receipt Point or Delivery Point where no Operational Balancing Agreement is in effect.
46. The term "OBA Point" shall mean a Receipt Point or Delivery Point where an Operational Balancing Agreement is in effect between Company and Interconnected Party.
47. The term "Offer" shall mean the terms pursuant to which a Releasing Shipper is willing to release firm transportation capacity.
48. The term "Operational Balancing Agreement" (OBA) shall mean a contract between two parties which specifies the procedures to manage operating variances at an interconnect. [NAESB WGQ Standard 2.2.1]
49. The term "Operational Flow Order" (OFO) shall mean an order issued to alleviate conditions, inter alia, which threaten or could threaten the safe operations or system integrity of Company's pipeline system or to maintain operations required to provide efficient and reliable firm service. Whenever Company experiences these conditions, any pertinent order shall be referred to as an OFO. [NAESB WGQ Standard 1.2.6]
50. The term "Operational Impact Area" shall mean the largest possible area(s) on Company's pipeline system in which imbalances have a similar operational effect. [NAESB WGQ Standard 2.2.2]
51. The term "Out-of-Direction" shall mean a nomination line item that has a nominated flow direction opposite of the contracted Transportation Path.
52. The term "Overdelivery" shall mean the quantity of gas that Shipper delivers or causes to be delivered to Company which, less Shipper's share of estimated Company Use Gas, is greater than the quantity of gas delivered out of Company's pipeline system for Shipper's account.
53. The term "Park Point(s)" shall mean the location(s) referenced on Exhibit A to Shipper's Rate Schedule PAL Agreement where such Shipper can park quantities of gas on Company's pipeline system pursuant to the terms of such Agreement.

54. The term "Phase 1" shall mean the service provided by Company prior to the time that the Hettinger Compressor Station facilities are placed into service as certificated in Docket No. CP09-161-XXX. Phase 1 will terminate once all the facilities for which certificate authority has been requested in Docket No. CP09-161 have been completed and placed in service.
55. The term "Phase 2" shall mean the service provided by Company after the termination of Phase 1.
56. The term "Pre-Determined Allocation" (PDA) shall mean the allocation method agreed to by the allocating and allocated parties at a point prior to gas flow.
57. The term "Person" shall mean an individual, a corporation, a partnership, an association, a joint venture, a trust, an unincorporated organization or a government or political subdivision thereof, each with the capacity to contract and bring, or be subject to, a legal action; and pronouns shall have a similarly extended meaning.
58. The term "Point of Interconnection" shall mean the location where Company's facilities are physically connected to an Interconnected Party.
59. The term "pooling" shall mean 1) the aggregation of gas from multiple physical and/or logical points to a single physical or logical point, and/or 2) the dis-aggregation of gas from a single physical or logical point to multiple physical and/or logical points. [NAESB WGQ Standard 1.2.3]
60. The term "Production Month" shall mean the period of actual gas flow beginning at 9:00 a.m., Central Clock Time on the first day of a Calendar Month and ending at 9:00 a.m., Central Clock Time on the first day of the next succeeding Calendar Month.
61. The term "psia" shall mean pounds per square inch, absolute.
62. The term "psig" shall mean pounds per square inch, gauge.
63. The term "Quick Response" shall mean the initial response made by Company to recognize the receipt of an EDI-based nomination. Such response will be made in accordance with NAESB WGQ standards.
64. The term "rate commitment" shall mean the revenue committed to Company for each separate transaction for the term of the effective PAL service option.
65. The term "Receipt Point" shall mean the location where Company receives gas from or for the account of Shipper pursuant to the terms of the applicable Rate Schedule and Agreement.

66. The term "Releasing Shipper" shall mean a Shipper who has firm contractual rights to capacity on Company's pipeline system and is offering to release some or all of such firm capacity.
67. The term "Replacement Shipper" shall mean a Person who has obtained firm capacity from a Releasing Shipper.
68. The term "Service Agreement" shall mean an executed Agreement for firm service under Company's Tariff.
69. The term "Service Requester" shall mean Nominating Party.
70. The term "Shipper" shall mean the Person as defined in any of the Rate Schedules or Agreements governed by this Tariff. In addition, in a given context, the term Shipper includes a Person seeking to become a Shipper or a Person requesting construction of facilities pursuant to Section 6.19 of the General Terms and Conditions; and the term "Shippers" shall mean more than one of such Persons. A Person that has been a Shipper, but for which an Agreement between that Person and Company has terminated, remains a Shipper for purposes of satisfying their obligations under such Agreement.
71. The term "Shipper Imbalance" shall mean the difference between the quantity of gas received by Company for transportation for such Shipper, adjusted for Shipper's share of estimated Company Use Gas, and the quantity of gas delivered by Company for such Shipper's account.
72. The term "Tariff" shall mean the compilation on file with the Federal Energy Regulatory Commission of Company's Statement of Rates and other rate sections, Statement of Negotiated Rates, Rate Schedules, General Terms and Conditions and related forms of Agreements from time to time in effect.
73. The term "tender" shall mean the fulfillment of all of the following conditions:
  - (1) Shipper has informed Company in accordance with applicable contractual and Tariff requirements that it plans to deliver a quantity of gas which such Shipper is entitled to deliver to Company pursuant to such Shipper's Agreement at a specified Receipt Point on a specified day;
  - (2) either
    - (a)(i) relative to an OBA Point, the upstream pipeline has verified that the quantity of gas Shipper has nominated for delivery to Company is in fact the quantity of gas that can be delivered to Company at such Receipt Point or

- (a)(ii) relative to a Non-OBA Point such Shipper in fact could cause delivery of such quantity to Company at such Receipt Point on such day, or
    - (b) to the extent Company refuses to receive such gas in the quantity described in (2)(a)(1) or (2)(a)(2) above at such Receipt Point on such day, such Shipper is in fact ready, willing and able to so deliver the quantity so refused or would have been able to do so had Company not so refused; and
  - (3) such Shipper is in fact, ready, willing and able to accept delivery from Company on such day of the related quantity of gas in accordance with such Shipper's Agreement. The term "tendered" shall have a corresponding meaning.
74. The term "Third Party Account Administrator" is a Title Transfer Tracking Service Provider other than Company. [NAESB WGQ Standard 1.2.17]
75. The term "title" shall mean the term used to identify the ownership of gas. [NAESB WGQ Standard 1.2.13]
76. The term "Title Transfer" shall mean the change of title to gas between parties at a location. [NAESB WGQ Standard 1.2.14]
77. The term "Title Transfer Agreement" shall mean an executed Title Transfer Agreement for service under this Tariff made between Company and Account Holder and specifically shall include the form of agreement included herein.
78. The term "Title Transfer Nomination" shall mean a nomination line item requesting the service of Title Transfer Tracking and is sent by an Account Holder to a Title Transfer Tracking Service Provider. [NAESB WGQ Standard 1.2.19]
79. The term "Title Transfer Tracking" shall be the process of accounting for the progression of Title changes from party to party that does not affect a physical transfer of gas. [NAESB WGQ Standard 1.2.15]
80. The term "Title Transfer Tracking Service Provider" shall be a party conducting the Title Transfer Tracking activity. [NAESB WGQ Standard 1.2.16]
81. The terms "trade" or "trading" shall describe the process of resolving Shipper Imbalances between two or more Shippers or their agents within an Operational Impact Area.
82. The term "Transfer Point" shall mean a point on Company's pipeline system where, for purposes of nominating and scheduling, transfers of gas from one Agreement to

another shall occur. All Receipt Points and Delivery Points on Company's pipeline system will have associated Transfer Points. Transfer Points for Forwardhaul transportation purposes are deemed to exist immediately downstream of all Receipt Points and immediately upstream of all Delivery Points. Transfer Points for Backhaul transportation purposes are deemed to exist immediately upstream of all Receipt Points and immediately downstream of all Delivery Points. Transfer Points are considered secondary points for scheduling purposes.

83. The term "Transportation Path" shall mean the pipeline path and flow direction from and including the farthest Receipt Point to and including the farthest Delivery Point a Shipper has contracted for on Company's pipeline system as set forth on Exhibit A of Shipper's Agreement.
84. The term "Underdelivery" shall mean the quantity of gas Shipper receives or causes to be received from Company for its account which is greater than the quantity of gas tendered by Shipper to Company less Shipper's share of estimated Company Use Gas.
85. The term "WGQ" shall mean the Wholesale Gas Quadrant which is an accredited standards organization under the auspices of the American National Standards Institute.

## 6.2 PRESSURE AND TEMPERATURE

### 1. Receipt Pressure.

Shipper shall deliver gas to Company at each of Shipper's Receipt Point(s) at a pressure sufficient to cause such gas to flow into Company's facilities, provided that Shipper shall not be required to deliver gas to Company at any Receipt Point at a pressure in excess of the maximum pressure specified for such Receipt Point. For purposes hereof, the maximum pressure of the pipeline shall be 1440 pounds per square inch gauge.

### 2. Delivery Pressure.

Company shall deliver gas to Shipper at each of Shipper's Delivery Point(s) at the pressure existing in Company's pipeline at such Delivery Point, provided that Shipper shall not be required to receive gas from Company at any Delivery Point at a pressure less than the minimum pressure specified for such Delivery Point.

### 3. Maximum Receipt Temperature.

The temperature of gas delivered by Shipper to Company at a Receipt Point shall not exceed the maximum receipt temperature of 120 degrees F.

### 4. Minimum Delivery Temperature.

The temperature of gas delivered by Company to Shipper at a Delivery Point shall not be below the minimum delivery temperature of 32 degrees F.

### 5. Operating Conditions.

Subject to the provisions of Section 6.2 paragraphs 1, 2, 3 and 4 herein, the temperature and pressure of gas delivered to Company by Shipper, and of gas delivered to Shipper by Company, shall, at each of Shipper's Receipt Point(s) and Delivery Point(s), be consistent with the overall operating conditions of Company's pipeline system. Company shall use its good faith efforts to deliver gas to Shipper at such uniform pressure as is consistent with the operating conditions of Company's pipeline system.

## 6.3 MEASURING EQUIPMENT

### 6.3.1 Company's Measuring Equipment.

Unless otherwise agreed by Company and Interconnected Party, Company shall cause to be furnished, installed, maintained, and operated all equipment, devices and material necessary to determine gas volume, pressure, temperature, gross heating value, quality, specific gravity and supercompressibility at each Receipt Point and at each Delivery Point of Interconnected Party.

#### 1. Multi-Path Ultrasonic Meters.

Multi-path ultrasonic meters shall be installed and operated and computations made as prescribed in Transmission Measurement Committee Report No. 9 of the American Gas Association, as such report may be amended or revised from time to time.

#### 2. Turbine Meters.

Turbine meters may be used for the measurement of low flow and, if used, will be installed and operated and computations made as prescribed in Transmission Measurement Committee Report No. 7 of the American Gas Association, as such report may be amended or revised from time to time.

#### 3. Other Measuring Equipment.

Measuring equipment other than ultrasonic or turbine meters shall be of a type acceptable to Company and Interconnected Party. The manufacture, installation, operation, and maintenance of such meters shall be consistent with the appropriate industry accepted recommendations and specifications at the time the meters are manufactured and installed.

#### 4. Measurement Installation.

All measurement installations shall include the use of flange connections and straightening vanes or by other measuring methods as may be mutually agreed to by Company and Interconnected Party (approval of such methods shall not be unreasonably withheld).

#### 5. Gas Flow Computer.

Computation of volumes shall be made using an on-line gas flow computer ("GFC"). Temperature, pressure, and volumetric measurements shall be input to the GFC at least once per second. The computational method and averaging technique shall meet the minimum requirements of "Flow Measurement Using Electronic Metering

Systems," Chapter 21 of the Manual of Petroleum Standards, published by the American Petroleum Institute.

6. Gas Analysis.

Gas analysis shall be determined using an on-line gas chromatograph acceptable to Company and Interconnected Party. Gas density and compressibility shall be determined by the methods described in American Gas Association Transmission Measurement Committee Report No. 8, "Compressibility Factors of Natural Gas and Other Related Hydrocarbon Gases," gross method, latest revision.

The total heating value of the gas shall be computed from the same on-line chromatographic analysis.

### 6.3.2 Check Measuring Equipment.

At each Receipt Point and Delivery Point of an Interconnected Party, the Interconnected Party or Shippers affected, at its or their own expense, may cause to be furnished, installed, maintained and operated check measuring equipment, provided, however, that such equipment does not interfere with the operations of the measuring equipment caused to be installed by Company.

### 6.3.3 Right of Access.

Company and the Interconnected Party or Shipper(s) affected, in the presence of each other, shall each have access to the other's measuring equipment at all reasonable times, but the reading, calibrating and adjusting thereof shall be done only by the Person which has installed such equipment, unless otherwise agreed upon. Both Company and the Interconnected Party or Shipper(s) affected shall have the right to be present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the other's measuring equipment. The records from such measuring equipment shall remain the property of the Person installing such equipment, but, upon request, each will submit to the other its measurement records, together with calculations therefrom, for inspection, subject to return within thirty (30) days after receipt thereof.

6.3.4 Reasonable Care.

Company shall exercise reasonable care in the installation, maintenance and operation of its measuring equipment so as to avoid any inaccuracy in the determination of the volume and other attributes of gas received and delivered.

### 6.3.5 Testing Measuring Equipment.

Company shall conduct tests to verify the accuracy of its measuring equipment using means and methods acceptable to Company and the Interconnected Party or Shipper(s) affected, at least once each quarter, or at such other interval as may be mutually agreed upon and at other times upon request of the Interconnected Party or Shipper(s) affected. Notice of the time and nature of each test shall be given by Company to such Interconnected Party or Shipper(s) affected in advance to permit reasonable arrangement for the presence of the other's representatives. If, after notice, an Interconnected Party fails to have a representative present, the results of the test shall nevertheless be considered accurate until the next test. All tests of such measuring equipment shall be made at the expense of the Company, except that Interconnected Party or Shipper(s) affected requesting a test shall bear the expense of such test if the inaccuracy is found not to exceed two percent, at a reading corresponding to the average hourly rate of flow.

#### 6.3.6 Correction and Adjustment.

If, upon test, any measuring equipment is found to be registering inaccurately by not more than two percent, at a reading corresponding to the average hourly rate of flow, then readings of such equipment since the time of the last test thereof shall be considered accurate in computing deliveries of gas. If, upon test, any measuring equipment is found to be registering inaccurately by more than two percent, at a reading corresponding to the average hourly rate of flow, then readings of such equipment shall be corrected to zero error for any past period definitely known, or agreed, to have been inaccurate, or if the inaccuracy during all or part of the period of time since the last test of such equipment is not so known or agreed upon, for a period of sixteen (16) days, or one-half of the elapsed time since such last test, whichever is the shorter period. Any recording equipment found to be registering inaccurately shall be immediately adjusted to register accurately. Parties may mutually agree in writing to a more restricted standard of error than the two percent provided herein.

### 6.3.7 Failure of Measuring Equipment.

If Company's measuring equipment at any Receipt Point or Delivery Point of an Interconnected Party is out of service for any period, the measurement determinants for such Receipt Point or Delivery Point during such period shall be determined:

- (a) By using the data recorded by any check measuring equipment accurately registering; or
- (b) If such check measuring equipment is not registering accurately but the percentage of error is ascertainable by a calibration test, by using the data recorded, corrected to zero error; or
- (c) If neither of the methods provided in Section 6.3.7(a) and (b) above can be used, by estimating the necessary determinants by reference to receipts or deliveries under similar conditions.

#### 6.3.8 Preservation of Records.

Both Company and the Interconnected Party shall preserve for a period of at least three years, or such longer period as may be required by public authority, all test data and measurement records related to matters covered by Section 6.3 of these General Terms and Conditions.

## 6.4 MEASUREMENT REPORTING

### 1. Physical Volume.

#### (a) Standard Reference Conditions.

The standardized reporting basis for gas volumes is cubic foot at standard conditions of 14.73 psia, 60 degrees F, and dry. For gas volumes reported in cubic meters, the standard conditions are 101.325 kPa, 15 degrees C, and dry.

#### (b) Reporting/Calculation Accuracy.

For reporting purposes, pressure base conversion factors shall be reported to not less than 6 decimal places. For calculation purposes, not less than 6 decimal places shall be used.

#### (c) Volumetric Unit of Measurement.

The standard reporting unit for natural gas volume used by Company will be thousands of cubic feet (Mcf) of gas at standard reference conditions.

#### (d) Metric Conversion for Volumes.

The Metric reporting unit for natural gas volume is thousands of cubic meters (10E3 M3) at standard reference temperature and pressure conditions of 15 degrees C and an absolute pressure of 101.325 kPa respectively. The conversion factor to convert cubic feet (at standard reference conditions) to cubic meters is:

$$(\text{cubic feet}) \times 0.02832784 = (\text{cubic meters})$$

### 2. Energy Quantity.

#### (a) Standard Reference Conditions.

The standardized reporting basis for Btu is 14.73 dry psia and 60 degrees F (101.325 kPa and 15 degrees C, and dry). The standardized reporting basis for gigacalorie is 1.035646 Kg/cm<sup>2</sup> and 15.6 degrees C and dry.

#### (b) Calculation of Energy Quantity.

The energy quantity, based on standard reference conditions, is the product of the physical volume measured, in thousands of cubic feet (Mcf) and the gross heating value of the measured gas (Btu/cf).

(c) Energy Unit of Measurement.

The reporting unit for energy quantity used by Company will be MMBtu at standard reference conditions.

(d) Data Elements.

All records of energy quantities of natural gas provided to or from Company shall be reported using the current measurement standard data elements as determined by NAESB WGQ and adopted by FERC.

(e) Metric Conversion for Energy. [NAESB WGQ Standard 1.3.14]

The metric reporting unit for energy quantity is gigajoules (GJ) at standard reference conditions of 15 degrees C, an absolute pressure of 101.325 kPa, dry, and Btu 58.5 degrees F/59.5 degrees F. The conversion factor to convert MMBtu (at standard reference conditions) to gigajoules is:

$$(\text{MMBtu}) \times 1.055056 = (\text{gigajoules})$$

3. Atmospheric Pressure.

For purposes of measurement, the absolute atmospheric (barometric) pressure at each measuring station shall be assumed to be the pressure corresponding to the elevation at such station, and shall be stated in pounds per square inch.

## 6.5 QUALITY OF GAS

### 1. Quality Standards of Gas Received by Company.

Company may refuse to accept gas which does not conform to the following specifications:

(a) Objectionable Substances.

The gas shall not contain sand, dust, gums, crude oil, impurities or other objectionable substances which may be injurious to pipelines or may interfere with the transmission of the gas.

(b) Hydrocarbon Dew Point.

The gas shall have a hydrocarbon dew point less than -5 degrees F at 800 psia, -10 degrees F at 1000 psia, or -18 degrees F at 1100 psia, or such higher dew point approved by Company as, without treatment by Company, may be compatible with the operating conditions of Company's pipeline.

(c) Hydrogen Sulphide.

The gas shall not contain more than 0.3 grains of hydrogen sulphide per Ccf.

(d) Total Sulphur.

The gas shall not contain more than 2 grains of total sulphur per Ccf.

(e) Mercaptan Sulphur.

The gas shall contain not more than 0.3 grains of mercaptan sulphur per Ccf, or such higher content as, in Company's judgment, will not result in deliveries by Company to Shipper(s) of gas containing more than 0.3 grains of mercaptan sulphur per Ccf.

(f) Carbon Dioxide.

The gas shall not contain more than 2 percent by volume of carbon dioxide.

(g) Water Vapor.

The gas shall not have a water vapor content in excess of 4 pounds per MMcf.

(h) Oxygen.

The gas shall be as free of oxygen as it can be kept through the exercise of all reasonable precautions and shall not in any event contain more than 0.4 percent by volume of oxygen.

(i) Gross Heating Value.

The gas shall have a gross heating value of not less than 967 Btu per cf.

2. Quality Tests.

At each Receipt Point, Company shall cause tests to be made, by approved standard methods in general use in the gas industry, to determine whether the gas conforms to the quality specifications set out in Section 6.5 paragraph 1 herein. Such tests shall be made at such intervals as Company may deem reasonable, and at other times, but not more often than once per day, at the request of any Shipper.

3. Failure to Conform.

If gas delivered or tendered to Company hereunder fails at any time to conform to any of the specifications set out in Section 6.5 paragraph 1 herein, Company shall notify the Shipper responsible of any such failure, and Company may suspend all or a portion of the receipt of any such gas which may jeopardize Company's ability to meet its obligations to its other Shippers or endanger the safe operation and integrity of Company's system. Company shall be relieved of its obligations hereunder to the extent of rightful suspension for the duration of such time as such off-specification gas delivered or tendered by such Shipper does not meet the specifications; provided, however, such suspension by Company shall not relieve Shipper of its payment obligations hereunder. Upon receipt of notice by Company, Shipper shall make a diligent effort to correct such failure by treatment, cooling, or dehydration consistent with prudent operation and by means which are economically feasible in such Shipper's opinion so as to deliver gas conforming to the above specifications. If Company elects to accept receipt of any off-specification gas, Company shall do so in a ratable and nondiscriminatory manner as between such Shipper and others who may desire to deliver gas to Company which does not conform to the specifications of this Section 6.5 and who otherwise may be entitled to transportation service.

4. Quality Standards of Gas Transported by Company.

Company shall use reasonable diligence to deliver gas under a Shipper's Agreement which shall meet the quality specifications set out in Section 6.5 paragraph 1 herein, but shall only be obligated to deliver gas of the quality which results from the commingling of the gas received by Company from Shippers and, except as Company

may choose to do so pursuant to Section 6.5 paragraph 3 herein, shall not be required to treat any gas delivered to it by a Shipper.

5. Posting of Gas Quality Data.

(a) Required Posting.

Company shall post on its public Internet website under Informational Postings the daily average gas quality information for prior Gas Day(s), to the extent available, for location(s) that are representative of mainline gas flow.

The following are examples of gas quality attributes that could be included in the posting for the applicable Gas Day(s) and location(s):

- Heating Value
- Hydrocarbon Components (% of C1 - Cnn)
- Specific Gravity
- Water
- Nitrogen
- Carbon Dioxide
- Oxygen
- Hydrogen
- Helium
- Total Sulfur
- Hydrogen Sulfide
- Carbonyl Sulfide
- Mercaptans
- Mercury and/or other contaminants being measured

In any event, compliance with gas quality requirements is in accordance with Section 6.5 paragraph 1 herein.

Data provided pursuant to NAESB WGQ Standard 4.3.90 shall be made available on Company's public Internet website for the most recent three (3) month period. Beyond the initial three (3) month period, the historical data shall be made available offline in accordance with regulatory requirements. [NAESB WGQ Standard 4.3.91]

(b) Discretionary Posting.

For any location(s), Company may, at its discretion, elect to provide gas quantity information in addition to the items specified in NAESB WGQ Standard 4.3.90. Company may choose how to provide the information.

## 6.6 BILLING AND PAYMENT

6.6.1 General.

For purposes of this Section 6.6, Customer shall be defined as any Person who is liable for payment in accordance with the terms and conditions of this Tariff.

## 6.6.2 Billing and Invoice.

### 1. Posting of Invoices.

On or before the ninth Business Day after the end of the Production Month, Company shall post Customer's invoice for such Production Month on its secured non-public Internet website. Such invoice shall include, but is not limited to, reservation and/or usage charges, applicable surcharges, measurement fees, facility charges, interest, penalty charges or credits to Customer. Such charges shall be separately stated on Customer's invoice.

### 2. Quantity.

Invoices should be based on actuals (if available) or best available data. Quantities at points where OBAs exist will be invoiced based on scheduled quantities. [NAESB WGQ Standard 3.3.9]

### 3. Statement of Account.

The statement of account shall be used by Company to indicate the payment status of Customer's invoice(s), and when provided to Customer, shall summarize the amounts Company has invoiced, the amounts Customer has paid, prior period adjustments that have been made, and the remaining amounts owed.

### 6.6.3 Imbalance Statement.

Imbalance statements shall also be posted on Company's secured non-public Internet website at the same time or prior to posting invoices in accordance with Section 6.6.2 paragraph 1 herein.

If information is required from Customer, or its designee, to actualize quantities or allocations or other information, Customer shall furnish the required information or cause it to be furnished to Company, in writing, on or before the tenth Business Day of each Production Month.

#### 6.6.4 Payment and Disputes.

##### 1. Payment.

Customer shall make payment to Company by electronic funds transfer to a bank designated by Company within ten (10) Calendar Days of the issuance of such invoice, for service billed by Company pursuant to the provisions of this Tariff. Customer's payments shall be made in immediately available U.S. funds on or before the due date.

The effective payment due date of an invoice when such date does not fall upon a Business Day shall be the first Business Day following the due date.

If the effective payment due date falls on a day that the designated bank is not open in the normal course of business to receive Customer's payment, then Customer's payment shall be made on or before the first Business Day after the effective payment date that such bank is available.

Customer shall not be entitled to any abatement or set off of such payments due Company including, but not limited to, abatement or set-off due or alleged to be due by reason of any past, present or future claims of Customer against Company under Customer's Agreement or otherwise.

##### 2. Disputes.

If an invoice is in dispute, Customer shall pay the portion not in dispute and provide documentation identifying basis for the dispute. [NAESB WGQ Standard 3.3.19]

If a Customer disputes an invoice, a remittance statement shall be sent to Company which shall 1) provide details of the dispute, 2) include the appropriate supporting documentation, and 3) reference the invoice code and invoice detail line numbers of the items disputed.

#### 6.6.5 Remedies for Failure to Pay Invoice.

If Customer fails to pay in full the amount of any invoice rendered by Company by the payment due date, Company will provide Customer with a thirty (30) day notice of suspension of service, except as provided in Section 6.6.4 paragraph 2 herein. Company may terminate the Agreement with Customer, subject to the terms of the applicable Rate Schedule. If after the thirty (30) day notice of service suspension, Customer has not paid in full the invoice amount due, except as provided in Section 6.6.4 paragraph 2 herein, Company may give notice to Customer and FERC that if full payment of the invoice amount due is not received within thirty (30) days, Company shall terminate the Agreement.

In the event a Replacement Shipper's Service Agreement is terminated pursuant to this Section 6.6.5, the capacity released shall revert back to the Releasing Shipper. Company shall notify the Replacement Shipper and Releasing Shipper of such action.

#### 6.6.6 Delinquency Charge.

Should Customer fail to pay all of the amount of any invoice when such amount is due, interest on the unpaid portion of such amount shall accrue at the rate of interest set forth in Section 154.501 of FERC's regulations from the date when the payment was due until the date payment is made. Interest applicable to such bill will be invoiced to Customer, in accordance with Section 6.6.2 herein, to the extent that the amount of interest is \$25 or more.

If any portion of an amount paid to Company by Customer is finally determined to be repayable to Customer, Company shall pay or credit such amount to Customer, together with interest thereon computed at the rate of interest set forth in Section 154.501 of FERC's regulations and accrued from the date payment thereof was made by Customer to Company to the date payment or credit thereof is made by Company.

6.6.7 Late Billing.

If the rendering of an invoice to Customer is delayed beyond the date provided in Section 6.6.2 herein, then the time for payment shall be extended correspondingly unless Customer is responsible for such delay.

#### 6.6.8 Billing Error/Prior Period Adjustments.

In the event an error is discovered in the amount billed in any statement rendered by Company, such error shall be adjusted within thirty (30) days of Company's determination thereof.

Prior period adjustment time limits shall be six (6) months from the date of the initial transportation invoice with a three (3) month rebuttal period, excluding government-required rate changes. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise 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. [NAESB WGQ Standard 3.3.15]

## 6.7 REQUEST FOR OPERATING INFORMATION

Upon request of Company, Shipper shall from time to time give Company written notice, as far in advance as operating conditions will permit, of the estimated daily, monthly and annual quantities of gas Shipper intends to deliver to Company pursuant to an Agreement.

Company shall from time to time give Shipper written notice, as far in advance as operating conditions will permit, of the estimated daily, monthly and annual quantities of gas Company expects to be able to receive and deliver pursuant to Shipper's Agreement.

Shipper and Company shall use their best judgment and experience in arriving at such estimates, but shall not be bound thereby nor limited to the quantities thereof. Each shall promptly notify the other or others of any significant known or reasonably anticipated modification to the estimates last furnished, provided such estimates covered periods during which a modification was known or reasonably anticipated to occur.

## 6.8 INDEMNITY

Company and Shipper shall each indemnify and save harmless the other from all liability, damages, costs, losses and charges of every character resulting from or arising out of any claim made against such other by any Person for injury or death to Persons, or damage to property, in any way connected with the property and equipment of the indemnitor or the presence of gas deemed hereby to be the responsibility of the indemnitor, unless such injury, death or damage is caused by the negligence of the indemnitee or any Person for whose actions the indemnitee is responsible in law; provided that neither Company nor Shipper shall be liable to indemnify the other unless the Person requesting indemnification shall have promptly notified the other in writing of any claim, suit or action for or in respect of which indemnification is to be claimed. The Person receiving such notification shall be entitled to participate in any such suit or action, and, to the extent that it may wish, assume the defense thereof with counsel who shall be to the reasonable satisfaction of the Person requesting indemnification, and after notice from the indemnitor to the indemnitee of its election so to assume the defense thereof, the indemnitor will not be liable to the indemnitee for any legal or other expenses incurred by the indemnitee in connection with the defense thereof. An indemnitor shall not be liable to indemnify an indemnitee on account of any settlement of any claim, suit or action effected without the consent of such indemnitor. Indemnitee will cooperate in good faith, and using reasonable efforts, with indemnitor in preparing for or defending against matters within the scope of this Section 6.8. Claims made under this Section 6.8 with respect to injury or death to Persons or damage to property occurring during the term of a Shipper's Agreement shall survive the termination thereof.

## 6.9 LIABILITY FOR NON-PERFORMANCE

### 1. Limitation of Liability.

Company shall have no liability in damages to Shipper in respect of failure for any reason whatsoever to accept receipt of, receive or deliver gas pursuant to the provisions of Shipper's Agreement and Shipper shall, notwithstanding any failure, for any reason whatever, to accept receipt of, receive or deliver gas, make payment to Company in the amounts, in the manner and at the times provided in Shipper's Agreement.

### 2. Force Majeure.

Neither Company nor Shipper shall be liable in damages to the other for any act, omission or circumstance which shall be caused, in whole or substantial part, by a condition of force majeure. The term "force majeure" as used herein, shall mean any acts of God, strikes, lockouts or other labor disputes or industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, tornadoes, other storms, floods, washouts or other act of nature, civil disturbances, explosions, breakage, accident or repairs to machinery or lines of pipe, temporary or permanent failure of gas supply, inability to obtain or unavoidable delay in obtaining pipe, materials or other equipment, acts or binding orders of any court or other governmental authority whether or not having jurisdiction, and any other cause, whether similar or dissimilar to any above enumerated, not reasonably within the control of the Person claiming relief from liability and which such Person was or would have been unable to prevent by the exercise of due diligence. Failure to prevent or settle any strike or strikes or any dispute leading to a lockout shall not be considered to be matter within the control of the Person claiming relief. Force majeure affecting the performance by either Shipper or Company of any of its obligations under Shipper's Agreement shall not relieve the Person seeking relief from liability in respect of any period when the continuance of its inability to perform such obligations is due to its failure to use reasonable efforts to remedy the situation in a reasonable manner and with reasonable dispatch, nor shall force majeure, regardless of the circumstances thereof, affect in any way the obligations of Company or Shipper to make payments under Shipper's Agreement. The Person claiming relief from liability by reason of force majeure shall give prompt notice to the other of the occurrence and cessation of such force majeure. Nothing contained in this Section 6.9 paragraph 2 shall in any way limit or affect any of the provisions of Section 6.9 paragraph 1 herein.

6.10 NOMINATIONS/ALLOCATION OF CAPACITY/CONFIRMATIONS/ SCHEDULING

#### 6.10.1 Nomination Procedures.

Whenever Shipper desires service under its Agreement, Shipper shall furnish a nomination for such Agreement. A nomination shall include, at a minimum, the following information:

- (a) Daily quantity of gas to be transported (expressed in MMBtu) [NAESB WGQ Standard 1.3.9]; and
- (b) Valid Receipt Point(s) and Delivery Point(s); and
- (c) Begin and end date.

Company shall not accept nominations in excess of Shipper's Maximum Delivery Quantity, provided, however, Shipper shall nominate at each Receipt Point a quantity sufficient to include Company Use Gas, if applicable, that Shipper is required to tender to Company in accordance with Section 6.41 of these General Terms and Conditions. The begin and end date shall be within the term of Shipper's Agreement.

When a nomination for a date range is received, each day within that range is considered an original nomination. When a subsequent nomination is received for one or more days within that range, the previous nomination is superseded by the subsequent nomination only to the extent of the days specified. The days of the previous nomination outside the range of the subsequent nomination are unaffected. Nominations have a prospective effect only.

#### 1. Company Supported Nomination Classifications.

##### (a) Timely Nominations.

A timely nomination is a nomination, effective for an upcoming Gas Day(s), that is received prior to the timely nomination deadline for the first effective Gas Day nominated.

If a timely nomination does not meet the definition of a nomination because it contains an identifiable error or an element is missing, such timely nomination will be voided by Company.

##### (b) Intraday.

Company shall allow for intraday nominations. [NAESB WGQ Standard 1.3.8]

An intraday nomination is a nomination submitted after the (timely) nomination deadline whose effective time is no earlier than the beginning of the Gas Day and runs through the end of that Gas Day. [NAESB WGQ Standard 1.2.4]

For services that provide for intraday nomination and scheduling, there is no limitation as to the number of intraday nominations (line items as per NAESB WGQ Standard 1.2.1) which a Service Requester may submit at any one standard nomination cycle or in total across all standard nomination cycles. [NAESB WGQ Standard 1.3.32]

Intraday nominations can be made at any Receipt Point or Delivery Point on Company's pipeline system.

Intraday nominations do not rollover (i.e. intraday nominations span one day only). Intraday nominations do not replace the remainder of a standing nomination. There is no need to re-nominate if intraday nomination modifies existing nomination. [NAESB WGQ Standard 1.3.13]

An intraday nomination which requests an effective period for more than one Gas Day will be voided in its entirety by Company.

Intraday nominations can be used to request increases or decreases in total flow, changes in Receipt Point(s), or changes to Delivery Point(s) of scheduled gas. [NAESB WGQ Standard 1.3.11]

Intraday nomination shall include an effective date and time. [NAESB WGQ Standard 1.3.9]

The interconnected parties (Company and Interconnected Party) shall agree on the hourly flows of the intraday nomination, if not otherwise addressed in Transporter's (Company's) contract or Tariff. [NAESB WGQ Standard 1.3.9]

(c) Emergency Intraday Requests.

In addition to the grid-wide intraday nomination opportunities, Company shall accept, process, and attempt to schedule emergency intraday requests on a best efforts basis.

To be classified as an emergency intraday request, such requests must: 1) not impact grid scheduled activity, 2) not result in a bumping event, and 3) not require a formal confirmation process with the interconnected systems.

2. Company Supported Grid-Wide Intraday Nomination Cycles. [NAESB WGQ Standard 1.3.2]

No bumping shall occur at the final grid-wide intraday 3 nomination cycle of the Gas Day, which shall be effective at 10:00 p.m. CCT.

Scheduled quantities resulting from intraday 1 nominations shall be effective at 2:00 p.m. CCT on Gas Day.

Scheduled quantities resulting from intraday 2 nominations shall be effective at 6:00 p.m. on Gas Day.

## 6.10.2 Nomination and Scheduling Timeline.

Company shall support the following standard nomination cycles pursuant to NAESB WGQ 1.3.2 (all times are CCT pursuant to NAESB WGQ Standard 0.3.17).

### 1. Timely Nominations.

On the day prior to gas flow:

#### (a) Service Requester Delivery of Timely Nominations.

The deadline for nominations leaving control of the Service Requester is 1:00 p.m. on the day prior to flow.

#### (b) Company Receipt of Timely Nominations.

The time for receipt of nominations by Company is 1:15 p.m. on the day prior to flow.

#### (c) Quick Response to Timely Nominations.

Company shall send the Quick Response to the Service Requester by 1:30 p.m. on the day prior to flow.

#### (d) Confirmation of Timely Nominations.

The deadline for receipt of completed confirmations by Company from Confirming Parties is 4:30 p.m. on the day prior to flow.

#### (e) Scheduled Timely Nominations Quantity Summary - Service Requester.

Service Requester shall receive a scheduled nomination summary by 5:00 p.m. on the day prior to flow.

#### (f) Scheduled Timely Nominations Quantity Summary - Point Operator.

Point Operator shall receive a scheduled nomination summary by 5:00 p.m. on the day prior to flow.

#### (g) The effective time of a Timely Nomination shall be no earlier than 9:00 a.m., the start of the next Gas Day.

2. Evening Nomination Cycle.  
On the day prior to gas flow:

(a) Service Requester Delivery of Evening Nominations.

The deadline for nominations leaving control of the Service Requester is 6:00 p.m. on the day prior to flow.

(b) Company Receipt of Evening Nominations.

The time for receipt of nominations by Company is 6:15 p.m. on the day prior to flow.

(c) Quick Response to Evening Nominations.

Company shall send the Quick Response to the Service Requester by 6:30 p.m. on the day prior to flow.

(d) Confirmation of Evening Nominations.

The deadline for receipt of completed confirmations by Company from Confirming Parties is 8:30 p.m. on the day prior to flow.

(e) Scheduled Evening Nominations Quantity Summary - Affected Service Requester.

Company shall provide an affected Service Requester a scheduled quantity summary by 9:00 p.m. on the day prior to flow.

(f) Scheduled Evening Nominations Quantity Summary - Point Operator.

Company shall provide an affected Point Operator a scheduled quantity summary by 9:00 p.m. on the day prior to flow.

(g) Scheduled Evening Nominations Quantity Summary - Bumped Parties (Notice to Bumped Parties).

A Bumped Party shall be provided a scheduled quantity summary by 9:00 p.m. on the day prior to flow.

The effective time of an Evening Nomination shall be no earlier than 9:00 a.m., the start of the Gas Day.

All intraday nominations for the upcoming Gas Day received during the period from the Timely Nomination deadline to the Evening Nomination deadline will be batched and treated by Company as if they were received contemporaneously.

3. Intraday 1 Nomination Cycle.

On the current Gas Day:

(a) Service Requester Delivery of Intraday 1 Nominations.

The deadline for nominations leaving control of the Service Requester is 10:00 a.m. on the Gas Day.

(b) Company Receipt of Intraday 1 Nominations.

The time for receipt of nominations by Company is 10:15 a.m. on the Gas Day.

(c) Quick Response to Intraday 1 Nominations.

Company shall send the Quick Response to the Service Requester by 10:30 a.m. on the Gas Day.

(d) Confirmation of Intraday 1 Nominations.

The deadline for receipt of confirmations by Company from the Confirming Parties is 12:30 p.m. on the Gas Day.

(e) Scheduled Intraday 1 Quantity Summary - Affected Service Requester.

Company shall provide an affected Service Requester a scheduled quantity summary by 1:00 p.m. on the Gas Day.

(f) Scheduled Quantity Summary - Point Operator.

Company shall provide an affected Point Operator a scheduled quantity summary by 1:00 p.m. on the Gas Day.

(g) Scheduled Intraday 1 Quantity Summary - Bumped Parties (Notice to Bumped Parties).

A bumped party shall be provided a scheduled quantity summary by 1:00 p.m. on the Gas Day.

The effective time of an Intraday 1 Nomination shall be no earlier than 2:00 p.m. on the Gas Day.

All Intraday 1 Nominations for the current Gas Day received during the period from the Evening Nomination deadline to the Intraday 1 Nomination deadline will be batched and treated by Company as if they were received contemporaneously.

4. Intraday 2 Nomination Cycle.

On the current Gas Day:

(a) Service Requester Delivery of Intraday 2 Nominations.

The deadline for nominations leaving control of the Service Requester is 2:30 p.m. on the Gas Day.

(b) Company Receipt of Intraday 2 Nominations.

The time for receipt of nominations by Company is 2:45 p.m. on the Gas Day.

(c) Quick Response to Intraday 2 Nominations.

Company shall send the Quick Response to the Service Requester by 3:00 p.m. on the Gas Day.

(d) Confirmation of Intraday 2 Nominations.

The deadline for receipt of confirmations by Company from the Confirming Parties is 5:00 p.m. on the Gas Day.

(e) Scheduled Intraday 2 Quantity Summary – Affected Service Requester.

Company shall provide an affected Service Requester a scheduled quantity summary by 5:30 p.m. on the Gas Day.

(f) Scheduled Quantity Summary – Affected Point Operator.

Company shall provide an affected Point Operator a scheduled quantity summary by 5:30 p.m. on the Gas Day.

(g) Scheduled Intraday 2 Quantity Summary – Bumped Parties (Notice to Bumped Parties).

A bumped party shall be provided a scheduled quantity summary by 5:30 p.m. on the Gas Day.

The effective time of an Intraday 2 Nomination shall be no earlier than 6:00 p.m. on the Gas Day.

All Intraday 2 Nominations for the current Gas Day received during the period from the Intraday 1 Nomination deadline to the Intraday 2 Nomination deadline will be batched and treated by Company as if they were received contemporaneously.

5. Intraday 3 Nomination Cycle.

On the current Gas Day:

(a) Service Requester Delivery of Intraday 3 Nominations.

The deadline for nominations leaving control of the Service Requester is 7:00 p.m. on the Gas Day.

(b) Company Receipt of Intraday 3 Nominations.

The time for receipt of nominations by Company is 7:15 p.m. on the Gas Day.

(c) Quick Response to Intraday 3 Nominations.

Company shall send the Quick Response to the Service Requester by 7:30 p.m. on the Gas Day.

(d) Confirmation of Intraday 3 Nominations.

The deadline for receipt of completed confirmations by Company from the Confirming Parties is 9:30 p.m. on the Gas Day.

(e) Scheduled Intraday 3 Nominations Quantity Summary - Affected Service Requester.

Company shall provide an affected Service Requester a quantity summary by 10:00 p.m. on the Gas Day.

(f) Scheduled Intraday 3 Nominations Quantity Summary - Affected Point Operator.

Company shall provide an affected Point Operator a scheduled quantity summary by 10:00 p.m. on the Gas Day.

The effective time of an Intraday 3 Nomination shall be no earlier than 10:00 p.m. on the Gas Day.

All Intraday 3 Nominations for the current Gas Day received during the period from the Intraday 2 Nomination deadline to the Intraday 3 Nomination deadline will be batched and treated by Company as if they were received contemporaneously.

Bumping is not allowed during the Intraday 3 Nomination cycle.

6. For purposes of NAESB WGQ Standard 1.3.2(ii), (iii), (iv), and (v) the word “provides” shall mean, for transmittal 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. [NAESB WGQ Standard 1.3.2 (vi)]

At the end of each Gas Day, the Company shall provide the final scheduled quantities for the just completed Gas Day. With respect to the implementation of this process via the EDI/EDM, the Company shall send an end of Gas 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 the Company’s requirement to send such documents. [NAESB WGQ Standard 1.3.3]

7. Departure from Nomination and Scheduling Deadlines.

The sending party shall adhere to the nomination, confirmation, and scheduling deadlines. It is the party receiving the request who has the right to waive the deadline. [NAESB WGQ Standard 1.3.21]

8. Emergency Intraday Requests.

A majority of the time period in which an emergency intraday request can be submitted to Company is during non-traditional business hours. Consequently, it is the responsibility of the Service Requester to see that Company has been notified that an emergency intraday nomination has been transmitted.

Emergency intraday requests will be processed using first come, first served, and will be confirmed and scheduled, if capacity is available on Company's pipeline system, on a best efforts basis.

If an emergency intraday request can be accepted and processed, Company will produce a Quick Response on a timely basis.

Scheduled quantity summaries reflecting scheduled emergency intraday requests will be generated and delivered to the appropriate parties on a timely basis.

9. Accessibility of Scheduling Staff.

All parties, including Company, shall support a seven-day a week, twenty-four (24) hours a day nominations process. It is recognized that the success of seven (7) days a week, twenty-four hours a day nomination process is dependent on the availability of affected parties' scheduling personnel on a similar basis. Party contacts (including Company's scheduling personnel) need not be at their ordinary work sites but shall be available by telephone or other electronic means. [NAESB WGQ Standard 1.3.4]

Instructions on how to reach Company's scheduling staff are posted on Company's public Internet website.

### 6.10.3 Firm Transportation Nomination Line Items.

A nomination line item that has 1) its Receipt Point and its Delivery Point within the Transportation Path and 2) its nominated flow direction is in the Transportation Path direction shall be referred to as an In-Path, In-Direction (IPID) nomination line item.

A nomination line item that has 1) its Receipt Point and its Delivery Point within the Transportation Path and 2) its nominated flow direction is opposite of the Transportation Path direction shall be referred to as an In-Path, Out-of-Direction (IPOD) nomination line item.

6.10.4 Nomination Validation.

Company shall validate all nominations once they are received. Such validation will include verifying the nomination elements that are part of the Quick Response, verifying the existence of Agreements and amendments, and verifying that creditworthiness has been established to provide such nominated service.

A nomination which cannot be validated shall be voided by Company.

## 6.10.5 Allocation of Capacity.

### 1. Allocation of Mainline Capacity.

In those instances in which the aggregate quantity of all validated nominations exceeds the physical capacity of Company's pipeline system at a specific pipeline location or segment, Company will allocate capacity to the validated nominations at the constrained pipeline location in the following order:

#### (a) IPID Rate Schedule FT-1 Nominations.

Pro rata allocation of capacity based on Shipper's validated nomination quantity up to Maximum Delivery Quantity.

#### (b) IPOD Rate Schedule FT-1 Nominations.

Pro rata allocation of capacity is based on Shipper's validated nomination quantity up to Maximum Delivery Quantity.

#### (c) Rate Schedule IT-1 Nominations.

Allocation is based upon contracted rate with the highest interruptible transportation rate receiving a higher queue position than a lower interruptible transportation rate. For Shippers paying the same interruptible rate, capacity shall be allocated pro rata based on Shipper's validated nomination quantity.

For purposes of allocating interruptible nominations based on contracted rate, a negotiated rate Shipper paying a rate higher than the maximum recourse rate will be deemed to be paying a rate equal to such maximum recourse rate.

### 2. Allocation of Point Capacity.

In those instances in which the aggregate net quantity of all validated nominations exceeds Company's physical capacity to receive gas at a specific Receipt Point or deliver gas at a specific Delivery Point, Company will allocate capacity to the validated nominations at the constrained point location in the following order:

#### (a) Primary Capacity Scheduling Rights Firm Nominations.

Pro rata allocation of capacity within this nomination class is based on Shipper's primary scheduling rights at such point.

(b) Secondary In-Path (SIP) Firm Nominations.

Pro rata allocation of capacity within this nomination class is based on Shipper's secondary scheduling rights at such point.

(c) Secondary Out-of-Path (SOP) Firm Nominations.

Pro rata allocation of capacity within this nomination class is based on Shipper's secondary scheduling rights at such point.

(d) Interruptible Nominations.

Allocation of capacity is based upon rate paid by Shipper with the highest interruptible transportation rate receiving a higher queue position than a lower interruptible transportation rate.

Pro rata allocation of capacity within this nomination class for two or more Shippers at an equal rate, if necessary, will be based on Shipper's validated nominated quantity.

## 6.10.6 Confirmation Process

### 1. Confirmation Principles/Standards.

With respect to the timely nomination/confirmation process at a Receipt Point or Delivery Point, in the absence of agreement to the contrary, the lesser of the confirmation quantities shall be the confirmed quantity. If there is no response to a request for confirmation or an unsolicited confirmation response, the lesser of the confirmation quantity or the scheduled quantity for the Timely Nomination Cycle of the previous Gas Day shall be the new confirmed quantity. [NAESB WGQ Standard 1.3.22(i)]

With respect to the processing of requests for increases during the intraday nomination/confirmation process, in the absence of agreement to the contrary, the lesser of the confirmation quantities shall be the new confirmed quantity. If there is no response to a request for confirmation or an unsolicited confirmation response, the scheduled quantity for the previous nomination cycle for the subject Gas Day shall be the new confirmed quantity. [NAESB WGQ Standard 1.3.22(ii)]

With respect to the processing of requests for decreases during the intraday nomination/confirmation process, in the absence of an agreement to the contrary, the lesser of the confirmation quantities shall be the new confirmed quantity, but in any event no less than the elapsed-prorated-scheduled quantity. If there is no response to a request for confirmation or an unsolicited confirmation response, the greater of the confirmation quantity or the elapsed-prorated-scheduled quantity shall be the new confirmed quantity. [NAESB WGQ Standard 1.3.22(iii)]

With respect to NAESB WGQ Standard 1.3.22(i), (ii), and (iii), if there is no response to a request for confirmation or an unsolicited confirmation response, Company shall provide the Nominating Party with the following information to explain why the nomination failed, as applicable:

- (i) Company did not conduct the confirmation;
- (ii) The upstream Confirming Party did not conduct the confirmation;
- (iii) The upstream Service Requester did not have the gas or submit the nomination;
- (iv) The downstream Confirming Party did not conduct the confirmation;
- (v) The downstream Service Requester did not have the market or submit the nomination.

This information shall be imparted to the Nominating Party on the scheduled quantity document. [NAESB WGQ Standard 1.3.22(iv)]

Ranking shall be included in the list of data elements. Company shall use Nominating Party provided rankings when making reductions during the scheduling process when this does not conflict with tariff-based rules. [NAESB WGQ Standard 1.3.23]

2. Timing of Confirmation.

When a Confirmation Requester receives a confirmation response document from a Confirming Party by the conclusion of a given quarter hour period, the Confirmation Requester will send to the Confirming Party's designated site a corresponding Confirmation Response Quick Response document by the conclusion of the subsequent quarter hour period. [NAESB WGQ Standard 1.3.45]

#### 6.10.7 Scheduling.

Once Company and Interconnected Party have completed the confirmation process, and both parties agree to the confirmation results, the confirmed nominations are deemed scheduled. The scheduling results will be communicated to both the Interconnected Party and Nominating Party pursuant to the NAESB WGQ standard scheduling timeline.

## 6.11 OPERATIONAL FLOW ORDER

#### 6.11.1 Circumstances Warranting OFO.

Company shall have the right to issue an OFO that requires actions by Shipper(s)/Interconnected Party(ies) in order (i) to alleviate conditions that threaten the integrity of Company's pipeline system, or (ii) to maintain pipeline operations at the pressures required to provide efficient and reliable transportation services, or (iii) to have adequate gas supplies in the pipeline system, or (iv) to maintain service to all firm Shippers, or (v) to maintain adequate Company Use Gas, or (vi) to balance the pipeline system for the foregoing purposes.

For purposes of this section, the operational integrity of Company's pipeline system shall encompass the integrity of its physical pipeline system and the preservation of physical assets and their performance, the overall operating performance of the entire physical system as an entity (or any portion thereof), and the maintenance (on a reliable and operationally sound basis) of total system deliverability and the quality of gas delivered.

##### 1. Specific Conditions.

Specific conditions that could prompt Company to issue an OFO include, but are not limited to, the following situations:

- (a) Inability of Company to receive scheduled gas at a Receipt Point or to deliver scheduled gas at a Delivery Point due to either operational or weather related conditions.
- (b) Failure of Shipper(s)/Interconnected Party(ies) to comply with the provisions of this Tariff that adversely affects the operations of Company's pipeline system including, but not limited to, failure of Shipper(s)/Interconnected Party(ies) to adhere to the gas quality specifications set forth in Section 6.5 of these General Terms and Conditions.
- (c) Receipt or delivery of gas in non-uniform hourly quantities resulting in pressure transients on Company's pipeline facilities which could jeopardize service to other Shipper(s) and/or Interconnecting Party(ies).

##### 2. Contacts.

Each Shipper and Interconnected Party must designate one or more Persons, but not more than three Persons, for Company to contact on operating matters at any time, on a twenty-four (24) hours a day, three hundred sixty-five (365) days a year basis. Such contact Persons must have adequate authority and expertise to deal with operating matters.

If Company is unable to make contact with the designated Person(s) of affected Shipper(s)/Interconnected Party(ies) because the contact Person is unavailable, the affected Shipper(s)/Interconnected Party(ies) shall remain subject to the terms and conditions of this Section 6.11. Company shall make all reasonable efforts to notify the affected Shipper(s)/Interconnected Party(ies).

#### 6.11.2 Net Pipeline Position (NPP).

Shortly after the end of each Gas Day, Company shall calculate its NPP. The NPP is the sum of the total positive and negative cumulative imbalances at all Points of Interconnection, based on Supervisory Control and Data Acquisition (SCADA) data. A positive NPP indicates that gas is due others. A negative NPP indicates gas that is due Company.

##### 1. Posting of NPP.

Once the NPP has been calculated, Company shall post on its public Internet website, under Informational Postings, the NPP for the previous Gas Day as well as any operational conditions and anticipated events on Company's pipeline system.

##### 2. Authorized Swing Quantity (ASQ).

The ASQ for a Gas Day is the greater of (i) 1000 MMBtu or (ii) ten percent of the lowest daily scheduled quantity at each Point of Interconnection during the prior three (3) Gas Days.

Shipper(s)/Interconnected Party(ies) may be subject to an OFO watch and subsequent OFO if the cumulative imbalance at a Point of Interconnection is in excess of the ASQ and in the same direction as the NPP for a Gas Day.

6.11.3 Actions Taken by Company Prior to Issuance of an OFO.

Company shall first attempt to isolate the impact of the operational problem by utilizing an OBA(s) at or in the area of Company's pipeline system where the problem is occurring, to the extent possible. However, If Company efforts are unsuccessful, Company shall issue an OFO watch.

#### 6.11.4 Issuance of OFO Watch.

Company shall attempt to localize any operational problems as is reasonably practicable such that the issuance of an OFO watch will be directed to the Shipper(s)/Interconnected Party(ies) causing the operational problem. Notwithstanding the foregoing, if Company is unable to identify specific Shipper(s)/Interconnected Party(ies) whose action(s) require issuance of an OFO watch, the OFO watch will be applicable to all Shipper(s)/Interconnected Party(ies) on Company's pipeline system.

When Company issues an OFO watch, the affected Shipper(s)/Interconnected Party(ies) will be directly notified at the time of issuance, which will subsequently be followed by a critical notice to be posted, as soon as practicable, on Company's public Internet website under Informational Postings. Such OFO watch will state a period of time the affected Shipper(s)/Interconnected Party(ies) has to address the operational problem causing the issuance of the OFO watch.

If the operational problems necessitating the issuance of the OFO watch have been alleviated during the stated period of time, Company shall notify affected Shipper(s)/Interconnected Party(ies) of the termination of the OFO watch which subsequently will be followed by a critical notice to be posted, as soon as practicable, on Company's public Internet website under Informational Postings.

#### 6.11.5 Issuance of OFO.

If the Company determines that the operational problems detailed in Section 6.11.4 have not been adequately addressed within the time period specified in the OFO watch, Company shall have the right to issue an OFO.

##### 1. Notification.

The affected Shipper(s)/Interconnected Party(ies) will be notified directly of the issuance of the OFO followed by a subsequent critical notice posting, as soon as practicable, on Company's public Internet website under Informational Postings. The OFO will set forth (i) the time and date of issuance, (ii) the actions required of the affected Shipper(s)/Interconnected Party(ies), (iii) the time by which the Shipper(s)/Interconnected Party(ies) must be in compliance with the OFO, (iv) the anticipated duration of the OFO, and (v) any other terms that Company may reasonably require to ensure the effectiveness of the OFO. The actions required in the OFO will directly correlate to the severity of the operational problem.

##### 2. Actions.

The issuance of an OFO may include, but is not limited to, any of the following actions:

- (a) Curtailment of interruptible and firm services;
- (b) Forced balancing at a Point of Interconnection to assure that the total scheduled nomination equals current flows;
- (c) Flow control at a Company operated pressure controlled Point of Interconnection to assure that the total scheduled nomination equals current flows.

6.11.6 Affected Shipper/Interconnected Party Compliance.

Affected Shipper(s)/Interconnected Party(ies) must comply with an OFO within the time period set forth therein unless the affected Shipper(s)/Interconnected Party(ies) is able to demonstrate that such compliance (i) is not within their physical control or capability; (ii) is prevented by operating conditions on a third party system that are beyond the Shipper(s)/Interconnected Party(ies) control; (iii) is precluded by contractual restrictions or the lack of any contract with persons other than Company; and/or (iv) is prevented due to a force majeure event as defined in Section 6.9 paragraph 2 of Company's General Terms and Conditions. The affected Shipper(s)/Interconnected Party(ies) shall notify Company immediately if it believes that it is excused from compliance with the OFO for any of the above stated reasons and shall provide Company with documentation sufficient to support its basis for non-compliance. Upon receipt of notification, Company will respond in writing in a timely manner advising Shipper(s)/Interconnected Party(ies) if it will be excused from compliance.

6.11.7 Treatment of Shipper Imbalances.

At the time an OFO is issued, affected Shipper(s)/Interconnected Party(ies) will be notified of any imbalances that require immediate resolution pursuant to one of Company's imbalance resolution methods as detailed in Section 6.23 of these General Terms and Conditions.

Quantities parked and loaned under Rate Schedule PAL may be utilized by affected Shipper(s)/Interconnected Party(ies) to net or trade against their respective imbalances to facilitate the immediate elimination of such imbalances.

6.11.8 Failure to Respond to OFO.

1. Actions.

In the event that the affected Shipper(s)/Interconnected Party(ies) does not respond to an OFO, or the actions taken are insufficient to correct the operational problem for which the OFO was issued, or there is insufficient time to carry out the procedures with respect to OFOs, Company may take unilateral action, including the curtailment of interruptible and firm service, to maintain the operational integrity of Company's pipeline system (or any portion thereof).

If a full interruption, partial curtailment, or reduction of service due to an OFO shall become necessary, Company shall immediately notify the affected Shipper(s)/Interconnected Party(ies), followed by a subsequent critical notice posting, as soon as practicable, on Company's public Internet website under Informational Postings. The posting shall contain information regarding the status of the operational variables that prompted such service interruption, and the estimated effective period of the service interruption. Additionally, Company shall post routine status updates throughout the service interruption period.

Except in situations where the curtailment of interruptible services would not alleviate the causes and conditions necessitating the issuance of the OFO, Company shall curtail interruptible services prior to curtailing firm service required to alleviate the causes and conditions of the OFO.

2. Responsibility.

Subject to Section 6.29 of the General Terms & Conditions of Company's Tariff, Shipper(s)/Interconnected Party(ies) shall be responsible for and indemnify Company against any damages that are a result of the failure of Shipper(s)/Interconnected Party(ies) to comply with the OFO.

Non-complying Shipper(s)/Interconnected Party(ies) shall indemnify Company against any claims of responsibility.

#### 6.11.9 OFO Penalty.

If an affected Shipper/Interconnected Party fails to comply with an OFO and has not been excused in writing by Company from compliance pursuant to Section 6.11.6 of Company's General Terms and Conditions, it will be subject to an OFO penalty for each MMBtu of gas by which it deviated from the requirements of the OFO. The OFO penalty shall be computed based on a price per MMBtu equal to three times the highest price published in the absolute range for "Cheyenne Hub" for the Gas Day on which the OFO is issued, as reported in Platts Gas Daily (Daily Price Survey), or any successor publication thereto.

All amounts invoiced and collected by Company as payment of OFO penalties under this Section 6.11.9, net of incremental administrative charges, shall be allocated by Company to Shippers using the methodology set forth in Section 6.48 of the General Terms and Conditions.

6.11.10 Termination of OFO.

Once the operational problems necessitating the issuance of the OFO have been alleviated, Company shall advise the affected Shipper(s)/Interconnected Party(ies) of the termination of the OFO and shall post a critical notice on its public Internet website, as soon as practicable, regarding the termination of the OFO.

## 6.12 SEPARATE LIABILITY OF SHIPPER

The execution of an Agreement by Shipper shall result in Shipper undertaking obligations of a separate nature, and shall not be deemed to cause a joint, or joint and several, obligation vis a vis any one or more other Shippers.

## 6.13 CURTAILMENT

Company shall have the right to curtail service on any portion of its pipeline system at any time for reasons of force majeure, unexpected capacity loss after scheduling or other emergency causes. Company shall exercise this curtailment provision only at affected point(s) or segment(s) of the pipeline system. Routine repair and maintenance should be planned through scheduling and should not disrupt firm service.

Company shall provide notice on its public Internet website of any curtailment as soon as practicable.

During the period of the curtailment, scheduled capacity shall be allocated in reverse allocation order of priority classification as detailed in Section 6.10.5 of these General Terms and Conditions.

Shippers utilizing secondary capacity scheduling rights at a given point shall be considered to have an equal curtailment allocation priority with Shippers with primary capacity scheduling rights at such point, once natural gas volumes are scheduled at the point.

#### 6.14 SHIPPER DELIVERY RIGHT AND WARRANTIES

Shipper shall have the right to deliver natural gas to Company pursuant to the terms and conditions of Shipper's Agreement. Shipper warrants that it 1) shall have good title to all gas delivered to Company and 2) shall indemnify and save harmless Company against claims, liability, loss or damage which Company may incur or suffer as a result of the lack of such right or other breach of such warranty or any claim made against Company by any Person asserting an interest in such gas.

## 6.15 COMPANY RESPONSIBILITY FOR GAS

Company shall be responsible for all gas delivered to it by Shipper between the time such gas is received by it from Shipper at any Receipt Point and the time gas is delivered to Shipper by Company at any Delivery Point, and at no other time.

### 1. Receipt Point.

The point of custody transfer at each Receipt Point shall be on the inlet side of the measurement station at such Receipt Point or at such other point as may be agreed between Company and Shipper, or all Shippers who utilize such Receipt Point.

### 2. Delivery Point.

The point of custody transfer at each Delivery Point shall be on the outlet side of the measurement station at such Delivery Point or at such other point as may be agreed upon between Company and Shipper, or all Shippers who utilize such Delivery Point.

## 6.16 FERC ANNUAL CHARGE PROVISION

### 1. Purpose.

Pursuant to Part 154.402 of FERC's Regulations, Company intends to recover the annual charges assessed by FERC under Part 382 of FERC's Regulations through the terms contained in this Section 6.16 and not through an NGA Section 4(e) rate filing.

### 2. ACA Unit Rate Adjustment.

The ACA unit rate shall be set forth on the Statement of Rates.

The ACA unit rate is not a discountable rate component.

### 3. Applicability.

The ACA unit rate shall apply to all transportation services that involve the transportation of gas to physical Delivery Points.

6.17 RECEIPT POINT AND DELIVERY POINT FLEXIBILITY/SEGMENTATION

6.17.1 Flexible Point Rights.

Shipper may, pursuant to its Agreement, nominate any Receipt Point or Delivery Point (physical, logical or Transfer Point) on Company's pipeline system, unless otherwise specifically excluded in the Rate Schedule underlying such Agreement.

All Receipt Point(s) and Delivery Point(s) within a firm Shipper's Transportation Path are granted a higher capacity allocation priority than Receipt Point(s) and Delivery Point(s) outside a Shipper's Transportation Path.

6.17.2 Point Capacity Scheduling Rights Under Firm Transportation Service Agreements.

1. Primary Point Capacity Scheduling Rights.

Shipper's primary point capacity scheduling rights will be initially located at the Receipt Point and Delivery Point establishing Shipper's Transportation Path set forth on Exhibit A of Shipper's Service Agreement.

Shipper shall receive primary capacity scheduling rights for a quantity of gas equal to Shipper's Maximum Delivery Quantity set forth on Exhibit A of Shipper's Service Agreement.

2. Reassignment of Primary Point Capacity Scheduling Rights.

Subject to the availability of firm point capacity on Company's pipeline system, Shipper shall have the ability to reassign its primary point capacity scheduling rights to one or more Receipt Point(s) or Delivery Point(s) within its Transportation Path.

The reassignment of primary point capacity scheduling rights within Shipper's Transportation Path shall not result in an increase or decrease in Shipper's contracted rights. The sum of the quantities reassigned to the Receipt Point(s) and Delivery Point(s) shall not exceed Company's obligation set forth in Shipper's Service Agreement. Shipper may submit a request to Company to reassign its primary point capacity scheduling rights within its Transportation Path. The term of the reassignment period will be included in the request. Such request must be made to Company no later than 1:00 p.m. CCT on the day before nominations are due.

If more than one Shipper desires to redistribute its primary point capacity scheduling rights to the same point and insufficient firm capacity exists to accommodate the requests, the available capacity at the requested point will be allocated pro rata based upon the requested quantity at such point. Company shall notify Shippers of its ability or inability to redistribute primary scheduling rights. Such notification shall be made at least one hour before the timely cycle nominations are due and will detail the reason for the request not being implemented, if applicable.

Shipper retains the option to return to its initial primary capacity scheduling rights position at the end of the reassignment period.

During the term of Shipper's reassignment of primary point capacity scheduling rights, Company reserves the right to sell any available capacity resulting from such reassignment.

3. Shipper's Obligations Under Reassignment of Primary Point Capacity Scheduling Rights.

During the term of the redistribution period, a firm Shipper subject to a reservation charge will continue to be billed a reservation charge based upon the Transportation Path set forth on Exhibit A of Shipper's Service Agreement. Shipper shall be required to pay a commodity charge and provide Company Use Gas based upon the Transportation Path actually scheduled.

However, if a Shipper requests a permanent reassignment of primary point capacity scheduling rights outside of its currently effective Transportation Path, such a requested permanent change in primary point capacity scheduling rights is subject to available capacity, executing an amendment to its Service Agreement and meeting the requirements under Company's Tariff in order to effectuate a permanent change in its Transportation Path. Shipper shall be subject to any resulting additional transportation charges associated with the permanent reassignment.

The Receipt Point(s) and Delivery Point(s) within a Shipper's Transportation Path that do not have primary capacity scheduling rights are automatically assigned SIP capacity scheduling rights by Company.

The Receipt Point(s) and Delivery Point(s) outside of a Shipper's Transportation Path are automatically assigned SOP capacity scheduling rights by Company.

### 6.17.3 Segmentation Rights.

#### 1. Segmentation via Nomination Process.

A Shipper may segment its Transportation Path into separate parts through the nomination process, to the extent such segmentation is operationally feasible.

Company will not permit a Shipper to segment capacity via the nomination process when the nominations by such party exceed the Maximum Delivery Quantity of the underlying Service Agreement at a pipeline location. However, a segmented nomination by a Shipper consisting of a Forwardhaul and Backhaul to the same Receipt Point or Delivery Point for a given nomination cycle may exceed the Maximum Delivery Quantity of the underlying Service Agreement.

#### 2. Segmentation via Capacity Release.

Shipper may segment its Transportation Path for the purpose of releasing capacity in accordance with Section 6.27 of these General Terms and Conditions to the extent such segmentation is operationally feasible.

Any secondary scheduling rights resulting from a segmented capacity release may be elevated to primary scheduling rights to the extent firm capacity exists at the requested Receipt Point(s) or Delivery Point(s) within the Transportation Path up to the Releasing Shipper's or Replacement Shipper's Maximum Delivery Quantity.

Shipper may submit a request to Company to elevate its scheduling rights no later than 1:00 p.m. CCT on the day before nominations are due.

Company shall notify Replacement/Releasing Shipper of its ability or inability to elevate the scheduling rights. Such notification shall be made at least one hour before the timely cycle nominations are due and will detail the reason for the request not being implemented, if applicable.

#### 3. Contractual Rights.

The use of segmentation shall not result in an increase in Shipper's contractual rights.

6.18 RIGHT OF FIRST REFUSAL

#### 6.18.1 Applicability.

A firm Shipper with a Service Agreement for a term of at least twelve (12) consecutive months at the Maximum Rate shall have the right of first refusal regarding continuing service beyond the primary term specified in the Shipper's Service Agreement for all or a portion of Shipper's Maximum Delivery Quantity, provided Shipper satisfies the creditworthiness requirements set forth in Section 6.40 of these General Terms and Conditions and is current with its obligations and otherwise is in compliance with the terms and conditions of Company's Tariff. A Shipper may not exercise its right of first refusal for only a geographic portion of its contracted Transportation Path or to off-system services acquired for Shipper under Section 6.39 paragraph 2 of these General Terms and Conditions.

Unless Company and Shipper expressly agree otherwise in Shipper's Service Agreement, a right of first refusal does not apply to any Negotiated Rate Agreement or to any discounted rate Agreement or to off-system services acquired for Shipper under Section 6.39 paragraph 2 of these General Terms and Conditions.

A limited right of first refusal shall be applicable to an interim Service Agreement for capacity that has been sold pursuant to Section 6.26.4 or Section 6.28 paragraph 5 of these General Terms and Conditions.

A Service Agreement containing a right of first refusal applicable to off-system service contracted pursuant to Section 6.39 of these General Terms and Conditions may not be extended beyond the term of Company's agreement with a third-party for such off-system service.

6.18.2 Avoidance of Right of First Refusal Process.

Subject to Section 6.18.1 herein, Shipper can extend the term of its Service Agreement at anytime and not be subject to the right of first refusal process outlined below if, prior to the receipt of notice in Section 6.18.3 herein, Shipper agrees to any of the following actions: 1) Shipper agrees to amend the term of its Service Agreement for a term of five or more years at the Maximum Rate from the effective date of the amendment or 2) Shipper and Company mutually agree to amend the terms of the existing Service Agreement which shall include an extension of the term beyond the termination date of the existing Service Agreement. An amended Service Agreement containing the revised terms also must be executed prior to receipt of notice in Section 6.18.3 herein.

### 6.18.3 Notice to Shipper.

Company shall give notice to Shipper, not less than six (6) months and no more than eighteen (18) months prior to the termination of Shipper's Service Agreement that Shipper's capacity is subject to the right of first refusal.

In the event an expansion project is proposed that would utilize capacity on Company's existing facilities, the sizing of such proposed project could be affected by Shipper's plans regarding its continuation of service. Accordingly, for expansion projects that are fully subscribed, Company shall have the right to give Shipper notice no more than thirty-six (36) months prior to termination of Shipper's Service Agreement that Shipper's capacity is subject to the right of first refusal. Company shall require a response from Shipper no later than ten (10) Business Days from the date the notice is issued.

#### 6.18.4 Shipper's Response to Notice.

Shipper's response to Company's notice, pursuant to Section 6.18.3 herein, shall include its binding commitment to any of the following options up to the Maximum Delivery Quantity in Shipper's Service Agreement: 1) extend the term of its Service Agreement for at least five years at the Maximum Rate under the applicable Rate Schedule; 2) terminate its Service Agreement; or 3) exercise its right of first refusal.

Shipper must notify Company of its election, within ten (10) Business Days from the date the notice is issued pursuant to Section 6.18.3 herein. In the event that Shipper does not respond to Company's notice within such time frame, Company shall post all of Shipper's capacity for Bid, without a right of first refusal, in accordance with Section 6.26.1 of these General Terms and Conditions.

##### 1. Extension of Term of Service Agreement.

If Shipper elects to extend the term of its Service Agreement for all or a portion of its Maximum Delivery Quantity under its Service Agreement for a term of five years or more at the Maximum Rate, Shipper shall be required to execute an amendment to the Service Agreement containing such terms within five (5) Business Days from the date such amended Service Agreement is rendered to Shipper. No further action by Shipper shall be required upon receipt by Company of the executed Service Agreement.

##### 2. Termination of Service Agreement.

If Shipper elects to terminate its Service Agreement, such Service Agreement shall expire under its own terms and no further action will be required of Shipper.

##### 3. Exercise of Right of First Refusal.

If Shipper elects to exercise its right of first refusal, then such capacity shall be subject to the procedures detailed in Section 6.18.5 herein. Shipper shall be required to execute an amendment to its Service Agreement, within five (5) Business Days from the date such amended Service Agreement is rendered to Shipper reflecting the terms matched. No later than one (1) Business Day of receiving notice of Shipper's election under this Section 6.18.4 paragraph 3, Company shall post the capacity in accordance with Section 6.18.5 herein.

#### 6.18.5 Posting/Bid Procedures.

##### 1. Posting of Available Capacity.

Company shall post for twenty (20) Business Days a notice of available firm capacity that is subject to the right of first refusal. The posting shall specify the Maximum Delivery Quantity, Transportation Path, Bid evaluation method, and deadline for resolution of Bid contingency(ies) allowed in Section 6.18.5 paragraph 2(c) herein. The posting shall state that the capacity is subject to the right of first refusal and whether Company will consider a negotiated rate Bid.

##### 2. Bid Procedures.

- (a) Within one (1) Business Day of receipt of a Bid by Company for the posted firm capacity, Company will post the Bid. The identity of the bidder shall be kept confidential. Company shall not be obligated to accept a Bid at less than the applicable Maximum Rate.
- (b) Any Person desiring to submit a Bid for firm capacity in accordance with this Section 6.18 must satisfy the requirements of the applicable Rate Schedule and execute the associated Service Agreement. A Bid for firm capacity which exceeds a Shipper's qualified level of creditworthiness shall be accepted up to the level of creditworthiness established pursuant to Section 6.40 of these General Terms and Conditions.
- (c) In the event Company will allow a contingent Bid, Company shall detail in its posting the specific contingency(ies) it will accept and Bidder must specify the details of the contingency in its Bid.
- (d) Company will not accept a Bid containing contingencies other than those allowed in Section 6.18.5 paragraph 2(c) above.
- (e) A bidder may withdraw its Bid prior to the Bid Closing Date upon written notice to Company.

##### 3. Selection of Best Bid.

- (a) For purposes of determining the Best Bid(s), Company will use Method A as detailed in Section 6.27.6 paragraph 1(a) or, if applicable, Section 6.37 paragraph 3 of these General Terms and Conditions for a negotiated rate Bid. The Best Bid must meet or exceed the lowest rate Company is willing to accept for such service.

Nothing herein shall obligate Company to provide service to any Shipper at less than Company's applicable Maximum Rates.

- (b) Company shall evaluate Bid(s) received and notify Shipper in writing within one (1) Business Day after the Bid Close Date of the Best Bid(s) or if no acceptable Bid(s) were received. In those instances where a contingent Bid(s) pursuant to Section 6.18.5 paragraph 2(c) herein is determined to be the Best Bid, the allocation of capacity may be delayed, without undue discrimination, pending satisfaction of the contingency. If such contingency has not been resolved by no later than ten (10) Business Days after the Bid Closing Date, then such contingent Bid is deemed void.
- (c) In order for Shipper to retain its capacity, Shipper shall notify Company in writing within ten (10) Business Days of notification pursuant to Section 6.18.5 paragraph 3(b) herein that Shipper elects to match the Best Bid(s) for all or a percentage of the Maximum Delivery Quantity. A Shipper that has a primary term greater than one year at the Maximum Rate is not required to match a rate higher than the Maximum Rate currently in effect for that Transportation Path in order to retain its contracted capacity.

If the Best Bid(s) contains a Negotiated Rate, Shipper may retain all or a portion of its Maximum Delivery Quantity by choosing one of the following options: 1) matching the Best Bid as a Negotiated Rate or 2) matching the Best Bid as a discounted rate that is equivalent to the Negotiated Rate or 3) agreeing to pay the currently effective Maximum Rate. If Shipper timely matches the Best Bid, Company shall prepare a Service Agreement setting forth the terms and conditions of the Best Bid for Shipper's execution to be effective on the date the existing Service Agreement expires. If Shipper fails to execute the Service Agreement within five (5) Business Days of Company's tender, Shipper will forfeit any claim under its right of first refusal to the subject capacity. Notwithstanding the prior notice of any award of such capacity to Shipper, Company shall have the ability to re-sell the capacity and Shipper will be required to pay Company the difference between the matched Best Bid and the price received for the resold capacity multiplied by the quantity of the awarded Bid, in the event the matched Best Bid was above the price ultimately received for the resold capacity.

- (d) In the event there is capacity remaining after Shipper's election in Section 6.18.5 paragraph 3(c) herein and there is more than one Best Bid, the firm capacity shall be allocated in the sequence in which the Best Bid(s) are drawn one at a time at random from a bowl in which each of the Best Bid(s) has been placed individually. Best Bid(s) will continue to be drawn until all the firm capacity has been allocated. The drawing will be conducted by a

separate impartial entity not affiliated with Company and will be completed within two (2) Business Days of the Bid Closing Date.

- (e) Each bidder who submitted a Best Bid, as determined in Section 6.18.5 paragraph 3(a) herein, will be awarded capacity within one Business Day following receipt of Shipper's notice to Company in Section 6.18.5 paragraph 3(c) herein. Company shall prepare a Service Agreement setting forth the terms and conditions of the Best Bid for Shipper's execution. If Shipper fails to execute the Service Agreement within five (5) Business Days of Company's tender, Company shall have the ability to re-sell the capacity, notwithstanding the notice of any award, and Shipper will be required to pay Company the difference between the Best Bid and the price received for the resold capacity multiplied by the quantity of the awarded Bid, in the event the Best Bid was above the price ultimately received for the resold capacity.
- (f) The awarded Best Bid(s), including the identity of the bidder(s), will be posted on Company's public Internet website within one (1) Business Day of award.

If Company does not receive any acceptable Bid(s) for all or part of the capacity in response to a posting pursuant to Section 6.18.5 paragraph 1 herein, Company shall notify Shipper in writing of the results and inform the Shipper that Shipper may continue to receive service if Company and Shipper can mutually agree to acceptable terms and execute a Service Agreement to continue all or a portion of Shipper's Service Agreement within five (5) Business Days of such notification. Company is under no obligation to provide service at less than the Maximum Rate under this Rate Schedule. If Company and Shipper do not execute a Service Agreement by the close of the five (5) Business Day period, Shipper's right of first refusal under the Service Agreement will have expired and on the following Business Day, Company shall post the capacity as available without a right of first refusal in accordance with Section 6.26.1 of these General Terms and Conditions.

## 6.19 FACILITIES POLICY

Company shall not be required to build, modify, operate, own, or contribute to the cost of building or operating any facilities including but not limited to pipeline facilities, taps, metering facilities, valves, looping and/or compression facilities, to Shippers or other Persons, which are not operationally or economically feasible. In the event Company agrees to either build, operate, own, or contribute to the cost of building any such facilities, Company shall do so on a not unduly discriminatory basis.

### 1. Shipper Reimbursement.

Shipper will be required to reimburse Company, on mutually agreeable terms, for costs associated with constructing and operating the facilities. Such mutually agreed upon reimbursement may be in the form of an incremental rate, an operations fee, a lump sum payment, or a mutually agreed upon method, including reimbursement for any associated tax effects. Company may waive this requirement on a not unduly discriminatory basis.

### 2. Company Contribution.

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

## 6.20 CONTRACTUAL NOTICES

Any notice or other communication required to be given or made in writing under an Agreement shall be sufficiently given if reduced to writing and delivered, mailed by prepaid mail, or other mechanical or electronic means of transmitting written messages, to the Person to which it is to be given at the most recent address of such Person provided to Company for such Agreement in the manner provided in this Section 6.20. Any such notice or other communication which is mailed or sent as aforesaid shall only be considered to be given or made when it is actually received by the Person to which it is given or made.

## 6.21 DEFAULTS

No default in the performance of any of the obligations of Company or Shipper under this Tariff or Shipper's Agreement, nor any action, non-action, concession or indulgence by Company or Shipper shall operate to terminate, cancel, repudiate or surrender this Tariff or Shipper's Agreement, or except as specifically provided in such Agreement, to relieve Company or such Shipper from due and punctual compliance with its obligations thereunder.

## 6.22 MEASUREMENT OF FLOWING GAS

The measurement information statement is designed to provide information on actual or estimated physical flow moving through a Point of Interconnection at which Company has measurement responsibility and does not include data elements utilized to verify the calculation of measured flow. The measurement information statement is posted on the secured non-public Internet website on or before five (5) Business Days after business month.

For treatment of measurement prior period adjustments, Company shall treat the adjustment by taking it back to the Production Month. A meter adjustment becomes a prior period adjustment after the fifth Business Day following the business month. [NAESB WGQ Standard 2.3.11]

Measurement data corrections shall be processed within six (6) months of the Production Month with a three (3) month rebuttal period. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise 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. [NAESB WGQ Standard 2.3.14]

## 6.23 IMBALANCE RESOLUTION

For purposes of this Section 6.23, Party(ies) shall be defined as any Person having an imbalance with Company.

### 1. Pre-Determined Allocations (PDA).

PDAs are used to manage the variance between actual quantities and scheduled quantities. An OBA is a form of PDA. The upstream or downstream party providing the Point of Interconnection confirmation should submit the PDA to the allocating party after or during confirmation and before the start of the Gas Day, except that no PDAs need to be submitted if an OBA is in effect at a Point of Interconnection.

### 2. Allocation Statements.

Allocations are performed by the operator of the affected location, using the PDA method agreed to by the parties involved. The allocation statement is used to communicate the allocation information to the parties involved.

The time limitation for disputes of allocations should be six (6) months from the date of the initial month-end allocation with a three (3) month rebuttal period. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise 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. [NAESB WGQ Standard 2.3.26]

### 3. Imbalance Resolution.

Resolution to correct an imbalance shall be required.

Party must correct such imbalance within forty-five (45) days from the date it is notified by Company of an imbalance under an existing Agreement or an Agreement that has terminated.

Company shall support the following methods of imbalance resolution, provided that at the time proposed for such resolution, sufficient capacity is available and all nominations and scheduling processes are satisfied.

#### (a) In-kind.

To resolve an imbalance due Company, party may elect to deliver gas into Company's pipeline system at any Receipt Point.

To resolve an imbalance due party, a party may elect to accept gas from Company's pipeline system at any Delivery Point.

If party creates and resolves an imbalance within the same Operational Impact Area, there will be no associated charge for transportation or Company Use Gas.

(b) Netting.

Company shall allow a party to net an imbalance within the same Operational Impact Area on and across Agreements. [NAESB WGQ Standard 2.3.30]

(c) Trading.

Company shall allow a party to trade imbalances within the same Operational Impact Area on and across Agreements. [NAESB WGQ Standard 2.3.30]

Company shall provide the ability to post and trade imbalances until at least the close of the 19th Business Day of the month. [NAESB WGQ Standard 2.3.41]

An Authorization to post imbalances (pursuant to NAESB WGQ Standard 2.4.9) that is received by Company by 11:45 a.m. CCT shall be effective at 8:00 a.m. CCT the next Business Day. An imbalance that is previously authorized for posting shall be posted on or before the ninth Business Day of the month. [NAESB WGQ Standard 2.3.40]

(d) Underdelivery Cashout.

To resolve an imbalance due Company, party may elect to reimburse Company for such Underdelivery.

Party must provide written notice to Company, within the resolution period, of its desire to cashout all or a portion of the Underdelivery quantity. At such time, Company will post an offer to buy working gas equal to the Underdelivery quantity specified by party to resolve. Company shall select the lowest Bid received from any qualified bidder and will facilitate the delivery of such working gas into its pipeline system. Company shall post all Bids received from qualified bidders and select the lowest qualified Bid. If the lowest qualified Bid is not chosen, explanation and justification of the selected Bid also will be posted.

Company shall invoice party for the total cost of the working gas purchased to reduce or eliminate the Underdelivery at the time such working gas is received into Company's pipeline system.

To account for any imbalance remaining after cashout, party and Company shall agree to designate one of the Shipper's Agreement(s) in the Operational Impact Area where the original imbalance occurred, for such purpose.

(e) Underdelivery Penalty.

If a noticed Shipper Imbalance has not been resolved during the resolution period, and the remaining Shipper Imbalance reflects an Underdelivery, Company will invoice Shipper an Underdelivery Penalty for an amount equal to the Underdelivery quantity times one hundred fifty percent of the actual price established at Section 6.23 paragraph 3(d) herein.

Amounts received by Company for the Underdelivery Penalty, net of administrative costs, shall be allocated by Company to Shippers using the methodology set forth in Section 6.48 of these General Terms and Conditions.

(f) Overdelivery Retention.

If a noticed Shipper Imbalance has not been resolved during the resolution period, and the remaining Shipper Imbalance reflects an Overdelivery, Company shall retain the quantity of gas in excess and use it to reduce Company Use Gas.

#### 6.24 SEVERABILITY

If any provision of a Shipper's Agreement shall be contrary to or prohibited by applicable law, such provision shall be severable from the remaining provisions of such Agreement and shall be deemed to be deleted therefrom, and all of the provisions of such Agreement which are not contrary to or prohibited by applicable law shall, notwithstanding such deletion, remain in full force and effect. If Section 6.6.6 of these General Terms and Conditions requires the payment of interest at a rate which exceeds the rate which the Person to whom such interest is required to be paid is permitted under applicable law to receive, or which the Person required to pay such interest is permitted under applicable law to pay, such rate shall be reduced to the highest rate which is permitted under applicable law. In no event will Company be made liable to make payment, or credit against the cost of service, for any difference between interest otherwise due and owing to Company under Section 6.6.6 of these General Terms and Conditions and the amount actually paid by a Shipper to Company, which difference arises in whole or in part as the result of the application of this Section 6.24 of these General Terms and Conditions.

## 6.25 SURVIVAL OF OBLIGATION

Notwithstanding the termination of Shipper's Agreement, Shipper and Company shall have the following obligations as such obligations relate to activities undertaken prior to the date Shipper's Agreement terminates:

- (a) Shipper shall remain liable thereafter to pay all invoices rendered by Company to it in the manner contemplated, and subject to Shipper's rights in respect of such payments provided in Section 6.6 of these General Terms and Conditions;
- (b) Company shall remain liable thereafter to make all payments to Shipper required to be made under Section 6.6 of these General Terms and Conditions, provided Company is paid for obligations owed to it;
- (c) Company and Shipper shall remain liable thereafter to indemnify each other as provided in Section 6.8 of these General Terms and Conditions with respect to events taking place prior to such termination;
- (d) Company shall remain liable thereafter to deliver gas to Shipper to the extent necessary to discharge Company's undischarged obligations under Section 6.15 of these General Terms and Conditions; and
- (e) Shipper and Company shall remain liable thereafter to resolve all other obligations to the date of such termination.

With all reasonable dispatch after the giving of a notice of termination as may be required under Shipper's Agreement, Company and Shipper shall enter into such arrangements as may be reasonably necessary to ensure performance of the foregoing obligations and otherwise as may be necessary or desirable in connection with such termination.

6.26 POSTING AND AWARDING OF AVAILABLE AND PLANNED PIPELINE  
CAPACITY

6.26.1 Posting of Firm Capacity.

- (a) Company will post on its public Internet website available capacity, not subject to Section 6.18 of these General Terms and Conditions, and planned firm capacity, subject to Section 6.28 paragraph 3 of these General Terms and Conditions, for the purpose of obtaining competitive Bids.
- (b) The bid period shall be a minimum of 1) three (3) Business Days for capacity with a term of greater than a Calendar Month or 2) one hour for capacity with a term of a Calendar Month or 3) fifteen minutes for capacity with a term of less than a Calendar Month.
- (c) All postings shall set forth the criteria for an acceptable Bid, the method for awarding capacity, the Bid Closing Date, the method for resolving a tie breaker, any contingencies that Company is willing to accept, and the time frame for resolving contingencies.

6.26.2 Bid Procedures.

- (a) Any Person desiring to submit a Bid for firm capacity in accordance with this Section 6.26 must satisfy the requirements of the applicable firm Rate Schedule and agree to execute the applicable Service Agreement. A Person's Bid for firm capacity which exceeds its qualified level of creditworthiness shall not be accepted.
- (b) Bidder must specify in its Bid the details of the contingency that Company is willing to accept pursuant to Section 6.26.1(c) above. In those instances where such a contingent Bid(s) is determined to be the Best Bid, the allocation of capacity may be delayed pending satisfaction of the contingency.
- (c) If a Bid is received which contains conditions, other than those allowed in Section 6.26.1(c) above, that are not satisfied at the Bid Closing Date, such Bid shall not be accepted.
- (d) A bidder may withdraw its Bid prior to the Bid Closing Date upon written notice to Company.
- (e) Company shall not award such capacity at less than the Maximum Rate to a marketing affiliate as defined by Part 358 of the Commission's regulations unless a request for a discount from a marketing affiliate is first posted for competitive Bid pursuant to the time frame outlined in Section 6.26.1 herein and no other competitive Bid(s) are determined to be the Best Bid as a result of such posting.

6.26.3 Awarding of Best Bid(s).

Bidders shall submit Bids to Company via Company's non-public Internet website unless Company provides notice of an alternative means of accepting Bids.

All Bids not withdrawn prior to the close of the bid period shall be binding. At the close of the bid period, Company shall evaluate the Bids and determine the Best Bid in accordance with Section 6.26.1 herein. Unless otherwise specified in the posting, Company shall not be required to accept Bids at less than the Maximum Rate or for a Transportation Path shorter than the posted Transportation Path or for a term shorter than the posted term.

No later than one Business Day following the Bid Closing Date, except as set forth in Section 6.26.2 above, Company will award Best Bid(s) in accordance with Method A detailed in Section 6.27.6 paragraph 1(a) of these General Terms and Conditions.

If Company accepts a Bid(s) that results in a contract term of one Calendar Month or less, Company may re-sell any remaining available capacity for such Calendar Month effective at the end of the contract term without implementing a new bid period.

If available capacity remains after the close of the bid period, Company shall post the available capacity on its public Internet website as available unsubscribed capacity. Company may sell such available capacity on a first come-first serve basis to any Person without commencing a new bid period. Best Bids received with the same date and time-stamp will be prorated, if necessary.

6.26.4 Interim Sales of Capacity.

Capacity that has been awarded pursuant to Section 6.26.3 herein with a future Billing Commencement Date shall be made available to Shippers on an interim basis. Where the available interim capacity would otherwise be eligible for the right of first refusal as set forth in the applicable Service Agreement and pursuant to Section 6.18 of these General Terms and Conditions, Company shall limit the right of first refusal for capacity sold on an interim basis such that the term of the interim capacity may not be extended beyond the future Billing Commencement Date of firm capacity sold. If the right of first refusal is limited, the applicable Service Agreement shall note such limitation.

6.27 RELEASE OF FIRM CAPACITY

## 6.27.1 Rights and Obligations of Shipper.

### 1. Permanent Release.

Unless otherwise specified in a specific firm Rate Schedule, a Releasing Shipper may release its firm capacity under its Service Agreement, in whole or part, for the remaining term of the Releasing Shipper's Service Agreement to a Person desiring such service and such release shall be referred to as a permanent release. The Replacement Shipper acquiring the capacity under the permanent release shall satisfy the conditions of the associated Rate Schedule and execute the respective Service Agreement which shall contain the terms and conditions of the Offer and awarded Bid.

In order for a Releasing Shipper to effectuate a permanent release of all or part of its contracted capacity, it shall enter into a Service Agreement amendment with Company which will provide for the termination of the Releasing Shipper's existing Service Agreement for the permanent released capacity. In such event, the Releasing Shipper shall thereafter be relieved of its obligations for the permanent released capacity under the Service Agreement, subject to the provisions of Section 6.25 of these General Terms and Conditions.

Company may refuse to allow a permanent release if it has a reasonable basis to conclude that it will not be financially indifferent to the release. If Shipper's request to permanently release capacity is denied, Company shall notify the Releasing Shipper and the Replacement Shipper in writing of the reason(s) for such denial.

### 2. Temporary Release.

A Shipper may temporarily release its firm capacity, in whole or in part, to a Person desiring such service which shall be referred to as a temporary release. If a Shipper elects to temporarily release its capacity, the obligations associated with the released capacity remain with the original Releasing Shipper. At the end of the term of the temporary release, all contractual rights and obligations remain with the original Releasing Shipper.

A Replacement Shipper acquiring capacity under a temporary release shall be required to enter into the applicable Service Agreement with Company for the capacity acquired which shall incorporate the terms and conditions of the Offer and awarded Bid.

### 3. Capacity Release Offer Agreement.

Prior to posting an Offer, the Releasing Shipper must execute a Capacity Release Offer Agreement available on Company's public Internet website, for each Service Agreement from which it intends to release capacity.

#### 6.27.2 Offer Requirements.

A Releasing Shipper who elects to release its firm capacity on either a permanent basis or a temporary basis, must specify the terms and conditions upon which it will release its capacity in an Offer.

A release of firm capacity is not subject to Bid if 1) the release is at the Maximum Rate for a term of more than one year, or 2) the release period is thirty-one (31) days or less and the Releasing Shipper elects not to make the release biddable, or 3) the release is to an asset manager under an Asset Management Arrangement (AMA) as defined in 18 CFR 284.8(h)(3) or to a marketer participating in a state-regulated retail access program as defined in 18 CFR 284.8(h)(4) ("AMA" Release). Notice of a firm release of capacity herein will be posted on Company's public Internet website no later than the first nomination after the capacity release transaction commences.

Except for capacity released to an AMA or marketer participating in a state-regulated access program, a Releasing Shipper may not roll over, extend, or in any way continue a release to the same Designated Replacement Shipper that obtained capacity for a term of thirty-one (31) days or less through a release which was not subject to Bid, until a minimum of twenty-eight (28) days after the first release period has ended. However, the twenty-eight (28) day waiting period is not applicable to a re-release of capacity to the same Designated Replacement Shipper if the Releasing Shipper posts such capacity for Bid or the re-release is otherwise exempt from bidding as detailed above.

An Offer must conform to the parameters set forth herein in Section 6.27.4 herein.

The terms and conditions included in the Offer shall be objectively stated and be applicable to all potential bidders on a non-discriminatory basis.

Releasing Shipper may submit an Offer to Company in writing or electronically for posting.

An Offer expires on the Bid Closing Date if no Bid is received.

Offers will be binding until notice of withdrawal is received by Company on its Customer Activities web site. [NAESB WGQ Standard 5.3.14]

Upon the award of a successful Bid(s) the Offer underlying the successful Bid(s) will become an addendum to the Capacity Release Offer Agreement.

1. Withdrawal of Offer.

A Releasing Shipper has the right to withdraw its Offer during the bid period, where unanticipated circumstances justify and no minimum Bid has been made. [NAESB WGQ Standard 5.3.16]

A notice of withdrawal of an Offer will be posted upon receipt.

### 6.27.3 Bid Requirements.

#### 1. Satisfaction of Credit Requirements.

Any Person desiring to submit a Bid for firm capacity must have executed a Capacity Release Bid Agreement, available on Company's public Internet website, and must have satisfied the requirements of Section 6.40 of these General Terms and Conditions. A Person's Bid for firm capacity which exceeds its qualified level of creditworthiness shall not be awarded.

#### 2. Term of Bid.

Company shall not accept a Bid for a term longer than the term set forth in the Offer.

#### 3. Bid Conditions.

If a Bid is received which contains conditions other than those allowed in the Offer, such Bid shall not be accepted.

#### 4. Withdrawal of Bid.

Bids shall be binding until notice of withdrawal is received by Company on its Customer Activities web site. [NAESB WGQ Standard 5.3.13] Provided however, the bidder may not submit a new Bid at a lower rate for such offered capacity.

Bids cannot be withdrawn after the bid period ends. [NAESB WGQ Standard 5.3.15]

#### 6.27.4 Parameters for Capacity Release Transactions.

##### 1. Quantity.

Release quantity shall be expressed as a numeric quantity only. [NAESB WGQ Standard 5.3.28]

There is no minimum quantity.

##### 2. Term.

The maximum term for which capacity can be released is the remaining term of Releasing Shipper's firm Service Agreement. There is no minimum term.

##### 3. Rate.

The rate charged the Replacement Shipper for any release of capacity for a term of more than one year may not exceed the applicable Maximum Rate. There are no rate limitations applicable to any release of capacity for a period of one year or less if the release is to take effect on or before one year from the date on which Company is notified of the release.

Payments or other consideration exchanged between the Releasing Shipper and the Replacement Shipper in an AMA Release are not subject to the applicable Maximum Rate.

##### 4. Right to Recall Capacity on Temporary Release.

A Releasing Shipper shall describe fully in its Offer any rights to recall the capacity being released on a temporary basis and under what conditions the capacity shall be reput to the Replacement Shipper following any such recall.

The amount of capacity allocated to the Replacement Shipper(s) shall equal the original released capacity less the recalled capacity.

Reput method and rights shall be specified at the time of the deal. Reput method and rights are individually negotiated between the Releasing Shipper and Replacement Shipper. [NAESB WGQ Standard 5.3.8]

When capacity is recalled, it may not be reput for the same Gas Day. [NAESB WGQ Standard 5.3.53]

5. Re-release of Capacity.

A Shipper who has obtained capacity under a temporary release may re-release its capacity, in whole or in part, except in those instances where a re-release was prohibited by the prior Releasing Shipper. Company shall allow re-releases on the same terms and basis as the original release (except as prohibited by regulations). [NAESB WGQ Standard 5.3.19]

A Replacement Shipper acquiring capacity under a temporary release can not re-release such capacity under a permanent release. However, a Replacement Shipper acquiring capacity under a temporary release may re-release such capacity under a temporary release.

6. Prearranged Release of Capacity.

A Releasing Shipper may identify in an Offer a Designated Replacement Shipper for released capacity under a permanent release or a temporary release which shall be referred to as a prearranged release.

If an Offer containing a Designated Shipper is made biddable by the Releasing Shipper, a Designated Replacement Shipper will, in the event that a "better Bid" for released capacity is received, have the option to match the "better Bid" in accordance with Section 6.27.7 herein and acquire the released capacity.

A Designated Replacement Shipper acquiring capacity pursuant to this Section 6.27.4 paragraph 6 shall be required to execute the applicable Service Agreement with Company for the capacity acquired which shall contain the terms and conditions of the Offer and awarded Bid.

7. Non-Prearranged Release.

In the event the Releasing Shipper does not specify a Designated Replacement Shipper, the Offer submitted by the Releasing Shipper shall be subject to the Bid procedures set forth in Section 6.27.5 herein.

8. Volumetric Release.

The Replacement Shipper acquiring capacity under a volumetric release shall pay the agreed to volumetric rate for all the volumes transported up to the total volume contracted for during a Production Month and shall pay the rate in accordance with the applicable Rate Schedule underlying such capacity release for any gas transported in excess of the total volume contracted for such Production Month.

Re-release by a Replacement Shipper paying a volumetric rate is prohibited.

9. Releases Involving Integrated Capacity.

A Releasing Shipper can submit an Offer to release capacity which is integrated with an Offer to release capacity on another pipeline. It is the responsibility of the Releasing Shipper to design a release for "integrated" capacity under terms acceptable to the Releasing Shipper.

Company will allow Bids for capacity which are contingent upon the bidder obtaining capacity on another pipeline(s). However, removal of such contingency shall not conflict with the capacity release timeline observed by Company as set forth in Section 6.27.7 herein.

6.27.5 Posting of Offers, Bids, and Awarded Transactions.

Offers and Bids shall comply with the capacity release timeline as set forth in Section 6.27.7 herein.

Company shall post a complete Offer upon receipt, as set forth in Section 6.27.7 herein, unless Releasing Shipper requests otherwise. If a Releasing Shipper requests a posting time, the Company shall support such request insofar as it comports with the capacity release timeline set forth in Section 6.27.7 herein.

A Releasing Shipper shall not be able to specify an extension of the original bid period or the prearranged deal match period, without posting a new release. [NAESB WGQ Standard 5.3.25]

Company may invalidate any Bid or Offer subsequent to its posting on Company's public Internet website that does not comply with the terms and conditions of Company's Tariff.

The Company shall post all complete Bids upon receipt.

The identity of the bidder shall be kept confidential until the capacity has been awarded.

No later than the first nomination after a capacity release transaction commences, Company shall post all awarded capacity release transactions including the name(s) and Bid information of Replacement Shipper(s).

#### 6.27.6 Selection of Best Bid.

The Best Bid for capacity releases shall be selected by use of one of the methods set forth in Section 6.27.6 paragraph 1 herein. The Releasing Shipper shall specify the Bid evaluation method in its Offer.

Company shall eliminate all Bids which do not satisfy the minimum criteria specified by the Releasing Shipper in its Offer, if any. When an Offer includes a volumetric rate component, only the reservation charge component will be considered in the Bid evaluation and determination of Best Bid. Bids will be assigned a ranking based on the evaluation method specified by the Releasing Shipper.

##### 1. Company's Bid Evaluation Methods.

###### (a) Method A - Present Value of Bids for Capacity.

$$\text{Present Value} = [\text{Bid Rate}] * \frac{1 - (1 + i)^{-n}}{i}$$

Where:

Bid Rate = Reservation Rate in the Bid for firm releases; the volumetric usage charge in the Bid for volumetric releases.

i = FERC's annual discount rate divided by 365 days or 366 days during leap year.

n = Bid term (days) not to exceed the number of days such capacity is available.

The higher the present value, the higher the ranking.

###### (b) Method B - Highest Rate of Bids for Capacity.

Highest Rate = Highest Bid Rate

Where:

Bid Rate = Reservation Rate in the Bid for firm releases; the volumetric usage charge in the Bid for volumetric releases.

The higher the Bid Rate, the higher the ranking.

- (c) Method C - Net Revenue of Bids for Capacity.

$$\text{Net Revenue} = Q * \text{Bid Rate} * n$$

Where:

$$Q = \text{Bid Quantity (Mcf)}$$

Bid Rate = Reservation Rate in the Bid for firm releases; the volumetric usage charge in the Bid for volumetric releases.

n = Bid term (days), not to exceed the number of days offered by the Releasing Shipper.

The higher the net revenue, the higher the ranking.

- (d) Method D - Releasing Shipper's Bid Evaluation Methodology.

The Releasing Shipper may establish a method for evaluation of the Best Bid. The Releasing Shipper must specify the evaluation method and provide an example of the evaluation method with the Offer. In this event, the Company shall evaluate the Bids in accordance with the Releasing Shipper's method and allocate the capacity to the Best Bid. The Releasing Shipper's Bid evaluation methodology must be objective and non-discriminatory. In the event the Releasing Shipper does not specify how capacity will be allocated when there are multiple Best Bids, the capacity will be allocated in accordance with Section 6.27.6 paragraph 1(f) herein.

- (e) Best Bid.

When the Company makes awards of capacity for which there have been multiple Bids meeting minimum conditions, the Company will award Bids, Best Bid first, until all Offered capacity is awarded. [NAESB WGQ Standard 5.3.4]

- (f) Tie-Breaker of Best Bids.

To the extent there is more than one Best Bid for Bids of five (5) months or more, the Offered capacity shall be allocated on a pro rata basis to potential Replacement Shipper(s) submitting a Best Bid, subject to the condition that potential Replacement Shipper(s) must specify when making its Bid whether it is willing to accept a pro rata portion of its Bid capacity. If the Best Bid does not specify the bidder's willingness to accept a pro rata allocation of the capacity and it is necessary to allocate capacity on a pro rata basis, then no

capacity will be awarded to such Best Bid. In the event there is more than one Best Bid for Bids of less than five (5) months, the capacity will be awarded on a first-come, first-served basis.

6.27.7 Capacity Release Timeline. [NAESB WGQ Standard 5.3.1]

The capacity release timeline is applicable to all parties involved in the capacity release process. However, it is only applicable if 1) all information provided by the parties to the transaction is valid, and the acquiring Shipper has been determined to be creditworthy before the capacity release Bid is tendered; 2) for index-based capacity release transactions, the Releasing Shipper has provided the Company with sufficient instructions to evaluate the corresponding bid(s) according to the timeline, and 3) there are no special terms or conditions of the release.

Further, the Company may complete the capacity release process on a different timeline if the offer includes unfamiliar or unclear terms and conditions.

The capacity release timeline, stated in CCT, is as follows [NAESB WGQ Standard 5.3.2]:

- (a) For biddable capacity releases (one year or less):
  - (i) Offers shall be tendered such that they can be posted by 9:00 a.m. on a Business Day.
  - (ii) Open season ends at 10:00 a.m. on the same or a subsequent Business Day.
  - (iii) Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of Best Bid is made, and ties are broken.
  - (iv) If no match is required, the evaluation period ends and the award is posted by 11:00 a.m.
  - (v) 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.
  - (vi) The contract is issued within one hour of award posting (with a new contract number, when applicable).
  - (vii) Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.
- (b) For biddable capacity releases (more than one year):
  - (i) Offers shall be tendered such that they can be posted by 9:00 a.m. on a Business Day.

- (ii) Open season shall include no less than three 9:00 a.m. to 10:00 a.m. time periods on consecutive Business Days.
  - (iii) Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of Best Bid is made, and ties are broken.
  - (iv) If no match is required, the evaluation period ends and the award is posted by 11:00 a.m.
  - (v) 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.
  - (vi) The contract is issued within one hour of the award posting (with a new contract number, when applicable).
  - (vii) Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.
- (c) 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:

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

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.

- (d) Methodologies Supported by Capacity Release Standard Timeline.

For the capacity release business process timing model, only the following methodologies are required to be supported by Company and provided to Releasing Shippers as choices from which they may select and, once chosen, shall be used in determining the awards from the Bid(s) submitted. They are: 1) highest rate, 2) net revenue, and 3) present value. For index-based capacity release

transactions, the Releasing Shipper should provide the necessary information and instructions to support the chosen methodology. [NAESB WGQ Standard 5.3.3]

(e) Methodologies Not Supported by Capacity Release Standard Timeline.

Other choices of bid evaluation methodologies (including other Releasing Shipper defined evaluation methodologies) shall be accorded similar timeline evaluation treatment at the discretion of Company. However, Company is not required to offer other choices or similar timeline treatment for other choices, nor, is Company held to the timeline should the Releasing Shipper elect another method of evaluation. [NAESB WGQ Standard 5.3.3]

6.27.8 Standard Recall Notification Periods.

Company shall support the following recall notification periods, stated in CCT, for all released capacity subject to recall rights [NAESB WGQ Standard 5.3.44]:

- (a) Timely Recall Notification.
  - (i) A Releasing Shipper recalling capacity shall provide notice of such recall to Company and the first Replacement Shipper no later than 8:00 a.m.
  - (ii) Company shall provide notification of such recall to affected Replacement Shipper(s) no later than 9:00 a.m.
- (b) Early Evening Recall Notification.
  - (i) A Releasing Shipper recalling capacity shall provide notice of such recall to Company and the first Replacement Shipper no later than 3:00 p.m.
  - (ii) Company shall provide notification of such recall to affected Replacement Shipper(s) no later than 4:00 p.m.
- (c) Evening Recall Notification.
  - (i) A Releasing Shipper recalling capacity shall provide notice of such recall to Company and the first Replacement Shipper no later than 5:00 p.m.
  - (ii) Company shall provide notification of such recall to affected Replacement Shipper(s) no later than 6:00 p.m.
- (d) Intraday 1 Recall Notification.
  - (i) A Releasing Shipper recalling capacity shall provide notice of such recall to Company and the first Replacement Shipper no later than 7:00 a.m.
  - (ii) Company shall provide notification of such recall to affected Replacement Shipper(s) no later than 8:00 a.m.
- (e) Intraday 2 Recall Notification.
  - (i) A Releasing Shipper recalling capacity shall provide notice of such recall to Company and the first Replacement Shipper no later than 12:00 noon.
  - (ii) Company shall provide notification of such recall to affected Replacement Shipper(s) no later than 1:00 p.m.

(f) Intraday 3 Recall Notification.

- (i) A Releasing Shipper recalling capacity shall provide notice of such recall to Company and the first Replacement Shipper no later than 4:00 p.m.
- (ii) Company shall provide notification of such recall to affected Replacement Shipper(s) no later than 5:00 p.m.

For recall notifications provided to Company prior to the recall notification deadlines above (NAESB WGQ Standard 5.3.44) and received between 7:00 a.m. and 5:00 p.m., Company shall provide notification to affected Replacement Shipper(s) no later than one hour after receipt of such recall notification. [NAESB WGQ Standard 5.3.45]

For recall notification provided to Company after 5:00 p.m. and prior to 7:00 a.m., Company shall provide notification to affected Replacement Shipper(s) no later than 8:00 a.m. after receipt of such recall notification. [NAESB WGQ Standard 5.3.45]

The Releasing Shipper shall provide capacity recall notification to its affected Replacement Shipper(s) at the same time it provides notification to Company. The mode of notification shall be mutually agreed between the Releasing Shipper and its Replacement Shipper(s).

In the event of an intraday capacity recall, Company shall determine the allocation of capacity between the Releasing Shipper and the Replacement Shipper(s) based upon the Elapsed Prorata Capacity (EPC). Variations to the use of EPC may be necessary to reflect the nature of Company's Tariff, services, and/or operational characteristics. [NAESB WGQ Standard 5.3.56]

6.27.9 Deadline for Reput.

The deadline for notifying Company of a reput is 8:00 a.m. CCT to allow for timely nominations to flow on to the next Gas Day. [NAESB WGQ Standard 5.3.54]

6.27.10 Company's Right to Terminate a Temporary Capacity Release.

Company may elect to terminate a temporary capacity release transaction to a Replacement Shipper under the following conditions:

- (a) The Replacement Shipper has not executed the respective Service Agreement underlying the awarded Bid prior to the first nomination under such capacity release; or
- (b) The Releasing Shipper has failed to maintain credit in accordance with Section 6.40 of these General Terms and Conditions and Company has provided the Replacement Shipper with thirty (30) days written notice of its intent to terminate its capacity release transaction.

6.27.11 Offers to Purchase Capacity Release.

A Person desiring released capacity may submit a request to Company in writing. Such request for capacity shall specify the terms and conditions pursuant to which capacity will be accepted. Such a request shall be posted on Company's public Internet website for no less than thirty (30) days on an informational basis.

6.27.12 Marketing of Capacity Release.

Company shall have no obligation to market any capacity available by a Releasing Shipper. Company, however, may agree to market capacity for a Releasing Shipper and may negotiate a fee with the Releasing Shipper for such service.

6.27.13 Reservation Charge Revenue Credits.

For releases and re-releases of firm capacity, Company shall credit the reservation charge revenue received from a Replacement Shipper directly to the associated Releasing Shipper whose capacity has been released on a firm basis to such Replacement Shipper, subject to Sections 6.27.4 and 6.37 paragraph 8 of these General Terms and Conditions.

6.27.14 Bankruptcy.

In the event a Releasing Shipper, subject to proceedings under any chapter of the Bankruptcy Code rejects its Agreement, Company may send a written notification of Company's intent to terminate Replacement Shipper's Service Agreement effective 30 calendar days from the date of the notice ("Termination Notice Period") unless Replacement Shipper(s) agrees to retain its capacity for the remainder of the term of the respective Replacement Shipper's Agreement at a rate that is no lower than the lesser of the Releasing Shipper's rate or the Maximum Rate. Replacement Shipper shall have ten (10) business days from the date of the written notice to advise Company in writing of its decision. If Replacement Shipper does not exercise its option to retain the capacity, then the Replacement Shipper's Agreement shall terminate at the end of the Termination Notice Period.

If Replacement Shipper(s) timely exercises its option to retain the capacity, the Replacement Shipper(s), prior to the end of the Termination Notice Period, will execute an amendment to its Service Agreement pursuant to the terms and conditions of the applicable Rate Schedule reflecting the revised rate to be effective beginning on the first day after the end of the Termination Notice Period.

## 6.28 RESERVATION OF CAPACITY FOR EXPANSION PROJECTS

### 1. Applicability.

Notwithstanding Section 6.18 of these General Terms and Conditions, Company may elect to reserve capacity required for an expansion project out of 1) unsubscribed capacity or 2) capacity under expiring Service Agreement(s) where such Service Agreement(s) do not have a right of first refusal or 3) capacity under expiring Service Agreement(s) where Shipper elects not to exercise its right of first refusal or 4) turnback capacity which Company has agreed to accept in response to a direct solicitation from Company to serve an expansion project.

### 2. Time Period.

Company may reserve capacity only for an expansion project for which an open season has been held or will be held within twelve (12) months of the date that Company posts such capacity as being reserved. Capacity may be reserved for expansion projects for only a twelve (12) month period prior to Company filing for FERC certificate approval for construction of proposed expansion facilities and thereafter until all expansion facilities related to the certificate filing are placed into service.

### 3. Notice to Shippers.

If Company reserves capacity for an expansion project, it will notify Shippers of its intent via a posting on Company's public Internet website. Company's posting for reserved capacity for an expansion project shall include the following information: (a) a description of the expansion project for which the capacity will be reserved; (b) the total quantity of capacity to be reserved; (c) the location of the proposed reserved capacity on the pipeline system; (d) whether, and if so when, Company anticipates holding an open season for the expansion project or otherwise posting the reserved capacity for Bid in conjunction with the open season for the expansion project; (e) the projected in-service date of the expansion project; and (f) on an ongoing basis, how much of the reserved capacity has been sold on a limited-term, interim basis.

### 4. Solicitation of Turnback.

If available capacity posted for Bid pursuant to Section 6.26.1 of these General Terms and Conditions remains unsubscribed after the close of the bid period, and if such unsubscribed capacity is insufficient to serve the expansion project, Company shall solicit turnback capacity from Company's existing Shippers to serve the expansion project. No later than ninety (90) days after the close of an expansion project's open season that is posted in accordance with Section 6.26 of these

General Terms and Conditions, Company shall post a solicitation for expansion project related turnback capacity specifying the minimum terms for a response to the solicitation.

5. Interim Capacity.

Any capacity reserved under this Section 6.28 will be made available for transportation service on a limited-term basis up to the in-service date of the expansion project. Company reserves the right to limit any extension rights provided in such Service Agreement(s), including the right of first refusal set forth in Section 6.18 of these General Terms and Conditions, commensurate with the proposed in-service date of any expansion project.

6. Reposting of Capacity.

Any capacity reserved for a project that does not go forward for any reason shall be reposted as generally available within thirty (30) days of the date the capacity becomes available. The previously reserved capacity will become available when the Company posts the capacity on its public Internet website pursuant to Section 6.26 of these General Terms and Conditions.

## 6.29 LIABILITY

All claims arising from and out of the terms of Shipper's Agreement shall be limited to the assets of Company.

Notwithstanding anything to the contrary in Company's Tariff, neither Company nor Shipper shall be liable to the other party for special, indirect, consequential (including loss of profits), incidental or punitive damages except to the extent such damages arise out of such party's gross negligence, willful misconduct or bad faith actions.

## 6.30 SERVICE REQUESTS

Requests for services on Company's pipeline system shall be directed to any of the commercial contacts listed on the contact list contained on Company's public Internet website.

## 6.31 COMPLAINT PROCEDURE

If a Person (referred to as Complainant) has a complaint against Company, then Complainant may verbally register and/or file a written complaint with Company.

### 1. Verbal Complaint.

A verbal complaint should be communicated to Company's Chief Compliance Officer (CCO). The CCO's appropriate contact information is available via Company's Internet website. Company shall attempt to respond timely to a verbal complaint on an informal, case-specific basis. A verbal complaint which, in Complainant's judgment is not satisfactorily resolved, should be submitted in writing pursuant to the written complaint procedures described below.

### 2. Written Complaint.

A written complaint should be sent via registered or certified mail, be sent via facsimile, or be hand delivered in accordance with the following:

- (a) All complaints of Shippers or potential shippers should be directed in writing to the CCO, via the contact information available on Company's Internet website.. A written complaint should contain a clear concise statement of the complaint and the manner in which the Complainant alleges to have been aggrieved. Complainant shall also provide its address, fax number, and contact representative(s) along with their telephone numbers.
- (b) Upon receipt of the complaint, Company shall record and file the complaint in Company's service complaint log.
- (c) The CCO will be responsible for notifying the appropriate personnel whose services will be utilized in reviewing and formulating a response to the complaint.
- (d) Within forty-eight (48) hours, Company will respond initially to the complaint, and Company shall respond in writing to such complaint within thirty (30) days of receipt of the complaint. However, Company's response to such complaint may indicate additional information is needed from the complainant and/or additional time is needed to complete the review of the allegations. In which case, such response will set forth what information is needed and/or what additional time is required in order to fully respond to the complaint.
- (e) Upon completing its review of the complaint, Company shall direct a written response to the Complainant which, inter alia, shall demonstrate either (i) that the Complainant has failed to establish any conduct or practice which is

contrary to Company's Tariff or the Commission's Regulations, or (ii) that corrective action has been determined to be warranted. In the event that corrective action is deemed warranted, Company will set forth a remedy.

## 6.32 INTERNET WEBSITES

#### 6.32.1 Description.

Company maintains FERC compliant interactive Internet websites which are available for use by Shippers, interconnecting parties, and other interested parties on a non-discriminatory basis. Company has two Internet websites: a non-secure (public) Informational Postings site and secure (non-public) Customer Activities site. Information of a general nature is included in the public Informational Postings site. Confidential Shipper and interconnect specific data is accessible only through the non-public Customer Activities site which requires a logon and password.

The address for the Company's public Internet website where parties can access the Informational Postings site is [www.bisonpipelinellc.com](http://www.bisonpipelinellc.com). A link to the Customer Activities site is provided on the Informational Postings site.

Company is not responsible for problems that reside in the user's hardware or software, or the Internet Service Provider used to access Company's designated website.

#### 6.32.2 Informational Postings Site.

The Informational Postings site is primarily comprised of FERC mandated informational postings. The Informational Postings site will be maintained to provide equal and timely access to certain Company transportation information including but not limited to: 1) Operationally Available and Unsubscribed Capacity; 2) Information related to standards of conduct for transmission providers; 3) Gas Quality Information; 4) Index of Customers; 5) Non-Discrimination Reporting Requirements; 6) Critical, Non-Critical, and Planned Service Outage Notices; 7) Organization Charts; 8) Posted Imbalances; 9) Company's FERC Gas Tariff and 10) Transactional Reporting.

### 6.32.3 Customer Activities Site.

The Customer Activities site provides access to Nominations, Flowing Gas/Volume Inquiry Data, Invoicing, Contracting, and Capacity Release Processing.

To initiate the process necessary to gain access to the non-public Customer Activities site, an employee of a given legal entity (Initial Requesting Party) must complete and forward an Internet access form to Company.

The Internet access form is posted in the Customer Activities area of Company's Informational Postings site.

As indicated on the Internet access form, establishing legal entity access rights to business specific areas of Company's Customer Activities site may require the requesting party execute Company's Electronic Communication Agreement, which is available on Company's public Internet website under Informational Postings.

Once Company has validated the necessary paperwork submitted by the Initial Requesting Party to authorize legal entity access to the Customer Activities site, Company will require the Initial Requesting Party to designate one or more Persons to perform certain security functions for such legal entity (Local Security Administrator) by completing and submitting for each such Person the Local Security Administration Designation Form.

The Local Security Administration Designation Form is posted in the Customer Activities area of Company's Informational Postings site.

Company shall require a minimum of two Local Security Administrators be established for a given legal entity.

The Local Security Administrator shall, via the Customer Activities site, be responsible for 1) identifying those users who are duly authorized to access one or more of the authorized business specific areas of Company's Customer Activities site, 2) providing individual username and passwords, 3) maintaining user account information, 4) adding and terminating users immediately upon a change in status requiring such addition or termination, 5) creating or modifying security rights, 6) approving or terminating agency arrangements and 7) ensuring that Company's username/password rules, as detailed in Section 6.32.4 herein, are followed. Company shall be entitled to rely upon the representation of the Local Security Administrator that the user(s) identified by the Local Security Administrator may 1) transmit information to Company via the Customer Activities site and/or 2) view information posted on Company's Customer Activities site in accordance with the security rights granted by the Local Security Administrator.

#### 6.32.4 Username/Password.

Usernames are both individual and legal entity-specific.

The username and password combination of a user of Company's secured Customer Activities site shall not be shared with any other individual other than the Local Security Administrator.

A user shall be solely responsible for any unauthorized or otherwise improper use of usernames and passwords issued by or for its Local Security Administrator including, but not limited to, the use of such usernames and passwords by users who are not within the legal entity's employment or control.

Company reserves the right to disable for due cause any username issued to any user. Company shall provide notice to the user and/or Local Security Administrator, as applicable, at the time the username is disabled by Company. In addition, upon thirty (30) days prior notice to the Local Security Administrator, Company will disable any username that has not been used to access Company's Customer Activities sited for fifteen (15) consecutive months.

Either the Local Security Administrator or a user shall promptly notify Company if there is any indication that a security breach has occurred with regard to a username and password.

A Local Security Administrator shall be responsible for disabling a username for a user that is no longer an employee of the legal entity or is no longer authorized to transact business for that legal entity.

A Local Security Administrator or user shall immediately notify Company of the desire to delete a Local Security Administrator by the submission of a revised Local Security Administrator Designated Form. Such revised form shall supersede in its entirety any Local Security Administration Designation Form previously submitted to Company.

The legal entity shall be solely responsible for any unauthorized actions of a Local Security Administrator due to the failure to so notify Company to delete such Local Security Administrator.

## 6.32.5 Archiving and Retrieval of Archived Information.

### 1. Archiving.

Daily back-up records of information displayed or entered through Company's Internet website are archived. Data posted pursuant to Section 6.32.2 herein is made available on Company's public Internet website under Informational Postings for the most recent three (3) month calendar period. Historical data is made available in accordance with FERC requirements.

### 2. Retrieval of Archived Information.

A Person requiring access to archived posted information may electronically submit their request to the following electronic mail address:

bison\_scheduling@tcenergy.com

Such request must clearly state the requestor's name, address, phone number, information required, and reason for request.

The requested information may be provided by Company to requestor by means that are mutually agreeable to both parties. Company may charge requestor a reasonable fee for costs incurred in providing the data.

6.32.6 Confidentiality.

Certain information contained in Company's Customer Activities site is proprietary and confidential. A user shall not reproduce, disclose, or otherwise make available confidential information contained therein to any other company, corporation, individual, or partnership.

6.32.7 Reliance Upon User Actions.

Company may act in reliance upon any acts done or performed by user or designated agents on behalf of user and in respect to all matters conducted through Company's Internet websites. Company may correct errors in information entered into these websites by user promptly after receiving notice of the corrections or may require users to enter the corrections directly into these Internet websites.

### 6.33 ELECTRONIC TRANSACTIONS CONTRACTING

Electronic transactions contracting as posted on Company's Customer Activities site is available to parties provided that such party shall have previously met the requirements of a Rate Schedule, if applicable, and agreed to the terms and conditions of Company's Master Electronic Transactions Agreement.

## 6.34 OPERATIONAL BALANCING AGREEMENT POLICY

### 1. Purpose.

The Operational Balancing Agreement (OBA) is intended to govern the treatment of any differences between the actual quantity of gas received/delivered at a Point of Interconnection with Company's pipeline system and the quantity of gas that was scheduled.

Company's OBA shall be based upon the NAESB WGQ Model OBA whenever possible.

Company considers an OBA to be a predetermined allocation method.

### 2. Policy.

It is Company's policy to negotiate and execute an OBA at each Point of Interconnection between its system and the system of another interstate or intrastate pipeline. [NAESB WGQ Standard 2.3.29]

If an OBA does not exist at a Point of Interconnection, the imbalance charges, cash-outs, or penalties incurred at such point shall be the responsibility of Shipper(s) that are out of balance.

An acceptable OBA for a Point of Interconnection must include the following provisions:

- (a) The OBA must be in energy terms with stated bases.
- (b) The OBA parties intend that the quantity actually received/delivered each day at the Point of Interconnection will equal the scheduled nominations.
- (c) Any differences between the metered quantity and the scheduled nomination is treated as an OBA imbalance and exists solely between the OBA parties.
- (d) The OBA parties will take the necessary steps to ensure that the cumulative daily OBA imbalance is maintained at or tends towards a zero imbalance.

No imbalance penalty shall be imposed when a prior period adjustment applied to the current period causes or increases a current month penalty. [NAESB WGQ Standard 2.3.31]

- (e) The OBA parties will regularly reconcile scheduled nominations during a given Production Month. A mutually agreed upon scheduled nomination

summary must be completed as soon as practical after each Production Month end.

- (f) The monthly metered flow data for such Point of Interconnection will be determined and communicated by the Measurement Party in writing as soon as possible to the other OBA party.
- (g) The OBA parties at such Point of Interconnection may temporarily suspend the OBA in accordance with the terms thereof if either party discovers or anticipates extraordinary circumstances, such as significant interruption of transportation service, severe weather, or some other event which affects the gas supplies available for delivery at the Point of Interconnection.
- (h) A mutually agreeable commencement and termination date, cancellation clause and other specific language applicable to Company.

An OBA party is permitted to discharge an operational imbalance at a given Point of Interconnection utilizing one of the Shipper Imbalance methods set forth in Section 6.23.3 of these General Terms and Conditions.

## 6.35 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>
1.2.3	GT&C - Definitions, 6.1.59
1.2.4	GT&C - Nomination Procedures, 6.10.1.2(b)
1.2.6	GT&C - Definitions, 6.1.49
1.2.8	GT&C - Definitions, 6.1.15
1.2.9	GT&C - Definitions, 6.1.16
1.2.10	GT&C - Definitions, 6.1.49
1.2.13	GT&C - Definitions, 6.1.75
1.2.14	GT&C - Definitions, 6.1.76
1.2.15	GT&C - Definitions, 6.1.79
1.2.16	GT&C - Definitions, 6.1.80
1.2.17	GT&C - Definitions, 6.1.74
1.2.18	GT&C - Definitions, 6.1.1
1.2.19	GT&C - Definitions, 6.1.78; GT&C - Nomination for Company Provided Title Transfer, 6.36.4
1.3.2(i-vi)	GT&C - Nomination and Scheduling Timeline, 6.10.2
1.3.3	GT&C - Nomination and Scheduling Timeline, 6.10.2.6
1.3.4	GT&C - Nomination and Scheduling Timeline, 6.10.2.9
1.3.8	GT&C - Nomination Procedures, 6.10.1
1.3.9	GT&C - Nomination Procedures, 6.10.1
1.3.11	GT&C - Nomination Procedures, 6.10.1
1.3.13	GT&C - Nomination Procedures, 6.10.1
1.3.14	GT&C - Measurement Reporting, 6.4.2(e)
1.3.17	GT&C - Pooling, 6.36.1
1.3.18	GT&C - Pooling, 6.36.1
1.3.21	GT&C - Nomination and Scheduling Timeline, 6.10.2.7
1.3.22	GT&C - Confirmation Process, 6.10.6.1
1.3.23	GT&C - Confirmation Process, 6.10.6.1
1.3.32	GT&C - Nomination Procedures, 6.10.6.2(b)
1.3.45	GT&C - Confirmation Process, 6.10.6.2

1.3.64	GT&C - Applicability and Character of Title Tracking Service, 6.36.3
1.3.66	GT&C - Third Party Provided Title Transfer Tracking, 6.36.5
1.3.67	GT&C - Third Party Provided Title Transfer Tracking, 6.36.5
1.3.73	GT&C - Third Party Provided Title Transfer Tracking, 6.36.5
2.2.1	GT&C - Definitions, 6.1.48
2.2.2	GT&C - Definitions, 6.1.50
2.2.3	GT&C - Definitions, 6.1.42
2.3.11	GT&C - Measurement of Flowing Gas, 6.22
2.3.14	GT&C - Measurement of Flowing Gas, 6.22
2.3.26	GT&C - Imbalance Resolution, 6.23.2
2.3.29	GT&C - Imbalance Resolution, 6.23.3(b)(c)
2.3.30	GT&C - Operational Balancing Agreement Policy, 6.34.2(d)
2.3.31	GT&C - Data Elements, 6.35.1
2.3.40	GT&C - Imbalance Resolution, 6.23.3(c)
2.3.41	GT&C - Imbalance Resolution, 6.23.3(c)
3.2.1	GT&C - Definitions, 6.1.9
3.3.9	GT&C - Billing and Invoice, 6.6.2.2
3.3.15	GT&C - Billing Error/ Prior Period Adjustments, 6.6.8
3.3.19	GT&C - Payment and Disputes, 6.6.4.2
4.2.1	GT&C - Definitions, 6.1.29
4.2.10	GT&C - Definitions, 6.1.17
4.3.91	GT&C - Quality of Gas, 6.5.5(a)
5.2.3	GT&C - Definitions, 6.1.20
5.3.1	GT&C - Capacity Release Timeline, 6.27.7
5.3.2	GT&C - Capacity Release Timeline, 6.27.7
5.3.3	GT&C - Capacity Release Timeline, 6.27.7
5.3.4	GT&C - Selection of Best Bid, 6.27.6.1(e)
5.3.8	GT&C - Parameters for Capacity Release Transactions, 6.27.4.4
5.3.13	GT&C - Bid Requirements, 6.27.3.4
5.3.14	GT&C - Offer Requirements, 6.27.2
5.3.15	GT&C - Bid Requirements, 6.27.3.4
5.3.16	GT&C - Offer Requirements, 6.27.2.1
5.3.19	GT&C - Parameters for Capacity Release Transactions, 6.27.4.5
5.3.25	GT&C - Posting of Offers, Bids, and Awarded Transactions, 6.27.5
5.3.28	GT&C - Parameters for Capacity Release Transactions, 6.27.4.1
5.3.44	GT&C - Standard Recall Notification Periods, 6.27.8
5.3.45	GT&C - Standard Recall Notification Periods, 6.27.8
5.3.53	GT&C - Parameters for Capacity Release Transactions, 6.27.4.4
5.3.54	GT&C - Deadline for Reput, 6.27.9
5.3.56	GT&C - Standard Recall Notification Periods, 6.27.8

## **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:**

Dataset:  
0.4.1

**Nominations Related Standards:**

Definitions:  
1.2.1, 1.2.2, 1.2.5, 1.2.11, 1.2.12

Standards:  
1.3.1, 1.3.5, 1.3.6, 1.3.7, 1.3.15, 1.3.16, 1.3.19, 1.3.20, 1.3.24, 1.3.25, 1.3.26,  
1.3.27, 1.3.28, 1.3.29, 1.3.30, 1.3.31, 1.3.33, 1.3.34, 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, 1.3.46, 1.3.48, 1.3.51,  
1.3.53, 1.3.55, 1.3.56, 1.3.58, 1.3.62, 1.3.65, 1.3.68, 1.3.69, 1.3.70, 1.3.71,  
1.3.72, 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, 1.4.5, 1.4.6, 1.4.7

**Flowing Gas Related Standards:**

Definitions:  
2.2.4, 2.2.5

Standards:  
2.3.1, 2.3.2, 2.3.3, 2.3.4, 2.3.5, 2.3.6, 2.3.7, 2.3.8, 2.3.9, 2.3.10, 2.3.12,  
2.3.13, 2.3.15, 2.3.16, 2.3.17, 2.3.18, 2.3.19, 2.3.20, 2.3.21, 2.3.22, 2.3.23,  
2.3.25, 2.3.27, 2.3.28, 2.3.32, 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:**

Standards:  
3.3.3, 3.3.4, 3.3.5, 3.3.6, 3.3.7, 3.3.8, 3.3.10, 3.3.11, 3.3.12, 3.3.13, 3.3.14,  
3.3.16, 3.3.17, 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:**

4.2.2, 4.2.3, 4.2.4, 4.2.5, 4.2.6, 4.2.7, 4.2.8, 4.2.9, 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, 4.3.92, 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 Standards:**

**Definitions:**

5.2.1, 5.2.2, 5.2.4, 5.2.5

**Standards:**

5.3.5, 5.3.7, 5.3.9, 5.3.10, 5.3.11, 5.3.12, 5.3.18, 5.3.20, 5.3.21, 5.3.22,  
5.3.23, 5.3.24, 5.3.26, 5.3.29, 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, 5.3.49,  
5.3.50, 5.3.51, 5.3.52, 5.3.55, 5.3.57, 5.3.58, 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:**

NAESB Standard

Waiver or Extension of Time

6.36 POOLING/TITLE TRANSFER TRACKING

6.36.1 Pooling.

Company shall provide at least one pool. [NAESB WGQ Standard 1.3.17]

Deliveries from Receipt Point(s) shall be able to be delivered into at least one pool and Delivery Point(s) shall be able to receive quantities from at least one pool, excluding non-continuous facilities. [NAESB WGQ Standard 1.3.18]

6.36.2 Transfer Points.

Transfer Points have been established to facilitate the aggregation or dis-aggregation of gas being transported on Company's pipeline system.

Company shall post a list of such Transfer Points on Company's public Internet website.

Transfer Points shall not be established on non-contiguous facilities.

### 6.36.3 Applicability and Character of Title Tracking Service.

Unless excluded in a specific Rate Schedule, Company's Transfer Points are available for use by a Nominating Party under any Agreement, and under a Title Transfer Agreement as set forth on Company's public Internet website.

At a minimum, Company shall be responsible for accommodating Title Transfer Tracking services at all points identified by Company as pooling points (Transfer Points), where Title Transfer Tracking services are requested. In absence of existing pooling points or in addition to existing pooling points where access to Title Transfer Tracking is not reasonably accessible for supply receipt locations covered by an OBA, Company shall be responsible for accommodating Title Transfer Tracking at no less than one location. [NAESB WGQ Standard 1.3.64]

Company provided Title Transfer Tracking is an administrative service performed pursuant to a Title Transfer Agreement, under which Company permits Shipper to use Transfer Points for nomination of Title Transfers on Company's pipeline system. Company will accept nominations by Shipper, for Title Transfer, for quantities of gas at the Transfer Point as directed by Shipper. Subject to being scheduled, gas at a given Receipt Point on Company's pipeline system can be transported to a given Delivery Point, be pooled immediately downstream at the Receipt Point's Transfer Point, or be transported to a pool at a different Transfer Point.

Subject to being scheduled, gas at a given Delivery Point on Company's pipeline system can be transported from a given Receipt Point, be pooled immediately upstream at the Delivery Point's Transfer Point, or be transported from a pool at a different Transfer Point.

Company supports two types of no mileage Title Transfer: 1) pool-to-pool transfer at a given Transfer Point and 2) physical point to Transfer Point or Transfer Point to physical point Title Transfer. Such Title Transfer service is available to a Shipper under their Agreement as well as those who have executed a Title Transfer Agreement with Company.

6.36.4 Nomination for Company Provided Title Transfer Tracking.

A Title Transfer nomination is a nomination line item requesting service of Title Transfer Tracking and is sent by an Account Holder to a Title Transfer Tracking Service Provider. [NAESB WGQ Standard 1.2.19]

The scheduled quantity into and out of a Nominating Party's pool must balance.

At the time of nomination, a Nominating Party may provide to Company a ranking of receipts into and deliveries out of their pool. When necessary, such ranking shall be used by Company to balance the pool prior to scheduling. If no such rankings exist, Company will apply pro rata reductions on the side of the pool with the greater quantity to balance.

Transportation service into and out of a pool shall be subject to Section 6.10.5 of these General Terms and Conditions.

6.36.5 Third Party Provided Title Transfer Tracking.

All Third Party Account Administrators wishing to provide Title Transfer Tracking service shall so notify Company. All coordination between Third Party Account Administrators and Company shall be performed under a contract between the parties. Where Company is a Title Transfer Tracking Service Provider on its pipeline system, tariff provisions (terms, conditions, and rates) or general terms and conditions of Company, will take the place of a contract. [NAESB WGQ Standard 1.3.66]

Upon reasonable request of the Third Party Account Administrator, Company shall provide the Third Party Account Administrator with one of the following for conducting Title Transfer Tracking activity:

- (a) location code(s);
- (b) contract identifier(s) used in the exchange of transactional data;
- (c) both (a) and (b) above.

In any event Title Transfer Tracking activity is always performed at or with respect to a location (physical or logical). [NAESB WGQ Standard 1.3.67]

If Company has decided to offer Title Transfer Tracking service by means of an arrangement (including an agreement) with a party which will act as Company's designated party, and regardless of communication methodology between Account Holders and such designated party, Company shall, upon request, identify the Title Transfer Tracking Service Provider(s) at a location which has established active Title Transfer Tracking arrangements with Company. The relevant information to be provided shall include the name of each Title Transfer Tracking Service Provider, the ID code for each Title Transfer Tracking Service Provider used by Company, the contract number for each Title Transfer Tracking Service Provider assigned by Company (where applicable), the location code(s) nominated to Company for transportation service to or from the location associated with each Title Transfer Tracking Service Provider. [NAESB WGQ Standard 1.3.73]

## 6.37 NEGOTIATED RATES

### 1. Definition.

Negotiated rate shall mean a rate or formula for service under any applicable Agreement which Company and Shipper mutually agree upon which may be less than, equal to, or greater than the applicable Maximum Rate or Minimum Rate and may be based on a rate design other than the rate design used to compute Company's currently effective rates set forth on the Statement of Rates and may include a negotiated percentage for Company Use Gas established in accordance with Section 6.41 of these General Terms and Conditions.

A negotiated rate shall be set forth on Exhibit A of an Agreement. An Agreement containing a negotiated rate shall be referred to herein as a Negotiated Rate Agreement.

### 2. Availability.

Shipper and Company may agree to a negotiated rate for a specific term of service under any Rate Schedule contained in Company's Tariff. Shipper shall be required to execute a separate Negotiated Rate Agreement for each negotiated rate agreed upon. As a recourse to a negotiated rate, Shipper may elect not to contract for service at the negotiated rate and instead may contract for service at Company's applicable Maximum Rate and Company Use Gas Percentage.

### 3. Applicability.

#### (a) Existing Service.

Notwithstanding anything to the contrary contained in Company's Tariff, Company and Shipper may mutually agree to negotiate rates and the term of service for all or any portion of the capacity under any existing Agreement, provided that Shipper has not acquired its capacity through a temporary capacity release under Section 6.27 of these General Terms and Conditions.

#### (b) New Service.

Company and Shipper may mutually agree to negotiated rates and the term of service for any proposed expansion of facilities.

### 4. Best Bid Evaluation.

If Company posts available capacity for Bid, Company shall state in the posting whether it is willing to consider a Bid at a negotiated rate. Company shall also state

in its posting, that a Bid will be evaluated using Method A, as described in Section 6.27.6 paragraph 1(a). To the extent the level of negotiated rate(s) Bid by a Shipper over the term of the contract would otherwise produce a unit rate in excess of the Maximum Rate over that term, the present value of a negotiated rate Bid under Method A pursuant to Section 6.27.6, paragraph 1(a), of these General Terms and Conditions will be capped at the value of a Maximum Rate Bid under comparable terms, solely for the purpose of evaluating the net present value of the Bid.

5. Filing Requirement.

Company shall file a tariff section with the FERC stating the name of the Shipper, the negotiated rate, the applicable Rate Schedule, the receipt and delivery points and the volume of gas to be transported applicable to any Negotiated Rate Agreement. If such negotiated rate is based on a formula, the formula shall also be set forth on the filed tariff sections. Such tariff section shall be filed no later than the effective date of the negotiated rate. Unless Company executes and files a non-conforming Agreement, such tariff section will contain a statement that the Negotiated Rate Agreement does not deviate in any material aspect from the applicable form of Agreement in the Tariff.

6. Rate Treatment.

In future general rate proceedings, Company shall have the right to seek discount-type adjustments in the design of its rates related to Negotiated Rate Agreements. In situations where Company had granted a market-justified discount to the Maximum Rate and subsequently converted the Agreement to a Negotiated Rate Agreement, Company may seek a discount-type adjustment based on the greater of: (a) the negotiated rate revenues received or (b) the discounted rate revenues which otherwise would have been received.

7. Accounting Treatment.

Company will maintain separate and identifiable accounts for volumes transported, billing determinants, rate components, surcharges, and revenues associated with negotiated rate transactions. All transactions originating as a discounted rate Agreement which were subsequently converted to a Negotiated Rate Agreement shall be recorded separate from those originating as Negotiated Rate Agreements.

8. Capacity Release.

Negotiated rates applicable to capacity release transactions for a term of more than one year are capped at the Maximum Rates set forth on the Statement of Rates. There is no maximum price cap for negotiated rates for capacity release transactions for a term of one year or less. Unless otherwise agreed, the negotiated rate Shipper

shall be required to pay Company any difference by which the negotiated rate exceeds the rate paid by the Replacement Shipper. Company and Shipper may agree upon payment obligations or credit mechanisms, which would apply when capacity subject to a negotiated rate is released, as long as the terms and conditions of service are not modified.

9. Surcharges.

If Company negotiates any applicable surcharge, except for the ACA surcharge, at less than the applicable Maximum Rate as part of a Negotiated Rate Agreement, Company shall assume any risk of under-recovery of such costs from such Negotiated Rate Agreement Shipper(s) in order to ensure that its Maximum Rate Shipper(s) are not adversely affected.

10. Company Use Gas.

If Company negotiates a percent for Company Use Gas as part of a Negotiated Rate Agreement, Company shall assume any risk of under-recovery or over-recovery of such percentage from such Negotiated Rate Agreement Shipper(s) in order to ensure that its recourse rate Shipper(s) are not affected. Accordingly, Company shall apply the established Company Use Gas Percentage to the transportation quantities of Negotiated Rate Agreements that contain a negotiated percent for Company Use Gas or otherwise treat such Negotiated Rate Agreement Shipper(s) as if they were subject to the established Company Use Gas Percentage in performing the calculation of the Company Use Gas Percentage.

11. Limitations.

Company shall seek FERC authority for any negotiated terms which materially deviate from the form of Agreement contained in Company's Tariff.

## 6.38 DISCOUNTING

### 1. Parameters.

In the event Company agrees to discount its rate to Shipper below Company's applicable Maximum Rate, the discount terms shall be reflected in the applicable Agreement and will apply without the discount constituting a material deviation from Company's Form of Agreement; provided, however, that any such discounted rate shall not change the underlying rate design and the resulting discounted rate shall be between the Maximum Rate and the Minimum Rate applicable to the service provided under the applicable Rate Schedule.

The Minimum Rate is not a discountable rate component.

### 2. Types of Discounts.

Company may provide a specific discounted rate applicable to the following:

- (a) to certain specified quantities under the Agreement (referred to as quantity rate type); or
- (b) if specified quantity levels are actually achieved or with respect to quantities above or below a specified level (referred to as quantity level rate type); or
- (c) during specified time periods (referred to as time period rate type or contract rate type); or
- (d) to Receipt Point(s) (referred to as point rate type), Delivery Point(s) (referred to as point rate type), Transportation Path(s) (referred to as point to point rate type) or defined geographical areas (referred to as zone rate type); or
- (e) in a specified relationship to the quantities actually transported (i.e., that the rates shall be adjusted in a specified relationship to quantities actually transported) (referred to as relationship rate type); or
- (f) to provide that if one rate component which was equal to or within the applicable Maximum Rate and Minimum Rate at the time the discount agreement was executed subsequently exceeds the applicable Maximum Rate or is below the applicable Minimum Rate due to a change in Company's Maximum Rates and/or Minimum Rates, so that such rate component must be adjusted downward or upward to equal the new applicable Maximum Rate or Minimum Rate, then other rate components may be adjusted upward or downward to achieve the agreed-upon overall rate, so long as none of the resulting rate components exceed the Maximum Rate or are below the

Minimum Rate applicable to the rate component. Such changes to rate components shall be applied prospectively, commencing no sooner than the date a Commission order places in effect the applicable revised Maximum Rates and Minimum Rates. However, nothing contained herein shall be construed to alter a refund obligation under applicable law for any period during which rates which had been charged under a discount agreement exceeded rates which ultimately are found to be just and reasonable (referred to as rate component rate type); or

- (g) based on a formula including, but not limited to published index prices for specific Receipt Point(s) and/or Delivery Point(s) or other agreed-upon published pricing reference points for price determination. Each Agreement entered into pursuant to this Section 6.39, paragraph 2(g), shall (a) not change the underlying rate design; (b) not include any minimum bill or minimum take provision that has the effect of guaranteeing revenue; and (c) define the rate component to be discounted (referred to as index price differential type); or
- (h) to specific production reserves, supplies, or markets committed by Shipper (referred to a commitment rate type).

## 6.39 OFF-SYSTEM SERVICES

### 1. Off-System Services Acquired-General System Use.

Company may acquire off-system services from third parties in order to render services on behalf of its Shippers. Such services will be subject to Company's Tariff and currently effective rates that are subject to revision from time to time.

### 2. Off-System Services Acquired-Specific Shipper Request.

Company may acquire off-system services from third parties at the request of a specific Shipper. Such services shall be subject to the terms and conditions of Company's Tariff. For purposes of transactions entered into subject to this Section 6.39, the "Shipper must hold title" requirement shall not be applicable to the acquired off-system services.

#### (a) Rates and Charges.

If a Shipper requests and Company agrees to acquire off-system services from a third party to provide services for the benefit of such Shipper on Company's pipeline system, Shipper may, on a non-discriminatory basis, be required to pay Company, in addition to any applicable rates and charges assessed pursuant to this Tariff, the rates and charges Company is obligated to pay such third party for the off-system service and such administrative costs as are incurred to arrange and provide the service. Such charges shall be set forth as separate items on the monthly invoices rendered to Shipper.

#### (b) Secondary Service Availability.

Any off-system services acquired by Company for the benefit of a specific Shipper which are not being utilized shall be offered on a non-discriminatory basis to Company's other Shippers on a secondary or interruptible basis, pursuant to the terms of Company's Tariff and subject to any applicable Third Party Charges. Company will indicate in its posting of such off-system service available for service, whether any Third Party Charges will apply to the use of such off-system service and whether such off-system service is subject to term limitations. In no event will service under this Section 6.39 be offered beyond the term during which Company has contracted to obtain such off-system service from a third party.

## 6.40 CREDITWORTHINESS

6.40.1 Credit Evaluation.

In evaluating requests for service and for certain other purposes under this Tariff, Company will perform a credit appraisal of Shipper.

6.40.1.1 Determination of Creditworthiness.

Company shall not be required to commence or continue service under this Tariff on behalf of Shipper who fails to establish and maintain creditworthiness. To determine creditworthiness, a credit appraisal shall be performed in accordance with the following:

- (a) Company shall apply consistent evaluation practices to all similarly situated Shippers to determine Shipper's financial ability to perform the payment obligations due to Company over the term of the requested or existing Agreement(s) under this Tariff. The creditworthiness requirements of this Section 6.40 shall apply to any assignee pursuant to an assignment (in whole or part) of any Agreement under this Tariff or to any permanent release, in whole or part, of a Service Agreement; provided, however, that an assignee or the Replacement Shipper of capacity from a permanent release (in whole or part) of a Service Agreement that is a result of a precedent agreement for a construction project or new construction project shall be subject to the creditworthiness provisions contained in such Service Agreement for the remainder of the initial term.
- (b) Creditworthiness Standard - Shipper will be deemed creditworthy if (i) its long-term unsecured debt securities are rated at least BBB- by Standard & Poor's Corporation ("S&P") or at least Baa3 by Moody's Investor Service ("Moody's"), in each case with stable or better outlook; and (ii) the contractual obligation derived from the sum of reservation fees, commodity fees and any other associated fees and charges for the Agreement term, on a net present value basis, is less than ten percent of Shipper's tangible net worth. In the event Shipper is rated by both S&P and Moody's, the lower rating applies. If a Shipper has multiple Agreements with Company, then the total of potential fees and charges of all such Agreements shall be considered in determining creditworthiness. Nothing herein shall limit Company's ability to further analysis of any of the factors set forth below in Section 6.40.1.1(d)(i-vii) to a Shipper whose creditworthiness is established by a rating agency, if such factor would alter Company's evaluation of Shipper.
- (c) As used in the prior paragraph, the term "tangible net worth" means total assets, less total liabilities, less intangible assets, less off-balance sheet obligations. Intangible assets include, but are not limited to, goodwill, patents, and unamortized loan costs. Only actual tangible assets are included in Company's assessment of creditworthiness. Tangible net worth is compared with the net present value of Shipper's obligations to

Company under its Agreement(s) in applying the ten percent test in the prior paragraph.

- (d) Credit Criteria - If Shipper does not meet the creditworthiness standard described above, then Shipper may request that Company evaluate its creditworthiness based upon the level of its current and requested service(s) with Company relative to Shipper's current and future ability to meet its obligations. Such credit appraisal shall be based upon Company's evaluation of any or all of the following requested information and credit criteria:
- (i) S&P and Moody's opinions, outlooks, watch alerts, and rating actions and other credit reporting agencies will be considered in determining creditworthiness.
  - (ii) Financial reports whereby consistent financial statement analysis will be applied by Company 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 notes will be analyzed along with key ratios and trends regarding liquidity, asset management, debt management, debt coverage, capital structure, operational efficiency and profitability.
  - (iii) Shipper must not be operating under any chapter of the bankruptcy laws and must not be subject to liquidation or debt reduction procedures under state laws and there must not be pending any petition for involuntary bankruptcy. An exception may be made for a Shipper who is a debtor-in-possession operating under Chapter XI of the Federal Bankruptcy Act if Company 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 judgments outstanding which could materially impact its ability to remain solvent.
  - (v) The nature of Shipper's business and the effect on that business of general economic conditions and economic conditions specific to it, including Shipper's ability to recover the costs of Company'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 Company 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, that is relevant to Shipper's current and future financial strength and Shipper's ability to make full payment over the term of the Agreement(s).

6.40.1.2 Failure to Satisfy Creditworthiness.

If Shipper fails or ceases to satisfy the creditworthiness standard or criteria as described above, Shipper has the option of obtaining or continuing service by providing and maintaining one of the following credit alternatives:

- (a) **Guaranty:** Shipper may provide a guaranty of financial performance, in a form satisfactory to Company, from an affiliate of Shipper or a third party, either of which meets the credit standard or criteria described above. If during the term of the service the guarantor does not meet the credit standard or criteria, or the creditworthiness of the guarantor is insufficient to fulfill the entire obligation of Shipper, Company may request additional credit alternatives as described immediately below.
- (b) **Collateral:**
  - (i) **Letter of Credit:** Shipper may post a standby Letter of Credit (LC) from a financial institution determined creditworthy by Company, in a form acceptable to Company. The LC must be sufficient to cover up to the value of three (3) months worth of reservation charges.
  - (ii) **Cash Security Deposit:** Shipper may provide a cash security deposit for service. The deposit must be sufficient to cover up to the value of three (3) months worth of reservation charges. Any deposit held by Company shall accrue simple interest at the applicable monthly "Federal Funds (effective)" rate published in the Federal Reserve Statistical Report H.15. Upon Shipper's request, Company will remit the balance of the interest to Shipper within ten (10) Business Days, provided, however, that Company shall not be required to remit interest to Shipper more often than every three (3) months. Interest shall also be paid at the time Shipper's deposit is returned due to either a return to creditworthiness by Shipper or the expiration of Shipper's Agreement(s).
  - (iii) **Any other security or collateral mutually agreed upon by Company and Shipper.** Such other security or collateral shall be accepted on a nondiscriminatory basis.

6.40.1.3 Evaluation of Interruptible Services.

Company's creditworthiness evaluation of interruptible services shall be based on the criteria as described above, for an amount of up to the maximum amount of interruptible services that may be provided in any three (3) month period under the terms of the Agreement(s), except as provided for under Rate Schedule IT-1. As provided under Rate Schedule IT-1, the credit requirement shall be the dollar value of each nomination.

6.40.1.4 Loaned Gas.

For loan services under Rate Schedule PAL, the credit requirement shall include the amount to adequately account for the value of loaned gas. The value of loaned gas shall be calculated on Shipper's Maximum PAL Quantity multiplied by the midpoint "Cheyenne Hub" price applicable to the last day of the preceding month, as reported in Platt's Gas Daily's (Daily Price Survey) or any successor publication thereto.

6.40.1.5 Imbalances Due Company.

- (a) Company has the right to seek security to cover the value of Shipper Imbalances owed Company by Shipper.
  - (i) For existing Shippers, such imbalances shall be valued at Shipper's largest monthly negative imbalance over the most recent twelve (12) month period multiplied by the average of the New York Mercantile Exchange (NYMEX) future prices settlement for the most recent available twelve (12) month period, as reported in Platt's Gas Daily, on the day the credit requirement is determined.
  - (ii) For new Shippers, such imbalances shall be valued at ten percent of Shipper's estimated monthly usage (as defined by Company) multiplied by the average of the NYMEX future prices settlement for the most recent available twelve (12) month period, as reported in Platt's Gas Daily, on the day the credit requirement is determined. This formula shall be used for the first twelve (12) months of service while a historical record is established; thereafter, security for such Shipper will be determined as specified for an existing Shipper.
- (b) Company shall require credit support to cover the value of imbalances owed Company pursuant to an OBA. The credit requirement for such imbalances shall be five percent of the design capacity of the interconnect facility.

6.40.1.6 Construction of New Facilities.

In the event Company constructs new facilities pursuant to Section 6.19 of these General Terms and Conditions, to accommodate a specific request from a Party, Company may require from such Party collateral in an amount up to the cost of such facilities. As Company recovers the cost of such facilities, the collateral required shall be reduced accordingly. Where facilities are constructed to serve multiple Shippers, an individual Shipper's obligation hereunder shall be for no more than its proportionate share of the cost of the facilities. This provision is in addition to and shall not supersede or replace any other rights that Company may have regarding the construction and reimbursement of facilities.

6.40.1.7 Ongoing Credit Review.

Company shall have the right to review a Shipper's creditworthiness on an ongoing basis and Shipper shall provide, upon Company's request, the requested information in order to determine the continuing creditworthiness of Shipper. If Shipper (or guarantor) is not subject to regulation by the Securities and Exchange Commission, Shipper (or guarantor) shall notify Company in writing within ten (10) days of the details of any material adverse change in its business, properties, conditions, (financial or otherwise) or results of operations.

6.40.1.8 Notification of Failure to Meet Creditworthiness.

Upon notification by Company that Shipper no longer meets Company's creditworthiness standard or criteria, Shipper shall be given five (5) Business Days within which to provide advance payment for one (1) month's service to continue service. Shipper must, within thirty (30) days, provide either an acceptable guaranty, collateral as described above, or other mutually agreed upon security or collateral. For Shippers utilizing capacity on lateral facilities, the collateral requirement that must be provided within thirty (30) days will not be greater than Shipper's then applicable pro rata share of the cost of the facilities. If Shipper fails to provide one of the credit alternatives within these time periods, Company may immediately suspend service (Shipper 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. If Shipper has filed for bankruptcy protection, Company reserves the right to suspend and terminate service as described in the immediately preceding sentence. In either event, Company also may exercise any other remedy available to it hereunder, at law or in equity.

6.40.1.9 Shipper Default.

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

6.40.2 Designating Representatives for Creditworthiness Notices.

Company's and Shipper's authorized creditworthiness representative(s) for Internet E-mail notifications, responses and requests as described in this Section 6.40 shall be established by initiating a request as prescribed on Company's Customer Activities site.

## 6.41 COMPANY USE GAS

### 1. Definition.

Company Use Gas shall consist of compressor fuel and fuel for other utility purposes including, but not limited to, gas used by Company as fuel for testing and gas lost or otherwise unaccounted for, in its gas operations as determined by Company.

### 2. Applicability.

The Company Use Gas Percentage shall apply to all Forwardhaul quantities of gas transported under Company's Rate Schedules requiring assessment of Company Use Gas. The Company Use Gas Percentage shall include a percentage for lost and unaccounted for gas and shall be separately stated in each posting made pursuant to Section 6.41 paragraph 5 herein. Backhaul quantities of gas transported on Company's pipeline system that do not consume Company Use Gas will not be assessed the fuel charge component of the Company Use Gas Percentage; however, such Backhaul transactions shall be assessed the separately stated percentage for lost and unaccounted for gas.

### 3. Derivation.

The Company Use Gas Percentage shall be calculated monthly and adjusted if necessary. The Company Use Gas Percentage shall be derived by dividing the Estimated Company Use Gas Requirement by the Estimated Transportation Quantity; whereas

- (i) Estimated Company Use Gas Requirement shall be the total Company Use Gas estimated by Company to be required to transport the Estimated Transportation Quantity, adjusted for any Company Use Gas Imbalance from a prior period, and any changes that are known and reasonable.
- (ii) Estimated Transportation Quantity is the quantity of natural gas estimated by Company to be physically received and transported on Company's pipeline system for all Shippers subject to the Company Use Gas Percentage for the upcoming month.
- (iii) Company Use Gas Imbalance shall be the difference between the Actual Company Use Gas Requirement and the Estimated Company Use Gas Requirement for the same period.
- (iv) Actual Company Use Gas Requirement is the total actual monthly quantity of natural gas related to all components comprising Company Use Gas.

4. Reimbursement.

Company Use Gas shall be furnished in-kind by Shipper. Shipper's total Receipt Point nominations must include the quantity of gas associated with Company Use Gas pursuant to the terms of Shipper's Agreement.

5. Posting.

Company Use Gas Percentage shall be posted on Company's public Internet website six (6) Business Days prior to the end of the month preceding the month to which it is applicable.

6. Annual Report.

Company will file an annual report on or before March 31 of each year to support the monthly Company Use Gas Percentage for the 12 months ending the preceding December 31.

## 6.42 NON-CONFORMING AGREEMENTS

1. Reserved for Future Use
2. MidAmerican Energy Company, by its Unregulated Retail Services Business Unit only and not its regulated gas supply business unit, Contract No. FT0002
3. Minnesota Energy Resources Corporation, Contract No. FT0003
4. Williams Gas Marketing, Inc., Contract No. FT0004
5. Tenaska Marketing Ventures, Contract No. FT0005

## 6.43 AGENTS

For purposes of this Section 6.43, Customer shall be defined as any Person who executes an Agreement.

Customer may delegate to a third party (Agent), authority to exercise certain or all rights and perform certain or all obligations set forth in one or more Agreement(s) entered into between Customer and Company. Customer may delegate to Agent the specific rights and obligations set forth above pursuant to the terms and conditions of an Agency Authorization Agreement, a copy of which is available on Company's public Internet website. Customer may not delegate the same rights and/or obligations of an Agreement to more than one Agent.

An Agency Authorization Agreement or any changes to such Agency Authorization Agreement must be submitted to Company at least two (2) Business Days prior to the requested effective date. Customer's delegation to its Agent(s) pursuant to this Section 6.43 shall not confer to either Customer or Agent(s) rights outside of or in contravention of the terms and conditions of the Agreement(s).

Company shall rely on communications and actions of Agent for all purposes that are within the authority conveyed by the Agency Authorization Agreement. Such communications with, and actions by, Agent that are within the authority conveyed by the Agency Authorization Agreement shall be deemed communications with or actions by Customer. Customer shall indemnify and hold Company harmless from suits, actions, costs, losses and expenses (including, without limitation, attorney's fees) arising from claims associated with Company's reliance on such communications and actions of Agent. Customer remains bound by its obligations under an Agreement. Commitments made by the Agent on behalf of Customer are binding on the Customer as if made by the Customer. In the event of an inconsistency between communications from Customer and from Agent, the communications from Customer shall prevail.

Agent may administer rights under multiple Agreements for one or more Customers provided however, that such Agent (i) shall administer and account for each Agreement separately, and (ii) shall perform the specific service(s) only for the Customer that has delegated its rights and obligations under the Agreement to Agent, as set forth in the Agency Authorization Agreement.

## 6.44 RESERVATION CHARGE CREDITS

### 1. Firm Delivery Quantity.

For purposes of this section of the Tariff, Firm Delivery Quantity shall mean the quantity of gas which Company is obligated to deliver, pursuant to the terms and conditions of Company's Tariff, on a firm basis at Shipper's Delivery Point set forth in Exhibit A of Shipper's respective Service Agreement on a Gas Day, based on confirmable nominations for firm service within Shipper's Maximum Delivery Quantity.

### 2. Force Majeure Event.

If, due to a force majeure event, Company is unable to deliver any portion of Shipper's Firm Delivery Quantity for a period greater than ten (10) consecutive days, then for each day beyond the ten (10) days that Company fails to provide service, the applicable reservation charge, including any applicable reservation based surcharges, shall not apply to the quantity of gas not delivered by Company within the Shipper's Firm Delivery Quantity; provided, however, that these charges shall not be eliminated to the extent Shipper utilizes secondary point service or the force majeure does not occur on Company's pipeline system, or the force majeure is the result of any action or omission by Shipper or its Agent.

In a force majeure event that occurs on Company's pipeline system, reservation charge credits under Service Agreements containing discounted or negotiated rates shall be applicable only to the portion of the rate that exceeds the current non-equity return and income tax component of the applicable reservation charge including any applicable reservation based surcharges.

### 3. Non-Force Majeure Event.

Except as provided above, in the event Company fails to deliver on a Gas Day at least one-hundred percent of Shipper's scheduled Firm Delivery Quantity under its Service Agreement, then the applicable reservation charges, including any applicable reservation based surcharges, shall not apply to the quantity of gas not delivered by Company within Shipper's Firm Delivery Quantity; provided, however, that these reservation charges shall not be eliminated to the extent that Shipper utilizes secondary point service or a non-force majeure event does not occur on Company's pipeline system or the non-force majeure event which occurs on Company's pipeline system is the result of any action or omission by Shipper or its Agent thereof.

## 6.45 OPERATIONAL PURCHASES AND SALES OF GAS

### 1. Applicability.

Company may purchase and/or sell gas to the extent necessary to: (i) balance Company Use Gas pursuant to Section 6.41 of these General Terms and Conditions; (ii) maintain system pressure and line pack; (iii) manage imbalance quantities; (iv) perform other operational functions of Company in connection with transportation and other similar services; and (v) otherwise protect the operational integrity of Company's pipeline system. Any such purchases or sales shall be made on an unbundled basis. Operational purchases or sales shall have a lower transportation priority than firm service.

The sale or purchase of natural gas shall occur at any Receipt Point or Delivery Point on Company's pipeline system or at points located within any off-system capacity held by Company on other systems. Such purchases or sales shall be authorized pursuant to Company's blanket certificate and will be made on a non-discriminatory basis.

### 2. Solicitation of Bids.

Company shall post for Bid its operational purchases and/or sales on its public Internet website. Such posting shall include the following information: 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 names of the applicable Receipt Point(s) or Delivery Point(s); 4) method for determining Best Bid(s); 5) time period for accepting and awarding Bid(s); and (6) any additional information as may be required by Company.

Company shall ask prospective bidders to place a Bid on its public Internet website or via fax or electronic mail with such Bid(s) containing the following information: 1) bidder's legal name and the name, title, address, and phone number of individual authorized to purchase or sell natural gas; 2) bidder's price; 3) information addressing all criteria requested by Company in its posting; 4) any conditions on the prospective bidder's Offer to purchase and/or sell gas. Company shall evaluate Bid(s) 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 Company in its posting.

Company reserves its right, in its sole discretion, to: 1) withdraw its postings; 2) reject all Bids due to operational changes; and 3) reject any Bid which is not complete, which contains modifications to the terms of the posting or which contains terms that are operationally unacceptable.

The above procedures shall not apply in emergency situations. Purchases and sales of natural gas in emergency situations shall be reported in accordance with Section 6.45 paragraph 3 herein.

3. Reporting Requirements.

In the event Company purchases or sells natural gas in a calendar year pursuant to this section of the Tariff, Company shall file a report with the FERC on or before May 1 of the following calendar year. The report will indicate the source of the gas purchased/sold, the date of the purchase/sale, quantity purchased/sold, the cost and/or revenue associated with each transaction, and all entities including affiliates, from which Company purchased or sold the operational gas.

## 6.46 WAIVERS

No waiver by either Company or Shipper of any one or more defaults by the other in the performance of any provisions of Agreement shall operate or be construed as a waiver of any subsequent or other default or defaults, whether of a like or of a different character.

Company may waive any rights hereunder or any obligations of Shipper applicable to any specific default that has already occurred, or case-by-case in advance of any specific, temporary operational problem, on a basis which is not unduly discriminatory; provided that no waiver shall operate or be construed as a waiver of other or future rights or obligations, whether of a like or different character.

## 6.47 HEADINGS

The headings appearing in these General Terms and Conditions or in any part of the Tariff or a Shipper's Agreement are for the purpose of convenient reference only and shall not affect the interpretation thereof.

## 6.48 PENALTY REVENUE CREDITS

### 1. Description.

Penalty revenue shall include all amounts collected by Company for OFO penalties, Underdelivery Penalties, and Rate Schedule PAL penalties. Any penalty revenue collected shall be used first to compensate Company for any expenses incurred to alleviate the conditions that created the violation, such as administrative costs. Any remaining penalty revenue (net penalty revenue) shall be refunded through a direct payment or invoice credit as more fully described below. If the annual penalty revenue collected does not exceed the expenses incurred by Company, such unreimbursed expenses shall be carried forward to future monthly periods until recouped.

### 2. Distribution.

The net penalty revenue collected shall be determined for each annual calendar year period ending December 31 and distributed through a credit to current billings, where feasible, or otherwise by direct payment within ninety (90) days after each December 31.

### 3. Refund Allocation Factor.

A refund allocation factor for each Shipper shall be calculated by dividing the actual revenues for each non-offending Shipper by the total revenue collected during the reporting period. The revenues used to calculate the refund allocation factor shall be net of all applicable surcharges, including but not limited to ACA surcharges. The resulting refund allocation factor shall be multiplied by the net penalty charge revenue to determine the applicable invoice credit or direct payment to each Shipper. This calculation shall be performed on a monthly basis but the distribution of any net penalty revenue shall be made on an annual basis. A Shipper that incurred any of the penalty revenue described in Section 6.48 paragraph 1 herein shall be excluded from the distribution of all net penalty revenues applicable to each Calendar Month in which the violation occurred.