

GENERAL TERMS AND CONDITIONS

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1. DEFINITIONS

In addition to the following definitions, Transporter has incorporated by reference definitions from NAESB WGQ Standards set forth in Section 33 of the General Terms and Conditions of this FERC Gas Tariff.

1.1 "Agreement" or "Service Agreement" means an agreement electronically or manually executed by Transporter and Shipper, and any associated exhibits, attachments or amendments.

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

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

1.4 "C.C.T." means Central Clock Time, representing the time in effect in the Central Time Zone of the United States at the time a transaction occurs, regardless of whether that time may be Standard Time or Daylight Savings Time as those terms are commonly used.

1.5 "Commission" or "FERC" means the Federal Energy Regulatory Commission or any successor regulatory authority having jurisdiction.

1.6 "Confirmations" means the process of Transporter agreeing with Interconnecting Operators on quantities that should flow at a location based on nominations received by Transporter and the Interconnecting Operator.

1.7 "Cubic Foot" or "Standard Cubic Foot" means that quantity of natural gas that occupies one cubic foot of volume at the volumetric measurement base defined in Section 26.2 of the General Terms and Conditions.

1.8 "Delivery Point" means the point(s) where Transporter delivers gas, to or for Shipper's account, that has been transported by Transporter.

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

1.10 "EDI" means NAESB WGQ EDI/EDM, which consists of electronic data interchange as defined by the standards established by the NAESB WGQ and approved by the Commission, or Transporter defined data sets where no NAESB WGQ standard exists.

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

1.12 "Federal Funds Rate" means the rate set forth by the Federal Reserve Bank of New York on a daily basis at its website: <http://www.newyorkfed.org/markets/omo/dmm/fedfundsdata.cfm>

1.13 "FERC Gas Tariff" means all of the rate sections, the various rate schedules for services provided by Transporter, and these General Terms and Conditions, as the same may be approved from time to time by the Commission or any successor agency having jurisdiction.

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

1.15 "General Terms and Conditions" means the currently effective General Terms and Conditions set forth in Volume No. 1 of this Tariff.

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

1.17 "Hourly Delivery Period" means the minimum amount of time within one Day during which Transporter must deliver Shipper's Transportation Demand, which shall be not less than four (4) hours nor greater than twenty (20) hours under Rate Schedule HT-1.

1.18 "Interconnecting Operator" means the entity with physical control either upstream or downstream of Transporter's facility.

1.19 "Master List of Interconnections" or "MLI" means the list of interconnections, including Receipt Points and Delivery Points with third parties, eligible for transportation services as maintained by Transporter on its EBB on an ongoing basis.

1.20 "Master PALS Service Agreement" means a form of agreement that facilitates the contracting for multiple parking and lending transactions pursuant to PALS Transactions entered into thereunder.

1.21 "Maximum Hourly Delivery Quantity" or "MHDQ" means the maximum hourly quantity of gas that Transporter is obligated to deliver to or for the account of Shipper pursuant to a Service Agreement under Rate Schedule HT-1.

1.22 "Maximum Hourly Receipt Quantity" or "MHRQ" means the maximum hourly quantity of gas that Transporter is obligated to receive from or for the account of Shipper pursuant to a Service Agreement under Rate Schedule HT-1.

1.23 "Mcf" means one thousand Cubic Feet of gas.

1.24 "Month" means the period beginning at the start of the first Gas Day of the calendar month and ending at the same hour on the first Gas Day of the next succeeding calendar month.

1.25 "NAESB WGQ" means the North American Energy Standards Board Wholesale Gas Quadrant.

1.26 "NAESB WGQ Standards" means any and all such standards, and references to the latest set of standards, issued by the NAESB WGQ and approved by the Commission.

1.27 "Negotiated Rate" means "negotiated rate" as defined in Commission policy, with respect to the negotiation of rates, rate components, fees, charges, surcharges, credits, retainage percentages, or formula pertaining to the same, for service under a Rate Schedule. A Negotiated Rate: (a) must be mutually agreed to by Transporter and Shipper; (b) may be less than, equal to, or greater than the Recourse Rate or the minimum rate; (c) may be based on a rate design other than straight fixed variable; (d) may vary over the term of the Service Agreement based on a formula; and (e) may include a minimum quantity.

1.28 "Nomination Cycle" means the timing and activities related to nominations, capacity allocation, confirmation and scheduled quantities. Stated times are in C.C.T.

1.29 "OBA Party" means the entity that has executed an OBA with Transporter.

1.30 "PALS Transaction" means the form executed, in writing or electronically, by Shipper to confirm the terms specific to an individual parking or lending transaction. Shipper will have also executed a Master PALS Service Agreement.

1.31 "Primary Path" means the portion of capacity physically located between the designated primary Receipt Point(s) and primary Delivery Point(s) of a Shipper's Service Agreement, and takes into account the direction of flow from the primary Receipt Point(s) to the primary Delivery Point(s). If a point of constraint is within the Primary Path, and the nominated path is in the same flow direction as the Primary Path, and the nominated path overlaps the Primary Path at the point of constraint, then the nomination will be considered as primary for capacity allocation purposes.

1.32 "Receipt Point" means any point on Transporter's system where quantities of gas may be received by Transporter.

1.33 "Recording" and "Record" means:

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

1.34 "Recourse Rate" means the maximum base tariff rate plus all applicable surcharges set forth in this Tariff for service under the corresponding rate schedule.

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

1.36 "Retainage" means the quantity of gas, expressed as a percentage of receipt quantities, Shipper must provide Transporter (in addition to quantities Transporter will deliver to Shipper) for company-use, lost and unaccounted-for quantities, and to recover the cost of electricity to be used for electric gas heaters at Transporter's compressor stations under any of Transporter's Rate Schedules that refer to such term.

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

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

1.39 "Shipper" means any person or entity receiving service under any of Transporter's Rate Schedule(s).

1.40 "Spot Market Price" means the midpoint of the range of prices reported for Millennium – East Receipts citygate index price published in Platts Inside FERC's Gas Market Report, or any successor publication.

1.41 "Transporter" means Millennium Pipeline Company, L.L.C.

1.42 "Transporter Holiday" means those annually sanctioned holidays of Transporter.

1.43 "Thermal" or "Thermally Equivalent" means an equal number of Btu's.

1.44 "Transportation Demand" means the maximum daily quantity of gas that Transporter is obligated to deliver to or for the account of Shipper pursuant to a Service Agreement under Transporter's firm transportation Rate Schedules FT-1, FT-2, BH-1 and HT-1.

1.45 "Transportation Quantity" means the maximum daily quantity of gas that Transporter agrees to transport and deliver to or for the account of Shipper pursuant to a Service Agreement under Transporter's Rate Schedules IT-1 and LIT.

1.46 "Utilization Factor" means the factor calculated by dividing the saturated heating value of the gas by the square root of its specific gravity.

2. ELECTRONIC BULLETIN BOARD

2.1 In General. Transporter shall operate and make available to Shippers and other third parties, as set forth below, an interactive electronic communications system (Electronic Bulletin Board (EBB)) (also referred to by its trade name, Navigates™).

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

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

2.3 Communications

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

(b) In the event of failure of all or part of the EBB system, communications ordinarily conveyed through the EBB shall, to the extent possible, be conveyed through a combination of Electronic Notice Delivery, telephonic, or facsimile transmissions. Transporter will make available certain blank forms on its EBB that Shipper may print for use in case of a failure of Transporter's EBB and Shipper may transmit those completed forms to Transporter by facsimile transmission. Shipper will be responsible for printing and saving the blank forms in advance of any EBB failure. In the event of failure of all or part of the EBB system, the forms Shipper shall

transmit by facsimile transmission or other approved means of communication shall include: notices requiring action within two business days; requests for service not requiring open bidding; capacity releases made pursuant to an exempt transaction; executions of Service Agreements; and submissions of nominations. In the event of failure of all or part of the EBB system, the forms Transporter shall transmit by Electronic Notice Delivery or facsimile shall include status reports, executed Service Agreements, invoices, and notices requiring action within two business days.

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

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

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

2.6 Access Requirements; Operations. Transporter's EBB will operate 24 hours per day, seven days a week, every week of the year, except as necessary to perform system maintenance. As noted in Section 2.1 above, access to the EBB shall be available to any party (i) that has compatible electronic equipment, and (ii) that complies with the provisions of this Section and, for electronic contracting purposes, with this Section and Section 5.7 of the General Terms and Conditions. Transporter will operate a toll free telephone helpline, answered 24 hours a day, to provide technical support and an On-line Help feature that provides user support and can be accessed from all areas of the EBB.

(a) Equipment. EBB users must have computer equipment, software and Internet service meeting the minimum standards established by the Gas Industry Standards Board and incorporated elsewhere in this tariff.

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

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

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

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

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

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

2.12 Cost of Electronic Bulletin Board.

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

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

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

receiving party for any direct costs incurred as a result of receiving any such unauthorized transmission.

2.13 Limitation on Access to Data. No party may obtain on its own initiative or otherwise any data from or relating to the other party except as specifically identified in this Section 2. In the event any party receives a transmission that the receiving party knows or should know is not directed to or intended for the receiving party, the receiving party shall immediately notify the transmitting party of such transmission and take such reasonable action as the transmitting party directs. In no event shall the receiving party utilize such information to the detriment of the transmitting party or any other party, or otherwise convey the substance of such transmission to any third party.

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

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

3. REQUESTS FOR SERVICE

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

3.2 Credit Data.

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

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

(2) a copy of Requestor's most recent Annual Report and, if applicable, most recent Forms 10-Q and 10-K; provided that if Requestor has no Annual Report or Forms 10-Q or 10-K it must provide (a) its financial statement for the most recent period available, which may be unaudited but if unaudited, must be signed and attested by Requestor's President and Chief Financial Officer as fairly representing the financial position of the company; (b) any current filings with other regulatory agencies that discuss Requestor's financial condition, and (c) a detailed business description that includes Requestor's corporate form, the number of years or months it has been in business, the nature of its business, and the number of its employees;

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

(4) the names, addresses and telephone numbers of three trade references with whom Transporter may make reasonable inquiry into Requestor's creditworthiness, and copies of any available reports from credit reporting and bond rating agencies. The

results of reference checks and any credit reports submitted herein must show that Requestor's obligations are being paid on a reasonably prompt basis;

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

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

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

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

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

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

(c) In lieu of submitting all or any part of the data required by this Section 3.2, a Requestor that has submitted such data to Transporter within the past twelve months may certify that all or any part of such data has not changed in any manner material to creditworthiness and may update items that have materially changed.

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

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

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

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

3.7 Assurance of Payment. If Transporter denies a request for service due to a failure to satisfy Transporter's creditworthiness requirements, Requestor may obtain service if it provides Transporter with assurance of payment in the manner set forth in Section 3.8 below and otherwise complies with the ongoing creditworthiness requirements set forth in Section 3.8. If Requestor fails to tender such assurance of payment within 10 days, or such longer time period reasonably established by Transporter, Transporter may deny Requestor's request for service or reject any bid submitted by Requestor.

3.8 Creditworthiness of Shipper.

(a) Subject to the provisions of paragraphs (b) and (c) immediately below, Transporter will not be required to provide or to continue to provide service on behalf of any Shipper that (i) is or has become insolvent, (ii) has applied for bankruptcy under Chapter 11 of the bankruptcy code or is subject to similar proceedings under state or federal law, or (iii) fails, in Transporter's reasonable judgment, to demonstrate minimal creditworthiness for all or any part of the service requested, based upon Transporter's consideration of available credit data concerning Shipper and Shipper's past payment history, financial statements, and credit reports.

(b) Criteria for Creditworthiness Determination

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

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

(3) A shipper will be deemed creditworthy if (i) its long-term unsecured debt securities are rated at least BBB by Standard & Poor's Corporation ("S&P") or Baa2 by Moody's Investor Service ("Moody's") and (ii) Shipper's short term and long term outlook opinion is Stable or Positive from S&P or Moody's and (iii) the net present value of the sum of reservation fees, utilization fees and any other associated fees, for the contract term is less than 3% of Shipper's tangible net worth. As used in this section, tangible net worth means the excess of assets over liabilities from an accounting standpoint, which is also known as capital. For example, in the case of a corporation, tangible net worth is the sum of the capital stock, paid-in capital in excess of par or stated value, and other free and clear equity reserve accounts less goodwill, patents, unamortized loan costs or restructuring costs and other intangible assets. In the event Shipper is rated by multiple agencies, the lower rating applies. A Shipper that is not rated by S&P or Moody's may use its parent's rating if a guarantee acceptable to Transporter is provided. If the Shipper has multiple Service Agreements with Transporter, then Transporter will use the total of all such Service Agreements, including any PALS transactions, to determine Shipper's creditworthiness.

(4) If Shipper does not meet the criteria described above then Shipper may request Transporter to evaluate its creditworthiness based upon the level of its current and requested service. Transporter will base its credit appraisal upon an evaluation of the following information and credit criteria:

(i) S&P and Moody's opinions, watch alerts, and rating actions.

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

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

(iv) Shipper must not be operating under any chapter of the bankruptcy code 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 against Shipper. An exception for a Shipper who is a debtor in possession operating under Chapter 11 of the bankruptcy code will be made if Transporter is adequately assured that the service billing will be paid promptly as a cost of administration under the federal court's jurisdiction, based on an effective court order, and if Shipper continues to actually make payment.

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

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

(vii) The nature of Shipper's business and the effect on that business of general economic conditions and economic conditions specific to Shipper, including Shipper's ability to recover the costs of Transporter's services through regulatory filings or otherwise to recover such costs from Shipper's customers.

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

(c) Transporter may require adequate assurance of payment for any service under this Tariff requested by an insolvent or uncreditworthy Shipper. Such a Shipper may receive or continue to receive service if it provides adequate assurance of payment for service. Adequate credit assurance will be calculated as follows: (i) For firm service, including service under Rate Schedules FT-1, FT-2, BH-1, LFT, and HT-1, the credit assurance elected must equal the value of one (1) month of demand charges under Shipper's Service Agreement(s) with Transporter, to be provided within five (5) business days from the day Transporter notifies the Shipper that Shipper did not qualify for or has lost its creditworthiness status, and an additional two (2) months of demand charges to be provided within thirty (30) days from the day Transporter notified the Shipper that the Shipper has not qualified for or has lost its creditworthiness status; (ii) for all other services provided pursuant to the Tariff, the credit assurance elected must equal the value of one (1) month of the highest usage under Shipper's Service Agreement(s) with Transporter, to be provided within five (5) business days from the day Transporter notifies the Shipper that Shipper did not qualify for or has lost its creditworthiness status, and an additional two (2) highest months of estimated usage during the term of the Service Agreement(s) to be provided within thirty (30) days from the day Transporter notified the Shipper that the Shipper

has not qualified for or has lost its creditworthiness status. For a new Shipper, adequate credit assurance under this subparagraph (ii) will be based on the three (3) highest months of estimated usage during the term of the Service Agreement and for an existing Shipper, adequate credit assurance will be based upon the highest three (3) months of activity for all of Shipper's active Service Agreements during the previous twelve months.

In addition, for PALS lending services, Transporter has the right to seek additional security to cover the value of any quantity of loaned gas in Dths, valued at the Spot Market Price. Such determination will be based upon the weekly prices that are available at the time creditworthiness is being determined. Furthermore, Transporter has the right to seek security to cover the estimated value of a future monthly gas loan for non-creditworthy Shippers as follows: For a non-creditworthy new Shipper, a security amount equal to such Shipper's gas loan quantity in Dths multiplied by the Gas Loan Rate as described below. The term "Gas Loan Rate" equals the average of the NYMEX future prices for the available gas loan period as such prices close on the day the Gas Loan Rate is determined.

Transporter has the right to seek additional security to cover the value of any imbalance owed Transporter by a non-creditworthy Shipper. Transporter will value the imbalances at the Spot Market Price. Furthermore, Transporter has the right to seek security to cover the estimated value of a future monthly imbalance for non-creditworthy Shippers as follows:

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

Adequate assurance of payment may include:

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

Unless otherwise agreed, the credit assurances must at all times maintain a value specified above equal to the highest estimated charges during the term of the Service Agreement.

Any deposit held by Transporter pursuant to this Section 3.8(c) will accrue interest on that deposit at the Federal Funds Rate. Upon Shipper's request, Transporter will remit the balance of such interest to Shipper within thirty days provided, however, that Transporter will not be required to remit interest to Shipper more often than every thirty days.

(d) Notwithstanding the foregoing requirements, if Transporter constructs new facilities to accommodate a Shipper or agrees to acquire offsystem capacity for a Shipper pursuant to Section 35 of these General Terms and Conditions, Transporter may require credit assurance in an amount up to Shipper's proportionate share of the cost of the new facilities or the net present value of all future payments due to the third party for the acquired offsystem capacity. This credit assurance may be requested at any time before or after the in-service date of the facilities or the acquisition of the off-system capacity, to the extent mutually agreed to as a condition of the construction or acquisition. As Transporter recovers the cost of these facilities through its rates or makes payment for the offsystem capacity, the credit assurance required will be reduced accordingly. Specifically, any credit assurance provided by a Shipper related to new facilities or offsystem capacity will be returned to that Shipper in equal monthly amounts over the term of its Service Agreement for service related to the new facilities or offsystem capacity or as otherwise mutually agreed by Transporter and Shipper. This requirement is in addition to and does not supersede or replace any other rights that Transporter may have regarding the construction of and reimbursement for facilities. If Shipper defaults and Transporter terminates service to Shipper, then Transporter may draw upon and retain such collateral as necessary to reimburse Transporter for the unamortized cost of the facilities constructed for Shipper or the remaining payments due for the offsystem capacity. The capacity underlying any terminated Service Agreement will be made available pursuant to Section 4 of these General Terms and Conditions. Within 60 days of the capacity being made available, to the extent such capacity has been awarded, the credit assurance retained by Transporter from the original Shipper will be reduced to an amount equal to the difference between net present value of that portion of the future reservation charge revenues of the original Shipper that would have been attributed to the cost of the new facilities or offsystem capacity less the net present value of that portion of the future reservation charge revenues of the newly awarded Shipper that may be attributed to the cost of the facilities or offsystem capacity.

3.9 Loss of Creditworthiness.

(a) Transporter may at any time re-evaluate the creditworthiness of Shipper and demand adequate assurance of payment or additional adequate assurances of payment if Transporter determines that Shipper has in any respect become uncreditworthy. Circumstances under which Transporter may re-evaluate Shipper's creditworthiness include, but are not limited to, a filing by Shipper for bankruptcy or a submission to bankruptcy or similar federal or state proceedings, an adverse change in Shipper's payment practices, a reorganization of Shipper's business structure, an assignment of Shipper's contracts, or a request by Shipper for increased

service. If Transporter, following such a re-evaluation, makes an adverse preliminary creditworthiness determination, and Shipper is current in its payments to Transporter and otherwise has a good credit history with Transporter, Shipper will be given notice of such adverse determination and be allowed 10 days to submit data demonstrating its continued creditworthiness before Transporter will make a final determination of creditworthiness and, if adverse, demand adequate assurance of payment. Transporter may at any time withdraw or revise its demand for adequate assurance of payment or extend its due date.

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

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

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

(e) Upon receipt by Transporter of all credit information provided pursuant to applicable NAESB WGQ Standards, Transporter should notify the Shipper's authorized representative(s) that it has received such information. Transporter and Shipper may mutually agree to waive the requirements of this paragraph.

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

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

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

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

(i) In complying with the creditworthiness related notifications pursuant to the applicable NAESB WGQ Standards, the Shipper(s) and Transporter may mutually agree to other forms of communication in lieu of Electronic Notice Delivery notification.

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

(k) Regardless of whether Shipper is insolvent, has lost its creditworthiness status or does not desire to continue service with Transporter, Shipper will continue to be liable for all charges due under its Service Agreement and associated rate schedule. If the Shipper desires to continue service with Transporter, Transporter may require the Shipper to pay any outstanding balances due Transporter for services rendered and provide adequate credit assurances in accordance with Section 3.8(c) above.

(l) If Shipper fails to provide the credit assurance within the specified time period, Transporter may (i) immediately suspend service to Shipper, or (ii) terminate Shipper's Service Agreement upon at least thirty (30) days written notice to Shipper, Releasing Shipper, if any, and the Commission that it will terminate service to Shipper if Shipper fails to pay the outstanding balance or provide the required credit assurance. Any such termination will not waive any rights Transporter may otherwise have under any and all Service Agreements with Shipper including, but not limited to, the right to sue Shipper for unmitigated damages resulting from Shipper's breach of contract. If Transporter terminates the service of a Replacement Shipper, Transporter

will provide simultaneous notice to the Replacement Shipper and Releasing Shipper via Electronic Notice Delivery and facsimile.

3.10 Requests for service which do not include all of the credit assurance information required by Sections 3.1 through 3.9 are null and void.

3.11 If a Shipper has multiple Service Agreements with Transporter and defaults on one Service Agreement, Transporter may deem a default by Shipper on that one Service Agreement as a loss of creditworthiness on any other Service Agreement the Shipper has with Transporter; provided, however, this provision does not apply to amounts disputed by Shipper in good faith. This Section 3.11 will be applied solely to the Shipper that is the Service Agreement holder.

3.12 Transporter intends Section 3.8(b)(4)(iv) above to be read in harmony, and not in conflict, with the bankruptcy code.

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

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

3.15 Transporter is not obligated to accept requests for an aggregate Transportation Demand of less than one hundred (100) Dth per Day.

3.16 Transporter reserves the right to determine in its reasonable discretion, that a Shipper who requests new service is not creditworthy to receive such service on the basis that Shipper has outstanding payments due on invoices rendered by Transporter on current or past Service Agreements and Shipper has defaulted on such payments per the terms of the General Terms and Conditions; provided, however, this provision does not apply to amounts disputed by Shipper in good faith. This Section 3.16 applies solely to the Shipper that is the Service Agreement holder.

3.17 Unless Transporter has agreed to a termination of the Releasing Shipper's obligations in the case of any permanent release, Transporter may invoice the Releasing Shipper upon the

Replacement Shipper's default on a payment obligation to Transporter for an amount up to the amount of the Releasing Shipper's reservation charge plus interest calculated from the date the unpaid amount was due from Replacement Shipper, net of any security held for Replacement Shipper. Releasing Shipper must pay Transporter within ten (10) days of receipt of the invoice.

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

4. AVAILABILITY OF CAPACITY FOR FIRM SERVICES

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

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

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

(a) Right of First Refusal Process.

Transporter will notify Shipper in writing of the upcoming expiration or termination of (i) any firm Service Agreement incorporating a Contractual ROFR, (ii) any firm Service Agreement with a term of 12 consecutive months or more at the applicable Recourse Rate for that service, or (iii) firm multi-year seasonal service agreement at the applicable Recourse Rate for that service, (a "Long-Term Service Agreement") and will provide such notice at least 30 days before Shipper is obligated to notify Transporter of its intent to exercise its ROFR or other service continuation rights under the Long-Term Service Agreement with respect to part or all of its contracted capacity. If a Shipper elects to extend a Long-Term Service Agreement, or any portion of its contract quantity thereunder: (i) for a period of five years or longer and at the Recourse Rate, then Transporter shall accept Shipper's requested extension; or (ii) for less than a period of five years or less than the Recourse Rate (or both), then Transporter, at its option and in a manner which is not unduly discriminatory, shall either accept Shipper's requested extension period or shall require Shipper to exercise its ROFR by making the capacity under such agreement available in accordance with the procedures set forth below. Where applicable, and in accordance with Section 35.2 below, any ROFR may be limited to the term of Transporter's contract or service agreement with the offsystem capacity providers necessary to continue service for the Shipper.

(1) Upon Shipper providing Transporter with a six-month notice of intent to exercise its ROFR with respect to all or a part of the contracted capacity to which a ROFR applies, Transporter shall in a reasonable amount of time post such capacity on the EBB (a “ROFR Open Season”). Transporter shall begin accepting bids in a ROFR Open Season from any prospective Shipper, for all or a portion (volume but not geographic portion) of the service rights under the existing Shipper’s Long-Term Service Agreement, at least three months prior to the termination of such service agreement.

(2) If Transporter receives an acceptable offer for all or a portion (volume but not geographic portion) of the service rights under Shipper's Long-Term Service Agreement, Transporter, within two business days after the last day for receiving offers, shall notify Shipper electronically of the offer having the greatest economic value to Transporter. For purposes of comparing the respective values of offers under this section, Transporter shall evaluate all bids in accordance with the criteria set forth at Section 4.4(b) below. If Shipper elects to match the offer, Shipper shall electronically notify Transporter of such election within 15 calendar days after receiving Transporter's notice and shall execute a new service agreement matching the offer prior to the termination of the existing Long-Term Service Agreement. The highest rate that Shipper must match to continue such service is the Recourse Rate or the offer that meets the minimum acceptable terms. If Shipper does not elect to match the offer within 15 calendar days after receiving Transporter's notice, Shipper's ROFR will immediately terminate and Shipper’s service agreement will terminate upon the expiration of its term.

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

(4) A Shipper with a firm service agreement having multiple primary receipt and delivery points subject to a ROFR may exercise its ROFR with respect to the service agreement’s Transportation Demand at only certain primary receipt and delivery point combinations in such service agreement, subject to satisfaction of Transporter’s

operational considerations based on pipeline's configuration and design. General Terms and Conditions Section 12 addresses the adjustment to maximum daily delivery obligations (MDDOs) when a Shipper reduces its service agreement's Transportation Demand through the exercise of a ROFR.

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

(6) If a Long-Term Service Agreement is not continued by its own terms or by reason of the Shipper's exercise of its ROFR, such Long-Term Service Agreement shall be subject to pregranted abandonment unless otherwise specified in the Long-Term Service Agreement and shall terminate and Transporter shall have no further obligation to Shipper.

(7) If no acceptable offers are received and no new service agreement has been reached between Transporter and the Shipper holding the capacity under the expiring service agreement, then the capacity shall be made available pursuant to Section 4.3 below.

(8) In the event an expansion project is proposed that would utilize capacity on Transporter's existing facilities, then Transporter will have the right to give Shipper notice no more than 36 months prior to termination of Shipper's Long-Term Service Agreement that Shipper's capacity is subject to the right of first refusal process, if:

1. the sizing of the expansion project could be affected by a Shipper's plans regarding the continuation of service because Shipper's capacity would allow Transporter to avoid construction of facilities otherwise required for the expansion, and
2. such proposed expansion project is fully subscribed under binding commitments.

Transporter shall require a response from Shipper no later than thirty (30) days from the date the notice is issued. If the Shipper elects to terminate, then Shipper's capacity may be reserved by Transporter pursuant to Section 4.2(c) (Capacity Reservation). If Shipper does not elect an extension of five years or longer at the Recourse Rate, but elects to extend a Service Agreement for all or part of its capacity, then unless Transporter accepts Shipper's requested extension period pursuant to Section 4.1(a) above, the procedures in Section 4.1(a)(1)-(4) shall apply.

(b) Extension of Firm Service Agreements.

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

(2) Notwithstanding the provisions of Section 4.1(a) above, Transporter and its Shippers may mutually agree, on a not unduly discriminatory or preferential basis, to include in discount rate or negotiated rate firm service agreements that bear a term of 12 or more consecutive months of service, a right for Shipper to receive continued service beyond the term of such service agreement by providing notice to Transporter (a rollover right) of Shipper's wish to rollover its service agreement. Transporter may, on a not unduly discriminatory or preferential basis, condition any such rollover rights on Shipper taking service for the extended term at a particular rate (not to exceed the applicable Recourse Rate) and/or for a particular or minimum term and/or at a particular level of capacity (not to exceed the capacity contracted for during the primary term) as specified below. If Transporter and Shipper agree to an extended (rollover) term, Transporter and Shipper may agree that prior to commencement of each extension period, Shipper shall have the right to decrease or increase the level of capacity for the extension period below or above the capacity contracted for during the term ending prior to the new extension period; provided, however, Shipper may not increase its capacity in excess of the capacity it contracted for during the term ending prior to the new extension period, unless Transporter determines that such capacity is available for the extension term and all remaining extension terms provided for under the service agreement. Any right to an increase or decrease to Shipper's capacity during an extension term shall be specified in Section 7 of Shipper's service agreement and may be subject to any limitations agreed to by the Parties and specified in Section 7 of Shipper's service agreement. Shipper may effectuate any increase or decrease by providing notice to Transporter within the time specified in Section 7 of Shipper's service agreement.

(c) References in Service Agreements Executed Prior to [June 1, 2017].

References to General Terms and Conditions Section 4.1(c)(7) in service agreements executed prior to [June 1, 2017] shall be deemed as references to Section 4.1(b)(2) above.

4.2 Process for Offering New Pipeline Capacity.

(a) Expansion Open Season. Transporter shall post an open season for any planned

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

(b) Reverse Open Season. For any planned expansion of Transporter's pipeline system, Transporter shall post a non-binding solicitation (or reverse open-season) for turnback capacity from Transporter's existing shippers to serve the expansion project, provided that Transporter shall post the non-binding solicitation for turnback capacity no later than 90 days after the close of the expansion project open season.

(c) Capacity Reservation. Transporter may elect to reserve for future expansion projects any unsubscribed capacity or capacity under expiring or terminating service agreements where such agreements do not have a ROFR or Shipper does not exercise its ROFR.

To reserve capacity for future expansion projects, Transporter shall first make such capacity generally available to any Shipper or potential Shipper by posting such capacity for bidding through a Capacity Reservation open season for a time period of at least five (5) business days. This Capacity Reservation open season posting shall clearly state Transporter's intention to reserve the capacity for the expansion project and shall contain the following information with respect to the capacity: (i) the daily and other applicable quantity of service available from each receipt point to each market area; (ii) the Recourse Rate as set forth in this Tariff; (iii) any applicable restrictions; (iv) whether the capacity is subject to an existing ROFR; (v) any minimum price or other terms applicable to the capacity; and (vi) the date when bids are due to Transporter. The Capacity Reservation open season posting shall also conform to the bidding and capacity award procedures of General Terms and Conditions Section 4.4. When the Capacity Reservation open season is held prior to the expansion project open season, Transporter shall have the right to state in the Capacity Reservation open season posting minimum terms and conditions for bids that would be acceptable for consideration that are the same as the minimum terms and conditions anticipated for the future expansion project open season. In the event that the subsequent expansion project open season imposes minimum terms and conditions that are materially different from the terms and conditions imposed in the preceding Capacity Reservation open season, Transporter shall hold another open season for the capacity that uses the same minimum terms and conditions as were imposed for the expansion project open season. If the expansion project open season is held prior to or during the Capacity Reservation open season, Transporter shall use the same minimum terms and conditions as used for the expansion project open season. If Transporter receives no bids meeting the minimum terms and conditions set forth in the Capacity Reservation open season, Transporter may reserve the capacity for use in the expansion project.

Capacity may be reserved for up to one year prior to the Transporter filing for Natural Gas Act Section 7(c) certificate approval or prior notice authorization pursuant to Transporter's blanket construction certificate for construction of the proposed expansion and thereafter until such expansion is placed into service. Transporter may only reserve

capacity for a future expansion project for which an open season has been held or will be held within one (1) year of the date that Transporter posts such capacity as being reserved. Any Reservation Capacity reserved pursuant to this section for an expansion project that does not go forward because Transporter does not file any required application with the Commission within one year from such reservation date, or because Transporter ultimately does not receive authorization, shall be posted as unsubscribed capacity within 30 days of the date the capacity becomes available subject to then-existing interim commitments for the capacity.

Transporter's posting for any capacity reserved under this Section shall include the following information: (i) a description of the expansion project for which the capacity will be reserved; (ii) the total quantity of capacity to be reserved; (iii) the location of the proposed reserved capacity on the pipeline system; (iv) whether, and if so, when Transporter anticipates that an open season for the capacity will be held or it will otherwise be posted for bids under the expansion; (v) the projected in-service date of the expansion projects; and (vi) on a rolling basis, how much of the reserved capacity has been sold on a limited-term basis. Transporter shall make reasonable efforts to update the reservation posting to reflect material changes in the expansion project up to the in-service date of the expansion project. Any capacity reserved under this Section shall be made available for transportation or storage service pursuant to Transporter's General Terms and Conditions on a limited-term basis up to the in-service date of the expansion project(s). Transporter reserves the right to limit any extension rights provided in the service agreements and pursuant to Section 4.1 of the General Terms and Conditions governing ROFR commensurate with the proposed in-service date of the expansion project.

4.3 Process for Posting Existing Firm Capacity.

(a) In the event a firm service agreement is not extended pursuant to the provisions of Section 4.1 above, or if existing capacity becomes available for any other reason, such capacity will be made available in an open season provided that it is not previously committed and capacity remains available. Capacity that remains unsubscribed after an open season shall be posted as available unsubscribed capacity on Transporter's EBB and Transporter will have the authority to accept a valid Request for Service for such capacity without reposting that capacity in an open season.

(b) If Transporter receives an otherwise valid Request for Service for capacity that has or will become available but has not been posted on the EBB as available unsubscribed capacity, before Transporter can award that capacity to the Shipper who submitted the request, Transporter shall post that capacity in an open season pursuant to the open season procedures set forth in Section 4.3 and Section 4.4, including but not limited to a Prearranged Open Season procedure under Section 4.4(c).

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

- (i) For service for one year or longer, the requested service must commence no later than six months from the date the request is granted;
- (ii) For service for greater than 92 days but less than one year, the requested service must commence no later than 30 days from the date the request is granted; and
- (iii) For service for 92 days or less, the request must be for service starting no later than five days from the date the request is granted.

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

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

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

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

4.4 Process for Open Season Bidding.

(a) Bidding Procedure. A potential Shipper may submit multiple bids, each higher than its preceding bid, for all or any portion of the capacity or term of service made available by

Transporter. Such bids must be submitted electronically unless otherwise indicated in the posting. Bidder may specify that it is bidding Recourse Rates; for bids less than the Recourse Rate, Bidder shall specify the monthly reservation charge (or other firm or demand charge(s), if applicable) it is bidding for the service. The price bid for the monthly reservation charge shall be expressed per Dth and shall be expressed to the nearest thousandth of one dollar (\$0.000). In addition to the bid price, bidder shall pay all applicable commodity charges, demand, and commodity surcharges and any other applicable charges, as they may be adjusted from time to time by Transporter. Transporter has the right to reject any bids that: (i) are for less than the Recourse Rate; (ii) do not satisfy any of the other terms specified in the posting; or (iii) include conditions or provisions that Transporter determines, in its reasonable discretion, to be unacceptable.

(b) Assessing Bids.

(1) General Criteria.

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

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

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

full term proposed by the bidder, in place of the reservation charge(s) or other revenue guarantee(s) proposed by the bidder.

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

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

its bid within three (3) business days of receiving notice of its award of capacity under this provision.

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

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

(e) Awarding Capacity; Pro Rata Awards to Equal Bidders. Transporter shall award capacity to the bidder submitting the highest value bid. Except as otherwise provided in section 4.1 regarding ROFR capacity and in section 4.4(c-d) regarding prearranged open seasons, if two or more bidders submit equal acceptable highest value bids, then Transporter shall award the capacity pro rata to all bidders that submitted equivalent highest value bids based upon daily quantities requested, unless otherwise stated by Transporter in the open season notice. Transporter shall post the winning bid and the associated bid calculation to the EBB. Bids received electronically will be deemed received at the time noted on Transporter's server.

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

tendered by Transporter. All bids submitted for capacity pursuant to this section must be bona fide offers and must be submitted electronically.

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

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

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

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

(a) where Shipper responds to a solicitation for capacity turnback offers in a reverse open season for capacity and the conditions set forth in the solicitation have been satisfied;

(b) the exercise of a Capacity Reduction Option;

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

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

4.6

Transporter and Shipper may mutually agree on a not unduly discriminatory basis to (i) different termination dates for specified volumes of Transportation Demand within the same service agreement and/or (ii) combine service agreements under the same Rate Schedule into a single service agreement under the same Rate Schedule with different termination dates for specified volumes of Transportation Demand. Transporter and Shipper may mutually agree to combine Service Agreements only to the extent that the individual Service Agreement's rates, terms, and conditions can be distinctly maintained and will not be altered by the combination. For each Service Agreement(s) executed in accordance with this Section 4.6, each of the varying termination dates and associated volumes of Transportation Demand will be set forth on a separate Appendix A to the Service Agreement. Each component with a different termination date for a specified volume of Transportation Demand within the same Service Agreement and reflected in a separate Appendix A will be regarded as a single Service Agreement for purposes of Shipper's exercise of any right of first refusal under the provisions of Section 4.1 of the General Terms and Conditions of Transporter's Tariff. Each Appendix A of the combined Service Agreements will be identified by its original contract number or such other identification convention determined to be applicable by Transporter.

5. SERVICE AGREEMENT AND ELECTRONIC CONTRACTING

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

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

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

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

The restrictions on assignment set forth in this Section 5.4 shall not in any way prevent any party from pledging or mortgaging its rights under a Service Agreement as security for its indebtedness. Transporter may request that a Shipper execute a Consent Agreement, on the form provided in this FERC Gas Tariff, in favor of lenders providing financing in support of the facility or any expansion thereof, provided that the Shipper's Service Agreement provides Transporter with at least \$5 million in annual revenues and \$25 million over the term of the Agreement. All other Shippers may request that Transporter execute such Consent Agreement at any time.

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

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

5.7 Electronic Contracting Agreement.

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

(b) When Required. Shipper shall be required to enter into a Contract electronically if Shipper desires to commence service within five business days after a contract is awarded; provided, if Shipper nominates prior to execution of a contract and such nomination is deemed to be execution of that contract, Shipper shall nonetheless execute a contract, either electronically or in writing.

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

of an executed document, or any other method that results in Transporter receiving only a copy of a signature.

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

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

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

(g) Transmissions.

(1) Proper Receipt. Documents shall not be deemed to have been properly received, and no Document shall give rise to any obligation, until it has been received as determined in accordance with Section 2.10 of the General Terms and Conditions.

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

acknowledgement shall constitute conclusive evidence a Document has been properly received.

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

(h) Pro Forma Service Agreement. When a party affixes its Signature to a Contract and transmits the Contract to Transporter in accordance with Section 5.7(g) above, it shall be bound, as applicable, by (i) the terms and conditions of the applicable pro forma Service Agreement or Assignment Agreement contained in this Tariff corresponding to the Rate Schedule under which that party is seeking service, or (ii) the terms and conditions of any generally available, nonjurisdictional agreement or contract that is a Document. The date of Transporter's acceptance of an executed and properly transmitted Contract under Section 5.7(g) shall be deemed to be the date of execution for purposes of the Contract and that execution date shall apply to any subsequently issued paper copy of the Contract that Transporter tenders to Shipper. The effective date and term of the Contract shall be determined in accordance with the provisions of this Section 5.7(h) and Section 5.2 of the General Terms and Conditions, but Transporter shall not be obligated to provide service to Subscriber prior to the date of acceptance.

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

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

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

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

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

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

(3) Any Document properly transmitted shall be deemed (in connection with any Transaction, Contract, or Electronic Contracting Agreement) to be a "writing" or "in writing"; and any such Document that includes a Signature ("Signed Documents") shall be deemed for all purposes (i) to have been "signed" and (ii) to constitute an "original" when printed from electronic files or records established and maintained in the normal course of business.

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

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

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

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

(m) Limitation of Damages.

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

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

6. NOMINATING, SCHEDULING, AND MONITORING

6.1 General.

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

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

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

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

6.2 Nominations.

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

(b) A Shipper seeking to nominate quantities under any applicable Service Agreement shall furnish to Transporter, for each such Service Agreement (i) a Nominated Daily Delivery Quantity to be delivered by Transporter to or for Shipper at the applicable delivery point(s) on Transporter's pipeline system, and (ii) a Nominated Daily Receipt Quantity to be tendered to Transporter at each applicable receipt point on Transporter's pipeline system. Retainage shall be included in the Nominated Daily Receipt Quantity, and will be calculated by using the following formula: $(1 - \text{Retainage percentage}) \times \text{receipt quantity rounded to the nearest Dth} = \text{delivery quantity}$. Shipper's Nominated Daily Delivery Quantity and Nominated Daily Receipt Quantity collectively are referred to as Shipper's "nominations".

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

(d) Each nomination shall be considered an original nomination and must be replaced to be changed. 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. Subsequent nominated quantities shall represent replacement daily quantities.

(e) Transporter will support the following Nomination Cycles (all times are C.C.T.):

(1) The Timely Nomination Cycle

On the day prior to gas flow:

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

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

(2) The Evening Nomination Cycle

On the day prior to gas flow:

- (i) 6:00 p.m. Nominations leave control of the nominating party;
- (ii) 6:15 p.m. Nominations are received by the Transporter (including from TTTSPs);
- (iii) 6:30 p.m. Transporter sends Quick Response to Shipper;
- (iv) 8:30 p.m. Transporter receives completed confirmations from upstream and downstream connected parties;

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

Scheduled quantities resulting from an Evening Nomination are effective at the start of the next Gas Day.

(3) The Intraday 1 Nomination Cycle

On the current Gas Day:

(i) 10:00 a.m. Nominations leave control of the nominating party;

(ii) 10:15 a.m. Nominations are received by Transporter (including from TTTSPs);

(iii) 10:30 a.m. Transporter sends Quick Response to Shipper;

(iv) 12:30 p.m. Transporter receives completed confirmations from upstream and downstream connected parties;

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

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

(4) The Intraday 2 Nomination Cycle

On the current Gas Day:

(i) 2:30 p.m. Nominations leave control of the nominating party;

(ii) 2:45 p.m. Nominations are received by Transporter (including from TTTSPs);

(iii) 3:00 p.m. Transporter sends Quick Response to Shipper;

(iv) 5:00 p.m. Transporter receives completed confirmations from upstream and downstream connected parties;

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

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

(5) The Intraday 3 Nomination Cycle

On the current Gas Day:

(i) 7:00 p.m. Nominations leave control of the nominating party;

(ii) 7:15 p.m. Nominations are received by Transporter (including from TTTSPs);

(iii) 7:30 p.m. Transporter sends Quick Response to Shipper;

(iv) 9:30 p.m. Transporter receives completed confirmations from upstream and downstream connected parties;

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

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

For purposes of (2), (3), (4), and (5) above, "provide" shall mean, for transmittals pursuant to standards 1.4.x, receipt at Shipper's or Interconnecting Operator's designated site, and for purposes of other forms of transmittal, it shall mean send or post.

(f) Authorized overrun service must be nominated separately under Rate Schedule FT-1, FT-2, BH-1, LFT, and HT-1.

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

(h) Shipper may submit intra-day nominations according to the deadlines noted in Section 6.2(e). For services that provide for intra-day nominations and scheduling, there is no limitation as to the number of intra-day nominations (line items as per NAESB WGQ Standard 1.2.1) which Shipper may submit at any one standard nomination cycle or in total across all

standard nomination cycles. Such intra-day nominations may be used to request increases or decreases in total flow, changes to receipt points, changes to delivery points, or to nominate new supply or market. All nominations, including intra-day nominations should be based on a daily quantity; thus, an intra-day nominator need not submit an hourly nomination. Intra-day nominations should include an effective date and time. The interconnected parties should agree on the hourly flows of the intra-day nomination, if not otherwise addressed in Transporter's contract or tariff. During any Gas Day of interruption pursuant to Section 16 (Interruptions of Service), a Shipper may not make intra-day changes to receive or take gas if such change would cause interruption of a Shipper using that receipt or delivery point as a firm secondary point during that Gas Day. Shipper may make any such intra-day changes only if the following requirements and conditions are satisfied:

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

(2) With the exception of service provided under Rate Schedule HT-1, Shipper's tenders or takes (i) during any 8-hour period may not exceed 33 percent of Shipper's Transportation Demand, and (ii) during any 24-hour period may not exceed Shipper's Transportation Demand, provided that all deliveries do not exceed the applicable maximum hourly limitations specified in Section 9 (Operating Conditions) of the General Terms and Conditions;

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

(4) Nominations received after the nomination deadline should be scheduled after the nominations received before the nomination deadline. All nomination procedures that apply to regular nominations (excluding timelines) including quick response, confirming with upstream and downstream parties and scheduling, also apply to intra-day nominations.

(i) Shippers shall cause, by whatever means necessary, the interconnecting operator of each point of receipt and each point of delivery designated in any nomination or change in nomination submitted by Shipper to confirm all such nominations or changes in nominations in accordance with the timelines specified in Section 6.3 and also to comply with NAESB WGQ standard confirmation data sets.

(j) Transporter shall electronically on its EBB make available to Shipper on a daily basis Shipper's imbalance status or information from which Shipper can determine its imbalance status. Such daily electronic updates by Transporter shall be based upon the data available to Transporter at that time. Shipper may avoid the imbalance penalties provided for in Transporter's Tariff by eliminating imbalances in its account as soon as possible but in no event later than the

last day of the month in which Shipper is notified of its imbalance status for the immediately preceding month.

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

6.3 Confirmation and Scheduling by Transporter.

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

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

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

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

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

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

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

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

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

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

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

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

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

(6) At the end of each Gas Day, Transporter should provide the final scheduled quantities for the just completed Gas Day. With respect to the implementation of this process via the EDI/EDM, Transporter should send an end of Gas Day Scheduled Quantity (NAESB WGQ Standard No. 1.4.5) and Scheduled Quantity for Operator (NAESB WGQ Standard No. 1.4.6). A receiver of either of these documents can waive the Transporter's requirement to send such documents. Transporter may, at its discretion and in a non-discriminatory fashion, waive these deadlines.

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

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

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

(3) With respect to the processing of requests for decreases during the Evening Nomination Cycle or any intra-day cycle, in the absence of agreement to the contrary, the lesser of the confirmation quantities should be the new confirmed quantity, but in any event no less than the elapsed-prorated-scheduled quantity. If there is no response to a Request for Confirmation or an unsolicited Confirmation Response, the greater of the confirmation quantity or the elapsed-prorated-scheduled quantity should be the new confirmed quantity.

(4) With respect to Sections (1), (2), and (3), if there is no response to a request for confirmation or an unsolicited confirmation response, Transporter shall provide Shipper with the Scheduled Quantities the following information to explain why the nomination failed, as applicable:

- (i) Transporter did not conduct the confirmation;
- (ii) Upstream Confirming Party did not conduct the confirmation;
- (iii) Upstream Service Requester did not have the gas or submit the nomination;
- (iv) Downstream Confirming Party did not conduct the confirmation;
- (v) Downstream Service Requester did not have the market or submit the nomination.

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

(e) When a Shipper has more than one receipt point or more than one delivery point, such Shipper shall specify in its nomination the supply reduction priorities and delivery reduction priorities (Priority Reduction List) to be utilized at the receipt points or delivery points in the event of a loss of volume at the receipt points or delivery points. If Shipper fails to provide a Priority Reduction List, Transporter may deem the Shipper's nomination to be zero (0).

(f) If only partial confirmations are received by Transporter from the upstream and downstream entities delivering or receiving gas on behalf of Shipper, Shipper's nominations shall be reduced in accordance with the priorities set forth on the priority reduction list furnished by Shipper with the nomination. If Shipper fails to provide a priority reduction list, Transporter may deem the Shipper's nomination to be zero (0).

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

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

(i) When a previously confirmed and scheduled quantity is altered, notification of such alteration should be provided to all of the parties below that are affected: 1) Confirmation Requestor in a Confirmation Response (or unsolicited Confirmation Response as applicable) document by the Confirming Party; 2) Confirming Party in a Request for Confirmation document

by the Confirmation Requestor; 3) Shipper(s) in a Scheduled Quantity document by the applicable Confirming Party or Confirmation Requestor on whose system the Shipper(s) nomination(s) were made. Applicable notification(s) of such alterations should be provided to the affected parties reasonably proximate in time to the time during which the event causing the alteration was acted upon by the Confirmation Requester or Confirming Party, respectively.

With respect to the implementation of this process via the 1.4.X standards, Confirming Parties should send the applicable document(s) to the applicable party(ies) no later than the next time they are slated to communicate confirmations or scheduled quantities (as applicable).

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

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

6.6 Monitoring.

(a) Transporter may monitor: (i) the daily production by or on behalf of any Shipper; (ii) the daily tenders of gas by or on behalf of any Shipper; (iii) the quantities delivered by an Intermediate Transporter (such as a local distribution company or other entity that receives Shipper's gas from Transporter) to Shipper or Shipper's end-user(s); and (iv) the daily usage of gas by Shipper or Shipper's end-user(s). Transporter may do so for the purpose of monitoring on an hourly, daily, weekly, or monthly basis the quantities being tendered to and delivered by Transporter and thereby to maintain, as nearly as possible, a concurrent balance between receipts and deliveries of gas. Transporter shall be entitled to impose flow control in accordance with Section 9.3 of the General Terms and Conditions if necessary to ensure a concurrent balance

between receipts and deliveries of gas or otherwise to ensure compliance with the terms of Transporter's FERC Gas Tariff. The approximate quantities determined by Transporter in that monitoring process shall be referred to herein as Monitored Quantities.

(b) Monitoring may be performed by Transporter using either the estimates or actual data received by Transporter pursuant to this Section or actual meter readings by Transporter. Transporter may make reasonable prospective adjustments to Shipper's Scheduled Daily Delivery Quantity and Scheduled Daily Receipt Quantity based upon either the Monitored Quantities or the actual data received by Transporter pursuant to the provisions of this Section. Any such adjustments by Transporter shall not result in Shipper's incurrence of any penalty if Transporter, in making such adjustment, relied upon inaccurate estimates, inaccurate meter readings, or inaccurate data received by Transporter pursuant to this Section.

Transporter may make such adjustments upon Electronic Notice Delivery or telephonic notice to Shipper 24 hours in advance of the effective time of the adjustment (or, in the case of intra-day changes in nominations, upon reasonable notice to the Shipper being bumped); provided, however, that Transporter need not provide any advance notice in the event of adjustments resulting from: (i) interruptions of Shipper's service pursuant to Section 16 (Interruptions of Service) of the General Terms and Conditions; (ii) Operational Flow Order issued by Transporter pursuant to Section 17 (Operational Flow Orders) of the General Terms and Conditions; or (iii) the cessation of deliveries pursuant to Section 6.3(e). Transporter also shall have the right to notify any entity described at paragraphs (c) and (d) of this Section of the revised Scheduled Daily Receipt Quantities it will accept on behalf of Shipper.

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

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

reserves the right, in appropriate circumstances on a non-discriminatory basis, to waive the information requirements set forth in this paragraph.

(e) At times established by Transporter, each Shipper and Intermediate Transporter shall provide to Transporter any data requested by Transporter concerning gas used by Shipper or delivered to or for Shipper or Shipper's end-user(s). The Intermediate Transporter shall furnish such data either on an actual basis or on an estimated basis sufficient to allow Transporter accurately to monitor tenders and deliveries and adjust Shipper's Scheduled Daily Delivery Quantity or Scheduled Daily Receipt Quantity. Intermediate Transporters shall only be required to furnish such data on an aggregate basis for end-users on their system for whom transportation gas is delivered by Transporter.

6.7 Additional Information. Shipper will comply with reasonable requests by Transporter for additional information which Transporter believes is necessary to perform service hereunder or to comply with the valid reporting requirements of the Commission or other regulatory agencies having jurisdiction.

7. CAPACITY ALLOCATION

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

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

(a) capacity at delivery points;

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

(c) capacity at receipt points.

7.2 Transportation Delivery Points. For transportation capacity at delivery points under Rate Schedules FT-1, FT-2, BH-1 (if scheduled pursuant to Section 2(c) of Rate Schedule BH-1), LFT, HT-1, IT-1, LIT, and PALS of this Tariff, Transporter shall allocate capacity sequentially among the Rate Schedule priority groupings and within those Rate Schedule priority groupings, in the manner set forth below:

(a) Rate Schedules FT-1, FT-2, BH-1, LFT, and HT-1. For deliveries to primary delivery points under Rate Schedules FT-1, FT-2, BH-1, LFT, and HT-1 upon the occurrence of a force majeure event or the existence of a condition identified in Section 16 (Interruptions of Service) of the General Terms and Conditions, Transporter shall allocate capacity among those Shippers on a pro rata basis, based upon those Shippers' respective levels of Transportation Demand.

(b) Priority Secondary Delivery Points Under Rate Schedules FT-1, FT-2, BH-1, LFT, and HT-1. For deliveries to secondary delivery points within the Primary Path under Rate Schedules FT-1, FT-2, BH-1, LFT, and HT-1, Transporter shall allocate capacity among Shippers on a pro rata basis based upon those Shippers' respective nominated quantities. The priority for deliveries to secondary delivery points within the Primary Path shall apply where Shipper's aggregate deliveries at primary and secondary delivery points do not exceed Shipper's Transportation Demand.

(c) Secondary Delivery Points Under Rate Schedules FT-1, FT-2, BH-1, LFT, and HT-1. For deliveries to secondary delivery points under Rate Schedules FT-1, FT-2, LFT, and HT-1 outside the Primary Path, including deliveries requiring transportation in a flow direction opposite the direction of Shipper's Primary Path, Transporter shall allocate capacity among Shippers on a pro rata basis, based upon those Shippers' respective nominated quantities. The priority for deliveries to secondary delivery points outside of the Primary Path shall apply where

Shipper's aggregate deliveries at primary and secondary delivery points do not exceed Shipper's Transportation Demand.

(d) Rate Schedules IT-1 and LIT and Overrun Quantities Under Rate Schedules FT-1, FT-2, BH-1, LFT, and HT-1.

(1) Where requested deliveries exceed available capacity, Transporter shall allocate capacity to Shippers sequentially beginning with the highest rate, based upon those Shippers' respective nominated quantities. Where requested deliveries at the same highest rate exceed available capacity, Transporter shall allocate capacity to Shippers on a pro rata basis, based upon those Shippers' respective nominated quantities.

(2) If intraday nominations require an allocation of the pipeline system, the following will describe the circumstances that allow a higher priority service to bump a lower priority service.

(a) Evening Nomination Cycle: For nominations received by 6:00 p.m. C.C.T. and to be effective at the start of the upcoming Gas Day, nomination increases at a primary point under Rate Schedules FT-1, FT-2, BH-1, LFT, and HT-1 will not bump nominations at a secondary point under these same rate schedules that are submitted and scheduled within the Timely Nomination Cycle. Nomination increases submitted under Rate Schedules FT-1, FT-2, BH-1, LFT, and HT-1 whether at primary or secondary points will have priority over nominated and scheduled quantities under Rate Schedules IT-1 and LIT and overruns under the firm rate schedules and may bump such quantities effective at the start of the upcoming Gas Day. Nomination increases submitted under Rate Schedules IT-1 and LIT and overruns under the firm rate schedules shall be subject to available unscheduled capacity and will not bump scheduled quantities. Transporter shall notify Shippers being bumped as a result of intraday nominations by 9:00 p.m. C.C.T. of the day preceding the Gas Day.

(b) Intraday 1 Nomination Cycle: For nominations received by 10:00 a.m. C.C.T. and to be effective at 2:00 p.m. on the current Gas Day, nomination increases at a primary point under Rate Schedule FT-1, FT-2, BH-1, LFT, and HT-1 will not bump nominations at a secondary point under these same rate schedules that are submitted and scheduled within the Timely Nomination Cycle or Evening Nomination Cycle. Nomination increases submitted under Rate Schedule FT-1, FT-2, BH-1, LFT, and HT-1 whether at primary or secondary points will have priority over nominated and scheduled quantities under Rate Schedules IT-1 and LIT and overruns under the firm rate schedules, and may bump such quantities effective at 2:00 p.m. C.C.T. on the current Gas Day. Nomination increases submitted under Rate Schedules IT-1 and LIT and overruns under the firm rate schedules shall be subject to available unscheduled capacity

and will not bump scheduled quantities. Transporter shall notify Shippers being bumped as a result of intraday nominations by 1:00 p.m. C.C.T.

(c) Intraday 2 Nomination Cycle: For nominations received by 2:00 p.m. C.C.T. and to be effective at 6:00 p.m. C.C.T. on the current Gas Day, nomination increases at a primary point under Rate Schedules FT-1, FT-2, BH-1 and HT-1 will not bump nominations at a secondary point under these same rate schedules that are submitted and scheduled within the Timely Nomination Cycle, Evening Nomination Cycle, or Intraday 1 Nomination Cycle. Nomination increases submitted under Rate Schedules FT-1, FT-2, BH-1 and HT-1 whether at primary or secondary points will have priority over nominated and scheduled quantities under Rate Schedule IT-1 and overruns under the firm rate schedules and may bump such quantities effective at 6:00 p.m. C.C.T. on the current Gas Day. Nomination increases submitted under Rate Schedule IT-1 and overruns under the firm rate schedules shall be subject to available unscheduled capacity and will not bump scheduled quantities. Transporter shall notify Shippers being bumped as a result of intraday nominations by 5:30 p.m. C.C.T.

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

(3) Transporter should provide affected parties with notification of intraday bumps, Operational Flow Orders and other critical notices through the affected party's choice of Electronic Notice Delivery mechanism(s). Unless the affected party and Transporter have agreed to exclusive notification via EDI/EDM, the affected party should provide Transporter with at least one Internet E-mail address to be used for Electronic Notice Delivery of intraday bump, operational flow orders and other critical notices. The obligation of Transporter to provide notification is waived until the above requirement has been met. Transporter should support the concurrent sending of electronic notification of intraday bumps, Operational Flow Orders or other critical notices to two Internet E-mail addresses for each affected party. Intraday bump notices should indicate whether daily penalties will apply for the Gas Day for which quantities are reduced.

(e) Rate Schedule PALS. For parking or lending at delivery points under Rate Schedule PALS, Transporter shall allocate capacity among those Shippers paying the maximum rate, on a pro rata basis, based upon those Shipper's respective nominated quantities. Transporter shall then allocate capacity among Shippers paying less than the maximum rate based upon the net present value of the rate being paid, highest and lowest. To the extent that such Shippers are paying the same rate, Transporter shall allocate capacity on a pro-rata basis based upon nominated quantities.

7.3 Internal Constraint Point(s). For capacity at internal constraint point(s) under Rate Schedules FT-1, FT-2, BH-1 (if scheduled pursuant to Section 2(c) of the BH-1 Rate Schedule), LFT, HT-1, IT-1, and LIT Transporter shall allocate capacity sequentially among the Rate Schedule priority groupings, and within each of those Rate Schedule priority groupings, in the manner set forth below:

(a) Primary Firm Capacity. For capacity at internal constraint point(s) when using primary firm rights under Rate Schedules FT-1, FT-2, BH-1, LFT, and HT-1, upon the occurrence of a force majeure event or the existence of a condition identified in Section 16 (Interruptions of Service) of the General Terms and Conditions, Transporter shall allocate capacity among those Shippers on a pro rata basis, based upon those Shippers' respective levels of Transportation Demand.

(b) Secondary Capacity Within the Path. For secondary capacity at internal constraint points within the Primary Path under Rate Schedules FT-1, FT-2, BH-1, LFT, and HT-1, Transporter shall allocate capacity among Shippers on a pro rata basis, based upon those Shippers' respective nominated quantities. The priority for secondary capacity at internal constraint points within the Primary Path shall apply where Shipper's aggregate deliveries at primary and secondary delivery points do not exceed Shipper's Transportation Demand.

(c) Secondary Capacity Outside the Path. For secondary capacity at internal constraint point(s) outside the Primary Path, Transporter shall allocate capacity among Shippers on a pro rata basis, based upon those Shippers' respective nominated quantities. The priority for deliveries to secondary delivery points outside of the Primary Path shall apply where Shipper's aggregate deliveries at primary and secondary delivery points do not exceed Shipper's Transportation Demand.

(d) Rate Schedules IT-1 and LIT and Overrun Quantities Under Rate Schedule FT-1, FT-2, BH-1, LFT, and HT-1. Transporter shall allocate capacity in the manner set forth in Section 7.2(d) above.

7.4 Transportation Receipt Points. For transportation capacity at receipt points under Rate Schedules FT-1, FT-2, BH-1 (if scheduled pursuant to Section 2(c) of the BH-1 Rate Schedule), LFT, HT-1, IT-1, LIT, IPP, and PALS of this Tariff, Transporter shall allocate capacity sequentially among the Rate Schedule priority groupings set forth below and within those Rate Schedule priority groupings, in the manner set forth below:

(a) Primary Firm Capacity. For capacity at primary receipt points under Rate Schedules FT-1, FT-2, BH-1, LFT, and HT-1, Transporter, upon the occurrence of a force majeure event or the existence of a condition identified in Section 16 (Interruptions of Service) of the General Terms and Conditions, shall allocate such capacity to Shippers under Rate Schedules

FT-1, FT-2, BH-1, LFT, and HT-1 on a pro rata basis, based upon each such Shipper's respective Transportation Demand.

(b) Secondary Capacity Within the Path. For capacity at secondary receipt points within the Primary Path under Rate Schedules FT-1, FT-2, BH-1, LFT, and HT-1, Transporter shall allocate capacity on a pro rata basis, based upon those Shippers' respective nominated quantities. The priority for capacity at secondary receipt points within the Primary Path shall apply where Shipper's aggregate receipts at primary and secondary receipt points do not exceed Shipper's Transportation Demand.

(c) Secondary Capacity Outside the Path. For receipts from secondary receipt points under Rate Schedules FT-1, FT-2, BH-1, LFT, and HT-1 outside the Primary Path, Transporter shall allocate capacity among Shippers on a pro rata basis, based upon those Shippers' respective nominated quantities. The priority for receipts at secondary receipt points outside of the Primary Path shall apply where Shipper's aggregate receipts at primary and secondary receipt points do not exceed Shipper's Transportation Demand.

(d) Rate Schedules IT-1 and LIT and Overrun Quantities Under Rate Schedules FT-1, FT-2, BH-1, LFT, and HT-1. Transporter shall allocate capacity in the manner set forth at Section 7.2(d) above.

(e) Receipt Points Under the IPP and PALS Rate Schedules. If there is insufficient capacity to satisfy all nominations at a receipt point, including nominations under IPP or PALS, Transporter shall allocate capacity first to nominations under Rate Schedule IPP, then, if capacity is still available, to nominations under Rate Schedule PALS. If there is insufficient capacity to satisfy all IPP nominations, the Transporter shall allocate capacity among IPP Shippers based upon those Shippers' respective nominated quantities. If there is insufficient capacity to satisfy all PAL nominations, then Transporter shall allocate capacity to PAL Shippers sequentially beginning with the highest rate being paid. Among Shippers of this class paying the same rate, Transporter shall allocate capacity pro rata based upon those Shippers' respective nominated quantities. If there is insufficient capacity to satisfy all IPP and PALS nominations, then any such unsatisfied nominations shall be rejected, and holders of rejected nominations for IPP and PALS service will be notified so that they can (i) arrange for or implement a transfer between pools pursuant to the IPP Rate Schedule; (ii) arrange for an inventory transfer pursuant to Section 18 (Transfers of Imbalance Netting and Trading) of the General Terms and Conditions; (iii) arrange for a predetermined allocation method (PDA) pursuant to Section 8.2 (Receipt Point Allocation) of the General Terms and Conditions; (iv) renominate directly from such receipt point (and not from the IPP pool); or (v) make other arrangements agreed to by Transporter.

7.5 Allocations Based on Value. In accordance with Section 34.4 of the General Terms and Conditions, for purposes of allocating capacity pursuant to Sections 7.2, 7.3 and 7.4, Shippers paying more than the Recourse Rate will be considered to be paying the Recourse Rate.

7.6 Allocation of Capacity to Service Agreements Subject to a Voluntary Interruption Commitment. Notwithstanding anything to the contrary in this Section 7, Transporter shall be under no obligation to allocate capacity at Delivery Points, Receipt Points, or on Transporter's mainline facilities to any portion of Shipper's nominated quantities that exceeds its Transportation Demand, less any VIC Quantity applicable on a Gas Day.

8. METER ALLOCATIONS

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

8.1 Delivery Point Allocation.

(a) If deliveries are made at a point of delivery at which an OBA exists, Differences shall be addressed as provided for in the OBA.

(b) If deliveries are made at a point of delivery where an OBA does not exist and the meter operator is not a Shipper, the Difference(s) shall be allocated pro rata amongst all Shippers at that delivery point on the basis of those Shippers' Scheduled Daily Delivery Quantities, unless the meter operator at that delivery point and Transporter have agreed to a Predetermined Allocation Method (PDA) specifying a different allocation methodology and such agreement is posted by Transporter on Transporter's EBB.

(c) If deliveries are made at a point of delivery where an OBA does not exist and the meter operator is a Shipper, Difference(s) will be allocated to the meter operator unless the meter operator at that delivery point and Transporter have agreed to a Predetermined Allocation Method (PDA) specifying a different allocation methodology and such agreement is posted by Transporter on Transporter's Internet EBB.

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

8.2 Receipt Point Allocation. Differences at a receipt point shall be allocated (1) in accordance with the provisions of an OBA, if an OBA covers such point; or (2) pro rata among all Shippers at that receipt point on the basis of the Scheduled Daily Receipt Quantities, unless the upstream interconnecting operator providing the point confirmation submits a PDA to the allocating party before the start of the Gas Day, and Transporter accepts the PDA.

8.3 Predetermined Allocation Method (PDA).

(a) As used in this Section 8, a PDA is an agreement by or among interconnecting operators, prior to the beginning of the Gas Day, at a receipt or delivery point to allocate the difference between the scheduled daily quantity and the actual daily flow of gas in a mutually agreeable manner. Types of allocation methods include, but are not limited to, Ranked, Pro Rata, Percentage, Swing, and Operator Provided Value. If the two parties cannot agree upon an allocation methodology, pro rata based upon confirmed nominations shall be used as the default method. PDA's shall be provided by the interconnecting operator, and for multi-tiered allocations, may be provided by the upstream titleholders or shippers. Interconnecting operators at receipt locations shall provide a PDA to allocate to upstream titleholders. Upstream titleholders may provide a PDA to allocate to the parties taking possession of their gas at a receipt location. Shippers may provide a PDA to allocate to their nominations at either receipt or delivery locations.

(b) Except as prescribed in Section 8.1(a) of the General Terms and Conditions, if confirming parties cannot agree upon an allocation methodology, "pro rata based upon confirmed nominations" shall be used as the default method.

(c) Transporter may negotiate and enter into OBAs with interstate pipelines, intrastate pipelines and other entities. No Difference balanced in-kind shall be allocated to any Shipper at the receipt or delivery points covered by the OBA. If an interstate pipeline charges Transporter for Differences in the OBA, however characterized, Transporter shall charge such interstate pipeline an equivalent and offsetting charge. If Transporter is unable to charge or collect such equivalent and offsetting charges for such Differences, Transporter, on an as-billed basis, shall allocate and bill such charges to Shippers responsible for the imbalance at the point of interconnection at which the Difference giving rise to the charges occurred.

(d) There is no need to submit pre-determined allocations if Transporter has an OBA in effect for a point.

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

(f) PDA's shall remain in effect until a replacement PDA is received from the interconnecting operator or upstream title holder; provided, however, if necessary, PDA's shall be updated at the beginning of each month.

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

8.4 (a) Prior Period Adjustments. Except for minor variations as agreed to by all affected parties, prior period measurement adjustments will be reflected on invoices, imbalance statements and allocation statements. Missing or late measurement data shall be estimated and actuals will be treated as a prior period adjustment, with the measuring party to provide the estimate. Measurement corrections shall be processed within 6 months of the end of the month in which the error occurred, with a 3 month rebuttal period. This provision does not apply in cases of deliberate omission, or misrepresentation, or mutual mistake of fact. No Party's other statutory or contractual rights are diminished by this provision.

(b) Disputed Allocations. The time limitation for disputes of allocations shall be 6 months from the date of the initial month-end allocation with a 3-month rebuttal period. This time limitation shall not apply in the case of deliberate omission or misrepresentation, or mutual mistake of fact. 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.

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

8.6 Transporter shall have no obligation to negotiate and execute an OBA with any party except as required by 18 C.F.R. § 284.12(c)(2)(i) (2001) at points of interconnection with interstate and intrastate pipelines and by applicable laws, rules or regulations.

8.7 Nothing in this Section 8 nor in any executed OBA and/or PDA shall limit Transporter's rights to take any action as may be required to adjust receipts and deliveries under any Service Agreement to ensure that such receipts and/or deliveries reflect actual quantities received and/or delivered through such points or to ensure system integrity.

9. OPERATING CONDITIONS

9.1 Receipt and Delivery Quantities. If Shipper does not accept the quantity nominated by Shipper at the Delivery Point on any Gas Day, then Transporter may refuse to receive gas from Shipper at the Receipt Point on such Gas Day. Transporter may refuse to deliver quantities to Shipper at the Delivery Point if Shipper is unable to provide the equivalent quantities to Transporter at the Receipt Point.

9.2 Daily Rates of Flow. With the exception of service under Rate Schedule HT-1, the gas transported under all other Rate Schedules must be received and delivered at uniform hourly and daily rates of flow as nearly as practicable, subject to the daily nominations as provided in Shipper's applicable Rate Schedule and Section 6 of these General Terms and Conditions. It is recognized that due to operating conditions, the quantities of gas received and delivered may not be in balance on any one particular Gas Day. Transporter and Shipper must endeavor to keep such variance to a minimum.

9.3 Flow Control. Nothing contained in this Section 9 or in Transporter's rate schedules limits Transporter's right to operate flow control or other equipment to require Shippers to remain precisely in balance as to receipts and deliveries at any time. Failure by Transporter to operate flow control or other equipment, or any allowance by Transporter of imbalances up to or exceeding balancing limits does not limit Transporter's right to require Shippers to maintain strict balances or Transporter's right to operate flow control or other equipment to require Shippers to remain precisely in balance. If Shipper violates (i) the applicable flow requirements or (ii) the requirements set forth in Section 12 of these General Terms and Conditions, Transporter may install or require the installation of a flow control device to ensure compliance with such requirements.

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

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

provided, however, that Shipper may request construction of facilities, including under the provisions of Section 27 (Construction of Facilities) of the General Terms and Conditions.

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

9.7 Balancing at Termination of Service Agreement. Following the termination of a Service Agreement, or at Transporter's discretion in the event Shipper fails to make prompt payment under Section 10 (Billing and Payment) of the General Terms and Conditions, or if Transporter redetermines Shipper's creditworthiness pursuant to Section 3.9 of the General Terms and Conditions, Transporter may take the following steps:

(a) Shipper under that Service Agreement will be required to correct any outstanding imbalance in receipts and deliveries within 60 days after Transporter determines, and notifies Shipper, that such an imbalance exists, or within such longer period of time agreed to by Shipper and Transporter (the balancing period). Shipper will correct in-kind any undertender imbalance by making arrangements upstream of Transporter for delivery to Transporter to correct such undertender imbalance during the balancing period. Shipper will correct in-kind any overtender imbalance by (i) obtaining a Service Agreement (e.g., under the IT-1 Rate Schedule) from Transporter pursuant to the terms of this Tariff, and scheduling to receive such overtender imbalance quantities from Transporter under such service agreement pursuant to the terms of this Tariff, or (ii) otherwise making arrangements pursuant to this Tariff to dispose of its overtender imbalance. If, after the end of the balancing period, Transporter determines that an imbalance continues to exist in Shipper's account, Transporter will resolve such imbalance as set forth below.

(b) If Transporter determines that it delivered quantities to or for Shipper in excess of the quantities tendered to Transporter by or for Shipper, Transporter will assess and collect from Shipper a penalty. Shipper will pay Transporter a penalty for each Dth of such outstanding imbalance, grossed up for the Retainage percentages applicable to Transporter's IT-1 Rate Schedule. The amount to be paid to Transporter by Shipper shall be the sum of: (i) 150% of the Spot Market Price for the Month during which such quantities are made up by Transporter multiplied by the applicable number of replenishment dekatherms; plus (ii) the cost of transporting

such quantities. For the purposes of calculating Penalty Revenues pursuant to Section 19.6 of the General Terms and Conditions, 100 percent of the Spot Market Price times the applicable number of replenishment dekatherms will be retained by Transporter. 50 percent of the Spot Market Price times the applicable number of replenishment dekatherms shall be treated as Penalty Revenues as defined in Section 19.6 of the General Terms and Conditions. Upon payment of such charge, the imbalance shall be removed from Shipper's account.

(c) If Transporter determines that Shipper tendered to Transporter quantities in excess of the quantities taken by or for Shipper at the delivery point(s), any such quantities automatically shall be forfeited by Shipper to Transporter free and clear of all liens and encumbrances. Transporter shall post such forfeited quantities on its EBB as gas available for sale to the highest bidder within a 24-hour notice period. Upon receipt of payment, Transporter shall credit to the account of the Shipper whose gas was forfeited 80% of the proceeds from such sale, and shall treat the remaining 20% of such proceeds as Penalty Revenues as defined in Section 19.6 of the General Terms and Conditions.

9.8 Transporter may waive the provisions of this Section 9 on a nondiscriminatory basis.

10. BILLING AND PAYMENT

10.1 Billing.

(a) On or before the ninth business day following the date of the final monthly meter reading for each Billing Month, Transporter shall render to Shipper an imbalance statement and a statement of the total quantity of gas delivered to or for the account of Shipper under each Rate Schedule during each Day of the preceding Billing Month, the net billing rate and the amount due.

Billing statements shall be deemed to be rendered by Transporter when such statements are electronically posted to Shipper by Transporter on Transporter's EBB. If Transporter is unable to render bills and imbalance statements through Transporter's EBB, billing statements shall be deemed to be rendered when such statements are deposited by Transporter with the U.S. Mail for first-class delivery, as evidenced by the postmark date, or deposited by Transporter with an overnight courier service for delivery to Shipper.

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

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

10.2 Payment.

(a) Shipper shall pay Transporter by wire or other electronic fund transfer of Federal Funds which are made immediately available to Transporter at such bank account as Transporter shall designate, on or before the twentieth day following the date of the final monthly meter readings for the gas delivered during the preceding Billing Month, except when such twentieth day of the month is a Saturday, Sunday or federal bank holiday, in which case payment is due on the following business day. All such payments shall be considered to have been made on the date when Transporter has use of said funds. Notwithstanding the foregoing, a Shipper whose monthly statement total amount due is less than \$50,000.00 may elect to make payment by check which shall be sent by U.S. Mail, First Class delivery and postmarked on or before the twentieth day of the month. All payments shall be identified by invoice number and, if a payment differs from the invoiced amount, remittance detail shall be provided with the payment. Payment will be applied in accordance with the remittance detail.

(b) If rendering of a bill by Transporter is delayed after the tenth day following the date of the final monthly meter reading, then the time of payment shall be extended by the same number of days unless Shipper is responsible for such delay.

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

(d) If Shipper in good faith disputes the amount of any such bill or part thereof, Transporter shall not be entitled to suspend further delivery of gas if (i) Shipper pays to Transporter such amounts as it concedes to be correct and provides written documentation as to the basis for the dispute; (ii) within 30 days of a demand made by Transporter, Shipper furnishes good and sufficient surety bond in an amount and with surety satisfactory to Transporter; (iii) such surety bond guarantees payment to Transporter of the amount ultimately found due upon such bill, plus accrued interest, upon a final determination by agreement or by judgment of the courts; and (iv) Shipper does not default on the conditions of such bond. If Shipper (i) has complied with all of the requirements in the immediately preceding sentence; (ii) prevails on the merits of such dispute concerning such bill by reason of a final determination by agreement or by judgment of the courts; and (iii) makes payment to Transporter in accordance with such final determination, then Transporter shall reimburse Shipper for the reasonable premium cost incurred by Shipper in obtaining such surety bond upon Transporter's receipt from Shipper of the documentation of such premium cost.

10.3 Adjustment of Billing Errors. If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under this Section 10 and Shipper has actually paid the bills containing such overcharge or undercharge, Transporter shall refund the amount of any such overcharge or Shipper shall pay the amount of any such undercharge within 30 days after final determination of such amounts. In the event an error is discovered in the amount billed in any statement rendered by Transporter, such error shall be adjusted within 30 days of Transporter's determination thereof, provided that claim therefore shall have been made within 30 days from the date of discovery of such error but in any event within 6 months from the date of such statement with a 3 month rebuttal period. These time limitations shall not apply in cases of FERC required rate changes, to deliberate omissions, to misrepresentations or mutual mistake of fact. Neither Shipper's nor Transporter's other statutory or contractual rights shall be diminished by this provision.

10.4 Suspension or Termination for Nonpayment. If Shipper under any Rate Schedule becomes delinquent by 10 days in the payment of any invoice, and has not invoked the provisions of Section 10.2(d) above, Transporter will provide written notice of such delinquency and Shipper shall provide adequate assurance of payment to Transporter as provided for in Section 3.9(c) of the General Terms and Conditions. Transporter's written notice will also provide that Shipper's service will be suspended within thirty (30) days of such notice if adequate assurance of payment is not provided within the time frame set forth in Section 3.9(c). If Shipper does not, within the thirty (30) day notification period, pay the invoice together with accrued interest, or does not provide adequate assurance of payment in accordance with the provisions of Section 3.9(c) of the General Terms and Conditions, Transporter, in addition to any other remedies it may have, may

suspend service to Shipper. In addition, Transporter may commence termination of service procedures by sending written notice to Shipper and the Commission informing Shipper and the Commission that Shipper's service will be terminated in thirty (30) days from the suspension date if adequate assurance of payment is not provided. Termination of the Service Agreement shall not excuse payments of the amounts then due or any other existing obligation of Shipper. Transporter shall not be entitled to suspend service or terminate Shipper's Service Agreement pending resolution of an invoice disputed in good faith by Shipper if Shipper complies with the provisions of paragraph 10.2(d) above.

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

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

10.7 Right to Set Off Unpaid Amounts. In the event the Shipper does not pay the full amount due Transporter in accordance with Section 10.2 hereof, Transporter, without prejudice to any other rights or remedies it may have, shall have the right to withhold and set off payment of any amounts of monies due or owing by Transporter to Shipper, against any and all amounts or monies due or owing by Shipper to Transporter for services performed by Transporter for Shipper. In addition, if Shipper has an overtender(s) of gas on any Service Agreement(s), Transporter will have the right to net that overtender of gas against any existing undertender(s) of gas on any of Shipper's Service Agreement(s).

11. FLEXIBLE PRIMARY AND SECONDARY RECEIPT AND DELIVERY POINTS

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

11.2 Flexible Primary Receipt and Delivery Point Authority. Except as may otherwise be specified in this Section or in individual Rate Schedules, Shipper shall have flexible primary receipt and delivery point authority; provided that Transporter, in its reasonable discretion, determines that sufficient firm capacity exists in its existing facilities to accommodate the proposed changes in primary receipt or delivery points; provided further, that a Shipper with a firm Service Agreement under Rate Schedule LFT may only request a change to primary receipt and delivery points on the applicable lateral. Any Shipper seeking to change primary receipt or delivery points under an existing Service Agreement shall request such a change by advising Transporter, identifying the Service Agreement affected, and furnishing Transporter with the information described in Section 3 (Requests for Service) of the General Terms and Conditions. If firm capacity is available to accommodate Shipper's requested change, Transporter and Shipper shall execute an agreement, superseding Appendix A to the relevant Service Agreement, that shall reflect the agreed changes in such receipt or delivery points, or maximum daily quantities.

11.3 Secondary Receipt and Delivery Points Authority. Except as provided in Section 11.2 above or elsewhere in this Tariff, Shipper may have secondary receipt and delivery points under any firm Service Agreement as provided and subject to the requirements in the applicable Rate Schedule; provided however, a Shipper with a firm Service Agreement under Rate Schedule LFT may only use secondary receipt and delivery points on the applicable lateral. Receipts and deliveries of gas at such secondary receipt and delivery points under firm transportation agreements shall have the allocation priority as described in Section 7 (Capacity Allocation) of the General Terms and Conditions. Transporter shall interrupt service at such secondary receipt and delivery points as set forth at Section 16 (Interruptions of Service) of the General Terms and Conditions. The list of interconnections at which secondary point service is available will be maintained by Transporter in a Master List of Interconnections (MLI) posted on its EBB. The interconnection points on the MLI shall be incorporated, where appropriate, as secondary points in Shipper's Service Agreement.

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

12.1 Maximum Daily Delivery Obligation at Delivery Points.

(a) The Maximum Daily Delivery Obligation (MDDO) at each point of delivery under Transporter's firm transportation service Rate Schedules shall be set forth in the applicable Service Agreement.

(b) The sum of the MDDOs at delivery points under Shipper's Rate Schedule FT-1, FT-2, BH-1, LFT, and HT-1 Service Agreements shall equal the sum of the Transportation Demands under all of Shipper's Rate Schedule FT-1, FT-2, BH-1, LFT, and HT-1 service agreements for deliveries to or on behalf of Shipper.

(c) Unless waived by Transporter in its reasonable discretion, the aggregate of Shipper's MDDO at delivery points shall be reduced in proportion to any reduction by Shipper in its Transportation Demand. Shipper shall have the right to specify the delivery points at which the reductions or adjustments in those MDDOs shall be made.

12.2 Maximum Daily Quantity at Receipt Points.

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

(b) The sum of Shipper's Maximum Daily Quantity at all receipt points shall equal the sum of the Transportation Demand under Shipper's firm Service Agreements plus quantities necessary for Retainage.

(c) Unless waived by Transporter in its reasonable discretion, the aggregate of Shipper's Maximum Daily Quantity at receipt points may be reduced in proportion to any reduction by Shipper in its Transportation Demand. Shipper shall have the right to specify the receipt points at which the reductions or adjustments in the Maximum Daily Quantity shall be made.

13. PRESSURE

13.1 Transporter shall deliver gas at each delivery point to or for the account of Shipper at the pressure which shall be available from time to time in Transporter's pipeline, less any pressure reduction that may occur through any measurement, flow control, regulation or other appurtenant facilities that are owned by Transporter; provided, however, that Transporter and Shipper may agree to a specific minimum delivery pressure at any delivery point or points which Transporter shall agree to meet or exceed. Transporter's obligation to meet or exceed this minimum delivery pressure shall be contingent upon total deliveries at the particular delivery point or points not exceeding the combined total Maximum Daily Delivery Obligation (MDDO) of all Shippers who hold FT-1, FT-2, BH-1 (if scheduled pursuant to Section 2(c) of Rate Schedule BH-1), LFT, and HT-1 service rights to said point or points. Transporter may meet or exceed the specified minimum delivery pressure if deliveries at the delivery point or points are in excess of the combined total MDDO or any specified hourly flow commitments, but shall have no obligation to do so. If Transporter and Shipper agree to a specific minimum delivery pressure obligation, the pressure obligation will be specified in the pro forma service agreement in the blank space provided. Transporter may at any time, and from time to time, exceed a minimum delivery pressure obligation it has made to a Shipper. Transporter also may operate its facilities at less than the minimum delivery pressure obligation made to a Shipper when the Shipper does not require the agreed-upon minimum delivery pressure.

13.2 Shipper shall deliver gas or cause gas to be delivered to Transporter at the receipt points at a pressure sufficient to allow the gas to enter Transporter's pipeline, as such pressure shall vary from time to time. Transporter shall not be required to compress into its pipeline gas transported under any Rate Schedule, or otherwise change its normal pipeline operations. At each receipt point, Shipper shall provide, or cause to be provided, equipment acceptable to Transporter that will prevent overpressuring of Transporter's pipeline. Transporter and Shipper may agree to a specific minimum receipt pressure at any point or points, below which Transporter is not obligated to receive gas from or on behalf of Shipper. If Transporter and Shipper agree to a specific minimum receipt point pressure obligation, the pressure obligation will be specified in the pro forma service agreement in the blank space provided.

14. RELEASE AND ASSIGNMENT OF SERVICE RIGHTS

14.1 Capacity Release and Assignment Procedures.

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

(b) The Capacity Release timeline is applicable to all parties involved in the Capacity Release process; however, it is only applicable if 1) all information provided by the parties to the transaction is valid and the acquiring shipper has been determined to be credit-worthy before the capacity release bid is tendered, 2) for index-based capacity release transactions, the Releaser has provided Transporter with sufficient instructions to evaluate the corresponding bid(s) according to the timeline, and 3) there are no special terms or conditions of the release.

(c) Capacity Release Timeline:

For biddable releases (1 year or less) (all times are C.C.T.):

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

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

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

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

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

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

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

For biddable releases (more than 1 year):

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

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

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

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

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

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

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

For non-biddable releases:

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

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

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

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

14.2 Initiating the Release and Assignment.

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

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

- (1) Releaser's identity, the Rate Schedule under which Releaser seeks to release capacity, and the contract number assigned by Transporter to the Service Agreement under which Shipper seeks to release capacity;
- (2) whether release is on a temporary or permanent basis;
- (3) the numeric quantity on a per day basis for transportation, and the term (duration);
- (4) the receipt and delivery points;
- (5) any applicable recall provisions relating to the proposed release, and, if applicable, whether the Replacement Shipper will have the option to refuse the capacity after recall has ended and whether the Replacement Shipper may obtain a Voluntary Interruption Commitment with respect to the capacity subject to such recall pursuant to Section 15.6 of the General Terms and Conditions of Transporter's Tariff;
- (6) any minimum conditions concerning the rate, term, or volume that the releasing shipper is willing to accept (and that Releaser wishes to have posted on Transporter's EBB), or a statement that it has separately revealed to Transporter any such minimum conditions, which shall be posted following the close of bidding;

(7) whether Releasor will accept contingent bids for the capacity being released and, if so, all terms and conditions of acceptable contingencies including the manner in which such contingent bids will be evaluated;

(8) for releases subject to maximum rates pursuant to Section 14.4 (e), the maximum reservation charge (including demand-type surcharges) applicable to the capacity being released;

(9) the date and time of (i) the posting of the release notice on Transporter's EBB, and (ii) the close of the bidding for the released capacity;

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

(11) objective criteria for evaluating responsive bids by potential Replacement Shippers and for breaking ties among highest bidders, to the extent that Releasor's criteria are at variance with the criteria established by Transporter in this Section;

(12) the name, and Internet e-mail address or EDI/EDM Electronic Notice Delivery Mechanism of Releasor's designated contact person;

(13) the rate basis on which bids for the released capacity are to be submitted;

(14) whether bids for the released capacity are to be submitted on a fixed dollars and cents amount or on a percentage basis; and

(15) whether the release is subject to an indemnification provision pursuant to which the initial Replacement Shipper indemnifies Releasor against any claims by successive Replacement Shippers relating to refunds (where Releasor has provided correctly calculated refunds to the initial Replacement Shipper), and all terms of any such indemnification provision.

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

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

(18) whether the released capacity is subject to a Voluntary Interruption Commitment pursuant to Section 15.6 of the General Terms and Conditions of Transporter's Tariff on any Gas Day during the term of the release and, if so, the VIC

Quantity expressed as the mainline capacity, Receipt Point(s), and Delivery Point(s) to which the VICs will apply and the Gas Days during which the VICs will apply.

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

(d) At any time up to the close of the bidding period for the posted capacity, Releasor may withdraw its posting for release of capacity if Releasor itself has an unanticipated use for the capacity and no minimum bid has been made. Such a withdrawal shall be effected by Releasor placing a notice of withdrawal on Transporter's EBB. Offers will be binding until a notice of withdrawal is received by Transporter.

14.3 Posting.

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

(a) Exempt Transactions. Posting for purposes of inviting bids shall not be required for (i) pre-packaged arrangements Releasor has arranged with a designated Replacement Shipper for a period of 31 days or less; (ii) pre-packaged arrangements for more than one (1) year that Releasor has arranged with a designated Replacement Shipper, under which the designated Replacement Shipper agrees to pay the maximum reservation charge and commodity rate, and applicable surcharges, and meets all requirements set forth in this Tariff; (iii) pre-packaged arrangements for one (1) year or less, that Releasor has arranged with a designated Replacement Shipper and that will take effect more than one (1) year from the date Transporter is notified of the release, under which the designated Replacement Shipper agrees to pay the maximum reservation charge and commodity rate, and applicable surcharges, and meets all requirements set forth in this Tariff; (iv) releases to an asset manager, as defined in Section 284.8 of the Commission's regulations; or (v) releases to a marketer participating in a state-regulated retail access program, as defined in Section 284.8 of the Commission's regulations (collectively "exempt transactions"). Pre-packaged arrangements for more than 31 days but less than one (1)

year in length, which are not with an asset manager, or a marketer participating in a state-regulated retail access program, are not exempt transactions under this Section 14.3(a). For cross-month releases, the maximum duration for eligibility as an exempt transaction under part (i) above shall be 31 days. The rate received by Releasor under pre-packaged arrangements described in Sections 14.3 (a)(ii) and (iii) above, that are exempt from the ordinary posting and competitive bidding procedures set forth in this Section 14, must not exceed the maximum rate.

(b) Notice to Transporter; Informational Posting. For any exempt transaction, as described in paragraph (a) immediately above, Releasor, shall provide Transporter, (for contract execution purposes), and shall post on Transporter's EBB in accordance with the Capacity Release timeline under Section 14.1(c) above: (i) the information required for a Release Notice; (ii) the price and term of the assignment; and (iii) the identity of the Replacement Shipper; and (iv) for releases to an asset manager, as defined in Section 284.8 of the Commission's regulations, the asset manager's delivery obligation to Releasor. Releasor may post such exempt transactions at any time. Transporter shall issue an Assignment Agreement within one (1) hour of such posting and shall allow nominations under such Assignment Agreement in the next available nomination cycle, as specified in Section 6.2(e) of the General Terms and Conditions. In the event Shipper has not executed the Assignment Agreement prior to making its nomination, Shipper shall be deemed to have executed the Assignment Agreement with Transporter pursuant to which the nomination is being made.

(c) Limitations on Continuation of Exempt Transactions. A Releasor that has employed an exempt transaction to assign service to a designated Replacement Shipper for a period of 31 days or less, as described in Section 14.3(a)(i) above: (i) shall not roll over, extend, or otherwise continue that release beyond its original term without complying with the ordinary posting and competitive bidding requirements applicable to all non-exempt transactions, as set forth in this Section, unless the rollover, extension, or continuation is for a term of more than one (1) year at the maximum rate, meets all of the terms and conditions of the Release Notice, and qualifies as an exempt transaction under Section 14.3(a) above; and (ii) shall not, pursuant to the short-term exemption of Section 14.3(a)(i), re-release to the same Replacement Shipper for 28 days after termination of the earlier release period without fully complying with the ordinary posting and competitive bidding requirements applicable to all non-exempt transactions, as set forth in this Section, unless the re-release is at the maximum rate for a term of more than one (1) year, meets all of the terms and conditions of the Release Notice, and qualifies as an exempt transaction under Section 14.3(a) above. This Section does not apply to releases to an asset manager or releases to a marketer participating in a state-regulated retail access program.

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

(e) Method to Post. Transporter should post offers and bids, including pre-arranged deals, upon receipt. Releasor may request a later posting time for posting of such offer, and Transporter should support such a request insofar as it comports with the standard Capacity Release timeline specified in NAESB WGQ Standard No. 5.3.2.

14.4 Bidding.

(a) Potential Replacement Shippers must submit bids for released capacity which comport with the methodology of the release notice stated in ten-thousandths of one dollar (\$0.0000) per Dth one day per month for reservation charges, or in hundredths of one cent (0.00¢) per Dth for one-part volumetric rate bids or a percent of maximum, accompanied by a valid Bid for Capacity Release Form in the form included on Transporter's EBB. Bids submitted for a permanent release must be submitted on a valid Request for Service as set forth in Section 3 of the General Terms and Conditions. For capacity release transactions of one (1) year or less in length that will take effect on or before one (1) year from the date on which Transporter is notified of the release, there will be no maximum price cap. Such bids (i) must be submitted electronically by potential Replacement Shippers to Transporter's EBB in the format established by Transporter for such bids on the EBB, (ii) must be displayed on the EBB when complete without revealing the identity of the bidder during the bidding period, and (iii) in accordance with Transporter's specifications, must specifically reference the capacity for which the bid is being submitted.

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

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

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

(e) All bids for capacity release transactions more than one (1) year in length and all capacity release transactions one (1) year or less in length that will take effect more than one (1) year from the date on which Transporter is notified of the release shall neither exceed the maximum rates nor be less than the minimum rates permitted by the Commission for the released

services. Bids for capacity release transactions of one (1) year or less in length, that will take effect on or before one (1) year from the date on which Transporter is notified of the release, may exceed the maximum rates but shall not be less than the minimum rates permitted by the Commission for released services. Bids for capacity that are subject to maximum rates, and that are submitted at a one-part volumetric rate (which shall apply only to the reservation portion of the rate), shall not exceed a maximum rate calculated by converting the applicable maximum reservation charge into a volumetric charge at a 100% load factor plus the applicable commodity charges.

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

(g) Where higher bids are received for capacity that Releasor proposes to release under a prepackaged arrangement that is subject to competitive bidding (including prepackaged arrangements for 31 days or less for which Releasor requests competitive bidding), the Replacement Shipper designated by Releasor (designated Replacement Shipper) shall be notified by Transporter and shall exercise its right to match the highest competing bid in accordance with the Capacity Release timeline under Section 14.1(c) above. For transactions one (1) year or less in length that will take effect on or before one (1) year from the date Transporter is notified of the release, a designated Replacement Shipper shall be required to match the highest competing bid, including bids that may be submitted in excess of the maximum rate. A Releasor shall not be able to specify an extension of the original pre-arranged match period without posting a new release.

14.5 Evaluation of Bids and Assigning Service Rights.

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

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

(c) For (1) capacity release transactions of more than one (1) year where Releasor has posted a prepackaged arrangement at less than the maximum rate or (2) prepackaged arrangements for 31 days or less for which the Releasor requests competitive bidding), the designated Replacement Shipper under that arrangement will be awarded the capacity if, within the time limits specified in Section 14.1(c), that designated Replacement Shipper matches the competing bid(s) offering the highest economic value, as calculated in accordance with the bid evaluation criteria set forth in Section 14.2(c) or in the Release Notice.

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

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

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

14.6 Assignment Agreements.

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

(b) Transporter and Replacement Shipper shall execute the Assignment Agreement in substantially the form contained in this Tariff; provided that such an Agreement shall be executed electronically where an executed contract is required within five business days of its transmission by Transporter. That Assignment Agreement shall contain all terms and conditions of the release and assignment; provided that such terms and conditions are identical to those set forth in the underlying Release Notice. Where electronic contracting is required as described immediately above, all Replacement Shippers must have executed an Electronic Contracting Agreement in accordance with the electronic contracting procedures specified in Section 5.7 of the General Terms and Conditions. All Replacement Shippers must meet the Transporter's creditworthiness requirements. Service will not be provided unless the Assignment Agreement properly has been executed. If the Replacement Shipper does not execute and return such Assignment Agreement within two business days of Transporter's tender (or such later date established by Releasor through notice to Transporter and Replacement Shipper), Transporter's offer of an Assignment Agreement shall be void and Transporter will tender an Assignment Agreement to the next highest acceptable bidder, if any, consistent with the terms of the Release Notice. Except with respect to prearranged transactions described in Section 14.3(a) above, Replacement Shippers failing to return such agreement shall be prohibited from bidding for six

months, or less than six months if agreed to in writing by the Releasor. Nothing herein shall restrict Releasor from pursuing any other remedies it may have against a Replacement Shipper failing to execute and return an Assignment Agreement tendered by Transporter.

14.7 Implementation; Receipt and Delivery Points. Following acceptance of a bid for assignment and execution of an assignment agreement, Transporter will accept nominations or requests for alternate receipt or delivery points for the assigned capacity. Replacement Shippers may submit nominations to Transporter in the next available nomination cycle, as specified in Section 6.2(e) of the General Terms and Conditions, following execution of an Assignment Agreement, consistent with the electronic contracting requirement set forth in Section 5.7 of the General Terms and Conditions. In the event Replacement Shipper has not executed the Assignment Agreement prior to making its nomination, Shipper will be deemed to have executed the Assignment Agreement with Transporter pursuant to which the nomination is made. Replacement Shippers may not, however, exercise flexible receipt and delivery point authority at primary points unless such exercise is agreed to in writing by Releasor. Quantities flowing under assigned service rights shall have the same priority as those quantities had under the applicable underlying service agreement originally entered into by Releasor and Transporter, and that priority shall be unaffected by whether or not the assignment is subject to recall, as described at Section 14.8 below.

14.8 Recall; Reassignment of Assigned Service Rights.

(a) **Agreements Subject to Recall.** Releasors shall be permitted to specify as a condition for releasing capacity the right to recall that assigned capacity upon notice to Transporter and to Replacement Shipper. Any such recall provision must be included in the Release Notice originally submitted by Releasor and in the assignment agreement executed following assignment of the capacity. The Release Notice and the assignment agreement governing the assigned capacity shall clearly state (i) the frequency with which Releasor may recall any released capacity, (ii) the maximum duration of any such recall, (iii) whether and under what conditions any right of first refusal held by Releasor is transferred to Replacement Shipper, (iv) whether the Replacement Shipper may obtain a Voluntary Interruption Commitment with respect to the capacity subject to recall, and (v) such other terms as Releasor may specify.

Replacement Shipper shall be permitted to make secondary assignments of all or any part of the capacity, unless prohibited by the Releasor, contained in its assignment agreement that is subject to Releasor's right to recall, provided, however, that such assignments shall not vary the recall provisions contained in the original assignment.

(b) **Replacement Shipper Release.** Replacement Shipper that desires to release some or all of its assigned capacity (Replacement Shipper/Secondary Releasor) may release and reassign all or a portion of the assigned capacity to other parties (Secondary Replacement Shippers) subject to the requirements set forth in paragraph (a) immediately above. Any such reassignment must satisfy all of the posting, bidding and notice requirements set forth in this

Section, and any Secondary Replacement Shipper must satisfy all of the creditworthiness and other requirements set forth in this Section. No limitation unless required by the Releasor shall be placed on the number of times service rights that are not subject to recall may be reassigned, provided, however, that a Replacement Shipper/Secondary Releasor may not assign rights any greater than the rights it received pursuant to the earlier assignment, and may not place any unreasonable or discriminatory conditions on such assignments.

(c) Transporter should support the following recall notification periods for all released capacity subject to recall rights:

Timely Recall Notification:

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

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

Early Evening Recall Notification:

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

(2) Transporter should provide notification of such recall to all affected Replacement Shippers no later than 4:00 p.m. on the day that Evening nominations are due (Central Clock Time);

Evening Recall Notification:

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

(2) Transporter should provide notification of such recall to all affected Replacement Shippers no later than 6:00 p.m. on the day that Evening nominations are due (Central Clock Time);

Intraday 1 Recall Notification:

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

(2) Transporter should provide notification of such recall to all affected Replacement Shippers no later than 8:00 a.m. on the day that Intraday 1 nominations are due Central Clock Time);

Intraday 2 Recall Notification:

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

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

Intraday 3 Recall Notification:

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

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

For recall notification provided to Transporter prior to the recall notification deadline specified in NAESB WGQ Standard No. 5.3.44 and received between 7:00 a.m. and 5:00 p.m., Transporter should provide notification to all affected Replacement Shippers no later than one hour after receipt of such recall notification. For recall notification provided to Transporter after 5:00 p.m. and prior to 7:00 a.m., Transporter shall provide notification to all affected Replacement Shippers no later than 8:00 a.m. after receipt of such recall notification. Recalled capacity notices will indicate whether penalties will apply for the Gas Day for which quantities are being reduced due to a capacity recall.

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

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

14.9 Billing.

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

(b) For all assignments of service rights, Releasor shall remain ultimately responsible to Transporter for full payment of the reservation charge, any applicable reservation-related surcharges, and any other fixed charges for which Releasor is otherwise obligated to Transporter. For releases of capacity for the remainder of the service agreement term, Transporter may in its reasonable discretion agree to release the Releasor from this responsibility, making the release a permanent release. Such discretion shall be exercised by Transporter in a nondiscriminatory manner. Until payment by Replacement Shipper to Transporter of any unpaid reservation charges, any claims Releasor may have relating to those charges shall be subordinated to those of Transporter. Any reservation charge payments made by Replacement Shipper to Transporter will not be withheld from Releasor by Transporter due to Replacement Shipper's failure to pay Transporter other amounts owed that are unrelated to the released capacity. In the event of termination of Releasor's Service Agreement with Transporter, Replacement Shipper's Service Agreement with Transporter is deemed terminated unless Replacement Shipper agrees to pay the lower of: (1) the former Releasing Shipper's contract rate, or (2) the maximum tariff rate for the service for the remainder of the Replacement Shipper's Service Agreement.

(c) In the event that a Replacement Shipper (including a Secondary Replacement Shipper) fails to pay Transporter's invoice relating to the released capacity, Transporter will within five business days (or as soon thereafter as possible) provide the Releasor (the most recent Releasor, where the capacity has been secondarily assigned) with written or telephonic notice of

such nonpayment. Upon Releasor's receipt of such notice of Replacement Shipper's nonpayment, Releasor, without prejudice to any other rights it may have, may immediately recall the assigned capacity upon 24-hour notice to Replacement Shipper unless within such period Replacement Shipper pays in full the outstanding indebtedness, together with accrued interest at the Commission approved interest rate, and furnishes adequate assurance of payment to Releasor if required by Releasor.

(d) Transporter should provide the original releasing shipper with Electronic Notice Delivery reasonably proximate in time with any of the following formal notices given by Transporter to the releasing shipper's replacement shipper(s), of the following:

- (1) Notice to the replacement shipper regarding the replacement shipper's past due, deficiency, or default status pursuant to Transporter's tariff;
- (2) Notice to the replacement shipper regarding the replacement shipper's suspension of service notice;
- (3) Notice to the replacement shipper regarding the replacement shipper's contract termination notice due to default credit-related issues; and
- (4) Notice to the replacement shipper that the replacement shipper(s) is no longer creditworthy and has not provided credit alternative(s) pursuant to Transporter's tariff.

14.10 Refunds.

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

(b) The refund obligation of Transporter set forth in paragraph (a) shall be modified where Releasor has released capacity at a rate in excess of that owed by Releasor to Transporter for that capacity ("Releasor's Margin"). To the extent that Releasor's margin equals or exceeds the amount of any refund obligation, Transporter shall not be obligated to make refunds to Releasor. (Any refunds ultimately paid to a Replacement Shipper in that event shall be paid by Releasor.)

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

14.12 Term. The term a Releasing Shipper imposes may not conflict with any provision of the Service Agreement, Rate Schedule or General Terms and Conditions of Transporter's Tariff. In the event of such conflict, Millennium may withdraw the Shipper's notice from Posting.

14.13 Termination. If the Releasing Shipper fails to pay any monthly bill in accordance with the provision of its service agreement and of Section 10 of the General Terms and Conditions, Transporter may commence suspension and termination of service procedures as set forth in Sections 3 and 10 of the General Terms and Conditions. Any service agreement(s) of a Replacement Shipper(s) for such capacity shall be terminated as well, unless (1) Replacement Shipper agrees to pay Transporter the currently effective maximum rates for service under the Tariff, or (2) Transporter and Replacement Shipper mutually agree upon a discounted rate or negotiated rate for service under this Tariff, or (3) Replacement Shipper elects to continue service at the contract rate between the Releasor and Transporter.

15. FORCE MAJEURE; RESERVATION CHARGE CREDITS; VOLUNTARY INTERRUPTION COMMITMENTS

15.1 Defined. Neither Transporter nor Shipper shall be liable to the other for any damages occurring because of a Force Majeure Event. The term Force Majeure Event means an event beyond the control of the party claiming excuse that creates an inability to serve that could not be prevented or overcome by the due diligence of the party claiming the Force Majeure Event. Force Majeure Events may include, but are not defined by or limited to, acts of God, strikes, lockouts, acts of a public enemy, acts of sabotage, wars, blockades, insurrections, riots, epidemics, landslides, earthquakes, fires, hurricanes, storms, tornadoes, floods, washouts, civil disturbances, explosions, accidents, freezing of wells or pipelines, partial or entire electronic failure (including the failure of the EBB and the EBB backup plan, or the failure of SCADA or electronic measurement equipment), mechanical or physical failure that affects the ability to transport gas, emergency or otherwise unexpected non-routine repairs or maintenance activities not within Transporter's control, and the binding order of any court or governmental authority which is not within Transporter's control and is unexpected. Failure to prevent or settle any strike or strikes shall not be considered to be a matter within the control of the party claiming suspension.

15.2 In Operation. Notwithstanding Section 15.1, a Force Majeure Event shall not relieve Transporter or Shipper of liability in the event of its concurring negligence or in the event of its failure to use due diligence to remedy the situation and to remove the cause in an adequate manner and with all reasonable dispatch, nor shall such Force Majeure Event relieve either party from meeting all of its payment obligations.

15.3 Reservation Charge Credits – Force Majeure Event. Transporter shall provide reservation charge credits to Rate Schedule FT-1, FT-2, BH-1, LFT, and HT-1 shippers when it is unable to schedule such Shippers' nominated and confirmed volumes due to force majeure, subject to the following conditions:

(a) To the extent Transporter fails to deliver the Force Majeure Average Usage Quantity (as defined below) to a Rate Schedule FT-1, FT-2, BH-1, LFT, or HT-1 Shipper on any Gas Day due to a Force Majeure Event, Transporter will pay a reservation charge credit to such Shipper equal to the daily Force Majeure Average Usage Quantity, less any applicable VIC Quantity and any quantity that Shipper nominated and Transporter was able to schedule and deliver on that Gas Day, multiplied by the Force Majeure Daily Rate (as defined below).

(b) Provided Transporter posts notice of the Force Majeure Event prior to the Timely Cycle nomination deadline for the first Gas Day of the Force Majeure Event, then Shipper's "Force Majeure Average Usage Quantity" for any Gas Day will be determined by calculating the Shipper's average usage (measured as the quantity of gas actually delivered each Gas Day), up to its Transportation Demand, for services from the Shipper's primary Receipt Point(s) to the Shipper's primary Delivery Point(s), as set forth in Shipper's Service Agreement, during the

seven (7) Gas Days during which Transporter did not experience a Force Majeure Event or Non-FM Event prior to the first Gas Day of the Force Majeure Event. If Transporter fails or is unable to post notice of the Force Majeure Event prior to the Timely Cycle nomination deadline for the first Gas Day of the Force Majeure Event, then: (i) a Shipper's "Force Majeure Average Usage Quantity" for the first Gas Day of the Force Majeure Event and for any subsequent Gas Days during a Force Majeure Event on which Transporter has not notified Shipper that the Force Majeure Event shall continue prior to the Timely Cycle nomination deadline on such Gas Day will be the quantity of firm service from the Shipper's primary Receipt Point(s) to Shipper's primary Delivery Point(s), as reflected in Shipper's Service Agreement, up to Shipper's Transportation Demand, that Shipper nominated for scheduling and that was confirmed by Transporter (unless the lack of confirmation is due to the conduct of, or within the control of, Transporter); provided that no reservation charge credits shall apply to any increased volumes Shipper may nominate under its firm Service Agreement after Transporter posted notice of the Force Majeure Event; and (ii) provided that Transporter has notified Shipper that the Force Majeure Event shall continue on subsequent Gas Days, the "Force Majeure Average Usage Quantity" for each subsequent Gas Day of the Force Majeure Event will be Shipper's average usage (measured as the quantity of gas actually delivered each Gas Day), up to its Transportation Demand, for services from the Shipper's primary Receipt Point(s) to the Shipper's primary Delivery Point(s), as reflected in Shipper's Service Agreement, during the seven (7) Gas Days during which Transporter did not experience a Force Majeure Event or Non-FM Event prior to the first Gas Day of the Force Majeure Event. Only service provided from the Shipper's primary Receipt Point to the Shipper's primary Delivery Point affected by the Force Majeure Event shall be included in the Force Majeure Average Usage Quantity.

(c) The Force Majeure Daily Rate is equal to the amount by which Shipper's contract reservation charge stated on a daily basis exceeds the current non-equity return and associated tax portion of the maximum reservation charge set forth in Transporter's Tariff. For the avoidance of doubt, reservation charge credits under discounted firm transportation Service Agreements and Negotiated Rate firm transportation Service Agreements shall be applicable only to that portion of the discounted reservation charge or Negotiated Rate reservation charge that exceeds the current non-equity return and associated tax portion of the maximum reservation charge set forth in Transporter's Tariff.

(d) Any reservation charge credit payable shall be reflected on the monthly invoice issued with respect to the applicable Service Agreement, consistent with Section 14.10(a) of the General Terms and Conditions of Transporter's Tariff, and shall be applied first to any outstanding transportation past due balances owed by Shipper.

15.4 Reservation Charge Credits – Non-Force Majeure Event. Transporter shall provide reservation charge credits to a Rate Schedule FT-1, FT-2, BH-1, LFT, and HT-1 Shipper when it is unable to schedule such Shipper's nominated and confirmed volumes due to a planned maintenance event or an event that does not otherwise constitute a Force Majeure Event ("Non-FM Event"), subject to the following conditions:

(a) To the extent Transporter fails to deliver the Non-FM Average Usage Quantity (as defined below) on any Gas Day due to a Non-FM Event, Transporter will pay a reservation charge credit to such Shipper equal to the daily Non-FM Average Usage Quantity, less any applicable VIC Quantity and any quantity that Shipper nominated and Transporter was able to schedule and deliver on that Gas Day, multiplied by the Non-FM Daily Rate (as defined below).

(b) Provided Transporter posts notice of the Non-FM Event prior to the Timely Cycle nomination deadline for the first Gas Day of the Non-FM Event, then a Shipper's "Non-FM Average Usage Quantity" for any Gas Day during the Non-FM Event will be determined by calculating the Shipper's average usage (measured as the quantity of gas actually delivered each Gas Day), up to its Transportation Demand, for services from the Shipper's primary Receipt Point(s) to the Shipper's primary Delivery Point(s), as reflected in Shipper's Service Agreement, during the seven (7) Gas Days during which Transporter did not experience a Force Majeure Event or Non-FM Event prior to the date of the final posting of notice of the Non-FM Event on Transporter's EBB. If Transporter fails or is unable to post notice of the Non-FM Event prior to the Timely Cycle nomination deadline for the first Gas Day of the Non-FM Event, then: (i) a Shipper's "Non-FM Average Usage Quantity" for the first Gas Day of the Non-FM Event and for any subsequent Gas Days during a Non-FM Event on which Transporter has not notified Shipper that the Non-FM Event shall continue prior to the Timely Cycle nomination deadline on such Gas Day will be the quantity of firm service from the Shipper's primary Receipt Point(s) to Shipper's primary Delivery Point(s), as reflected in Shipper's Service Agreement, up to Shipper's Transportation Demand, that Shipper nominated for scheduling and that was confirmed by Transporter (unless the lack of confirmation is due to the conduct of, or within the control of, Transporter); provided that no reservation charge credits shall apply to any increased volumes Shipper may nominate under its firm Service Agreement after Transporter posted notice of the Non-FM Event; and (ii) provided that Transporter has notified Shipper that the Non-FM Event shall continue on subsequent Gas Days, the "Non-FM Average Usage Quantity" for each subsequent Gas Day of the Non-FM event will be Shipper's average usage (measured as the quantity of gas actually delivered each Gas Day), up to its Transportation Demand, for services from the Shipper's primary Receipt Point(s) to the Shipper's primary Delivery Point(s), as reflected in Shipper's Service Agreement, during the seven (7) Gas Days during which Transporter did not experience a Force Majeure Event or Non-FM Event prior to the first Gas Day of the Non-FM Event. Only nominated service from the Shipper's primary Receipt Point(s) to the Shipper's primary Delivery Point(s) affected by the Non-FM Event shall be included in the Non-FM Average Usage Quantity.

(c) The Non-FM Daily Rate is equal to Shipper's contract reservation charge stated on a daily basis.

(d) Any reservation charge credit payable shall be reflected on the monthly invoice issued with respect to the applicable Service Agreement, consistent with Section 14.10(a) of the General Terms and Conditions of Transporter's Tariff, and shall be applied first to any

outstanding transportation past due balances owed by Shipper.

15.5 Limitation on Reservation Charge Credits. Reservation charge credits provided pursuant to Sections 15.3 and 15.4 shall not be applicable:

(a) When a Shipper fails to properly nominate or confirm pursuant to the scheduling timeline of Section 6 of Transporter's General Terms and Conditions and the other scheduling provisions of the Tariff; fails to comply with the terms of an Operational Flow Order issued by Transporter pursuant to Section 17 of the General Terms and Conditions; underdelivers gas to Transporter and adversely affects system integrity pursuant to Section 19 of the General Terms and Conditions; fails to deliver gas that conforms to the quality specifications detailed in Section 25 of the General Terms and Conditions; or does not comply with Critical Day operating conditions pursuant to Section 19 of the General Terms and Conditions; provided, however, that any exemption from crediting specified in this Section 15.5(a) is limited to events not within the control of Transporter.

(b) To volumes in excess of Shipper's aggregate Transportation Demand under its Firm Transportation Service Agreement or to volumes in excess of the contractual Maximum Daily Quantity or Maximum Daily Delivery Obligations specified at an affected Receipt Point or Delivery Point, respectively; and

(c) To a primary firm Shipper that is unable to schedule at a Receipt Point or Delivery Point due to that point being scheduled by an alternate Shipper that was properly scheduled in an earlier nomination cycle that is not eligible to be reduced (bumped) in the current cycle.

(d) With respect to quantities that Shipper elected not to receive at a Primary Delivery Point, except when it refuses to accept deliveries because of Transporter's material failure to meet its obligations under this Tariff with respect to delivery of Shipper's gas.

(e) To VIC Quantity pursuant to Section 15.6 of the General Terms and Conditions of Transporter's Tariff.

15.6 Voluntary Interruption Commitments. When Transporter is unable, or reasonably anticipates that it will be unable, to schedule and deliver the confirmed nominations of all of its firm Shippers from their primary Receipt Points to primary Delivery Points during one or more Gas Days due to an existing or anticipated Force Majeure Event or Non-FM Event, Transporter may conduct a reverse open season ("VIC Reverse Open Season") to solicit offers from current firm Shippers under Rate Schedules FT-1, FT-2, BH-1, LFT, and HT-1 (including Replacement Shippers unless specifically precluded pursuant to Section 15.6(v) of the General Terms and Conditions of Transporter's Tariff) to temporarily relinquish the right to nominate specified volumes under existing Service Agreements (a "Voluntary Interruption Commitment" or "VIC"), as specified in greater detail in Section 15.6(d)-(e) of the General Terms and

Conditions. If a Shipper is awarded a VIC, it will receive a credit equal to the amount it bid in the VIC Reverse Open Season for each unit of capacity subject to the VIC that is awarded ("VIC Credit"). The VIC Credit will be applied to the invoice for the Gas Day(s) during which the VIC was applicable. Any VIC Reverse Open Season will be conducted by Transporter in a non-discriminatory manner and subject to the following conditions:

(a) VIC Reverse Open Season Notice. Transporter will post the terms of the VIC Reverse Open Season in a notice ("VIC Reverse Open Season Notice") on its EBB in accordance with the bidding procedures set forth in this Section 15.6. The VIC Reverse Open Season Notice shall include the following information; provided that the information specified in Section 15.6(a)(i)-(iii) may vary each Gas Day for which a VIC is solicited by Transporter:

(i) the maximum VIC Credit stated on a daily per unit basis in ten-thousandths of one dollar (\$0.0000) per Dth, up to the maximum reservation charge, that Transporter is willing to pay for each thermal unit of capacity subject to a VIC;

(ii) the total quantity of capacity for which VICs are being solicited by Transporter;

(iii) the location on Transporter's system for which VICs are being offered, including, as appropriate, the applicable mainline segment(s), Receipt Point(s), Delivery Point(s), and direction of flow;

(iv) the Gas Day(s) during which the solicited VICs shall apply; and

(v) the period during which Transporter will accept bids for VICs ("VIC Reverse Open Season Period"), which period shall not be shorter than one (1) hour.

(b) Reservation of Transporter's Rights. Transporter may exercise its discretion in a nondiscriminatory manner to:

(i) withdraw or modify the terms of any posted VIC Reverse Open Season Notice prior to the end of the VIC Reverse Open Season Period;

(ii) reject all bids for VICs due to operational changes or the failure of the VIC bids to meet Transporter's economic objectives;

(iii) reject any bids for VICs that do not meet, or that contain modifications to, the terms of the VIC Reverse Open Season Notice or which contain terms that are operationally unacceptable; and

(iv) conduct successive VIC Reverse Open Seasons to solicit additional VICs for additional periods, in the event a Force Majeure Event or Non-FM Event extends or is

reasonably anticipated to extend for a period longer than Transporter originally anticipated.

(c) Required Information for VIC Bids. Bids from Shippers under Rate Schedule FT-1, FT-2, BH-1, LFT, and HT-1 in response to a VIC Reverse Open Season Notice (“VIC Bidders”) shall contain the following information:

- (i) the identity of the VIC Bidder;
- (ii) the contract number assigned by Transporter to the Service Agreement(s) and the Rate Schedule(s) associated with the capacity for which the VIC Bidder is bidding;
- (iii) the quantity of firm capacity in Dth per day, including the primary Receipt Point(s) and primary Delivery Point(s), for which the VIC Bidder is bidding a VIC, specified for each Service Agreement (up to Shipper’s Transportation Demand, MDQ at specified Receipt Point(s), and MDDO at specified Delivery Point(s), respectively) under such agreement), and for each Gas Day for which the VIC Bidder is willing to accept a VIC;
- (v) the VIC Credit stated on a daily per unit basis in ten-thousandths of one dollar (\$0.0000) per Dth that the VIC Bidder is willing to accept for each thermal unit of capacity subject to a VIC for each Gas Day specified in the VIC Reverse Open Season Notice;
- (vi) whether the VIC Bidder is willing to accept an award of VICs on only a portion of the capacity bid into the VIC Reverse Open Season, and if so, the minimum quantities, if any, for which the VIC Bidder will accept a VIC; and
- (vii) the name, and Internet e-mail address or EDI/EDM Electronic Notice Delivery Mechanism of the VIC Bidder’s designated contact person.

(d) Bidding Procedure; Evaluation of VIC Bids; Award of VICs.

(i) Bids pursuant to a VIC Reverse Open Season Notice shall be submitted by VIC Bidders and posted on Transporter’s EBB without such bidders knowing the identities of other bidders. During the VIC Reverse Open Season Period, VIC Bidders may submit multiple bids, each specifying a VIC Credit for the relevant Gas Day that is lower than the previous bid.

(ii) Bids to obtain a VIC may be withdrawn only prior to the close of the VIC Reverse Open Season Period. Bids to obtain VICs are binding upon the VIC Bidder until written or electronic notice of withdrawal is received by Transporter. Any VIC Bidder

that withdraws its bid for a VIC may not, pursuant to the same VIC Reverse Open Season Period, submit a bid at a higher VIC Credit rate for any Gas Day for which the VIC Bidder previously bid.

(iii) Transporter will evaluate and award bids submitted in a VIC Reverse Open Season based upon the suite of bids that yields VICs applicable to the quantity of capacity posted in the VIC Reverse Open Season Notice at the lowest economic cost to Transporter, considering the level of the VIC Credit bid, the amount of capacity to which the VICs will apply, and the Gas Days during which VICs will apply. Where lowest bids of equal value are received for VICs from more than one VIC Bidder, the VICs shall be assigned pro rata on the basis of the respective quantities bid by the winning VIC Bidders; provided that if a pro rata allocation would result in assignment of quantities below a VIC Bidder's minimum quantity as specified in Section 15.6(c)(vi), any such bidder will not be assigned a VIC, and the total VICs available for assignment will then be re-allocated among the remaining lowest value bidders on a pro rata basis.

(iv) Transporter will notify each Shipper responding to a VIC Reverse Open Season Notice as soon as reasonably practicable as to whether Transporter has accepted Shipper's bid to obtain a VIC and will publish the winning bids on its EBB. Transporter shall provide notice to winning VIC Bidders of the specific quantity, including capacity on Millennium's mainline and at specific Receipt Point(s) and Delivery Point(s), under each Service Agreement for each Gas Day to which a VIC shall apply ("VIC Quantity"), along with the VIC Credit bid by Shipper that will apply to such VIC Quantity. Transporter shall issue a Voluntary Interruption Commitment Confirmation ("VIC Confirmation") in the form set forth in Transporter's Tariff via Transporter's EBB or Electronic Notice Delivery within one (1) hour of publishing the notice of winning bids on its EBB. Shipper shall execute and return to Transporter the VIC Confirmation within one (1) hour of Shipper's receipt of the VIC Confirmation. Shipper's right to nominate under its Service Agreement shall be deemed to be limited pursuant to Section 15.6(e)(i) of the General Terms and Conditions of Transporter's Tariff effective as of the next available nomination cycle, as specified in Section 6.2(e) of the General Terms and Conditions, after Shipper has executed the VIC Confirmation. In the event Shipper has not executed the VIC Confirmation prior to the next available nomination cycle for which Shipper has submitted a nomination under the Service Agreement to which the VIC Confirmation applies, Shipper shall be deemed to have executed the VIC Confirmation with Transporter effective as of that nomination cycle.

(v) Shippers under Transporter's Rate Schedule FT-2 that have been notified by Transporter that Transporter will exercise its right not to schedule such Shippers' service in whole or in part on any Gas Day pursuant to Section 2(a) of Rate Schedule FT-2 shall not be eligible to bid capacity under any Rate Schedule FT-2 Service Agreements affected by such notice into a VIC Reverse Open Season to obtain a VIC for the Gas Day for which such notice was given.

(e) Effect of Voluntary Interruption Commitments.

(i) To the extent that Shipper has been awarded a VIC pursuant to this Section 15.6, Shipper's right to nominate and Transporter's obligation to schedule and transport quantities under any Service Agreement subject to a VIC on any Gas Day shall be limited:

(A) for service on Transporter's mainline facilities, to the difference between Shipper's Transportation Demand under such Service Agreement and Shipper's VIC Quantity applicable to Transporter's mainline facilities on that Gas Day;

(B) for service at a Receipt Point, to the difference between Shipper's MDQ under such Service Agreement and Shipper's VIC Quantity applicable to that Receipt Point on that Gas Day;

(C) for service at a Delivery Point, to the difference between Shipper's MDDO under such Service Agreement and Shipper's VIC Quantity applicable to that Delivery Point on that Gas Day

(ii) Nothing in this Section 15.6 shall limit Shipper's right to nominate and Transporter's obligation to schedule and transport any quantities under a Service Agreement that are not subject to a VIC on a given Gas Day.

(iii) Shipper shall not be eligible whatsoever to receive any reservation charge credits pursuant to Section 15.3 or Section 15.4 of these General Terms and Conditions for any VIC Quantities.

(iv) To the extent that Shipper releases capacity under a Service Agreement pursuant to Section 14 of the General Terms and Conditions of Transporter's Tariff and some or all of the capacity under such Service Agreement is subject to a VIC on any Gas Day during the term of the capacity release:

(A) The Release Notice must contain a statement that the Service Agreement under which the capacity is being released is subject to a VIC and include information regarding the VIC Quantity and applicable Gas Day(s), such that potential replacement shippers can identify the Gas Days and quantities that will be excluded from the release due to the VIC;

(B) Releasor may only release that volumetric quantity of capacity under its Service Agreement that is not subject to a VIC on a specific Gas Day. Where only a portion of the capacity under a Service Agreement is subject to a VIC during any Gas Day, unless specifically stated otherwise in the "special terms and conditions" of the Release Notice, the Releasor will be deemed to have

released to the Replacement Shipper the volumetric portion of the Releasor's capacity not subject to a VIC, up to the difference between the Releasor's Transportation Demand and the VIC Quantity applicable on that Gas Day.

(C) The VIC Credit associated with any released capacity subject to a VIC shall not be transferred in a release but shall be credited to the Shipper to which the VIC was awarded (*i.e.*, to the Releasor or to the Replacement Shipper/ Secondary Releasor in the event such Shipper is properly awarded a VIC pursuant to this Section 15.6).

(v) To the extent that Shipper releases capacity that is subject to recall on any Gas Day during the term of the release pursuant to Section 14.8 of the General Terms and Conditions of Transporter's Tariff, the Replacement Shipper may not participate in a VIC Reverse Open Season unless specifically permitted in the Release Notice, in which case any recall rights shall be limited by any VIC obtained by a Replacement Shipper.

(f) Voluntary Redemption of Voluntary Interruption Commitments Prior to the Applicable Gas Day.

(i) For any Gas Day(s) during which Transporter has obtained a VIC from any shipper, to the extent Transporter determines that the enforcement of the VICs applicable on such Gas Day(s) will no longer be necessary, Transporter may notify all shippers that have been awarded a VIC for the applicable Gas Day that Transporter will accept offers to redeem such VICs prior to the beginning of the Gas Day upon which shippers' VICs would apply ("VIC Redemption Notice"). If Transporter elects to issue a VIC Redemption Notice for any Gas Day, Transporter shall send such notice via Electronic Delivery Notice to every shipper that has been awarded a VIC for the relevant Gas Day or via posting such notice on its EBB.

(ii) Shippers seeking to redeem their VICs in response to a VIC Redemption Notice must respond to the VIC Redemption Notice no later than one hour prior to the Timely Cycle nomination deadline for the Gas Day on which the VIC would otherwise apply. Upon submission of a timely response to a VIC Redemption Request, Transporter shall issue a new VIC Confirmation in the form set forth in Transporter's Tariff via Transporter's EBB or Electronic Notice Delivery. The new VIC Confirmation shall supersede any applicable previously-executed VIC Confirmation and shall reflect the reduction of Shipper's VIC Quantity due to Shipper's response to Transporter's VIC Redemption Notice. Shipper shall execute and return to Transporter the new VIC Confirmation within one (1) hour of Shipper's receipt of the VIC Confirmation. Shipper's right to nominate under its Service Agreement shall be deemed to be limited pursuant to the new VIC Confirmation and Section 15.6(e)(i) of the General Terms and Conditions of Transporter's Tariff effective as of the next available nomination cycle, as specified in Section 6.2(e) of the General Terms and Conditions, after Shipper has

executed the VIC Confirmation. In the event Shipper has not executed the VIC Confirmation prior to the next available nomination cycle for which Shipper has submitted a nomination under the Service Agreement to which the VIC Confirmation applies, Shipper shall be deemed to have executed the new VIC Confirmation with Transporter effective as of that nomination cycle.

(iii) Those VIC Quantities that have been redeemed pursuant to this Section 15.6(f) shall be treated, for all purposes under Transporter's Tariff, as if no VIC had been awarded applicable to those redeemed VIC Quantities. For avoidance of doubt, Shipper shall not be limited in its ability to nominate redeemed VIC Quantities for scheduling pursuant to Section 15.6(e)(1), nor shall Shipper be entitled to any VIC Credit applicable to VIC Quantities that have been redeemed. This Section 15.6(f) shall not affect any VIC Quantities that were not timely offered by Shipper for redemption in response to a VIC Redemption Notice prior to the Timely Cycle nomination deadline on the Gas Day during which the VICs apply.

16. INTERRUPTIONS OF SERVICE

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

16.1 Interruptions of Firm Services.

(a) If due to force majeure, other unforeseen conditions on Transporter's system, or operating conditions (such as, but not limited to, performing routine maintenance, making modifications, tests or repairs to Transporter's pipeline system or protection of the integrity and performance capability of its transmission facilities), the gas available for delivery from Transporter's system or portion thereof is temporarily insufficient to meet all of Transporter's authorized firm services on any day, then Transporter, upon providing as much notice as possible, shall interrupt all such services in accordance with the priorities set forth at Section 16.4 below. Transporter shall notify Shipper of interruptions by Electronic Notice Delivery to Shipper's representative and shall do so 72 hours in advance in the case of interruptions due to routine maintenance. Shipper must make available a representative to maintain 24-hour contact with Transporter to receive such notices. Such a representative shall have the requisite authority and capability to make any adjustments required as a result of Transporter's notice of interruption. Transporter will specify in interruption orders issued pursuant to this Section the: (i) date and time by which Shipper must comply; and (ii) the revised quantity (if any) authorized to flow (Lowered Quantity).

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

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

16.2 Interruptions of Interruptible Service.

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

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

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

16.3 Notice of Interruptions. Transporter reserves the right to interrupt services under any of its Rate Schedules at any time during any Day and shall give as much notice of such interruptions as is practicable. When possible, Transporter shall announce interruptions at 3:00 p.m. on the Day preceding the planned interruption. Transporter shall notify via Electronic Notice Delivery each Shipper whose service is interrupted and shall post interruptions on its Electronic Bulletin Board (EBB). Direct interconnect parties shall also receive notice of interruptions from Transporter's Gas Controllers by Electronic Notice Delivery (or via telephone); provided that such direct interconnect parties have, as required, made available a representative to maintain 24-hour contact with Transporter to receive such notices. Such a representative shall have the requisite authority and capability to make any adjustments required as a result of Transporter's notice of interruption. In the event of any conflicting communications, notices from Transporter's Gas Controllers shall control. In the event of interruption, Shippers shall only be entitled to receive such services as Transporter can provide under Transporter's applicable Rate Schedules. Electronic Notice Delivery shall be according to the following provisions:

(a) Transporter should provide affected parties with notification of intraday bumps, Operational Flow Orders and other critical notices through the affected party's choice of Electronic Notice Delivery mechanism(s).

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

(c) Transporter should support the concurrent sending of electronic notification of intraday bumps, Operational Flow Orders and other critical notices to two Internet E-mail addresses for each affected party.

16.4 Service Priorities.

Transportation Services. The provisions of this Section 16.4 shall apply to Transporter's Rate Schedules FT-1, FT-2, BH-1 (if scheduled pursuant to Section 2(c) of Rate Schedule BH-1), LFT, HT-1, IT-1, LIT, IPP, and PALS and all Service Agreements with Shippers thereunder. In the event capacity is not available to continue the receipt, transportation or delivery of all Shippers' gas which has been scheduled and is flowing on Transporter's transmission system, Transporter, in the capacity constrained area shall interrupt capacity sequentially among the Rate

Schedule priority groupings set forth below, and within those Rate Schedule priority groupings in the order and manner set forth below until the necessary level of interruption is achieved:

- (1) Quantities under Transporter's PALS Rate Schedule, pro rata on the basis of Shipper's scheduled parking or lending quantity;
- (2) Quantities under Transporter's IPP Rate Schedule, pro rata on the basis of Shipper's scheduled pooling quantities;
- (3) Quantities under Transporter's IT-1 Rate Schedules, and overrun quantities in excess of a Shipper's Transportation Demand under Transporter's Rate Schedules FT-1, FT-2, BH-1, LFT, and HT-1, beginning with quantities attributable to Shippers paying the lowest price, and pro rata among Shippers paying the same price; and
- (4) Quantities under Transporter's Rate Schedules FT-1, FT-2, BH-1, LFT, and HT-1, pro rata on the basis of Shipper's Scheduled Daily Receipt or Delivery Quantity.

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

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

(b) Such request shall be submitted by the Shipper to Transporter by telephonic or facsimile transmission, and shall be confirmed in writing, within 24 hours of the request, including a sworn, notarized statement attesting (1) to the details of the emergency; (2) its estimated length; (3) that Shipper has unsuccessfully attempted to obtain capacity from other sources, including capacity release and assignment; (4) that all sources of gas supply and capacity, including that available from other pipelines capable of operationally serving the affected area of interruption are being used; (5) that interruptible services are unavailable; (6) that no alternate fuel can be used to avoid the emergency; and (7) that it has interrupted service to its interruptible shippers, off-system sales and other low priority shippers and will continue to do so during the emergency.

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

(d) A Shipper receiving relief under this Section shall compensate any other Shipper whose service would not have been interrupted to the same extent but for the relief accorded under this Section. Such compensation shall consist of payment to such injured Shipper, by the Shipper receiving relief, of the daily equivalent of Transporter's applicable reservation charge for the time period and amount of capacity taken from the injured Shipper. Payment for the capacity so taken shall be made to Transporter, which will then credit such payment to the injured Shipper in the billing cycle applicable to the period in which the emergency interruption occurred. Nothing in this Section 16.5 shall limit the rights of a Shipper which has capacity adjusted pursuant to this Section 16.5 in order to provide relief from emergency interruption to another Shipper from seeking any damages from such Shipper receiving relief, to the extent permitted by applicable law.

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

(f) To the extent Transporter's interruption of any Shipper pursuant to this Section 16.5 would cause such Shipper to incur a penalty due Transporter through no fault of Shipper, Transporter shall not assess that penalty against that Shipper. This provision does not excuse Shipper from taking all reasonable action necessary to remove itself from a penalty situation.

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

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

16.6 Interruptions Due to Upstream or Downstream Facilities.

In instances in which an interruption on Transporter is necessitated by an interruption of service on an upstream or downstream facility and Transporter can identify the specific shipper on Transporter's system whose upstream or downstream service is interrupted, Transporter will interrupt such specific Shipper.

16.7 Force Majeure Interruptions.

Force majeure interruption may be ordered by Transporter as to service being performed by its system at any time when force majeure affects or in Transporter's judgment threatens to affect Transporter's ability to provide full shipments, upon the giving of such notice as is reasonable under the circumstances.

16.8 Situation Reports and Notices.

(a) Shipper shall have the responsibility to inform its suppliers, other transporters and all others involved in the transportation, as to any interruption.

(b) Shipper shall hold Transporter harmless for any and all claims, suits, actions or proceedings whatsoever threatened or initiated as a result of any interruption invoked by Transporter pursuant to the terms hereof, except that Transporter shall not be held harmless for its own negligence or willful misconduct.

17. OPERATIONAL FLOW ORDERS

17.1 In General.

(a) Transporter, in its reasonable discretion, shall have the right to issue Operational Flow Orders as specified in this Section upon determination by Transporter that action is required in order to alleviate conditions which threaten the integrity of Transporter's system, to maintain pipeline operations at the pressures required to provide reliable firm services, to have adequate supplies in the system to deliver on demand (including injection of gas into the mainline and providing line pack), to maintain firm service to all Shippers and for all firm services, and to maintain the system in balance for the foregoing purposes. To the extent feasible, Transporter shall attempt to direct such OFOs to those Shippers causing the condition that necessitates issuance of the OFO.

(b) Each Operational Flow Order shall contain the following information:

- (1) Time and date of issuance;
- (2) Time that Operational Flow Order is effective;
- (3) Duration of Operational Flow Order (If none specified, the Operational Flow Order will remain in effect until further notice)
- (4) The Shipper(s) or class of Shippers affected;
- (5) The action that Shipper(s) must take;
- (6) The reason or justification for issuing the Operational Flow Order; and
- (7) Any other information which may be required by the terms of this Tariff.

(c) Except for Force Majeure events, events or conditions which threaten the integrity of Transporter's system, or as specified in Section 17.2(a), Transporter will give at least 24 hours general advance notice of an Operational Flow Order by posting on the EBB the conditions that may jeopardize the system or affect Transporter's ability to meet its firm service obligations. Transporter reserves the right to issue an Operational Flow Order to be effective upon less than 24 hours notice if necessary to protect the integrity of its system. If Transporter issues an Operational Flow Order without providing such 24 hours notice, except for those Operational Flow Orders issued pursuant to Section 17.2(a), Transporter shall post on EBB and send to the Commission a detailed explanation containing information specific to that individual situation to justify issuance of the Operational Flow Order.

(d) In addition to the 24 hour notice requirement of Section 17.1(c) above, Transporter shall post, giving as much advance warning as is reasonably possible, information regarding the operational variables that give, or will in the future give rise to issuance of an Operational Flow Order and Transporter will provide updates regarding the expected duration of an Operational Flow Order based on those operational variables. In addition, and within a reasonable period of time following termination of an Operational Flow Order, Transporter shall post on its EBB a report detailing the factors requiring the issuance and the termination of an Operational Flow Order.

(e) Transporter shall issue Operational Flow Orders by posting on its EBB and by Electronic Notice Delivery to Shipper's representative. Shippers shall monitor Transporter's EBB for any Operational Flow Order applicable to Shipper's service and shall be solely responsible for compliance with each Operational Flow Order. Electronic Notice Delivery shall be according to the following provisions:

(1) Transporter should provide affected parties with notification of intraday bumps, Operational Flow Orders and other critical notices through the affected party's choice of Electronic Notice Delivery mechanism(s).

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

(3) Transporter should support the concurrent sending of electronic notification of intraday bumps, Operational Flow Orders and other critical notices to two Internet E-mail addresses for each affected party.

(f) Operational Remedies. Prior to the issuance of an OFO, Transporter may implement any or all the following operational remedies in any order that Transporter deems necessary when addressing operational constraints on Transporter's pipeline system:

(1) Transporter may restrict non-firm (that is, interruptible and secondary) deliveries to Transporter's affected pipeline segment(s) by posting a reduced level (down to zero) of non-firm deliveries into those affected pipeline segment(s).

(2) Transporter may allocate internal constraint points in accordance with the provisions of this Tariff.

(3) Transporter may require individual Shippers to utilize primary delivery points.

(4) Transporter may require individual Shippers to utilize primary receipt points.

(5) Transporter may impose hourly flow rates and limitations in accordance with the provisions of this Tariff.

(6) Transporter may limit service to a specific MLI.

In addition, as provided in Section 17.1(c), Transporter shall provide as much advance warning as possible of the operating conditions that may create a need for the issuance of an OFO and of the anticipated duration of such an OFO. However, nothing in this Section 17.1(f) shall preclude Transporter from issuing an OFO at any time if Transporter, in its reasonable discretion, determines that such an OFO is necessary to protect the integrity of Transporter's system or to meet other operational conditions as provided for in this Section 17.

17.2 Pipeline-Specific Operational Standards for Issuance of OFOs.

(a) If, in Transporter's judgment, impending operating conditions will cause the delivery pressure to one or more Shippers to drop below the pressure provided in the Service Agreement(s) of the Shipper(s), Transporter may immediately issue an Operational Flow Order pursuant to this Section requiring that deliveries under all of Transporter's Rate Schedules be made on a basis consistent with the flow rates and limitations set forth in the Operational Flow Order. If only one segment of Transporter's system will be affected by low pressure, the Operational Flow Order shall be limited to that segment of the system and shall be so stated. For the duration of this Operational Flow Order, increases in scheduled delivery quantities within affected segments of Transporter's system will be made on a prospective basis only.

(b) Transporter shall have the right to issue Operational Flow Orders requiring Shippers to deliver gas to Transporter at Shipper's primary receipt points under Shipper's Rate Schedules FT-1, FT-2, BH-1 (if scheduled pursuant to Section 2(c) of Rate Schedule BH-1), LFT, and HT-1 Service Agreements with Transporter. This right shall also apply to Shippers that have acquired capacity via Transporter's capacity release and assignment procedures.

(c) Proper utilization of Transporter's system is critical. Thus, Transporter may issue an Operational Flow Order as follows to preserve its ability to provide firm service to Shippers:

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

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

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

(1) Freezing of wells or pipelines or other essential equipment to the extent that such freezing damages or destroys or otherwise impairs Transporter's essential facilities or Transporter's ability to monitor and control Transporter's essential facilities or results in the loss of supplies of natural gas from upstream transporters, or producers of natural gas.

(2) Partial or entire electronic failure (including the failure of the EBB and the EBB backup plan, or the failure of SCADA or electronic measurement equipment), that impairs Transporter's ability to monitor and control Transporter's essential facilities.

(3) Mechanical or physical failure that affects Transporter's ability to transport gas, including for example but without limitation, pipeline failure, compressor failure, regulator failure or other similar mechanical or physical failure.

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

(5) Federal or state rules, regulations or orders, such as safety inspection orders and environmental safety orders, that require Transporter to reduce operating pressures in, or remove from service, a portion of Transporter's pipeline facilities.

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

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

(8) Unscheduled pipeline maintenance and repairs affecting capacity.

(9) Non-compliance with the balancing requirements of any service where such non-compliance threatens Transporter's system integrity.

(10) When the applicable tolerance level has not been exceeded by an individual Shipper or OBA Party but on a system-wide basis, pipeline operations require stricter tolerance levels for operational reasons.

(e) Transporter has the right to issue Operational Flow Orders on a nondiscriminatory basis without liability except in cases of Transporter's negligence or undue discrimination. Compliance with the Operational Flow Orders and the other terms and conditions of Transporter's Tariff is essential to Transporter's ability to provide deliveries and services under all Rate Schedules. A failure by one or more Shipper(s) to comply with the Operational Flow Orders may affect Transporter's ability to provide such deliveries and services. In such event and in addition to other provisions hereof and not in lieu of any other remedies available in law or at equity, Transporter will, except in cases of Transporter's negligence or undue discrimination, have no liability or responsibility for its inability to provide deliveries and services and will be indemnified and held harmless against any claims related to such failure to provide deliveries and services by the Shipper(s) failing to comply with Transporter's Tariff and in particular, the provisions of this Section.

(f) Transporter will have the right to issue an Operational Flow Order to any Shipper or OBA Party when, in Transporter's sole judgment, an Operational Flow Order is required to alleviate conditions which threaten system integrity, safety or service or to ensure compliance with the provisions contained in this Tariff. During conditions which threaten system integrity, safety or service, an Operational Flow Order will not be issued to protect interruptible service.

(g) Nothing shall limit Transporter's right to take action as may be required to physically adjust actual receipts and actual deliveries of Gas in order to alleviate conditions that threaten the integrity of its system.

17.3 Limitations.

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

(b) A Shipper must comply with an Operational Flow Order within the time period set forth therein unless the Shipper is able to demonstrate that such compliance: (1) is not within Shipper's physical or contractual control; (2) is prevented by operating conditions on a third party pipeline system beyond Shipper's control; (3) is precluded by its contractual restrictions with a third party pipeline system; and/or (4) is prevented due to a force majeure event as defined in Section 15 (Force Majeure) of the General Terms and Conditions; provided that Shipper shall make a good faith effort to comply with an Operational Flow Order, including seeking waivers of any contractual limits with third party pipelines or modifications of operating conditions on third party pipeline systems. Shipper shall notify Transporter immediately if it believes that it is excused from compliance with the Operational Flow Order for the reasons set forth in this

subparagraph (b), and shall promptly provide Transporter with documentation sufficient to support its basis for non-compliance.

(c) A Shipper shall not incur penalties for complying with an Operational Flow Order.

18. TRANSFERS OR IMBALANCE NETTING AND TRADING

18.1 Transfers Generally. A Shipper may transfer imbalances in its account to its other account(s) or the accounts of other Shippers under this Section. For purposes of this Section, the term "account" shall mean a Shipper's gas account under a transportation Service Agreement with Transporter. A Shipper seeking to transfer imbalances between accounts pursuant to this Section shall notify Transporter electronically through Transporter's EBB using Transporter's approved nomination form as set forth on Transporter's EBB. Transporter shall not be obligated to provide any information to a Shipper concerning the account status of other Shippers' accounts. Transporter will permit a Shipper, upon request, to post on Transporter's EBB an announcement of Shipper's desire to transfer imbalances, but Shipper shall remain responsible for making all arrangements effecting the proposed transfer.

18.2 No Cost Transfers. A Shipper may transfer imbalances from an account under an FT-1, FT-2, BH-1, LFT, HT-1, IT-1, or LIT Service Agreement with Transporter to an account under an FT-1, FT-2, BH-1, LFT, HT-1, IT-1, or LIT Service Agreement with Transporter without incurring transportation charges or surcharges, and without assessment of Retainage on the transferred quantity.

18.3 Nominated Transfers. A Shipper seeking to transfer imbalances from and to accounts under Service Agreements with Transporter other than those permitted without cost or assessment of Retainage as set forth in Section 18.2 shall nominate such imbalance quantities for transportation pursuant to the terms of the Service Agreement with Transporter under which said imbalance is held in account for Shipper. Such nomination shall be pursuant to Section 6 (Nominations, Scheduling and Monitoring) of the General Terms and Conditions. Nominated and transferred imbalance quantities shall be subject to the charges and surcharges, and assessment of Retainage applicable to the Service Agreement with Transporter specified in the nomination.

18.4 Effectiveness of Transfers. Any transfer made pursuant to Section 18.2 shall be effective on the date a Shipper's completed nomination form is received by Transporter electronically through its EBB, unless Transporter rejects the transfer within two business days of Transporter's receipt of such completed nomination form pursuant to Section 18.5. Any transfer made pursuant to Section 18.3 shall be effective on the date a Shipper's nomination to transport imbalance quantities is received by Transporter electronically through its EBB, unless Transporter rejects the nomination prior to transportation pursuant to Section 18.5. A transfer shall become effective as of a date certain in accordance with the foregoing, and shall have prospective, as opposed to retroactive, effect with respect to the affected accounts from that date certain. The cumulative balance in such affected accounts shall be adjusted as of the effective date of a transfer in accordance with the transfer.

18.5 Rejection by Transporter. Transporter may, in its reasonable discretion, reject any proposed transfer if it determines that such transfer cannot be accommodated: (i) without

diminishing Transporter's ability to provide firm service to any Shipper; (ii) without increasing Transporter's firm service obligations; (iii) because the gas sought to be transferred is not on Transporter's system; (iv) because of the actual account status of the transferor's and transferee's accounts, as reflected in Transporter's records; (v) because the transfer is requested to have a retroactive effective date; or (vi) without threatening the integrity of Transporter's system. If the transfer is rejected pursuant to this Section 18.5, Transporter shall provide the Shipper seeking to transfer imbalance that Shipper's actual account status under the applicable Service Agreement.

18.6 Definitions. For purposes of this Section 18 the following definitions shall be applicable:

(a) "Operational Impact Area" is the term used to describe Transporter's designation of the largest possible area(s) on its system in which imbalances have a similar operational effect. For purposes of this Section 18, "Operational Impact Area" shall mean the entire Millennium pipeline system without restriction.

(b) "Netting" is the term used to describe the process of resolving imbalances for Shipper within an Operational Impact Area. There are two types of Netting:

(c) "Summing" is the accumulation of all imbalances above any applicable tolerances for Shipper or agent; and

(d) "Offsetting" is the combination of positive and negative imbalances above any applicable tolerances for Shipper or agent.

18.7 Month-end Imbalances.

(a) Transporter should allow Shipper (including agents of Shipper) to net imbalances within the same Operational Impact Area on and across service agreements with Shipper and to trade imbalances within the same Operational Impact Area.

(b) Transporter should provide the ability to post and trade imbalances until at least the close of the seventeenth business day of the month.

(c) Transporter should provide the ability to view and, upon request, download posted imbalances.

(d) Imbalances to be posted for trading should be authorized by Shipper.

(e) An Authorization to Post Imbalances (pursuant to NAESB WGQ Standard No. 2.4.9) that is received by Transporter by 11:45a.m. (C.C.T.) should be effective by 8:00 a.m. (C.C.T.) the next business day. An imbalance that is previously authorized for posting should be posted on or before the ninth business day of the month.

(f) Transporter should not be required to post zero imbalances.

(g) Netting, posting, and trading of imbalances shall be accomplished based upon Transporter's current method for accounting for imbalances and does not require Transporter to institute daily imbalance procedures, if they are not already present on the Transporter's system.

(h) Transporter should enable the imbalance trading process by providing the ability for:

(1) Shipper to authorize the posting of imbalances (pursuant to NAESB WGQ Standard No. 2.4.9) on Transporter's Informational Postings and/or Customer Activities Web site(s);

(2) A party to view the posted imbalances (pursuant to NAESB WGQ Standard No. 2.4.10) on Transporter's Informational Postings Web site;

(3) The Initiating Trader to submit a request to Transporter for an imbalance trade (pursuant to NAESB WGQ Standard No. 2.4.11) on Transporter's Informational Postings and/or Customer Activities Web site(s);

(4) Transporter, in response to the request for an imbalance trade, to provide any error/warning message(s), as necessary, which includes the name of the relevant data element, if appropriate, along with the corresponding message;

(5) The Initiating Trader to withdraw its request for an imbalance trade on the Transporter's Informational Postings and/or Customer Activities Web site(s);

(6) Transporter to, optionally, request the Confirming Trader to confirm the request for an imbalance trade;

(7) The Confirming Trader to confirm the request for an imbalance trade on the TSP's Informational Postings and/or Customer Activities Web site(s);

(8) Transporter to provide the Initiating Trader and the Confirming Trader with the status of the requested imbalance trade no later than Noon on the next Business Day, including, if applicable, an explanation when the trade quantity is not equal to the trade quantity requested;

(9) Transporter to effectuate the confirmed trade; and

(10) Transporter to reflect the trade prior to or on the next monthly Shipper Imbalance or cashout.

- (i) When trading imbalances, a quantity should be specified.
- (j) An imbalance trade can only be withdrawn by the Initiating Trader and only prior to the Confirming Trader's confirmation of the trade. An imbalance trade is considered final when confirmed by the Confirming Trader and effectuated by Transporter.
- (k) To account for any imbalances after imbalance trading, where Transporter associates such imbalance with a service agreement, Shipper and Transporter should agree to designate one of Shipper's valid service agreements in the Operational Impact Area where the original imbalance occurred, for such purpose.

19. PENALTIES

The penalties set forth in this Section apply to Rate Schedules FT-1, FT-2, BH-1, LFT, HT-1, IT-1, and LIT, unless otherwise indicated in this Section or in individual Rate Schedules. These penalties do not supersede or replace the obligations of Shipper(s) to resolve any and all imbalances with Transporter pursuant to Section No. 18 of this FERC Gas Tariff.

19.1 Takes in Excess of Transportation Demand. If Shipper's takes on any Day under any Agreement exceed 103 percent of the Transportation Demand thereunder, Shipper will be assessed and pay a penalty based on a price per Dth equal to the greater of twenty-five dollars (\$25.00) or three times the midpoint of the range of prices reported for "Texas Eastern, M-3 Citygate Index Price" as published in Platts Gas Daily price survey or any successor publication thereto, for all such quantities in excess of its Transportation Demand. This penalty will not apply to authorized overruns pursuant to Section 3(f) of Rate Schedules FT-1, FT-2, BH-1, LFT, and HT-1.

19.2 Failure to Interrupt Service. If Shipper fails to interrupt service as directed by Transporter pursuant to Section 16 (Interruptions of Service) of the General Terms and Conditions, and thereby delivers gas to or takes gas from Transporter in excess of 103 percent of the sum of the lowered Scheduled Daily Receipt Quantity or lowered Scheduled Daily Delivery Quantity under all applicable Rate Schedules set by Transporter's interruption order, Shipper will be assessed and pay penalties based on a price per Dth equal to the greater of twenty-five dollars (\$25.00) or three times the midpoint of the range of prices reported for "Texas Eastern, M-3 Citygate Index Price" as published in Platts Gas Daily price survey or any successor publication thereto, for all such quantities in excess of its Transportation Demand. The penalties set forth in this Section and in Section 19.1 will not both be assessed for the same actions by Shipper.

19.3 Failure to Comply with Operational Flow Orders. If Shipper fails to comply with an Operational Flow Order issued by Transporter pursuant to Section 17 (Operational Flow Orders) of the General Terms and Conditions, a penalty will be assessed on all quantities taken or delivered in violation of that Operational Flow Order based on a price per Dth equal to the greater of twenty-five dollars (\$25.00) or three times the midpoint of the range of prices reported for "Texas Eastern, M-3 Citygate Index Price" as published in Platts Gas Daily price survey or any successor publication thereto, for the days on which the Operational Flow Order is issued.

19.4 Monthly Imbalances. A penalty of \$0.25 per Dth will be assessed to Shipper on any absolute difference between actual cumulative receipts (less Retainage) and actual cumulative deliveries in excess of 10 percent of actual cumulative deliveries during a Billing Month.

19.5 Delivery Point Scheduling Penalty.

(a) When a Critical Day has not been declared, if Transporter delivers to Shipper at a Delivery Point any quantities in excess of the scheduled quantities plus the greater of 1,000 Dth

or 5% of the scheduled quantities, Shipper must pay a daily scheduling penalty for each Dth Transporter delivers to Shipper in excess of the scheduled quantities. The daily scheduling penalty will be equal to the currently effective maximum rate for service under Transporter's Rate Schedule IT-1 for each Dth subject to the penalty. The non-Critical Day scheduling penalty based on the IT-1 rate does not apply when a Critical Day has been declared.

(b) When a Critical Day has been declared, if Transporter delivers to Shipper at a Delivery Point any quantities in excess of the scheduled quantities plus the greater of 1,000 Dth or 3% of the scheduled quantities, Shipper must pay a daily scheduling penalty for each Dth Transporter delivers to Shipper in excess of the scheduled quantities. When Transporter has declared a Critical Day, the scheduling penalty will be equal to the greater of twenty five dollars (\$25.00) or three times the midpoint of the range of prices reported for "Texas Eastern, M-3 Citygate Index Price" as published in Platts Gas Daily price survey, or any successor publication thereto, for each Dth subject to the penalty.

(c) Shipper must pay the daily scheduling penalty in addition to any other applicable charges. The scheduling penalty does not apply to delivery points and/or meters that lack electronic metering capability.

(d) Scheduling penalties will not apply at points of interconnection for which an OBA exists.

19.6 Miscellaneous.

(a) All penalties and charges assessed under this Section will be paid in addition to the applicable transportation rates and charges, including any overrun charge.

(b) In the event Shipper seeks to avoid any penalty provided for in this Section on the ground that such charge was incurred because of a force majeure event as defined at Section 15 (Force Majeure) of the General Terms and Conditions, Shipper will document such force majeure event to Transporter. Transporter will waive penalties to the extent that it determines that the imbalance was caused by a bona fide force majeure event as defined at Section 15.

(c) To the extent that any imbalance directly results from Shipper's reliance on inaccurate data from Transporter, or is otherwise caused by Transporter, no penalty will be assessed for that portion of the imbalance shown by Shipper to be attributable to such inaccurate data.

19.7 Penalty Crediting Mechanism.

(a) The purpose of this provision is to provide the mechanism by which Transporter will credit any "Penalty Revenues," as defined herein, to "Non-Penalized Shippers."

(b) For purposes of this Section 19.7 the following definitions shall apply:

(i) The term "Penalty Revenues" means penalty amounts assessed and actually collected, net of Transporter's costs, during each month of a contract year (November 1 to October 31) pursuant to the penalty provisions of this Tariff; exclusive of (A) Transporter's actual gas, transportation and Retainage costs for the replenishment of gas quantities with respect to Rate Schedule PALS, Section 5(a)(vii), and Section 3.9(c) of the General Terms and Conditions; and (B) overrun charges imposed pursuant to the terms of any of Transporter's Rate Schedules.

(ii) The term "Non-Penalized Shippers" means Shippers, other than Shippers that were assessed penalties and paid penalties in a particular month of a contract year (November 1 to October 31) pursuant to the penalty provision of this Tariff, under Transporter's Rate Schedules FT-1, FT-2, BH-1, LFT, HT-1, IT-1, and LIT and Replacement Shippers holding permanently released Rate Schedules FT-1, FT-2, BH-1, LFT, and HT-1 capacity.

(c) At the end of the contract year, Transporter will calculate the amount of Penalty Revenues. Transporter will include interest on the Penalty Revenues refund balance at the rate specified in the Commission's Regulations at Section 154.501(d)(1). For each month of the preceding contract year, Transporter will allocate Penalty Revenues for that month to the Non-Penalized Shippers for that month based on their actual monthly throughput for that month under the Non-Penalized Shippers' Rate Schedule FT-1, FT-2, BH-1, LFT, HT-1, IT-1, and LIT Service Agreements. Transporter will credit the bills of Non-Penalized Shippers for such allocated amounts within 90 days of the end of the contract year. To the extent that there are no Non-Penalized Shippers in a month in which there are Penalty Revenues, the Penalty Revenues will be carried forward to the next succeeding month and will be allocated to Non-Penalized Shippers in that month.

(d) Transporter will file a report within 90 days of the close of the contract year showing how it calculated and apportioned the Penalty Revenues, the costs netted against the Penalty Revenues, and the resulting Penalty Revenue credits for each month of the contract year (November 1 to October 31).

19.8 Critical Day Requirement for Penalties.

A "Critical Day" will be declared by Transporter whenever Transporter, in Transporter's reasonable discretion, determines (based on criteria such as weather forecasts, line pack, pipeline pressures, horsepower availability, system supply and demand, and other operational circumstances) that operating conditions have severely deteriorated such that Transporter faces a threat to its system integrity and/or to Transporter's ability to meet its firm service obligations. With the exception of (1) failure to interrupt penalties imposed pursuant to Sections 16 and 19 of the General Terms and Conditions, 2) Operational Flow Order penalties imposed pursuant to the

provisions of Sections 17 and 19 of the General Terms and Conditions and/or the Operational Flow Order provisions of individual rate schedules, and (3) daily delivery point scheduling penalties imposed pursuant to Section 19.5 of the General Terms and Conditions, Transporter will not impose penalties under this Section 19 and under any rate schedule unless a "Critical Day," as defined above, has been declared and is in effect on Transporter's system. For penalties ascribed for conduct that occurs over a monthly as opposed to a daily period of time, these monthly penalties will be imposed only if Transporter has declared a "Critical Day" on at least one day occurring in that monthly period.

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

Within two weeks of a Critical Day event, Transporter will post information on its Internet EBB describing the events leading up to the declaration of the Critical Day.

19.9 No Imposition of Multiple Penalties.

In the case where Shipper may be subject to multiple penalties pursuant to Section 19 of the General Terms and Conditions of Transporter's FERC Gas Tariff, Transporter will have the right to charge the highest available penalties on the applicable quantities; provided, however, that Transporter will not charge any additional penalties on the same quantities for which the highest available penalties have been imposed.

19.10 Operational Flow Order vs. Critical Day Penalties

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

(b) When reasonably feasible, Transporter will post notices on its EBB advising that if Shippers take certain specific actions, Transporter may be able to avoid the issuance of a Critical Day, or minimize the sequential issuance of Critical Days.

20. DISCOUNT POLICY.

20.1 Order of Discounts. The first item discounted will be the base rate reservation charge and then the ACA surcharge.

20.2 Types of Discounts. Transporter may agree to discount its rate to Shipper below Transporter's maximum rate, but not less than Transporter's minimum rate. Such discounted rate may apply to: a) specified quantities (contract demand or commodity quantities); b) specified quantities above or below a certain level or all quantities if quantities exceed a certain level; c) quantities during specified time periods; d) quantities at specified points, at specified locations, for specified transportation paths, or at other defined geographical areas; and e) committed production or reserves. Transporter may also agree that a specified discounted rate will apply in a specified relationship to the quantities actually transported (i.e., that the reservation charge will be adjusted in a specified relationship to quantities actually transported). In addition, the discount agreement may include a provision that if one rate component which was at or below the applicable maximum rate at the time the discount agreement was executed subsequently exceeds the applicable maximum rate due to a change in Transporter's maximum rate so that such rate component must be adjusted downward to equal the new applicable maximum rate, then other rate components may be adjusted upward to achieve the agreed overall rate, so long as none of the resulting rate components exceed the maximum rate applicable to that rate component. Such changes to rate components shall be applied prospectively, commencing with the date a Commission order accepts revised tariff sections. However, nothing contained herein shall be construed to alter a refund obligation under applicable law for any period during which rates, which had been charged under a discount agreement, exceeded rates which ultimately are found to be just and reasonable.

In addition, Transporter may discount based on published index prices for specific Point(s) of Receipt and/or Point(s) of Delivery or other agreed-upon published pricing reference points (such discounted rate may be based upon the differential between published prices or arrived at by formula). Any agreement containing such discounted rate shall specify the rate component(s) to be discounted (i.e., Reservation Charge or Commodity Charge or both), and any formula will provide a reservation rate per unit of contract demand (Maximum Daily Contract Quantity). To the extent the firm Reservation Charge is discounted, the index price differential rate formula shall be calculated to state a rate per Dth. Furthermore, such discount shall not change the underlying rate design of the service being provided or include any minimum bill or maximum take provision that would have the effect of guaranteeing revenue.

21. REGULATORY FEES.

Shipper shall pay to Transporter all fees required by the Commission, or any regulatory body having jurisdiction, relating to service provided under any of Transporter's Rate Schedules including, but not limited to, filing, reporting, and application fees.

22. POSSESSION OF GAS.

After Shipper delivers gas or causes gas to be delivered to Transporter at the point(s) of receipt specified in the Service Agreement, Transporter shall be deemed to be in control and possession of the gas until thermally equivalent quantities (less Retainage) are redelivered to Shipper or for the account of Shipper at the point(s) of delivery. Shipper shall have no responsibility with respect to any gas deliverable by Transporter or on account of anything which may be done, happen, or arise with respect to such gas until Transporter delivers such gas to Shipper or for the account of Shipper. Transporter shall have no responsibility with respect to such gas before Shipper delivers or causes such gas to be delivered to Transporter or after Transporter redelivers such gas to Shipper or for the account of Shipper, or on account of anything which may be done, happen, or arise with respect to such gas before such delivery or after such redelivery.

23. WARRANTY OF TITLE TO GAS.

Each Shipper under this Tariff warrants for itself, its successors and assigns, that Shipper will at the time of delivery to Transporter for transportation have good and merchantable title to or good right to receive all gas so delivered free and clear of all liens, encumbrances and claims whatsoever. Shipper will indemnify Transporter and save it harmless from all suits, actions, regulatory proceedings, debts, damages, costs, losses and expenses (including reasonable attorney fees) arising from or out of adverse claims arising from breach of this warranty (including, without limitation, claims for any royalties, taxes, license fees or charges applicable to such gas or to the delivery thereof to Transporter for transportation under Transporter's applicable Rate Schedule). Replacement Shippers under Section 14 (Release and Assignment of Service Rights) of the General Terms and Conditions shall be considered to be "Shippers" for purposes of this Section, and therefore Releasors under Section 14 shall not be liable under this Section for breach of the foregoing warranty by its Replacement Shippers.

24. WARRANTY OF ELIGIBILITY FOR TRANSPORTATION.

(a) Each Shipper under this Tariff warrants for itself, its successors and assigns, that all gas delivered to Transporter for transportation shall be eligible for transportation in interstate commerce under applicable rules, regulations or orders of the Commission. Shipper will indemnify Transporter and save it harmless from all suits, actions, damages, costs, losses, expenses (including reasonable attorney fees), and regulatory proceedings arising from breach of this warranty. Replacement Shippers under Section 14 (Release and Assignment of Service Rights) of the General Terms and Conditions shall be considered to be "Shippers" for purposes of this Section, and therefore Releasors under Section 14 shall not be liable under this Section for breach of the foregoing warranty by its Replacement Shippers.

(b) Where transportation will be provided under § 311 of the Natural Gas Policy Act (15 U.S.C. § 3371) and pursuant to Subpart B of Part 284 of the Commission's Regulations (18 C.F.R. §§ 284.101 et seq.), Shipper warrants that such transportation service is authorized to be provided within the meaning of 18 C.F.R. Section 284.102(d)(3), if the local distribution company or intrastate pipeline company on whose behalf the transportation service is being provided will not have physical custody of and transport the gas or will not hold title to the gas. Where transportation will be provided under Transporter's blanket certificate, Shipper warrants that an interstate pipeline will receive some benefit from the transaction.

25. GAS QUALITY

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

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

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

25.3 Quality Standards for Gas Received by Transporter. All gas received into Transporter's pipeline system shall conform to the following quality specifications, regardless of source:

(a) The gas shall not contain in excess of seven (7) pounds of water vapor per million cubic feet of gas at the base pressure and temperature of 14.73 psia and 60°F. The water vapor content will be determined in accordance with approved methods in use in the gas industry, using apparatus approved by Transporter.

(b) The gas shall not have a hydrocarbon dew point of greater than 25°F at any operating pressure. The hydrocarbon dewpoint will be determined in accordance with approved methods in use in the gas industry, using apparatus approved by Transporter.

(c) The gas shall not contain any elements, compounds or components beyond those normally found in gas in its naturally occurring state. For purposes of these gas quality specifications, natural gas may be deemed to include constituents such as the following:

aliphatic series hydrocarbons, such as the alkanes - e.g., methane, ethane, propane, iso-butane, N-butane, neo-pentane, iso-pentane, N-pentane, hexanes, heptanes, octanes.

alkenes (unsaturated hydrocarbons) - e.g., ethylene, propylene.

hydrogen

inert compounds - e.g., helium, nitrogen, argon, neon.

carbon dioxide

oxygen

hydrogen sulfide

other gaseous organic and inorganic compounds of sulphur.

(d) The gas shall not contain any substances that interfere with the merchantability of the gas or are known to be detrimental to pipelines, meters, regulators or other gas handling equipment. The gas shall not contain any toxic, hazardous or environmentally unacceptable substances or organisms.

(e) The total oxygen content shall not exceed two hundredths percent (0.02%) by volume.

(f) The gas shall contain no more than four percent (4%) by volume of a combined total of carbon dioxide and inert components. The carbon dioxide content shall not exceed one and twenty-five hundredths percent (1.25%) by volume.

(g) The gas shall contain no more than two (2) grains of total sulphur per one hundred (100) standard cubic feet. The gas shall contain no more than twenty-five hundredths (0.25) grains of hydrogen sulfide per one hundred (100) standard cubic feet.

(h) The gas shall have a heating value of not less than 967 Btu (British thermal units) per standard cubic foot, gross on a dry basis. The gross heating value of the gas shall be calculated from analysis of the gas by 1) an online chromatograph, or 2) taking spot or continuous samples of the gas at such times as may be determined by Transporter. The gross Btu shall be corrected for compressibility as calculated from a gas analysis by an accepted type chromatograph (or other suitable instrument) for a cubic foot of gas at a temperature of 60°F, when containing no water vapor and at an absolute pressure of 14.73 psia.

(i) The gas shall have a Wobbe Index of one thousand three hundred (1,300) plus or minus six percent (6%). The Wobbe Index is defined as that number obtained by dividing the saturated heating value of the gas by the square root of its specific gravity.

(j) The gas shall have a flowing temperature of no greater than 100°F.

25.4 Additional Conditions for Receipt of Gas.

(a) Should gas received by Transporter from any source ever fail to meet the above specifications, then Transporter may elect to either continue to receive gas or refuse to take all or any portion of such gas until the gas is brought into conformity with these specifications. Transporter reserves the right to impose revised and/or further quality specifications at any time should Transporter, in its sole discretion, deem it necessary to protect the safety and/or integrity of its pipeline system, operations, or deliveries to other customers.

(b) Parties wishing to deliver gas into Transporter's system will bear responsibility for assuring their gas meets the above specifications. Proof of compliance with these specifications will be determined via methods such as sampling and analysis of the gas; the frequency, scope and performance of such determinations will be as directed by Transporter. Transporter reserves the right to require, at any time, the installation of monitoring and control devices that will provide for automatic shut-in of the receipt measuring station should Transporter deem it necessary to protect the safety and/or integrity of its pipeline system, operations, or deliveries to other customers.

(c) Transporter reserves the right to refuse to execute any agreement that does not contain the gas quality specifications and restrictions deemed reasonable and necessary by Transporter.

25.5 Quality Standards for Gas Delivered by Transporter. All gas redelivered to Shipper hereunder shall be commercially free from particulates or other solid or liquid matter which might interfere with its merchantability or cause injury to or interference with proper operation of the lines, regulators, meters and other gas handling equipment of Transporter. For purposes of compliance with this standard, the presence of any solid or liquid matter will be based upon the determination of the presence of such matter while the gas is in the possession of Transporter.

25.6 Odorization. Transporter and Shipper may agree, or governmental authorities may require, that the gas be odorized by use of a malodorant agent of such character as to indicate by a distinctive odor the presence of gas. Whenever odorized gas is delivered, the quality and specifications of such gas, as set forth in this Section 25, shall be determined prior to the addition of malodorant and with proper allowance for changes or additions to the gas due to such malodorant. Such odorization of the gas by the Transporter, unless otherwise mutually agreed by Shipper and Transporter, shall be for the purpose of detection of the gas only during the time it is in possession of the Transporter, prior to delivery to the Shipper.

26. MEASUREMENT

The volumes of natural gas and the quantities of energy received or delivered through a meter or meters shall be determined in accordance with the provisions set forth in this Section.

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

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

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

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

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

(b) where Electronic Measurement equipment is not provided,

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

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

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

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

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

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

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

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

(a) where Electronic Measurement equipment is provided,

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

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

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

(b) where Electronic Measurement equipment is not provided,

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

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

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

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

(a) where Electronic Measurement equipment is provided,

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

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

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

(b) where Electronic Measurement equipment is not provided,

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

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

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

26.8 Supercompressibility.

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

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

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

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

(1) where Electronic Measurement equipment is provided,

(a) by contemporaneous application of continuous instantaneous measurements of the concentrations of nitrogen and carbon dioxide, or by

contemporaneous application of the arithmetic or other average of the concentrations of nitrogen and carbon dioxide for the time during which gas was flowing,

(b) by prospective application of the arithmetic or other average of the concentrations of nitrogen and carbon dioxide Record, or

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

(2) where Electronic Measurement equipment is not provided,

(a) by the contemporaneous application of the arithmetic or other average of the hourly or daily concentrations of nitrogen and carbon dioxide, or

(b) by prospective application of the results of analyses of samples of the gas; or by any other method or methods mutually agreed upon by Shipper and Transporter.

26.9 Measuring Equipment.

(a) Unless otherwise agreed to in writing, Transporter will own, operate, maintain, and install measuring stations and equipment by which the volumes of natural gas or quantities of energy received or delivered by Transporter are determined. Notwithstanding any other provision in this FERC Gas Tariff, Transporter may not be required to pay for or to construct or install measuring equipment.

(b) Unless otherwise agreed to in writing, or unless gas is being received from an interstate pipeline company which has a Commission approved FERC Gas Tariff governing measurement of gas it delivers, Transporter will install, own, operate and maintain measuring stations and equipment by which the volumes of natural gas or quantities of energy received by Transporter are determined.

(c) Where Transporter has agreed in writing to permit measuring stations and associated equipment to be installed by Shipper, they must be designed and installed in accordance with all engineering and other standards and practices as specified by Transporter, and Transporter has the right to be present and inspect the installation of all such measuring stations and equipment to insure compliance with such standards and practices. Shipper and Transporter will agree in writing to reasonable standards and practices by which such measuring stations and associated equipment must be operated and maintained by Shipper as required to insure the continuous accuracy thereof.

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

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

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

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

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

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

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

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

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

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

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

(o) Nothing in this Section 26.9 shall be construed to require Transporter to construct any facilities.

26.10 Check Measuring Equipment.

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

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

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

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

26.11 Calibration and Testing of Meters. The accuracy of all measuring equipment shall be verified by its operator at reasonable intervals and, if requested, in the presence of representatives of the other party, but neither Transporter nor Shipper shall be required to verify the accuracy of such equipment more frequently than once in any 30-day period. If either party at any time desires a special test of any measuring equipment, or if either party at any time observes an error in any such measuring equipment, it will promptly notify the other party, and the parties shall then cooperate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test shall be borne by the requesting party if the measurement equipment so tested is found not to be in error such that previous Recordings from the equipment must be corrected under the provisions of Section 26.12 herein.

26.12 Correction of Metering Errors. If, upon any test, any measuring equipment is found to be in error, it will be repaired and adjusted to record correctly. Previously recorded volumes of gas and quantities of energy received or delivered will be adjusted accordingly. If (1) the resultant total measurement adjustment for the period of error is greater than 1% or (2) the total measurement adjustment for the period of error is greater than 10,000 Dth, any quantities previously recorded by the tested measuring equipment will be corrected to zero error for any period of error which is known definitely or agreed upon by the parties. If the period of error is not known definitely or not agreed upon, the correction will be for a period extending over onehalf of the time elapsed since the date of the last test but not to exceed 90 days. Any adjustment to previously recorded volumes of gas and quantities of energy will be processed in accordance with Section 8.4(a) Prior Period Adjustments. The NAESB section 2.3.14, as may be amended from time to time, is incorporated by reference.

26.13 Failure of Measuring Equipment.

(a) In the event any measuring equipment is out of service, or is found registering inaccurately and the error is not determinable by test, previous Recordings from such equipment, or the volumes of gas or quantities of energy received or delivered through such equipment, shall be estimated:

- (1) by using the registration of any check meter or meters if installed and accurately registering;
- (2) in the absence of check meters, by correcting the error if the percentage of error is ascertainable by calibration, special test or mathematical calculation;
- (3) in the absence of check meters or the possibility of calibrations, by using Recordings or quantities received or delivered through such equipment during periods under similar conditions when the equipment was registering accurately; or
- (4) as otherwise agreed by Transporter and Shipper.

(b) The Recordings from such equipment, or the volumes of gas and quantities of energy received or delivered through such equipment, so estimated shall be used in determining the volumes of gas and quantities of energy received or delivered for any known or agreed upon applicable period. In case the period is not known or agreed upon, such estimated receipts or deliveries shall be used in determining the quantity of gas received or delivered hereunder during the latter half of the period beginning on the date of the immediately preceding test and ending on the date the measuring equipment has been adjusted to record accurately. The Recordings of the measuring equipment during the first half of said period shall be considered accurate in computing receipts or deliveries.

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

27. CONSTRUCTION OF FACILITIES

27.1 Arrangement for Construction of Transmission Facilities. Shipper may request Transporter to construct, maintain and operate, either all or a part of, the lateral line for the transportation of gas from Transporter's main transmission line to Shipper's markets, or when the delivery point to Shipper at Transporter's main transmission line is in close proximity to a compressor station of Transporter, Shipper may request Transporter to provide facilities to deliver gas to Shipper in excess of Transporter's main line operating pressure. If Transporter shall determine that the granting of such request by Shipper is necessary or desirable, that no undue burden will thereby be placed upon Transporter, and that no impairment of Transporter's ability to render adequate service to its shippers will result therefrom, Transporter will construct or provide such facilities if it can obtain proper, necessary authorization.

27.2 Method of Payment.

(a) In the event Transporter shall provide a lateral line or other transmission facilities at the request of Shipper, unless otherwise agreed, Shipper will pay Transporter for the costs of such facilities by paying in addition to the amount paid for natural gas, a facility charge consisting of the sum of the following components:

(1) Depreciation computed at the annual accrual rates being used by Transporter for booking depreciation expense applicable to such facilities;

(2) Return computed at the latest rate allowed Transporter by Federal Energy Regulatory Commission in a formal rate determination applied to the original cost of the facilities less accrued depreciation and plus necessary working capital applicable to such facilities;

(3) Taxes paid for the ownership and operation of such facilities; and

(4) Operation and maintenance expenses applicable to such facilities.

(b) The annual amount of the facility charge shall be established starting with the first day of the calendar month in which Transporter shall have completed or made available for operation the facilities requested by Shipper. Such amount shall be estimated by Transporter when the facilities are made available and at the beginning of each calendar year thereafter, unless otherwise agreed. Each month, Transporter will bill Shipper for one-twelfth of the estimated annual facility charge. An adjustment will be made if necessary at the end of each calendar year to reflect the cost applicable to said facilities for the year.

27.3 Agreement. In each case where Transporter agrees to construct facilities at the request of the Shipper, unless otherwise agreed, the Service Agreement will contain as an Exhibit thereto an agreement concerning such facilities, executed in the form as set forth on Transporter's EBB.

28. SCHEDULES AND CONTRACTS SUBJECT TO REGULATION AND REVISION

This Tariff, including the Rate Schedules, the General Terms and Conditions, and the respective obligations of the parties under the Service Agreements and assignment Agreements, is subject to all valid laws, orders, rules, and regulations of duly constituted authorities having jurisdiction.

29. NOTICES

29.1 General Notice Procedures. Except as otherwise specifically provided in this Tariff, particularly with regard to notices and communications required through Transporter's EBB or via Electronic Notice Delivery, any notice, request, demand, or communication ("Notice") provided for in these General Terms and Conditions or in the Rate Schedules, or any other Notice that Transporter or Shipper may desire to give to the other, shall be in writing and shall be considered as duly delivered when mailed by registered mail to the Post Office address of Transporter or Shipper, or at such other address as either shall designate for such Notice. Monthly payments, except those required to be made by wire or other electronic transfer, shall be considered as duly delivered when mailed either by registered or ordinary mail. Routine communications by telephone between members of the operating staffs of Transporter and Shipper shall be considered duly delivered without confirmation by mail. If Transporter is required by this Tariff to provide any Notice to a Shipper by telephonic communication, Transporter may, at its option, make such communication via Electronic Notice Delivery without any telephonic communication.

29.2 To the extent Transporter is authorized under this Tariff to provide any notice via Electronic Notice Delivery, and Transporter becomes aware that the Electronic Notice Delivery notification sent by Transporter has failed, Transporter shall recommunicate such notice via telephone or facsimile.

30. COMPLAINT RESOLUTION PROCEDURE

Any Shipper or potential Shipper may make a written complaint to Transporter, Attention: President, regarding any dispute between Shipper and Transporter arising under this Tariff. Shipper must specify each reason for the dispute. Within two business days of receiving a complaint, Transporter shall provide an initial response to complainant, acknowledging receipt of the complaint and requesting further information as appropriate. Within 30 days after receipt of Shipper's complaint, Transporter shall appoint a Committee composed of the President, and any other necessary personnel, to review the complaint and provide a written decision to the complainant addressing each element thereof and, where appropriate, recommending a course of action. In the event the complainant disagrees with this determination and makes a written request for reconsideration or clarification, specifying each reason the complainant disagrees with the initial determination, the Committee shall consider such request and within 30 days after receipt thereof shall render its final written decision to complainant, addressing each element thereof and, where appropriate, recommending a course of action.

31. ANNUAL CHARGE ADJUSTMENT ("ACA") CLAUSE

31.1 Purpose. The purpose of Section 31 is to establish an ACA Clause as permitted by Section 154.402 of the Commission's Regulations under the Natural Gas Act ("NGA"), which allows a natural gas pipeline company to adjust its rates annually to recover from its customers annual charges assessed it by the Commission under Part 382 of the Commission's Regulations.

This Section establishes an ACA unit charge to be applicable to the following Rate Schedules:

Rate Schedule FT-1 – Firm Transportation
Rate Schedule FT-2 – Firm Transportation
Rate Schedule BH-1 – Backhaul Transportation
Rate Schedule LFT – Lateral Firm Transportation
Rate Schedule HT-1 – Hourly Transportation
Rate Schedule IT-1 – Interruptible Transportation
Rate Schedule LIT – Lateral Interruptible Transportation

31.2 Basis of the ACA Unit Charge. The Rate Schedules specified in Section 31.1 herein shall include an ACA unit charge. Such ACA unit charge shall be effective from October 1 of each year until September of the following year ("FERC Fiscal Year") as reflected for that FERC Fiscal Year on the Annual Charges page of the Natural Gas section of the Commission's website, located at <http://www.ferc.gov>. Such ACA unit charge will only be effective for those FERC Fiscal Years for which Transporter has paid its annual assessment, as reflected on a new notice, entitled "Payment Status of Pipeline Billings" for that FERC Fiscal Year as reflected on the same page of the Commission's website.

32. RETAINAGE

32.1 In General. Retainage, as defined at Section 1 of the General Terms and Conditions, shall apply to Rate Schedules FT-1, FT-2, BH-1, LFT, HT-1, IT-1, and LIT (the Applicable Rate Schedules). The amount of such Retainage shall be determined based upon the Retainage Percentage, as set forth at Section 7 (Retainage Percentage) of the Currently Effective Rates. The Retainage Percentage shall be calculated in the Annual RAM Filings, and any Periodic RAM Filings, as defined below.

32.2 Transporter's RAM Filing. Annually, or at such other times as Transporter in its reasonable discretion determines necessary based upon operating or other conditions, Transporter shall adjust the Retainage Percentage, to take into account both prospective changes in Retainage requirements and unrecovered Retainage quantities from the preceding period as described at Section 32.4 below for transportation. That Retainage adjustment shall be effected by means of a Retainage Adjustment Mechanism (RAM) filing, which shall be filed with the Commission (i) annually on or before March 1 to become effective April 1 (Annual RAM Filing), and (ii) at such other times as required by operating or other conditions, to become effective 30 days after filing (Periodic RAM Filing).

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

32.4 Retainage Percentage. The Retainage Percentage, as adjusted by Transporter through its RAM filings, shall consist of the sum of (i) the Current Retainage Percentage, and (ii) the Unrecovered Retainage Percentage, calculated in the following manner:

(a) Current Retainage Percentage Component. In each Annual and Periodic RAM Filing, Transporter shall calculate the Current Retainage Percentage by dividing the sum of items (i) and (ii) by the amounts provided in (iii) as described below:

(i) the total estimated company-use, lost, and unaccounted-for quantities of gas required during the 12-month period commencing with the effective date of Transporter's RAM filing;

(ii) the total estimated cost of electricity to be used for electric gas heaters at Transporter's compressor stations during the 12-month period commencing with the effective date of the RAM filing, converted to Dekatherms by dividing that estimated cost by the average first day of the month Spot Market Price set forth in Section 1.40 of the General Terms and Conditions averaged over the preceding calendar year (Preceding Annual Period); and

(iii) the total estimated quantities of gas Transporter expects to flow under the

Applicable Rate Schedules during the same 12-month period commencing with the effective date of the RAM filing (“Current Rate Schedule Quantities”).

(b) Unrecovered Retainage Percentage Component. In each Annual and Periodic RAM Filing, Transporter shall calculate the Unrecovered Retainage Percentage by summing items (i) and (ii) and then subtracting the amount in (iii) from that sum and then dividing that result whether positive or negative by the amount in (iv) as described below:

(i) the actual company-use, lost, and unaccounted- for quantities for the Preceding Annual Period;

(ii) the total actual cost of electricity used for electric gas heaters at Transporter’s compressor stations during the Preceding Annual Period, and converting that figure to a Dekatherm equivalent by dividing that total cost by the first day of the month average Spot Market Price set forth in Section 1.40 of the General Terms and Conditions averaged over the Preceding Annual Period;

(iii) the actual quantities of gas retained by Transporter during that Preceding Annual Period; and

(iv) the Current Rate Schedule Quantities for the 12-month period commencing on the effective date of the RAM filing.

(c) In each Annual or Periodic RAM Filing, Transporter shall add (i) the Current Retainage Percentage established in that filing, as calculated in accordance with paragraph (a) above, and (ii) the Unrecovered Retainage Percentage established in the currently effective Annual RAM Filing (whether a positive figure reflecting an underrecovery or a negative figure reflecting an overrecovery), as calculated in accordance with paragraph (b) above. The resulting total Retainage Percentage shall be effective until the effective date of Transporter's next succeeding RAM filing.

32.5 Termination.

(a) If the provisions of this Section are terminated or otherwise rendered inapplicable (termination), Shippers under the Applicable Rate Schedules from the effective date of Transporter's most recent RAM filing through the date of termination (the Termination Period) shall remain liable for any Unrecovered Retainage Quantities. Transporter shall remain liable to such Shippers for any excess quantities retained.

(b) Any positive or negative balance in Transporter's Unrecovered Retainage Quantities account at the date of termination (i) shall be allocated to any successor services offered by Transporter, or (ii) if no successor services are offered by Transporter, shall be

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

33. 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 (General Terms and Conditions)</u>
0.3.3	3.10(b)
0.3.4	3.10(c)
0.3.5	3.10(d)
0.3.6	3.10(e)
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Standards for which Waiver or Extension of Time to Comply have been granted:

NAESB Standard

Waiver or Extension of Time

34. NEGOTIATED RATES.

34.1 Availability. Transporter and Shipper may mutually agree to a Negotiated Rate for service under any Rate Schedule. If Shipper has acquired its capacity as a temporary capacity release under Section 14 (Release and Assignment of Service Rights) of the General Terms and Conditions, the reservation charge that Shipper will pay shall be established pursuant to Section 14 of the General Terms and Conditions, provided that Transporter and Shipper may mutually agree to a negotiated commodity charge, surcharge, or retainage percentage rate component that is to be paid by such Shipper.

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

34.3 Limitations. This Section 34 does not authorize the negotiation of terms and conditions of service.

34.4 Allocations/Interruptions Based on Price. Under any circumstances where the allocation or interruption of capacity is determined by the rate being paid (including pursuant to Sections 7 (Capacity Allocation) and 16 (Interruptions of Service) of the General Terms and Conditions), Shippers paying more than the Recourse Rate will be considered to be paying the Recourse Rate.

34.5 Capacity Release. The maximum price cap for the release of capacity under a Negotiated Rate agreement shall be the Recourse Rate. Transporter and a Releasor under Section 14 (Release and Assignment of Service Rights) of the General Terms and Conditions may, in connection with their agreement to a Negotiated Rate, agree upon payment obligations and crediting mechanisms in the event of a capacity release that vary from or are in addition to those set forth in General Terms and Conditions Section 14.9.

34.6 Right of First Refusal. The right of first refusal provided with respect to certain Shipper's firm Service Agreements, as described in Section 4 (Availability of Capacity for Firm Services) of the General Terms and Conditions, shall not apply to firm service agreements with Negotiated Rates.

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

34.8 Rate Treatment. Transporter shall have the right to seek in future general rate proceedings discount-type adjustments in the design of its rates related to Negotiated Rate

agreements that were converted from pre-existing discount agreements to Negotiated Rate agreements, provided that the type of pre-existing service is not altered as a result of the conversion to a Negotiated Rate. In those situations, Transporter may seek a discount-type adjustment based upon the greater of: (a) the Negotiated Rate revenues received or (b) the discounted rate revenues which otherwise would have been received.

34.9 Negotiated Rate Surcharge and Retainage Components. If Transporter negotiates surcharge or retainage percentage rate components at lower than the maximum rate level for those components as part of a Negotiated Rate arrangement, it will assume any under-recovery of costs or retainage from negotiated shippers in order to ensure that its recourse Shippers are not better or worse off due to Negotiated Rate arrangements with individual Shippers. To accomplish this, Transporter will credit full recourse rate surcharge and retainage amounts to the appropriate surcharge and retainage accounts.

34.10 Relationship to Section 20 of the General Terms and Conditions. If Transporter negotiates specific surcharge components of its rates, rather than total rates, as part of a Negotiated Rate arrangement, the attribution policy in Section 20 of the General Terms and Conditions shall not apply.

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

34.12 Accounting Treatment. To ensure compliance with the foregoing Sections 34.8, 34.9, 34.10 and 34.11, and to ensure that recourse Shippers are not better or worse off due to Negotiated Rate arrangements, Transporter shall maintain and provide separately identified and totaled volume, billing determinant, rate or surcharge component, and revenue accounting information for its Negotiated Rate arrangements in any general or limited rate change filing that it makes. Transactions related to Negotiated Rate agreements that originated as a pre-existing discounted service and were subsequently converted will be recorded separately from those originating as Negotiated Rate agreements.

35. OFFSYSTEM CAPACITY

35.1 From time to time, Transporter may enter into transportation and/or storage agreements with upstream and downstream entities, including other interstate and intrastate pipelines and storage providers ("offsystem capacity"). When Transporter acquires such offsystem capacity, it may utilize the offsystem capacity for its operational needs or to provide service to Transporter's Shippers under its FERC Gas Tariff and subject to Third Party Charges as described below. For use of such offsystem capacity to provide service to Transporter's Shippers, the "shipper must have title" policy is waived. This Section 35 does not preclude Transporter from seeking case specific authorization for the utilization of offsystem capacity by Transporter for other purposes.

35.2 In the event that offsystem capacity used to render service to Transporter's Shippers is subject to renewal limitations, consistent with the offsystem capacity provider's tariff or operating statement or as provided by FERC Regulations, Transporter will indicate, in any posting of capacity available for service, any limitation to extension rights that will apply as a result of the limitation on the offsystem capacity. This provision does not impact any right of first refusal Shipper may have pursuant to this FERC Gas Tariff, except that extension of the affected Service Agreement is limited to the term of Transporter's contract or service agreement with the offsystem capacity provider.

35.3 In the event the offsystem capacity used to render service to Transporter's Shippers is interrupted by the offsystem capacity provider, Transporter's obligation to provide service utilizing that offsystem capacity will be suspended without liability of Transporter, until the offsystem capacity provider recommences service to Transporter.

35.4 Third Party Charges. Any Shipper that schedules service under Transporter's FERC Gas Tariff that requires Transporter to utilize offsystem capacity to render such service will, in addition to any applicable rates and charges assessed pursuant to this FERC Gas Tariff, be required to pay Transporter the rates and charges Transporter is obligated to pay such third party(s) for the offsystem capacity as set forth below ("Third Party Charges"). Such Third Party Charges, unless otherwise agreed, will be separately stated on the monthly invoice submitted to Shippers pursuant to Section 10 of these General Terms and Conditions. In addition, Transporter will post the applicable rates and charges and fuel retention rates for all offsystem locations on its EBB.

(a) Any Shipper that reserves primary firm capacity with Transporter that requires the Transporter to utilize the offsystem capacity, will pay the following Third Party Charges: reservation and commodity charges, applicable surcharges, fuel and power charges or retention including any lost and unaccounted for volumes, compression fees, balancing or storage fees, measurement fees, processing fees, and/or facility charges that are assessed by the third party. If offsystem capacity is utilized to serve multiple primary firm Shippers, any fees or charges not directly attributable to reservation and/or usage charges will be allocated pro rata among those primary firm Shippers based on the contract quantity of each Shipper. Shipper shall not be

required to pay for any penalties assessed to Transporter by the offsystem pipeline for activities that were beyond the control of the Shipper.

(b) Any Shipper that nominates service under Transporter's FERC Gas Tariff on a secondary basis, that requires Transporter to utilize available offsystem capacity, will pay the following Third Party Charges for all scheduled volumes: a daily reservation rate, calculated by converting the third party's reservation rate to a daily rate out to the fifth decimal place and then rounding up or down to the fourth decimal place, plus any other charges specifically incurred by Transporter related to the applicable offsystem capacity as a result of the Shipper's transportation on the offsystem capacity for that Day, including all commodity charges, surcharges, additional reservation charges (due for example because of a higher rate at non-primary points), out-of-zone charges, fuel and power charges or retention including any lost and unaccounted for volumes, and compression fees; provided however, Shipper shall not be required to pay for any penalties assessed to Transporter by the offsystem pipeline for activities that were beyond the control of the Shipper.

(c) Any Shipper that nominates service under Transporter's FERC Gas Tariff on an interruptible basis, that requires Transporter to utilize available offsystem capacity, will pay the following Third Party Charges for all scheduled volumes: all charges specifically incurred by Transporter related to the applicable offsystem capacity as a result of the Shipper's transportation on the offsystem capacity for that Day, including all commodity charges, surcharges, out-of-zone charges, fuel and power charges or retention including any lost and unaccounted for volumes, and compression fees; provided however, Shipper shall not be required to pay for any penalties assessed to Transporter by the offsystem pipeline for activities that were beyond the control of the Shipper.

(d) If Transporter holds more than one contract for the same offsystem capacity, Transporter will determine the applicable third party reservation and commodity rates to be billed for secondary or interruptible service by calculating a daily weighted average rate based on the monthly reservation and commodity rates paid and the contract/reservation quantities invoiced Transporter by the third party for the offsystem capacity divided by 30. This daily weighted average rate will then be multiplied by the secondary and/or interruptible transport quantity to determine the daily reservation and commodity charges.

35.5 If Transporter receives refunds or credits from a third-party for offsystem capacity which are directly related to Third-Party Charges, such refunds or credits would be flowed through to the appropriate Shipper(s) to the extent that the rate(s) paid by the Shipper(s) exceeds the net rate (after refund) Transporter has actually paid and Transporter has otherwise fully recovered its costs for such offsystem capacity.

35.6 For the purposes of capacity release, any offsystem capacity acquired by Transporter from a third-party will be treated under the terms and conditions of Transporter's tariff.

36. APPLICABLE LAWS, REGULATIONS AND WAIVERS

36.1 Duly Constituted Authorities, Laws, and Regulations. These General Terms and Conditions and the Rate Schedules and Service Agreements to which they apply are subject to all valid laws of the United States and of the State of New York provided, that in the event of any dispute arising from any Service Agreement, Section 5.6 of the General Terms and Conditions control, and the orders, rules and regulations of duly constituted authorities having jurisdiction. Service Agreements subject to the provisions of these General Terms and Conditions are voidable by Transporter, in whole or in part, in the event that the orders, rules, or regulations in effect on the date of execution of the Service Agreement are stayed, overturned, or revised in a way that is unsatisfactory to Transporter.

36.2 Suits and Proceedings. As to all matters within its actual or imputed control, Shipper represents and warrants that service under this FERC Gas Tariff and all arrangements incident thereto conform to applicable laws, orders, rules, regulations and tariffs. Shipper agrees to indemnify and hold Transporter harmless against any and all actions, suits or proceedings, concerning such service or arrangements, which are brought or instituted by any party or authority having jurisdiction, except that Shipper will not indemnify or hold Transporter harmless for Transporter's own negligence or willful misconduct.

36.3 Waiver of Default. Any waiver by Shipper or Transporter of any one or more defaults by the other in performance of the provisions of these General Terms and Conditions and the Rate Schedules and Agreements to which they apply should not be construed as a waiver of any future default or defaults, whether of a like or a different character.

37. LIABILITY OF PARTIES

Transporter and Shipper each assume full responsibility and liability for the maintenance and operation of its respective properties and indemnify and save harmless the other party from all liability and expense on account of any and all damage, claims or actions, including injury to and death of persons, arising from any act or accident in connection with the installation, presence, maintenance and operation of the property and equipment of the indemnifying party; provided however, that neither party agrees to indemnify the other party for the negligence of the other party, its agents, servants or employees.

38. REVISIONS

Transporter reserves the unilateral right from time to time to make any changes to, or to supersede, the rates, charges and any terms stated in any of Transporter's Rate Schedules and the applicability thereof, the General Terms and Conditions and any other provisions of this FERC Gas Tariff subject to the provisions of the Natural Gas Act and the Commission's regulations. Shipper reserves the right to protest any such changes.

39. MISCELLANEOUS PROVISIONS

39.1 Waiver of Default. No waiver by either party of any default by the other in the performance of any provisions of an executed Service Agreement will operate as a waiver of any continuing or future default, whether of a like or different character.

39.2 Assignability. A Service Agreement binds and inures to the benefit of the respective successors and assigns of the parties thereto, but no assignment releases either party from such party's obligations without the written consent of the other party, which consent may not be unreasonably withheld. Nothing contained in this Section may prevent either party from pledging, mortgaging or assigning its rights as security for its indebtedness and either party may assign to the pledges or mortgages (or to a trustee for the holder of such indebtedness) any money due or to become due under any Service Agreement.

39.3 Effect of Headings. The headings used in these General Terms and Conditions and in Service Agreements are for reference purposes only and should not be considered when construing the terms and provisions of any paragraph nor be deemed to qualify, modify or explain the effects of any such terms or provisions.

39.4 Non-Discrimination. Transporter will apply all of the terms and conditions contained in this FERC Gas Tariff in a uniform and not unduly discriminatory manner without regard to whether the Gas transported is sold by Transporter or any of Transporter's affiliates or any other seller of Gas.

40. REIMBURSEMENT OF SALES AND USE TAXES

Shipper must pay to Transporter any applicable energy, value added, sales or use tax, gross proceeds tax, or similar tax, and any penalty and interest imposed on the Shipper by the federal government, any state, or by any political subdivision of a state, which amount Transporter is obligated by law to collect and remit. If Shipper is exempt from the obligation to pay such taxes, Shipper must provide Transporter with documentation establishing that exemption. Otherwise, such amounts will be separately stated on Transporter's invoice and must be paid by Shipper.

41. OPERATIONAL TRANSACTIONS

41.1 Transporter may buy, sell or borrow or tender gas for return at a later date (an "Operational Transaction") to the extent necessary to:

- (i) maintain system pressure and line pack;
- (ii) manage system imbalances;
- (iii) perform other operational functions of Transporter in connection with transportation and other similar services; or
- (iv) otherwise protect the operational integrity of Transporter's system.

Any Operational Transaction will be made on an unbundled basis and the purchaser of gas sold or tendered by Transporter will be responsible for any transportation. Sales by Transporter will be made at Receipt Point(s), at Pooling Points established on Transporter's system, or at the points of interconnection with the upstream pipelines prior to receipt into Transporter's system. Other Operational Transactions will be made at locations where the gas may be most operationally needed from time to time. Operational Transactions will have a lower priority than firm service.

41.2 Transporter will post its offers to sell Operational Transaction quantities for bidding on its EBB in accordance with the applicable bidding provisions which will be posted at the time of the Operational Transaction sales offer. Transporter reserves its right, in its sole discretion,

- (i) to withdraw its postings;
- (ii) reject all bids due to operational changes; and
- (iii) reject any bids which do not meet or which contain modifications to the terms of the posting or which contain terms that are operationally unacceptable.

41.3 Transporter will file a report on or before March 1 of each year reflecting the Operational Transactions for the 12-month period ending the preceding December 31.

The report will indicate:

- (i) whether the Operational Transaction was a purchase, sale, borrow or tender;
- (ii) the source of the gas in the Operational Transaction;
- (iii) the date of the Operational Transaction; (for borrows and tenders, Transporter will include the beginning and termination dates of the transaction);
- (iv) volumes;
- (v) the Operational Transaction price, expressed as a rate per dekatherm;
- (vi) the costs and revenues from the Operational Transaction;
- (vii) the disposition of the associated costs and revenues, including their absorption by Transporter;
- (viii) an explanation of the purpose of any Operational Transaction; and

- (ix) whether Transporter exercised its rights under Sections 41.2(i) and (ii).

42. CROSS-REFERENCE FOR TARIFF-PERMITTED PROVISIONS IN SERVICE AGREEMENTS

See actual tariff section references for entire provision.

<u>Tariff Section</u>	<u>Provision</u>
Part V. Rate Schedules / Section 1.3 – FT-1 Part V. Rate Schedules / Section 2.3 – FT-2 Part V. Rate Schedules / Section 3.3 – BH-1 Part V. Rate Schedules / Section 4.3 – HT-1 Part V. Rate Schedules / Section 5.4 – IT Part V. Rate Schedules / Section 6.4 – PALS Part V. Rate Schedules / Section 8.3 - LFT Part V. Rate Schedules / Section 9.3 - LIT	Discount Policy
Part VI. GTC / Section 20.2	
Part V. Rate Schedules / Section 4.2 - HT-1	Takes in excess of MHDQ; Initiation of any change in service
Part V. Rate Schedules / Section 6.5(a)(vii) - PALS	Removal of parked quantities, Return of loaned quantities
Part VI. GTC / Section 3.9(c)	Value of credit assurances
Part VI. GTC / Section 4	Extension, right of first refusal and rollover rights
Part VI. GTC / Section 25.6	Odorization
Part VI. GTC / Section 26	Measurement Specifications
Part VI. GTC / Section 26.9	Payment to construct or install measuring equipment
Part VI. GTC / Section 26.10(b)	Reading, calibration, adjustment and change of charts
Part VI. GTC / Section 27.2(a), (b) and 27.3	Payment for cost of lateral line or other transmission facilities, annual facility charge, Exhibit concerning facilities

Part VI. GTC / Section 34

Negotiated Rates

Part VI. GTC / Section 35.2

Offsystem Pipeline Capacity

43. DISCRETIONARY WAIVER

43.1 Generally. Transporter may waive any of its rights under Shipper's Service Agreement and/or Transporter's Tariff or any obligations of Shipper arising from a specific default that has already occurred, or, on a case-by-case basis, in advance as to any specific, temporary operational problem. Transporter shall grant such waivers on a not unduly discriminatory basis.

43.2 Reservation of Rights. No waiver granted by Transporter of any one or more defaults by Shipper in the performance of any provision of the Service Agreement between Shipper and Transporter or Transporter's Tariff shall operate or be construed as a waiver of any future default or defaults, whether of a like or of a different character.