



**Transcontinental Gas Pipe Line Corporation**  
2800 Post Oak Boulevard (77056)  
P.O. Box 1396  
Houston, Texas 77251-1396  
713/215-3380

January 27, 2006

Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

Attention: Magalie R. Salas, Secretary

Re: Transcontinental Gas Pipe Line Corporation  
Cancellation of Rate Schedules FS, OFS, and IS  
Pursuant to 18 C.F.R. § 154.602  
Docket No. RP06-

Ladies and Gentlemen:

Pursuant to Section 4 of the Natural Gas Act ("NGA") and Part 154 of the Federal Energy Regulatory Commission's ("Commission") regulations thereunder, and for the reasons discussed herein, Transcontinental Gas Pipe Line Corporation ("Transco") hereby gives notice that Rate Schedules FS, OFS, and IS in Transco's FERC Gas Tariff, Third Revised Volume No. 1 ("Tariff") are to be cancelled effective March 1, 2006. The tariff sheets listed on Appendix A hereto are submitted herewith to remove Rate Schedules FS, OFS, and IS and the associated pro forma service agreements from the Tariff and to make conforming changes to other Tariff provisions.

**Statement of Nature, Reasons and Basis for Filing**

By order issued June 19, 1991 in Docket Nos. CP88-391, et al., the Commission approved a Stipulation and Agreement authorizing Transco to implement Rate Schedules FS (Firm Sales Service) and OFS (Optional Firm Service) for long-term sales service.<sup>1</sup> Transco no longer offers sales service under Rate Schedule FS in compliance with the terms of Article IV, paragraph 2 of the Stipulation and Agreement between Transco, et al., and the Division of Enforcement, Office of Market Oversight and Investigations,

<sup>1</sup> Transcontinental Gas Pipe Line Corp., 55 FERC ¶ 61,446, reh'g, 57 FERC ¶ 61,345 (1991). The certificates authorizing these sales services subsequently were incorporated into Transco's Part 284 Subpart J blanket sales certificate in Docket Nos. RS92-86-000, et al., Transcontinental Gas Pipe Line Corp., 63 FERC ¶ 61,194 at 62,530 (1993).

which was approved by the Commission on March 17, 2003.<sup>2</sup> On May 19, 2004, in Docket No. CP04-91, the Commission issued an order approving the abandonment, effective April 1, 2005, of long-term firm sales service provided under Transco's Rate Schedule FS to the City of Butler, Alabama,<sup>3</sup> the sole remaining customer under Rate Schedule FS. Further, Transco has not provided sales service under Rate Schedule OFS since April 1, 1994.<sup>4</sup>

In addition, by order issued March 24, 1989 in Docket Nos. CP89-759, *et al.*, the Commission issued a blanket certificate authorizing Transco to implement Rate Schedule IS (Interruptible Sales Service) for interruptible sales service.<sup>5</sup> Transco has not provided sales service under Rate Schedule IS since February 1, 1998.

Inasmuch as Transco no longer provides service under Rate Schedules FS, OFS, or IS, Transco is proposing in the instant filing to cancel Rate Schedules FS, OFS, and IS, and to make other conforming changes to its Tariff. As a result, any sales by Transco under its Part 284 Subpart J blanket sales certificate will be made pursuant to Transco's Rate Schedule NS (Negotiated Sales Service), which provides for the sale of gas on mutually agreeable terms and conditions.<sup>6</sup> Revision of the tariff sheets as proposed herein will assure that Transco's Tariff reflects the currently available sales service.

### **Proposed Effective Date**

The revised tariff sheets submitted herein (listed on Appendix A) are proposed to become effective on March 1, 2006. In the event the Commission elects to accept and suspend the revised tariff sheets, in accordance with Section 154.7(a)(9) of the Regulations, Transco moves to place such tariff sheets into effect at the end of the applicable suspension period.

### **Materials Submitted Herewith**

In accordance with, Section 154.7(a)(1) of the Regulations, the following material is submitted herewith:

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<sup>2</sup> Transcontinental Gas Pipe Line Corp., 102 FERC ¶ 61,302 (2003) (the "March 2003 Stipulation and Agreement").

<sup>3</sup> Transcontinental Gas Pipe Line Corp., 107 FERC ¶ 62,155 (2004).

<sup>4</sup> Sales service under Rate Schedule OFS is subject to pregranted abandonment. Transcontinental Gas Pipe Line Corp., 55 FERC ¶ 61,446 at 62,349 (1991).

<sup>5</sup> Transcontinental Gas Pipe Line Corp., 46 FERC ¶ 61,351 (1989). That blanket certificate was merged with Transco's Part 284 Subpart J blanket sales certificate as a result of the Commission's Order No. 636, FERC Statutes & Regulations, Regulations Preambles 1991-1996 ¶ 30,939 at 30,441 (1992).

<sup>6</sup> Rate Schedule NS was approved by the Commission in Docket No. RP94-75-000, Transcontinental Gas Pipe Line Corp., 65 FERC ¶ 61,435 (1993). Under the terms of Article IV, paragraph 2 of the March 2003 Stipulation and Agreement, Transco is permitted to execute sales agreements under Rate Schedule NS to sell gas that Transco is obligated to purchase under its remaining gas purchase contracts.

- (1) In accordance with Section 154.209 of the Regulations, a proposed form of notice for the instant filing suitable for publication in the Federal Register, and a diskette copy of such notice labeled NT012706.ASC;
- (2) The revised tariff sheets and the "redlined" version of the revised tariff sheets, in accordance with Section 154.201(a) of the Regulations;
- (3) As required by Section 154.4 of the Regulations, a diskette copy of the revised tariff sheets labeled TF012706.ASC; and
- (4) Appendix A, listing the tariff sheets submitted for filing herein.

**Posting and Certification of Service**

In accordance with the provisions of Section 154.2(d) of the Regulations, copies of this filing are available for public inspection, during regular business hours, in a convenient form and place at Transco's main office at 2800 Post Oak Boulevard in Houston, Texas. In addition, Transco is serving copies of the instant filing to its affected customers, interested State Commissions, and other interested parties.

Any communication regarding this filing should be sent to:

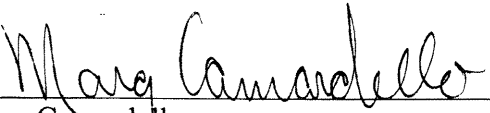
Scott Turkington  
Director, Rates and Regulatory  
Transcontinental Gas Pipe Line Corp.  
P.O. Box 1396  
Houston, Texas 77251  
Email: [scott.c.turkington@williams.com](mailto:scott.c.turkington@williams.com)

and copies should be mailed to:

David A. Glenn  
Senior Counsel  
Transcontinental Gas Pipe Line Corp.  
P.O. Box 1396  
Houston, Texas 77251  
Email: [david.a.glenn@williams.com](mailto:david.a.glenn@williams.com)

Marshia Younglund  
Manager, Regulatory Affairs  
The Williams Companies, Inc.  
1627 Eye Street, N.W., Suite 900  
Washington, D.C. 20006  
Email: [marshia.younglund@williams.com](mailto:marshia.younglund@williams.com)

Respectfully submitted,  
TRANSCONTINENTAL GAS PIPE LINE  
CORPORATION

By   
Marg Camardello  
Manager, Tariffs and Certificates  
(713) 215-3380  
Email: [marg.r.camardello@williams.com](mailto:marg.r.camardello@williams.com)

Filed: January 27, 2006

APPENDIX A

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Fourth Revised Sheet No. 23	First Revised Sheet No. 402
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UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Transcontinental Gas Pipe Line Corporation

Docket No. RP06-

Notice of Cancellation of Rate Schedule

( )

Notice is hereby given that effective March 1, 2006 Rate Schedules FS, OFS, and IS in the FERC Gas Tariff of Transcontinental Gas Pipe Line Corp. ("Transco") are to be cancelled.

On January 27, 2006, Transco tendered for filing as part of its FERC Gas Tariff, Third Revised Volume No. 1, the tariff sheets listed on Appendix A to its filing, to become effective March 1, 2006. The revised tariff sheets reflect the cancellation of Rate Schedules FS, OFS, and IS and make additional conforming changes.

Any person desiring to intervene or to protest this filing must file in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR 385.211 and 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a notice of intervention or motion to intervene, as appropriate. Such notices, motions, or protests must be filed in accordance with the provisions of Section 154.210 of the Commission's regulations (18 CFR 154.210). Anyone filing an intervention or protest must serve a copy of that document on the Applicant. Anyone filing an intervention or protest on or before the intervention or protest date need not serve motions to intervene or protests on persons other than the Applicant.

The Commission encourages electronic submission of protests and interventions in lieu of paper using the "eFiling" link at <http://www.ferc.gov>. Persons unable to file electronically should submit an original and 14 copies of the protest or intervention to the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426.

This filing is accessible on-line at <http://www.ferc.gov>, using the "eLibrary" link and is available for review in the Commission's Public Reference Room in Washington, D.C. There is an "eSubscription" link on the web site that enables subscribers to receive email notification when a document is added to a subscribed docket(s). For assistance with any FERC Online service, please email [FERCOnlineSupport@ferc.gov](mailto:FERCOnlineSupport@ferc.gov), or call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

Magalie R. Salas  
Secretary

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SHEET NO. 104 IS BEING RESERVED FOR FUTURE USE.

GENERAL TERMS AND CONDITIONS  
(Continued)

12. PRESSURES

Seller shall deliver natural gas to Buyer at Seller's line pressure at the point or points of delivery designated in the service agreement, but the maximum and minimum pressures may be as agreed upon by Buyer and Seller in the service agreement. The minimum pressure shall be not less than fifty (50) pounds per square inch gauge except as provided under the LG-S rate schedule.

13. SUPPLY CURTAILMENT

13.1 Pro Rata Curtailment

In the event Seller is unable to deliver the total quantity of gas that Buyer has scheduled under Rate Schedule NS (firm only) on any day due to any reason, then Seller, upon providing notice, shall order curtailment of Buyer. During such period of curtailment, Buyer shall be entitled to its ratable share of the flowing gas deliverability from supplies contracted to Seller (including any storage deliverability available to Seller) based on Buyer's Daily Sales Entitlement under Rate Schedule NS (firm only) as a percentage of Seller's total daily firm sales obligations under Rate Schedule NS (firm only). Any pro rata curtailment shall, however, be subject to the priorities set forth in Section 13.2 hereof regarding Sections 401 and 402 of the Natural Gas Policy Act of 1978 ("NGPA") and 18 C.F.R. Section 281.201, et seq., of the Commission's Regulations, as may be amended from time to time, and to the emergency relief provision set forth in Section 13.3 hereof.

13.2 Priority Use Curtailment

- (a) Any Buyer which requires other than pro rata curtailment under Section 13.1 for purposes of protection of priority use requirements shall file a request with Seller, with a copy to the Commission, requesting a determination that the service(s) for which it seeks protection qualifies under one of the following priority categories identified in Sections 401 and 402 of the NGPA. As a part of its request, Buyer shall certify to Seller by affidavit:
- (1) the existence and total peak day requirements of end users in each of the following priority categories: (i) residential uses, small commercial uses (less than 50 dt on a peak day) and natural gas use in any school, hospital or similar institution; (ii) essential agricultural uses; and (iii) large commercial requirements (50 dt or more on peak day) and firm industrial requirements for plant protection, process or feedstock use;
  - (2) Buyer's total peak day entitlements from all sources other than through Seller's facilities;
  - (3) the volumes from Buyer's Daily Sales Entitlement under Rate Schedule NS (firm only) required from Seller to meet each of the priorities listed in this section;
  - (4) as to any industrial requirements claimed, that use of an alternative fuel is not economically practicable or is not available; and
  - (5) that relief is necessary for Buyer to avert the curtailment of end-uses eligible for priority under this section. Relief from pro rata curtailment shall be available under this section to Buyers under Rate Schedule NS (firm only) to the extent such Buyer has demonstrated priority relief requirements under the foregoing certification process.
- (b) A Buyer's priority relief entitlements from Seller shall be the volume determined by multiplying such Buyer's requirements in each of the priorities in Section 13.2(a) by a fraction the numerator of which is the Buyer's Daily Sales Entitlement under Rate Schedule NS (firm only) and the denominator of which is the Buyer's total peak day entitlements under Rate Schedule NS (firm only) and from all sources other than through Seller's facilities. If the quantity of NS (firm only) gas available for any priority category is inadequate to meet the priority relief requirements of those Buyers entitled to relief in such priority category, then the quantity of NS (firm only) gas to be assigned to each Buyer in such category shall be its prorated share based on the ratio of the Buyer's priority relief requirements in that category to the total requirements of all Buyers in such category. In no event, however, shall the protection by the provisions hereof result in volumes delivered to Buyer in excess of its Daily Sales Entitlement.

GENERAL TERMS AND CONDITIONS  
(Continued)

13. SUPPLY CURTAILMENT (Continued)

13.5 Compensation (Continued)

(c) The amount of compensation owed by each Buyer that experienced lesser curtailment to each Excess Curtailed Buyer shall be determined as follows:

- (1) If an Excess Curtailed Buyer is unable to replace any or all of the Excess Curtailment Volume with volumes from other natural gas (excluding liquefied natural gas and synthetic natural gas) sources, then the Buyer that experienced lesser curtailment shall pay to the Excess Curtailed Buyer, as the Excess Curtailed Buyer's sole and exclusive remedy for the Excess Curtailment Volume not replaced, liquidated damages in an amount equal to one hundred fifty percent (150%) of the Unit Price for the applicable month (as defined in subparagraph (d) below) multiplied by the difference between (i) the Excess Curtailed Buyer's pro rata curtailment quantity determined under Section 13.1 above and (ii) the sum of the volumes delivered pursuant to this Section 13 and the Replacement Volumes, as defined below, if any, purchased by the Excess Curtailed Buyer.
  - (2) If an Excess Curtailed Buyer is able to replace any or all of the Excess Curtailment Volume with volumes from other natural gas (excluding liquefied natural gas and synthetic natural gas) sources ("Replacement Volumes"), then the Buyer that experienced lesser curtailment shall pay to the Excess Curtailment Buyer, as the Excess Curtailment Buyer's sole and exclusive remedy for the Excess Curtailment Volume, liquidated damages in an amount equal to (i) the difference between (a) the price per dekatherm that the Excess Curtailment Buyer would have paid if the gas had been delivered under such Excess Curtailment Buyer's Rate Schedule NS (firm only) Service Agreement with Seller and (b) the cost per dekatherm reasonably incurred by the Excess Curtailment Buyer for such Replacement Volumes, such cost to be adjusted if necessary for pricing point comparability, multiplied by (ii) the Replacement Volumes not to exceed one hundred percent (100%) of the difference between (a) the Excess Curtailed Buyer's pro rata curtailment quantity determined under Section 13.1 above and (b) the volume actually delivered pursuant to this Section 13.
- (d) The Unit Price of Gas to be used for purposes of subparagraph (c)(1) above shall be determined by computing the simple average of the four regional prices (rounded to the fourth decimal place) set forth in the table "Gas Price Report" (in \$/MMBtu) published in the first issue for such month of Natural Gas Week (or any succeeding publication of Oil Daily, Inc.) in the column labeled "This Week" for these regions: 1) Texas, Gulf Coast Offshore, Spot Delivered to Pipeline; 2) Texas, Gulf Coast Onshore, Spot Delivered to Pipeline; 3) Louisiana, Gulf Coast Offshore, Spot Delivered to Pipeline; 4) Louisiana, Gulf Coast Onshore, Spot Delivered to Pipeline.

14. DULY CONSTITUTED AUTHORITIES

The rate schedules of Seller, these General Terms and Conditions, and the respective obligations of the parties under the service agreement, are subject to valid laws, orders, rules and regulations of duly constituted authorities having jurisdiction.

GENERAL TERMS AND CONDITIONS  
(Continued)

23. RESTATEMENT OF QUANTITIES IN THERMAL UNITS

- (a) To the extent that any provision of any Rate Schedule or related Service Agreement references a rate or rates per Mcf, such provision shall be restated to reference a rate or rates per dt.
- (b) Except as provided under Seller's Rate Schedule FT-NT or as otherwise set forth in this Section 23, for all purposes under Seller's FERC Gas Tariff, including without limitation determining Seller's maximum daily delivery obligation under Seller's FT, FT-G, FTN, GSS, LG-A, WSS, ESS and SS-2 Rate Schedules, determining the dekatherm equivalents of quantities expressed in Mcf, and applying rates expressed in amounts per dt, any "Daily Sales Entitlement", "Transportation Contract Quantity", "TCQ", "Storage Demand", "Storage Demand Quantity", "Storage Injection Quantity", "Storage Capacity Quantity", "Temporary Storage Demand", "Temporary Storage Capacity Quantity", "Liquefaction Demand", or "Liquefaction Capacity Quantity" referenced or set forth in any Rate Schedule or Service Agreement that is expressed in Mcf shall be restated in dt by multiplying the quantity in Mcf set forth in such Rate Schedule or Service Agreement by a conversion factor of 1.035 dt per Mcf.
- (c) With regard to Seller's S-2 Rate Schedule, for purposes of determining Seller's maximum daily delivery obligation thereunder, determining the dekatherm equivalents of quantities expressed in Mcf, and applying rates expressed in amounts per dt, any "Contract Storage Demand" or "Storage Capacity Quantity" referenced or set forth in such Rate Schedule or related Service Agreement that is expressed in Mcf shall be restated in dt by multiplying the quantity in Mcf set forth in such Rate Schedule or Service Agreement by a conversion factor of 1.016 dt per Mcf.

24. GAS RESEARCH INSTITUTE VOLUNTARY CONTRIBUTIONS

Gas Research Institute (GRI), an Illinois not for profit corporation, has been organized for the purpose of sponsoring Research, Development and Demonstration (RD&D) programs in the field of natural and manufactured gas for the purpose of assisting all segments of the gas industry in providing adequate, reliable, safe, economic and environmentally acceptable gas service for the benefit of gas consumers and the general public. Pursuant to the GRI Settlement as approved by the Commission in Docket Nos. RP97-149, et al., Seller will provide a "check the box" option on invoices for Buyers to voluntarily contribute funds to GRI. Seller shall remit to GRI all monies received by virtue of the Voluntary Contribution Mechanism.

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~~RATES AND CHARGES APPLICABLE TO SALES RATE SCHEDULES~~

<del>Rate Schedule and Section</del>	<del>Charge</del>		
	<del>Zone 4</del>	<del>Zone 5</del>	<del>Zone 6</del>
<del>FS Firm Sales Service</del>			
<del>3 Gas Commodity Rate</del>	<del>See Section 3 of Rate Schedule FS and Exhibit A to Buyer's FS Service Agreement With Seller.</del>		
<del>3 Firm Service Fee</del>	<del>See Exhibit A, Section 3(d) to Buyer's FS Service Agreement With Seller.</del>		
<del>3 Non Gas Demand Fee</del>	<del>\$ 0.0000</del>	<del>\$ 0.0000</del>	<del>\$ 0.0000</del>
<del>OFS Optional Firm Sales Service</del>			
<del>3 Gas Commodity Rate</del>	<del>See Section 3 of Rate Schedule OFS and Exhibit A to Buyer's OFS Service Agreement With Seller.</del>		
<del>3 Firm Service Fee</del>	<del>See Section 3 of Rate Schedule OFS and Exhibit A to Buyer's OFS Service Agreement With Seller.</del>		
<del>3 Non Gas Demand Fee</del>	<del>\$ 0.0000</del>	<del>\$ 0.0000</del>	<del>\$ 0.0000</del>
<del>IS Interruptible Sales Service</del>			
<del>3.1 Commodity Rate</del>	<del>See Section 3 of Rate Schedule IS.</del>		

SHEET NO. 23 IS BEING RESERVED FOR FUTURE USE.

~~RATE SCHEDULE FS  
Firm Sales Service~~

~~1. AVAILABILITY~~

~~This Rate Schedule is available for the purchase from Transcontinental Gas Pipe Line Corporation (hereinafter referred to as Seller) of firm sales service by any utility or gas distribution agency (hereinafter referred to as Buyer) under the following conditions:~~

- ~~(a) Buyer's facilities for service connect with or can be made to connect with Seller's main transmission system in one of Seller's Rate Zones as defined in Section 21 of the General Terms and Conditions, and~~
- ~~(b) Buyer has executed a FS Service Agreement with Seller for service under this Rate Schedule.~~

~~2. APPLICABILITY AND CHARACTER OF SERVICE~~

~~2.1 This Rate Schedule shall apply to all deliveries hereunder.~~

~~2.2 Deliveries of natural gas under this Rate Schedule up to Buyer's Daily Sales Entitlement as set forth in Buyer's FS Service Agreement with Seller shall be on a firm basis and shall not be subject to curtailment or interruption except as provided in Articles V and VI of Buyer's FS Service Agreement. In the event of such curtailment or interruption Section 11 or 13 of the General Terms and Conditions shall apply.~~

~~3. RATES AND CHARGES~~

~~Buyer shall pay Seller each month as invoiced the sum of the charges set forth or referenced in Article III of Buyer's FS Service Agreement.~~

~~4. HEAT CONTENT~~

~~Refer to Section 3 of the General Terms and Conditions.~~

~~5. MEASUREMENT~~

~~Refer to Section 4 of the General Terms and Conditions.~~

~~6. ABANDONMENT~~

~~Service under this Rate Schedule is subject to the abandonment requirements of Section 7(b) of the Natural Gas Act.~~

~~7. GENERAL TERMS AND CONDITIONS~~

~~All of the General Terms and Conditions of Seller's FERC Gas Tariff which are not inconsistent with this Rate Schedule and/or Buyer's FS Service Agreement are hereby made a part hereof.~~

~~RATE SCHEDULE OFS~~

~~Optional Firm Service~~

~~1. AVAILABILITY~~

~~This Rate Schedule is available for the purchase from Transcontinental Gas Pipe Line Corporation (hereinafter referred to as Seller) of firm sales service by any utility or gas distribution agency (hereinafter referred to as Buyer) under the following conditions:~~

- ~~(a) Buyer's facilities for service connect with or can be made to connect with Seller's main transmission system in one of Seller's Rate Zones as defined in Section 21 of the General Terms and Conditions, and~~
- ~~(b) Buyer has executed an OFS Service Agreement with Seller for service under this Rate Schedule.~~

~~2. APPLICABILITY AND CHARACTER OF SERVICE~~

~~2.1 This Rate Schedule shall apply to all deliveries hereunder.~~

~~2.2 Deliveries of natural gas under this Rate Schedule up to Buyer's Daily Sales Entitlement as set forth in Buyer's OFS Service Agreement with Seller shall be on a firm basis and shall not be subject to curtailment or interruption except as provided in Articles V and VI of Buyer's OFS Service Agreement. In the event of such curtailment or interruption Section 11 or 13 of the General Terms and Conditions shall apply.~~

~~3. RATES AND CHARGES~~

~~Buyer shall pay Seller each month as invoiced the sum of the charges set forth or referenced in Article III of Buyer's OFS Service Agreement.~~

~~4. HEAT CONTENT~~

~~Refer to Section 3 of the General Terms and Conditions.~~

~~5. MEASUREMENT~~

~~Refer to Section 4 of the General Terms and Conditions.~~

~~6. GENERAL TERMS AND CONDITIONS~~

~~All of the General Terms and Conditions of Seller's FERC Gas Tariff which are not inconsistent with this Rate Schedule and/or Buyer's OFS Service Agreement are hereby made a part hereof.~~

~~RATE SCHEDULE IS~~  
~~Interruptible Sales Service~~

~~1. AVAILABILITY~~

~~1.1 This Rate Schedule IS is available, subject to the limitations of Subsection 2.2, to any purchaser (herein referred to as "Buyer") of gas if Buyer executes an IS Service Agreement with Transcontinental Gas Pipe Line Corporation (herein referred to as "Seller") wherein Buyer agrees to purchase and Seller agrees to supply natural gas under the provisions of this Rate Schedule IS.~~

~~2. APPLICABILITY AND CHARACTER OF SERVICE~~

~~2.1 This Rate Schedule shall apply to all gas delivered hereunder.~~

~~2.2 No gas shall be sold pursuant to this Rate Schedule IS during any period in which volumes of gas delivered to Customers who purchase gas under Seller's Rate Schedule FS or OFS are being curtailed or interrupted pursuant to Section 13 of the General Terms and Conditions or other pertinent provisions of Seller's Volume No. 1 FERC Gas Tariff.~~

~~2.3 Gas sold hereunder to each Buyer, up to the quantity specified in the Service Agreement between Seller and Buyer, shall be natural gas that is not required by Seller to meet its other delivery obligations and company requirements. Deliveries shall be subject to curtailment or interruption at any time when such gas is not available for delivery to Buyer hereunder and/or if Buyer is in arrears in payments owed to Seller pursuant to this Rate Schedule IS or any other agreement with Seller. Seller shall not be obligated to provide service under this Rate Schedule IS if additional facilities are required in order to effectuate such service.~~

~~2.4 Any transportation on Seller's pipeline system of gas purchased hereunder shall be arranged by Buyer under Seller's Rate Schedule IT, FT, FT C or FTN.~~

~~3. RATES AND CHARGES~~

~~3.1 Sales made under this Rate Schedule IS will be at rates mutually negotiated between Seller and Buyer.~~

~~3.2 Buyer shall reimburse Seller for the cost of any facilities which Seller acquires or constructs to provide service under this Rate Schedule IS. Buyer shall also reimburse Seller for all applicable federal, state and local taxes (including income taxes) on such reimbursement. In addition, Buyer shall reimburse Seller for all fees incurred that are required by the FERC or any other regulatory body which regulates the service provided under this Rate Schedule IS. Such fees shall include, but are not limited to, filing, reporting, and application fees as contained in the individual Sales Agreements.~~

~~4. MINIMUM BILL~~

~~None.~~

~~RATE SCHEDULE IS~~  
~~Interruptible Sales Service~~  
~~(Continued)~~

~~5. SALES TO AFFILIATES~~

~~5.1 Before any sale by Seller to an affiliate or sale that involves an affiliate occurs, Seller must file the following information:~~

- ~~(i) the name of the Buyer;~~
- ~~(ii) the Buyer's location (city and state);~~
- ~~(iii) Seller's affiliation with the Buyer of the gas and the identity, title, mailing address, and phone number of the person(s) to contact concerning the sale and/or transportation arrangement or the involvement of the Seller affiliate including a brokerage, transportation, or any other service;~~
- ~~(iv) the nature of the involvement of the affiliate in the transactions e.g., brokerage, transportation, and/or purchase for consumption;~~
- ~~(v) the term of the sale;~~
- ~~(vi) the estimated total and maximum daily quantities of natural gas to be sold by Seller; and~~
- ~~(vii) the maximum sales rate and the rate to be charged during the billing period.~~

~~5.2 Commission Staff will have thirty (30) days to review the filing for compliance with the terms of the authorization before issuance of public notice. Upon issuance of the notice, Seller may commence the proposed service. Interested parties will have thirty (30) days from issuance of the notice to protest the service. If a protest is filed, Seller may render the service for one hundred twenty (120) days from the date of commencement or until a termination order is issued, whichever is earlier. However, if no protest is filed or if the Commission denies a filed protest, the service should continue until the underlying service agreement expires.~~

~~6. REPORTS~~

~~6.1 Seller shall make the following reports:~~

- ~~(i) Within thirty (30) days after commencing each sale under this Rate Schedule or any material change in a sales agreement, Seller will report, under oath, the following:~~
  - ~~(1) the name of the Buyer;~~
  - ~~(2) dates of commencement and termination of the service;~~
  - ~~(3) the estimated total and maximum daily quantities of natural gas to be sold or transported incident to a direct sale for each twelve (12) month period commencing on the date of actual delivery;~~
  - ~~(4) the ultimate delivery point; and~~
  - ~~(5) the rate.~~

~~RATE SCHEDULE IS~~  
~~Interruptible Sales Service~~  
~~(Continued)~~

~~6. REPORTS (Continued)~~

~~6.1 (ii) Within thirty (30) days after the termination of each sale under this Rate Schedule, Seller will report the following:~~

~~(1) the total volumes sold or transported incident to direct sales;~~

~~(2) the total revenues received;~~

~~(3) the total rate charged; and~~

~~(4) a statement certifying that the service was provided under the terms and conditions previously reported.~~

~~(iii) By May 1 of each year subsequent to any year in which sales are made under this Rate Schedule, Seller will report for each sales and transportation service provided during the preceding calendar year, the following information:~~

~~(1) the total volumes sold or transported;~~

~~(2) the total revenues received; and~~

~~(3) the total rate charged.~~

~~7. GENERAL TERMS AND CONDITIONS~~

~~The General Terms and Conditions of Seller's Volume No. 1 Tariff are applicable to this Rate Schedule IS and are hereby made a part hereof.~~

SHEET NO. 104 IS BEING RESERVED FOR FUTURE USE.

GENERAL TERMS AND CONDITIONS  
(Continued)

12. PRESSURES

Seller shall deliver natural gas to Buyer at Seller's line pressure at the point or points of delivery designated in the service agreement, but the maximum and minimum pressures may be as agreed upon by Buyer and Seller in the service agreement. The minimum pressure shall be not less than fifty (50) pounds per square inch gauge except as provided under the LG-S rate schedule.

13. SUPPLY CURTAILMENT

13.1 Pro Rata Curtailment

In the event Seller is unable to deliver the total quantity of gas that Buyer has scheduled under ~~the FS, Rate Schedule~~ NS (firm only) ~~or OFS Rate Schedules~~ on any day due to any reason, then Seller, upon providing notice, shall order curtailment of Buyer. During such period of curtailment, Buyer shall be entitled to its ratable share of the flowing gas deliverability from supplies contracted to Seller (including any storage deliverability available to Seller) based on Buyer's Daily Sales Entitlement under ~~the FS, Rate Schedule~~ NS (firm only) ~~and OFS Rate Schedules~~ as a percentage of Seller's total daily firm sales obligations under ~~the FS, Rate Schedule~~ NS (firm only) ~~and OFS Rate Schedules~~. Any pro rata curtailment shall, however, be subject to the priorities set forth in Section 13.2 hereof regarding Sections 401 and 402 of the Natural Gas Policy Act of 1978 ("NGPA") and 18 C.F.R. Section 281.201, et seq., of the Commission's Regulations, as may be amended from time to time, and to the emergency relief provision set forth in Section 13.3 hereof.

13.2 Priority Use Curtailment

- (a) Any Buyer which requires other than pro rata curtailment under Section 13.1 for purposes of protection of priority use requirements shall file a request with Seller, with a copy to the Commission, requesting a determination that the service(s) for which it seeks protection qualifies under one of the following priority categories identified in Sections 401 and 402 of the NGPA. As a part of its request, Buyer shall certify to Seller by affidavit:
- (1) the existence and total peak day requirements of end users in each of the following priority categories: (i) residential uses, small commercial uses (less than 50 dt on a peak day) and natural gas use in any school, hospital or similar institution; (ii) essential agricultural uses; and (iii) large commercial requirements (50 dt or more on peak day) and firm industrial requirements for plant protection, process or feedstock use;
  - (2) Buyer's total peak day entitlements from all sources other than through Seller's facilities;
  - (3) the volumes from Buyer's Daily Sales Entitlement under ~~the FS, Rate Schedule~~ NS (firm only) ~~and OFS Rate Schedules~~ required from Seller to meet each of the priorities listed in this section;
  - (4) as to any industrial requirements claimed, that use of an alternative fuel is not economically practicable or is not available; and
  - (5) that relief is necessary for Buyer to avert the curtailment of end-uses eligible for priority under this section. Relief from pro rata curtailment shall be available under this section to Buyers under ~~the FS, NS (firm only) and OFS Rate Schedules~~ Schedule NS (firm only) to the extent such Buyer has demonstrated priority relief requirements under the foregoing certification process.
- (b) A Buyer's priority relief entitlements from Seller shall be the volume determined by multiplying such Buyer's requirements in each of the priorities in Section 13.2(a) by a fraction the numerator of which is the Buyer's Daily Sales Entitlement under Rate Schedules ~~FS, NS (firm only) and OFS~~ and the denominator of which is the Buyer's total peak day entitlements under Rate Schedules ~~FS, NS (firm only) and OFS~~ and from all sources other than through Seller's facilities. If the quantity of ~~FS, NS (firm only) and OFS~~ gas available for any priority category is inadequate to meet the priority relief requirements of those Buyers entitled to relief in such priority category, then the quantity of ~~FS, NS (firm only) and OFS~~ gas to be assigned to each Buyer in such category shall be its prorated share based on the ratio of the Buyer's priority relief requirements in that category to the total requirements of all Buyers in such category. In no event, however, shall the protection by the provisions hereof result in volumes delivered to Buyer in excess of its Daily Sales Entitlement.

GENERAL TERMS AND CONDITIONS  
(Continued)

13. SUPPLY CURTAILMENT (Continued)

13.5 Compensation (Continued)

- (c) The amount of compensation owed by each Buyer that experienced lesser curtailment to each Excess Curtailed Buyer shall be determined as follows:
- (1) If an Excess Curtailed Buyer is unable to replace any or all of the Excess Curtailment Volume with volumes from other natural gas (excluding liquefied natural gas and synthetic natural gas) sources, then the Buyer that experienced lesser curtailment shall pay to the Excess Curtailed Buyer, as the Excess Curtailed Buyer's sole and exclusive remedy for the Excess Curtailment Volume not replaced, liquidated damages in an amount equal to one hundred fifty percent (150%) of the Unit Price for the applicable month (as defined in subparagraph (d) below) multiplied by the difference between (i) the Excess Curtailed Buyer's pro rata curtailment quantity determined under Section 13.1 above and (ii) the sum of the volumes delivered pursuant to this Section 13 and the Replacement Volumes, as defined below, if any, purchased by the Excess Curtailed Buyer.
  - (2) If an Excess Curtailed Buyer is able to replace any or all of the Excess Curtailment Volume with volumes from other natural gas (excluding liquefied natural gas and synthetic natural gas) sources ("Replacement Volumes"), then the Buyer that experienced lesser curtailment shall pay to the Excess Curtailment Buyer, as the Excess Curtailment Buyer's sole and exclusive remedy for the Excess Curtailment Volume, liquidated damages in an amount equal to (i) the difference between (a) the price per dekatherm ~~(including any Firm Service Fee)~~ that the Excess Curtailment Buyer would have paid if the gas had been delivered under such Excess Curtailment Buyer's Rate Schedule ~~FS, NS (firm only), OFS and~~ Service Agreement with Seller and (b) the cost per dekatherm reasonably incurred by the Excess Curtailment Buyer for such Replacement Volumes, such cost to be adjusted if necessary for pricing point comparability, multiplied by (ii) the Replacement Volumes not to exceed one hundred percent (100%) of the difference between (a) the Excess Curtailed Buyer's pro rata curtailment quantity determined under Section 13.1 above and (b) the volume actually delivered pursuant to this Section 13.
- (d) The Unit Price of Gas to be used for purposes of subparagraph (c)(1) above shall be determined by computing the simple average of the four regional prices (rounded to the fourth decimal place) set forth in the table "Gas Price Report" (in \$/MMBtu) published in the first issue for such month of Natural Gas Week (or any succeeding publication of Oil Daily, Inc.) in the column labeled "This Week" for these regions: 1) Texas, Gulf Coast Offshore, Spot Delivered to Pipeline; 2) Texas, Gulf Coast Onshore, Spot Delivered to Pipeline; 3) Louisiana, Gulf Coast Offshore, Spot Delivered to Pipeline; 4) Louisiana, Gulf Coast Onshore, Spot Delivered to Pipeline.

14. DULY CONSTITUTED AUTHORITIES

The rate schedules of Seller, these General Terms and Conditions, and the respective obligations of the parties under the service agreement, are subject to valid laws, orders, rules and regulations of duly constituted authorities having jurisdiction.

GENERAL TERMS AND CONDITIONS  
(Continued)

23. RESTATEMENT OF QUANTITIES IN THERMAL UNITS

- (a) To the extent that any provision of any Rate Schedule or related Service Agreement references a rate or rates per Mcf, such provision shall be restated to reference a rate or rates per dt.
- (b) Except as provided under Seller's Rate Schedule FT-NT or as otherwise set forth in this Section 23, for all purposes under Seller's FERC Gas Tariff, including without limitation determining Seller's maximum daily delivery obligation under Seller's ~~FS, OFS, FT, FT-G, FTN, GSS, LG-A, WSS, ESS and SS-2~~ Rate Schedules, determining the dekatherm equivalents of quantities expressed in Mcf, and applying rates expressed in amounts per dt, any "Daily Sales Entitlement", "Transportation Contract Quantity", "TCQ", "Storage Demand", "Storage Demand Quantity", "Storage Injection Quantity", "Storage Capacity Quantity", "Temporary Storage Demand", "Temporary Storage Capacity Quantity", "Liquefaction Demand", or "Liquefaction Capacity Quantity" referenced or set forth in any Rate Schedule or Service Agreement that is expressed in Mcf shall be restated in dt by multiplying the quantity in Mcf set forth in such Rate Schedule or Service Agreement by a conversion factor of 1.035 dt per Mcf.
- (c) With regard to Seller's S-2 Rate Schedule, for purposes of determining Seller's maximum daily delivery obligation thereunder, determining the dekatherm equivalents of quantities expressed in Mcf, and applying rates expressed in amounts per dt, any "Contract Storage Demand" or "Storage Capacity Quantity" referenced or set forth in such Rate Schedule or related Service Agreement that is expressed in Mcf shall be restated in dt by multiplying the quantity in Mcf set forth in such Rate Schedule or Service Agreement by a conversion factor of 1.016 dt per Mcf.

24. GAS RESEARCH INSTITUTE VOLUNTARY CONTRIBUTIONS

Gas Research Institute (GRI), an Illinois not for profit corporation, has been organized for the purpose of sponsoring Research, Development and Demonstration (RD&D) programs in the field of natural and manufactured gas for the purpose of assisting all segments of the gas industry in providing adequate, reliable, safe, economic and environmentally acceptable gas service for the benefit of gas consumers and the general public. Pursuant to the GRI Settlement as approved by the Commission in Docket Nos. RP97-149, et al., Seller will provide a "check the box" option on invoices for Buyers to voluntarily contribute funds to GRI. Seller shall remit to GRI all monies received by virtue of the Voluntary Contribution Mechanism.

~~FORM OF SERVICE AGREEMENT~~

~~(For Use Under Seller's FS Rate Schedule)~~

~~THIS AGREEMENT entered into this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ (year), by and between TRANSCONTINENTAL GAS PIPE LINE CORPORATION, a Delaware corporation, hereinafter referred to as "Seller," first party, and \_\_\_\_\_, hereinafter referred to as "Buyer," second party,~~

~~W I T N E S S E T H~~

~~WHEREAS,~~

~~NOW, THEREFORE, Seller and Buyer agree as follows:~~

~~ARTICLE I  
GAS SERVICE~~

~~1. Subject to the terms and conditions of Seller's Rate Schedule FS and this Service Agreement, Seller agrees to make available on a firm basis each day for purchase by Buyer such quantities of gas as Buyer may request from time to time not to exceed Buyer's Daily Sales Entitlement as set forth on Exhibit "A" attached hereto. Such service shall not be subject to curtailment or interruption except as provided in Articles V and VI of this Service Agreement. In the event of such curtailment or interruption Section 11 or 13 of the General Terms and Conditions shall apply.~~

~~ARTICLE II  
TERM OF AGREEMENT~~

~~1. This Agreement shall be effective as of the later of November 1, 1990 or the date on which all necessary Commission authorizations are received and shall remain in force and effect until \_\_\_\_\_, \_\_\_\_\_ (year) ("Primary Term"). For purposes of this Service Agreement, the term "Contract Year" shall mean the period from the effective date through March 31, 1991 and each twelve month period thereafter through the term of this Service Agreement.~~

~~2. Commencing at the end of the Primary Term, and on each anniversary date thereafter, the term of this Service Agreement shall be extended by successive one Contract Year periods unless either Buyer or Seller notifies the other in writing not less than two Contract Years prior to the end of the Primary Term or two Contract Years prior to any anniversary date thereafter, as the case may be, of its election not to extend the term of this Service Agreement.~~

~~3. In the event Seller has elected, pursuant to Section 2 above, to terminate this Service Agreement, but Seller has not received abandonment authorization under Section 7(b) of the Natural Gas Act on or before one hundred eighty (180) days prior to the effective date of such termination, then Buyer and Seller shall negotiate new terms and conditions pursuant to the procedure set forth in Section 1 of Article VII of this Service Agreement.~~

~~It is the intent of the parties that such renegotiated terms and provisions will provide for a firm sales service under which Buyer would be entitled to its ratable share, based on Buyer's Daily Sales Entitlement, of the gas supplies. Such renegotiated terms and conditions shall govern FS Service during any period after termination of this Service Agreement but prior to receipt of any necessary abandonment authorization; provided, however, such renegotiated terms and provisions shall in no way extend the contractual obligations of the parties under this Service Agreement (i.e. such renegotiated terms and conditions are only intended to determine the manner in which service will be performed under Transco's NGA Section 7(c) Certificate prior to receipt of abandonment authorization.)~~

FORM OF SERVICE AGREEMENT  
(For Use Under Seller's FS Rate Schedule)  
(Continued)

ARTICLE III  
RATES AND CHARGES

1. Buyer shall pay Seller each month as invoiced the sum of the following charges:
  - ~~(a) Firm Service Charge: the product of (i) Buyer's Daily Sales Entitlement and (ii) the applicable Firm Service Fee per dt determined pursuant to the procedures set forth on Exhibit "A" attached to this Service Agreement;~~
  - ~~(b) Non Gas Demand Charge: the product of (i) Buyer's Daily Sales Entitlement and (ii) the applicable FS Non Gas Cost Service Fee as set forth on Sheet No. 23 of Seller's FERC Gas Tariff; and~~
  - ~~(c) Gas Commodity Charge: the product of (i) the Gas Commodity Rate which is comprised of the Delivered Gas Price per dt less the actual Transportation Charge per dt and (ii) the total volumes of gas (in dts) purchased hereunder at the Redelivery Point(s) by Buyer. The Delivered Gas Price per dt shall be determined each month in accordance with the provisions of Exhibit A attached to this Service Agreement. The actual Transportation Charge shall equal the commodity portion of all transportation charges by Seller under Seller's Rate Schedules FT and/or IT (at the maximum applicable non-discounted rates), including the imputed unit cost of fuel retained, the ACA Charge and any other FERC-approved charge by Seller, if applicable, to transport gas sold and purchased under Seller's FS Rate Schedule from the Delivery Point(s) to the Redelivery Point(s) set forth in Exhibit "B" to this Service Agreement;~~
2.
  - ~~(a) In the event that Seller is unable on any day to deliver the quantities of gas requested by Buyer pursuant to the terms of this Service Agreement up to Buyer's Daily Sales Entitlement, the provisions set forth in Section 3 of this Article III and Exhibit "C" attached to this Service Agreement shall apply. In the event Seller is unable to effect redelivery at the Redelivery Point(s) of gas which Buyer has directed Seller to redeliver using IT Agreements pursuant to paragraph 2 of Article IV of this Agreement, Buyer shall not be in breach of any of its obligations under this Agreement, nor shall Seller be deemed to have failed to deliver the quantities requested by Buyer which Seller is unable to redeliver because of insufficient IT capacity.~~
  - ~~(b) Except as set forth in Section 3 of this Article III, Article VII, Section 3(d)(ii) of Exhibit "A" and Exhibit "C" attached hereto, Buyer and Seller agree that the price at which gas is purchased and sold hereunder, including the Firm Service Charge, is final, and that neither party will contest in any proceeding the appropriateness of such price or of the pricing mechanism set forth herein, and that neither party will seek or be entitled to any refunds or adjustment in price as a result of any such proceedings.~~
3. ~~In the event that Seller is unable on any day to deliver at the delivery point(s) quantities of gas requested by Buyer up to Buyer's Daily Sales Entitlement, the Firm Service Charge set forth in Section 1(a) of this Article III shall be reduced for such month by an amount equal to the product of (a) the difference between Buyer's Nominated Purchase Quantity (dts) and the volumes actually delivered (dt) by Seller on the day the underdelivery occurred and (b) the Firm Service Fee per dt divided by the number of days in such month. In the event Seller is unable to effect redelivery at the Redelivery Point(s) of gas which Buyer has directed Seller to redeliver using IT Agreements pursuant to paragraph 2 of Article IV of this Agreement, Buyer shall not be in breach of any of its obligations under this Agreement, nor shall Seller be deemed to have failed to deliver the quantities requested by Buyer which Seller is unable to redeliver because of insufficient IT capacity.~~
4. ~~Buyer agrees that Seller shall have the unilateral right to file with the appropriate regulatory authority and make changes effective in a) Seller's Rate Schedule FS pursuant to which service hereunder is rendered, b) any provisions of the General Terms and Conditions of Seller's FERC Gas Tariff that are applicable to Rate Schedule FS or c) this Service Agreement; provided, however, Seller shall not have the right, without the consent of Buyer, unless required to do so pursuant to applicable laws or regulations, to make any filings pursuant to Section 4 of the Natural Gas Act to change any of the material terms and/or provisions of this Service Agreement, including adding any~~

FORM OF SERVICE AGREEMENT  
(For Use Under Seller's FS Rate Schedule)  
(Continued)

~~new provisions to this Service Agreement, the Rate Schedule FS or the General Terms and Conditions of Seller's Tariff that would modify the material terms and/or provisions of this Service Agreement. The parties agree for purposes of this section that only Article I, Article II, Article III, Article IV, Article V, Article VI, Article VII and the provisions of Exhibits "A" "B" and "C" hereto shall be considered material. Seller agrees that nothing herein is intended to limit Buyer's right to protest or contest the aforementioned filings.~~

ARTICLE IV  
POINT(S) OF DELIVERY AND AGENCY AUTHORITY

~~1. Gas purchased and sold hereunder will be delivered by Seller for Buyer's account at (a) the point(s) on Seller's pipeline system at which Seller acquires title from third party seller(s) from whom Seller purchases its gas supply and/or (b) the interconnection(s) of Seller's pipeline facilities with the facilities of third party transporter(s) with whom Seller has contracted for the transportation of gas supplies to its system ("Delivery Point(s)).~~

~~2. Buyer hereby appoints Seller as its agent for the purpose of arranging for the transportation of gas (a) purchased and sold hereunder from the Delivery Point(s) to the ultimate point(s) of delivery ("Redelivery Points") to Buyer listed on Exhibit "B" attached hereto and/or (b) pursuant to the agency authority granted in the immediately following paragraph of this Section 2 relating to Buyer's Eminence storage service. In consideration of Buyer's obligation under this Service Agreement, including the payment of certain fees pursuant to Article III hereof, Seller agrees to accept such agency appointment. Pursuant to this agency authority Seller may nominate and schedule transportation service under Buyer's IT and FT Agreements as an agent for Buyer. Seller shall be responsible for all imbalance penalties incurred in connection with such transportation under this Service Agreement.~~

~~In addition, Buyer hereby appoints Seller as its exclusive agent for the purpose of managing storage services received by Buyer under the terms of Seller's Rate Schedule ESS. In consideration of Buyer's obligation under this Service Agreement, including the payment of certain fees pursuant to Article III hereof, Seller agrees to accept such agency appointment. Pursuant to this agency authority, Seller shall perform all functions necessary to manage Buyer's Eminence storage service, including but not limited to submitting nominations, scheduling storage injections and withdrawals and receipt and payment of injection and withdrawal charges for such service. Buyer understands and acknowledges that Seller will perform such agency functions on an aggregated basis for all Buyers under Seller's Rate Schedule FS.~~

~~Buyer agrees not to exercise any rights it has under the FT Agreement or otherwise which would interfere in any way with Seller's ability to utilize a pro rata share of capacity entitlements under the FT Agreement(s), as set forth in Transeo's FT Rate Schedule, ("Telescoped Rights") (including any associated upstream Rate Schedule IT or third party pipeline capacity entitlements) to arrange for the transportation of gas purchased and sold to Buyer hereunder. For purposes of the preceding sentence, Seller's pro rata share at Station 65 shall be equal to the product of (i) a percentage calculated by dividing Buyer's Daily Sales Entitlement by Buyer's Total Daily Transportation Contract Quantity under the FT Agreement(s) and (ii) a percentage calculated by dividing the quantity of gas requested hereunder from Seller on such day by Buyer's total daily sales entitlement under the FS Agreement. For purposes of determining Seller's pro rata share of capacity at any point on Seller's system the product of (i) and (ii) above shall be multiplied by Buyer's Transportation Contract Quantity under the FT Agreement at the applicable point.~~

~~Buyer hereby appoints Seller as its agent under Buyer's FT or IT arrangements with Seller for the purpose of accomplishing the transportation of gas to the Eminence storage field. In furtherance of that purpose, Buyer shall notify Seller at or before 3 p.m. each day of any FT capacity upstream of the Eminence storage field which will be unscheduled under Buyer's FT Agreement with Seller for the second day following. Seller shall use such information to schedule, as agent, firm injections into the Eminence storage field. These firm injections into the Eminence storage field are subject to being preempted by Buyer's actual use of its FT entitlements on any given day.~~

Transcontinental Gas Pipe Line Corporation  
Third Revised Volume No. 1

Second Revised Sheet No. 377  
Sub First Revised Original Sheet No. 377

Effective: November 1, 1993

Issued: October 18, 1993

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SHEET NO. 377 IS BEING RESERVED FOR FUTURE USE.

~~FORM OF SERVICE AGREEMENT~~

~~(For Use Under Seller's FS Rate Schedule)  
(Continued)~~

~~\_\_\_\_\_ If Seller is unable to accomplish all the injections into the Eminence storage field through use of all Buyers' FT capacity, the remaining injections (IT Quantity) shall be accomplished by Seller, as agent, under IT arrangements. In such event, Seller as agent shall be reimbursed by Buyer for IT charges incurred on Buyer's behalf pursuant to the following formula: Buyer shall reimburse Seller an amount equal to the product of (i) a percentage, computed by dividing Buyer's then current Daily FS and OFS Sales Entitlements (limited to FS and OFS sales agreements in existence on August 1, 1993) by the sum of all of Seller's then current FS and OFS sales obligations (limited to FS and OFS sales agreements in existence on August 1, 1993), times Seller's IT quantity not to exceed 51,750 dt/day, as same may change from time to time, multiplied by (ii) any IT charges in excess of the FT rate level incurred by Seller for such injections.~~

~~\_\_\_\_\_ Buyer may direct Seller to nominate and schedule at the Delivery Point(s) gas purchased under this Agreement utilizing Buyer's long haul IT agreements with Seller (IT Agreements). If Buyer's IT capacity is not sufficient for Seller to effect the delivery of any or a portion of such gas at the Redelivery Point(s), Buyer shall advise Seller what portion, if any, of its FS purchases to deliver utilizing (a) Buyer's IT Agreements, not to exceed the extent of IT capacity available to Buyer, and (b) Buyer's long haul FT agreements with Seller (FT Agreements). Seller will not be in breach of any of its obligations under Articles I, IV, or V of this Agreement if Seller is unable to effect delivery of such gas at the Redelivery Point(s) because of insufficient IT capacity, nor shall Seller be deemed to have failed to deliver the quantities requested by Buyer which Seller is unable to redeliver for such reason. The availability of gas supplies for sales hereunder which are to be transported using IT Agreements shall be determined on the same basis as if they were being transported under FT Agreements.~~

~~ARTICLE V  
GAS SUPPLY UNDERTAKINGS~~

~~\_\_\_\_\_ 1. In consideration of Buyer's obligations under this Service Agreement, including the Firm Service Charge, Seller undertakes to have available sufficient gas supplies to perform its sales obligation for the term of this Service Agreement, which shall consist of the Primary Term and any extension thereto pursuant to Section 2 of Article II above, subject only to:~~

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FORM OF SERVICE AGREEMENT

(For Use Under Seller's FS Rate Schedule)  
(Continued)

- ~~\_\_\_\_\_ (a) the force majeure provisions of Article VI of this Service Agreement;~~
- ~~\_\_\_\_\_ (b) the non-interference by the Commission or any other governmental body (legislative, executive or judicial) with the terms and conditions of this Service Agreement which are material to Seller's ability to secure gas supplies. The parties agree for purposes of this subsection that Article II, Article III, Article IV, this Article V, Article VI, Article VII, and the provisions in Exhibits "A", "B" and "C" hereto are material to Seller's ability to secure gas supplies; and~~
- ~~\_\_\_\_\_ (c) the absence of any material change in the regulatory environment which frustrates Seller's ability to provide service in the manner contemplated by this Service Agreement. By way of example but not of limitation, any direct or indirect re-regulation of field prices or any requirement that interstate pipelines function as common carriers would constitute such a material change.~~

~~The foregoing is not intended nor shall it be construed as obligating Seller to furnish gas supplies hereunder which are marketable in all of Buyer's markets at all times during the term of the Service Agreement as such term is defined above in this Section 1, or as extending Seller's gas supply undertakings beyond the term of this Service Agreement as such term is defined above in this Section 1.~~

~~\_\_\_\_\_ 2. In consideration of Seller's obligations under this Service Agreement, Buyer undertakes to perform its obligations for the term of this Service Agreement subject only to:~~

- ~~\_\_\_\_\_ (a) the force majeure provisions set forth in Article VI below;~~
- ~~\_\_\_\_\_ (b) the non-interference by the Commission or any other governmental body (legislative, executive or judicial) with the terms and conditions of FS Service and/or this Service Agreement which are material to Buyer's ability to perform its obligations, and~~
- ~~\_\_\_\_\_ (c) the absence of any material change in the regulatory environment which would frustrate Buyer's ability to perform its obligations in the manner contemplated by this Service Agreement. By way of example, but not of limitation, any actions taken by a state and/or local public utility commission having jurisdiction over Buyer, which prohibits Buyer from buying gas under this Service Agreement or from recovering the cost of buying gas under this Service Agreement from Buyer's customer(s) would constitute such a material change.~~

~~\_\_\_\_\_ 3. Subsections 1(b), 1(c), 2(b) and 2(c) of this Article V, insofar as they would operate to suspend under this agreement the supply obligations of Seller or purchase obligations of Buyer under certain specified circumstances and events, shall suspend the rights and obligations of the parties under this Service Agreement prospectively only upon written notice to the other party and are not intended, nor shall they be construed, as excusing any obligations of Seller and/or Buyer arising under the Service Agreement for periods prior to the date of receipt of such notice ("Notice Date"). In the event Seller's supply obligation is suspended pursuant to this subsection 3, such obligation shall be suspended on a non-discriminatory basis.~~

~~\_\_\_\_\_ The Party giving notice of suspension ("Suspending Party") shall take all reasonable steps to remedy the situation and remove the cause or contingencies affecting the performance of the obligations under this Service Agreement. During any period that the obligations of the Seller hereunder are suspended pursuant to Sections 1(b) or (c) above, but not 1(a), Seller agrees to continue firm sales service to Buyer; provided however, the terms and conditions governing such service during such period of suspension ("Suspension Period") shall not be the terms set forth in this Service Agreement. Instead, the terms and conditions of such service shall be negotiated by the parties pursuant to the procedure set forth in Section 2 of Article VII of this Service Agreement. It is the intent of the parties that such renegotiated terms and provisions will provide for a firm sales service on a non-discriminatory basis under which Buyer would be entitled to its ratable share, based on Buyer's Daily Sales Entitlement, of the available gas supplies.~~

~~FORM OF SERVICE AGREEMENT~~

~~(For Use Under Seller's FS Rate Schedule)  
(Continued)~~

~~ARTICLE VI  
FORCE MAJEURE~~

~~The term force majeure as employed herein shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests, the order of any court or government authority having jurisdiction while the same is in force and effect, civil disturbances, explosions, breakage, accidents to machinery or lines of pipe, freezing of or damage to wells or delivery facilities, National Weather Service warnings or advisories, whether official or unofficial, that result in the evacuation of facilities or platforms, well blowouts, inability to obtain or unavoidable delay in obtaining material, equipment, and any other cause whether of the kind herein enumerated or otherwise, not reasonably within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome.~~

~~In the event of either party being rendered unable, wholly or in part, by force majeure to carry out its obligations (other than the continuing obligation set forth hereinbelow), it is agreed that on such party's giving notice and full particulars of such force majeure in writing or by telegraph or teletype to the other party within a reasonable time (not to exceed five (5) days) after the occurrence of the cause relied on, the obligations of both parties, so far as they are affected by such force majeure, shall be suspended during such period of force majeure, but for no longer period, and such cause shall so far as possible be remedied with all reasonable dispatch.~~

~~Neither party shall be liable in damages to the other for any act, omission or circumstance occasioned by, or in consequence of, force majeure, as herein defined.~~

~~Such causes or contingencies affecting the performance by either party, however, shall not relieve it of liability unless such party shall give notice and full particulars of such cause or contingency in writing or by telegraph or teletype to the other party within a reasonable time after the occurrence relied upon, nor shall such causes or contingencies affecting the performance by either party relieve it of liability in the event of its failure to use due diligence to remedy the situation and remove the cause with all reasonable dispatch, nor shall such causes or transportation contingencies affecting the performance relieve Buyer from its obligation to make payments of amounts in respect of commodity charges for natural gas delivered, Firm Service Charges and Non Gas Demand Charges, except for any adjustment to the Firm Service Charge as specified in Article III of this Service Agreement.~~

~~ARTICLE VII  
ARBITRATION AND RENEGOTIATION~~

~~1. On or before one hundred eighty (180) days prior to the date on which this Service Agreement terminates pursuant to Article II hereof, Seller shall submit an Offer ("Offer") to Buyer setting forth proposed terms and conditions for continued service. Buyer may submit a Counter Offer ("Counter Offer") within ten (10) working days of receipt of the Offer. If a Counter Offer is received within the indicated period, the parties will proceed with negotiations. If a Counter Offer is not received within ten (10) working days, the Offer will be deemed accepted. If the parties are unable to agree on the terms and conditions for continued service within thirty (30) days (30 day Negotiation Period) following Seller's receipt of the Counter Offer, the Offer and the Counter Offer will be submitted to a Board of Arbitration in Washington, D.C. in accordance with the Commercial Arbitration Rules of the American Arbitration Association (but not administered by the American Arbitration Association) subject to the parties agreement herein to modify or override those rules in certain respects by adoption of the following procedures:~~

FORM OF SERVICE AGREEMENT  
(For Use Under Seller's FS Rate Schedule)  
(Continued)

~~(a) Within ten (10) days following the end of the 30 day Negotiation Period, each party must name its choice of an arbitrator who has accepted the appointment. In the event either party fails to name an arbitrator, such party's arbitrator shall be appointed by the Senior Judge (in service) of the United States District Court for the District of Columbia. Within ten (10) days after both arbitrators have accepted appointment, the two arbitrators shall name a third arbitrator, or, if they are unable to agree upon the third, the third arbitrator shall be appointed by the Senior Judge (in service) of the United States District Court for the District of Columbia. The three (3) arbitrators shall be qualified by education and/or experience to pass on the particular issues in dispute, and shall not be (i) financially interested in the outcome of the dispute or (ii) former or current employees of either party. Each party shall pay the compensation and expenses of the arbitrator named by or for it, and both shall share equally the compensation and expenses of the third arbitrator.~~

~~(b) The three arbitrators shall meet and hear the parties with respect to matters relevant to which proposed Offer will, among other things, compensate Seller for the value of providing the continued service, which shall include but not be limited to executed long term sales agreements between other sellers serving the same or similar markets and their customers. The jurisdiction of the arbitrators shall be limited to the selection, based on all relevant evidence presented, of either the Offer or the Counter Offer proposed either by Seller or by Buyer pursuant to the provisions of this section. No other provisions shall be selected by the arbitrators. The decision by the arbitrators shall be in writing, signed by the arbitrators or a majority of them, rendered within seventy (70) days of the appointment of the third arbitrator, and final, binding and non-appealable, except as set forth in the Uniform Arbitration Act of Delaware 1/ as to the parties hereto. The provisions adopted by the arbitrators shall be effective as of the first day following termination of this Service Agreement. During any period prior to a decision by the arbitrators but after the expiration of the primary term of this Service Agreement, Buyer shall continue to pay the rates and charges in effect prior to the expiration of the primary term. Such rates and charges shall be adjusted retroactively as necessary to conform to the arbitrators' decision.~~

~~2. In the event the rights and obligations of the parties hereunder are suspended pursuant to Section 3 of Article V above, then within ten (10) working days following the Notice Date, the Suspending Party shall submit an Offer ("Offer") to the other party setting forth proposed terms and conditions for continued FS Service. The other party may submit a Counter Offer ("Counter Offer") within ten (10) working days of receipt of the Offer. If a Counter Offer is received within the indicated period, the parties will proceed with negotiations. If a Counter Offer is not received within ten (10) working days, the Offer will be deemed accepted. If the parties are unable to agree on the terms and conditions for continued FS Service within thirty (30) days (30 day Negotiation Period) following the Suspending Party's receipt of the Counter Offer, the Offer and the Counter Offer will be submitted to a Board of Arbitration in Washington, D.C. in accordance with the Commercial Arbitration Rules of the American Arbitration Association (but not administered by the American Arbitration Association) subject to the parties' agreement herein to modify or override those rules in certain respects by adoption of the following procedures:~~

~~1/ Del. Code Ann. tit. 10, Section 5714 (1974)~~

~~FORM OF SERVICE AGREEMENT~~

~~(For Use Under Seller's FS Rate Schedule)  
(Continued)~~

- ~~(a) Within ten (10) days following the end of the 30 day Negotiation Period, each party must name its choice of an arbitrator who has accepted the appointment. In the event either party fails to name an arbitrator, such party's arbitrator shall be appointed by the Senior Judge (in service) of the United States District Court for the District of Columbia. Within fifteen (15) days after both arbitrators have accepted appointment, the two arbitrators shall name a third arbitrator, or, if they are unable to agree upon the third, the third arbitrator shall be appointed by the Senior Judge (in service) of the United States District Court for the District of Columbia. The three (3) arbitrators shall be qualified by education and/or experience to pass on the particular issues in dispute and shall not be (i) financially interested in the outcome of the dispute or (ii) current or former employees of either party. Each party shall pay the compensation and expenses of the arbitrator named by or for it, and both shall share equally the compensation and expenses of the third arbitrator.~~
- ~~(b) The three arbitrators shall meet and hear the parties with respect to matters relevant to which proposed Offer will, among other things, compensate Seller for the value of providing the continued service, which shall include but not be limited to executed long term sales agreements between other Sellers serving similar markets and their customers. The jurisdiction of the arbitrators shall be limited to the selection, based on all relevant evidence presented, of either the Offer or the Counter Offer proposed either by Seller or by Buyer pursuant to the provisions of this section. No other provisions shall be selected by the arbitrators. The decision by the arbitrators shall be in writing, signed by the arbitrators or a majority of them, rendered within forty five (45) days of the appointment of the third arbitrator, and final, binding and non appealable, except as set forth in the Uniform Arbitration Act of Delaware 2/ as to the parties hereto. The provisions adopted by the arbitrators shall be effective as of the first day following the Notice Date regardless of the actual date of decision of the arbitrators. In the event the situation that led to the suspension is not remedied within six (6) months of the Notice Date, this Service Agreement may be terminated by either party. In the event Seller elects to terminate this Service Agreement at such time, but Seller has not yet received authorization under Section 7(b) of the NCA to abandon service under the FS Rate Schedule, then the terms and conditions in effect during the Suspension Period shall continue in effect during the period following Seller's termination of this Service Agreement until the date any necessary abandonment authority is received by Seller. During any period prior to a decision by the arbitrators but after the Notice Date, Buyer shall continue to pay the rates and charges in effect prior to the Notice Date, subject to any adjustments to the Firm Service Charge set forth in Article III of this Service Agreement. Such rates and charges shall be adjusted retroactively as necessary to conform to the arbitrators' decision.~~

~~2/ Del. Code Ann. tit. 10, Section 5714 (1974)~~

~~FORM OF SERVICE AGREEMENT~~

~~(For Use Under Seller's FS Rate Schedule)  
(Continued)~~

~~ARTICLE VIII  
MISCELLANEOUS~~

~~1. The subject headings of the Articles of this agreement are inserted for the purpose of convenient reference and are not intended to be a part of this agreement nor to be considered in any interpretation of the same.~~

~~2. This agreement supersedes and cancels as of the effective date hereof the following contract(s) between the parties hereto:~~

~~none~~

~~3. No waiver by either party of any one or more defaults by the other in the performance of any provisions of this agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or a different character.~~

~~4. THE INTERPRETATION AND PERFORMANCE OF THIS SERVICE AGREEMENT SHALL BE IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT RECOURSE TO THE LAW GOVERNING CONFLICT OF LAWS, AND TO ALL PRESENT AND FUTURE VALID LAWS WITH RESPECT TO THE SUBJECT MATTER, INCLUDING PRESENT AND FUTURE ORDERS, RULES AND REGULATIONS OF DULY CONSTITUTED AUTHORITIES.~~

~~5. Notices to either party shall be in writing and shall be considered as duly delivered when mailed to the other party at the following address:~~

~~(a) If to Seller:~~

~~Transcontinental Gas Pipe Line Corporation  
P. O. Box 1396  
Houston, Texas 77251  
Attention:~~

~~(b) If to Buyer:~~

~~6. This agreement shall be binding upon, and inure to the benefit of the parties hereto and their respective successors and assigns.~~

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FORM OF SERVICE AGREEMENT

(For Use Under Seller's FS Rate Schedule)  
(Continued)

EXHIBIT

"A"

SALES ENTITLEMENTS AND GAS PRICE

1. ~~Buyer's Daily Sales Entitlement: Buyer's Daily Sales Entitlement(s) shall be equal to \_\_\_\_\_  
dt/d. 3/~~

2. ~~Procedure to Determine the Delivered Gas Price and Buyer's Nominated Purchase Quantity:~~

~~(a) No later than two (2) business days prior to Seller's receipt point transportation nomination deadline for the applicable month, Seller shall propose to Buyer a Delivered Gas Price for the following month. Such proposed Delivered Gas Price may be revised by Seller at any time prior to acceptance by Buyer in writing; provided however Seller agrees not to revise a proposed Delivered Gas Price that Buyer has verbally agreed to accept, as long as Buyer confirms such acceptance by telecopy or other written communication as soon as possible but in no event later than the close of business on the day of verbal acceptance. Any mutually agreeable Delivered Gas Price determined by Buyer and Seller shall either (i) set forth separate prices for the delivery of gas using Buyer's FT or IT Agreements or (ii) if a Delivered Gas Price is established for delivery using Buyer's FT Agreement but a separate Delivered Gas Price is not established for delivery using Buyer's IT Agreements, the Delivered Gas Price established for delivery under Buyer's FT Agreements shall be increased by the amount, if any, that Seller's maximum applicable long haul IT commodity rate exceeds Seller's maximum applicable FT commodity rate, calculated on a fully telescoped basis, for any FS gas delivered to Buyer under Buyer's IT Agreements.~~

~~(b) During the succeeding period ending on the date set forth in Subparagraph (c) below, Buyer and Seller shall negotiate with the intent of determining a mutually agreeable Delivered Gas Price for the following month. Any mutually agreeable Delivered Gas Price determined by Buyer and Seller shall either (i) set forth separate prices for the delivery of gas using Buyer's FT or IT Agreements or (ii) if a Delivered Gas Price is established for delivery using Buyer's FT Agreement but a separate Delivered Gas Price is not established for delivery using Buyer's IT Agreements, the Delivered Gas Price established for delivery under Buyer's FT Agreements shall be increased by the amount, if any, that Seller's maximum applicable long haul IT commodity rate exceeds Seller's maximum applicable FT commodity rate, calculated on a fully telescoped basis, for any FS gas delivered to Buyer under Buyer's IT Agreements.~~

~~(c) No later than five (5) p.m. C.S.T. on the day prior to the day that receipt point transportation nominations are due on Seller's system for the applicable month, Buyer shall notify Seller in writing of Buyer's daily nominated purchase quantity not to exceed Buyer's Daily Sales Entitlement ("Nominated Purchase Quantity") for the following month and, if Buyer and Seller have agreed to a Delivered Gas Price for the following month, such agreed to Delivered Gas Price. In the event Buyer and Seller have been unable to agree to a Delivered Gas Price for the following month, or if during the period from the effective date of this Service Agreement through March 31, 1991 the agreed to Delivered Gas Price is higher than the Default Price, the Delivered Gas Price shall be the Default Price, which shall equal the sum of (1) the Unit Price of Gas as determined in accordance with Subparagraph (d) below and (2) the Commodity portion of all transportation charges by Seller under Seller's Rate Schedule FT (calculated on a fully telescoped basis at the maximum applicable rate), including the imputed unit cost of fuel retained by Seller, the~~

~~3/ Buyer's Daily Sales Entitlement and Nominated Purchase Quantity shall be increased as appropriate, to the dekatherm equivalent quantity and to include fuel retained by Seller under its Rate Schedules FT and IT as applicable, to transport such gas from the Delivery Point(s) to the Redelivery Point(s).~~

~~FORM OF SERVICE AGREEMENT~~

~~(For Use Under Seller's FS Rate Schedule)  
(Continued)~~

~~ACA Charge and any other charge by Seller which has been approved by the FERC, if applicable, related to the gas sold and purchased hereunder to the Redelivery Point(s) ("Transportation Charge"). For any FS gas redelivered utilizing Buyer's IT Agreements, the Default Price shall be increased by that amount, if any, that Seller's maximum applicable long haul IT commodity rate exceeds Seller's maximum applicable FT commodity rate, calculated on a fully telescoped basis.~~

~~In the event of a refund and/or surcharge by Seller applicable to the Transportation Charge for zone(s) 1, 2 and/or 3, Seller's refund and/or surcharge obligation to Buyer related to the transportation of gas purchased by Buyer hereunder, shall be determined by multiplying (i) the per unit amount obtained by dividing the total dollars which Seller is obligated to refund and/or entitled to surcharge for zone(s) 1, 2 and/or 3 which are associated with Seller's transportation of gas purchased by all Buyers under this Rate Schedule FS by the total quantity of gas purchased by all such Buyers under this Rate Schedule FS during the period to which such adjustment is applicable by (ii) the quantity of gas purchased by Buyer under this Rate Schedule FS during the period to which such adjustment is applicable. Refunds and/or surcharges applicable to the Transportation Charge for zone(s) 4, 5 and/or 6 shall be determined based on the actual volumes purchased and transported for each Buyer. The foregoing surcharge and/or refund shall be the only adjustment to the Delivered Gas Price hereunder. Seller shall separately determine FT and IT refunds and/or surcharges applicable to the Transportation Charge for zone(s) 4, 5, and/or 6 based on the actual volumes purchased and transported for each Buyer under FT and IT Agreements.~~

~~(d) Unit Price of Gas:~~

~~The Unit Price of Gas shall be determined by computing the following:~~

~~(i) During the period from the effective date of this Service Agreement through March 31, 1991 the simple average of the four regional prices (rounded to the fourth decimal place) set forth in the table "Gas Price Report" (in \$/MMBtu) published in the first issue for such month of Natural Gas Week (or any succeeding publication of Oil Daily, Inc.) for these regions: 1) Texas, Gulf Coast Offshore, Spot Delivered to Pipeline; 2) Texas, Gulf Coast Onshore, Spot Delivered to Pipeline; 3) Louisiana, Gulf Coast Offshore, Spot Delivered to Pipeline; 4) Louisiana, Gulf Coast Onshore, Spot Delivered to Pipeline.~~

~~(ii) During the period from April 1, 1991 through the term of this Service Agreement as extended for the Nominated Purchase Quantity the simple average of the four regional prices (rounded to the fourth decimal place) set forth in the table "Gas Price Report" (in \$/MMBtu) published in the first issue for such month of Natural Gas Week (or any succeeding publication of Oil Daily, Inc.) in the column labeled "This Week" for these regions: 1) Texas, Gulf Coast Offshore, Spot Delivered to Pipeline; 2) Texas, Gulf Coast Onshore, Spot Delivered to Pipeline; 3) Louisiana, Gulf Coast Offshore, Spot Delivered to Pipeline; 4) Louisiana, Gulf Coast Onshore, Spot Delivered to Pipeline.~~

~~(iii) During the period from April 1, 1991 through the term of this Service Agreement as extended for quantities purchased hereunder in excess of the Nominated Purchase Quantity 100% of the price set forth in the table "Gas Price Report" (in \$/MMBTU) published in the first issue for such month of Natural Gas Week (or any succeeding publication of Oil Daily, Inc.) in the column labeled "This Week" for the region: Louisiana, Gulf Coast Onshore, Spot Delivered to Pipeline.~~

~~(iv) Either Buyer or Seller may request a change in the price determination procedures set forth in this Subparagraph (d) in the event that the operation of such procedures does not reasonably reflect the weighted average price of spot gas available to Buyer, as reported to and verified by an independent, nationally recognized public accounting firm. For purposes of this subparagraph, the results of the existing procedure shall be deemed to be reasonably reflective of such weighted average spot gas price so long as it~~

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(For Use Under Seller's FS Rate Schedule)  
(Continued)

- falls within a range of 90 to 110 percent of such price. If such range is exceeded for three consecutive months, then Seller and Buyer shall meet to undertake to agree upon an alternative published spot price index. Additionally, in the event Oil Daily, Inc. ceases publishing Natural Gas Week (and does not replace it with a successor publication), the parties shall use best efforts to agree on an alternative publication in a timely manner.
- (c) Nothing herein or in the Service Agreement shall require Buyer to agree prior to any Calendar Month to nominate to purchase any quantity of gas hereunder during the following Calendar Month and Buyer's failure to nominate, or undernomination of gas quantities, hereunder for any month shall not limit Buyer's ability to request or Seller's obligation to deliver quantities of gas hereunder on any day up to Buyer's Daily Sales Entitlement; provided, however, Buyer agrees that Buyer's Nominated Purchase Quantity may be relied upon by Seller as the approximate quantity of gas which Buyer will purchase from Seller hereunder during the next Calendar Month unless Buyer is required to change such purchases as a result of a change in market conditions, and, provided further, Buyer agrees that a change in the price of gas supplies available to Buyer shall not constitute such a change in market conditions.
- (f) Buyer and Seller hereby agree that the delivered price of gas is commercially sensitive information and agree that neither will disclose such information to any third party unless by mutual consent, which will not be unreasonably withheld or unless required to do so by judicial or governmental order, rule or regulation, except that selected data may be aggregated and composited with comparable data from the contracts for statistical purposes, by a person subject to reasonable confidentiality restrictions and provided that neither the identity of Buyer or Seller nor any data not necessary for such statistical purpose is disclosed.
3. Firm Service Fee
- (a) During the period from the effective date of this Service Agreement through March 31, 1992, the Firm Service Fee shall be \$6.50 per Mcf for each month.
- (b) During the period from April 1, 1992 through March 31, 1993, the Firm Service Fee shall be \$6.20 per Mcf for each month.
- (c) During the period from April 1, 1993 until renegotiated pursuant to subparagraph d) below, the Firm Service Fee shall be \$5.80 per Mcf for each month.
- (d) Either party may request that the Firm Service Fee be renegotiated effective April 1, 1994, and annually thereafter. Either party may request renegotiation by giving notice to the other party at least one hundred eighty (180) days prior to the first day of the contract year for which the Firm Service Fee is being renegotiated. In the event the parties are unable to agree on a new Firm Service Fee at least one hundred fifty (150) days prior to the first day of the contract year for which the Firm Service Fee is being renegotiated then the party requesting renegotiation shall make a final offer to the other party for a new Firm Service Fee ("Final Offer") within five days following the commencement of such one hundred fifty (150) day period. The other party may submit a final counter offer ("Final Counter Offer") within ten (10) working days of receipt of the request. If a Final Counter Offer is received within the indicated period, the parties will proceed with negotiations. If a Final Counter Offer is not received within ten (10) working days, the Final Offer submitted by the party requesting renegotiation will be deemed accepted. If the parties are unable to agree on a new Firm Service Fee by one hundred twenty (120) days prior to the first day of the applicable contract year, both the Final Offer and the Final Counter Offer will be submitted to a board of arbitration in Washington, D.C. in accordance with the Commercial Arbitration Rules of the American Arbitration Association (but not administered by the American Arbitration Association), but subject to the parties' agreement herein to modify or override those rules in certain respects by adoption of the following procedures:

~~FORM OF SERVICE AGREEMENT~~

~~(For Use Under Seller's FS Rate Schedule)  
(Continued)~~

- ~~(i) No later than one hundred (100) days prior to the first day of the year for which renegotiation has been requested, each party must name its choice of an arbitrator who has accepted the appointment. In the event either party fails to name an arbitrator, such party's arbitrator shall be appointed by the Senior Judge (in service) of the United States District Court for the District of Columbia. Within ten (10) days after both arbitrators have accepted appointment, the two arbitrators shall name a third arbitrator, or, if they are unable to agree upon the third, the third arbitrator shall be appointed by the Senior Judge (in service) of the United States District Court for the District of Columbia. The three (3) arbitrators shall be qualified by education and/or experience to pass on the particular issues in dispute and shall not be (i) financially interested in the outcome of the dispute or (ii) current or former employees of either party. Each party shall pay the compensation and expenses of the arbitrator named by or for it, and both shall share equally the compensation and expenses of the third arbitrator.~~
- ~~(ii) The three arbitrators shall meet and hear the parties with respect to matters relevant to which proposed Firm Service Fee will compensate Seller for the value of providing and maintaining long term gas supplies, on terms and conditions consistent with a "swing service", which shall include but not be limited to executed long term sales agreements between other Sellers serving the same or similar markets and their customers. In deciding which proposed Firm Service Fee will compensate Seller for the value of providing the foregoing service, the arbitrators shall consider as part of Seller's compensation the Non Gas Demand charges and Rate Schedule ESS charges (for capacity for which Seller has agency authority) to be paid by Buyer to Seller. The jurisdiction of the arbitrators shall be limited to the selection, based on all relevant evidence presented, of either the Final Offer or the Final Counter Offer proposed either by Seller or by Buyer pursuant to the provisions of this subsection (d). No other Service Fee will be selected by the arbitrators. The decision by the arbitrators shall be in writing, signed by the arbitrators or a majority of them, rendered within seventy (70) days of the appointment of the third arbitrator, and final, binding and non-appealable, except as set forth in the Uniform Arbitration Act of Delaware 4/ as to the parties hereto. The provisions adopted by the arbitrators shall be effective as of the first day of the applicable year, regardless of the actual date of decision of the arbitrators. During any period prior to a decision by the arbitrators but after commencement of the Contract Year for which the Service Fee is being renegotiated, Buyer shall continue to pay the Service Fee that was in effect during the previous Contract Year. Such Service Fee shall be adjusted retroactively, as necessary, to conform to the arbitrators decision.~~

~~4. Other Conditions~~

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~~4/ Del. Code Ann. tit. 10, Section 5714 (1974)~~

~~FORM OF SERVICE AGREEMENT~~

~~(For Use Under Seller's FS Rate Schedule)~~  
~~(Continued)~~

~~EXHIBIT "B"~~  
~~REDELIVERY POINTS~~

~~{current FT and IT Delivery Points}~~

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~~(For Use Under Seller's FS Rate Schedule)  
(Continued)~~

EXHIBIT "C"  
DAMAGES

- ~~1. (a) In the event that Seller is unable on any day to deliver the quantities of gas requested by Buyer pursuant to the terms of this Service Agreement up to Buyer's Daily Sales Entitlement, and if Buyer is unable to replace such volumes with volumes from other natural gas (excluding liquefied natural gas and synthetic natural gas) sources, then Seller shall pay to Buyer, as Buyer's sole and exclusive remedy for such failure to deliver (except for the adjustments specified in Section 3 of Article III of this Service Agreement) liquidated damages in an amount equal to one hundred fifty percent (150%) of the Unit Price for the applicable month (as defined in Paragraph 2(d) of Exhibit "A" to this Service Agreement) multiplied by the difference between Buyer's Nominated Purchase Quantity and the sum of the volumes delivered hereunder and the Replacement Volumes, as defined below, if any, purchased by Buyer.~~
- ~~(b) In the event that Seller is unable on any day to deliver the quantities of gas requested by Buyer pursuant to the terms of this Service Agreement, up to Buyer's Daily Sales Entitlement, and if Buyer is able to replace such volumes with volumes from other natural gas (excluding liquefied natural gas and synthetic natural gas) sources ("Replacement Volumes"), then Seller shall pay to Buyer, as Buyer's sole and exclusive remedy for such failure to deliver (except for the adjustments specified in Section 3 of Article III of this Service Agreement) liquidated damages in an amount equal to (i) the difference between (a) the price per dekatherm that Buyer would have paid if the gas had been delivered under this Service Agreement (including the Firm Service Fee) and (b) the cost per dekatherm reasonably incurred by Buyer for such replacement volumes, such cost to be adjusted if necessary for pricing point comparability, multiplied by (ii) the difference, not to exceed one hundred percent (100%) of the Replacement Volumes, between (a) Buyer's Daily Sales Entitlement and (b) the volume actually delivered hereunder.~~
- ~~(c) Notwithstanding subsections 1(a) and 1(b) above, if Seller's failure to deliver is due to a force majeure condition or an adverse governmental action as described in subsections 1(a), 1(b) or 1(c) of Article V of this Service Agreement, Seller shall not be required to pay any damages (except for the adjustment specified in Section 3 of Article III of this Service Agreement).~~
- ~~2. Notwithstanding anything to the contrary herein, Seller's obligation to make payments for failure to deliver the volumes nominated by Buyer on any day pursuant to Section 1(a) of this Exhibit "C" shall be limited to sixty (60) days in any one (1) Contract Year period.~~
- ~~In the event Seller is unable to effect redelivery at the Redelivery Point(s) of gas which Buyer has directed Seller to redeliver utilizing IT Agreements pursuant to paragraph 2 of Article IV of this Agreement, Buyer shall not be in breach of any of its obligations under this Agreement, nor shall Seller be deemed to have failed to deliver the quantities requested by Buyer which Seller is unable to redeliver because of insufficient IT capacity.~~

~~FORM OF SERVICE AGREEMENT~~

~~(For Use Under Seller's FS Rate Schedule)  
(Continued)~~

EXHIBIT "C"  
DAMAGES

- ~~1. (a) specified in Section 3 of Article III of this Service Agreement) liquidated damages in an amount equal to (i) the difference between (a) the price per dekatherm that Buyer would have paid if the gas had been delivered under this Service Agreement (including the Firm Service Fee) and (b) the cost per dekatherm reasonably incurred by Buyer for the Replacement Volumes, adjusted if necessary for pricing point comparability, multiplied by (ii) the difference, up to one hundred percent (100%) of the Replacement Volumes delivered to Buyer's city gate on the applicable In the event that Seller is unable on any day to deliver the quantities of gas requested by Buyer pursuant to the terms of this Service Agreement, up to Buyer's Daily Sales Entitlement, and if Buyer is able to replace such volumes with volumes from other natural gas (excluding liquefied natural gas and synthetic natural gas) sources ("Replacement Volumes"), then Seller shall pay to Buyer, as Buyer's sole and exclusive remedy for such failure to deliver (except for the adjustments day, between (a) Buyer's Daily Sales Entitlement and (b) the volumes actually delivered hereunder.~~
- ~~(b) In the event that Seller is unable on any day to deliver the quantities of gas requested by Buyer pursuant to the terms of this Service Agreement up to Buyer's Daily Sales Entitlement, and if Buyer is unable to replace such volumes from other natural gas (excluding liquefied natural gas and synthetic natural gas) sources, Buyer hereby expressly reserves any and all claims and/or causes of action Buyer has or may have against Seller for breach of Seller's obligations hereunder. Additionally, Seller hereby expressly reserves any defenses it may have with regard to such claims and/or causes of action.~~
- ~~(c) Notwithstanding subsections 1(a) and 1(b) above, if Seller's failure to deliver is due to a force majeure condition or an adverse governmental action as described in subsections 1(a), 1(b) or 1(c) of Article V of this Service Agreement, Seller shall not be required to pay any damages (except for the adjustment specified in Section 3 of Article III of this Service Agreement).~~
- ~~In the event Seller is unable to effect redelivery at the Redelivery Point(s) of gas which Buyer has directed Seller to redeliver utilizing IT Agreements pursuant to paragraph 2 of Article IV of this Agreement, Buyer shall not be in breach of any of its obligations under this Agreement, nor shall Seller be deemed to have failed to deliver the quantities requested by Buyer which Seller is unable to redeliver because of insufficient IT capacity.~~

SHEET NO. 390 IS BEING RESERVED FOR FUTURE USE.

~~FORM OF SERVICE AGREEMENT~~

~~(For Use Under Seller's FS Rate Schedule)~~  
~~(Continued)~~

~~EXHIBIT "C"~~  
~~DAMAGES~~

~~Subject to Article V of this Service Agreement, in the event that Seller is unable on any day to deliver the quantities of gas requested by Buyer pursuant to the terms of this Service Agreement, Buyer hereby expressly reserves any and all claims and/or causes of action Buyer may have against Seller for breach of Seller's obligations hereunder. Additionally, Seller hereby expressly reserves any defenses it may have to such claims and/or causes of action.~~

~~In the event Seller is unable to effect redelivery at the Redelivery Point(s) of gas which Buyer has directed Seller to redeliver utilizing IT Agreements pursuant to paragraph 2 of Article IV of this Agreement, Buyer shall not be in breach of any of its obligations under this Agreement, nor shall Seller be deemed to have failed to deliver the quantities requested by Buyer which Seller is unable to redeliver because of insufficient IT capacity.~~

SHEET NO. 391 IS BEING RESERVED FOR FUTURE USE.

FORM OF SERVICE AGREEMENT

(For Use Under Seller's OFS Rate Schedule)

~~THIS AGREEMENT entered into this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ (year), by and between TRANSCONTINENTAL GAS PIPE LINE CORPORATION, a Delaware corporation, hereinafter referred to as "Seller," first party, and \_\_\_\_\_, hereinafter referred to as "Buyer," second party,~~

~~W I T N E S S E T H~~

~~WHEREAS,~~

~~NOW, THEREFORE, Seller and Buyer agree as follows:~~

~~ARTICLE I  
GAS SERVICE~~

~~1. Subject to the terms and conditions of Seller's Rate Schedule OFS and this Service Agreement, Seller agrees to make available on a firm basis each day for purchase by Buyer such quantities of gas as Buyer may request from time to time not to exceed Buyer's Daily Sales Entitlement as set forth on Exhibit "A" attached hereto. Such service shall not be subject to curtailment or interruption except as provided in Articles V and VI of this Service Agreement. In the event of such curtailment or interruption Section 11 or 13 of the General Terms and Conditions shall apply.~~

~~ARTICLE II  
TERM OF AGREEMENT~~

~~1. This Agreement shall be effective as of the later of November 1, 1990 or the date on which all necessary Commission authorizations are received and shall remain in force and effect through \_\_\_\_\_ [not to exceed 5 years from the effective date] ("Primary Term"). For purposes of this Service Agreement, the term "Contract Year" shall mean the period from the effective date through March 31, 1991 and each twelve month period thereafter through the term of this Service Agreement.~~

~~ARTICLE III  
RATES AND CHARGES~~

- ~~1. Buyer shall pay Seller each month as invoiced the sum of the following charges:~~
- ~~(a) Firm Service Charge: the product of (i) Buyer's Daily Sales Entitlement and (ii) the applicable Firm Service Fee per dt determined pursuant to the procedures set forth on Exhibit "A" attached to this Service Agreement;~~
  - ~~(b) Non Gas Demand Charge: the product of (i) Buyer's Daily Sales Entitlement and (ii) the applicable OFS Non Gas Cost Service Fee as set forth on Sheet No. 23 of Seller's FERC Gas Tariff; and~~
  - ~~(c) Gas Commodity Charge: the product of (i) the Gas Commodity Rate which is comprised of the Delivered Gas Price per dt less the actual Transportation Charge per dt and (ii) the total volumes of gas (in dts) purchased hereunder at the Redelivery Point(s) by Buyer. The Delivered Gas Price per dt shall be determined each month in accordance with the provisions of Exhibit A attached to this Service Agreement. The actual Transportation Charge shall equal the commodity portion of all transportation charges by Seller under Seller's Rate Schedules FT and/or IT (at the maximum applicable non-discounted rates), including the imputed unit cost of fuel retained, the ACA Charge and any other FERC-approved charge by Seller, if applicable, to transport gas sold and purchased under Seller's OFS Rate Schedule from the Delivery Point(s) to the Redelivery Point(s) set forth in Exhibit "B" to this Service Agreement;~~

~~FORM OF SERVICE AGREEMENT~~

~~(For Use Under Seller's OFS Rate Schedule)  
(Continued)~~

- ~~2. (a) In the event that Seller is unable on any day to deliver the quantities of gas requested by Buyer pursuant to the terms of this Service Agreement up to Buyer's Daily Sales Entitlement, the provisions set forth in Section 3 of this Article III and Exhibit "C" attached to this Service Agreement shall apply.~~
- ~~(b) Except as set forth in Section 3 of this Article III, Article VII, Section 3(e) of Exhibit "A" and Exhibit "C" attached hereto, Buyer and Seller agree that the price at which gas is purchased and sold hereunder, including the Firm Service Charge, is final, and that neither party will contest in any proceeding the appropriateness of such price or of the pricing mechanism set forth herein, and that neither party will seek or be entitled to any refunds or adjustment in price as a result of any such proceedings.~~
- ~~3. In the event that Seller is unable on any day to deliver at the delivery point(s) quantities of gas requested by Buyer up to Buyer's Daily Sales Entitlement, the Firm Service Charge set forth in Section 1(a) of this Article III shall be reduced for such month by an amount equal to the product of (a) the difference between Buyer's Nominated Purchase Quantity (dts) and the volumes actually delivered (dt) by Seller on the day the underdelivery occurred and (b) the Firm Service Fee per dt divided by the number of days in such month.~~
- ~~4. Buyer agrees that Seller shall have the unilateral right to file with the appropriate regulatory authority and make changes effective in a) Seller's Rate Schedule OFS pursuant to which service hereunder is rendered, b) any provisions of the General Terms and Conditions of Seller's FERC Gas Tariff that are applicable to Rate Schedule OFS or c) this Service Agreement; provided, however, Seller shall not have the right, without the consent of Buyer, unless required to do so pursuant to applicable laws or regulations, to make any filings pursuant to Section 4 of the Natural Gas Act to change any of the material terms and/or provisions of this Service Agreement, including adding any new provisions to this Service Agreement, the Rate Schedule OFS or the General Terms and Conditions of Seller's Tariff that would modify the material terms and/or provisions of this Service Agreement. The parties agree for purposes of this section that only Article I, Article II, Article III, Article IV, Article V, Article VI, Article VII and the provisions of Exhibits "A" "B" and "C" hereto shall be considered material. Seller agrees that nothing herein is intended to limit Buyer's right to protest or contest the aforementioned filings.~~

ARTICLE IV  
POINT(S) OF DELIVERY AND AGENCY AUTHORITY

- ~~1. Gas purchased and sold hereunder will be delivered by Seller for Buyer's account at (a) the interconnection(s) of Seller's pipeline facilities with the facilities of third party seller(s) from whom Seller purchases its gas supply and/or (b) the interconnection(s) of Seller's pipeline facilities with the facilities of third party transporter(s) with whom Seller has contracted for the transportation of gas supplies to its system.~~
- ~~2. Buyer hereby appoints Seller as its agent for the purpose of arranging for the transportation of gas purchased and sold hereunder from the Delivery Point(s) to the ultimate point(s) of delivery ("Redelivery Points") to Buyer listed on Exhibit "B" attached hereto. In consideration of Buyer's obligation under this Service Agreement, including the payment of certain fees pursuant to Article III hereof, Seller agrees to accept such agency appointment. Pursuant to this agency authority Seller may nominate and schedule transportation service under Buyer's IT and FT service agreements for gas purchased by Buyer hereunder. Seller shall be responsible for all imbalance penalties incurred in connection with volumes purchased under this Service Agreement.~~

~~FORM OF SERVICE AGREEMENT~~

~~(For Use Under Seller's OFS Rate Schedule)  
(Continued)~~

~~Buyer agrees not to exercise any rights it has under the FT Agreement or otherwise which would interfere in any way with Seller's ability to utilize a pro rata share of capacity entitlements under the FT Agreement(s), as set forth in Transeo's FT Rate Schedule, ("Telescoped Rights") (including any associated upstream Rate Schedule IT or third party pipeline capacity entitlements) to arrange for the transportation of gas purchased and sold to Buyer hereunder. For purposes of the preceding sentence, Seller's pro rata share at Station 65 shall be equal to the product of (i) a percentage calculated by dividing Buyer's Daily Sales Entitlement by Buyer's Total Daily Transportation Contract Quantity under the FT Agreement(s) and (ii) a percentage calculated by dividing the quantity of gas requested hereunder from Seller on such day by Buyer's total daily sales entitlement under the OFS Agreement. For purposes of determining Seller's pro rata share of capacity at any point on Seller's system the product of (i) and (ii) above shall be multiplied by Buyer's Transportation Contract Quantity under the FT Agreement at the applicable point.~~

~~ARTICLE V  
GAS SUPPLY UNDERTAKINGS~~

~~1. In consideration of Buyer's obligations under this Service Agreement, including the Firm Service Charge, Seller undertakes to have available sufficient gas supplies to perform its sales obligation for the term of this Service Agreement, which shall consist of the Primary Term and any extension thereto pursuant to Section 2 of Article II above, subject only to:~~

- ~~(a) the force majeure provisions of Article VI of this Service Agreement;~~
- ~~(b) the non interference by the Commission or any other governmental body (legislative, executive or judicial) with the terms and conditions of this Service Agreement which are material to Seller's ability to secure gas supplies. The parties agree for purposes of this subsection that Article II, Article III, Article IV, this Article V, Article VI, Article VII, and the provisions in Exhibits "A", "B" and "C" hereto are material to Seller's ability to secure gas supplies; and~~
- ~~(c) the absence of any material change in the regulatory environment which frustrates Seller's ability to provide service in the manner contemplated by this Service Agreement. By way of example but not of limitation, any direct or indirect regulation of field prices or any requirement that interstate pipelines function as common carriers would constitute such a material change.~~

~~The foregoing is not intended nor shall it be construed as obligating Seller to furnish gas supplies hereunder which are marketable in all of Buyer's markets at all times during the term of the Service Agreement as such term is defined above in this Section 1, or as extending Seller's gas supply undertakings beyond the term of this Service Agreement as such term is defined above in this Section 1.~~

~~2. In consideration of Seller's obligations under this Service Agreement, Buyer undertakes to perform its obligations for the term of this Service Agreement subject only to:~~

- ~~(a) the force majeure provisions set forth in Article VI below;~~
- ~~(b) the non interference by the Commission or any other governmental body (legislative, executive or judicial) with the terms and conditions of OFS Service and/or this Service Agreement which are material to Buyer's ability to perform its obligations, and~~

~~FORM OF SERVICE AGREEMENT~~

~~(For Use Under Seller's OFS Rate Schedule)  
(Continued)~~

~~(c) the absence of any material change in the regulatory environment which would frustrate Buyer's ability to perform its obligations in the manner contemplated by this Service Agreement. By way of example, but not of limitation, any actions taken by a state and/or local public utility commission having jurisdiction over Buyer, which prohibits Buyer from buying gas under this Service Agreement or from recovering the cost of buying gas under this Service Agreement from Buyer's customer(s) would constitute such a material change.~~

~~3. Subsections 1(b), 1(c), 2(b) and 2(c) of this Article V, insofar as they would operate to suspend under this agreement the supply obligations of Seller or purchase obligations of Buyer under certain specified circumstances and events, shall suspend the rights and obligations of the parties under this Service Agreement prospectively only upon written notice to the other party and are not intended, nor shall they be construed, as excusing any obligations of Seller and/or Buyer arising under the Service Agreement for periods prior to the date of receipt of such notice ("Notice Date"). In the event Seller's supply obligation is suspended pursuant to this subsection 3, such obligation shall be suspended on a non-discriminatory basis.~~

~~The Party giving notice of suspension ("Suspending Party") shall take all reasonable steps to remedy the situation and remove the cause or contingencies affecting the performance of the obligations under this Service Agreement. During any period that the obligations of Seller hereunder are suspended pursuant to Sections 1(b) or (c) above, but not 1(a), Seller agrees to continue firm sales service to Buyer; provided however, the terms and conditions governing such service during such period of suspension ("Suspension Period") shall not be the terms set forth in this Service Agreement. Instead, the terms and conditions of such service shall be negotiated by the parties pursuant to the procedure set forth in Section 2 of Article VII of this Service Agreement. It is the intent of the parties that such renegotiated terms and provisions will provide for a firm sales service on a non-discriminatory basis under which Buyer would be entitled to its ratable share, based on Buyer's Daily Sales Entitlement, of the available gas supplies.~~

~~ARTICLE VI  
FORCE MAJEURE~~

~~The term force majeure as employed herein shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests, the order of any court or government authority having jurisdiction while the same is in force and effect, civil disturbances, explosions, breakage, accidents to machinery or lines of pipe, freezing of or damage to wells or delivery facilities, National Weather Service warnings or advisories, whether official or unofficial, that result in the evacuation of facilities or platforms, well blowouts, inability to obtain or unavoidable delay in obtaining material, equipment, and any other cause whether of the kind herein enumerated or otherwise, not reasonably within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome.~~

~~In the event of either party being rendered unable, wholly or in part, by force majeure to carry out its obligations (other than the continuing obligation set forth hereinbelow), it is agreed that on such party's giving notice and full particulars of such force majeure in writing or by telegraph or teletype to the other party within a reasonable time (not to exceed five (5) days) after the occurrence of the cause relied on, the obligations of both parties, so far as they are affected by such force majeure, shall be suspended during such period of force majeure, but for no longer period, and such cause shall so far as possible be remedied with all reasonable dispatch.~~

~~FORM OF SERVICE AGREEMENT~~

~~(For Use Under Seller's OFS Rate Schedule)  
(Continued)~~

~~Neither party shall be liable in damages to the other for any act, omission or circumstance occasioned by, or in consequence of, force majeure, as herein defined.~~

~~Such causes or contingencies affecting the performance by either party, however, shall not relieve it of liability unless such party shall give notice and full particulars of such cause or contingency in writing or by telegraph or teletype to the other party within a reasonable time after the occurrence relied upon, nor shall such causes or contingencies affecting the performance by either party relieve it of liability in the event of its failure to use due diligence to remedy the situation and remove the cause with all reasonable dispatch, nor shall such causes or transportation contingencies affecting the performance relieve Buyer from its obligation to make payments of amounts in respect of commodity charges for natural gas delivered, Firm Service Charges and Non Gas Demand Charges, except for any adjustment to the Firm Service Charge as specified in Article III of this Service Agreement.~~

ARTICLE VII  
RENEGOTIATION AND ARBITRATION

~~In the event the rights and obligations of the parties hereunder are suspended pursuant to Section 3 of Article V above, then within ten (10) working days following the Notice Date, the Suspending Party shall submit an Offer ("Offer") to the other party setting forth proposed terms and conditions for continued OFS Service. The other party may submit a Counter Offer ("Counter Offer") within ten (10) working days of receipt of the Offer. If a Counter Offer is received within the indicated period, the parties will proceed with negotiations. If a Counter Offer is not received within ten (10) working days, the Offer will be deemed accepted. If the parties are unable to agree on the terms and conditions for continued OFS Service within thirty (30) days (30 day Negotiation Period) following the Suspending Party's receipt of the Counter Offer, the Offer and the Counter Offer will be submitted to a Board of Arbitration in Washington, D.C. in accordance with the Commercial Arbitration Rules of the American Arbitration Association (but not administered by the American Arbitration Association) subject to the parties' agreement herein to modify or override those rules in certain respects by adoption of the following procedures:~~

~~(a) Within ten (10) days following the end of the 30 day Negotiation Period, each party must name its choice of an arbitrator who has accepted the appointment. In the event either party fails to name an arbitrator, such party's arbitrator shall be appointed by the Senior Judge (in service) of the United States District Court for the District of Columbia. Within fifteen (15) days after both arbitrators have accepted appointment, the two arbitrators shall name a third arbitrator, or, if they are unable to agree upon the third, the third arbitrator shall be appointed by the Senior Judge (in service) of the United States District Court for the District of Columbia. The three (3) arbitrators shall be qualified by education and/or experience to pass on the particular issues in dispute and shall not be (i) financially interested in the outcome of the dispute or (ii) current or former employees of either party. Each party shall pay the compensation and expenses of the arbitrator named by or for it, and both shall share equally the compensation and expenses of the third arbitrator.~~

~~FORM OF SERVICE AGREEMENT~~

~~(For Use Under Seller's OFS Rate Schedule)  
(Continued)~~

~~(b) The three arbitrators shall meet and hear the parties with respect to matters relevant to which proposed Offer will, among other things, compensate Seller for the value of providing the continued service, which shall include but not be limited to executed long term sales agreements between other Sellers serving similar markets and their customers. The jurisdiction of the arbitrators shall be limited to the selection, based on all relevant evidence presented, of either the Offer or the Counter Offer proposed either by Seller or by Buyer pursuant to the provisions of this section. No other provisions shall be selected by the arbitrators. The decision by the arbitrators shall be in writing, signed by the arbitrators or a majority of them, rendered within forty five (45) days of the appointment of the third arbitrator, and final, binding and non appealable, except as set forth in the Uniform Arbitration Act of Delaware 1/ as to the parties hereto. The provisions adopted by the arbitrators shall be effective as of the first day following the Notice Date regardless of the actual date of decision of the arbitrators. In the event the situation that led to the suspension is not remedied within six (6) months of the Notice Date, this Service Agreement may be terminated by either party. During any period prior to a decision by the arbitrators but after the Notice Date, Buyer shall continue to pay the rates and charges in effect prior to the Notice Date, subject to any adjustments to the Firm Service Charge set forth in Article III of this Service Agreement. Such rates and charges shall be adjusted retroactively as necessary to conform to the arbitrators' decision.~~

~~ARTICLE VIII  
MISCELLANEOUS~~

~~1. The subject headings of the Articles of this agreement are inserted for the purpose of convenient reference and are not intended to be a part of this agreement nor to be considered in any interpretation of the same.~~

~~2. This agreement supersedes and cancels as of the effective date hereof the following contract(s) between the parties hereto:~~

~~none~~

~~3. No waiver by either party of any one or more defaults by the other in the performance of any provisions of this agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or a different character.~~

~~4. THE INTERPRETATION AND PERFORMANCE OF THIS SERVICE AGREEMENT SHALL BE IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT RECOURSE TO THE LAW GOVERNING CONFLICT OF LAWS, AND TO ALL PRESENT AND FUTURE VALID LAWS WITH RESPECT TO THE SUBJECT MATTER, INCLUDING PRESENT AND FUTURE ORDERS, RULES AND REGULATIONS OF DULY CONSTITUTED AUTHORITIES.~~

~~1/ Del. Code Ann. tit. 10, Section 5703 (1974)~~



~~FORM OF SERVICE AGREEMENT~~

~~(For Use Under Seller's OFS Rate Schedule)  
(Continued)~~

~~EXHIBIT "A"  
SALES ENTITLEMENTS AND GAS PRICE~~

- ~~1. Buyer's Daily Sales Entitlement: Buyer's Daily Sales Entitlement(s) shall be equal to \_\_\_\_\_ at/d. 2/~~
- ~~2. Procedure to Determine the Delivered Gas Price and Buyer's Nominated Purchase Quantity:~~
  - ~~(a) No later than two (2) business days prior to Seller's receipt point transportation nomination deadline for the applicable month, Seller shall propose to Buyer a Delivered Gas Price for the following month. Such proposed Delivered Gas Price may be revised by Seller at any time prior to acceptance by Buyer in writing.~~
  - ~~(b) During the succeeding period ending on the date set forth in Subparagraph c) below, Buyer and Seller shall negotiate with the intent of determining a mutually agreeable Delivered Gas Price for the following month.~~
  - ~~(c) No later than five (5) p.m. C.S.T. on the day prior to the day that receipt point transportation nominations are due on Seller's system for the applicable month, Buyer shall notify Seller in writing of Buyer's daily nominated purchase quantity not to exceed Buyer's Daily Sales Entitlement ("Nominated Purchase Quantity") for the following month and, if Buyer and Seller have agreed to a Delivered Gas Price for the following month, such agreed to Delivered Gas Price. In the event Buyer and Seller have been unable to agree to a Delivered Gas Price for the following month, or if during the period from the effective date of this Service Agreement through March 31, 1991 the agreed to Delivered Gas Price is higher than the Default Price, the Delivered Gas Price shall be the Default Price, which shall equal the sum of (1) the Unit Price of Gas as determined in accordance with Subparagraph (d) below and (2) the Commodity portion of all transportation charges by Seller under Seller's Rate Schedule FT (calculated on a fully telescoped basis at the maximum applicable rate) and associated upstream transportation charges under Seller's Rate Schedule IT (calculated on a fully telescoped basis at the maximum applicable rate), including the imputed unit cost of fuel retained by Seller, the ACA Charge and any other charge by Seller which has been approved by the FERC, if applicable, to transport the gas sold and purchased hereunder to the Redelivery Point(s) ("Transportation Charge").~~
- ~~2/ Buyer's Daily Sales Entitlement and Nominated Purchase Quantity shall be increased as appropriate, to the dekatherm equivalent quantity and to include fuel retained by Seller under its Rate Schedules FT and IT, as applicable, to transport such gas from the Delivery Point(s) to the Redelivery Point(s).~~

~~FORM OF SERVICE AGREEMENT~~

~~(For Use Under Seller's OFS Rate Schedule)  
(Continued)~~

~~In the event of a refund and/or surcharge by Seller applicable to the Transportation Charge for zone(s) 1, 2 and/or 3, Seller's refund and/or surcharge obligation to Buyer related to the transportation of gas purchased by Buyer hereunder, shall be determined by multiplying (i) the per unit amount obtained by dividing the total dollars which Seller is obligated to refund and/or entitled to surcharge for zone(s) 1, 2 and/or 3 which are associated with Seller's transportation of gas purchased by all Buyers under this Rate Schedule OFS by the total quantity of gas purchased by all such Buyers under this Rate Schedule OFS during the period to which such adjustment is applicable by (ii) the quantity of gas purchased by Buyer under this Rate Schedule OFS during the period to which such adjustment is applicable. Refunds and/or surcharges applicable to the Transportation Charge for zone(s) 4, 5 and/or 6 shall be determined based on the actual volumes purchased and transported for each Buyer. The foregoing surcharge and/or refund shall be the only adjustment to the Delivered Gas Price hereunder.~~

~~(d) Unit Price of Gas:~~

~~(i) The Unit Price of Gas shall be determined by computing the following:~~

~~The simple average of the four regional prices (rounded to the fourth decimal place) set forth in the table "Gas Price Report" (in \$/MMBtu) published in the first issue for such month of Natural Gas Week (or any succeeding publication of Oil Daily, Inc.) for these regions: 1) Texas, Gulf Coast Offshore, Spot Delivered to Pipeline; 2) Texas, Gulf Coast Onshore, Spot Delivered to Pipeline; 3) Louisiana, Gulf Coast Offshore, Spot Delivered to Pipeline; 4) Louisiana, Gulf Coast Onshore, Spot Delivered to Pipeline.~~

~~(ii) Either Buyer or Seller may request a change in the price determination procedures set forth in this Subparagraph (d) in the event that the operation of such procedures does not reasonably reflect the weighted average price of spot gas available to Buyer, as reported to and verified by an independent, nationally recognized public accounting firm. For purposes of this subparagraph, the results of the existing procedure shall be deemed to be reasonably reflective of such weighted average spot gas price so long as it falls within a range of 90 to 110 percent of such price. If such range is exceeded for three consecutive months, then Seller and Buyer shall meet to undertake to agree upon an alternative published spot price index. Additionally, in the event Oil Daily, Inc. ceases publishing Natural Gas Week (and does not replace it with a successor publication), the parties shall use best efforts to agree on an alternative publication in a timely manner.~~

~~(c) Nothing herein or in the Service Agreement shall require Buyer to agree prior to any Calendar Month to nominate to purchase any quantity of gas hereunder during the following Calendar Month; provided, however, if Buyer nominates a quantity of gas hereunder for a Calendar Month up to Buyer's Daily Sales Entitlement, Buyer agrees that Buyer's Nominated Purchase Quantity shall be the quantity of gas which Buyer will purchase from Seller hereunder each day during that Calendar Month and Seller shall have no obligation hereunder to deliver and Buyer shall have no right to request or receive quantities of gas less than or greater than Buyer's Nominated Purchase Quantity.~~

~~FORM OF SERVICE AGREEMENT~~

~~(For Use Under Seller's OFS Rate Schedule)  
(Continued)~~

~~(f) Buyer and Seller hereby agree that the delivered price of gas is commercially sensitive information and agree that neither will disclose such information to any third party unless by mutual consent, which will not be unreasonably withheld or unless required to do so by judicial or governmental order, rule or regulation, except that selected data may be aggregated and composited with comparable data from the contracts for statistical purposes, by a person subject to reasonable confidentiality restrictions and provided that neither the identity of Buyer or Seller nor any data not necessary for such statistical purpose is disclosed.~~

~~3. Firm Service Fee~~

- ~~a) During the period from the effective date of this Service Agreement through March 31, 1992, the Firm Service Fee shall be \$\_\_\_\_\_ per Mcf for each month.~~
- ~~b) During the period from April 1, 1992 through March 31, 1993, the Firm Service Fee shall be \$\_\_\_\_\_ per Mcf for each month.~~
- ~~c) During the period from April 1, 1993 through the term of this Service Agreement, the Firm Service Fee shall be \$\_\_\_\_\_ per Mcf for each month.~~

SHEET NO. 401 IS BEING RESERVED FOR FUTURE USE.

~~FORM OF SERVICE AGREEMENT~~

~~{For Use Under Seller's OFS Rate Schedule}~~  
~~{Continued}~~

~~EXHIBIT "B"~~  
~~REDELIVERY POINTS~~

~~{current CD, C, OG, WSS, PS, ACQ Redelivery Points}~~

SHEET NO. 402 IS BEING RESERVED FOR FUTURE USE.

Alternative 1

~~FORM OF SERVICE AGREEMENT~~  
~~(For Use Under Seller's OFS Rate Schedule)~~  
~~(Continued)~~

~~EXHIBIT "C"~~  
~~DAMAGES~~

- ~~1. (a) In the event that Seller is unable on any day to deliver the quantities of gas requested by Buyer pursuant to the terms of this Service Agreement up to Buyer's Daily Sales Entitlement, and if Buyer is unable to replace such volumes with volumes from other natural gas (excluding liquefied natural gas and synthetic natural gas) sources, then Seller shall pay to Buyer, as Buyer's sole and exclusive remedy for such failure to deliver (except for the adjustments specified in Section 3 of Article III of this Service Agreement) liquidated damages in an amount equal to one hundred fifty percent (150%) of the Unit Price for the applicable month (as defined in Paragraph 2(d) of Exhibit "A" to this Service Agreement) multiplied by the difference between Buyer's Nominated Purchase Quantity and the sum of the volumes actually delivered hereunder and the Replacement Volumes (as defined below), if any, purchased by Buyer.~~
- ~~(b) In the event that Seller is unable on any day to deliver the quantities of gas requested by Buyer pursuant to the terms of this Service Agreement, up to Buyer's Daily Sales Entitlement, and if Buyer is able to replace such volumes with volumes from other natural gas (excluding liquefied natural gas and synthetic natural gas) sources ("Replacement Volumes"), then Seller shall pay to Buyer, as Buyer's sole and exclusive remedy for such failure to deliver (except for the adjustments specified in Section 3 of Article III of this Service Agreement) liquidated damages in an amount equal to (i) the difference between (a) the price per dekatherm that Buyer would have paid if the gas had been delivered under this Service Agreement (including the Firm Service Fee) and (b) the cost per dekatherm reasonably incurred by Buyer for such replacement volumes, such cost to be adjusted if necessary for pricing point comparability, multiplied by (ii) the difference, not to exceed one hundred percent (100%) of the Replacement Volumes, between (a) Buyer's Daily Sales Entitlement and (b) the volume actually delivered hereunder.~~
- ~~(c) Notwithstanding subsections 1(a) and 1(b) above, if Seller's failure to deliver is due to a force majeure condition or an adverse governmental action as described in subsections 1(a), 1(b) or 1(c) of Article V of this Service Agreement, Seller shall not be required to pay any damages (except for the adjustment specified in Section 3 of Article III of this Service Agreement).~~
- ~~2. Notwithstanding anything to the contrary herein, Seller's obligation to make payments for failure to deliver the volumes nominated by Buyer on any day pursuant to Section 2(a) of this Exhibit "C" shall be limited to sixty (60) days in any one (1) Contract Year period.~~

~~Alternative 2~~

~~FORM OF SERVICE AGREEMENT  
(For Use Under Seller's OFS Rate Schedule)  
(Continued)~~

~~EXHIBIT "C"  
DAMAGES~~

- ~~1. (a) In the event that Seller is unable on any day to deliver the quantities of gas requested by Buyer pursuant to the terms of this Service Agreement, up to Buyer's Daily Sales Entitlement, and if Buyer is able to replace such volumes with volumes from other natural gas (excluding liquefied natural gas and synthetic natural gas) sources ("Replacement Volumes"), then Seller shall pay to Buyer, as Buyer's sole and exclusive remedy for such failure to deliver (except for the adjustments specified in Section 3 of Article III of this Service Agreement) liquidated damages in an amount equal to (i) the difference between (a) the price per dekatherm that Buyer would have paid if the gas had been delivered under this Service Agreement (including the Firm Service Fee) and (b) the cost per dekatherm reasonably incurred by Buyer for the Replacement Volumes, adjusted if necessary for pricing point comparability, multiplied by (ii) the difference, up to one hundred percent (100%) of the Replacement Volumes delivered to Buyer's city gate on the applicable day, between (a) Buyer's Daily Sales Entitlement and (b) the volumes actually delivered hereunder.~~
- ~~(b) In the event that Seller is unable on any day to deliver the quantities of gas requested by Buyer pursuant to the terms of this Service Agreement up to Buyer's Daily Sales Entitlement, and if Buyer is unable to replace such volumes from other natural gas (excluding liquefied natural gas and synthetic natural gas) sources, Buyer hereby expressly reserves any and all claims and/or causes of action Buyer has or may have against Seller for breach of Seller's obligations hereunder. Additionally, Seller hereby expressly reserves any defenses it may have with regard to such claims and/or causes of action.~~
- ~~(c) Notwithstanding subsections 1(a) and 1(b) above, if Seller's failure to deliver is due to a force majeure condition or an adverse governmental action as described in subsections 1(a), 1(b) or 1(c) of Article V of this Service Agreement, Seller shall not be required to pay any damages (except for the adjustment specified in Section 3 of Article III of this Service Agreement).~~

SHEET NO. 403 IS BEING RESERVED FOR FUTURE USE.

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Alternative 3

~~FORM OF SERVICE AGREEMENT~~  
~~For Use Under Seller's OFS Rate Schedule)~~  
~~(Continued)~~

~~EXHIBIT "C"~~  
~~DAMAGES~~

~~Subject to Article V of this Service Agreement, in the event that Seller is unable on any day to deliver the quantities of gas requested by Buyer pursuant to the terms of this Service Agreement, Buyer hereby expressly reserves any and all claims and/or causes of action Buyer may have against Seller for breach of Seller's obligations hereunder. Additionally, Seller hereby expressly reserves any defenses it may have to such claims and/or causes of action.~~

SHEET NO. 405 IS BEING RESERVED FOR FUTURE USE.

~~FORM OF SERVICE AGREEMENT~~

~~RATE SCHEDULE IS~~

~~THIS AGREEMENT entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ (year), by and between TRANSCONTINENTAL GAS PIPE LINE CORPORATION, a Delaware corporation, hereinafter referred to as "Seller", and \_\_\_\_\_, hereinafter referred to as "Buyer".~~

~~WHEREAS,~~

~~NOW THEREFORE, Seller and Buyer hereby agree as follows:~~

~~ARTICLE I  
GAS SALE AND PURCHASE~~

~~The parties recognize that the sale of gas by Seller and purchase by Buyer hereunder will be on a fully interruptible basis by both parties and pursuant to the terms of Seller's Rate Schedule IS, which is incorporated herein by reference.~~

~~ARTICLE II  
RATE SCHEDULE AND PRICE~~

~~For all gas made available by Seller to Buyer under the terms hereof, Buyer agrees to pay Seller the rate specified in the executed Purchase Order (a form of which is attached as Appendix A to this Agreement) in effect at the time of delivery.~~

~~ARTICLE III  
TERM OF AGREEMENT~~

~~3.1 The term of this Agreement shall commence on the date of first deliveries hereunder and continue \_\_\_\_\_.~~

~~3.2 Service hereunder is subject to interruption or termination to the extent permitted in Rate Schedule IS.~~

~~ARTICLE IV  
VOLUME~~

~~Buyer may purchase, subject to Seller's agreement on any day, up to a total of \_\_\_\_\_ dt of gas per day during the term of this Agreement.~~

SHEET NO. 406 IS BEING RESERVED FOR FUTURE USE.

~~FORM OF SERVICE AGREEMENT~~

~~RATE SCHEDULE IS  
(Continued)~~

~~ARTICLE V  
BUYER DELIVERY POINTS~~

~~— Seller shall deliver the volumes of gas purchased hereunder to Buyer at the Buyer Delivery Point(s) designated on the executed purchase order, which may be either (a) the point(s) at which Seller acquires title from third party seller(s) from whom Seller purchases its gas supply, and/or (b) interconnection(s) with the facilities of third party transporters with whom Seller has contracted for the transportation of gas supplies, and/or (c) the outlet of Seller's system storage facilities, and/or (d) the TABS pooling points.~~

~~— Seller is responsible for the transportation of gas to the designated Buyer Delivery Point(s). Buyer is responsible for the transportation of gas after delivery is made to Buyer at the designated Buyer Delivery Point(s).~~

~~ARTICLE VI  
REGULATION~~

~~— This Agreement is subject to all valid statutes, orders, rules and regulations of duly constituted governmental authorities having jurisdiction or control over the parties, their facilities or gas supplies under this Agreement, or any provision thereof.~~

~~ARTICLE VII  
DELIVERY PRESSURE~~

~~— Delivery pressure under normal operating conditions shall be the pressure necessary to effectuate delivery at the Buyer Delivery Point(s).~~

~~ARTICLE VIII  
SUCCESSORS AND ASSIGNS~~

~~— Any company which shall succeed by purchase, merger or consolidation to the properties, substantially as an entirety, of Seller or Buyer shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Agreement. No other assignment of this Agreement or any of the rights or obligations thereunder shall be made unless there first shall have been obtained the written consent thereto of the non assigning party. Seller or Buyer may pledge or assign its respective right, title and interest in and to and under this Agreement to a trustee or trustees, individual or corporate, as security for bonds or other obligations or securities without the necessity of becoming in any respect obligated to perform the obligations of the assignor under this Agreement and, if any such trustee be a corporation, without its being required to qualify to do business in any State in which performance of this Agreement may occur.~~

~~ARTICLE IX  
GENERAL TERMS AND CONDITIONS~~

~~— Except to the extent overridden or contradicted by the specific terms of this Agreement or Seller's Rate Schedule IS, the General Terms and Conditions of Seller's Volume No. 1 FERC Gas Tariff are applicable to this Agreement and are hereby made a part hereof.~~

~~— 9.1 The subject headings of the Articles of this Agreement are inserted for the purpose of convenient reference and are not intended to be part of this Agreement nor to be considered in any interpretation of the same.~~

~~FORM OF SERVICE AGREEMENT~~

~~RATE SCHEDULE IS  
(Continued)~~

~~9.2 This Agreement supersedes and cancels as of the effective date hereof the following contracts between the parties hereto for the sale of natural gas by the Seller to the Buyer.~~

~~9.3 No waiver by either party of any one or more defaults by the other in the performance of any provisions of this Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or a different character.~~

~~9.4 This Agreement shall be interpreted, performed and enforced in accordance with the laws of the State of Texas.~~

~~9.5 This Agreement shall be binding upon and inure to the benefits of the parties hereto and their respective successors and assigns.~~

\_\_\_\_\_  
TRANSCONTINENTAL GAS PIPE LINE  
CORPORATION

By \_\_\_\_\_

Its \_\_\_\_\_

\_\_\_\_\_  
As Buyer

By \_\_\_\_\_

Its \_\_\_\_\_

SHEET NO. 408 IS BEING RESERVED FOR FUTURE USE.

~~TRANSCONTINENTAL GAS PIPE LINE CORPORATION (Transeo)~~

~~APPENDIX A~~

~~PURCHASE ORDER~~

~~On this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ (year), \_\_\_\_\_  
(Buyer) hereby gives notice to Transcontinental Gas Pipe Line Corporation (Transeo) of Buyer's  
order to purchase gas under the service agreement between Buyer and Transeo dated  
\_\_\_\_\_, \_\_\_\_\_ (year) (Agreement) as follows:~~

~~Purchase Period: \_\_\_\_\_, \_\_\_\_\_ (year), through \_\_\_\_\_,  
\_\_\_\_\_ (year).~~

~~Purchase Price: \$ \_\_\_\_\_/dt.~~

~~Daily Interruptible Purchase Volume: Up to \_\_\_\_\_/dt.~~

~~Estimated Annual Purchase Volume: \_\_\_\_\_/dt.~~

~~Delivery Point: \_\_\_\_\_.~~

~~Buyer Delivery Point: \_\_\_\_\_.~~

~~This Purchase Order is incorporated by reference and is a part of the above Agreement between  
Buyer and Transeo when executed by the parties in the spaces provided below. Unless otherwise  
indicated, this Purchase Order supersedes all prior Purchase Orders.~~

\_\_\_\_\_  
\_\_\_\_\_  
TRANSCONTINENTAL GAS PIPE LINE  
CORPORATION

\_\_\_\_\_  
\_\_\_\_\_  
By \_\_\_\_\_ By \_\_\_\_\_

Its \_\_\_\_\_ Its \_\_\_\_\_

Date \_\_\_\_\_, 1989 Date \_\_\_\_\_, 1989