

PART IV - GENERAL TERMS AND CONDITIONS

GENERAL TERMS AND CONDITIONS

1. APPLICATION

The following General Terms and Conditions apply to all services rendered by Seller under its rate schedules on file with and subject to the jurisdiction of the Federal Energy Regulatory Commission.

GENERAL TERMS AND CONDITIONS

2. DEFINITIONS

The following terms shall have the meanings defined below:

- (a) "Gas Day" – A period of 24 consecutive hours beginning at 9 A.M. Central Clock Time which includes the recognition of Day Light Saving Time.
- (b) "Month" – A period beginning at 9 A.M. Central Clock Time on the first day of the calendar month and shall end at the aforesaid time on the first day of the next succeeding calendar month.
- (c) "Year" – A period of three hundred sixty-five (365) consecutive days beginning on the date of initial delivery of natural gas under the contract, or on any anniversary thereof; provided, however, that any such year which contains a date of February 29th shall consist of three hundred sixty-six (366) consecutive days.
- (d) "Heating Value" – Gross Heating Value on a dry basis which is the number of British thermal units produced by the complete combustion at constant pressure of the amount of dry gas which would occupy a volume of one cubic foot at 14.73 Psia and 60 degrees Fahrenheit with combustion air at the same temperature and pressure as the gas, the products of combustion being cooled to the initial temperature of the gas and air and the water formed by combustion condensed to the liquid state.
- (e) "British Thermal Unit" (Btu) – The amount of heat required to raise the temperature of one (1) pound of water 1 degree Fahrenheit at 60 degrees Fahrenheit.
- (f) "Mcf" – 1,000 cubic feet of gas provided, however, Mcf as used in service agreements executed prior to January 1, 1977 shall mean dt.
- (g) "Scheduled Daily Delivery" – The daily amounts of gas nominated electronically through 1Line or by electronic data interchange by Buyer to Seller covering a specific period of time and scheduled for delivery by Seller pursuant to the provisions of Seller's rate schedules.
- (h) "Dekatherm" (dt) – The quantity of heat energy which is 1,000,000 British Thermal Units.
- (i) "Natural Gas or Gas" – Natural gas processed or unprocessed, vaporized liquid natural gas, synthetic gas, gas from coal seams or any mixture of these gases.
- (j) "Potential Buyers" – All current transportation and sales customers of Seller as well as all persons who have pending requests for transportation service or for information regarding transportation services of Seller.
- (k) "Maximum Rate" – The highest cost of service based rate (including applicable surcharges) specified under each respective rate schedule, which rate shall be the recourse rate.

- (l) "Business Day" – Monday through Friday, excluding Federal Banking Holidays for transactions in the U.S., and similar holidays for transactions occurring in Canada and Mexico.
- (m) "Operational Impact Area" (OIA) – The geographic area described as follows:
 - OIA 1 - Transco's system in its entirety south and west of Station 90.
 - OIA 2 - Station 90 and Transco's system north and east of Station 90 through the end of Zone 5.
 - OIA 3 - Zone 6, with the exceptions of Station 505, the Leidy Line system west of Station 505, and the Central Penn Line (the Central Penn Line is comprised of the Central Penn Line North and Central Penn Line South).
 - OIA 4 - Station 505, the Leidy Line system in its entirety west of Station 505, and the Central Penn Line (the Central Penn Line is comprised of the Central Penn Line North and the Central Penn Line South).
- (n) "Operational Balancing Agreement" (OBA) – An Agreement between Seller and OBA party to assign to the OBA party for final resolution any imbalance at a point. The term OBA shall include Pipeline Interconnect Balancing Agreements (PIBAs) and equivalents, as applicable.
- (o) "Virtual Point" – A receipt or delivery point on Seller's system where physical quantities are not measured. A Virtual Point is used to facilitate the scheduling and allocation of gas on Seller's system.
- (p) "Production Facility" – A Stub Line or wellhead receipt location, or buyback, fuel, or lift gas delivery location where physical quantities are measured.
- (q) "Stub Line" – A lateral or section of pipeline, wholly or partially owned by Seller, that is non- contiguous to Seller's system.
- (r) "Swing Service Delivery Point" – A location at which a local distribution company, a municipality, an industrial customer, or a power generation plant takes deliveries of gas from Seller's system.
- (s) "Virtual Measurement Point" – A delivery point where the allocated quantity is equal to the scheduled quantity, and a Swing Supplier agrees that the difference between the allocated quantity and physical measurement is allocated at an associated Swing Service Delivery Point. A Virtual Measurement Point is used to facilitate the scheduling and allocation of gas on Seller's system.
- (t) "Swing Supplier" – (i) Buyer(s) that agree to link transportation and unbundled storage service transactions in order to reduce or eliminate imbalances for services designated to "take the swing" at a Swing Service Delivery Point, as provided in Section 18.1(a)(i) of the General Terms and Conditions; or (ii) a Swing Service Delivery Point operator that agrees to "take the swing" for another Swing Service Delivery Point by linking transportation transactions in order to reduce or eliminate imbalances at that Swing Service Delivery Point, as provided in Section 18.1(a)(i) of the General Terms and Conditions; or (iii) a Swing

Service Delivery Point operator that agrees to “take the swing” for a Virtual Measurement Point in order to eliminate imbalances at the Virtual Measurement Point, as provided in Section 18.1(a)(i) of the General Terms and Conditions; or (iv) a pipeline interconnect operator and a Swing Service Delivery Point operator that agree that the Swing Service Delivery Point operator will “take the swing” in order to reduce or eliminate the imbalance at the pipeline interconnect by linking a transportation transaction between the two locations. Seller and the affected parties under (i), (ii), (iii) or (iv) herein must consent to the Swing Supplier designation in writing.

GENERAL TERMS AND CONDITIONS

3. QUALITY

(a) May Be Processed Gas

Moisture, impurities, helium, natural gasoline, butane, propane, and any other hydrocarbons except methane may be removed from the natural gas delivered to or for the account of Buyer prior to such delivery. Seller may subject, or permit the subjection of, the natural gas to compression, cooling, cleaning and other processes.

(b) Heating Value

The natural gas delivered by Seller to or for the account of Buyer or delivered by Buyer or Buyer's Supplier to Seller for redelivery shall have a daily average Heating Value of not less than 980 Btu per cubic foot and not more than 1100 Btu per cubic foot as determined in Section 2(d) of the General Terms and Conditions.

(c) Extraneous Substances

The natural gas delivered by Seller to or for the account of Buyer or delivered by Buyer or Buyer's Supplier to Seller for redelivery:

- (i) Shall be commercially free from objectionable odors, dust, or other solid or liquid matter which might interfere with its merchantability or cause injury to or interference with proper operation of the lines, regulators, meters or other appliances through which it flows;
- (ii) Shall contain not more than three-tenths (.3) grain of hydrogen sulphide per 100 cubic feet of gas volume when tested in accordance with the following procedure: A strip of white filter paper previously moistened with fresh 5 percent lead acetate solution shall be exposed to the gas for one and one-half minutes in a previously purged apparatus through which the test gas is flowing at a rate of approximately 5 cubic feet per hour; the gas jet shall not directly impinge upon the test strip during the test. At the end of the stated time the test paper thus exposed shall be compared with a second test strip similarly prepared but not exposed to the test gas. If the exposed strip is not noticeably darker than the comparison strip, the gas under test shall be considered acceptable. If the exposed strip is noticeably darker than the comparison strip, the gas shall be tested quantitatively for hydrogen sulphide by the Tutweiler or other approved method;
- (iii) Shall not contain more than twenty (20) grains of total sulphur per hundred cubic feet of gas volume;
- (iv) Shall contain odorant at the point of delivery and, if necessary, be odorized at an agreed to injection point to obtain an adequate intensity, as defined at 49 C.F.R. 192.625 as amended from time to time, except where (1) the transportation and

delivery by Seller of unodorized gas is permitted under applicable laws, rules or regulations and (2) Buyer requests and Seller agrees, in writing, that gas delivered to Buyer shall not be odorized and Buyer performs the odorization or causes the odorization to be performed if required. In the event of (2) above, Buyer agrees to and shall indemnify Seller from and against all claims, damages and liabilities arising out of or related in any way to the delivery by Seller of unodorized gas to Buyer. Odorization by Seller shall not be construed as interfering with the merchantability of gas delivered;

- (v) Shall not be delivered at a temperature of more than 120 degrees Fahrenheit; and
 - (vi) Shall not contain in excess of seven (7) pounds of water vapor per million cubic feet.
- (d) Failure to Conform

If the natural gas offered for delivery by Seller shall fail at any time to conform to any of the specifications set forth in the General Terms and Conditions, then upon notification by Buyer to Seller of such failure, Buyer may, at its option, refuse to accept delivery pending correction by Seller. Upon Seller's failure promptly to remedy any deficiency in quality as specified in Section 3(c), then Buyer may accept delivery of such natural gas and may make changes necessary to bring such natural gas into conformity with such specifications, and Buyer shall then deduct from future payments any reasonable expense incurred by it in effecting such change.

If the natural gas tendered by Buyer or Buyer's Supplier to Seller for redelivery shall fail at any time to conform to any of the specifications set forth in the General Terms and Conditions or might otherwise interfere with or adversely affect the normal operation of the facilities of Seller or Seller's customers, then upon notification by Seller to Buyer, Seller may, at its option, refuse to accept such gas pending correction by Buyer or Buyer's Supplier. Upon Buyer's or Buyer's Supplier's failure promptly to remedy any deficiency in quality, then, upon twenty-four (24) hours advance notice to Buyer, Seller may make changes necessary to bring such natural gas into conformity, and Buyer shall reimburse Seller for any reasonable expense incurred by it in effecting such change.

GENERAL TERMS AND CONDITIONS

4. MEASUREMENTS

(a) Measurement Unit

The unit of the natural gas deliverable shall be a Dekatherm (one dt) of gas on the measurement basis hereinafter set forth.

(b) Quantity and Heating Value

The quantity and the Heating Value of the natural gas delivered by Seller to or for the account of Buyer or delivered by Buyer or Buyer's Supplier to Seller for redelivery shall be determined as follows:

- (i) The unit of volume for the purpose of measurement shall be one (1) cubic foot of gas at a temperature of 60 degrees Fahrenheit and at an absolute pressure of fourteen and seventy-three hundredths (14.73) pounds per square inch.
- (ii) The unit of weight for the purpose of measurement shall be one (1) pound mass of gas.
- (iii) The average absolute atmospheric pressure shall be assumed to be 14.7 pounds per square inch.
- (iv) The temperature of the gas flowing through the meters, when necessary for computing gas quantities, shall be determined by the use of a recording thermometer or other temperature measuring device. The arithmetic average of the temperature recorded each 24-hour day, or so much of the 24 hours as gas has been flowing, shall be used in computing gas quantities or instantaneous temperature measurements may be applied to metering instruments to provide the quantity computation.
- (v) The specific gravity of the gas flowing through the meters, when necessary for computing gas quantities, shall be, unless otherwise agreed upon, determined by the use of a recording gravitometer or an online process type gas chromatograph. The arithmetic average of the 24-hour record, or so much of the 24 hours as gas has been flowing, or continuous instantaneous specific gravity measurement may be applied to metering instruments to provide the quality computation.
- (vi) The deviation of the gas from Ideal Gas Laws shall be calculated following the recommendations of the ANSI/API 2530 "Orifice Metering of Natural Gas and Other Related Hydrocarbon Fluids" (A.G.A. Report No. 3) including the A.G.A. Manual for Determination of Supercompressibility Factors of Natural Gas or the A.G.A. Transmission Measurement Committee Report No. 8 "Compressibility and Supercompressibility for Natural Gas and Other Hydrocarbon Gases." If the

composition of the gas is such as to render the above procedure inapplicable, other methods for determination of the deviation factors, mutually agreed upon by Buyer and Seller, shall be used.

- (vii) The Heating Value shall be determined by either (1) the use of a suitably located and acceptable make gas chromatograph or (2) calculation from a fractional analysis, or (3) methods outlined in A.G.A. Gas Measurement Committee Report No. 5, latest edition, or (4) other methods mutually acceptable. Dekatherms delivered shall be determined by either (1) multiplying the Mcf delivered by a fraction the numerator of which is the Btu per cubic foot and the denominator of which is 1,000 or (2) multiplying the pounds mass delivered by a fraction the numerator of which is the Btu per pound mass and the denominator of which is 1,000,000.

(c) Quantities to New York Companies

The quantity of gas delivered to The Brooklyn Union Gas Company, Consolidated Edison Company of New York, Inc. and Long Island Lighting Company (New York Companies) through Seller's meters at the points of delivery into the New York facilities, defined as the mains and appurtenant facilities referred to in the New York Facilities agreement dated as of December 31, 1959, shall be determined, for any period, by allocating to each Buyer the total quantity of gas delivered by Seller. The method for allocating such total quantity shall be mutually agreed to by the New York Companies and furnished to Seller. The quantity of gas received by each New York Company shall be based on meter charts sent to Seller daily or by such other method as may be mutually agreed upon. Seller shall promptly furnish the quantity received by each company as so determined together with the allocation of the total quantity delivered by Seller.

GENERAL TERMS AND CONDITIONS

5. MEASUREMENT EQUIPMENT

(a) Measuring Stations

Subject to the provisions of Section 20 of the General Terms and Conditions, measuring stations will be installed, maintained and operated at or near each Point of Receipt and each Point of Delivery, which measuring stations will be properly equipped with standard orifice meters, flange connections, orifice plates and other necessary measuring equipment or other standard type meter suitable for the purpose by which the quantity of natural gas shall be measured and determined. Meter facilities responsibilities relative to mainline expansion projects will be governed by the related certificate authorization for the expansion project.

Service agreements subject to this Section 5(a) and entered into prior to November 22, 2004 will be grandfathered such that they will operate under the provisions of this Section 5(a) that were in effect immediately prior to November 22, 2004.

The Heating Value of natural gas received or delivered shall be measured and determined as provided in Section 4(b)(vii) of the General Terms and Conditions. Orifice meters where used shall be installed and operated in accordance with ANSI/API "Orifice Metering of Natural Gas and Other Related Hydrocarbon Fluids," latest revision, and shall include the use of straightening vanes.

(b) Buyer's Check Measuring Equipment

Buyer acting jointly with Seller may install, maintain and operate, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Seller's measuring equipment. Seller shall have the right at its own expense to install check measuring equipment adjoining the measurement equipment of each Buyer of the New York Companies, provided that such equipment shall be so installed as not to interfere with the operation of Buyer's measuring equipment.

(c) Joint Presence

Each party shall have the right to be present at the time of installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with measuring equipment involved in billing and used in measuring or checking the measurement of receipts and deliveries, including any measuring equipment involving the accurate billing of the natural gas delivered to the New York Companies. The records from such measuring equipment shall remain the property of their owner, but upon request, each will submit to the other its records and charts, together with calculations therefrom for inspection and verification, subject to return within ten (10) days after receipt thereof.

(d) Installation

All installations of measurement equipment applying to or affecting receipts and deliveries shall be made in such manner as to permit an accurate determination of the quantity of natural gas delivered and ready verification of the accuracy of measurement. Care shall be exercised by Seller and Buyer in the installation, maintenance and operation of pressure regulating equipment so as to prevent any inaccuracy in the determination of the quantity of gas received or delivered hereunder.

(e) Inaccurate Meter

In the event a meter is out of service, or registering inaccurately, the quantity of natural gas received or delivered shall be determined,

- (i) By using the registration of any check meter or meters if installed and accurately registering, or, in the absence of (i),
- (ii) By correcting the error or the percentage of error if ascertainable by calibration, test, or mathematical calculation, or in the absence of both (i) and (ii), then
- (iii) By estimating the quantity of receipts or deliveries during periods under similar conditions when the meter was registering accurately.

(f) Verification

The accuracy of Seller's measurement equipment shall be verified by Seller at reasonable intervals, and, if requested, in the presence of representatives of Buyer, but Seller shall not be required as a matter of routine to verify the accuracy of such equipment more frequently than once in any thirty (30) day period.

In the event either party shall notify the other that it desires a special test of any measuring equipment, including any measuring equipment involving the accurate billing of the natural gas delivered to the New York Companies, the parties shall cooperate to secure a prompt verification of the accuracy of such equipment. The expense of such special tests as may be requested by Buyer shall be borne by Buyer if the measuring equipment, by such tests, is found to be correct.

(g) Adjustment for Inaccuracy

If, upon test, any measurement equipment is found to be inaccurate, such equipment shall be adjusted at once to record correctly, and the amount of error shall be determined by the most accurate method feasible. If, upon test, any measurement equipment is found to be inaccurate by an amount exceeding two percent (2.0%) in the measurement of gas quantities since the last preceding test, then the calculated deliveries of gas shall be adjusted to compensate for such error. Such adjustment shall be made for such period of inaccuracy which is definitely known. If the period of inaccuracy is not definitely known or

agreed upon, such correction shall be for a period extending over one-half of the time elapsed since the date of the last test.

Measurement data corrections should be processed within six (6) months of the production month with a three (3) month rebuttal period. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard. Mutual agreement between parties, legal decisions, and regulatory guidance may be necessary to determine if the event qualifies for an extension of the above time periods.

(h) Maintenance of Records

Seller and Buyer shall preserve all original or equivalent electronic test data, charts, or other similar records for a period required by the applicable rules of regulatory agencies having jurisdiction.

GENERAL TERMS AND CONDITIONS

6. BILLING

- (a) Rendering of Bills for Service under Seller's Sales, Storage and Transportation Rate Schedules (except for Rate Schedule S-2).

On or before the first day of the month Seller shall render its bill for the Demand Charges, Reservation Charges and Storage Capacity Quantity Charges for service rendered during the preceding month and any adjustment in these charges billed in the previous month(s), including any adjustments for failure to deliver due to force majeure or for other causes.

On or before the 10th day of each month Seller shall render its bill for the remainder of the charges payable for gas service rendered during the preceding calendar month. Such bill shall include the Commodity Charges, and any adjustment in these charges billed in the previous month(s), and any penalties or other charges assessed applicable to the month for which the bill is rendered or any previous month(s). Cash out payments owed by Buyer or OBA Party and monthly fees owed by OBA Party pursuant to Section 25.6 of the General Terms and Conditions for imbalances shall be included in the bill rendered on the 10th day of the month following the month in which the applicable trading period occurred. Imbalance statements shall be available at the same time or prior to the rendering of the transportation invoice.

Notwithstanding anything to the contrary in the foregoing, any charges billed by Seller based on dts delivered or usage quantities shall be billed on or before the 10th day of each month.

- (b) Rendering of Bills for Service under Rate Schedule S-2

On or before the first day of the month Seller shall render its bills for the monthly Demand Charge and Storage Capacity Charge for service rendered in the current month and any adjustment in these charges billed in the previous month(s).

On or before the 10th day of each month Seller shall render its bills for the remainder of the charges payable for gas service rendered during the preceding calendar month and any adjustment in these charges billed in the previous month(s). Such bills shall include, when applicable, the remaining charges set forth in Section 3 of Rate Schedule S-2.

- (c) Rendering of Bills to be Electronic Unless Otherwise Elected

Unless Buyer or OBA Party elects, in the manner set forth below, to have bills rendered via U.S. mail, bills shall be rendered electronically via 1Line. Bills shall be rendered electronically when Seller posts notification on Seller's informational posting website that invoices are approved or final on 1Line. Contemporaneously with such posting, Buyer or OBA Party shall receive that notification in its private mailbox in 1Line. In addition, Buyer or OBA Party may elect, on 1Line, to receive e-mail notification, to the e-mail address

designated by Buyer or OBA Party, when bills are rendered electronically. It is the Buyer's or OBA Party's responsibility to maintain current e-mail information in 1Line.

Buyer or OBA Party may change the method by which Seller renders bills to such Buyer or OBA Party upon 10 days prior written notice to Seller; provided however, such change will not become effective until the first day of the month following the expiration of the 10-day notice period.

Rendered is defined as postmarked, time stamped, and delivered (made available) to the designated site or designated as approved or final on 1Line.

(d) Billing Adjustments

Prior period adjustment time limits should be 6 months from the date of the initial transportation invoice and 7 months from the date of the initial sales invoice with a 3-month rebuttal period, excluding government required rate changes. The standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard. Mutual agreement between parties, legal decisions, and regulatory guidance may be necessary to determine if the event qualifies for an extension of the above time periods.

(e) Supporting Data

Seller and Buyer shall each deliver to the other for examination such pertinent records and charts as shall be necessary to verify the accuracy of any statement, chart or computation made by either of them under or pursuant to any of the provisions hereof, of the applicable rate schedule or of the service agreement.

GENERAL TERMS AND CONDITIONS

7. PAYMENTS

(a) Payment of Bills for Service under Seller's Sales, Storage and Transportation Rate Schedules

Except as otherwise hereinafter provided in this Section 7, Buyer shall pay to Seller by wire transfer of immediately available funds on or before the 10th day of each month Seller's bill rendered on or before the first day of the month for gas service rendered during the preceding calendar month and any adjustment of these charges for the previous month(s) and, on or before the 20th day of each month, Seller's bill for the remainder of the charges for gas service rendered during the preceding calendar month and any adjustment of these charges for the previous month(s); provided, however, Buyer may make payment by check (in accordance with the aforementioned payment due dates) rather than by wire transfer if Seller's bill(s) for the preceding calendar month does not exceed an aggregate of \$100,000; provided further, however, Seller may agree, on a non-discriminatory basis, to accept payment from a Buyer by check rather than wire transfer if Seller's bill(s) for the preceding calendar month exceeds an aggregate of \$100,000.

If the payment date is a Saturday, Sunday or holiday, then payment is due the following business day.

Party making payment should submit supporting documentation; party receiving payment should apply payment per supporting documentation provided by the paying party; and if payment differs from invoiced amount, remittance detail should be provided with the payment, except when payment is made by electronic funds transfer (EFT), in which case the remittance detail is due within two business days of the payment due date. The Statement of Account should report outstanding balances by invoice.

(b) Payment of Bills for Service under S-2 Rate Schedule

Except as otherwise hereinafter provided, Buyer shall pay to Seller by wire transfer of immediately available funds on or before the 10th day of each month Seller's bill for the Demand Charge in effect during the current month and any adjustment of these charges for the previous month(s) and, on or before the 20th day of each month thereafter, Buyer shall pay Seller the remainder of the charges billed Buyer pursuant to Section 6(b) of the General Terms and Conditions and any adjustment of these charges for the previous month(s); provided, however, Buyer may make payment by check (in accordance with the aforementioned payment due dates) rather than by wire transfer if Seller's bill(s) does not exceed an aggregate of \$100,000; provided further, however, Seller may agree, on a non-discriminatory basis, to accept payment from a Buyer by check rather than wire transfer if Seller's bill(s) exceeds an aggregate of \$100,000.

If the payment date is a Saturday, Sunday or holiday, then payment is due the following business day.

(c) Failure to Pay

Should Buyer fail to pay all of the amount of any bill as herein provided when such amount is due, interest on the unpaid portion of such amount shall accrue at the rate equal to the interest rate calculated in accordance with 18 C.F.R. Section 154.501(d)(1) of the Commission's regulations or its successor from the due date until the date of payment. If such failure to pay continues for 30 days after payment is due, Seller, in addition to any other remedy it may have hereunder, may notify Buyer in writing of its nonpayment, allowing Buyer thirty days to make payment of any unpaid amount and to provide assurances satisfactory to Seller that such non-payment will not recur. Seller will not suspend service under this Section 7(c) until ten days after the end of such thirty-day period, and then only upon written notice to Buyer and the Commission. Seller, in its sole discretion, reserves the right to waive trivial interest charges upon receipt of payment for all outstanding balances due from Buyer, excluding such interest.

If Buyer in good faith shall dispute the amount of any such bill or any part thereof, Buyer shall provide written notice of its dispute including documentation identifying basis of dispute and shall either (1) pay to Seller the full amount of such bill, subject to refund as described in Section 7(d), or (2) pay to Seller such amount as it concedes to be correct, and at any time thereafter within 30 days of a demand made by Seller, shall furnish good and sufficient surety bond from a surety on the U.S. Treasury approved list guaranteeing payment to Seller of the amount finally determined to be due. If, under option (2) as set forth in the immediately preceding sentence, Buyer, at Seller's demand, posts a surety bond and the amount finally determined to be due is that amount which Buyer asserted in its written notice of its dispute as being the correct amount due, then Seller shall reimburse Buyer for the amount of the premium paid for the surety bond obtained by Buyer. Upon (1) payment of such bill in full in the manner hereinabove described or (2) the furnishing of such bond by Buyer (unless and until default be made in the conditions of such bond), Seller shall not be entitled to suspend service pending a determination of the final amount due. If Buyer provides notice of its dispute and fails to (1) pay all or any part of such bill or (2) furnish a bond, Seller may take action to suspend service in the manner hereinabove described. A final, non-appealable determination of the amount due may be reached either by agreement between the parties, arbitration, or judgment of a court.

(d) Over or Under Charges

In the event an error is discovered in the amount billed in any statement rendered by Seller, such error shall be adjusted by the 10th day of the month following the determination of the error; provided that any claim therefore shall have been made within 6 months from the date of the initial transportation invoice and 7 months from the date of the initial sale invoice with a 3-month rebuttal period. Billing errors shall be corrected as follows:

- (i) Where Buyer has been overcharged and has paid the bill, in the event the overcharge is not the result of Seller's negligence or bad faith, fraud or willful misconduct, the amount of the overpayment will be refunded to Buyer without interest provided the bill is adjusted by the 10th day of the month following the determination of the error and the overpayment is refunded by the due date of the

corrected invoice. If the bill is not adjusted by the 10th day of the month following the determination of the error or the overpayment is not refunded by the due date of the corrected invoice, the overpayment will be refunded with interest charges at the interest rate determined in accordance with Section 154.501(d)(1) of the Commission's regulations from the date of the overpayment to the date of the refund. Where the refund is provided to Buyer by way of credit on a subsequent invoice rendered to Buyer by Seller, the overpayment will be deemed to have been refunded on the due date of the corrected invoice.

- (ii) Where Buyer has been undercharged by Seller, Buyer will pay the amount of the undercharge without interest provided the undercharge is paid to Seller by the due date of the corrected invoice. Undercharge amounts not paid by the due date of the corrected invoice will be subject to interest charges at the interest rate determined in accordance with Section 154.501(d)(1) of the Commission's regulations from the due date of the corrected invoice, unless Buyer has in good faith disputed the amount of such invoice in accordance with Section 7(c).
- (e) Delayed Bills

If rendition of a bill by Seller to Buyer is delayed beyond the date specified in Section 6 of the General Terms and Conditions, the Buyer shall pay such bill in accordance with the method described in Section 7 of the General Terms and Conditions within 10 days after rendition thereof.

GENERAL TERMS AND CONDITIONS

8. LIABILITY

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

GENERAL TERMS AND CONDITIONS

9. POSSESSION OF GAS

(a) Under Seller's Sales Rate Schedules

As between the parties hereto, Seller shall be deemed to be in control and possession of the natural gas sold to Buyer until it shall have been delivered to or for the account of Buyer at the point or points of delivery, after which Buyer shall be deemed to be in control and possession thereof. The determination hereof of Seller's control and possession shall under no circumstances operate to deny Seller any claim against a Buyer or Buyers which overruns its contract entitlement on any day. Buyer shall have no responsibility with respect to any natural gas deliverable until it is delivered to or for the account of Buyer at the delivery point(s) (at which point title shall pass), or on account of anything which may be done, happen or arise with respect to such gas before such delivery, and Seller shall have no responsibility with respect to such gas after its delivery to or for the account of Buyer or on account of anything which may be done, happen or arise with respect to such gas after such delivery.

(b) Under Seller's Transportation and Storage Rate Schedules

After Buyer delivers or causes gas to be delivered to Seller at the Point(s) of Receipt, Seller shall be deemed to be in control and possession of the gas until it is redelivered to Buyer or for the account of Buyer at the Point(s) of Delivery. The determination hereof of Seller's control and possession shall under no circumstances operate to deny Seller any claim against a Buyer or Buyers which overruns its contract entitlement on any day. Buyer shall have no responsibility with respect to any gas deliverable by Seller or on account of anything which may be done, happen or arise with respect to such gas until Seller redelivers such gas to Buyer or for the account of Buyer. Except as provided in Section 9(a), Seller shall have no responsibility with respect to such gas before Buyer delivers such gas to Seller or after Seller redelivers such gas to Buyer or for the account of Buyer, or on account of anything which may be done, happen or arise with respect to such gas before such delivery or after such redelivery.

GENERAL TERMS AND CONDITIONS

10. WARRANTY OF TITLE TO GAS

Seller agrees that it will and it hereby does warrant for itself, its successors and assigns, that at the point of sale to Buyer, it will have good title to all natural gas sold by it to Buyer, free and clear of all liens, encumbrances and claims whatsoever, including without limitation of the foregoing, any liens, encumbrances or claims of any of its affiliates for use of their property in connection with Seller's obligations and performances under the service agreement, that it will at such time of delivery have good right and title to sell said gas as aforesaid, that it will indemnify Buyer and save it harmless from any and all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of adverse claims of any or all persons to said gas, or from or out of any and all royalties, taxes, license fees or charges on or with respect to said gas, and that it will indemnify Buyer and save it harmless from all taxes and assessments which may be levied and assessed upon or with respect to the sale of said gas to Buyer and which, under the terms of the service agreement, are payable by Seller. In the event any adverse claim of any character whatsoever is asserted in respect of any of said gas, the Buyer, until such claim has been finally determined, may retain the purchase price thereof up to the amount of such claim, without the payment of interest thereon, as security for the performance of Seller's obligations with respect to such claim, or until Seller shall have furnished to Buyer a bond in an amount and with sureties satisfactory to Buyer, conditioned for the protection of Buyer with respect to such claim.

GENERAL TERMS AND CONDITIONS

11. FORCE MAJEURE PROVISION AND CONTRACT ENTITLEMENTS

11.1 Definition of Force Majeure and Operating Conditions

The term force majeure as employed herein shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy or terrorists, 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.

The term operating conditions as employed herein shall mean the necessity to make modifications, tests, or repairs to Seller's pipeline system. Seller shall exercise reasonable diligence to schedule maintenance so as to minimize disruptions of service to Buyers and shall provide reasonable notice of the same. Operating conditions shall not include routine maintenance during normal periods of peak demand, where such maintenance was required due to Seller's negligence, willful actions or failure to act.

In the event of either party being rendered unable, wholly or in part, by force majeure or operating conditions to carry out its obligations other than the obligation to make payment of amounts accrued and due at the time thereof, it is agreed that on such party's giving notice and full particulars of such force majeure in writing or by e-mail to the other party within a reasonable time 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 the continuance of any inability so caused, but for no longer period, and such cause shall so far as possible be remedied with all reasonable dispatch.

Neither party shall be liable in damages to the other for any act, omission or circumstance occasioned by, or in consequence of, force majeure or operating conditions, as herein defined; provided, however, that the overrun provisions of Section 18 of the General Terms and Conditions and the Buyer's and Seller's Responsibilities detailed in Rate Schedules FT, FTN and FT-G shall apply during force majeure and operating conditions.

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 e-mail 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 obligations to make payments of amounts then due in respect of natural gas theretofore delivered.

11.2 Daily Interruption or Allocation of Sales Service for Force Majeure or Operating Conditions

If, due to force majeure or operating conditions, Seller is unable to receive the total quantity of gas that Seller has contracted to receive or the gas available for delivery from Seller's transmission line or part thereof is insufficient to meet all of Seller's authorized sales, then Seller, upon providing as much notice as possible under all of the circumstances, shall order reduction of Buyers' sales entitlements to the extent necessary depending upon the type and location of the occurrence, in accordance with the following procedures:

- (a) Seller shall first order interruption or, where sufficient supplies are available, allocation of sales made to Buyers under all of Seller's interruptible sales rate schedules and direct interruptible contracts. Allocation shall be based pro rata on Buyers' sales nominations for the day prior to the first day on which the force majeure or operation condition occurs.
- (b) After interruption or allocation of sales service as specified in Section 11.2(a), Seller shall next order allocation, to the extent necessary, of sales to Buyers under all firm sales rate schedules in accordance with Section 13.

11.3 Daily Interruption or Allocation of Transportation Service and Contract Storage Services Due to Force Majeure or Operating Conditions

If, due to force majeure or operating conditions, Seller is unable to receive, transport, or redeliver gas tendered by Buyers for transportation service or firm contract storage services, or Buyers are unable to deliver transportation gas to Seller, then Seller, upon providing as much notice as possible under all of the circumstances, shall order reduction of Buyers' transportation entitlements and firm contract storage injection/withdrawal entitlements to the extent necessary depending upon the type and location of the occurrence, in accordance with the following procedures:

- (a) In cases where Seller's ability to receive, transport, or redeliver is affected, Seller shall first order interruption or, where sufficient transportation supplies are available, allocation of transportation quantities to Buyers under all of Seller's interruptible transportation rate schedules. Allocation shall be based on the procedures set forth in Section 59 of the General Terms and Conditions.
- (b) After interruption or allocation of transportation service as specified in Section 11.3(a), Seller shall next order allocation, to the extent necessary, of affected transportation service pursuant to Section 2.8 of Rate Schedules FT and FT-G, Section 4.2 of Rate Schedule FTP, Section 2.5 of Rate Schedule FTN or Section 2.6 of Rate Schedule FDLs and to other affected firm transportation and firm contract storage service Buyers proportionate to each Buyer's total affected firm transportation and firm contract storage entitlements. Where Seller's ability to render service is impaired in a particular segment of Seller's system, then interruption or allocation

shall be effected in accordance with the above-listed steps only in that segment of Seller's system in which service has been impaired.

- (c) In the event of an allocation under Section 11.3(b), Buyer's reduced contract entitlements shall be used for purposes of the overrun provisions of Section 18 of the General Terms and Conditions and Buyer's Responsibilities provisions in Seller's Rate Schedules FT, FTN, FT-G and FDLS. Notice provided by Seller to Buyer of such reduced contract quantity entitlement shall be made available on 1Line, and Seller shall make reasonable efforts to provide notice by e-mail and/or telephone.
- (d) In cases where Buyer is unable to deliver transportation gas to Seller, Buyer's scheduled quantity shall be reduced to the gas quantity tendered by Buyer to Seller, as independently verified and confirmed by Seller based on the best information available to Seller. Such reductions to scheduled quantities will be made in accordance with Section 59 of the General Terms and Conditions. In the event of an occurrence under this section, Buyer's entitlement shall be reduced to the scheduled quantity and such reduced entitlement shall be used for purposes of the overrun provisions of Section 18 of the General Terms and Conditions and Buyer's Responsibilities provisions in Seller's Rate Schedules FT, FTN, FT-G and FDLS; provided, however, that Buyer shall be entitled to maintain its full contract entitlement, or any lesser portion of its contract entitlement if Buyer or Buyer's Supplier guarantees the delivery into Seller's system of the gas supplies which Seller cannot verify and confirm and which are sufficient to supply Buyer's full entitlement or some portion thereof, and if Buyer or Buyer's Supplier agrees in writing to be liable for any shortfall in the guaranteed supplies in the same manner as an overrun under Section 18 of the General Terms and Conditions and Buyer's Responsibilities provisions in Seller's Rate Schedules FT, FTN, FT-G and FDLS.

11.4 Relief From Sales Service Allocation In Emergency Situations

In the event an emergency situation, including an environmental emergency, should arise in which supplemental deliveries of gas are required in order to forestall irreparable injury to life or property, Seller shall have the right to adjust allocations made pursuant to Section 11.2(b) upon receipt of verified proof that such an emergency exists and Buyer advises Seller fully of the steps it has taken to meet such emergency. Any gas quantities received by Buyer under this section shall not be considered overrun volumes. In no event, however shall the aggregate of Seller's deliveries to such Buyer exceed the Buyer's authorized maximum daily quantity of gas.

When Buyer declares an emergency situation in order to forestall irreparable injury to life or property, Buyer shall attest: (1) to the nature and extent of the emergency; (2) that all sources of gas supply available to Buyer, including peak-shaving and storage, have been used to the fullest extent possible; (3) that all interruptible services of Buyer have been curtailed during such emergency situation; (4) that no alternate fuel could be used to prevent such emergency situation; and (5) to a detailed plan to prevent a recurrence of similar emergency conditions.

11.5 Secondary Points

Transportation service scheduled by Buyer which involves secondary points pursuant to Section 2.8 of Rate Schedules FT or FT-G, Section 2.5 of Rate Schedule FTN, Section 4.2 of Rate Schedule FTP or Section 2.6 of Rate Schedule FDLS shall be subject to reduction or interruption as specified in Sections 59 and 60 of the General Terms and Conditions.

11.6 Reverse Path Transactions

Reverse Path transportation service scheduled by Buyer pursuant to Section 4.7 of Rate Schedules FT, FT-G, FTN or FDLS is subject to reduction or interruption on a case-by-case basis depending upon the operating conditions of the pipeline.

GENERAL TERMS AND CONDITIONS

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 Rate Schedule LG-S.

GENERAL TERMS AND CONDITIONS

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.
- (c) In the event that Seller must allocate priority volumes among categories in Section 13.2(a), Such allocation shall be implemented so that all requirements in a category are met before any requirements in a lower category are met.

13.3 Relief from Curtailment in Emergency Situations

Seller recognizes that exceptions to the levels of curtailment resulting from this Section 13 may be required in response to emergency situations (including environmental emergencies) during periods of curtailment when deliveries of gas in excess of curtailed levels are required to forestall irreparable injury to life or property or to provide for minimum plant protection. Any Buyer seeking emergency relief on this basis shall have the burden of establishing the nature and extent of its problem and the minimum quantity of gas needed to avoid irreparable injury to life or property. Seller shall not be liable for granting exceptions from curtailment under this Section 13.3 if such exception is based upon verified information submitted by Buyer to Seller. In no event, however, shall the protection by the provisions hereof result in volumes delivered to Buyer in excess of its Daily Sales Entitlement.

When Buyer declares an emergency situation in order to forestall irreparable injury to life or property, Buyer shall certify to Seller by affidavit:

- (1) to the nature and extent of the emergency;
- (2) that all sources of gas supply available to Buyer, including peak-shaving and storage, have been utilized to the fullest extent possible;
- (3) that all interruptible services of Buyer have been curtailed during such emergency situation;
- (4) that no alternate fuel could be utilized to prevent such emergency situation; and

- (5) to a detailed plan to prevent a recurrence of similar emergency conditions.

13.4 Overrun of Entitlement During Curtailment

All quantities of gas taken by Buyer in excess of its Daily Sales Entitlement as curtailed pursuant to this Section 13 shall be subject to the overrun penalties set forth in Section 18 of the General Terms and Conditions.

13.5 Compensation

- (a) In the event that the provisions of Section 13.2 or 13.3 are activated by Seller as a result of a force majeure condition or an adverse governmental action, a Buyer receiving priority relief under either Section 13.2 or 13.3 pursuant to such activation shall pay compensation, calculated in accordance with Section 13.5(c), to other Buyers that experience a greater curtailment as a consequence.
- (b) Within thirty days after the end of a month in which Seller has granted priority relief, Seller shall notify each Buyer that experienced greater curtailment ("Excess Curtailed Buyer") as to the volume of curtailments that such Excess Curtailed Buyer would not have experienced but for the grant of relief (the "Excess Curtailment Volume"), and shall notify each Buyer that experienced less curtailment as to the additional volumes that such Buyer was allocated due to the grant of relief. Seller shall notify all Buyers whose allocations were affected by such relief of the pro rata allocation of the aggregate Excess Curtailment Volume experienced by all Excess Curtailed Buyers, showing the volume of gas to be used for the purpose of determining the amount of compensation owed to each Excess Curtailed Buyer by each Buyer that experienced lesser curtailment. The affected Buyers shall be responsible for resolution of any and all resulting compensation claims between themselves.
- (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 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 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.

GENERAL TERMS AND CONDITIONS

14. DULY CONSTITUTED AUTHORITIES

The rate schedules of Seller, the 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

15. DISPOSITION OF CASH-OUT COSTS AND REVENUES

- (a) This section of the General Terms and Conditions sets forth the procedures under which Seller will determine a surcharge or refund rate for each annual billing period, designed to amortize the monetary value of any difference between the revenues received by Seller and the costs incurred by Seller under the cash-out provisions of Seller's FERC Gas Tariff, including OBAs. For purposes of this Section 15, an annual billing period shall be the twelve month period commencing each August 1 and ending the following July 31.
- (b) Subsequent to the end of each annual billing period, Seller shall compare the revenues received by Seller under the cash-out procedures with the costs incurred by Seller under such cash-out procedures, including any revenues and costs resulting from the assessment of the surcharge or refund rate described in this section. The net gain or loss resulting from this comparison shall be referred to herein as the "Cash-Out Deferred Account."
- (c) For each annual billing period, Seller shall calculate a surcharge or refund rate designed to amortize the monetary value of the Cash-Out Deferred Account. The surcharge or refund rate will be determined by dividing the Cash-Out Deferred Account for the annual billing period by the sum, for the same annual billing period, of the (i) quantities delivered under firm and interruptible transportation rate schedules subject to cash-out (excluding transportation transactions within a zone to pooling points in Zones 4A, 4, 5, and 6); (ii) quantities delivered under Seller's bundled storage rate schedules GSS, LSS, and SS-2; and (iii) measured quantities under Seller's OBAs that are subject to cash-out.

Beginning each November 1 following the annual billing period, Seller shall apply the surcharge or refund rate to the commodity charges being billed on the then current quantities defined in (i) and (ii) above and to the then current measured quantities under Seller's OBAs that are subject to cash-out. The surcharge amounts collected or refund rate amounts paid by Seller shall be accounted for as revenues received or costs incurred, respectively, under the cash-out procedures hereunder and will be included in the determination of the Cash-Out Deferred Account for the subsequent annual billing period.

Seller shall file annually to revise the surcharge/refund rate described herein effective November 1 of each year. At least 30 days prior to the effective date of a change in the surcharge or refund rate, Seller will submit a filing to the Federal Energy Regulatory Commission to reflect the proposed change, with supporting workpapers.

- (d) To calculate the surcharge or refund rate applicable to the first annual period hereunder, commencing November 1, 2020, and ending October 31, 2021, the Cash-Out Deferred Account shall be equal to the over or under recovery balance reported in Transco's immediately preceding annual cash-out activity report filed in compliance with the Federal Energy Regulatory Commission's June 19, 1991 Order Approving Settlements as Modified and Issuing Certificates in Docket Nos. CP88-391-004, et al.

GENERAL TERMS AND CONDITIONS

16. SERVICE AGREEMENT

Buyer shall contract for service with Seller under Seller's standard form of service agreement. No modification of the terms and provisions of any service agreement shall be or become effective except by the execution of an amendment to an existing service agreement or a new service agreement.

GENERAL TERMS AND CONDITIONS

17. NOTICES

Except as otherwise provided in this FERC Gas Tariff or in the executed service agreement, any notice, request, demand, statement or bill which either Seller or Buyer may desire to give to the other, which is required to be in writing by this FERC Gas Tariff, shall be considered as duly delivered when mailed by postpaid mail, sent by electronic mail, or delivered by such other method mutually agreed upon by the parties. The material so sent shall be addressed to said party at its last known Post Office address or at such other address as either party may designate in writing. General communications will be posted on 1Line and such posting shall be considered as duly delivered.

GENERAL TERMS AND CONDITIONS

18. DETERMINATION OF DELIVERIES AND RECEIPTS, OVERRUNS, UNAUTHORIZED TAKES AND PENALTIES

18.1 (a) Determination of Deliveries at Swing Service Delivery Points

- (i) Each delivery point operator that takes gas quantities from Seller's system at a Swing Service Delivery Point in accordance with the nomination and ranking deadlines, set forth in Section 28.1 of the General Terms and Conditions, shall provide Seller (or Buyer shall cause the interconnecting delivery point operator to provide Seller, if applicable) via 1Line with a predetermined allocation (PDA) at the point(s) of delivery where Seller tenders gas to such delivery point operator by 10:30 a.m. CCT on the day following gas flow. Seller, in its sole judgment, may waive such deadline, on a non-discriminatory basis. The delivery point operator shall designate which services are to "take the swing" on any day that measured quantities are greater than or less than the scheduled quantities, including identification of (1) the "Swing Supplier(s)" and (2) any scheduled or unscheduled transportation and storage transaction. The PDAs provided hereunder by such delivery point operator to Seller shall include a numeric rank and quantity (limit value) in accordance with Section 18.1(a)(ii), and shall include a PDA of all available firm services (scheduled or unscheduled) to which measured quantities shall be allocated so as to eliminate or minimize any daily unauthorized overruns under this section.
- (ii) The PDAs provided by delivery point operators shall include a numeric rank and quantity (limit values) for each gas day by using one of the levels specified below, provided, however, PDAs for Rate Schedules GSS, LSS, S-2, SS-2 and LGA must be provided for each transaction:
 - (A) Contract - an aggregation of scheduled quantities and effective PDA(s) with the same contract.
 - (B) Nomination/Package ID - an aggregation of scheduled quantities and effective PDA(s) with the same package ID, downstream ID, downstream contract, and Buyer's contract.
 - (C) Transaction - scheduled quantities and effective PDA(s) without any aggregation.
- (iii) The PDAs will be used, in part or in total, in conjunction with the scheduled quantity to determine the total quantity to be allocated. The delivery point operator shall provide Seller with PDAs for high burn (measured quantities are in excess of scheduled quantities) and low burn (measured quantities are less than scheduled quantities) situations. PDAs provided by the delivery point operator shall be consistent with the rate schedule(s) limitations and the provisions of Sections 59 and 60 of the General Terms and Conditions. In a

high burn situation, Seller shall allocate any measured quantities in excess of the sum of the scheduled quantities and PDAs as Swing Service Overtakes pursuant to Section 18.3 and Unauthorized Daily Overruns pursuant to Section 18.4, as applicable. In a low burn situation, if PDAs are not provided by the delivery point operator or the PDAs provided in accordance with Section 18.1(a)(ii)(C) are not sufficient, Seller reserves the right to reduce the allocated quantities to all available services of the delivery point operator on a pro rata basis until the total allocated quantity is equal to the total measured quantity. If necessary, Seller shall reduce all remaining deliveries at the point(s) of delivery where Seller tenders gas to the delivery point operator on a pro rata basis until the allocated quantity is equal to the measured quantity. If the PDAs provided in accordance with Section 18.1(a)(ii)(A) or (B) are not sufficient in a low burn situation, Seller will reduce the aggregated allocated quantities on a pro rata basis first and then consistent with Section 18.1(a)(iv)(C).

- (iv) For each gas day, Seller will use the following procedures to allocate the measured quantities:
 - (A) First, the scheduled quantity will be allocated to each transaction that is scheduled and confirmed as set forth in of the General Terms and Conditions,
 - (B) Then, Seller will aggregate the resulting scheduled quantities to the level specified by the delivery point operator pursuant to Section 18.1(a)(ii), and
 - (C) Then, beginning with the lowest numeric rank, quantities will be added to the aggregated scheduled quantity for high burn gas days or will be subtracted from the aggregated scheduled quantity in low burn gas days in accordance with the following:
 - (1) If the delivery point operator provides Seller with PDAs by contract or nomination/package ID, pursuant to Section 18.1(a)(ii)(A) or (B):
 - (i) Seller will first use the PDAs provided by the delivery point operator to determine the amount to allocate to each contract or nomination/package ID, as applicable, and
 - (ii) Then, Seller will use Buyer's provided schedule ranks (in accordance with NAESB defined data sets), or will allocate pro rata if no ranks are provided by Buyer, to allocate among multiple transactions.
 - (2) If the delivery point operator provides Seller with PDAs at the transaction level, pursuant to Section 18.1(a)(ii)(C), Seller will use

such PDAs provided by the delivery point operator to determine the amount to allocate to each transaction.

(b) Determination of Receipts and Deliveries at Pipeline Interconnects Where an OBA is Required by FERC Regulation

At each point of interconnection with an interstate or intrastate pipeline where an OBA is required at such point of interconnection by FERC regulation, the point operator delivering gas into or receiving gas from Seller's system shall either:

- (i) Have an executed OBA or equivalent in effect with Seller with provisions for allocating the difference between scheduled and measured quantities, or where a Swing Supplier has been designated, have an executed OBA or equivalent in effect with Seller with provisions for allocating the difference between allocated and measured quantities. OBA's that have been suspended shall not be considered to be in effect for purposes of this section, and the measured quantity shall be allocated pro rata among Buyers based upon the scheduled quantity; or
- (ii) In the absence of such executed OBA or equivalent in effect, the measured quantity shall be allocated pro rata among Buyers based upon the scheduled quantity; provided however, quantities will be allocated to scheduled displacement transactions prior to scheduled non-displacement transactions.

For purposes of Sections 18.1(b) and 18.1(c) herein, as set forth in FERC's Order No. 587-G, and as promulgated by C.F.R. 18 §284.12(b)(2)(i), the requirement that Seller enter into OBAs at all points of interconnection between its system and the systems of other interstate or intrastate pipelines applies to those pipelines performing interstate transportation that are subject to the Commission's regulations under Subparts C and G of Part 284 of the FERC's regulations.

(c) Determination of Receipts and Deliveries at Production Facilities or Pipeline Interconnects Where an OBA is Not Required by FERC Regulation

For each gas day, Buyer shall cause each point operator of a Production Facility or a pipeline interconnect where an OBA is not required by FERC regulation that delivers gas into or receives gas from Seller's system to either:

- (i) Execute an OBA with Seller with provisions for allocating the difference between scheduled and measured quantities at each of the applicable points. OBA's that have been suspended shall not be considered to be in effect for purposes of this section; or
- (ii) (A) Provide Seller with a PDA, via 1Line, by 10:30 a.m. CCT on the day following gas flow, using one of the following levels:

- (1) Upstream ID/Downstream ID - an aggregation of scheduled quantities with the same upstream ID at receipt points or downstream ID at delivery points
 - (2) Contract - an aggregation of scheduled quantities with the same contract
 - (3) Nomination/Package ID - an aggregation of scheduled quantities with the same package ID, upstream ID/downstream ID, upstream contract/downstream contract, and Buyer's contract
 - (4) Transaction - each specific scheduled quantity without any aggregation
- (B) Furthermore, the point operator at each Production Facility or pipeline interconnect where an OBA is not required by FERC regulation shall provide Seller via 1Line with PDA(s) for each transaction, or transactions aggregated pursuant to Section 18.1(c)(ii)(A), in accordance with one of the following methods:
- (1) Provide a numeric rank for each transaction, or aggregated transactions, at the point. The lowest numeric rank provided to Seller at a given point shall have the highest priority;
 - (2) Provide a quantity, Operator Provided Value (OPV), to transaction(s) or aggregated transaction(s) at the point. However, at least one transaction or aggregated transaction must not have a specific quantity assigned. Transactions or aggregated transactions with an OPV shall be satisfied to the extent possible in order of the ranks before transactions or aggregated transactions without an OPV. Quantities in excess of the sum of the OPVs shall be allocated to the transaction(s) or aggregated transactions without an OPV consistent with (1) above;
 - (3) Provide a quantity, Operator Provided Value (OPV), to transaction(s) or aggregated transaction(s) at the point. However, at least one transaction or aggregated transaction must not have a specific quantity assigned. Transactions or aggregated transactions with an OPV shall be satisfied to the extent possible on a pro rata basis before transactions or aggregated transactions without an OPV. Quantities in excess of the sum of the OPVs shall be allocated to the transaction(s) or aggregated transactions without an OPV on a pro rata basis; or
 - (4) Provide a percentage for each transaction or aggregated transaction at the point. Such percentage will be applied to the

total measured quantity for the gas day. The total of the percentages provided at each point must equal 100%.

Seller, in its sole judgment, may waive the 10:30 a.m. CCT deadline under Section 18.1(c)(ii) on a non-discriminatory basis.

(C) For each gas day, Seller will use the following procedures to allocate the measured quantities at Production Facilities and pipeline interconnects where an OBA is not required by FERC regulation:

(1) If the point operator provides Seller with PDA(s) by upstream ID or downstream ID, pursuant to Section 18.1(c)(ii)(A)(1),

(i) Seller will first use the PDAs provided by the point operator to determine the amount to allocate to each upstream ID or downstream ID,

(ii) Then, Seller will allocate among multiple contracts consistent with the priorities identified in Section 57 of the General Terms and Conditions, and

(iii) Then, Seller will allocate among multiple transactions within a contract by using the Buyer's provided schedule ranks (in accordance with NAESB defined data sets), or will allocate pro rata if no ranks are provided by Buyer.

(2) If the point operator provides PDA(s) by contract or nomination/package ID, pursuant to Section 18.1(c)(ii)(A)(2) or (3),

(i) Seller will first use the PDAs provided by the point operator to determine the amount to allocate to each contract or nomination/package ID, as appropriate, and

(ii) Then, Seller will use Buyer's provided schedule ranks (in accordance with NAESB defined data sets), or pro rata if no ranks are provided by Buyer, to allocate among multiple transactions.

(3) If the point operator provides PDA(s) by transaction, as defined in Section 18.1(c)(ii)(A)(4), Seller will use the point operators PDA(s) to allocate to each transaction.

(iii) In the absence of an executed OBA in effect or a valid election by the point operator pursuant to 18.1(c)(ii) above, Seller will allocate the measured quantity pro rata based on the scheduled quantity for each transaction. Further, in the absence of an executed OBA in effect, quantities will be

allocated to scheduled displacement transactions prior to scheduled non-displacement transactions.

(d) Determination of Receipts and Deliveries at Virtual Points and Virtual Measurement Points

For each Virtual Point and Virtual Measurement Point, the allocated quantity shall be equal to the quantity scheduled and confirmed at that point in accordance with the General Terms and Conditions.

(e) Determination of Allocated Quantities at Processing Plants

Seller will allocate daily quantities at processing plants in accordance with the provisions of Section 50.3 of the General Terms and Conditions.

(f) Determination of Deliveries on Stub Lines

The daily allocated delivery quantity on a Stub Line shall be equal to the daily allocated receipt quantity on that Stub Line's associated Production Facility.

(g) Determination of Make-Up Receipts and Deliveries

Make-up quantities, including imbalance quantities that are being resolved in-kind, shall be deemed to be the "last through the meter." Imbalance quantities returned in-kind in the current month are applied first to the previous month imbalance until such balance is zero and then applied to the current month imbalance.

18.2 Delivery Point Operator Designation of Quantities

Each delivery point operator taking gas quantities from Seller's system may designate a Buyer, for each delivery point, to which any Swing Service Overtakes and Unauthorized Daily Overruns, or Unauthorized Takes under this Section 18 will be allocated. Such designation may be made to any Buyer with an interruptible or firm transportation or storage agreement with delivery rights at the applicable delivery point. The delivery point operator shall provide such designation by 10:30 a.m. CCT on the day following gas flow. Seller, in its sole judgment, may waive the deadline on a non-discriminatory basis. Seller and all parties affected by the delivery point operator's designation must consent to the designation in writing. The Buyer so designated shall be the party responsible for any Swing Service Overtakes and Unauthorized Daily Overruns, and any election hereunder related thereto, or any Unauthorized Takes, at the applicable delivery point. In the absence of an agreement among all parties, Seller shall allocate such Swing Service Overtakes and Unauthorized Daily Overruns, or Unauthorized Takes to the delivery point operator. Changes to the delivery point operator's designation for a prior gas day shall be permitted only if Seller and the other affected parties consent in writing to the resulting prior period adjustment.

18.3 Swing Service Overtakes

- (a) A Swing Service Overtake is the quantity allocated at a Swing Service Delivery Point in a high burn situation when the PDAs provided by the delivery point operator pursuant to Section 18.1(a) are not sufficient for Seller to allocate the total measured quantity, and (i) Seller determines that there are no physical constraints on Seller's pipeline system affecting the Swing Service Delivery Point or (ii) Seller determines that there is unused capacity through a physical constraint affecting the Swing Service Delivery Point.
- (i) When there are no physical constraints on Seller's pipeline system affecting the Swing Service Delivery Point, Seller will allocate as Swing Service Overtakes the quantity taken at the Swing Service Delivery Point in excess of the quantity allocated pursuant to Section 18.1(a) up to the total measured quantity.
- (ii) When there is unused capacity through a physical constraint on Seller's system affecting Swing Service Delivery Point(s) downstream of the constraint, Seller will make the unused capacity available to those Swing Service Delivery Point(s) in the manner set forth herein. Unused capacity through a physical constraint on Seller's system is the difference between the amount of capacity that Seller determines it will have available through a physical constraint on its system to satisfy requests for services on a day, as determined under Section 59 of the General Terms and Conditions and posted by Seller on 1Line, and the sum of the allocated quantities for that day at Swing Service Delivery Point(s) downstream of the physical constraint for service transactions that are affected by that physical constraint. Seller will make such unused capacity available for allocation to the Swing Service Delivery Points, as described below, no later than 9:00 p.m. Central Clock Time on the day following gas flow.

Seller will allocate a share of the unused capacity to each Swing Service Delivery Point downstream of the physical constraint at which the measured quantity exceeds the quantity allocated pursuant to Section 18.1(a), except where the delivery point operator or the Buyer designated by the delivery point operator pursuant to Section 18.2 has elected, in writing, not to receive a share of the unused capacity at a Swing Service Delivery Point. The allocation shall be based on the ratio of the unallocated quantity at the applicable Swing Service Delivery Point to the total unallocated quantities at all Swing Service Delivery Points downstream of the constraint, excluding those Swing Service Delivery Points where the delivery point operator or designated Buyer has elected not to receive a share of the unused capacity. Seller will allocate as Swing Service Overtakes the quantity taken at the Swing Service Delivery Point in excess of the quantity allocated pursuant to Section 18.1(a), up to the lesser of the total measured quantity or the share of the unused capacity allocated by Seller to that Swing Service Delivery Point pursuant to the provisions of this section. Any remaining unallocated quantities at the Swing Service Delivery Point shall be Unauthorized Daily Overruns pursuant to Section 18.4. Any revisions to the unallocated quantity

at a Swing Service Delivery Point for a prior day shall be subject to the continued availability of unused capacity at that Swing Service Delivery Point for that day and shall be subordinate to any previous allocations of unused capacity at the Swing Service Delivery Point(s) downstream of the physical constraint for that day.

A delivery point operator or the Buyer designated by the delivery point operator pursuant to Section 18.2 may elect, in writing, not to receive a share of the unused capacity at a Swing Service Delivery Point. The election shall be provided to Seller by 9:00 p.m. Central Clock Time on the day following gas flow. In the event of such an election, any unallocated quantities at the Swing Service Delivery Point shall be Unauthorized Daily Overruns pursuant to Section 18.4. The election may be revised for a prior gas day during the current month by submitting the revision to Seller, in writing, by the earlier of ten calendar days after the close of the gas day or the second calendar day of the following month. Any revised election to receive a share of the unused capacity at a Swing Service Delivery Point on a day shall be subject to the continued availability of unused capacity at that Swing Service Delivery Point for that day and shall be subordinate to any previous allocations of unused capacity at the Swing Service Delivery Point(s) downstream of the physical constraint for that day.

- (b) Seller will allocate Swing Service Overtakes to the delivery point operator or to the Buyer designated by the delivery point operator pursuant to Section 18.2. Buyer or delivery point operator shall pay Seller for the Swing Service Overtake quantity an amount equal to such quantity multiplied by Seller's Rate Schedule IT rate calculated from Zone 3 to the zone in which the delivery point operator or Buyer receives such quantities. Such Swing Service Overtake quantity shall be treated as if delivered under Seller's Rate Schedule IT and as an imbalance thereunder.
- (c) If neither condition set forth in Section 18.3(a) exists, any measured quantities in excess of quantities allocated pursuant to Section 18.1(a) at a Swing Service Delivery Point shall be Unauthorized Daily Overruns pursuant to Section 18.4 herein.

18.4 Unauthorized Daily Overruns

Any quantity of gas taken by a delivery point operator, or the Buyer designated by the delivery point operator pursuant to Section 18.2, at a Swing Service Delivery Point on any day from Seller in excess of the total quantity Seller has allocated pursuant to the provisions of Sections 18.1(a) and 18.3 herein shall constitute Unauthorized Daily Overruns.

18.5 Allowable Daily Dispatching Variations

The allowable daily dispatching variation shall be the greater of 50 dt or the quantity computed as follows:

- (a) During each day of the period beginning on May 1 of any year and extending through the next succeeding September 30, the sum of 5 percent of (i) Seller's daily allocated quantity to Buyer(s) at the respective points of delivery under Seller's FT, FT-G, FTN,

FDLS, GSS and S-2 Rate Schedules; (ii) the Scheduled Daily Delivery each day for Buyer(s) at the respective points of delivery pursuant to Section 2.8 of Seller's FT and FT-G Rate Schedules, or Section 2.5 of Seller's Rate Schedule FTN; and (iii) the Scheduled Daily Delivery each day for Buyer(s) at the respective points of delivery under Seller's Rate Schedule IT and Rate Schedule IDLS when interruptible capacity on Seller's system is allocated or when such service is limited pursuant to the provisions of Section 11.3.(d) of the General Terms and Conditions.

- (b) During each day of the period beginning on October 1 of any year and extending through the next succeeding April 30, the sum of 3.5 percent of (i) Seller's daily allocated quantity to Buyer(s) at the respective points of delivery under Seller's FT, FT-G, FTN, FDLS, GSS and S-2 Rate Schedules; (ii) the Scheduled Daily Delivery each day for Buyer(s) at the respective points of delivery pursuant to Section 2.8 of Seller's FT and FT-G Rate Schedules, or Section 2.5 of Seller's FTN Rate Schedule; and (iii) the Scheduled Daily Delivery each day for Buyer(s) at the respective points of delivery under Seller's Rate Schedule IT and Rate Schedule IDLS when interruptible capacity on Seller's system is allocated or when such service is limited pursuant to the provisions of Section 11.3.(d) of the General Terms and Conditions.

18.6 Overrun Charges and Penalties

Overrun charges and penalties will be billed as detailed below to the delivery point operator or Buyer as designated by the delivery point operator pursuant to Section 18.2. Prior period adjustments for previous months that result in a higher tiered overrun will be billed at the overrun rate in place prior to the adjustment. All overrun quantities shall be treated as if delivered under Seller's Rate Schedule IT and as an imbalance thereunder.

- (a) Tier I Unauthorized Daily Overruns – Unauthorized Daily Overrun quantities up to the allowable daily dispatching variations set forth in Section 18.5 will be billed Seller's Rate Schedule IT rate calculated from Transco's Zone 3 to the zone of delivery, and
- (b) Tier II Unauthorized Daily Overruns – Unauthorized Daily Overrun quantities in excess of the Tier I Unauthorized Daily Overruns, up to 50 dt, will be charged a penalty of \$2.50 per dt, and
- (c) Tier III Unauthorized Daily Overruns – Unauthorized Daily Overrun quantities in excess of Tier I and II Unauthorized Daily Overruns will be charged a penalty equal to the higher of
 - (i) \$50 per dt or
 - (ii) three times the Reference Spot Price "Sell" for the current month (as set forth in Section 37.1(a) of the General Terms and Conditions) applicable to the zone(s) in which the unauthorized daily overrun occurs.

18.7 Unauthorized Overruns During Periods of Curtailment

In addition to the charges and penalties under Sections 18.3 and 18.6 hereof, any quantity taken by Buyer in excess of its Entitlement under Section 13 of the General Terms and Conditions by an amount of 100 dt or two-tenths (0.2) percent of such Entitlement, whichever is greater, shall constitute an unauthorized overrun during periods of curtailment, for which Buyer shall pay Seller a penalty of \$10 per dt for any such unauthorized overrun.

18.8 Unauthorized Takes at Production Facilities and Pipeline Interconnects

Unauthorized Takes shall be the quantities taken from Seller's system on a day at a Production Facility or pipeline interconnect where no quantities of gas have been scheduled and confirmed as required by the provisions of the General Terms and Conditions and an OBA is not in effect at that location. OBAs that have been suspended shall not be considered to be in effect for purposes of this section.

The delivery point operator, or the Buyer designated by the delivery point operator pursuant to Section 18.2, shall pay Seller for all Unauthorized Takes an amount equal to the Unauthorized Takes multiplied by Seller's Rate Schedule IT rate calculated from Zone 1 to the zone in which such quantities were taken from Seller's system, and such quantities shall be treated as if delivered under Seller's Rate Schedule IT and as an imbalance thereunder. For any gas day in which Seller has implemented the procedures set forth in Sections 11.3, 51 or 52 of the General Terms and Conditions, the delivery point operator at the affected location(s), or the Buyer designated by the delivery point operator pursuant to Section 18.2, shall pay Seller, in lieu of such IT charge, a penalty for Unauthorized Takes of \$2.50 per dt up to 50 dt and for any additional Unauthorized Takes a penalty equal to the higher of (i) \$50 per dt or (ii) three times the Reference Spot Price "Sell" for the current month (as set forth in Section 37.1(a) of the General Terms and Conditions) applicable to the zone(s) in which the Unauthorized Takes occurred.

The payment for Unauthorized Takes hereunder shall under no circumstances be considered as giving any Buyer the right to take such Unauthorized Takes nor shall such payment be considered as a substitute for any other remedy available to Seller.

18.9 Disposition of Penalties

All Unauthorized Daily Overrun and Unauthorized Takes penalties collected by Seller during each annual period ending July 31, less an amount equal to Seller's Rate Schedule IT rate multiplied by the total quantity of Unauthorized Daily Overruns and Unauthorized Takes, which represents Seller's cost to provide the interruptible transportation service, shall be the penalty revenue distributed pursuant to Section 54 of the General Terms and Conditions.

18.10 Reservation

Under no circumstances shall the payment of a penalty for Unauthorized Daily Overruns be considered as giving any Buyer or delivery point operator the right to take such unauthorized quantity. Such payment also is not a substitute for any other remedy

available to Seller or any other Buyer against the offending Buyer for failure to respect its obligation to stay within its entitlements.

PART IV – GENERAL TERMS AND CONDITIONS

**SECTION 19
MAXIMUM DAILY DELIVERY POINT ENTITLEMENTS AND
MAXIMUM DAILY DELIVERY ENTITLEMENT BY FACILITY GROUP**

GENERAL TERMS AND CONDITIONS

19.1 Maximum Daily Delivery Point Entitlements

(a) Applicability

This section of the General Terms and Conditions applies to each delivery point operator that takes gas quantities from Seller's system at a Swing Service Delivery Point at which Seller provides firm service at more than one point of delivery, other than delivery point operators previously served under Seller's former Rate Schedules G and OG. This section specifies the Maximum Daily Delivery Point Entitlement which Seller is obligated to deliver for the Winter Period (October through April) and for the Summer Period (May through September) at each such delivery point.

(b) Definition of Maximum Daily Delivery Point Entitlements

As utilized herein, and subject to Section 19.1(d), the Maximum Daily Delivery Point Entitlement at a delivery point shall be the daily quantity specified for such point in Sections 19.4, 19.5, and 19.6, as applicable, multiplied by the dt conversion factor stated in Section 23 of the General Terms and Conditions of this tariff. The Maximum Daily Delivery Point Entitlement for the respective Winter and Summer Periods at each delivery point is a limitation applicable to the combined deliveries under all rate schedules under which Seller makes firm service deliveries to the delivery point operator at that delivery point.

Subject to the limitations set forth in Section 19.2 of the General Terms and Conditions, the Maximum Daily Delivery Point Entitlement for the Winter or Summer Period at each delivery point is the maximum quantity Seller is obligated to deliver to the delivery point operator and the delivery point operator is entitled to receive from Seller at such delivery point.

(c) Facility Group Geographical Areas

The delivery point operator's delivery points on Seller's system are grouped geographically and designated as Facility Group Geographical Areas, as shown on the maps in Section 19.3. A delivery point is included if that location has a Maximum Daily Delivery Point Entitlement. Further, the Facility Group Geographical Area and the delivery point(s) within the Facility Group Geographical Area are designated as being located on the mainline unless the Facility Group Geographical Area has a lateral designation (-L) attached to it, as specified in Sections 19.4, 19.5, and 19.6.

(d) Delivery Point Unauthorized Daily Overrun Quantities

Seller will provide the delivery point operator with deliveries in excess of delivery point operator's Maximum Daily Delivery Point Entitlement to the extent physical operating conditions permit and to the extent Seller is able reasonably to determine that such deliveries will not impair Seller's ability to provide firm service to other Buyers on Seller's pipeline system. However, the total deliveries at delivery point operator's Swing Service Delivery Point(s) may not exceed the delivery point operator's confirmed gas quantities, including limit values plus any swing service overtakes and Tier I Unauthorized Overrun gas allocated at the associated Swing Service Delivery Point(s), as these terms are defined in Sections 18.1(a)(ii), 18.3, and 18.6 of the General Terms and Conditions of this tariff.

(i) Mainline Delivery Point(s)

Deliveries in excess of the delivery point operator's Maximum Daily Delivery Point Entitlement, as described above, for a delivery point designated as being located on the mainline will not be subject to the Delivery Point Unauthorized Daily Overrun penalty set forth in Section 19.1 (e) below; however, any other applicable penalties under Seller's FERC Gas Tariff shall apply.

(ii) Lateral Delivery Point(s)

Deliveries in excess of the delivery point operator's Maximum Daily Delivery Point Entitlement, as described above, for a delivery point designated as being located on a lateral will be subject to the Delivery Point Unauthorized Daily Overrun penalty set forth in Section 19.1 (e) in the event Seller issues a penalty notice, as described in Section 19.1 (d) (iii) below. Additionally, any other applicable penalties under Seller's FERC Gas Tariff shall apply.

(iii) Circumstances Giving Rise to a Lateral Penalty Notice

To the extent that Seller reasonably determines that a delivery point operator's takes in excess of the Maximum Daily Delivery Point Entitlement at a delivery point designated as being located on a lateral are impairing Seller's ability to provide firm service to other Buyers that have delivery point(s) on the lateral, Seller shall issue a penalty notice via email to the offending delivery point operator. The penalty notice shall state (i) the quantity to which the delivery point operator must reduce its delivered quantities at the specified delivery point(s), but not less than the Maximum Daily Delivery Point Entitlement at the delivery point(s) and (ii) the effective date and time of the penalty notice. Seller shall attempt to give the delivery point operator reasonable time for voluntary action; however, exigent circumstances may exist which require that the penalty notice be made effective immediately.

(e) Delivery Point Unauthorized Daily Overrun Penalty

In addition to any charges otherwise payable under Seller's tariff, the delivery point operator shall pay a penalty of \$10 per dt for any Delivery Point Unauthorized Daily Overrun Quantity which are any deliveries in excess of the delivery quantity specified in

Seller's notice under Section (d)(iii) above. The penalty revenue collected will be distributed pursuant to Section 54 of the General Terms and Conditions.

The payment of a penalty pursuant to this Section 19.1(e) shall under no circumstances be considered as giving the delivery point operator the right to take a Delivery Point Unauthorized Daily Overrun Quantity or be considered as a substitute for any other remedy available to Seller against the offending delivery point operator for failure to stay within its applicable Maximum Daily Delivery Point Entitlement.

(f) Updating Delivery Point Entitlements

Seller shall file tariff records to revise each affected delivery point operator's Delivery Point Entitlement(s) to reflect any additional Summer or Winter Period increases resulting from incremental capacity expansion projects after (1) Buyer and Seller have executed the service agreement for such incremental service ; and (2) the incremental facilities related thereto have been constructed and are ready for service.

The delivery point operator may request Seller to revise the existing Delivery Point Entitlements at its delivery point(s) to reflect the delivery point operator's current delivery requirements on Seller's system. Seller is not obligated to agree to the delivery point operator's requests hereunder. Seller will not agree to delivery point operator's request unless, at a minimum:

- (i) Seller reasonably determines that such revised Delivery Point Entitlements will not impair Seller's ability to provide firm service to other Buyers on Seller's pipeline system; and
- (ii) No additional facilities are required to be installed or constructed on Seller's system.

In the event Seller agrees to delivery point operator's request, Seller shall file tariff records to revise delivery point operator's Maximum Daily Delivery Point Entitlements.

GENERAL TERMS AND CONDITIONS

19.2 Maximum Daily Delivery Entitlement by Facility Group

(a) Applicability

This section of the General Terms and Conditions applies to each delivery point operator that takes gas quantities from Seller's system at a Swing Service Delivery Point at which Seller provides firm service at more than one point of delivery, other than delivery point operators previously served under Seller's former Rate Schedules G and OG. This section specifies the Maximum Daily Delivery Entitlement by Facility Group which Seller is obligated to deliver for the Winter Period (October through April) and for the Summer Period (May through September) at each such Facility Group.

(b) Definition of Maximum Daily Delivery Entitlements by Facility Group

As utilized herein, and subject to Section 19.2(d), the Maximum Daily Delivery Entitlement for each Facility Group shall be the daily quantity specified for such Facility Group in Sections 19.4, 19.5 and 19.6, as applicable, multiplied by the dt conversion factor stated in Section 23 of the General Terms and Conditions of this tariff. The Maximum Daily Delivery Entitlement by Facility Group for the respective Winter and Summer Periods is a limitation applicable to the combined deliveries under all rate schedules under which Seller makes firm service deliveries to the delivery point operator at that Facility Group.

The Maximum Daily Delivery Entitlement for the Winter or Summer Period at each Facility Group is the maximum quantity Seller is obligated to deliver to the delivery point operator and the delivery point operator is entitled to receive from Seller at such Facility Group.

(c) Facility Group Geographical Areas

The delivery point operator's delivery points on Seller's system are grouped geographically and designated as Facility Group Geographical Areas, as shown on the maps in Section 19.3. A delivery point is included if that location has a Maximum Daily Delivery Point Entitlement. Further, the Facility Group Geographical Area and the delivery point(s) within the Facility Group Geographical Area are designated as being located on the mainline unless the Facility Group Geographical Area has a lateral designation (-L) attached to it, as specified in Sections 19.4, 19.5, and 19.6.

(d) Facility Group Unauthorized Daily Overrun Quantities

Seller will provide the delivery point operator with deliveries in excess of delivery point operator's Maximum Daily Delivery Entitlement by Facility Group to the extent physical operating conditions permit and to the extent Seller is able reasonably to determine that such deliveries will not impair Seller's ability to provide firm service to other Buyers on Seller's pipeline system. However, the total deliveries at delivery point operator's Swing Service Delivery Point(s) may not exceed the delivery point operator's confirmed gas

quantities, including limit values plus any swing service overtakes and Tier I Unauthorized Overrun gas allocated at the associated Swing Service Delivery Point(s), as these terms are defined in Sections 18.1(a)(ii), 18.3, and 18.6 of the General Terms and Conditions of this tariff.

(i) Mainline Facility Group(s)

Deliveries in excess of the delivery point operator's Maximum Daily Delivery Entitlement by Facility Group, as described above, for a Facility Group designated as being located on the mainline will not be subject to the Facility Group Unauthorized Daily Overrun penalty set forth in Section 19.2 (e) below; however, any other applicable penalties under Seller's FERC Gas Tariff shall apply.

(ii) Lateral Facility Group(s)

Deliveries in excess of the delivery point operator's Maximum Daily Delivery Entitlement by Facility Group, as described above, for a Facility Group designated as being located on a lateral will be subject to the Facility Group Unauthorized Daily Overrun penalty set forth in Section 19.2 (e) in the event that Seller issues a penalty notice, as described in Section 19.2 (d) (iii) below. Additionally, any other applicable penalties under Seller's FERC Gas Tariff shall apply.

(iii) Circumstances Giving Rise to a Lateral Penalty Notice

To the extent that Seller reasonably determines that a delivery point operator's takes in excess of the Maximum Daily Delivery Entitlement by Facility Group at a Facility Group designated as being located on a lateral are impairing Seller's ability to provide firm service to other Buyers that have delivery point(s) on the lateral, Seller shall issue a penalty notice via email to the offending delivery point operator. The penalty notice shall state (i) the quantity to which the delivery point operator must reduce its delivered quantities at the specified Facility Group, but not less than the Maximum Daily Delivery Entitlement by Facility Group and (ii) the effective date and time of the penalty notice. Seller shall attempt to give the delivery point operator reasonable time for voluntary action; however, exigent circumstances may exist which require that the penalty notice be made effective immediately.

(e) Facility Group Unauthorized Daily Overrun Penalty

In addition to any charges otherwise payable under Seller's tariff, the delivery point operator shall pay a penalty of \$10 per dt for any Facility Group Unauthorized Daily Overrun Quantity which are Facility Group deliveries in excess of the delivery quantity specified in Seller's notice under Section (d)(iii) above; provided, however, on any day in which the delivery point operator also incurs a Delivery Point Unauthorized Daily Overrun Penalty under Section 19.1(d) of the General Terms and Conditions, the delivery point

operator's unauthorized overrun penalty shall be the greater of the penalty determined under Section 19.1(d) or the Facility Group Unauthorized Daily Overrun Penalty determined hereunder. The penalty revenue collected will be distributed pursuant to Section 54 of the General Terms and Conditions.

The payment of a penalty pursuant to this Section 19.2(e) shall under no circumstances be considered as giving the delivery point operator the right to take a Facility Group Unauthorized Daily Overrun Quantity or be considered as a substitute for any other remedy available to Seller against the offending delivery point operator for failure to stay within its applicable Maximum Daily Delivery Entitlement by Facility Group.

(f) Updating Facility Group Entitlements

Seller shall file tariff records to revise each affected delivery point operator's Maximum Daily Delivery Entitlement(s) by Facility Group to reflect any additional Summer or Winter Period increases resulting from incremental capacity expansion projects after (1) Buyer and Seller have executed the service agreement for such incremental service; and (2) the incremental facilities related thereto have been constructed and are ready for service.

The delivery point operator may request Seller to revise the Maximum Daily Delivery Entitlement(s) by Facility Group(s) to reflect the delivery point operator's current delivery requirements on Seller's system. Seller is not obligated to agree to the delivery point operator's requests hereunder. Seller will not agree to delivery point operator's request unless, at a minimum:

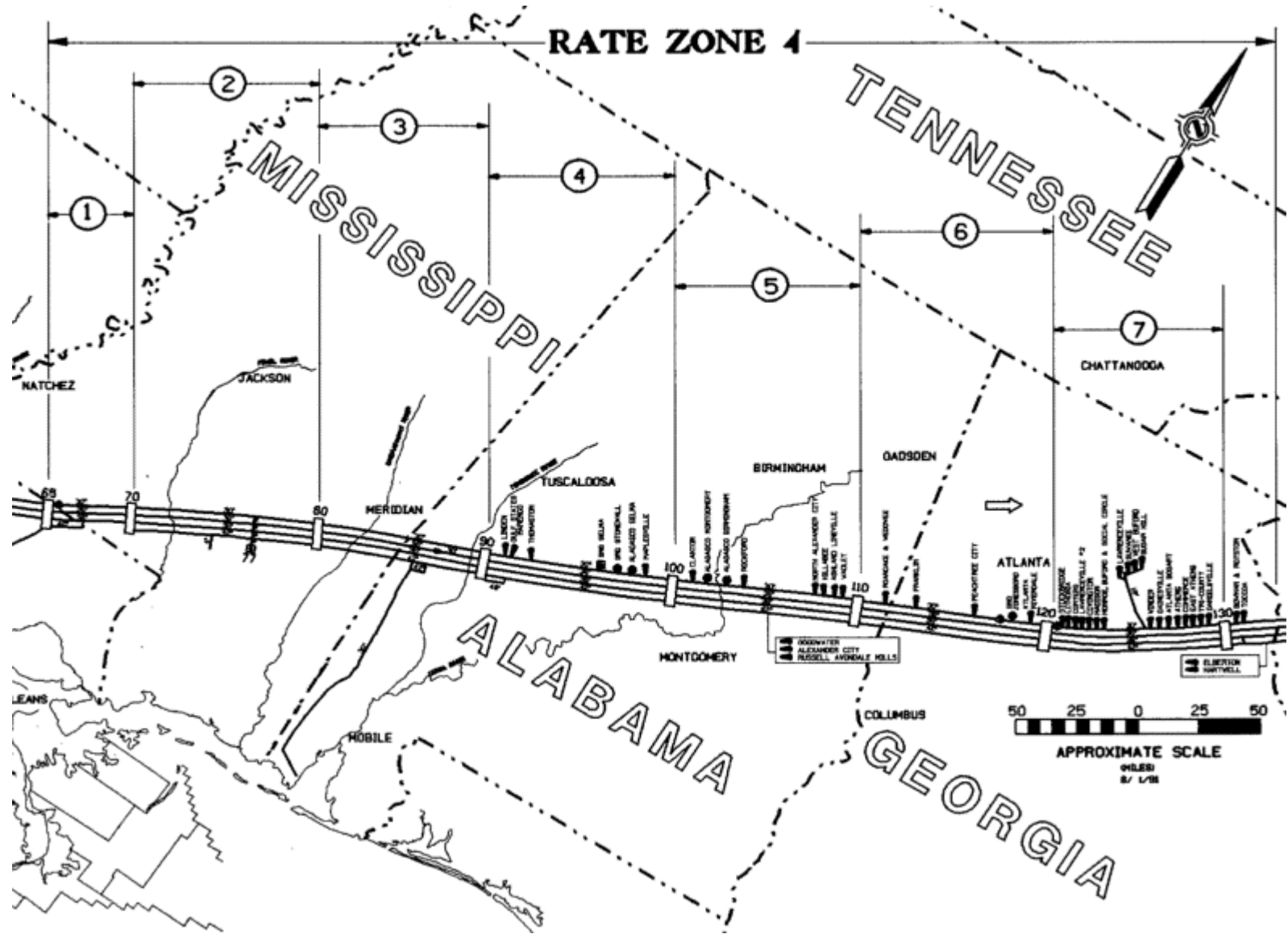
- (i) Seller reasonably determines that such revised Maximum Daily Delivery Entitlements by Facility Group will not impair Seller's ability to provide firm service to other Buyers on Seller's pipeline system; and
- (ii) No additional facilities are required to be installed or constructed on Seller's system.

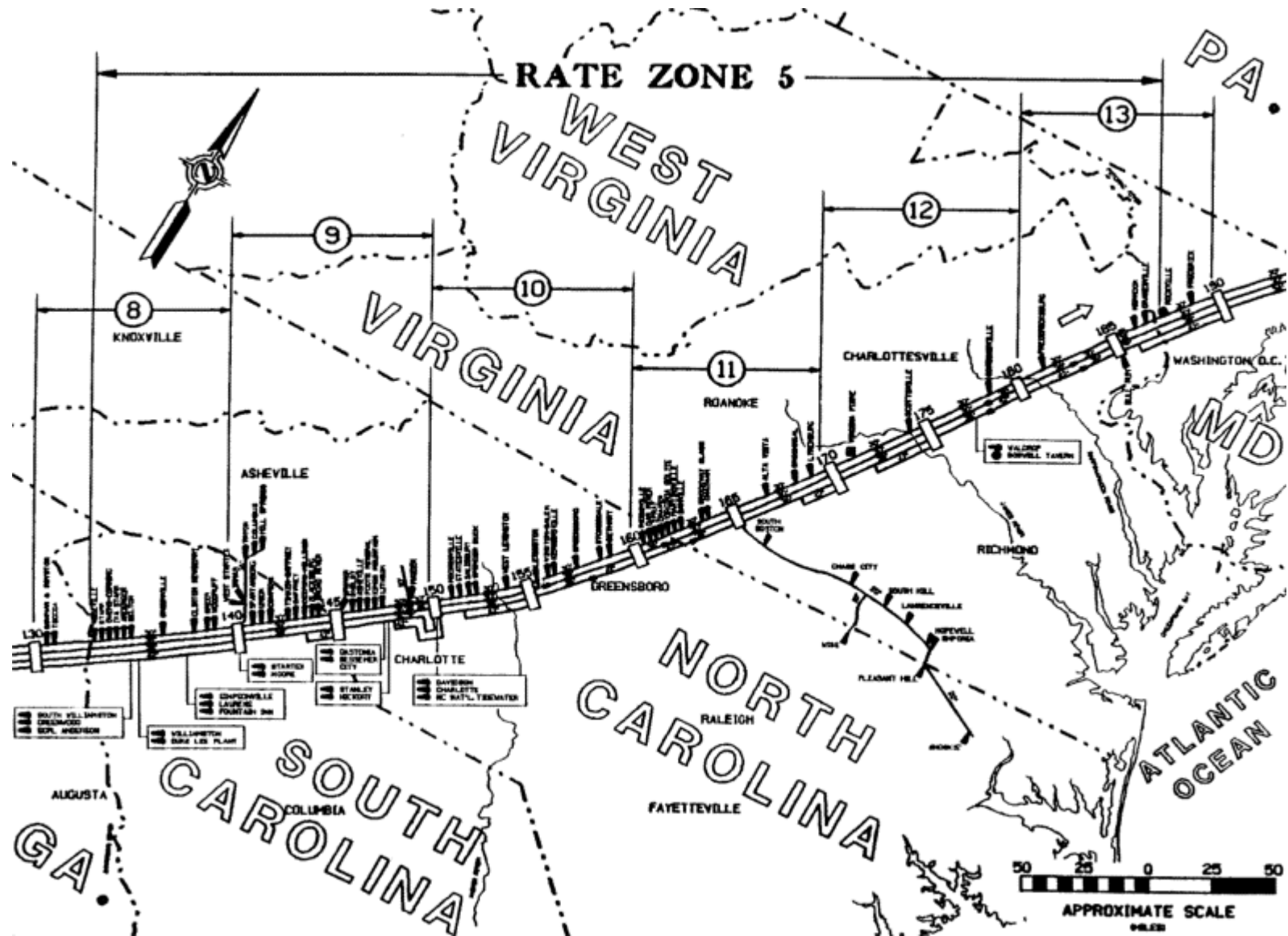
In the event Seller agrees to delivery point operator's request, Seller shall file tariff records to revise delivery point operator's Maximum Daily Delivery Entitlements by Facility Group.

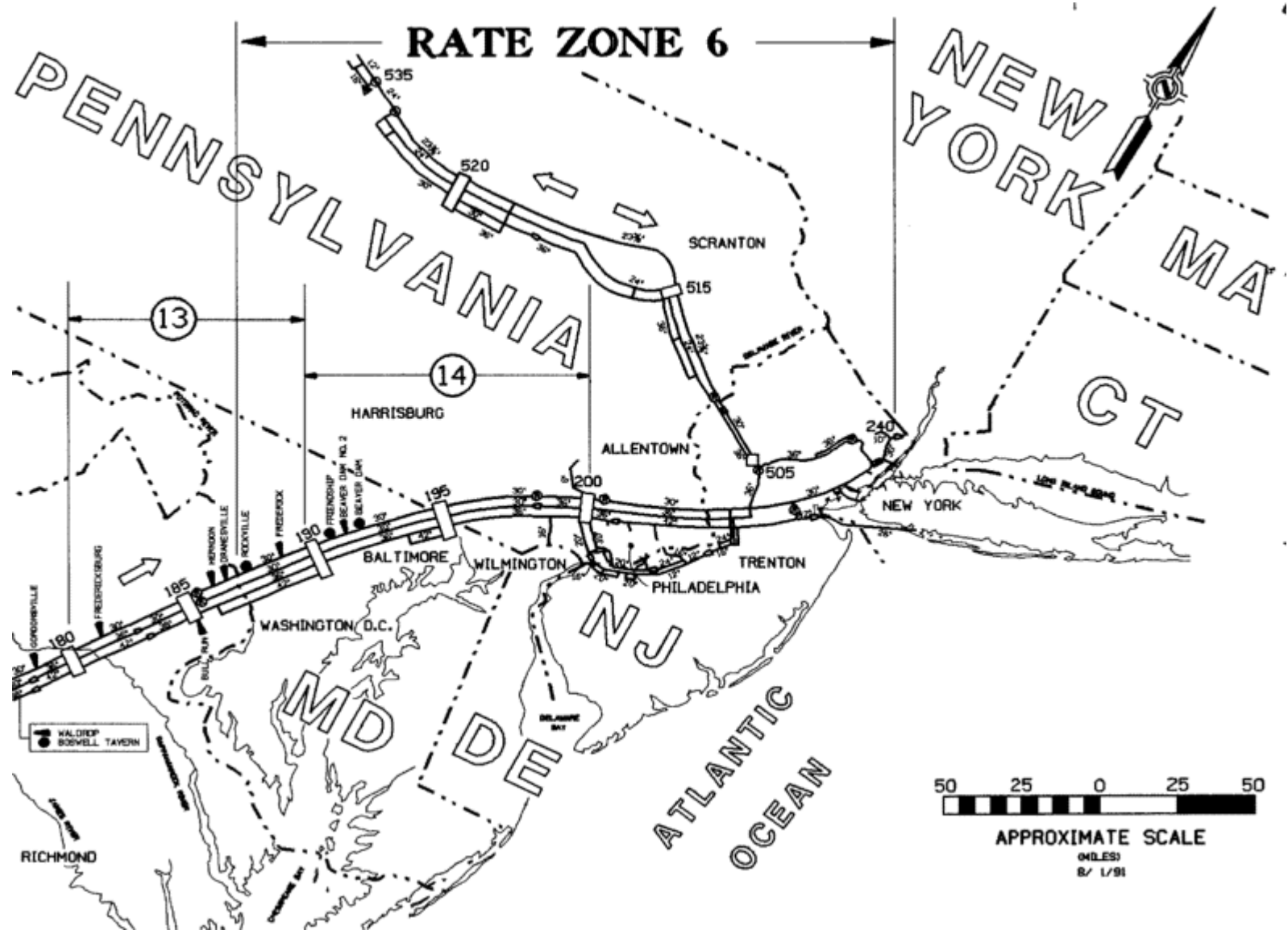
GENERAL TERMS AND CONDITIONS
MAPS SHOWING LOCATIONS OF DELIVERY POINTS
AND FACILITY GROUP GEOGRAPHICAL AREAS
BY RATE ZONE

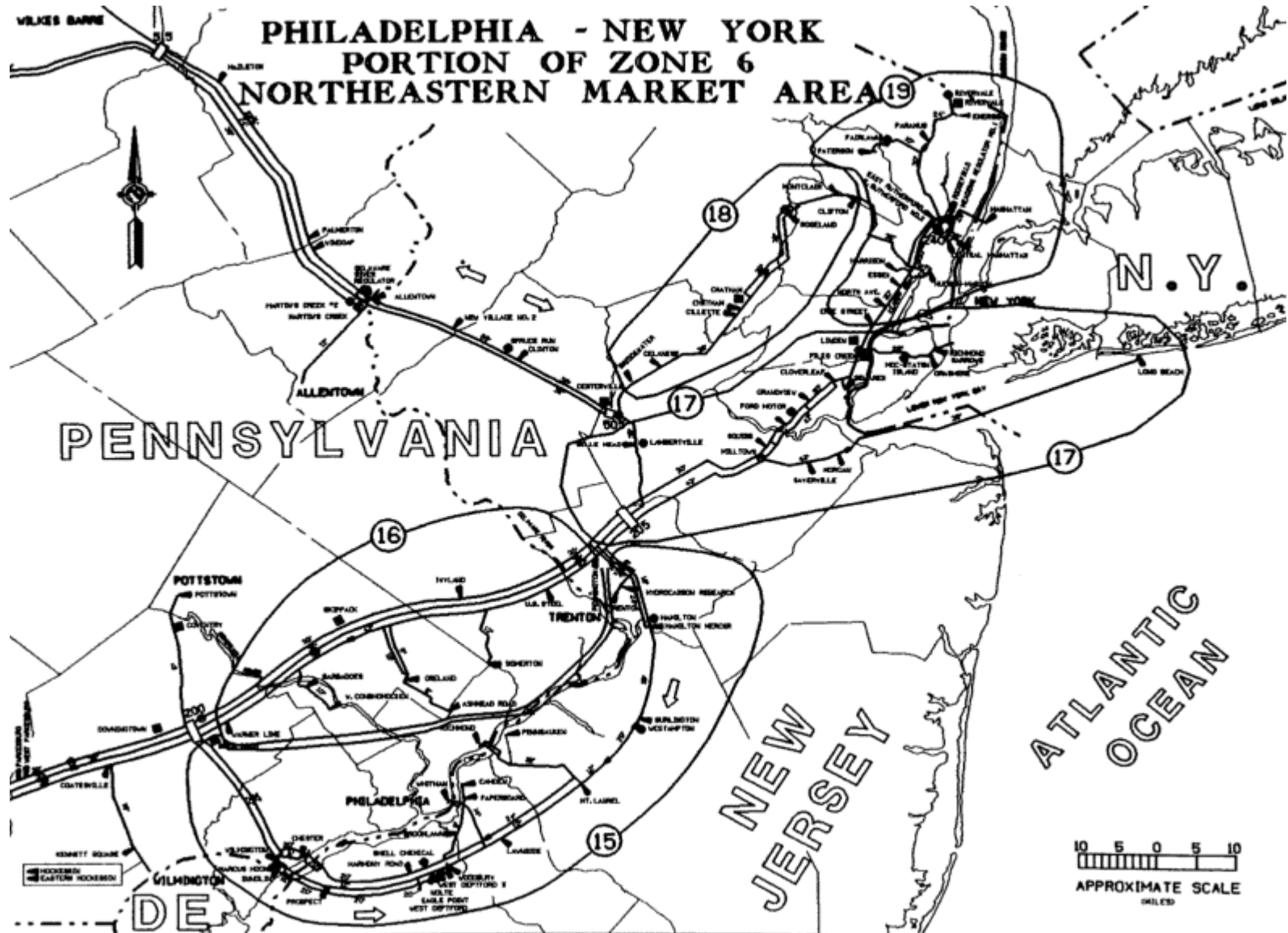
LEGEND

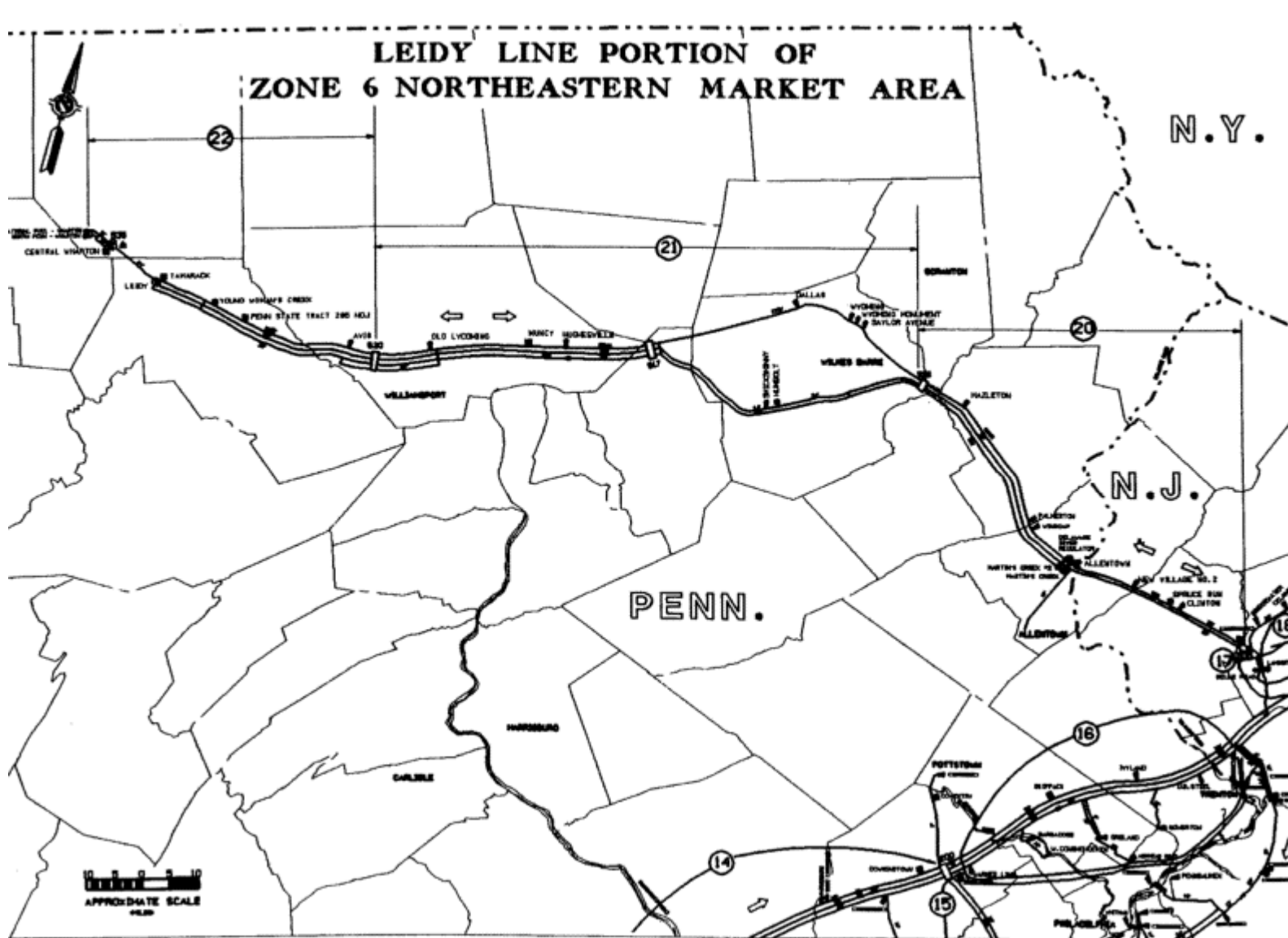
- COMPRESSOR STATIONS
- ▣ LNG PLANT
- TRANSCO EXISTING FACILITIES
- ▷ PURCHASE METER STATION (TRANSCO)
- ▶ SALES METER STATION (TRANSCO)
- ⊙ SALES METER STATION (OTHERS)
- ⊠ INTERCHANGE METER STATION (TRANSCO)
- INTERCHANGE METER STATION (OTHERS)
- ⊡ UNDERGROUND STORAGE FACILITIES WITH COMPRESSION (TRANSCO)
- ⊙ UNDERGROUND STORAGE FACILITIES WITH COMPRESSION (OTHERS)
- ⊙ REGULATOR STATION
- |—|— OWNED BY OTHERS
- FLOW OF GAS
- ⑫ FACILITY GROUP GEOGRAPHICAL AREA
- ↔ RATE ZONE











PART IV – GENERAL TERMS AND CONDITIONS

**SECTION 19.4
DAILY FACILITY GROUP AND DELIVERY POINT ENTITLEMENTS
ZONE 4**

Zone 4 Customers:

Alabama Gas Corporation
Atlanta Gas Light Company
Georgia Power
Municipal Gas Authority of Georgia

ZONE 4
DAILY FACILITY GROUP AND DELIVERY POINT ENTITLEMENTS

ALABAMA GAS CORPORATION

Facility Group Geographical Area		Quantities in MMCF/D @ 14.7 PSIA			
		Winter Period (1)		Summer Period (2)	
		Delivery Point Maximum DPE	Facility Group Maximum DPE	Delivery Point Maximum DPE	Facility Group Maximum DPE
4	Linden	2	-	2	-
	Thomaston	1	-	1	-
	Selma	40 (4)	-	40 (4)	-
	Total	-	43	-	43
5	Montgomery	100 (4)	-	100 (4)	-
	Birmingham	100 (4)	-	100 (4)	-
	Clanton	4	-	4	-
	Total	-	104	-	104
Total Firm Contract			98.0 (3,4)		98.0 (3,4)

Notes:

- (1) Winter Period is October through April.
- (2) Summer Period is May through September.
- (3) Includes presently authorized firm service under Rate Schedule FT. Available firm quantities limited to individual rate schedule provisions.
- (4) Includes 21.256 MMCF/D delivered for Southern Company Services, Inc under Rate Schedule FT.

ZONE 4
DAILY FACILITY GROUP AND DELIVERY POINT ENTITLEMENTS

ATLANTA GAS LIGHT COMPANY

		Quantities in MMCF/D @ 14.7 PSIA			
		Winter Period (1)		Summer Period (2)	
Facility Group	Geographical Area	Delivery Point Maximum DPE	Facility Group Maximum DPE	Delivery Point Maximum DPE	Facility Group Maximum DPE
6	Franklin	2	-	2	-
	Peachtree	26	-	13	-
	Riverdale	160	-	154	-
	Total	-	188	-	169
6-L	Lucas Road	228	-	228	-
	Murray	49	-	49	-
	Total	-	228	-	228
7	Stockbridge	315	-	244	-
	Lithonia	22	-	14	-
	Conyers	22	-	13	-
	Bogart	36	-	21	-
	Athens	35	-	21	-
	East Athens	16	-	16	-
	Danielsville	2	-	1	-
Total	-	338	-	244	
7-L	Suwanee	267	-	195	-
	Total	-	267	-	195
Total Firm Contract			705.7 (3,5)	607.1 (4,5)	

Notes:

- (1) Winter Period is October through April.
- (2) Summer Period is May through September.
- (3) Includes presently authorized firm service under Rate Schedules FT, GSS, LG-A, and LSS. Available firm quantities limited to individual rate schedule provisions.
- (4) Includes presently authorized firm service under Rate Schedules FT and GSS. Available firm quantities limited to individual rate schedule provisions.
- (5) Includes 227.053 MMCF/D delivered in the northbound to southbound direction for AGL (FT Dalton).

ZONE 4
DAILY FACILITY GROUP AND DELIVERY POINT ENTITLEMENTS

GEORGIA POWER

Facility Group Geographical Area		Quantities in MMCF/D @ 14.7 PSIA			
		Winter Period (1)		Summer Period (2)	
		Delivery Point Maximum DPE	Facility Group Maximum DPE	Delivery Point Maximum DPE	Facility Group Maximum DPE
6	Wansley	261 (4)	-	261 (4)	-
7	Center-Dahlberg	39	-	39	-
	Total	-	300	-	300
Total Firm Contract			299.1 (3,4)	299.1 (3,4)	

Notes:

- (1) Winter Period is October through April.
- (2) Summer Period is May through September.
- (3) Includes presently authorized firm service under Rate Schedule FT. Available firm quantities limited to individual rate schedule provisions.
- (4) Includes 78.841 MMCF/D delivered for Oglethorpe Power Corp. and 46.377 MMCF/D delivered for Municipal Electric Authority of Georgia under Rate Schedule FT.

ZONE 4
DAILY FACILITY GROUP AND DELIVERY POINT ENTITLEMENTS

MUNICIPAL GAS AUTHORITY OF GEORGIA

		Quantities in MMCF/D @ 14.7 PSIA			
		Winter Period (1)		Summer Period (2)	
Facility Group	Geographical Area	Delivery Point Maximum DPE	Facility Group Maximum DPE	Delivery Point Maximum DPE	Facility Group Maximum DPE
4	Butler	2 (6)	-	2 (7)	-
	Maplesville	2 (6)	-	1	-
	Total	-	4	-	3
5	Rockford	5 (6)	-	3	-
	Goodwater	4 (6)	-	3	-
	Ashland Lineville	4 (6)	-	3	-
	Wadley	1 (6)	-	1	-
	Total	-	5	-	4
6	Roanoke	3 (6)	-	2	-
	Wedowee	1 (5,6)	-	1 (5)	-
	Total	-	4	-	3
7	Lawrenceville No. 2	20	-	14	-
	Covington	12	-	9	-
	Madison	2 (5,6)	-	2 (5)	-
	Monroe	8 (5)	-	7 (5)	-
	Winder	8 (5)	-	9 (5)	-
	Commerce	6	-	5	-
	Tri-County	4 (5)	-	3 (5)	-
	Total	-	54	-	44
7L	Lawrenceville	14	-	9	-
	Sugar Hill	5 (5,6)	-	5 (5)	-
	Total	-	14	-	13
8	Bowman	1 (5,6)	-	1 (5)	-
	Royston	3 (6)	-	3	-
	Toccoa	13	-	12	-
	Elberton	5 (6)	-	5	-
	Hartwell	4 (5)	-	4 (5)	-
	Total	-	24	-	22
Total Firm Contract			99.499 (3,5,6)		71.651 (4,5,7)

Notes:

- (1) Winter Period is October through April.
- (2) Summer Period is May through September.
- (3) Includes presently authorized firm service under Rate Schedules FT, FTG, GSS and LNG. Available firm quantities limited to individual rate schedule provisions.
- (4) Includes presently authorized firm service under Rate Schedules FT, FTG, and GSS. Available firm quantities limited to individual rate schedule provisions.
- (5) Includes .580 MMCF/D delivered for various shippers under Rate Schedule GSS.
- (6) Includes 1.993 MMCF/D delivered for various shippers under Rate Schedule FTG.
- (7) Includes 1.480 MMCF/D delivered for Butler under Rate Schedule FTG.

PART IV – GENERAL TERMS AND CONDITIONS

**SECTION 19.5
DAILY FACILITY GROUP AND DELIVERY POINT ENTITLEMENTS
ZONE 5**

Zone 5 Customers:

Columbia Gas of Virginia
Danville, Virginia
Fort Hill Natural Gas Authority
Lexington, North Carolina
Piedmont Natural Gas Company, Inc.
Public Service Company of North Carolina, Inc.
Richmond, City of
South Carolina Pipeline Corporation
Virginia Natural Gas
Washington Gas Light Company

ZONE 5
DAILY FACILITY GROUP AND DELIVERY POINT ENTITLEMENTS

COLUMBIA GAS OF VIRGINIA

		Quantities In MMCF/D @ 14.7 PSIA				
		Winter Period (1)		Summer Period (2)		
Facility Group	Geo-graphical Area	Delivery Points	Delivery Point	Facility Group	Delivery Point	Facility Group
			Maximum DPE	Maximum DPE	Maximum DPE	Maximum DPE
11		Brockway Glass	4	-	4	-
		Chatham	1	-	1	-
		Altavista	6	-	6	-
		Brookneal	3	-	2	-
		Lynchburg	14	-	8	-
		Total	-	20	-	18
11-L		South Boston	2	-	2	-
		Chase City	1	-	1	-
		South Hill	2	-	1	-
		Lawrenceville	2	-	1	-
		Emporia	14	-	14	-
		Hopewell	78	-	78	-
		Total	-	97 (4)	-	97 (4)
12		Virginia Fiber	6	-	6	-
		Scottsville	1	-	1	-
		Waldrop	19	-	19	-
		Gordonsville	2	-	1	-
		Total	-	29	-	29
13		Fredericksburg	15	-	15	-
		Prince William	39	-	39	-
		Total	-	54	-	54
Total Firm Contract			151.1 (3,4,5)		150.0 (3,4,5)	

Notes:

- (1) Winter Period is October through April.
- (2) Summer Period is May through September.
- (3) Includes presently authorized firm service under Rate Schedules FT and GSS. Available firm quantities limited to individual rate schedule provisions.

- (4) Includes 78 MMCF/D for various shippers under Rate Schedule FT.
- (5) Includes .336 MMCF/D delivered for City of Greenwood under Rate Schedule FT.

ZONE 5
DAILY FACILITY GROUP AND DELIVERY POINT ENTITLEMENTS

DANVILLE, VIRGINIA

		Quantities In MMCF/D @ 14.7 PSIA				
		Winter Period (1)		Summer Period (2)		
Facility Group Geographical Area	Delivery Points	Delivery Point Maximum DPE	Facility Group Maximum DPE	Delivery Point Maximum DPE	Facility Group Maximum DPE	
11	Danville	30	-	30	-	
	Wharton Storage	1	-	1	-	
	Total	-	30	-	30	
Total Firm Contract			29.8 (3)			29.8 (4)

Notes:

- (1) Winter Period is October through April.
- (2) Summer Period is May through September.
- (3) Includes presently authorized firm service under Rate Schedule FT and GSS. Available firm quantities limited to individual rate schedule provisions.
- (4) Includes presently authorized firm service under Rate Schedule FT and GSS. Available firm quantities limited to individual rate schedule provisions.

ZONE 5
DAILY FACILITY GROUP AND DELIVERY POINT ENTITLEMENTS

FORT HILL NATURAL GAS AUTHORITY

		Quantities In MMCF/D @ 14.7 PSIA			
		Winter Period (1)		Summer Period (2)	
Facility Group	Geo-graphical Area	Delivery Point Maximum DPE	Facility Group Maximum DPE	Delivery Point Maximum DPE	Facility Group Maximum DPE
8	Starr	22	-	21	-
	South Williamston	26	-	21	-
	Williamston	22	-	17	-
	Total	-	44	-	37
Total Firm Contract			43.8 (3)		36.2 (4)

Notes:

- (1) Winter Period is October through April.
- (2) Summer Period is May through September.
- (3) Includes presently authorized firm service under Rate Schedules FT, GSS and LG-A. Available firm quantities limited to individual rate schedule provisions.
- (4) Includes presently authorized firm service under Rate Schedules FT and GSS. Available firm quantities limited to individual rate schedule provisions.

ZONE 5
DAILY FACILITY GROUP AND DELIVERY POINT ENTITLEMENTS

LEXINGTON, NORTH CAROLINA

		Quantities In MMCF/D @ 14.7 PSIA			
		Winter Period (1)		Summer Period (2)	
Facility Group Geo- graph- ical Area	Delivery Points	Delivery Point Maximum DPE	Facility Group Maximum DPE	Delivery Point Maximum DPE	Facility Group Maximum DPE
		DPE	DPE	DPE	DPE
10	West Lexington	19	-	15	-
	Lexington	9	-	8	-
	Total	-	20	-	17
Total Firm Contract			19.7 (3)	17.4 (3)	

Notes:

- (1) Winter Period is October through April.
- (2) Summer Period is May through September.
- (3) Includes presently authorized firm service under Rate Schedules FT and GSS, plus the volume of gas in MMCF/D previously flowing under Rate Schedule FT-NT. Available firm quantities limited to individual rate schedule provisions.

ZONE 5
DAILY FACILITY GROUP AND DELIVERY POINT ENTITLEMENTS

PIEDMONT NATURAL GAS COMPANY, INC.

		Quantities In MMCF/D @ 14.7 PSIA			
		Winter Period (1)		Summer Period (2)	
Facility Group Geo-graphical Area	Delivery Points	Delivery Point Maximum	Facility Group Maximum	Delivery Point Maximum	Facility Group Maximum
		DPE	DPE	DPE	DPE
8	Iva Starr	26	-	27	-
	Anderson	26	-	27	-
	Belton	16	-	16	-
	Duke Lee Plant	116	-	117	-
	Greenville	61	-	62	-
	Simpsonville	16	-	16	-
	Woodruff	58	-	59	-
	Startex	26	-	17	-
	Total	-	307	-	287
9-L	West Startex	12	-	8	-
	Inman	2	-	4	-
	Total	-	12	-	10
9	Spartanburg	27	-	28	-
	Cowpens	19	-	19	-
	Gaffney	9	-	9	-
	Hickory	116	-	89	-
	Lowesville	30	-	24	-
	Total	-	170	-	155
10	Hicks Crossroads	87 (7)	-	87 (7)	-
	Tidewater	135	-	125	-
	Charlotte	156	-	138	-
	Iredell	371 (9,12,15)	-	371 (9,12,15)	-
	Salisbury	32	-	17	-
	Spencer Buck	72 (13)	-	75 (13)	-
	Winston Salem	83	-	32	-
	Kernersville	66	-	32	-
	Greensboro	82	-	32	-
	Stokesdale	4	-	4	-
	Bethany	11	-	9	-
	Total	-	974 (5,16)	-	805 (6,16)

		Quantities In MMCF/D @ 14.7 PSIA				
		Winter Period (1)			Summer Period (2)	
Facility Group	Geo-graphical Area	Delivery Points	Delivery Point	Facility Group	Delivery Point	Facility Group
			Maximum DPE	Maximum DPE	Maximum DPE	Maximum DPE
11	Cardinal		250 (10,14,15)	-	250 (10,14,15)	-
	Reidsville		17	-	14	-
	Spray		10	-	10	-
	Draper		10	-	8	-
	Total		-	263 (5,16)	-	249 (5,16)
11-L	Pleasant Hill		96 (11)	-	90 (11)	-
	Ahoskie		77 (11)	-	71 (11)	-
	Total		-	96	-	90
Total Firm Contract				1,183.7 (3,8)		1,085.4 (4,8)

Notes:

- (1) Winter Period is October through April.
- (2) Summer Period is May through September.
- (3) Includes presently authorized firm service under Rate Schedules FT, GSS and LG-A. Available firm quantities limited to individual rate schedule provisions.
- (4) Includes presently authorized firm service under Rate Schedules FT and GSS. Available firm quantities limited to individual rate schedule provisions.
- (5) The Facility Group maximum is 937 MMCF/D for Facility Group 10 plus the volume of gas in MMCF/D previously flowing under Rate Schedules FT-NT and NIPPS.
- (6) The Facility Group maximum is 762 MMCF/D for Facility Group 10 plus the volume of gas in MMCF/D previously flowing under Rate Schedules FT-NT and NIPPS.
- (7) Hicks Crossroads is in Facility Group 9, but the delivery is included in Facility Group 10 group total.
- (8) Includes 24.505 MMCF/D delivered for Direct Energy Business Marketing, LLC, 2.777 MMCF/D delivered for Patriots Energy Group and 1.932 MMCF/D delivered for Tyson Foods, Inc. under Rate Schedule FT.
- (9) Includes 96.618 MMCF/D delivered in the northbound to southbound direction for Piedmont Natural Gas (FT Leidy Southeast).
- (10) Includes 55.556 MMCF/D (FT 85 North) and 89.855 MMCF/D (FT Mid-South) delivered for Duke Energy Progress.
- (11) Includes 19.324 MMCF/D delivered in the northbound to southbound direction for Piedmont Natural Gas (FT Virginia Southside I).
- (12) Includes 72.464 MMCF/D (FT Sundance), 89.855 MMCF/D (FT Mid-South), and 111.111 MMCF/D (FT 85 North) delivered for Duke Energy Progress.
- (13) Includes 57.971 MMCF/D (FT 85 North) delivered for Duke Energy Carolinas.
- (14) Includes 89.855 MMCF/D (FT Mid-South) delivered for Duke Energy Progress.

- (15) The Sum of Iredell and Cardinal may not exceed 476 MMCF/D during the Winter period and 476 MMCF/D during the Summer period.
- (16) The Sum of Facility Group 10 and 11 is 1,092 MMCF/D during the Winter period and 909 MMCF/D during the Summer period.

ZONE 5
DAILY FACILITY GROUP AND DELIVERY POINT ENTITLEMENTS

PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC.

		Quantities In MMCF/D @ 14.7 PSIA				
		Winter Period (1)		Summer Period (2)		
Facility Group Geo-graphical Area	Delivery Points	Delivery Point Maximum DPE	Facility Group Maximum DPE	Delivery Point Maximum DPE	Facility Group Maximum DPE	
9-L	Tryon	3	-	3	-	
	Columbus	2	-	2	-	
	Mill Springs	63	-	35	-	
	Total	-	63	-	36	
9	Battleground	80 (9,10)	-	76 (9,10)	-	
	Lithium	8	-	8	-	
	Gastonia	21	-	19	-	
	Stanley	51	-	51	-	
	Total	-	144	-	115	
10	Davidson	46	-	35	-	
	Mooreville	10 (8)	-	8 (8)	-	
	Statesville	20	-	12	-	
	Total	-	73	-	39	
11	Cardinal	170 (6)	-	150 (6)	-	
	Dan River #2	186 (6,7,9)	-	123 (6,7,9)	-	
	Total	-	206 (5)	-	143 (5)	
11-L	Pleasant Hill	15 (6)	-	12 (6)	-	
	Total	-	15	-	12	
Total Firm Contract			358.2 (3,7,8,10)		311.0 (4,7,8,10)	

Notes:

- (1) Winter Period is October through April.
- (2) Summer Period is May through September.
- (3) Includes presently authorized firm service under Rate Schedules FT, GSS and LG-A. Available firm quantities limited to individual rate schedule provisions.
- (4) Includes presently authorized firm service under Rate Schedules FT and GSS. Available firm quantities limited to individual rate schedule provisions.

- (5) The Facility Group maximum DPE is 201 MMCF/D for the Winter Period and 138 MMCF/D for the Summer Period plus the volume of gas in MMCF/D previously flowing under Rate Schedule FT-NT.
- (6) The sum of Cardinal, Dan River #2 and Pleasant Hill may not exceed 221 MMCF/D during the Winter Period or 155 MMCF/D during the Summer Period.
- (7) Includes 3.870 MMCF/D delivered for Patriots Energy Group and 3.529 MMCF/D delivered for City of Greenwood under Rate Schedule FT.
- (8) Includes 3.285 MMCF/D delivered for Cardinal FG Company under Rate Schedule FT.
- (9) The sum of Battleground and Dan River #2 may not exceed 261 MMCF/D during the Winter Period or 194 MMCF/D during the Summer Period.
- (10) Includes 57.791 MMCF/D delivered in the northbound to southbound direction under Rate Schedule FT-SET.

ZONE 5
DAILY FACILITY GROUP AND DELIVERY POINT ENTITLEMENTS

CITY OF RICHMOND

		Quantities In MMCF/D @ 14.7 PSIA				
		Winter Period (1)		Summer Period (2)		
Facility Group Geo-graphical Area	Delivery Points	Delivery Point Maximum DPE	Facility Group Maximum DPE	Delivery Point Maximum DPE	Facility Group Maximum DPE	
11-L	Emporia	10	-	10	-	
	Total	-	10	-	10	
12	Waldrop	10	-	10	-	
	Total	-	10	-	10	
Total Firm Contract			10.1 (3)			10.1 (3)

Notes:

- (1) Winter Period is October through April.
- (2) Summer Period is May through September.
- (3) Includes presently authorized firm service under Rate Schedules FT. Available firm quantities limited to individual rate schedule provisions.

ZONE 5
DAILY FACILITY GROUP AND DELIVERY POINT ENTITLEMENTS

SOUTH CAROLINA PIPELINE CORPORATION

Facility Group Geographical Area		Quantities In MMCF/D @ 14.7 PSIA			
		Winter Period (1)		Summer Period (2)	
		Delivery Point Maximum DPE	Facility Group Maximum DPE	Delivery Point Maximum DPE	Facility Group Maximum DPE
8	Abbeville	16	-	16	-
	Anderson	12	-	18	-
	Total	-	20	-	20
9	Moore	33	-	31	-
	Deering Milliken	12	-	12	-
	Grover	109 (5)	-	107 (5)	-
	Total	-	109	-	107
Total Firm Contract			108.4 (3,5)		106.4 (4,5)

Notes:

- (1) Winter Period is October through April.
- (2) Summer Period is May through September.
- (3) Includes presently authorized firm service under Rate Schedules FT, GSS and LG-A. Available firm quantities limited to individual rate schedule provisions.
- (4) Includes presently authorized firm service under Rate Schedules FT and GSS. Available firm quantities limited to individual rate schedule provisions.
- (5) Includes 12.473 MMCF/D delivered for Patriots Energy Group under Rate Schedule FT.

ZONE 5
DAILY FACILITY GROUP AND DELIVERY POINT ENTITLEMENTS

VIRGINIA NATURAL GAS

		Quantities In MMCF/D @ 14.7 PSIA			
		Winter Period (1)		Summer Period (2)	
Facility Group Geo- graph- ical Area	Delivery Points	Delivery Point Maximum DPE	Facility Group Maximum DPE	Delivery Point Maximum DPE	Facility Group Maximum DPE
		DPE	DPE	DPE	DPE
11-L	Emporia	37	-	37	-
	Total	-	37	-	37
12	Waldrop	37	-	37	-
	Total	-	37	-	37
Total Firm Contract			37.3 (3,4)		

Notes:

- (1) Winter Period is October through April.
- (2) Summer Period is May through September.
- (3) Includes presently authorized firm service under Rate Schedules FT and GSS. Available firm quantities limited to individual rate schedule provisions.
- (4) Includes 0.336 MMCF/D delivered for Conoco Inc. under Rate Schedule FT.

ZONE 5
DAILY FACILITY GROUP AND DELIVERY POINT ENTITLEMENTS

WASHINGTON GAS LIGHT COMPANY

		Quantities In MMCF/D @ 14.7 PSIA					
		Winter Period (1)			Summer Period (2)		
Facility Group Geo-graphical Area	Delivery Points	Delivery Point Maximum DPE	Facility Group Maximum DPE		Delivery Point Maximum DPE	Facility Group Maximum DPE	
13	Bull Run	110	(5)	-	89	(5)	-
	Herndon	122		-	122		-
	Total	-	147	(5)	-	147	(5)
14	Westmore Rd (4)	102		-	102		-
	Rock Creek (4)	102		-	102		-
	Total	-	127	(5)	-	127	(5)
Total Firm Contract				242.1 (3, 5)			242.1 (3, 5)

Notes:

- (1) Winter Period is October through April.
- (2) Summer Period is May through September.
- (3) Includes presently authorized firm service under Rate Schedules FT and GSS. Available firm quantities limited to individual rate schedule provisions.
- (4) Facility Group 14 is in Zone 6.
- (5) Includes 24.155 MMCF/D delivered in the northbound to southbound direction under Rate Schedule FT.

PART IV – GENERAL TERMS AND CONDITIONS

**SECTION 19.6
DAILY FACILITY GROUP AND DELIVERY POINT ENTITLEMENTS
ZONE 6**

Zone 6 Customers:

Delmarva Power & Light Company
Eastern Shore Natural Gas Company
Elizabethtown Gas Company
National Fuel Gas Supply Corporation
New York Facilities Group
PECO Energy Company
Philadelphia Gas Works
PSEG Energy Resources and Trade, LLC
South Jersey Gas Company
Sunoco, Inc. (R&M)
UGI Utilities, Inc.

ZONE 6
DAILY FACILITY GROUP AND DELIVERY POINT ENTITLEMENTS

DELMARVA POWER & LIGHT COMPANY

		Quantities In MMCF/D @ 14.7 PSIA			
		Winter Period (1)		Summer Period (2)	
Facility Group Geographical Area	Delivery Points	Delivery Point Maximum DPE	Facility Group Maximum DPE	Delivery Point Maximum DPE	Facility Group Maximum DPE
14	Parkesburg	6	-	6	-
	Total	-	6	-	6
14-L	Hockessin	88	-	59	-
	Total	-	88	-	59
15	Wilmington	55	-	89	-
	Total	-	55	-	90
Total Firm Contract			117.1 (3)		112.7 (4)

Notes:

- (1) Winter Period is October through April.
- (2) Summer Period is May through September.
- (3) Includes presently authorized firm service under Rate Schedules FT, GSS, LG-A and LNG. Available firm quantities limited to individual rate schedule provisions.
- (4) Includes presently authorized firm service under Rate Schedules FT and GSS. Available firm quantities limited to individual rate schedule provisions.

ZONE 6
DAILY FACILITY GROUP AND DELIVERY POINT ENTITLEMENTS

EASTERN SHORE NATURAL GAS COMPANY

		Quantities In MMCF/D @ 14.7 PSIA			
		Winter Period (1)		Summer Period (2)	
Facility Group Geographical Area	Delivery Points	Delivery Point Maximum DPE	Facility Group Maximum DPE	Delivery Point Maximum DPE	Facility Group Maximum DPE
14	Parkesburg	57 (6)	-	36 (6)	-
	Total	-	57	-	36
14-L	Eastern Hockessin	40	-	38	-
	Total	-	40	-	38
Total Firm Contract			57.1 (3,5 to 12)	54.5 (4 to 12)	

Notes:

- (1) Winter Period is October through April.
- (2) Summer Period is May through September.
- (3) Includes presently authorized firm service under Rate Schedules GSS, LG-A and LSS. Available firm quantities limited to individual rate schedule provisions.
- (4) Includes presently authorized firm service under Rate Schedule GSS. Available firm quantities limited to individual rate schedule provisions.
- (5) Includes 9.3 MMCF/D for The Premcor Refining Group Inc. of authorized firm transportation under Rate Schedule FT.
- (6) Includes 7.729 MMCF/D delivered for Peco Energy Company under Rate Schedule FT.
- (7) Includes 20.699 MMCF/D for Chesapeake Utilities Corporation d/b/a Delaware Division under Rate Schedule FT.
- (8) Includes 5.668 MMCF/D for Chesapeake Utilities Corporation d/b/a Maryland Division under Rate Schedule FT.
- (9) Includes 2.596 MMCF/D for Elkton Gas Company under Rate Schedule FT.
- (10) Includes 2.028 MMCF/D for Easton Utilities Commission under Rate Schedule FT.
- (11) Includes 1.264 MMCF/D for Peninsula Energy Services Company, Inc. under Rate Schedule FT.
- (12) Includes 0.253 MMCF/D for City of Dover, Delaware under Rate Schedule FT.

ZONE 6
DAILY FACILITY GROUP AND DELIVERY POINT ENTITLEMENTS

ELIZABETHTOWN GAS COMPANY

		Quantities In MMCF/D @ 14.7 PSIA			
		Winter Period (1)		Summer Period (2)	
Facility Group Geographical Area	Delivery Points	Delivery Point Maximum DPE	Facility Group Maximum DPE	Delivery Point Maximum DPE	Facility Group Maximum DPE
14	Downingtown	2	-	2	-
	Total	-	2	-	2
16	Pennington	10	-	3	-
	Total	-	10	-	3
17	Ford Motors	7	-	3	-
	Grandview	40	-	15	-
	Cloverleaf	94	-	62	-
	Total	-	128	-	76
19	Erie Street	95	-	56	-
	North Avenue	37	-	19	-
	Total	-	102	-	62
20	Clinton	22	-	11	-
	Spruce Run	65	-	68	-
	New Village #2	107	-	123	-
	Total	-	168	-	134
Total Firm Contract			255.4 (3,5,6,7)		193.5 (4,6,7)

Notes:

- (1) Winter Period is October through April.
- (2) Summer Period is May through September.
- (3) Includes presently authorized firm service under Rate Schedules FT, GSS, LG-A, LNG, S-2 and LSS. Available firm quantities limited to individual rate schedule provisions.
- (4) Includes presently authorized firm service under Rate Schedules FT and GSS. Available firm quantities limited to individual rate schedule provisions.
- (5) Includes 3.300 MMCF/D delivered for Conectiv Energy Supply, Inc. under Rate Schedule FT.
- (6) Includes 5.778 MMCF/D delivered for Sprague Energy Corp. previously flowing under Rate Schedule FT.
- (7) Facility Groups 14, 16, 17, 19 & 20 cannot exceed 239 during the winter period and 173 during the summer period.

ZONE 6
DAILY FACILITY GROUP AND DELIVERY POINT ENTITLEMENTS

NATIONAL FUEL GAS SUPPLY CORP.

		Quantities In MMCF/D @ 14.7 PSIA			
		Winter Period (1)		Summer Period (2)	
Facility Group Geographical Area	Delivery Points	Delivery Point Maximum DPE	Facility Group Maximum DPE	Delivery Point Maximum DPE	Facility Group Maximum DPE
22	Wharton – East Fork	26	-	26	-
	Wharton Storage	26	-	26	-
	Leidy	26	-	26	-
	Total	-	26	-	26
Total Firm Contract			25.4 (3)	25.4 (4)	

Notes:

- (1) Winter Period is October through April.
- (2) Summer Period is May through September.
- (3) Includes presently authorized firm service under Rate Schedule FT. Available firm quantities limited to individual rate schedule provisions.
- (4) Includes presently authorized firm service under Rate Schedule FT. Available firm Quantities limited to individual rate schedule provisions.

ZONE 6
DAILY FACILITY GROUP AND DELIVERY POINT ENTITLEMENTS

NEW YORK FACILITIES GROUP (5)

		Quantities In MMCF/D @ 14.7 PSIA				
		Winter Period (1)		Summer Period (2)		
Facility Group Geographical Area	Delivery Points	Delivery Point Maximum DPE	Facility Group Maximum DPE	Delivery Point Maximum DPE	Facility Group Maximum DPE	
17	Long Beach	529 (8,15,20)	-	489 (8,15,20)	-	
	Narrows	433 (6,19)	-	419 (6,19)	-	
	Floyd Bennett	626 (20)	-	626 (20)	-	
	Total	-	946	-	895	
19	Central	877 (9,10,11,16,18)	-	863 (9,10,13,14,16,18)	-	
	Manhattan	533 (12,14,17)	-	459 (17)	-	
	Manhattan	-	-	-	-	
	Total	-	1,212 (6)	-	1,110 (6)	
Total Firm Contract			2,043.5 (3,7 to 12, 14 to 19, 21)		1,883.9 (4,7 to 10,13 to 19, 21)	

Notes:

- (1) Winter Period is October through April.
- (2) Summer Period is May through September.
- (3) Includes presently authorized firm service under Rate Schedules FT, GSS, S-2, LSS and SS-2, plus the volume of gas in MMCF/D previously flowing under Rate Schedule X-315. Available firm quantities limited to individual rate schedule provisions.
- (4) Includes presently authorized firm service under Rate Schedules FT and GSS, plus the volume of gas in MMCF/D previously flowing under Rate Schedule X-315. Available firm quantities limited to individual rate schedule provisions.
- (5) Group consists of The Brooklyn Union Gas Company d/b/a National Grid NY, Consolidated Edison Company of New York, Inc. and KeySpan Gas East Corporation d/b/a National Grid.
- (6) The sum of Facility Group 19 and Narrows may not exceed 1,567 MMCF/D during the winter period and 1,451 MMCF/D during the summer period.
- (7) Includes 30.840 MMCF/D delivered for New York Power Authority under Rate Schedule FT (formerly FT-NT).
- (8) Includes 10.505 MMCF/D for Direct Energy Business Marketing, LLC and 4.831 MMCF/D for NJR Energy Services Company under Rate Schedule FT.
- (9) Includes 9.662 MMCF/D for Consolidated Edison Energy, Inc. under Rate Schedule FT.
- (10) Includes 24.155 MMCF/D for KeySpan Gas East Corporation d/b/a National Grid under Rate Schedule FT.

- (11) Includes 33.817 MMCF/D for Washington Gas Light Company under Rate Schedule FT during the winter period.
- (12) Includes 14.493 MMCF/D for Washington Gas Light Company under Rate Schedule FT during the winter period.
- (13) Includes 48.310 MMCF/D for Washington Gas Light Company under Rate Schedule FT during the summer period.
- (14) Includes 24.155 MMCF/D for KeySpan Gas East Corporation d/b/a/ National Grid under Rate Schedule FT.
- (15) Includes 96.6 MMCF/D for KeySpan Gas East Corporation d/b/a National Grid under Rate Schedule FT that is nominatable on a primary basis to a separate virtual Long Beach location (Riverside).
- (16) Includes 9.662 MMCF/D delivered for Direct Energy Business Marketing, LLC under Rate Schedule FT.
- (17) Includes 13.043 MMCF/D delivered for Anadarko Energy Services Company, 2.899 MMCF/D delivered for Direct Energy Business Marketing, LLC, 6.280 MMCF/D delivered for MMGS Inc., and 26.087 MMCF/D delivered for Morgan Stanley Capital Group Inc. under Rate Schedule FT.
- (18) Includes 26.087 MMCF/D delivered for Anadarko Energy Services Company, 5.797 MMCF/D delivered for Direct Energy Business Marketing, LLC, 12.560 MMCF/D delivered for MMGS Inc., and 52.174 MMCF/D delivered for Morgan Stanley Capital Group Inc. under Rate Schedule FT.
- (19) Includes 13.043 MMCF/D delivered for Anadarko Energy Services Company, 2.899 MMCF/D delivered for Direct Energy Business Marketing, LLC, 6.280 MMCF/D delivered for MMGS Inc., and 26.087 MMCF/D delivered for Morgan Stanley Capital Group Inc. under Rate Schedule FT.
- (20) The sum of Long Beach and Floyd Bennett may not exceed 688 MMCF/D.
- (21) Includes 47.673 MMCF/D delivered for Direct Energy Business Marketing, LLC and 0.636 MMCF/D for UGI Energy Services, LLC under Rate Schedule FT.

ZONE 6
DAILY FACILITY GROUP AND DELIVERY POINT ENTITLEMENTS

PECO ENERGY COMPANY

		Quantities In MMCF/D @ 14.7 PSIA				
		Winter Period (1)		Summer Period (2)		
Facility Group Geographical Area	Delivery Points	Delivery Point Maximum DPE	Facility Group Maximum DPE	Delivery Point Maximum DPE	Facility Group Maximum DPE	
14	West Parkesburg	11	-	8	-	
	Coatsville	12	-	8	-	
	Total	-	21	-	13	
14-L	Kennett Square	10	-	6	-	
	Pottstown	13	-	7	-	
	Total	-	23	-	13	
15	Chester	43	-	49	-	
	Concord	22	-	22	-	
	Total	-	65	-	71	
16	West Conshohocken	56	-	35	-	
	Ivyland	105	-	49	-	
	U.S. Steel	83	-	79	-	
	Total	-	201	-	163	
16-L	Oreland	91	-	42	-	
	Total	-	91	-	42	
Total Firm Contract			282.5	(3,5)	247.4	(4,5)

Notes:

- (1) Winter Period is October through April.
- (2) Summer Period is May through September.
- (3) Includes presently authorized firm service under Rate Schedules FT, GSS and S-2. Available firm quantities limited to individual rate schedule provisions.
- (4) Includes presently authorized firm service under Rate Schedules FT and GSS. Available firm quantities limited to individual rate schedule provisions.
- (5) Includes 0.219 MMCF/D delivered for Direct Energy Business Marketing, LLC under Rate Schedule FT.

ZONE 6
DAILY FACILITY GROUP AND DELIVERY POINT ENTITLEMENTS

PHILADELPHIA GAS WORKS

		Quantities In MMCF/D @ 14.7 PSIA				
		Winter Period (1)		Summer Period (2)		
Facility Group	Geographical Area	Delivery Point Maximum DPE	Facility Group Maximum DPE	Delivery Point Maximum DPE	Facility Group Maximum DPE	
15-L	Richmond	126	-	70	-	
	Whitman	104	-	60	-	
	Total	-	142	-	130	
16-L	Ashmead Road	40	-	41	-	
	Oreland	34	-	45	-	
	Total	-	64	-	60	
16-L	Somerton	36	-	42	-	
	Total	-	36	-	42	
Total Firm Contract			226.1	(3)	219.0	(4)

Notes:

- (1) Winter Period is October through April.
- (2) Summer Period is May through September.
- (3) Includes presently authorized firm service under Rate Schedules FT, GSS and S-2. Available firm quantities limited to individual rate schedule provisions.
- (4) Includes presently authorized firm service under Rate Schedules FT and GSS. Available firm quantities limited to individual rate schedule provisions.

ZONE 6
DAILY FACILITY GROUP AND DELIVERY POINT ENTITLEMENTS

PSEG ENERGY RESOURCES AND TRADE, LLC

		Quantities In MMCF/D @ 14.7 PSIA			
		Winter Period (1)		Summer Period (2)	
Facility Group	Geographical Area	Delivery Point Maximum DPE	Facility Group Maximum DPE	Delivery Point Maximum DPE	Facility Group Maximum DPE
15	Camden	35 (12)	-	32 (13)	-
	Camden Paperboard	31 (12)	-	31 (13)	-
	Brooklawn	29	-	26	-
	Nolte	12	-	12	-
	W. Deptford No. 2	63	-	63	-
	Pennsauken	53	-	48	-
	Mt. Laurel	124 (16,18)	-	115 (17,18)	-
	Westampton	94 (16)	-	86 (17)	-
	Burlington	100 (16)	-	100 (17)	-
	Hamilton	124 (19)	-	114 (19)	-
	Mercer	116	-	116	-
	Trenton	42	-	36	-
	Hydrocarbon	1	-	1	-
	Total	-	429 (7,16)	-	330 (8,17)
17	Piles Creek	352	-	350	-
	Sewaren	48	-	48	-
	Central	126	-	126	-
	Edison	81	-	81	-
	Squibb	6	-	6	-
	Sayreville	38	-	105	-
	Belle Mead	2	-	2	-
	Total	-	400 (10)	-	423 (11)
18	Clifton	40 (14)	-	10 (15)	-
	Montclair College	3 (14)	-	3 (15)	-
	Roseland	192	-	80	-
	Chatham	34	-	18	-
	Gillette	50	-	48	-
	Bridgewater	44	-	44	-
	Hoescht-Celanese	3	-	3	-
	Total	-	301	-	111

ZONE 6
DAILY FACILITY GROUP AND DELIVERY POINT ENTITLEMENTS

PSEG ENERGY RESOURCES AND TRADE, LLC

		Quantities In MMCF/D @ 14.7 PSIA			
		Winter Period (1)		Summer Period (2)	
Facility Group	Geographical Area	Delivery Point Maximum DPE	Facility Group Maximum DPE	Delivery Point Maximum DPE	Facility Group Maximum DPE
19	Bergen (Ridgefield)	266 (21)	-	265 (21)	-
	Paterson	54 (22)	-	54 (22)	-
	Emerson	80	-	31	-
	Fairlawn	2	-	1	-
	Paramus	181 (20)	-	90 (20)	-
	East Rutherford	249 (9)	-	135 (9)	-
	Harrison	80	-	80	-
	Hudson Marion	346	-	242	-
	Kearny	68	-	68	-
	Essex	100	-	100	-
	Total	-	714 (5,9,10,20,21,22)	-	618 (5,9,11,20,21,22)
Total Firm Contract			1595.1 (3,6,9,18,19,20,21,22)		1108.3 (4,6,9,18,19,20,21,22)

Notes:

- (1) Winter Period is October through April.
- (2) Summer Period is May through September.
- (3) Includes presently authorized firm service under Rate Schedules FT, GSS, LG-A, LNG, S-2 and LSS. Available firm quantities limited to individual rate schedule provisions.
- (4) Includes presently authorized firm service under Rate Schedules FT and GSS. Available firm quantities limited to individual rate schedule provisions.
- (5) Includes 70.000 MMCF/D of FT (Market Area) received from Tennessee at Rivervale. To the extent these volumes are not received the 714 MMCF/D and 618 MMCF/D Facility Group DPE quantities are reduced correspondingly.
- (6) Includes 6.222 MMCF/D delivered for Dragon Energy, LLC under Rate Schedule FT.
- (7) The sum of Camden, Camden Paperboard, Brooklawn, Nolte and West Deptford No. 2 may not exceed 72.
- (8) The sum of Camden, Camden Paperboard, Brooklawn, Nolte and West Deptford No. 2 may not exceed 66.
- (9) Includes 5.797 MMCF/D delivered for Caliqua Enterprises, LLC under Rate Schedule FT.
- (10) The sum of Facility Groups 17 and 19 may not exceed 937.

- (11) The sum of Facility Groups 17 and 19 may not exceed 787.
- (12) The sum of Camden and Camden Paperboard may not exceed 35.
- (13) The sum of Camden and Camden Paperboard may not exceed 32.
- (14) The sum of Clifton and Montclair State College may not exceed 40.
- (15) The sum of Clifton and Montclair State College may not exceed 10.
- (16) The sum of Mt. Laurel, Westampton and Burlington may not exceed 218.
- (17) The sum of Mt. Laurel, Westampton and Burlington may not exceed 201.
- (18) Includes 14.493 MMCF/D delivered for PSEG Power, LLC under Rate Schedule FT.
- (19) Includes 24.155 MMCF/D delivered for PSEG Power, LLC under Rate Schedule FT.
- (20) Includes 9.662 MMCF/D delivered for PSEG Power, LLC under Rate Schedule FT.
- (21) Includes 42.512 MMCF/D delivered for PSEG Power LLC and 10.628 MMCF/D delivered for UGI Energy Services, LLC under Rate Schedule FT-Gateway.
- (22) Includes 9.662 MMCF/D delivered for PSEG Power LLC under Rate Schedule FT-Gateway.

ZONE 6
DAILY FACILITY GROUP AND DELIVERY POINT ENTITLEMENTS

SOUTH JERSEY GAS COMPANY

		Quantities In MMCF/D @ 14.7 PSIA			
		Winter Period (1)		Summer Period (2)	
Facility Group Geographical Area	Delivery Points	Delivery Point Maximum DPE	Facility Group Maximum DPE	Delivery Point Maximum DPE	Facility Group Maximum DPE
15	Prospect	21	-	18	-
	Repaupo	102	-	102	-
	Harmony Road	98	-	81	-
	Shell	3	-	3	-
	West Deptford	10	-	10	-
	Woodbury	101	-	63	-
	Lawnside	105 (5)	-	52 (6)	-
	Total	-	359	-	288
Total Firm Contract			358.5 (3)	285.1 (4)	

Notes:

- (1) Winter Period is October through April.
- (2) Summer Period is May through September.
- (3) Includes presently authorized firm service under Rate Schedules FT, GSS, LG-A, S-2, LSS and SS-2, plus the volume of gas in MMCF/D previously flowing under Rate Schedules FT-NT, X-281 and X-323. Available firm quantities limited to individual rate schedule provisions.
- (4) Includes presently authorized firm service under Rate Schedules FT and GSS, plus the volume of gas in MMCF/D previously flowing under Rate Schedules FT-NT and X-281. Available firm quantities limited to individual rate schedule provisions.
- (5) The sum of Woodbury and Lawnside may not exceed 190.
- (6) The sum of Woodbury and Lawnside may not exceed 100.

ZONE 6
DAILY FACILITY GROUP AND DELIVERY POINT ENTITLEMENTS

SUNOCO, INC. (R&M)

		Quantities In MMCF/D @ 14.7 PSIA				
		Winter Period (1)		Summer Period (2)		
Facility Group Geographical Area	Delivery Points	Delivery Point Maximum DPE	Facility Group Maximum DPE	Delivery Point Maximum DPE	Facility Group Maximum DPE	
15	Marcus Hook	40	-	40	-	
	Sunolin	19	-	17	-	
	Total	-	40	-	40	
Total Firm Contract			40.0 (3)			40.0 (4)

Notes:

- (1) Winter Period is October through April.
- (2) Summer Period is May through September.
- (3) Includes presently authorized firm service under Rate Schedule FT. Available firm quantities limited to individual rate schedule provisions.
- (4) Includes presently authorized firm service under Rate Schedule FT. Available firm quantities limited to individual rate schedule provisions.

ZONE 6
DAILY FACILITY GROUP AND DELIVERY POINT ENTITLEMENTS

UGI UTILITIES, INC.

		Quantities In MMCF/D @ 14.7 PSIA			
		Winter Period (1)		Summer Period (2)	
Facility Group Geographical Area	Delivery Points	Delivery Point Maximum DPE	Facility Group Maximum DPE	Delivery Point Maximum DPE	Facility Group Maximum DPE
14	Quarryville	1	-	1	-
	Total	-	1	-	1
14-L	Coventry	10	-	6	-
	Total	-	10	-	6
20	Allentown	44	-	44	-
	Wind Gap	2	-	2	-
	Palmerton	11	-	11	-
	Hazeltown	20	-	17	-
	Total	-	77	-	74
21	Saylor Avenue	78	-	47	-
	Wyoming Monument	18	-	14	-
	Wyoming	5	-	2	-
	Dallas	7	-	4	-
	Humboldt	14	-	13	-
	Shickshinny	59	-	52	-
	Hughesville	1	-	1	-
	Muncy	25	-	32	-
	Old Lycoming	18	-	12	-
	Total	-	207 (10,11)	-	168 (11)
22	Avis	6	-	7	-
	Total	-	6	-	7
Total Firm Contract			268.390 (3, 5,6,7,9)	226.862 (4,5,6,8, 9)	

Notes:

- (1) Winter Period is October through April.
- (2) Summer Period is May through September.

- (3) Includes presently authorized firm service under Rate Schedules FT, GSS, LSS, LG-A and SS-2, plus the volume of gas in MMCF/D previously flowing under Rate Schedule FT-NT. Available firm quantities limited to individual rate schedule provisions.
- (4) Includes presently authorized firm service under Rate Schedules FT and GSS, plus the volume of gas in MMCF/D previously flowing under Rate Schedule FT-NT. Available firm quantities limited to individual rate schedule provisions.
- (5) Includes 3.937 MMCF/D for NJR Energy Services Company under Rate Schedule FT.
- (6) Includes 3.865 MMCF/D for NJR Energy Services Company and 2.2 MMCF/D for Horsehead Corporation under Rate Schedule FT.
- (7) Includes 102.531 MMCF/D for UGI Penn Natural Gas, Inc. and 19.376 MMCF/D for UGI Central Penn Gas, Inc. for the Winter period.
- (8) Includes 66.967 MMCF/D for UGI Penn Natural Gas, Inc. and 21.712 MMCF/D for UGI Central Penn Gas, Inc. for the Summer period.
- (9) Includes 90.822 MMCF/D for UGI Energy Services, LLC.
- (10) The sum of Wyoming and Hughesville may not exceed 5 MMCF/D during the Winter Period.
- (11) The sum of Saylor Avenue, Wyoming Monument, Dallas, Shickshinny, Muncy and Old Lycoming may not exceed 188 MMCF/D during the winter period and 152 MMCF/D during the Summer Period.

GENERAL TERMS AND CONDITIONS

20. POLICY FOR CONSTRUCTION OF INTERCONNECT FACILITIES

20.1 General

This policy applies to any interconnect facilities for the receipt of gas into Seller's system or the delivery of gas out of Seller's system. References herein to the term interconnect facilities include new interconnect facilities, including delivery laterals on which Seller will provide firm transportation service to Buyer under Seller's Rate Schedule FDLS and modifications to existing interconnect facilities. The provisions of this policy do not apply to facilities that are built as part of an expansion of Seller's mainline system, including without limitation mainline compression or looping facilities, or mainline extensions. Nothing in this tariff shall require Seller to file an application for a certificate of public convenience and necessity under Section 7(c) of the Natural Gas Act (NGA). Further, nothing in this tariff shall prevent Seller from contesting an application for service filed pursuant to Section 7(a) of the NGA.

20.2 Requests for Interconnect Facilities

A party desiring the construction of interconnect facilities shall deliver to Seller a written request for such facilities that provides reasonably sufficient and reliable information for Seller to assess the operational impacts that construction of the facilities will have on Seller's pipeline system and to properly design and size the facilities, including, but not limited to, the proposed location of the facilities, the anticipated minimum and maximum hourly, daily, monthly and annual volume levels of service underlying the need for the facilities, anticipated pressures, constituents of the gas (for receipt interconnects) and such other data as is reasonably required by Seller to construct and operate the facilities.

20.3 Disposition of Requests

Seller will respond to each request for interconnect facilities within 60 days after receiving the request. Each request will be assessed in a manner that is not unduly discriminatory. If the requested interconnect facilities are operationally feasible (as hereinafter defined), Seller will grant the request to construct the facilities.

The interconnect facilities shall be considered operationally feasible if (1) the construction or operation of the facilities will not create any significant operational problems for Seller, (2) the facilities will not adversely affect the rendition of existing firm service to Buyers under any of Seller's firm service rate schedules or adversely alter the operation of Seller's pipeline system, and (3) the location of the interconnect is mutually agreeable (Seller will not deny the requested location without adequate operational, environmental, safety, contractual or legal justification).

20.4 Equipment

Seller shall have the right to require the installation of any equipment which is necessary to maintain the merchantability of the gas within its system and the operational integrity of its system, and to enable accurate custody transfer measurement.

20.5 Responsibilities

Subject to the foregoing, the construction, ownership, operation and maintenance of the interconnect facilities will be mutually agreed upon between Seller and the requesting party. Seller shall have the right to be the custody transfer party at the interconnect.

20.6 Support; Compliance

The requesting party shall provide support for any authorizations or permits required by Seller to construct and operate the interconnect facilities. The requesting party shall be responsible for assuring that any facilities that it constructs, owns or operates comply with all applicable governmental regulations and Seller's design requirements for their intended use.

20.7 Payment for Costs Incurred by Seller

- (a) The requesting party shall directly reimburse Seller via an advance payment(s) for all reasonable costs incurred by Seller to design, construct, own, operate and maintain the interconnect facilities, including as appropriate tax related charges and, if applicable, associated operating and maintenance costs directly related to the interconnect; provided, however, that Seller and the requesting party may mutually agree that the requesting party will pay Seller for such costs through an incremental facilities charge applicable to its firm transportation service agreement(s) with Seller which will reflect, as appropriate, all of Seller's capital costs associated with such facilities, including without limitation depreciation, return on equity, related income taxes and all other taxes, and, if applicable, associated operating and maintenance costs.
- (b) Notwithstanding the foregoing, Seller and the requesting party may negotiate an alternative cost recovery mechanism.
- (c) If Seller is unable to fully collect all costs associated with the interconnect facilities from the requesting party, Seller will not seek to recover such costs from other Buyers in future rate proceedings.

20.8 Interconnect Agreement

The terms governing the liabilities of the parties and the design, construction, ownership, operation and maintenance of, and payment for, the interconnect facilities shall be set forth in an interconnect agreement between Seller and the requesting party.

20.9 Waiver

Seller reserves the right to seek a waiver of any of these provisions, for good cause shown.

GENERAL TERMS AND CONDITIONS

21. RATE ZONES

21.1 Gas service under this tariff is divided into eight zones:

Zone 1 includes all of Seller's system located at or upstream of the discharge side of Compressor Station No. 30, including Seller's mainline and Seller's McMullen, Padre Island and Central Texas Gathering System Laterals.

Zone 2 includes all of Seller's facilities located downstream of the discharge side of Compressor Station No. 30 up to and including the discharge side of Compressor Station No. 45, including Seller's Southwest Louisiana Gathering System, North High Island System and Seller's facilities upstream or in the vicinity of the High Island Offshore System and the U-T Offshore System.

Zone 3 includes all of Seller's facilities located downstream of the discharge side of Compressor Station No. 45 up to and including the discharge side of Compressor Station No. 65, including Seller's Central Louisiana Gathering System and Southeast Louisiana Gathering System.

Zone 4 includes all of Seller's facilities located downstream of the discharge side of Seller's Compressor Station No. 65 up to the Georgia-South Carolina State Boundary excluding all of Seller's facilities located in Zone 4A.

Zone 4A includes all of Seller's facilities located on the Mobile Bay Lateral downstream of the suction side of Compressor Station No. 82 to an interconnection with Transco's main line near Butler in Choctaw County, Alabama.

Zone 4B includes all of Seller's facilities on the Mobile Bay Lateral extending from Main Pass Block 261, East Addition, Offshore Alabama to Compressor Station No. 82.

Zone 5 includes the area between the Georgia-South Carolina State Boundary and the Virginia-Maryland State Boundary.

Zone 6 includes the area between the Virginia-Maryland State Boundary and the termini of Seller's system in the New York Metropolitan Area.

21.2 The Rate Schedules FDLS and IDLS delivery laterals are as follows:

Delta Lateral – Pennsylvania
Bayonne Lateral – New Jersey
Woodbridge Lateral – New Jersey
Rockaway Lateral – New York

GENERAL TERMS AND CONDITIONS

22. POLICY FOR CONSOLIDATION OF SERVICE AGREEMENTS

22.1 Seller and Buyer may mutually agree to consolidate (and terminate, as necessary) multiple service agreements into a single service agreement provided the service agreements to be combined meet the following threshold requirements.

- (a) The service agreements are with the same Buyer, under the same rate schedule, have the same contract path and the same rate:
 - (i) Service agreements shall be considered to have the same contract path when the firm contract paths (as defined by those receipt and delivery points specified in the service agreements) to be combined have the same furthestmost upstream receipt point and the same furthestmost downstream delivery point eligible for nomination in accordance with Section 28 of the General Terms and Conditions;
 - (ii) Service agreements shall be considered to have the same rate when the maximum rate applicable to each service agreement and the actual rate being charged under each service agreement are the same for each zonal combination; and
- (b) None of the service agreements pertain to capacity acquired through temporary capacity release; and
- (c) There are no seasonal differences among the service agreements; and
- (d) The service agreements have the same termination date, or Buyer and Seller have mutually agreed to a single termination date under the consolidated service agreement. Section 44 of the General Terms and Conditions addresses extensions of Part 284 service agreements.

22.2 Subject to the foregoing, Seller will permit service agreements to be consolidated provided the following conditions are met:

- (a) Buyer's and Seller's rights and obligations under the consolidated service agreement will be the same as Buyer's and Seller's collective rights and obligations under the individual service agreements prior to consolidation; and
- (b) The consolidation will not, in Seller's sole opinion, affect Seller's ability to provide firm service to Buyer or other Buyers; and
- (c) The consolidation will not, in Seller's sole opinion, place an unreasonable burden on Seller or impose an adverse financial impact on Seller; and

- (d) Any regulatory authorizations required to effectuate the consolidation are granted in a manner acceptable to Seller and Buyer.
- 22.3 Termination of service agreements, if required as part of the consolidation process, shall not initiate right-of-first-refusal procedures, or initiate the procedures for allocating available firm capacity as set forth in Section 49 of the General Terms and Conditions.
- 22.4 All rights and obligations specified in the individual service agreements to be consolidated will be specified in the consolidated service agreement.
- 22.5 Seller's agreement to consolidate service agreements pursuant to this Section 22 shall not be withheld or granted in an unduly discriminatory manner.

GENERAL TERMS AND CONDITIONS

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 otherwise set forth in this Section 23, for all purposes under this tariff, including without limitation determining Seller's maximum daily delivery obligation under Rate Schedules FT, FT-G, FTN, GSS, LG-A, ESS and SS-2, 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 Rate Schedule S-2, 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.

GENERAL TERMS AND CONDITIONS

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.

GENERAL TERMS AND CONDITIONS

25. MONTHLY IMBALANCE RESOLUTION

Cumulative daily Transportation or OBA Imbalances shall be subject to the following imbalance resolution procedures, however specific imbalance resolution procedures may be further delineated in an OBA.

- 25.1 (a) Definition of OBA Imbalance - "OBA Imbalance" shall mean any difference between the measured quantities and scheduled quantities, or where a Swing Supplier has been designated, any difference between the measured quantities and allocated quantities at a Receipt or Delivery Point (or multiple points covered by a common OBA) on a gas day.
- (b) Definition of Transportation Imbalance - "Transportation Imbalance" shall mean the difference between a Buyer's allocated receipts (adjusted for fuel) and allocated deliveries under any firm or interruptible transportation agreement. All imbalances will be calculated on a daily basis and designated to be at the point of receipt.
- (c) Definition of a Positive Imbalance - A Positive Imbalance shall mean that excess receipts under a transportation agreement, excess measured quantities under a Receipt OBA, or excess scheduled quantities under a Delivery OBA are "Due To" (DT) a Buyer or OBA Party.
- (d) Definition of a Negative Imbalance - A Negative Imbalance shall mean that excess deliveries under a transportation agreement, excess scheduled quantities under a Receipt OBA or excess measured quantities under a Delivery OBA are "Due From" (DF) a Buyer or OBA Party.
- (e) Definition of Trading Period - The "Trading Period" shall be the period beginning on the 1st calendar day following the end of the immediately preceding month through the end of the 17th business day following the end of such preceding month.
- 25.2 Buyer or OBA Party may elect, in writing, for each contract, at least one day prior to a current month, that imbalances created as a result of post-month changes to prior month receipt or delivery allocations, measurement or other adjustments (Prior Period Adjustments) made in the current month, may either be:
- (a) incorporated into Buyer's or OBA Party's current month imbalance calculation for imbalance resolution purposes; or
- (b) applied to Buyer's or OBA Party's imbalance calculation for the month of gas flow, under Section 37.1 of the General Terms and Conditions. The aggregate imbalance for all Buyers in the month of gas flow shall not be recalculated as a result of Prior Period Adjustments. If Buyer's or OBA Party's Prior Period Adjustments reduce Buyer's or OBA Party's imbalance in the month of gas flow, Buyer's or OBA Party's tiered imbalance quantity and pricing in the month of gas flow shall be reversed beginning

with the imbalance and price of the highest tier and progressing through the imbalance and price of each lower tier, as necessary, until the entire Prior Period Adjustments have been applied. To the extent that the Prior Period Adjustments more than offset Buyer's or OBA Party's imbalance in the month of gas flow, Buyer's remaining adjustment quantities shall be cashed out at the Reference Spot Price "Buy" or Reference Spot Price "Sell," depending on imbalance direction, applicable to that month, and OBA Party's remaining adjustment quantities shall be cashed out in accordance with the procedures set forth in the OBA Party's applicable OBA. If the Prior Period Adjustments increase Buyer's or OBA Party's imbalance in the month of gas flow, the increase in Buyer's or OBA Party's imbalance quantity shall be cashed out at the price of the highest tier that applied to Buyer or OBA Party during the month of gas flow prior to application of the Prior Period Adjustments.

Buyer's or OBA Party's election shall remain in effect for subsequent months until changed by Buyer or OBA Party. If Buyer or OBA Party has not made an election for an affected month, Prior Period Adjustments for that month shall be incorporated into Buyer or OBA Party's current month imbalance calculation for imbalance resolution purposes.

Pursuant to the foregoing, for Prior Period Adjustments incorporated into the current month under Section 25.2(a), no new or additional imbalance penalty should be imposed when Prior Period Adjustments applied to the current period causes or increases a current month penalty, and for Prior Period Adjustments applied to the month of gas flow under Section 25.2(b), no new or additional imbalance penalty should be imposed when Prior Period Adjustments applied to the month of gas flow causes or increases a month of gas flow penalty.

25.3 Netting and Trading of Transportation Imbalances

For each month, Seller will separately aggregate Buyer's Transportation Imbalances at the contract level, within each zone within an OIA. For purposes of this Section 25.3 (but not Section 25.4), "Zone 6 – Station 505, all Leidy locations west of Station 505, and all locations on the Central Penn Line" and "Zone 6 – All Zone 6 locations except Station 505, all Leidy locations west of Station 505, and all locations on the Central Penn Line" each shall be considered a separate "zone". During the Trading Period, Buyer may trade the previous month's Transportation Imbalances between Buyer's own contract(s) or with other Buyers' contract(s) within zones or across zones within each OIA. Trading will be allowed when (i) Transportation Imbalances are traded within the same OIA and (ii) the resulting trade will reduce the Transportation Imbalance for each Buyer. Transportation Imbalances cannot be traded with OBA Imbalances. At the end of the Trading Period, any remaining Transportation Imbalances will be netted for each Buyer within each zone within an OIA.

25.4 Trading Fee for Transportation Imbalances

When Buyers trade across zones within an OIA, the Buyer holding a positive Transportation Imbalance shall pay Seller the applicable trading fee. If the positive Transportation Imbalance being traded is associated with a firm service contract, Buyer shall pay the applicable firm trading fee which shall be the mileage component of the currently effective

Rate Schedule FT commodity rate for the zones of trade, excluding the zone of delivery, times the quantity traded across zones (after Seller retains fuel for the zones of trade excluding the zone of receipt). If the positive Transportation Imbalance traded is associated with an interruptible service contract, Buyer shall pay the applicable interruptible trading fee which shall be the mileage component of the currently effective Rate Schedule IT rate for the zones of trade, excluding the zone of delivery, times the quantity traded across zones (after Seller retains fuel for the zones of trade excluding the zone of receipt). The firm and interruptible trading fees and the trading fuel retention percentages are included on the currently effective Statement of Rates and Fuel for Aggregation and Balancing Services in Part II, Section 10.2 of this tariff. The trading fee and trading fuel retention percentage do not apply to any backhaul portion of a trade. The mileage components of Seller's Rate Schedule FT commodity rate and IT rate, and fuel retention percentages may change from time to time as reflected in Seller's FERC Gas Tariff filed with and approved by the Federal Energy Regulatory Commission. To the extent Seller's Rate Schedule FT commodity rates, IT rates and fuel retention percentages are assessed subject to refund, the trading fee shall also be assessed subject to refund.

25.5 Final Resolution of Transportation Imbalances

If Buyer has an imbalance remaining after the close of the Trading Period and final netting, as set forth in Section 25.3, such imbalance will be cashed out in accordance with the cash out provisions set forth in Section 37.1 of the General Terms and Conditions.

25.6 Netting and Trading of OBA Imbalances

For each month, Seller will separately determine for each OBA agreement, the net Receipt Point OBA Imbalances and net Delivery Point OBA Imbalances, within each zone within an OIA; provided however, Receipt Point OBA Imbalances and Delivery Point OBA Imbalances will not be netted together. For purposes of this Section 25.6 (but not Section 25.7), "Zone 6 – Station 505, all Leidy locations west of Station 505, and all locations on the Central Penn Line" and "Zone 6 – All Zone 6 locations except Station 505, all Leidy locations west of Station 505, and all locations on the Central Penn Line" each shall be considered a separate "zone". For those points that are bi-directional, the net direction of the receipt and delivery quantities transported each month will determine whether the point will be identified as an OBA receipt point or an OBA delivery point. During the Trading Period, trading of the previous month's netted OBA Imbalances will be allowed within each OIA between OBA parties unless otherwise provided in the OBA. Trading will be allowed when (i) OBA Imbalances are traded within the same OIA and (ii) the resulting trade will reduce the OBA Imbalances for each OBA party; provided however, Receipt Point OBA Imbalances cannot be traded with Delivery Point OBA Imbalances.

25.7 Trading Fee for OBA Imbalances

When an OBA Party trades across zones within an OIA, the OBA Party holding a positive OBA Imbalance shall pay Seller the applicable interruptible trading fee which shall be the mileage component of the currently effective Rate Schedule IT rate for the zones of trade, excluding the zone of delivery, times the quantity traded across zones (after Seller retains fuel for the

zones of trade excluding the zone of receipt). The interruptible trading fees and the trading fuel retention percentages are included on the currently effective Statement of Rates and Fuel for Aggregation and Balancing Services in Part II, Section 10.2 of this tariff. The trading fee and trading fuel retention percentages do not apply to any backhaul portion of a trade. The trading fee and trading fuel retention percentages may change from time to time as reflected in Seller's FERC Gas Tariff filed with and approved by the Federal Energy Regulatory Commission. To the extent Seller's Rate Schedule IT rates and fuel retention percentages are assessed subject to refund, the trading fee shall also be assessed subject to refund.

25.8 Final Resolution of OBA Imbalances

If an OBA Party has an OBA Imbalance remaining at the time of final resolution as specified in the OBA, Seller and the OBA Party shall resolve the resulting OBA Imbalance in accordance with the procedures set forth in the OBA. The imbalance resolution provisions of an OBA that are negotiable are limited to: (1) the option to choose for final resolution of imbalances either cash out only, in-kind with a cash out option, or all in-kind; (2) the percentage that will be returned in-kind if the option to resolve imbalances in-kind with a cash out option is chosen for final imbalance resolution; (3) alternate cash out prices using different Reference Spot Prices and/or publications; (4) whether or not the OBA may trade imbalances consistent with Section 25.6; (5) the option to cash out the imbalance prior to the close of the Trading Period if the final resolution of imbalances is cash out only and the OBA does not provide for trading under Section 25.6; and (6) for OBAs with interstate or intrastate pipelines subject to FERC's Order No. 587-G, as promulgated by C.F.R. 18 §284.12(b)(2)(i), an alternate cash out methodology different from Sections 37.1(g) and (h) of the General Terms and Conditions.

If an OBA Party agrees to the all in-kind imbalance resolution procedure and that OBA Party fails to resolve imbalances in-kind and such remaining imbalance quantity is greater than 1,000 dt (including any unresolved imbalances from previous month(s)) by the 17th business day of the month following the production month, the OBA Party will pay a fee equal to the cumulative imbalance quantity remaining at the end of the 17th business day multiplied by one times the "first day of service" PAL charge plus twenty nine times the "each consecutive day of service" PAL charge as set forth on the currently effective Statement Rates and Fuel for Rate Schedule PAL in Part II, Section 10.1 of this tariff. Payment of the fee does not absolve the OBA Party of its obligation to resolve any imbalance in-kind. Any revenues received in association with this fee shall be accounted for as part of Seller's Cash Out program pursuant to Section 15 of the General Terms and Conditions.

- 25.9 All balancing shall be based on the zone of receipt within an OIA. Buyer or OBA Party may nominate transactions (in accordance with Section 28 of the General Terms and Conditions) during the month to correct imbalances in the zone within an OIA. Seller's ability to receive or deliver imbalance quantities shall be dependent upon Seller's physical operations, and Seller is under no obligation to allow receipt or delivery of such quantities for resolution of imbalances if it determines, in its sole opinion, such activity would jeopardize pipeline operations.

GENERAL TERMS AND CONDITIONS

26. CHANGES IN RATES FOR STORAGE SERVICE RATE SCHEDULES TO REFLECT CHANGES BY PIPELINE PROVIDING STORAGE SERVICE TO SELLER

26.1 Application

This section sets forth the procedures to change Seller's rates in Rate Schedule S-2 when the pipeline providing storage service utilized in such rate schedule changes the rates and charges payable by Seller for such storage service and to flow-through refunds received from such pipeline.

26.2 Rate Schedule S-2

- (a) Rate Change - The charges under Rate Schedule S-2 are shown on the effective Statement of Rates and Fuel for Rate Schedule S-2 in Part II, Section 7.5 of this tariff. A change by Texas Eastern in the charges payable by Seller under Rate Schedule X-28 shall, if such change is a reduction, and may if such change is an increase, be reflected in Seller's Rate Schedule S-2 by converting Texas Eastern's changed rates to Seller's tariff basis.
- (b) Refunds - Within thirty (30) days of the receipt thereof, Seller shall refund to its customers all amounts refunded to Seller by Texas Eastern under Texas Eastern's Rate Schedule X-28, including any interest paid by Texas Eastern. Each customer's proportionate part of such refund shall be determined in the same manner as the refund from Texas Eastern.
- (c) Rate Reduction - Within forty-five (45) days of any reduction by Texas Eastern in its X-28 rates, Seller shall reduce its S-2 rates to reflect such reduction.

26.3 Procedure

A rate change filing under this Section 26 shall be by the following procedure:

- (a) Effective Date - The effective date of a change, including a rate reduction under Section 26.2 (c) hereof, shall, if possible, be at least forty-five (45) days from the date of filing of such change: provided, however, such effective date shall be coincident with the effective date of the filing by the pipeline reflected in such change.
- (b) Material to be Filed - Seller shall file with the Commission and serve on all customers and interested state commissions the computation of the change pursuant to this Section 26 and the revised Statement of Rates and Fuel for Rate Schedule S-2 in Part II, Section 7.5 of this tariff. Such filing of the computations and tariff section shall be sufficient as a rate change filing, irrespective of any additional requirements of the Rules and Regulations of the Commission under the Natural Gas Act.

GENERAL TERMS AND CONDITIONS

27. ANNUAL CHARGE ADJUSTMENT (ACA) PROVISION

27.1 Application

This section of the General Terms and Conditions is filed pursuant to Section 154.402 of the Commission's regulations and Order No. 472 issued May 29, 1987. This section authorizes Seller to recover from Buyers the annual charge assessed to Seller by the Commission for Commission budgetary expenses. Seller shall recover this charge by including in Seller's storage and transportation rates a per unit rate equivalent to the per dt charge assessed against Seller by the Commission. When Seller provides service to Buyer under multiple transaction arrangements on Seller's system, Seller will assess the ACA charge only once on the same volume of gas. During the effectiveness of this ACA provision, it is Seller's intent not to recover in an NGA Section 4 rate case any annual charges recorded in FERC Account No. 928 assessed to Seller by the Commission pursuant to Order No. 472.

27.2 Definitions

- (a) Effective Date - Seller shall adjust its rates annually to be effective each October 1.
- (b) Unit Rate - Seller's Unit Rate shall be the unit rate used by the Commission to determine the annual charge assessment to Seller adjusted, as appropriate, to a thermal basis.
- (c) Affected Rate Schedules - The affected rate schedules are all sales and transportation rate schedules contained in Seller's Volume No. 1 and Volume No. 2 FERC Gas Tariff and all transportation performed under Part 284 of the Commission's regulations.

27.3 Procedure to Determine Annual Charge Adjustment (ACA) Unit Rate

The ACA Unit Rate shall be the amount the Commission orders to be effective each fiscal year, as posted in a notice on its website, <http://www.ferc.gov>.

GENERAL TERMS AND CONDITIONS

28. NOMINATIONS

28.1 Nominations

- (a) Buyer shall notify or cause Seller to be notified of Buyer's receipt and delivery requirements under all firm and interruptible storage and transportation rate schedules in advance of such requirements. All times in this Section 28 are Central Clock Time (pursuant to NAESB WGQ Standard No. 0.3.17). Seller, in its sole judgment, may waive any nomination and ranking deadlines, on a non-discriminatory basis, if Seller determines that operating conditions permit. At a receipt or delivery point, the lesser of rule (pursuant to NAESB WGQ Standard No. 1.3.22) applies when confirming. With respect to Buyer's desired levels of service under firm and interruptible transportation rate schedules, a nomination made through electronic data interchange shall include all mandatory Commission-approved data elements; for a nomination made through 1Line Buyer shall furnish Seller the following Commission-approved data elements:
- (i) Buyer's Contract and ID;
 - (ii) the desired receipt and delivery points, the corresponding daily quantities, and the schedule ranks;
 - (iii) the upstream contract and party who will deliver gas to Buyer, if applicable;
 - (iv) the downstream contract and party who will receive gas from Buyer, if applicable;
 - (v) the begin and end dates upon which such deliveries are desired, provided the nomination begin and end dates are within the term of Buyer's contract;
 - (vi) the route, if applicable, when the receipt or delivery point is in Zone 6; and
 - (vii) transaction type.
 - (viii) All nominations should be considered original nominations and should be replaced to be changed. An original nomination shall apply to each cycle within the gas day unless the nomination is revised. In that event, the revised nomination shall apply to subsequent cycles within the gas day. Intraday nominations can be used to request increases or decreases in total flow, changes to receipt points, or changes to delivery points of scheduled gas. When a nomination for a date range is received, each day within that range is considered an original nomination. When a subsequent nomination is received for one or more days within that range, the previous nomination is superseded by the subsequent nomination only to the extent of the days specified. The

days of the previous nomination outside the range of the subsequent nomination are unaffected. Nominations submitted during the Timely, Evening, ID1, ID2, and ID3 Cycles have a prospective effect only; nominations submitted during the Post Cycle and adjustments to prior gas days pursuant to Section 39 have a retroactive effect.

All nominations for storage or transportation service must be made electronically through 1Line or by electronic data interchange. However, in the event Seller experiences a failure of electronic communication equipment, internet, or third party service provider, or other similar emergency event which constitutes an event of force majeure pursuant to Section 11.1 of the General Terms and Conditions, such that Seller's communication capability is not available, Seller shall (i) for missed nomination cycles within the Gas Day, use Buyer's last confirmed nomination(s) at the time of the event, or (ii) when no confirmed quantities for the Gas Day exist, use Buyer's last nomination(s) accepted by Seller for the missed nomination cycle(s).

In the event Buyer experiences a failure of electronic communication equipment, internet, or third party service provider, or other similar emergency event which constitutes an event of force majeure pursuant to Section 11.1 of the General Terms and Conditions, Seller shall handle requests from Buyer for emergency treatment, including written nominations, on a not unduly discriminatory basis.

- (b) Buyer's nomination and schedule ranks, to be deemed timely, must conform to the following timeline (the Timely Nomination timeline shall be on the day prior to gas flow):
 - 1:00 p.m. Electronic nomination leaves control of the Buyer for nominations submitted by either 1Line or electronic data interchange;
 - 1:15 p.m. Receipt of nomination by Seller through electronic data interchange, including from Title Transfer Tracking Service Providers (TTTSPs);
 - 1:30 p.m. Quick response by Seller regarding validity of data elements of nominations received through electronic data interchange;
 - 4:30 p.m. Receipt of completed confirmations by Seller from upstream and downstream connected operating entities;
 - 5:00 p.m. Scheduled quantities made available by Seller for receipt by Shipper and point operator.

- (c) Buyer's nomination and schedule ranks for intraday cycles will conform to the following timelines. For purposes of this section, "provide" shall mean, for transmittals pursuant to standards 1.4.x, receipt at the designated site, and for purposes of other forms of transmittal, it shall mean send or post.
 - (i) Seller will accept nominations and schedule ranks for a Gas Day which are received after the Timely Nomination and ranking deadlines identified in Section 28.1(b) until 6:00 p.m. the day before gas flows (Evening Nomination).
Evening Nomination Cycle:

- 6:00 p.m. Electronic nomination leaves control of the Buyer for nominations submitted by either 1Line or electronic data interchange;
- 6:15 p.m. Receipt of nomination by Seller through electronic data interchange, including from TTTSPs;
- 6:30 p.m. Quick response by Seller regarding validity of data elements of nominations received through electronic data interchange;
- 8:30 p.m. Receipt of completed confirmations by Seller from upstream and downstream connected operating entities;
- 9:00 p.m. Seller to provide scheduled quantities to affected Buyers and point operators, and provide scheduled quantities to bumped parties (notice to bumped parties).

Scheduled quantities resulting from Evening Nominations shall be effective at the start of the next Gas Day.

- (ii) Seller will accept nominations and schedule ranks for a gas day which are received after the nomination and ranking deadlines identified in Sections 28.1(b) and 28.1(c)(i) until 10:00 a.m. of the affected Gas Day (Intraday 1 Nomination (ID1)).

ID1 Cycle:

- 10:00 a.m. Electronic nomination leaves control of the Buyer for nominations submitted by either 1Line or electronic data interchange;
- 10:15 a.m. Receipt of nomination by Seller through electronic data interchange, including from TTTSPs;
- 10:30 a.m. Quick response by Seller regarding validity of data elements of nominations received through electronic data interchange;
- 12:30 p.m. Receipt of completed confirmations by Seller from upstream and downstream connected operating entities;
- 1:00 p.m. Seller to provide scheduled quantities to affected Shippers and point operators, and provide scheduled quantities to bumped parties (notice to bumped parties).

Scheduled quantities resulting from ID1 shall be effective at 2:00 p.m. on the current Gas Day.

- (iii) Seller will accept nominations and schedule ranks for a gas day which are received after the nomination and ranking deadlines identified in Sections 28.1(b), 28.1(c)(i), and 28.1(c)(ii) until 2:30 p.m. of the affected Gas Day (Intraday 2 Nomination (ID2)).

ID2 Cycle:

- 2:30 p.m. Electronic nomination leaves control of the Buyer for nominations submitted by either 1Line or electronic data interchange;

- 2:45 p.m. Receipt of nomination by Seller through electronic data interchange, including from TTTSPs;
- 3:00 p.m. Quick response by Seller regarding validity of data elements of nominations received through electronic data interchange;
- 5:00 p.m. Receipt of completed confirmations by Seller from upstream connected operating entities;
- 5:30 p.m. Seller to provide scheduled quantities to affected Shippers and point operators, and provide scheduled quantities to bumped parties (notice to bumped parties).

Scheduled quantities resulting from ID2 shall be effective at 6:00 p.m. on the current Gas Day.

- (iv) Seller will accept nominations and schedule ranks for a Gas Day which are received after nomination and ranking deadlines identified in Sections 28.1(b), 28.1(c)(i), 28.1(c)(ii), and 28.1(c)(iii) until 7:00 p.m. of the affected Gas Day (Intraday 3 Nomination (ID3)).

ID3 Cycle:

- 7:00 p.m. Electronic nomination leaves control of the Buyer for nominations submitted by either 1Line or electronic data interchange, including from TTTSPs;
- 7:15 p.m. Receipt of nomination by Seller through electronic data interchange, including from TTTSPs;
- 7:30 p.m. Quick response by Seller regarding validity of data elements of nominations received through electronic data interchange;
- 9:30 p.m. Receipt of completed confirmations by Seller from upstream and downstream connected operating entities;
- 10:00 p.m. Seller to provide scheduled quantities to affected Shippers and point operators.

Scheduled quantities resulting from ID3 shall be effective at 10:00 p.m. on the current Gas Day. Bumping is not allowed during the ID3 cycle.

- (d) Seller will accept nominations and scheduled ranks for a Gas Day which are received after the nomination and ranking deadlines identified in Section 28.1(c)(iv) until 10:00 a.m. the day following the gas flow (Post Cycle) provided that:
 - (i) confirmation of the receipt and delivery quantities is received by Seller from the affected point operators no later than 10:30 a.m. the day following the gas flow;
 - (ii) it is operationally feasible to accommodate the requested nomination; and
 - (iii) it is consistent with the tariff limitations applicable to such gas day.

Seller will provide scheduled quantities to affected Buyers and point operators by 11:30 a.m. the day following the gas flow. Scheduled quantities resulting from the Post Cycle are not subject to elapsed-prorated-scheduled quantities and bumping is not allowed.

- (e) Elapsed-prorated-scheduled quantity means that portion of the scheduled quantity that would have theoretically flowed up to the effective time of the Intraday Nomination being confirmed, based upon a cumulative uniform hourly quantity for each nomination period affected. Elapsed-pro rata-scheduled quantity will apply to all nomination decreases submitted in the ID1, ID2, and ID3 cycles.
- (f) Seller will publish all bumping notices on 1Line as expeditiously as possible.
- (g) For services that provide for intraday nominations and scheduling, there is no limitation as to the number of intraday nominations (line items as per NAESB WQG Standard No. 1.2.1) which a service requester may submit at any one standard nomination cycle or in total across all standard nomination cycles.

28.2 Nominations of Pooling Points

The following requirements shall apply for nominations relating to service under Rate Schedule POOLING:

- (a) A Buyer may only submit an aggregation nomination under its firm or interruptible transportation agreement(s) for pooling under that same Buyer's applicable pooling service agreement; and
- (b) Gas may be transported from wellhead and interconnect points to either interruptible or firm pooling agreements on either firm or interruptible transportation agreements; and
- (c) Gas may be transferred from a Buyer's firm pooling agreement to another Buyer's firm pooling agreement at the same pooling point (pool to pool transfer) on either a firm or an interruptible transportation agreement; and
- (d) Gas may be transferred from a Buyer's interruptible pooling agreement to another Buyer's interruptible pooling agreement (pool to pool transfer) only on an interruptible transportation agreement; and
- (e) Gas may be transferred from an interruptible pooling agreement to a firm pooling agreement; provided, however, gas may not be transferred from a firm pooling agreement to an interruptible pooling agreement; and
- (f) Transportation transactions receiving gas from a firm pooling agreement must be transported on a firm transportation agreement except as otherwise identified above; and

- (g) Transportation transactions receiving gas from an interruptible pooling agreement may be transported on either a firm or an interruptible transportation agreement except as otherwise identified above.
- (h) Transfers between pooling agreements that occur at the same pooling point and/or direct transportation transactions between two different pooling points located in Zone 4 shall not be charged a transportation rate nor shall the quantity transferred be reduced for fuel retention.

GENERAL TERMS AND CONDITIONS

29. BEST AVAILABLE OPERATIONAL DATA

Seller will provide, on 1Line or by other available means of communication, its best available allocated operational data at receipt and delivery points to Buyer and to the point operator. The allocated quantities on these reports may be used for daily operational allocations and will be subject to change. Seller will also provide, on 1Line or by other available means of communication, its best available imbalance operational data to Buyer and to an OBA Party. The imbalance operational data may be used for adjusting and maintaining a concurrent balance between receipts and deliveries and will be subject to change. The best available operational data will be provided on the day immediately following the close of each gas day.

GENERAL TERMS AND CONDITIONS

30. INTERNAL PROCEDURE TO EXAMINE THIRD-PARTY COMPLAINTS TO SELLER IN FAVOR OF A MARKETING FUNCTION EMPLOYEE

30.1 All complaints by Shippers or potential Shippers, whether written or verbal, concerning conduct involving Seller and any Marketing Function Employee (as defined in 18 C.F.R. Section 358.3(d)) employed by Seller or an affiliate of Seller shall be referred to the General Counsel of Seller or the General Counsel's designated representative. The General Counsel shall verbally acknowledge such complaint within forty-eight (48) hours of its receipt. The General Counsel shall prepare a written statement of the complaint which shall contain the name of Complainant and a detailed factual report of the complaint, including all relevant dates, companies involved, employees involved, and the specific claim. The General Counsel shall provide a copy of such statement to the Complainant, along with a copy of this procedure.

30.2 The Legal Department, under the direction of the General Counsel, shall conduct a preliminary investigation of the complaint and make one of the following determinations:

- (a) The complaint is factually incorrect;
- (b) The complaint is factually correct, but there does not appear to be any basis for a claim;
- (c) The complaint is factually correct, and there may be a basis for a claim; or
- (d) Further investigation is required.

The General Counsel shall communicate the results of the preliminary investigation to Complainant in writing within thirty (30) days after the complaint is received, including, in the case of (c), any course of action which the General Counsel recommends, or in the case of (d), notifying the Complainant that further information is requested concerning the complaint.

30.3 If Complainant is not satisfied with the General Counsel's proposed course of action, or if for any reason Complainant desires to pursue the matter further, the following Dispute Resolution Procedure shall be available at the option of the Complainant. The Complainant may make a written request to the Senior Vice President of Seller not later than fifteen (15) days after the General Counsel's decision for a review of the complaint. The Senior Vice President or the Senior Vice President's designated representative shall act as presiding officer of a meeting which shall be scheduled at the earliest convenience of all parties involved. Present at such meeting shall be:

- (a) Complainant.
- (b) Officer(s) of the department(s) of Seller named in the complaint.

- (c) Officer(s) of the department(s) of any affiliate(s) of Seller named in the complaint.
- (d) Any employee of Seller or the affiliate(s) named in the complaint as a party to the alleged incident.
- (e) Immediate supervisor and supervising officer of department of any employee named in the complaint as a party to the alleged incident.
- (f) The attorney or attorneys of the Legal Department who conducted the preliminary investigation of the complaint.
- (g) The General Counsel or the General Counsel's designated representative.
- (h) Any other person deemed appropriate by the presiding officer.

At the conclusion of the meeting, the presiding officer shall state his or her findings based on the meeting and initiate discussion of possible internal and external actions appropriate for the circumstances.

- 30.4 Within ten (10) days after such meeting, the presiding officer shall notify the Complainant by letter of the conclusions reached by the presiding officer and the actions, if any, that will be undertaken.
- 30.5 The parties' participation in the foregoing procedures shall not be construed as a waiver of any legal or administrative rights which the parties may have. In order to facilitate a prompt and equitable resolution of any dispute, the parties, by participating in the meeting contemplated above, shall be deemed to agree that all notes and discussions at such meeting shall be confidential and privileged as in the nature of settlement discussions and shall not be admissible in evidence against any party in any other proceeding.

GENERAL TERMS AND CONDITIONS

31. WAIVER

31.1 Discretionary Waiver

Seller may waive any of its rights or any obligations of Buyer hereunder as to any specific default that has already occurred or in advance as to any specific, temporary problem, on a case-by-case basis that is not unduly discriminatory.

31.2 Non-Waiver

Notwithstanding the foregoing, no waiver by either Seller or Buyer of any one or more defaults by the other hereunder shall operate or be construed as a waiver of any other existing or future default or defaults, whether of a like or of a different character.

GENERAL TERMS AND CONDITIONS

32. CREDIT WORTHINESS

32.1 Seller shall not be required to provide service to any Buyer who fails to meet Seller's standards for credit worthiness. In this regard Seller may require that Buyer provide the following information:

- (a) Current financial statements (to include a balance sheet, income statement and statement of cash flow), annual reports, 10-K reports or other filings with regulatory agencies, a list of all corporate affiliates, parent companies and subsidiaries and any reports from credit agencies which are available. If audited financial statements are not available, then Buyer also should provide an attestation by its chief financial officer that the information shown in the unaudited statements submitted is true, correct and a fair representation of Buyer's financial condition;
 - (b) A bank reference and at least three trade references;
 - (c) A written attestation from Buyer that it is not operating under any chapter of the bankruptcy laws and must not be subject to liquidation or debt reduction procedures under state laws, such as an assignment for the benefit of creditors, or any informal creditor's committee agreement. An exception can be made for a Buyer who is a debtor in possession operating under Chapter XI of the Federal Bankruptcy Act but only with adequate assurances that the transportation billing will be paid promptly as cost of administration under the federal court's jurisdiction;
 - (d) A written attestation from Buyer that it is not subject to the uncertainty of pending liquidation or regulatory proceedings in state or federal courts which could cause a substantial deterioration in its financial condition, which could cause a condition of insolvency, or the ability to exist as an ongoing business entity; and
 - (e) A written attestation from Buyer that no significant collection lawsuits or judgments are outstanding which would seriously reflect upon the business entity's ability to remain solvent.
- 32.2 (a) If Buyer has an ongoing business relationship with Seller, no uncontested delinquent balances should be outstanding for natural gas sales, storage, transportation services or imbalances previously billed by Seller and Buyer must have paid its account during the past according to the established terms and not made deductions or withheld payment for claims not authorized by contract.
- (b) Buyer shall furnish Seller at least annually, and at such other time as is requested by Seller, updated credit information as specified in Section 32.1 for the purpose of enabling Seller to perform an updated credit appraisal. In addition, Seller reserves the right to request such information at any time if Seller is not reasonably satisfied

with Buyer's credit worthiness or ability to pay based on information available to Seller at that time.

- (c) Seller shall not be required to perform and shall have the ability to suspend service for any Buyer who is or has become insolvent, fails to demonstrate credit worthiness under Section 32.1, fails to timely provide information to Seller as requested in Section 32.2(b), or fails to demonstrate ongoing credit worthiness as a result of credit information obtained pursuant to Section 32.2(b); provided, however, Buyer may receive or continue to receive service if Buyer elects one of the following options:
- (i) Payment in advance for up to three (3) months service.
 - (ii) A standby irrevocable letter of credit in form and substance satisfactory to Seller in a face amount up to three (3) months service. The letter of credit must be drawn upon a bank acceptable to Seller.
 - (iii) A guaranty in form and substance satisfactory to Seller, executed by a person Seller deems credit worthy, of Buyer's performance of its obligations to Seller.
 - (iv) Such other form of security as Buyer may agree to provide and as may be acceptable to Seller.

In the event such Buyer fails to immediately prepay the required three months of revenue under 32.2(c)(i) or furnish security under options 32.2(c)(ii), 32.2(c)(iii), or 32.2(c)(iv), Seller may, without waiving any rights or remedies it may have, and subject to any necessary authorizations, suspend further service until security is received.

The insolvency of a Buyer shall be evidenced by the filing of such Buyer or any parent entity thereof of a voluntary petition in bankruptcy or the entry of a decree or order by a court having jurisdiction in the premises adjudging the Buyer or any parent entity thereof bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of, or in respect of the Buyer or any parent entity thereof under the Federal Bankruptcy Act or any other applicable federal or state law, or appointing a receiver, liquidator, assignee, trustee, sequestrator, (or similar official) of the Buyer or any parent entity thereof or of any substantial part of its property, or the ordering of the winding-up or liquidation of its affairs, with said order or decree continuing unstayed and in effect for a period of sixty (60) consecutive days.

GENERAL TERMS AND CONDITIONS

33. ORDER OF DISCOUNTS

Seller shall apply discounts to its reservation and commodity charges as follows:

Reservation Charge

Fixed Cost Unit Rate component of the base reservation rate.

Commodity Charge

Fixed Cost Unit Rate component of the base commodity rate (only applicable to interruptible service).

All other charges (Electric Power Unit Rate and ACA surcharge) are included as a component of the minimum rate and as such are not discountable.

Notwithstanding the above, a discount to the demand charge and/or storage capacity quantity charge for service provided under Rate Schedules ESS and EESWS shall apply to the rate components comprising those charges in the following order:

- (1) the rate component for the recovery of costs pertaining to the terminal retirement of Eminence Storage Field caverns 1, 2, 3 and 4;
- (2) the rate component for the recovery of Eminence Storage Field fixed costs, exclusive of the costs specified in (3) below; and
- (3) the rate component for the recovery of ARO costs pertaining to the terminal retirement of Eminence Storage Field caverns 5, 6 and 7.

GENERAL TERMS AND CONDITIONS

34. PERIODIC REPORTS

Set forth below are reports required to be filed by Seller pursuant to Commission orders or pursuant to a proceeding initiated under Part 154 or Part 284 of the Commission's regulations.

- (a) Pursuant to the "Order Approving Settlements as Modified and Issuing Certificates" issued June 19, 1991 in Docket Nos. CP88-391-004, et al. (55 FERC ¶ 61,446), Seller shall report annually, for the twelve month period ended July 31, the volumes purchased and amounts paid by Seller to each Buyer in connection with Seller's cash out program.
- (b) Pursuant to the Commission's order issued December 3, 1993 in Docket No. RP93-162-002 (65 FERC ¶ 61,315), Seller shall report annually, for the twelve month period ended July 31, the volumes purchased and sold and amounts paid and received under each of Seller's Operational Balancing Agreements (OBAs).

GENERAL TERMS AND CONDITIONS

35. STANDARDS FOR BUSINESS PRACTICES

In compliance with Commission Order No. 587-Y issued November 15, 2018, Seller has adopted the Business Practices and Electronic Communication Standards, North American Energy Standards Board (NAESB) Wholesale Gas Quadrant (WGQ) Version 3.1, which are required by the Commission in 18 CFR Section 284.12(a). The standards and definitions which are reflected in other provisions of this tariff are identified below, in addition to the following definitions, standards, and data dictionaries incorporated herein by reference. Standards for which waivers or extension of time have been granted are also identified.

Standards not Incorporated by Reference and their Location in Tariff:

Pursuant to NAESB’s Copyright Procedure Regarding Member and Purchaser Self-Executing Waiver as adopted by the NAESB Board of Directors on April 4, 2013, Seller may publish in its tariff, compliance filings, in communications with customers or stakeholders in conducting day to day business or in communications with regulatory agencies some or all of the language contained in NAESB standards protected by copyright, provided that Seller includes appropriate citations in the submissions.

Seller has elected to reproduce only the following Business Practices and Electronic Communications Standards, NAESB WGQ Version 3.1, that are protected by NAESB’s copyright. With respect to each reproduced standard, Seller incorporates the following: Copyright ©1996-2014 NAESB, all rights reserved.

<u>NAESB WGQ Standard No.</u>	<u>Tariff Record</u>	<u>Tariff Provision</u>
1.2.3	Rate Schedules Section 8.2, POOLING	2.1
1.2.6	GT&C Section 52, Operational Flow Orders	52.1(a)
1.2.12	GT&C Section 28, Nominations	28.1(e)
1.3.1	GT&C Section 2, Definitions	2(a)
1.3.2(i-vi)	GT&C Section 28, Nominations	28.1(b),(c)
1.3.7	GT&C Section 28, Nominations	28.1(a)
1.3.11	GT&C Section 28, Nominations	28.1(a)
1.3.17	Rate Schedules Section 8.2, POOLING	1.2
1.3.18	Rate Schedules Section 8.2, POOLING	2.3(a),(b)
1.3.22	GT&C Section 60, Confirmations	60.1
1.3.23	GT&C Section 60, Confirmations	60.1
1.3.32	GT&C Section 28, Nominations	28.1(g)
1.3.34	GT&C Section 52, Operational Flow Orders	52.3
1.3.45	GT&C Section 60, Confirmations	60.2
2.2.1	GT&C Section 2, Definitions	2(n)
2.2.2	GT&C Section 2, Definitions	2(m)
2.3.14	GT&C Section 5, Measurement Equipment	5(g)

2.3.28	GT&C Section 6, Billing	6(a)
2.3.31	GT&C Section 25, Monthly Imbalance Resolution	25.2(b)
2.3.41	GT&C Section 25, Monthly Imbalance Resolution	25.1(e)
2.3.59	GT&C Section 18, Deliveries and Receipts, Overruns and Penalties	18.1(c)
2.3.60	GT&C Section 18, Deliveries and Receipts, Overruns and Penalties	18.1(c)
3.2.1	GT&C Section 2, Definitions	2(l)
3.3.14	GT&C Section 6, Billing	6(a),(b),(c)
3.3.15	GT&C Section 6, Billing	6(d)
3.3.17	GT&C Section 7, Payments	7(a)
3.3.19	GT&C Section 7, Payments	7(c)
3.3.21	GT&C Section 7, Payments	7(a)
3.3.25	GT&C Section 7, Payments	7(a)
5.2.4	GT&C Section 42, Capacity Release	42.2(h)
5.2.5	GT&C Section 42, Capacity Release	42.2(i)
5.3.1	GT&C Section 42, Capacity Release	42.9
5.3.2	GT&C Section 42, Capacity Release	42.9(a),(b),(c)
5.3.3	GT&C Section 42, Capacity Release	42.9
5.3.4	GT&C Section 42, Capacity Release	42.11(b)
5.3.8	GT&C Section 42, Capacity Release	42.2(e)
5.3.13	GT&C Section 42, Capacity Release	42.7(c)
5.3.14	GT&C Section 42, Capacity Release	42.7(a)
5.3.16	GT&C Section 42, Capacity Release	42.7(a)
5.3.25	GT&C Section 42, Capacity Release	42.7(j)
5.3.26	GT&C Section 42, Capacity Release	42.7(d)
5.3.44	GT&C Section 25, Capacity Release	42.10(c)
5.3.45	GT&C Section 42, Capacity Release	42.10(c)
5.3.53	GT&C Section 42, Capacity Release	42.10(d)
5.3.54	GT&C Section 42, Capacity Release	42.10(d)
5.3.55	GT&C Section 42, Capacity Release	42.10(c)
5.3.57	GT&C Section 42, Capacity Release	42.10(c)
5.3.62	GT&C Section 42, Capacity Release	42.7(e)
5.3.67	GT&C Section 42, Capacity Release	42.12(c)
5.3.73	GT&C Section 42, Capacity Release	42.16

Standards Incorporated by Reference:

(a) **Additional Standards:**

General

Definitions:

0.2.5

Standards:

0.3.1, 0.3.2, 0.3.16, 0.3.17

Creditworthiness:

Standards:

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

Gas/Electric Operational Communications:

Definitions:

0.2.1, 0.2.2, 0.2.3, 0.2.4

Standards:

0.3.11, 0.3.12, 0.3.13, 0.3.14, 0.3.15

Operating Capacity and Unsubscribed:

Standards:

0.3.18, 0.3.20, 0.3.21, 0.3.22

Data Sets:

0.4.2, 0.4.3

Location Data Download:

Standards:

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

Data Sets:

0.4.4

Storage Information:

Data Sets:

0.4.1

(b) **Nominations Related Standards:**

Definitions:

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

Standards:

1.3.3, 1.3.4, 1.3.5, 1.3.6, 1.3.8, 1.3.9, 1.3.13, 1.3.14, 1.3.15, 1.3.16, 1.3.19, 1.3.20, 1.3.21, 1.3.24, 1.3.25, 1.3.26, 1.3.27, 1.3.28, 1.3.29, 1.3.30, 1.3.31, 1.3.33, 1.3.35, 1.3.36, 1.3.37, 1.3.38, 1.3.39, 1.3.40, 1.3.41, 1.3.42, 1.3.43, 1.3.44, 1.3.46, 1.3.48, 1.3.51, 1.3.53, 1.3.55, 1.3.56, 1.3.58, 1.3.62, 1.3.64, 1.3.65, 1.3.66, 1.3.67, 1.3.68, 1.3.69, 1.3.70, 1.3.71, 1.3.72, 1.3.73, 1.3.74, 1.3.75, 1.3.76, 1.3.77, 1.3.79, 1.3.80, 1.3.81, 1.3.82

Data Sets:

1.4.1, 1.4.2, 1.4.3, 1.4.4, 1.4.5, 1.4.6, 1.4.7

(c) **Flowing Gas Related Standards:**

Definitions:

2.2.3, 2.2.4, 2.2.5

Standards:

2.3.1, 2.3.2, 2.3.3, 2.3.4, 2.3.5, 2.3.6, 2.3.7, 2.3.8, 2.3.9, 2.3.10, 2.3.11, 2.3.12, 2.3.13, 2.3.15, 2.3.16, 2.3.17, 2.3.18, 2.3.19, 2.3.20, 2.3.21, 2.3.22, 2.3.23, 2.3.25, 2.3.26, 2.3.27, 2.3.29, 2.3.30, 2.3.32, 2.3.40, 2.3.42, 2.3.43, 2.3.44, 2.3.45, 2.3.46, 2.3.47, 2.3.48, 2.3.50, 2.3.51, 2.3.52, 2.3.53, 2.3.54, 2.3.55, 2.3.56, 2.3.57, 2.3.58, 2.3.61, 2.3.62, 2.3.63, 2.3.64, 2.3.65, 2.3.66

Data Sets:

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

(d) **Invoicing Related Standards:**

Standards:

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

Data Sets:

3.4.1, 3.4.2, 3.4.3, 3.4.4

(e) **Quadrant Electronic Delivery Mechanism Related Standards:**

Definitions:

4.2.1, 4.2.2, 4.2.3, 4.2.4, 4.2.5, 4.2.6, 4.2.7, 4.2.8, 4.2.9, 4.2.10, 4.2.11, 4.2.12, 4.2.13, 4.2.14, 4.2.15, 4.2.16, 4.2.17, 4.2.18, 4.2.19, 4.2.20

Standards:

4.3.1, 4.3.2, 4.3.3, 4.3.16, 4.3.17, 4.3.18, 4.3.20, 4.3.22, 4.3.23, 4.3.24, 4.3.25, 4.3.26, 4.3.27, 4.3.28, 4.3.30, 4.3.31, 4.3.32, 4.3.33, 4.3.34, 4.3.35, 4.3.36, 4.3.38, 4.3.40, 4.3.41, 4.3.42, 4.3.43, 4.3.44, 4.3.45, 4.3.46, 4.3.47, 4.3.48, 4.3.49, 4.3.50, 4.3.52, 4.3.53, 4.3.54, 4.3.55, 4.3.57, 4.3.58, 4.3.60, 4.3.61, 4.3.62, 4.3.66, 4.3.67, 4.3.68, 4.3.69, 4.3.72, 4.3.75, 4.3.78, 4.3.79, 4.3.80, 4.3.81, 4.3.82, 4.3.83, 4.3.84, 4.3.85, 4.3.86, 4.3.87, 4.3.89, 4.3.90, 4.3.91, 4.3.92, 4.3.93, 4.3.94, 4.3.95, 4.3.96, 4.3.97, 4.3.98, 4.3.99, 4.3.100, 4.3.101, 4.3.102, 4.3.103, 4.3.104, 4.3.105, 4.3.106

(f) **Capacity Release Related Standards:**

Definitions:

5.2.1, 5.2.2, 5.2.3

Standards:

5.3.5, 5.3.7, 5.3.9, 5.3.10, 5.3.11, 5.3.12, 5.3.15, 5.3.18, 5.3.19, 5.3.20, 5.3.21, 5.3.22, 5.3.23, 5.3.24, 5.3.28, 5.3.29, 5.3.31, 5.3.32, 5.3.33, 5.3.34, 5.3.35, 5.3.36, 5.3.37, 5.3.38, 5.3.39, 5.3.40, 5.3.41, 5.3.42, 5.3.46, 5.3.47, 5.3.48, 5.3.49, 5.3.50, 5.3.51, 5.3.52, 5.3.56, 5.3.58, 5.3.59, 5.3.60, 5.3.62a, 5.3.63, 5.3.64, 5.3.65, 5.3.66, 5.3.68, 5.3.69, 5.3.70, 5.3.71, 5.3.72

Data Sets:

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

(g) **Internet Electronic Transport Related Standards:**

Definitions:

10.2.1, 10.2.2, 10.2.3, 10.2.4, 10.2.5, 10.2.6, 10.2.7, 10.2.8, 10.2.9, 10.2.10, 10.2.11, 10.2.12, 10.2.13, 10.2.14, 10.2.15, 10.2.16, 10.2.17, 10.2.18, 10.2.19, 10.2.20, 10.2.21, 10.2.22, 10.2.23, 10.2.24, 10.2.25, 10.2.26, 10.2.27, 10.2.28, 10.2.29, 10.2.30, 10.2.31, 10.2.32, 10.2.33, 10.2.34, 10.2.35, 10.2.36, 10.2.37, 10.2.38

Standards:

10.3.1, 10.3.3, 10.3.4, 10.3.5, 10.3.6, 10.3.7, 10.3.8, 10.3.9, 10.3.10, 10.3.11, 10.3.12, 10.3.14, 10.3.15, 10.3.16, 10.3.17, 10.3.18, 10.3.19, 10.3.20, 10.3.21, 10.3.22, 10.3.23, 10.3.24, 10.3.25, 10.3.26, 10.3.27

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

NAESB WGQ

Standard No.

2.4.18

Waiver or Extension of Time

Extension of Time until 60 days following receipt of a request for this standard.

GENERAL TERMS AND CONDITIONS

36. GATHERING AFFILIATE(S) STANDARDS OF CONDUCT

- (a) Seller will provide nondiscriminatory access to all sources of supply in accordance with Part 284 of the Commission's regulations and will not give shippers of its gathering affiliate(s) undue preference over shippers of nonaffiliated gatherers or other customers in scheduling, transportation or curtailment priority; and
- (b) Seller will not condition or tie its agreement to provide transportation service to an agreement by the producer, customer, end user or Buyer relating to any service by any gathering affiliate(s), or any service by it on behalf of its gathering affiliate(s), or any services in which its gathering affiliate(s) is involved.

GENERAL TERMS AND CONDITIONS

37. CASH OUT PROVISIONS

37.1 Each month Buyer's or OBA Party's applicable imbalances remaining at the time of final resolution pursuant to Sections 25.5 and 25.8, respectively, of the General Terms and Conditions shall be cashed out by zone within an OIA as set forth herein, subject to any specific imbalance resolution procedures delineated in an OBA.

(a) Seller, paying the "Buy" price for imbalances "Due To" Buyer or OBA Party; or Buyer or OBA Party paying the "Sell" price for imbalances "Due From" Buyer or OBA Party, shall cash out the imbalance at the applicable current Reference Spot Price "Buy/Sell" established for each zone within an OIA on Seller's system as set forth below:

(i) The Reference Spot Prices for each zone will be as follows:

Reference Spot Prices Zone 1 - determined by calculating the arithmetic average of the Platts Gas Daily, "Final Daily Price Survey" postings for the "Transco, zone 1" index for each of the high Common and low Common prices using the seven highest daily prices and the seven lowest daily prices, respectively, in the relevant month.* The resulting high average will be the Reference Spot Price "Sell," and the resulting low average will be the Reference Spot Price "Buy."

Reference Spot Prices Zone 2 - determined by calculating the arithmetic average of the Platts Gas Daily, "Final Daily Price Survey" postings for each of the "Florida Gas, zone 1" and "Tennessee, 800 Leg" indexes for each of the high Common and low Common prices using the seven highest daily prices and the seven lowest daily prices, respectively, for each index in the relevant month.* The two resulting high averages will be averaged to determine the Reference Spot Price "Sell," and the two resulting low averages will be averaged to determine the Reference Spot Price "Buy."

Reference Spot Prices Zone 3 - determined by calculating the arithmetic average of the Platts Gas Daily, "Final Daily Price Survey" postings for the "Transco, zone 3" index for each of the high Common and low Common prices using the seven highest daily prices and the seven lowest daily prices, respectively, in the relevant month.* The resulting high average will be the Reference Spot Price "Sell," and the resulting low average will be the Reference Spot Price "Buy."

* Gas Daily is published by Platts. In the event that Gas Daily is no longer published, the successor Platts publication shall be used.

Reference Spot Prices Zones 4, 4A and 4B - determined by calculating the arithmetic average of the Platts Gas Daily, "Final Daily Price Survey" postings for the "Transco, zone 4" index for each of the high Common and low Common prices using the seven highest daily prices and the seven lowest daily prices, respectively, in the relevant month.* The resulting high average will be the Reference Spot Price "Sell," and the resulting low average will be the Reference Spot Price "Buy."

Reference Spot Prices Zone 5 - determined by calculating the arithmetic average of the Platts Gas Daily, "Final Daily Price Survey" postings for each of the "Transco, zone 5 del.", "Transco, zone 5 North", and "Transco, zone 5 South" indexes for each of the high Common and low Common prices using the seven highest daily prices and the seven lowest daily prices, respectively, for each index in the relevant month.* The three resulting high averages will be averaged to determine the Reference Spot Price "Sell," and the three resulting low averages will be averaged to determine the Reference Spot Price "Buy."

Reference Spot Prices Zone 6 - determined by calculating the arithmetic average of the Platts Gas Daily, "Final Daily Price Survey" postings for each of the "Transco, zone 6 N.Y.", and "Transco, zone 6 non-N.Y.", "Transco, zone 6 non-N.Y. North", and "Transco, Leidy Line receipts" indexes for each of the high Common and low Common prices using the seven highest daily prices and the seven lowest daily prices, respectively, for each index in the relevant month.* The four resulting high averages will be averaged to determine the Reference Spot Price "Sell," and the four resulting low averages will be averaged to determine the Reference Spot Price "Buy."

- (ii) For each month, the "Buy" and "Sell" Price for each zone within an OIA shall be based upon the Reference Spot Prices established for that zone pursuant to Section 37.1(a)(i) or alternate cash out prices using different Reference Spot Prices and/or publications mutually agreed upon by Seller and OBA Party as set forth in the OBA.

- (b) A Buyer's imbalance percentage for each zone within an OIA shall be calculated by dividing Buyer's imbalance remaining at the end of the trading period in each zone within an OIA by Buyer's total deliveries under transactions nominated with a receipt point in that zone within an OIA; provided however, any such deliveries in each zone within an OIA associated with (1) transfers between pooling agreements that occur at the same pooling point, (2) transfers between a Loaning or Parking point and a pooling point at the same location, and (3) transportation transactions between pooling agreements that occur at different pooling points within Zone 4 will be excluded from Buyer's total deliveries in each zone for purposes of calculating Buyer's imbalance percentage.

An OBA Party's imbalance percentage shall be calculated by dividing OBA Party's imbalance remaining at the time of final resolution as specified in the OBA by the total scheduled quantities at the point(s) covered by the OBA.

- (c) At the end of the trading period, if a Buyer's imbalance in a zone within an OIA is "Due From" Buyer and the aggregate imbalance for all Buyers in that zone within an OIA is "Due From" Buyer, such Buyer shall be defined as a majority shipper for that zone within an OIA. A majority shipper shall cash out the imbalance for that zone within an OIA based on tiers beginning with (i) below and progressing through each subsequent tier until the entire imbalance has been cashed out. Each tiered imbalance quantity shall be calculated by multiplying the percentage imbalance, as stated in (i) through (vi) below, times Buyer's total deliveries. Any imbalance in that zone within an OIA that is equal to or less than 5,000 dt shall be cashed out using the provisions set forth in (i) below.
- (i) Imbalance quantities which are equal to or less than a 2.5% imbalance shall be multiplied by the applicable "Sell" price calculated as a Weighted Average Spot Price for that zone. The Weighted Average Spot Price shall be determined by multiplying the Reference Spot Price "Buy" calculated pursuant to Section 37.1(a)(i) by the cumulative imbalance quantity for all Buyers that have a "Due To" Buyer imbalance in that zone then, multiplying the Reference Spot Price "Sell" by the net imbalance quantity for all Buyers in that zone and, dividing the sum of the dollars calculated in the first two steps by the cumulative imbalance quantity for all majority shippers in that zone; then
 - (ii) Imbalance quantities which are greater than a 2.5% imbalance but less than or equal to a 5% imbalance shall be multiplied by the applicable Reference Spot Price "Sell"; then
 - (iii) Imbalance quantities which are greater than a 5% imbalance but less than or equal to a 10% imbalance shall be multiplied by the applicable Reference Spot Price "Sell" multiplied by a factor of 120%; then
 - (iv) Imbalance quantities which are greater than a 10% imbalance but less than or equal to a 15% imbalance shall be multiplied by the applicable Reference Spot Price "Sell" multiplied by a factor of 130%; then
 - (v) Imbalance quantities which are greater than a 15% imbalance but less than or equal to a 20% imbalance shall be multiplied by the applicable Reference Spot Price "Sell" multiplied by a factor of 140%; then
 - (vi) Imbalance quantities which are greater than a 20% imbalance shall be multiplied by the applicable Reference Spot Price "Sell" multiplied by a factor of 150%.
- (d) At the end of the trading period, if a Buyer's imbalance in a zone within an OIA is "Due From" Buyer and the aggregate imbalance for all Buyers in that zone within an OIA is "Due To" Buyer, such Buyer shall be defined as a minority shipper for that zone within an OIA. A minority shipper shall cash out the imbalance for that zone

within an OIA based on tiers beginning with (i) below and progressing through each subsequent tier until the entire imbalance has been cashed out. Each tiered imbalance quantity shall be calculated by multiplying the percentage imbalance, as stated in (i) through (v) below, times Buyer's total deliveries. Any imbalance in that zone within an OIA that is equal to or less than 5,000 dt shall be cashed out using the provisions set forth in (i) below.

- (i) Imbalance quantities which are equal to or less than a 5% imbalance shall be multiplied by the applicable Reference Spot Price "Sell" for that zone pursuant to Section 37.1(a)(i) of the General Terms and Conditions; then
 - (ii) Imbalance quantities which are greater than a 5% imbalance but less than or equal to a 10% imbalance shall be multiplied by the applicable Reference Spot Price "Sell" for that zone multiplied by a factor of 120%; then
 - (iii) Imbalance quantities which are greater than a 10% imbalance but less than or equal to a 15% imbalance shall be multiplied by the applicable Reference Spot Price "Sell" for that zone multiplied by a factor of 130%; then
 - (iv) Imbalance quantities which are greater than a 15% imbalance but less than or equal to a 20% imbalance shall be multiplied by the applicable Reference Spot Price "Sell" for that zone multiplied by a factor of 140%; then
 - (v) Imbalance quantities which are greater than a 20% imbalance shall be multiplied by the applicable Reference Spot Price "Sell" for that zone multiplied by a factor of 150%.
- (e) At the end of the trading period, if a Buyer's imbalance in a zone within an OIA is "Due To" Buyer and the aggregate imbalance for all Buyers in that zone within an OIA is "Due To" Buyer, such Buyer shall be defined as a majority shipper for that zone within an OIA. A majority shipper shall cash out the imbalance for that zone within an OIA based on tiers beginning with (i) below and progressing through each subsequent tier until the entire imbalance has been cashed out. Each tiered imbalance quantity shall be calculated by multiplying the percentage imbalance, as stated in (i) through (vi) below, times Buyer's total deliveries. Any imbalance in that zone within an OIA that is equal to or less than 5,000 dt shall be cashed out using the provisions set forth in (i) below.
- (i) Imbalance quantities which are equal to or less than a 2.5% imbalance shall be multiplied by the applicable "Buy" price calculated as a Weighted Average Spot Price for that zone. The Weighted Average Spot Price shall be determined by multiplying the Reference Spot Price "Sell" calculated pursuant to Section 37.1(a)(i) by the cumulative imbalance quantity for all Buyers that have a "Due From" Buyer imbalance in that zone then, multiplying the Reference Spot Price "Buy" by the net imbalance quantity for all Buyers in that zone and dividing the sum of the dollars calculated in the

- first two steps by the cumulative imbalance quantity for all majority shippers in that zone; then
- (ii) Imbalance quantities which are greater than a 2.5% imbalance but less than or equal to a 5% imbalance shall be multiplied by the applicable Reference Spot Price "Buy"; then
 - (iii) Imbalance quantities which are greater than a 5% imbalance but less than or equal to a 10% imbalance shall be multiplied by the applicable Reference Spot Price "Buy" multiplied by a factor of 80%; then
 - (iv) Imbalance quantities which are greater than a 10% imbalance but less than or equal to a 15% imbalance shall be multiplied by the applicable Reference Spot Price "Buy" multiplied by a factor of 70%; then
 - (v) Imbalance quantities which are greater than a 15% imbalance but less than or equal to a 20% imbalance shall be multiplied by the applicable Reference Spot Price "Buy" multiplied by a factor of 60%; then
 - (vi) Imbalance quantities which are greater than a 20% imbalance shall be multiplied by the applicable Reference Spot Price "Buy" multiplied by a factor of 50%.
- (f) At the end of the trading period, if a Buyer's imbalance in a zone within an OIA is "Due To" Buyer and the aggregate imbalance for all Buyers in that zone within an OIA is "Due From" Buyer, such Buyer is defined as a minority shipper for that zone within an OIA. A minority shipper shall cash out the imbalance for that zone within an OIA based on tiers beginning with (i) below and progressing through each subsequent tier until the entire imbalance has been cashed out. Each tiered imbalance quantity shall be calculated by multiplying the percentage imbalance, as stated in (i) through (v) below, times Buyer's total deliveries. Any imbalance in that zone within an OIA that is equal to or less than 5,000 dt shall be cashed out using the provisions set forth in (i) below.
- (i) Imbalance quantities which are equal to or less than a 5% imbalance shall be multiplied by the applicable Reference Spot Price "Buy" for that zone pursuant to Section 37.1(a)(i) of the General Terms and Conditions; then
 - (ii) Imbalance quantities which are greater than a 5% imbalance but less than or equal to a 10% imbalance shall be multiplied by the applicable Reference Spot Price "Buy" for that zone multiplied by a factor of 80%; then
 - (iii) Imbalance quantities which are greater than a 10% imbalance but less than or equal to a 15% imbalance shall be multiplied by the applicable Reference Spot Price "Buy" for that zone multiplied by a factor of 70%; then

- (iv) Imbalance quantities which are greater than a 15% imbalance but less than or equal to a 20% imbalance shall be multiplied by the applicable Reference Spot Price "Buy" for that zone multiplied by a factor of 60%; then
 - (v) Imbalance quantities which are greater than a 20% imbalance shall be multiplied by the applicable Reference Spot Price "Buy" for that zone multiplied by a factor of 50%.
- (g) At the time of final resolution as specified in the OBA, if an OBA Party's imbalance in a zone within an OIA is "Due From" OBA Party, the OBA Party's imbalance quantity for that zone within an OIA shall be cashed out based on tiers beginning with (i) below and progressing through each subsequent tier until the entire imbalance has been cashed out. Each tiered imbalance quantity shall be calculated by multiplying the percentage imbalance, as stated in (i) through (v) below, times OBA Party's total scheduled quantities. Any imbalance in that zone within an OIA that is equal to or less than 5,000 dt shall be cashed out using the provisions set forth in (i) below.
- (i) Imbalance quantities which are equal to or less than a 5% imbalance shall be multiplied by the applicable Reference Spot Price "Sell"; then
 - (ii) Imbalance quantities which are greater than a 5% imbalance but less than or equal to a 10% imbalance shall be multiplied by the applicable Reference Spot Price "Sell" multiplied by a factor of 120%; then
 - (iii) Imbalance quantities which are greater than a 10% imbalance but less than or equal to a 15% imbalance shall be multiplied by the applicable Reference Spot Price "Sell" multiplied by a factor of 130%; then
 - (iv) Imbalance quantities which are greater than a 15% imbalance but less than or equal to a 20% imbalance shall be multiplied by the applicable Reference Spot Price "Sell" multiplied by a factor of 140%; then
 - (v) Imbalance quantities which are greater than a 20% imbalance shall be multiplied by the applicable Reference Spot Price "Sell" multiplied by a factor of 150%.
- (h) At the time of final resolution as specified in the OBA, if an OBA Party's imbalance in a zone within an OIA is "Due To" OBA Party, the OBA Party's imbalance quantity for that zone shall be cashed out based on tiers beginning with (i) below and progressing through each subsequent tier until the entire imbalance has been cashed out. Each tiered imbalance quantity shall be calculated by multiplying the percentage imbalance, as stated in (i) through (v) below, times OBA Party's total scheduled quantities. Any imbalance that is equal to or less than 5,000 dt shall be cashed out using the provisions set forth in (i) below.
- (i) Imbalance quantities which are equal to or less than a 5% imbalance shall be multiplied by the applicable Reference Spot Price "Buy"; then

- (ii) Imbalance quantities which are greater than a 5% imbalance but less than or equal to a 10% imbalance shall be multiplied by the applicable Reference Spot Price "Buy" multiplied by a factor of 80%; then
 - (iii) Imbalance quantities which are greater than a 10% imbalance but less than or equal to a 15% imbalance shall be multiplied by the applicable Reference Spot Price "Buy" multiplied by a factor of 70%; then
 - (iv) Imbalance quantities which are greater than a 15% imbalance but less than or equal to a 20% imbalance shall be multiplied by the applicable Reference Spot Price "Buy" multiplied by a factor of 60%; then
 - (v) Imbalance quantities which are greater than a 20% imbalance shall be multiplied by the applicable Reference Spot Price "Buy" multiplied by a factor of 50%.
- 37.2 (a) The monthly cash out penalty provisions set forth in Sections 37.1(c)-(h) shall not apply to the extent that an imbalance is caused by events of force majeure, as defined in Section 11 of the General Terms and Conditions.
- (b) Any revenues received or costs incurred in association with Seller's Cash Out program shall be accounted for in accordance with the provisions of Section 15 of the General Terms and Conditions.

GENERAL TERMS AND CONDITIONS

38. FUEL RETENTION ADJUSTMENT

38.1 General

This section of the General Terms and Conditions sets forth the procedures to reflect changes in Seller's fuel retention percentages (FRP's) applicable to Seller's Volume No. 1 and Volume No. 2 transportation and storage services under which Seller retains fuel, except for Rate Schedules LNG, LG-A, and LG-S.

38.2 Conditions

- (a) The FRP's set forth in Seller's Volume No. 1 Tariff may be increased to reflect a net positive change in FRP's and shall be decreased to reflect a net negative change in FRP's.
- (b) Seller shall file with the Federal Energy Regulatory Commission to reflect net changes in FRP's at least 30 days prior to each April 1 which is the beginning date for the Annual Period.

38.3 Definitions

- (a) Annual Period - The annual period beginning each April 1.
- (b) Reserved for future use.
- (c) Actual Gas Required for Operations (GRO) - Actual gas used in Seller's operations, including all gas otherwise used, lost or unaccounted for, and Unauthorized Receipts retained by Seller pursuant to Section 56 of the General Terms and Conditions. Actual gas used shall include prior period adjustments, positive or negative, in accordance with Section 38.6.
- (d) Estimated GRO - Actual GRO quantities for the latest twelve month period adjusted, where necessary, for known variations from actual experience.
- (e) Estimated Volumes - Actual annual volume determinants attributable to services to which Seller allocates or assigns GRO quantities for the latest twelve month period adjusted, where necessary, for known variations from actual experience.
- (f) Deferral Period - The period of 12 months ending 2 months prior to the effective date of a change in rates filed pursuant to this Section 38.

38.4 Determination of the Current FRP's

Seller shall determine the Current FRP's for each Annual Period by the following procedures:

- (a) The Estimated GRO quantities shall be summed with the balance accumulated at the end of the Deferral Period in the Deferred GRO Account as determined in accordance with Section 38.5(d). Such resulting quantity shall be allocated to or assigned among services in accordance with the allocation methods and principles in effect on Seller's system.
- (b) The quantities determined in Section 38.4(a) will be divided by the Estimated Volume determinants, as appropriate.

38.5 Deferred GRO Account

Seller shall maintain the Deferred GRO Account for each Deferral Period in accordance with the following procedures:

- (a) Seller shall determine each month the Actual GRO quantities.
- (b) Seller shall determine each month the actual recovery of GRO quantities by multiplying, as applicable, Seller's FRP's by the appropriate volume determinants.
- (c) Each month, Seller shall determine the difference, positive or negative, between the quantities computed in Sections 38.5(a) and 38.5(b). The resulting difference shall be recorded each month in Seller's Deferred GRO Account. Carrying charges shall be computed in dekatherms on the dekatherm balance in Seller's Deferred GRO Account, positive or negative, based on the method prescribed in Section 154.403(7) of the Commission's regulations.

38.6 Prior Period Adjustments

Except as provided below, prior period adjustments included in the Actual GRO quantities shall be limited to prior period adjustments that relate to the twenty-four month period immediately prior to the beginning of the Deferral Period. The twenty-four month limitation on prior period adjustments shall apply to adjustments in favor of Buyers and those in favor of Seller; provided that the twenty-four month limitation associated with adjustments in favor of Buyer shall not apply to adjustments resulting from Seller's negligence or willful misconduct.

GENERAL TERMS AND CONDITIONS

39. ADJUSTMENTS TO PRIOR GAS DAY SCHEDULED QUANTITIES AND PDAs

Adjustments to prior gas day scheduled quantities and PDAs after the Post Cycle deadline set forth in Section 28.1(d) will be permitted by Seller in accordance with the following procedures and only if all parties affected by the resulting prior period reallocation (including Seller) consent via 1Line or in writing to the adjustment; provided, however, Seller shall not unreasonably withhold such consent. All prior gas day requests must be operationally feasible and are subject to the tariff limitations applicable to such gas day.

- a) For adjustments to prior gas day scheduled quantities and PDAs for days in the current production month, Buyer or the point operator must submit requests via 1Line before midnight on the later of the first Business Day or the second calendar day of the following month.
- b) For adjustments to prior gas day scheduled quantities and PDAs for days in a prior production month for which allocations are closed, Buyer or the point operator must submit requests via 1Line by the last day of a month. Seller will post on 1Line the date that allocations have closed for each production month. Requests submitted more than 6 months from the date of the initial transportation invoice and 7 months from the date of the initial sales invoice will be rejected.

Seller will notify via 1Line all parties affected by a Buyer's or point operator's request for an adjustment to prior gas day scheduled quantities and PDAs. All affected parties (including Seller) must indicate their consent via 1Line before the date that allocations close for the accounting month. If all affected parties' consents are not received by Seller in accordance with these provisions, Buyer's or point operator's request will expire. Buyers or point operators may re-submit previously expired requests if the request is submitted within 6 months from the date of the initial transportation invoice and 7 months from the date of the initial sales invoice.

Adjustments to prior gas day scheduled quantities are not subject to elapsed-prorated scheduled quantities and bumping is not allowed.

Seller, in its sole judgment, may waive any deadlines established herein, on a non-discriminatory basis, if Seller determines that operating conditions permit.

GENERAL TERMS AND CONDITIONS

40. DISCOUNT POLICY

40.1 Types of Rate Discounts

Seller may agree to discount its rate to Buyer below Seller's maximum rate, but not less than Seller's minimum rate. Such discounted rate may apply to:

- (a) specified quantities (contract demand or commodity quantities);
- (b) specified quantities above or below a certain level or all quantities if quantities exceed a certain level;
- (c) quantities during specified time periods;
- (d) quantities at specified points, zones, or other defined geographical areas.

Such discounted rate, inclusive of all reservation and commodity components and applicable surcharges (total discount rate), may be subject to the condition that if Seller's maximum rate, inclusive of all reservation and commodity components and applicable surcharges (total maximum rate), is subsequently reduced by Commission order or rule or by settlement or otherwise, and Seller is required to make a refund to Buyer for charges paid for such transportation, then such refund will be provided to Buyer only if and to the extent that the total maximum rate determined pursuant to such order, rule, settlement or otherwise is less than the total discount rate. Such refund, if any, shall be calculated by subtracting the applicable total maximum rate from the corresponding total discount rate.

GENERAL TERMS AND CONDITIONS

41. TRANSMISSION ELECTRIC POWER COST ADJUSTMENT PROVISION

41.1 General

This section of the General Terms and Conditions sets forth the procedures to reflect in Seller's rates changes in the amounts payable by Seller for transmission electric power costs used at (1) Seller's electric compressor station locations and (2) gas coolers located at compressor station locations.

41.2 Conditions

- (a) The Transmission Electric Power Cost rates set forth in Seller's Volume No. 1 Tariff may be increased to reflect a net positive change in Transmission Electric Power rates and shall be decreased to reflect a net negative change in Transmission Electric Power rates.
- (b) Seller shall file with the Commission to reflect net changes in the Transmission Electric Power rates at least 30 days prior to each April 1, which is the beginning date for the Transmission Electric Power Annual Period.

41.3 Definitions

- (a) Transmission Electric Power Annual Period - The annual period beginning April 1, 1993 and annual period thereafter (except for the initial annual period which shall be the annual period beginning September 1, 1992).
- (b) Actual Transmission Electric Power Costs - The cost incurred by Seller for transmission electric power used at (1) Seller's electric compressor station locations and (2) gas coolers located at compressor station locations. Seller shall classify the Actual Transmission Electric Power Costs between demand and commodity on an as-billed basis. Such actual cost shall include all charges attributable to any period encompassed by the effectiveness of this Section 41, including all refunds, surcharges, billing adjustments and interest, positive or negative.
- (c) Estimated Transmission Electric Power Costs - The projected Transmission Electric Power Costs for the Transmission Electric Power Annual Period.
- (d) Estimated Contract Demand - The projected annual contract demand (including imputed contract demand for appropriate interruptible transportation services) attributable to services to which Seller allocates or assigns transmission electric power costs.
- (e) Estimated Commodity Volumes - The projected annual commodity determinants attributable to services to which Seller allocates or assigns transmission electric power

costs, which costs are collected through the commodity or volumetric rate component of such services.

- (f) Deferral Period - The period of 12 months (except for the initial deferral period which shall be 5 months) ending 2 months prior to the effective date of a change in rates filed pursuant to this Section 41.

41.4 Determination of the Current Transmission Electric Power Rates

Seller shall determine the Current Transmission Electric Power Rates for each Transmission Electric Power Annual Period by the following procedures:

- (a) The Estimated Transmission Electric Power Costs shall be summed with the balance accumulated at the end of the Deferral Period in the Transmission Electric Power Deferred Account as determined in accordance with Section 41.5. Such resulting amount shall be allocated to or assigned among rate schedules in accordance with the cost classification and allocation methods and principles in effect on Seller's system.
- (b) The amounts determined in Section 41.4(a) will be divided by the Estimated Contract Demand determinants or Estimated Commodity Volume determinants, as appropriate.

41.5 Transmission Electric Power Deferred Account (Account)

Seller shall maintain the Account for each Deferral Period in accordance with the following procedures:

- (a) Seller shall determine each month the Actual Transmission Electric Power demand and commodity costs.
- (b) Seller shall determine each month the actual recovery of Transmission Electric Power Costs by multiplying, as applicable, Seller's actual demand and commodity determinants by the Current Transmission Electric Power Rate(s).
- (c) Each month, Seller shall determine the difference, positive or negative, between the amount computed in Sections 41.5(a) and 41.5(b) and record such difference in Account No. 182.3 of the Uniform System of Accounts if it is an asset and Account No. 254 of the Uniform System of Accounts if it is a liability, which accounts Seller shall designate as a Transmission Electric Power Deferred Account. Interest shall be computed on the balance in Seller's Transmission Electric Power Deferred Account, positive or negative, based on the method prescribed in Section 154.403(7) of the Commission's regulations.

GENERAL TERMS AND CONDITIONS

42. CAPACITY RELEASE

42.1 Purpose

This section sets forth the provisions under which a shipper ("Releasing Shipper") which has a currently effective service agreement with Seller for firm transportation service or firm storage service, or both, rendered under Seller's blanket certificate or Part 284 of the Commission's regulations (excluding Rate Schedule FT-G) may release its firm capacity entitlements as described in Sections 42.2 and 42.3 to a third party ("Replacement Shipper").

This section also sets forth the provisions under which a potential Replacement Shipper may communicate to a potential Releasing Shipper an offer to purchase capacity as described in Section 42.16.

42.2 Definitions

The definitions of terms applicable to this section are as follows:

- (a) Releasable Firm Capacity Entitlements - Firm capacity entitlements as described in a Releasing Shipper's service agreement.
- (b) Releasable Secondary Capacity Rights – Secondary capacity rights associated with Releasable Firm Capacity Entitlements.
- (c) Prearranged Release - Arrangement by a Releasing Shipper for a specific Replacement Shipper to obtain the Releasing Shipper's released capacity. Replacement Shipper initiates confirmations of prearranged deals electronically. If capacity is awarded to a prearranged bid, execution of service agreement as described in Section 42.8 shall constitute such confirmation.
- (d) Recall Rights - Conditions under which the right to the released capacity reverts from the last Replacement Shipper to a Releasing Shipper who specified such conditions. Such conditions must be objectively stated, non-discriminatory and applicable to all potential Replacement Shippers.
- (e) Reput Rights - An indication, specified at the time of the deal, whether Releasing Shipper may reput capacity to the Replacement Shipper after a recall.
- (f) Best Bid - Potential Replacement Shippers who qualify for bidding pursuant to Section 42.7(b) hereunder ("bidders") shall be allowed to submit bids for capacity. Within 1 hour after the close of the bidding period, Seller shall determine the Best Bid based on the Releasing Shipper's objective criteria and shall confirm same with the Releasing Shipper. If the Releasing Shipper does not provide the objective criteria to be used for

selecting the Best Bid, then Seller's objective criteria for Best Bid shall be used as set forth in Section 42.11(a). If the Releasing Shipper does not provide a tie-breaking methodology, then Seller's tie-breaking methodology shall be used as set forth in Section 42.11(c). If capacity remains after award of the Best Bid, Seller shall award remaining capacity according to the criteria in Section 42.11(b). The terms of the winning bid shall be posted by Seller on 1Line and such posting shall include the following information:

- (i) The identity of the Releasing Shipper.
 - (ii) The identity of the Replacement Shipper.
 - (iii) The term of the release.
 - (iv) The reservation or volumetric rate charged for the capacity.
 - (v) All conditions of release objectively stated including, but not limited to, any recall conditions.
 - (vi) The applicable rate schedule and specific quantity of capacity released and, if firm transportation capacity, the associated points between which capacity has been released.
 - (vii) Whether the release is to an asset manager as defined in Section 284.8(h)(3) of the Commission's regulations and, if so, the asset manager's obligation to deliver gas to, or purchase gas from, the releasing shipper including the volumetric level of the obligation and the time periods the obligation is in effect.
 - (viii) Whether the release is to a marketer participating in a state-regulated retail access program as defined in Section 284.8(h)(4) of the Commission's regulations.
- (g) Contingent Bids - If permitted by a Releasing Shipper, bidders may qualify their acceptance of awarded capacity contingent upon such bidder obtaining other released capacity, whether on Seller's system or a third-party pipeline. If a contingent bidder declines awarded capacity, the next Best Bid shall be selected, and so on, until all Contingent Bids related to such capacity have been exhausted.
- (h) Rate Floor – For index-based capacity release transactions, Rate Floor is the term used to describe the lowest rate specified in the capacity release Offer in dollars and cents that is acceptable to the Releasing Shipper. The Rate Floor may not be less than Seller's minimum reservation rate or zero cents when there is no stated minimum reservation rate.
- (i) Rate Default – For index-based capacity release transactions, Rate Default is the term used to describe the non-biddable rate specified in the capacity release Offer to be used for invoicing purposes when the result of the index-based formula is unavailable or cannot be computed. If a Rate Default is not otherwise specified, the Rate Floor should service as the Rate Default.

42.3 Release Rights

A Releasing Shipper may release its Releasable Firm Capacity Entitlements and/or Releasable Secondary Capacity Rights in whole or in part, in segments, on a full or partial term basis, with or without Recall Rights or any combination thereof. If a Releasing Shipper elects to release all or a portion of its Releasable Firm Capacity Entitlement and/or Releasable Secondary Capacity Rights in a segment of one of Seller's rate zones and to retain a portion of its Releasable Firm Capacity Entitlement and/or Releasable Secondary Capacity Rights in another segment of that rate zone, then the Releasing Shipper's firm capacity entitlement and/or Releasable Secondary Capacity Rights in the released segment shall be reduced by an amount equal to the amount of its Releasable Firm Capacity Entitlement and/or Releasable Secondary Capacity Rights so released. In addition, nominations in any segment in the applicable zone for receipt and delivery on a secondary basis by the Releasing Shipper and any Replacement Shippers that derive a firm capacity entitlement in that zone from the Releasing Shipper shall be permitted, provided that the sum of the nominations in any segment on Seller's system shall not exceed the original firm capacity entitlement in that segment of the Rate Schedule FT, Rate Schedule FTP, Rate Schedule FDLS or Rate Schedule FTN Buyer from whom the Releasing Shipper's and any Replacement Shippers' firm capacity entitlement was derived. If the sum of all such nominated quantities exceeds the original firm capacity entitlement under Rate Schedule FT, Rate Schedule FTP, Rate Schedule FDLS or Rate Schedule FTN in that segment of the zone, the nominations using capacity on a secondary basis in any segment covered by the nomination shall be reduced in accordance with Section 58 of the General Terms and Conditions. Further, such nominations shall have the priority set forth in Section 57 of the General Terms and Conditions and shall be subject to reduction or interruption as specified in Sections 11, 59, and 60 of the General Terms and Conditions.

42.4 Prearranged Releases Not Subject to Prior Notice

- (a) A Releasing Shipper may release capacity to a qualified Replacement Shipper by notifying Seller via 1Line provided the capacity release
 - (i) is for any period of 31 days or less, or
 - (ii) is for any period greater than one year at maximum tariff rates, or
 - (iii) is to an asset manager as defined in Section 284.8(h)(3) of the Commission's regulations, or
 - (iv) is to a marketer participating in a state-regulated retail access program as defined in Section 284.8(h)(4) of the Commission's regulations.

Provided, however, any capacity release with a term greater than 31 days and less than or equal to one year must be posted for bidding pursuant to the requirements of Section 42.5 unless such release is to an asset manager or to a marketer participating in a state-regulated retail access program pursuant to Section 42.4(a)(iii) or Section 42.4(a)(iv). The Releasing Shipper's notification to Seller shall include the information set forth in Section 42.2(e). At the request of the Releasing Shipper, releases pursuant

to Section 42.4(a)(i), (iii) or (iv) may be posted for bidding and, if so posted, are subject to the requirements of Section 42.5.

- (b) Seller shall post notice of the transaction via 1Line or electronic data interchange in accordance with the provisions of Section 42.9. The notification shall include the information set forth in Section 42.2(f).
- (c) Any release pursuant to Section 42.4(a)(i) may not be rolled over, extended or in any way continued to the same Replacement Shipper unless a period of at least twenty-eight (28) days has elapsed since the end of the initial release. The 28-day hiatus does not apply to any re-release to the same replacement shipper that is posted for bidding or to capacity released under Section 42.4(a)(ii), (iii) or (iv).

42.5 Prearranged Releases Subject to Prior Notice

Prearranged Releases with a term greater than one year at rates lower than maximum tariff rates, or with a term greater than 31 days and less than or equal to one year, are subject to competitive bidding and must be posted for bidding pursuant to the requirements of this Section 42.5, unless such release is to an asset manager or to a marketer participating in a state-regulated retail access program pursuant to Section 284.8(h)(3) or Section 284.8(h)(4) of the Commission's regulations. For each release that is subject to competitive bidding, the Releasing Shipper shall notify Seller via 1Line of such release. Seller shall post the notice of a prearranged offer for release on 1Line or through electronic data interchange. The notification shall include the following information:

- (a) The identity of the Releasing Shipper unless Releasing Shipper elects otherwise.
- (b) The term of the release.
- (c) All conditions of release objectively stated, including but not limited to any recall conditions.
- (d) The rate schedule and specific quantity of capacity to be released and, if firm transportation capacity, the associated points between which the capacity will be released.
- (e) The prearranged and maximum reservation rates applicable to the capacity to be released. For releases that become effective on or after July 30, 2008, the maximum rate ceiling does not apply to such releases provided the release is for a term of one year or less and the release is to take effect on or before one year from the date on which the pipeline is notified of the release.
- (f) The start and end dates for the posting period for competitive bids.
- (g) The criteria for selecting the Best Bid.
- (h) The date and time of the offer posting.

- (i) Length of time for a prearranged Shipper to match the terms and conditions of the Best Bid.
- (j) Whether Contingent Bids are permitted and, if so, the length of time during which the contingent bidder(s) will be allowed to accept or decline the capacity without condition.
- (k) Any tie-breaking methodologies.

If the Best Bid is superior to the initial prearranged agreement, then Seller shall contact the prearranged Replacement Shipper and the prearranged Replacement Shipper shall have the option to match the terms and conditions of the Best Bid in accordance with Section 42.5(i) and thereby be awarded such capacity. The minimum length of time within which a prearranged Shipper may match the Best Bid is one-half hour after the evaluation period ends in accordance with Section 42.9. The terms of the winning bid shall be posted by Seller in accordance with Section 42.2(f).

42.6 Releases that are Not Prearranged

Releases that are not prearranged are subject to prior notice and competitive bidding. Seller shall post the notice of release on 1Line or through electronic data interchange. The notification shall include the following information:

- (a) The identity of the Releasing Shipper unless Releasing Shipper elects otherwise.
- (b) The term of the release.
- (c) The existence of any conditions of release, objectively stated, including, but not limited to, any recall and whether minimum term, rate, or volume conditions apply. Any minimum term, rate, or volume conditions will be posted at the option of the Releasing Shipper.
- (d) The rate schedule and specific quantity of capacity to be released and, if firm transportation capacity, the associated points between which the capacity will be released.
- (e) The maximum reservation rates applicable to the capacity to be released. For releases that become effective on or after July 30, 2008, the maximum rate ceiling does not apply to such releases provided the release is for a term of one year or less and the release is to take effect on or before one year from the date on which the pipeline is notified of the release.
- (f) The start and end dates for the bidding period.
- (g) The objective criteria for selecting the Best Bid.

- (h) The date and time of the offer posting.
- (i) Whether Contingent Bids are permitted and, if so, the length of time during which the contingent bidder(s) will be allowed to accept or decline the capacity without condition.
- (j) Any tie-breaking methodologies.

The terms of the winning bid shall be posted by Seller in accordance with Section 42.2(f).

42.7 Submission of Offers and Bids

- (a) Offers for capacity to be released and bids for released capacity shall be submitted to Seller via 1Line. Offers are binding until electronic notice of withdrawal is received by Seller. For each business day, all objectively stated and nondiscriminatory approved offers for release capacity received by Seller from Releasing Shippers will be made available on 1Line or through electronic data interchange in accordance with Section 42.9. Where unanticipated circumstances justify, such offers may be withdrawn unless a minimum bid has been submitted for such capacity.
- (b) All potential Replacement Shippers must have satisfied Seller's requirements for credit worthiness pursuant to Section 32 of the General Terms and Conditions prior to submitting a bid for firm capacity posted by a Releasing Shipper. If a party does not qualify as a qualified Replacement Shipper pursuant to this section, the party cannot bid on a Releasing Shipper's offer.
- (c) Submission of a bid for capacity release shall be binding, provided however, a potential Replacement Shipper may withdraw a bid until the close of the posting period for competitive bids. If a potential Replacement Shipper submits a new bid for released capacity, the existing bid for the same capacity must first be withdrawn, and any new bid for that released capacity must be at an equal or higher value than the previous bid. Bids submitted by a Replacement Shipper are binding until withdrawn.
- (d) The Releasing Shipper should specify which one of the following methods is acceptable for bidding on a given capacity release Offer:
 - Non-index-based release – dollars and cents,
 - Non-index-based release – percentage of maximum rate, or
 - Index-based formula as detailed in the capacity release offer.

The Bids for the given capacity release Offer should adhere to the method specified by the Releasing Shipper

- (e) For index-based capacity release transactions, the releasing shipper should specify which one of the following methods is acceptable for bidding on a given index-based capacity release Offer:

- a percentage of the formula,
- a dollars and cents differential from the formula,
- a dollars and cents differential from the Rate Floor, or
- an approved methodology in Seller's tariff, if any.

When bidding is based upon a dollars and cents differential from the Rate Floor, the invoiced rate for the award should be calculated as the greater of (i) the result of the formula or (ii) the Rate Floor plus the high bid's differential, both not to exceed the Seller's maximum reservation rate, if applicable.

The releasing shipper may specify another method in the special terms and conditions, but the capacity release Offer may not be processed within the capacity release timeline pursuant to Section 42.9(a), (b) or (c).

- (f) Only bids for reservation charges will be allowed, stated either as: (1) a rate per dt of TCQ (for transportation reservation rate releases), (2) a rate per dt of Storage Demand, a rate per dt of Storage Capacity and, if applicable, a rate per dt of Storage Injection Quantity (for storage reservation rate releases), (3) a rate per dt delivered (for transportation volumetric releases), or (4) a rate per dt of withdrawal quantities, a rate per dt of storage balance and, if applicable, a rate per dt of injection quantities (for storage volumetric releases). The maximum rate applicable to capacity release transactions shall be Seller's maximum reservation rates, maximum storage rates (storage demand, capacity and if applicable, injection demand), maximum rate per dt delivered (for transportation volumetric releases) or maximum rate per dt withdrawn, stored and if applicable, injected (for storage volumetric releases) as set forth under the applicable rate schedules. Such maximum rate shall be inclusive of any applicable demand surcharges. For releases that become effective on or after July 30, 2008, the maximum rate ceiling does not apply to such releases provided the release is for a term of one year or less and the release is to take effect on or before one year from the date on which the pipeline is notified of the release. The rate paid in any capacity release transaction not subject to the maximum rate ceiling will not be subject to refund.
- (g) Releasing and Replacement Shippers shall hold Seller harmless with regard to any claim which may be raised by any party regarding the selection of a Best Bid, except to the extent that such party successfully establishes that Seller has incorrectly selected the Best Bid as the result of the negligent action or willful misconduct of Seller.
- (h) Potential shippers bidding for capacity shall have access to other potential shippers' bids, excluding bidder's identity, during the bidding process.
- (i) Capacity offered for release by a Releasing Shipper shall be posted as a Primary Path release. Potential Replacement Shippers shall bid for such capacity based on the posted Primary Path.
- (j) Releasing shipper may not extend the bid period or the pre-arranged deal match period, without posting a new release.

- (k) For prearranged capacity releases, the Releasing Shipper must submit both the offer and the bid. Replacement Shipper must confirm the prearranged capacity release by accepting the prearranged bid prior to Seller awarding such released capacity.
- (l) The term of the release shall be for a fixed period and shall not continue beyond such term.

42.8 Capacity Release Agreements

Once released capacity has been awarded, the terms of the award, which shall be based on the Releasing Shipper's offer to release the capacity and the Replacement Shipper's bid for the capacity, and the provisions of Seller's applicable Form of Service Agreement shall together establish and constitute the contractual relationship between Seller and Replacement Shipper governing the released capacity, with the terms of the award supplying the necessary information to complete the applicable Form of Service Agreement. In that regard, Replacement Shipper specifically agrees to follow Seller's nomination and ranking deadlines, in accordance with Section 28.1 of the General Terms and Conditions. Such contracting process shall be accomplished through 1Line.

42.9 Posting Periods

The capacity release timeline applies to all parties involved in the capacity release process provided that: 1) all information provided by the parties to the transaction is valid and the acquiring shipper has been determined to be credit worthy before the capacity release bid is tendered, 2) for index-based capacity release transactions, the Releasing Shipper has provided Seller with sufficient instructions to evaluate the corresponding bid(s) according to the timeline, 3) there are no special terms or conditions of the release, and 4) for purposes of determining the Best Bid, the methodology specified by the Releasing Shipper is either highest rate, net revenue, or present value. For index-based capacity release transactions, the Releasing Shipper should provide the necessary information and instructions to support the chosen methodology. Other choices of bid methodology (including other Releasing Shipper defined evaluation methodologies) can be provided; however, Seller may complete the capacity release process on a different timeline should the Releasing Shipper select another method of evaluation. Further, Seller may complete the capacity release process on a different timeline if the Offer includes unfamiliar or unclear terms and conditions (e.g. designation of an index not supported by Seller).

- (a) For Short-Term Releases (one year or less) Subject to Bid:
(All times are Central Clock Time)

9:00 a.m. Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day.

10:00 a.m. Open season ends on the same or subsequent Business Day.

10:00 a.m. Evaluation period begins during which contingency is eliminated, determination of Best Bid is made, and ties are broken.

11:00 a.m. If no match is required, evaluation period ends and Award posted.

11:00 a.m. Match is communicated.

11:30 a.m. Match response.

12:00 Noon Where match required, Award posting.

Contract issued within one hour of posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract (Central Clock Time).

(b) Pre-Arranged Offers Not Subject to Bid
(All times are Central Clock Time)

The Replacement Shipper's contract will be available for nomination concurrently upon the awarding of the release. The Replacement Shipper under the Pre-arranged Offer may submit a nomination at the earliest available nomination opportunity after the acquisition of capacity becomes effective in accordance with nomination deadlines of Section 28.1 of the General Terms and Conditions. Releasing Shipper's Offer may specify when the release will become effective.

The posting of prearranged deals that are not subject to bid are due no later than one hour prior to the nomination deadline for the applicable cycle, pursuant to NAESB WGQ Standard No. 1.3.2. The posting deadlines are:

- Timely Cycle 12:00 Noon
- Evening Cycle 5:00 p.m.
- Intraday 1 Cycle 9:00 a.m.
- Intraday 2 Cycle 1:30 p.m.
- Intraday 3 Cycle 6:00 p.m.

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

Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

(c) For Longer-Term Releases (more than one year) subject to bid:
(All times are Central Clock Time)

9:00 a.m. Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day.

Open season shall include no less than three 9:00 a.m. to 10:00 a.m. time periods on consecutive Business Days.

10:00 a.m. Evaluation period begins during which contingency is eliminated, determination of Best Bid is made, and ties are broken.

11:00 a.m. If no is match required, evaluation period ends and Award posted.

11:00 a.m. Match is communicated.

11:30 a.m. Match response.

12:00 Noon Where match required, Award posting.

Contract issued within one hour of posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract (Central Clock Time).

Intraday releases may be subject to a pro rata reduction of the capacity available for release on the initial day of the release. Subsequent days, for the remaining term of the release, shall be for the entire capacity release quantity, subject to any limitations arising from a re-release of the acquired capacity. The capacity available for release shall be pro-rated on the initial day of the release assuming a ratable hourly quantity for the period of time for which the Releasing Shipper could have nominated quantities pursuant to Section 28.1 of the General Terms and Conditions. Evening releases shall have the entire released quantity available to the Replacement Shipper for the initial day of the term of the release. Intraday 1 releases may have the release quantity pro-rated such that the Releasing Shipper may only release a total of 19/24ths of its contract entitlement for the initial day of the release. Intraday 2 releases may have the release quantities pro-rated such that the Releasing Shipper may only release a total of 15/24ths of its contract entitlement for the initial day of the release. Intraday 3 releases may have the release quantities pro-rated such that the Releasing Shipper may only release a total of 11/24ths of its contract entitlement for the initial day of the release. Seller shall use the initial date in the term of release in conjunction with the Releasing Shipper's posting time to determine if the capacity release is subject to pro-ration under this section.

42.10 Recall/Reput Rights

- (a) A Releasing Shipper cannot in any way modify Recall Rights already applicable to its Releasable Firm Capacity Entitlements as specified by a previous Releasing Shipper, but may specify its own Recall Rights and release its Releasable Firm Capacity Entitlements, subject to any Recall Rights specified by a previous Releasing Shipper. A potential Replacement Shipper is responsible for obtaining from the Releasing Shipper with whom it is negotiating for released capacity any information concerning Recall Rights specified by a previous Releasing Shipper. A Releasing Shipper specifying recall

conditions shall be the only party that can exercise and administer such Recall Rights. In the event of any conflict, the instructions and communications of the Releasing Shipper specifying the recall conditions shall govern. If the release specifies that the Releasing Shipper has reput rights and the recall ends prior to the end of the release term at the end of the recall period, capacity shall revert back to the Replacement Shipper, if applicable, subject to Seller's nomination and ranking deadlines, in accordance with Section 28.1 of the General Terms and Conditions.

- (b) Seller shall have no liability to any party in relying on the recall instructions and conditions specified by the Releasing Shipper, except to the extent that such party establishes that Seller has incorrectly applied such instructions as a result of the negligent action or willful misconduct of Seller.
- (c) Releasing Shipper may, to the extent permitted as a condition of the capacity release, recall released capacity (scheduled or unscheduled) by providing notice to Seller by the specified times for each cycle, as set forth below. (All times in Section 42.10(c)) and 42.10(d) are Central Clock Time). The capacity that may be recalled in each nomination cycle is limited to the following portion of the released capacity:

- Timely Cycle total quantity of the released capacity
- Evening Cycle total quantity of the released capacity
- Intraday 1 up to 19/24ths of the released capacity
- Intraday 2 up to 15/24ths of the released capacity
- Intraday 3 up to 11/24ths of the released capacity

In the recall notification provided to Seller, the quantity to be recalled should be expressed in terms of the total released capacity entitlements.

- (i) Timely Recall Notification:
 - (a) A Releasing Shipper recalling capacity should provide notice of such recall to Seller and the first Replacement Shipper no later than 8:00 a.m. on the day that Timely Nominations are due;
 - (b) Seller should provide notification of such recall to all affected Replacement Shippers no later than 9:00 a.m. on the day that Timely Nominations are due;
- (ii) Early Evening Recall Notification:
 - (a) A Releasing Shipper recalling capacity should provide notice of such recall to Seller and the first Replacement Shipper no later than 3:00 p.m. on the day that Evening Nominations are due;
 - (b) Seller should provide notification of such recall to all affected Replacement Shippers no later than 4:00 p.m. on the day that Evening Nominations are due;

- (iii) Evening Recall Notification:
 - (a) A Releasing Shipper recalling capacity should provide notice of such recall to Seller and the first Replacement Shipper no later than 5:00 p.m. on the day that Evening Nominations are due;
 - (b) Seller should provide notification of such recall to all affected Replacement Shippers no later than 6:00 p.m. on the day that Evening Nominations are due;
- (iv) Intraday 1 Recall Notification:
 - (a) A Releasing Shipper recalling capacity should provide notice of such recall to Seller and the first Replacement Shipper no later than 7:00 a.m. on the day that Intraday 1 Nominations are due;
 - (b) Seller should provide notification of such recall to all affected Replacement Shippers no later than 8:00 a.m. on the day that Intraday 1 Nominations are due;
- (v) Intraday 2 Recall Notification:
 - (a) A Releasing Shipper recalling capacity should provide notice of such recall to Seller and the first Replacement Shipper no later than 12:00 p.m. on the day that Intraday 2 Nominations are due;
 - (b) Seller should provide notification of such recall to all affected Replacement Shippers no later than 1:00 p.m. on the day that Intraday 2 Nominations are due.
- (vi) Intraday 3 Recall Notification:
 - (a) A Releasing Shipper recalling capacity should provide notice of such recall to Seller and the first Replacement Shipper no later than 4:00 p.m. on the day that Intraday 3 Nominations are due; and
 - (b) Seller should provide notification of such recall to all affected Replacement Shippers no later than 5:00 p.m. on the day that Intraday 3 Nominations are due.

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

For recall notification provided to Seller after 5:00 p.m. and prior to 7:00 a.m., Seller should provide notification to all affected Replacement Shippers no later than 8:00 a.m. after receipt of such recall notification.

The Shipper recalling the capacity shall be subject to Seller's nomination and ranking deadlines, in accordance with Section 28.1 of the General Terms and Conditions. Seller is not obligated to deliver volumes in excess of the total daily contract quantity of the release as a result of a recall.

- (d) When capacity is recalled, it may not be repute for the same Gas Day. The deadline for notifying Seller of a repute is 8:00 a.m. to allow for timely nominations to flow on the next Gas Day.

42.11 Seller's Criteria for Best Bid, Award of Remaining Capacity, and Tie-Breaking Methodology

- (a) Seller's standard for selecting the Best Bid shall be the highest present value of demand charges. In awarding the Best Bid, Seller shall use the tie-breaking methodology described in Section 42.11(c). After award of the Best Bid, Seller shall award any remaining capacity according to the criteria in Section 42.11(b).
- (b) If capacity remains after award of the Best Bid, Seller shall award remaining capacity to the next Best Bid according to the bid evaluation methodology, and so on, in descending order (subject to the next sentence) until the capacity offered has been fully awarded, if possible. In that process, Seller shall not award capacity to a bid that is less than the amount of capacity sought by that bid unless the bid specifies that an allocation of capacity that is less than the bid is acceptable.
- (c) In the event more than one bid are equal according to the bid evaluation methodology and all such bids specify that an allocation of capacity is not acceptable, then a random and blind selection process will be used to select the winning bid unless otherwise specified by the Releasing Shipper.

42.12 Billing and Payment

- (a) The Replacement Shipper shall be billed by Seller and shall make payments to Seller in accordance with the terms of Seller's applicable rate schedule and the service agreement(s), and Seller shall simultaneously credit (on a contingent basis) all reservation charges billed to the Replacement Shipper to the Releasing Shipper's bill in that month. If the Replacement Shipper fails to pay the reservation charges by the due date, Seller shall reverse the credit and bill the Releasing Shipper in the following month for said reservation charges, plus interest, and the rights to the capacity shall, at the election of the Releasing Shipper, revert to the Releasing Shipper for the remaining term of the release, subject to Seller's nomination and ranking deadlines, in accordance with Section 28.1 of the General Terms and Conditions.

- (b) Seller and a Releasing Shipper may, in connection with their agreement to a negotiated rate pursuant to the provisions of Section 53 of the General Terms and Conditions, agree upon payment obligations and credit mechanisms in the event of a capacity release that vary from or are in addition to those set forth in this Section 42.12. Nothing in the foregoing provision, however, shall authorize Seller or a Shipper to violate the Commission's policy with respect to the negotiation of terms and conditions of service.
- (c) For index-based capacity release transactions, the rate to be used in the invoice should be the greater of:
- the results of the calculation of the formula from the capacity release award (if the formula cannot be calculated, the Rate Default specified in the capacity release Offer), or
 - the Rate Floor plus any differential as specified in the capacity release award.

The rate used in the invoice should not be greater than Seller's maximum reservation rate, as applicable.

42.13 Marketing Fee

Seller shall have the right to negotiate a marketing fee with a Releasing Shipper for any mutually agreeable marketing services which are provided by Seller.

42.14 Permanent Releases

A Buyer which has a currently effective executed service agreement with Seller under Rate Schedules FT, FTN, FTP, FDLS, ESS, WSS-Open Access or LNG may release its capacity to a third party ("Replacement Buyer") for the remaining term of the contract and be relieved of all liability under its service agreement prospective from the effective date of such release, provided that the following conditions are satisfied:

- (a) Buyer's capacity was not acquired under temporary capacity release pursuant to this Section 42;
- (b) the Replacement Buyer executes a new service agreement under the applicable rate schedule pursuant to Part 284 of the Commission's regulations that is subject to pre-granted abandonment;
- (c) the Replacement Buyer agrees to pay the maximum rates for service thereunder (unless otherwise agreed to by Seller) and accepts all obligations of the Releasing Buyer;
- (d) the Commission provides any necessary abandonment authorization for the service subject to such permanent release on or before the effective date thereof; and

- (e) the Replacement Buyer meets the credit worthiness requirements contained in Section 32 of the General Terms and Conditions.

42.15 Treatment of Storage Inventory

A Releasing Shipper's capacity release notice may include terms and conditions concerning the sale and/or repurchase of gas in storage inventory both within and outside the context of an asset management arrangement. The release of storage capacity (or recall or termination thereof) requires the Releasing or Replacement Shipper, as applicable, to have withdrawn or transferred any storage inventory balance related to such release capacity by the effective date of such release, recall or termination. A transfer of storage inventory may be concurrent with a release of storage capacity (or recall or termination thereof). If the Releasing or Replacement Shipper, as applicable, fails to eliminate any remaining storage inventory balance related to released storage capacity, such remaining balance shall be retained by Seller.

42.16 Offers to Purchase Capacity

Seller shall provide the ability for a potential Replacement Shipper to communicate to a potential Releasing Shipper a request to purchase Releasable Firm Capacity Entitlements and/or Releasable Secondary Capacity Rights. A potential Replacement Shipper may initiate the request by completing the request form located in the Notices section on Seller's 1Line Informational Postings page. The request to purchase capacity should include, at a minimum, the following types of information: contact information, quantity(ies) requested, date range, location information, other terms and conditions specified by the potential Replacement Shipper, and any additional information as required by Seller. Seller will post notice of complete requests under the Notices section of 1Line's Informational Postings page for the time period specified by the potential Replacement Shipper, but not to exceed ninety (90) days.

GENERAL TERMS AND CONDITIONS

43. SYSTEM MANAGEMENT GAS

- 43.1 In the event that conditions exist which threaten the operational integrity of Seller's system, Seller as Transporter ("Transporter") shall be permitted to buy and/or sell gas at mutually agreeable locations on Seller's system.
- 43.2 Transporter shall post its need to buy or sell gas on 1Line. Included in such posting shall be:
- (a) the quantity of gas to be purchased or sold by Transporter;
 - (b) any minimum quantity for bidding;
 - (c) the date and time when all bids shall be due;
 - (d) the date(s) when the gas shall be purchased or sold;
 - (e) any minimum or maximum daily quantity to be purchased or sold;
 - (f) the point where the gas will be purchased or sold; and
 - (g) the criteria to be used by Transporter in evaluating and selecting bids.
- 43.3 Potential sellers and buyers of gas may submit bids via 1Line. Transporter shall determine in its sole discretion the best offer(s), based on the posted criteria in Section 43.2(g) herein. Additionally, Transporter shall post the amount and volume of any successful bids made by any affiliate of Seller within three (3) business days of the award of such successful bid. Transporter reserves the right to reject all offers.
- 43.4 All parties wishing to bid on the posted purchase or sale must:
- (a) be pre-approved as meeting Seller's credit worthiness requirements in accordance with Section 32 of the General Terms and Conditions; and
 - (b) have a current, executed transportation service agreement(s) to deliver gas to or receive gas from the respective location of purchase or location of sale.
- 43.5 Any costs incurred or revenues received in association with Transporter's System Management Gas program shall be accounted for as part of Seller's Cash Out program pursuant to Section 15 of the General Terms and Conditions.

GENERAL TERMS AND CONDITIONS

44. EXTENSION OF SERVICE AGREEMENT

Prior to the expiration of the term of a Part 284 service agreement and prior to Seller's posting the availability of capacity under Seller's Right of First Refusal provisions, if applicable, Seller and Buyer may mutually agree to an extension of the term of the service agreement (the exact length of which is to be negotiated on a case-by-case basis, in a not unduly discriminatory manner).

GENERAL TERMS AND CONDITIONS

45. PERIODIC RATE ADJUSTMENTS AND SURCHARGES

Seller and Buyer recognize that Seller shall, from time to time, experience changes in costs related to providing service under this FERC Gas Tariff, including, but not limited to, changes in the cost of labor, benefits, materials and supplies, taxes, and required rate of return, costs associated with the resolution of past disputes or outstanding uncertainties concerning amounts owed by Seller or Buyer or attributable to Seller or Buyer, and costs generated by decisions of the Commission, the courts, or by an arbitration panel or other body having jurisdiction over Seller. Seller hereby notifies Buyers that it may be appropriate, equitable, and consistent with cost responsibility to allocate such costs among Buyers based on or taking into account past period factors, such as contract demand levels, purchases, or other factors related to a prior period of time. Seller shall have the right, from time to time, to make rate change filings based in whole or in part on factors related to past periods. Buyer shall have the right to intervene and protest any such filings.

GENERAL TERMS AND CONDITIONS

46. 1Line Service

46.1 Availability

Seller maintains an Electronic Bulletin Board (1LineSM) to provide the information or services required by applicable Commission orders or described in Seller's FERC Gas Tariff. 1Line is comprised of two internet websites: a non-secure (public) Informational Postings site and a secure (non-public) Customer Activities site. Information of a general nature is included in the public Informational Postings site. Confidential Buyer and interconnect data are accessible only through the non-public Customer Activities site.

1Line shall be available twenty-four (24) hours per day, subject to maintenance and reasonable downtime. The Customer Activities site shall be available on a nondiscriminatory basis to any entity provided that such entity submits a complete request in accordance with Seller's procedures set forth in 46.2 below. Seller reserves the right, at its sole discretion, to provide enhancements to 1Line or to discontinue information or services not required by Commission order or otherwise described in Seller's FERC Gas Tariff.

46.2 Access to Customer Activities Site

To gain access to the non-public Customer Activities site, an entity (Business Associate) must complete and submit a Business Associate Online Form (BA Form) to Seller. The BA Form is available in the Informational Postings area of 1Line.

On the BA Form, the Business Associate must designate one person as its System Security Administrator (SSA). Upon receipt of the completed BA Form, Seller will create a unique Business Associate ID for the Business Associate and assign a UserID and temporary password to the Business Associate's SSA. The temporary password will be provided electronically to the designated SSA and will expire upon the SSA's initial login to the Customer Activities site, at which time the SSA will designate his or her own password. By logging in to the Customer Activities site with the temporary password, the Business Associate and its SSA agree to the provisions of these General Terms and Conditions as applicable.

Business Associate agrees to immediately notify Seller upon any material change to the information provided on the BA Form, and to provide Seller any documentation required to verify such material change (e.g., documentation verifying a legal name change, etc.).

46.3 Role and Responsibilities of the Business Associate's SSA

The SSA will perform certain administrative functions in 1Line on behalf of the Business Associate including (1) identifying users who are duly authorized to access the Business Associate's information on Seller's Customer Activities site (Authorized Persons), (2) setting

up UserIDs on 1Line for use by Business Associate's Authorized Persons, (3) maintaining account information for those Authorized Persons, (4) promptly disabling UserID(s) when an Authorized Person is no longer an employee of the Business Associate or is no longer authorized to transact business for that Business Associate, (5) managing or modifying security rights for Authorized Persons, and (6) ensuring that Seller's UserID and password rules, as detailed in this Section 46, are followed. Seller shall be entitled to rely upon the SSA's performance of those administrative functions in designating the Business Associate's Authorized Person(s), including that the Authorized Person(s) may (1) transmit information to Seller via the Customer Activities site and/or (2) view the Business Associate's information posted on Seller's Customer Activities site in accordance with the security rights granted by the SSA.

Either an SSA or Authorized Person may instruct Seller in writing or via email to modify its SSA designation. Such instruction shall supersede in its entirety any previously submitted SSA designation for that Business Associate. The Business Associate shall be solely responsible for any unauthorized actions due to failure to notify Seller to modify or terminate its SSA.

46.4 Authorized Persons

Seller will provide each Authorized Person with a unique UserID and a temporary password that must be changed upon first login. Each Authorized Person, by logging in to 1Line with his or her UserID, agrees to the provisions of these General Terms and Conditions as applicable and any other applicable provisions of Seller's FERC Gas Tariff, as amended or superseded from time to time.

46.5 Electronic Execution of Agreements

To the extent that Seller provides through 1Line the ability for Business Associates to execute service agreements, electronic execution of such agreements shall be the sole method used to enter into such agreements and Business Associate shall be bound by any such agreement electronically executed. Seller will maintain on the Informational Postings site of 1Line a list of those service agreements that shall be executed electronically.

The electronic execution by Business Associate shall constitute Business Associate's signature to, and approval of, the subject agreement, provided that an agreement electronically executed by Business Associate shall not be deemed to have been properly received by Seller until accessible by Seller through 1Line. Any such agreement which has been properly received shall not give rise to any obligation until Seller has provided in return its notice of acceptance of the agreement by activation of the agreement in 1Line. Seller's notice of acceptance of the agreement shall constitute Seller's signature to and approval of same. Business Associate's use of the electronic execution feature of 1Line to execute an agreement, together with Seller's notice of acceptance thereof, will constitute an executed written agreement between the parties ("Signed Agreement") in satisfaction of any applicable "statute of frauds."

Any agreement properly executed in accordance with these provisions shall be considered for all purposes to be a "writing" or "in writing"; and any such agreement shall be deemed for all purposes (a) to have been "signed" and (b) to constitute an "original" when printed from electronic files or records established and maintained in the normal course of business.

The use of Signed Agreements pursuant to this Section 46, shall, for all legal purposes, evidence a course of dealing and a course of performance accepted by the parties in furtherance of their use of 1Line for electronic communications. Neither Seller, Business Associate, SSA nor Authorized Person shall contest the validity or enforceability of Signed Agreements under the provisions of any applicable law relating to whether certain agreements are to be in writing or signed by the party to be bound thereby. Signed Agreements, if introduced as evidence on paper in any judicial, arbitration, mediation or administrative proceedings, will be admissible as between the parties to the same extent and under the same conditions as other business records originated and maintained in documentary form. Neither party shall contest the admissibility of copies of Signed Agreements under either the business records exception to the hearsay rule or the best evidence rule on the basis that the Signed Agreements were not originated or maintained in documentary form.

46.6 Agents

Seller agrees that it will recognize the appointment of an Agent by Business Associate to access and perform functions in 1Line on Business Associate's behalf ("Agent"). However, Seller shall only recognize such appointment when the following conditions have been met: Business Associate and Agent complete and provide to Seller an Agency Appointment Form as made available on Seller's Informational Postings site, and Agent completes and provides to Seller the BA Form specifying Agent's SSA. Thereafter, Agent will be considered a Business Associate and will be treated as a Business Associate as described herein. Business Associate may cancel the appointment of an Agent by following the procedures specified on the Agency Appointment Form and/or name a successor Agent by providing an updated Agency Appointment Form. Business Associate represents and acknowledges that any Agent recognized by Seller has legal authority to act on behalf of Business Associate in performing any functions for which the Agent is authorized, as identified on the Agency Appointment Form, and that Seller is fully entitled to rely upon, and is fully protected in relying upon and acting in accordance with, such representation and acknowledgment.

46.7 Security

Seller reserves the right to terminate any Authorized Person's UserID that has been inactive for more than ninety (90) calendar days. Seller further reserves the right to deactivate UserIDs if the Business Associate, its SSA, and/or Authorized Person(s) breaches any provision in this Section 46. Such deactivation shall only be implemented following ten (10) days prior notice by Seller to Business Associate of such intended action and the reason therefor to provide Business Associate a reasonable time to correct its conduct; however, if the conduct results in a serious breach which may immediately jeopardize the security, confidentiality, or viable operation of 1Line, Seller reserves the right to immediately deactivate the appropriate UserIDs.

46.8 Confidentiality

Business Associate agrees to keep, and to cause its SSA and its Authorized Persons to keep, all UserIDs and passwords confidential and not to disclose the same, either separately or combined. Business Associate agrees that only the SSA, Business Associate's Authorized Persons, and Agent(s), if applicable, will be given unique UserIDs and passwords for that Business Associate, and that only the SSA, Business Associate's Authorized Persons, and Agent(s), if applicable, will be permitted to access 1Line on Business Associate's behalf. Likewise, Seller agrees to keep, and to cause its authorized employees to keep, Business Associate's UserIDs and temporary passwords confidential and not to disclose the same, either separately or combined, to any person or entity without authority to access the 1Line Customer Activities site for Seller. Business Associate agrees to immediately notify Seller if it becomes aware that a security breach has or may have occurred. Any use of 1Line by any person using any of Business Associate's UserIDs and/or passwords shall be deemed to be used by Business Associate and Business Associate agrees to be responsible for and to accept liability for any such use, whether by Authorized Persons or unauthorized persons, except to the extent resulting from the negligent actions or willful misconduct of Seller.

46.9 Indemnification

Business Associate agrees to defend, indemnify and hold harmless Seller and its officers, directors, employees, agents and representatives from and against all claims, demands, direct damages, losses, costs and expenses (including without limitation, court costs and reasonable attorneys' fees) and liabilities (exclusive of special, indirect or consequential damages, including, without limitation, loss of profits or business interruptions) arising out of (i) any breach of confidentiality with respect to the assignment of UserIDs or passwords to Business Associate, its SSA or its Authorized Persons or the use of UserIDs or passwords by Business Associate's SSA or Authorized Persons, or use by any unauthorized person who gained knowledge of Business Associate's UserIDs or passwords due to the negligent actions or willful misconduct of Business Associate, (ii) any breach of a provision of this Section 46 by Business Associate or its SSA or Authorized Persons, employees or Agents and/or (iii) any and all use of Business Associate's 1Line account except to the extent resulting from the negligent actions or willful misconduct of Seller.

Any entity, Business Associate or person utilizing 1Line assumes sole responsibility for use of 1Line and the files and the information displayed on 1Line and hereby indemnifies and holds Seller harmless against any liability or claim that is attributable to improper use of 1Line or of the files and the information displayed on 1Line. Except as may result from the negligent action or willful misconduct of Seller, Seller shall have no responsibility for faulty retrieval, failure of retrieval, or loss of research, and in no event will Seller be liable for actual, consequential, exemplary, or special damages resulting, in whole or in part, from an entity, Business Associate, person or third party's use of 1Line and the files and the information displayed on 1Line.

46.10 Limitation of Liability

Business Associate agrees that Seller may act, without liability to Business Associate or any other party, in reliance upon any acts or things done or performed by persons utilizing Business Associate's UserIDs or passwords on behalf of Business Associate (so long as Seller is not aware of a security breach). Business Associate shall hold Seller harmless from any omission or failure by Business Associate or its authorized Agents to act or perform any duty required as a result of any use of the interactive function of 1Line. Seller shall not be held responsible for any omission or failure of a function accessed through 1Line if such omission or failure is caused by or related to any errors in transmission of data to or from Seller's computer systems, power failures, failure of any computer systems or backup systems, or any other event beyond the reasonable control of Seller. If Business Associate requests and receives assistance from Seller's representatives, such assistance will be at the Business Associate's sole risk and Seller will not have any responsibility or liability arising therefrom, except as may arise from the negligent action or willful misconduct of Seller. Neither Seller nor Business Associate shall be liable to the other for any special, indirect or consequential damages (including, without limitation, loss of profits or business interruptions) arising out of or in any manner related to this Section 46, the provision and use of 1Line or the information contained therein.

46.11 Procedures

Seller and Business Associate, its SSA and Authorized Persons agree to follow all procedures regarding 1Line as such procedures may be established and announced from time to time.

46.12 Ownership of 1Line Service

"1Line" is a service mark of Williams Gas Pipeline Company, LLC. Williams Gas Pipeline Company, LLC is the exclusive proprietor of the programming which generates 1Line and of all the copyrights and proprietary interests therein, except insofar as any third party possesses a copyright or proprietary interest in such materials. A 1Line Business Associate will not by virtue of this Section 46 acquire any proprietary interests in the software which generates 1Line or in the files, information, or data displayed on 1Line.

GENERAL TERMS AND CONDITIONS

47. TRANSFERS OF STORAGE INVENTORY

47.1 General

If expressly permitted by the provisions of Seller's storage rate schedules, Seller shall permit transfers of Storage Gas Balances from one Buyer ("Transferring Buyer") to another Buyer ("Receiving Buyer") under the same storage rate schedule with Seller or between Rate Schedules ESS and ISS or WSS-Open Access and ISS.

47.2 Procedure

- (a) Transferring Buyer or Receiving Buyer shall give Seller prior notice of the quantity of gas to be transferred and the date such quantity is to be transferred to a Receiving Buyer's Storage Gas Balance account by submitting a prearranged storage transfer request via 1Line. Transfer requests can be submitted up to 15 calendar days in advance of the designated transfer date. A submitted storage transfer request must be confirmed via 1Line by the Receiving Buyer. Following that confirmation, the quantity of gas requested to be transferred must be validated by Seller on the designated transfer date; if on the designated transfer date the Transferring Buyer does not have the full amount of the requested transfer quantity available in its Storage Gas Balance or the requested transfer quantity will cause the Receiving Buyer to exceed its Storage Capacity Quantity, then the confirmed transfer will be denied by Seller. If the transfer request is not confirmed at or before Midnight of the designated transfer date, then the transfer request will expire and the quantity subject to the request will remain with the Transferring Buyer. A transfer will be considered to have occurred on the designated transfer date after storage volumes have been allocated for that gas day.
- (b) A transfer request cannot be withdrawn after submission by the submitting party, and if a transfer request is confirmed by the Receiving Buyer then the transfer request cannot subsequently be rejected by the Receiving Buyer.

GENERAL TERMS AND CONDITIONS

48. RIGHT OF FIRST REFUSAL PROCEDURES

- 48.1 (a) This section sets forth the provisions which shall apply to Buyers eligible for a right of first refusal. A Buyer is eligible for a right of first refusal if the Buyer is receiving firm service at the applicable maximum rate pursuant to a service agreement with either (1) a term of service of at least twelve consecutive months or (2) for a service which is not available for 12 consecutive months, a contract term of more than one year. Additionally, a Buyer receiving firm service at less than the applicable maximum rate pursuant to a service agreement executed prior to March 26, 2000 that meets the foregoing term criteria, will also be eligible for a right of first refusal; provided however, the right of first refusal will not apply to a re-executed service agreement unless it is at the applicable maximum rate.
- (b) For firm transportation service performed under a Part 284 rate schedule with a primary term of one (1) year or more and not subject to Natural Gas Act Section 7(b) abandonment requirements, Seller or Buyer may provide written notice of its intent to terminate the firm service agreement between Seller and Buyer consistent with the notice of termination provisions set forth in such service agreement. If Buyer provides notice of termination to Seller and Buyer may desire to continue to receive all or a portion of its service entitlement under such service agreement, then Buyer must include in its notice an express, affirmative statement that Buyer may desire to continue to receive all or a portion of its service entitlement under the service agreement. If Seller provides notice of termination to Buyer, and Buyer may desire to continue to receive all or a portion of its service entitlement under such service agreement, then Buyer must provide within fifteen (15) days of receipt of Seller's notice, written notice to Seller that Buyer may desire to continue to receive all or a portion of its service entitlement under such service agreement. If Buyer provides timely notification to Seller that it may desire to continue to receive all or a portion of its service entitlement, then the provisions set forth below shall apply. If Buyer fails to provide timely notification to Seller that it may desire to continue to receive all or a portion of its service entitlement, then the provisions of Section 48.7 shall apply.
- 48.2 Upon receipt of Buyer's notice pursuant to Section 48.1(b), Seller shall post on 1Line at least one hundred fifty (150) days, but no more than one year, prior to the expiration of the service agreement all relevant provisions pertaining to such service agreement; provided, however, if the service agreement provides for a notice of termination period that is less than one hundred eighty (180) days, then Seller shall post the relevant provisions relating to such service agreement within 30 days from the date Seller receives Buyer's notice pursuant to Section 48.1(b). Seller shall solicit, for a minimum of fifteen (15) and a maximum of thirty (30) days following such posting, bids for service.

- 48.3 Seller shall evaluate and determine the best bid relating to each service agreement in accordance with one of the following two methods, with the specific method identified in its notice for bid solicitation:
- (a) Highest net present value of reservation charges, or
 - (b) Highest rate bid, provided such bid meets Seller's minimum stated term.

For purposes of determining (i) the highest bid under Sections 48.3(a) and (b) and (ii) the bid Buyer may elect to match pursuant to Section 48.4, Seller will utilize the reservation rates bid, not to exceed Seller's applicable maximum reservation rates. In the event Seller receives two or more bids of equal value, then under method (a) the best bid shall be the bid with the shortest term and under method (b) the best bid shall be the bid with the longest term. If, after performing the aforementioned calculations, two or more bids are tied, a random and blind selection process will be used to select the best bid.

- 48.4 Buyer shall have the right to continue to receive service by notifying Seller in writing within fifteen (15) business days of receiving Seller's notification of the best bid, that Buyer agrees to match the best bid. The evaluation method used to determine whether Buyer's bid matches the best bid shall be the same method used to determine the best bid pursuant to Section 48.3. In the event Buyer matches the best bid, Buyer and Seller shall, prior to the expiration of the service agreement, execute a new service agreement setting forth terms and conditions of the matching bid. Such service agreement shall be effective as of the day following the expiration of the expiring service agreement.
- 48.5 If Buyer elects not to match the best bid, then such election shall constitute an irrevocable waiver of Buyer's right of first refusal and Seller shall execute a service agreement with Buyer submitting the best bid and shall provide such service pursuant to the terms and conditions contained in the best bid.
- 48.6 Notwithstanding the above, Seller shall not be obligated to accept any bid or execute any service agreement at a rate less than the maximum rate allowable under such rate schedule. Seller shall notify Buyer in writing if no bids are received during the bidding period, or if Seller does not accept any bids. Buyer and Seller shall have fifteen (15) business days following the date of Seller's notification to Buyer to reach a binding written commitment regarding the rate and term of continued service to Buyer. In that binding written commitment, Buyer shall be entitled to continue to receive service at the maximum rate and at a term selected by Buyer, or Buyer and Seller may agree upon a negotiated rate or a rate between the maximum and minimum allowable rates, as well as other mutually agreeable terms and conditions for continued service. In no event shall Buyer and Seller agree upon a rate which is less than any bid received by Seller pursuant to this Section 48 and rejected by Seller. If Buyer and Seller reach a binding written commitment for continued service, Buyer must execute a new service agreement prior to the expiration of the term of the existing service agreement (or within 30 days following the date that Seller tenders the new service agreement to Buyer if the new service agreement is tendered by Seller on or after the expiration date of the existing agreement). If Buyer and Seller fail to reach a binding written commitment within fifteen (15) business

days following the date of Seller's notification as provided herein, then Buyer's right of first refusal shall terminate and Seller will post the available firm capacity in accordance with Section 49 of the General Terms and Conditions.

- 48.7 In the event a Buyer or Seller provides notice to terminate service under a service agreement and Buyer does not notify Seller in accordance with Section 48.1(b) that Buyer may desire to continue to receive all or a portion of its service entitlement under such service agreement, then Buyer shall have forfeited its right of first refusal provided herein.
- 48.8 The provisions of this Section 48 shall not apply to releases of capacity under Section 42 of the General Terms and Conditions unless that release is a permanent release for the remaining term of the service agreement and that service agreement is eligible for right of first refusal provided for herein.

GENERAL TERMS AND CONDITIONS

49. PROCEDURES FOR ALLOCATING AVAILABLE FIRM CAPACITY

49.1 This Section 49 sets forth procedures for allocating existing firm capacity that becomes available on Seller's system other than through the applicable provisions of Section 42 of the General Terms and Conditions and not otherwise allocated pursuant to the right of first refusal procedures contained in Section 48 of the General Terms and Conditions. Firm transportation capacity subject to the allocation procedures set forth in this Section 49 includes firm transportation capacity that becomes available from (i) existing firm transportation service performed under a Part 284 rate schedule with a primary term of one year or more that is subject to Natural Gas Act Section 7(b) abandonment and for which abandonment authority has been sought or obtained (ii) existing firm transportation service performed under a Part 284 rate schedule with a primary term of less than one year and (iii) existing firm transportation service provided under Section 157 of the Commission's regulations and for which abandonment authority has been sought or obtained. In the event firm capacity on Seller's system becomes available as described herein, Seller shall post such capacity to its Unsubscribed Capacity Report. Seller shall have the right to (i) award available capacity on a first-come, first-served basis to Buyers who submit a valid request for the capacity or (ii) solicit bids for available capacity in an open season for at least the following periods:

- (a) Four (4) hours for firm capacity which will be available for one month or less;
- (b) Two (2) business days for firm capacity which will be available for more than one month but less than twelve months; and
- (c) Five (5) business days for firm capacity which will be available for twelve months or longer.

49.2 Seller shall evaluate and determine the best bid in accordance with one of the following two methods, with the specific method identified in its notice for bid solicitation:

- (a) Highest net present value (NPV) of reservation charges:
 - (i) The NPV is the discounted cash flow of incremental revenues per dekatherm to Seller produced, lost, or affected by the requests for service and may be based upon such factors as the term, quantity, date on which the requested service is requested to commence, and other factors determined to be relevant by Seller. All determinative factors will be defined in Seller's notice for bid solicitation. For purposes of Seller's NPV evaluation and as defined in its notice for bid solicitation, Seller may aggregate two or more bids for one or more bid packages;

(ii) The best bid(s) and the NPV analysis used to determine the successful bidder(s) will be posted on 1Line within three business days following the close of the open season and the award of the capacity.

(b) Highest rate bid, provided such bid meets Seller's minimum stated term.

For purposes of determining the highest bid under Sections 49.2(a) and (b), Seller will use the reservation rates and other form of revenue guarantee bid, not to exceed Seller's applicable maximum reservation rates. The value of a bid proposing a reservation rate or other form of revenue guarantee which exceeds Seller's applicable maximum reservation rates shall be determined pursuant to the provisions in Section 53.3 of the General Terms and Conditions. In the event Seller receives two or more bids of equal value, then under method (a) the best bid shall be the bid with the shortest term and under method (b) the best bid shall be the bid with the longest term.

49.3 If two or more potential Buyers submit best bids such capacity shall be allocated to such potential Buyers ratably on the basis of the quantities bid.

49.4 In the event a potential Buyer's bid is accepted, and such potential Buyer otherwise meets all qualifications for service, Seller shall submit a service agreement to Buyer which sets forth the terms of such bid. Buyer shall execute the service agreement within thirty (30) days of receipt of the same.

49.5 Notwithstanding the above, Seller shall not be obligated to accept any bid or execute a service agreement at a rate less than the maximum rate allowable under the applicable rate schedule.

GENERAL TERMS AND CONDITIONS

50. PROCESSING RIGHTS REGARDING LIQUEFIABLE HYDROCARBONS

50.1 Each Buyer shipping gas on Seller's system has the right to process the liquefiable hydrocarbons contained in the gas stream tendered to Seller, at no cost, risk, or expense to Seller. The gas stream redelivered to Seller's system after processing shall conform to the quality specifications as contained in the General Terms and Conditions of this tariff.

50.2 Any Buyer electing to process gas must nominate the transportation of the Plant Thermal Reduction (PTR) replacement quantities on a transportation agreement using a transaction type 5 - Plant Thermal Reduction. Buyers' PTR replacement nominations must specify the appropriate processing plant(s) as delivery point(s). PTR replacement nominations may be submitted using a service agreement under Rate Schedule IT or a service agreement under Rate Schedule FT or Rate Schedule FTP provided that the service agreement contains receipt point(s) on the supply lateral upstream of the processing plant and delivery point(s) at the processing plant.

50.3 Any Buyer electing to process and transport liquefiable hydrocarbons must nominate in accordance with the nomination and ranking deadlines as set forth in Section 28.1 of the General Terms and Conditions. The nominated and allocated quantities at the plants will be determined as follows:

- (a) At plants where the plant operator has not executed an OBA with Seller, Buyers must nominate PTR replacement quantities that in total reflect the estimated PTR percentages for the applicable fields as reflected on 1Line. These posted percentages are based on historical data from the applicable field, or such other estimate established by mutual agreement between Seller and the plant operator.

The daily allocated delivered PTR quantity at the processing plant shall be equal to the daily scheduled PTR quantity at that point. The allocated receipt quantity will be determined in accordance with the PDA at the receipt point. At the end of each production month the transportation imbalance resulting from the difference between the allocated delivered quantity and the allocated receipt quantity shall be resolved in accordance with the provisions of Sections 25 and 37 of the General Terms and Conditions.

- (b) At plants where the plant operator has executed an OBA with Seller, Buyers must nominate a PTR transportation quantity determined by mutual agreement between Buyer and plant operator. The daily allocated delivered PTR quantity at the processing plant shall be equal to the daily scheduled PTR quantity at that point. Any difference between the total of the daily scheduled quantity at the plant and the total of the daily actual measured PTR quantity will be allocated to the plant operator's OBA. The allocated receipt quantity will be determined in accordance with the PDA at the receipt point. At the end of each production month, the transportation imbalance resulting from the difference between the allocated delivered quantity and the

allocated receipt quantity shall be resolved in accordance with the provisions of Sections 25 and 37 of the General Terms and Conditions.

50.4 Prior Period Adjustments will be resolved in the method set forth below:

- (a) For plants with no executed OBA, the allocated delivered PTR quantities (as calculated in the production month) will be adjusted to the actual delivered PTR quantities at the plant as reflected on the respective plant statement. This adjustment shall be applied to each Buyer's Rate Schedule IT, Rate Schedule FT, or Rate Schedule FTP agreement used to transport PTR quantities. The imbalance resulting from this adjustment shall be resolved in accordance with the provisions of Sections 25 and 37 of the General Terms and Conditions.
- (b) For plants where the plant operator has executed an OBA, any changes to the measured quantity at the plant shall be applied to the plant operator's OBA.

GENERAL TERMS AND CONDITIONS

51. OPERATIONAL CONTROLS

Seller shall implement Operational Controls through notices to Buyers, Receipt Point Operators, and Receipt Point OBA Parties in order to maintain the operational flexibility of Seller's system. Circumstances under which Seller may determine that an Operational Control must be issued include, but are not limited to (1) ensuring current and future storage capabilities and maintenance of line pack and (2) maintaining operational pressures and adequate gas supplies required to provide an efficient and reliable service. Seller shall determine in its sole judgment the action that is required to avoid an operating condition which could jeopardize the operational flexibility of the system. At least 48 hours prior to issuing notice of an Operational Control, Seller shall post a warning on 1Line identifying the existing operating conditions which are jeopardizing the operational flexibility of the system and which could cause Seller to issue notice of an Operational Control, pursuant to Sections 51.1 and 51.2.

Seller may, on a non-discriminatory basis, direct Buyers, Receipt Point Operators, or Receipt Point OBA Parties to take action through one or both of the following:

- (a) Variance Notices pursuant to Section 51.1.
- (b) Imbalance Makeup Notices (IMN) pursuant to Section 51.2.

Variance Notices and Imbalance Makeup Notices may be issued in addition to other actions taken by Seller, including issuance of an OFO. Whenever a condition in an OFO, as set forth in Section 52 of the General Terms and Conditions, conflicts with a condition in a Variance Notice or IMN, the condition stated in the OFO shall override the Variance Notice or IMN. In the event an OFO overrides the Variance Notice or IMN, the applicable penalty during the period the OFO is in effect, shall be the OFO penalty as set forth in Section 52.5 of the General Terms and Conditions.

Seller shall provide relevant information specific to the individual situation regarding the issuance and lifting of each particular Variance Notice and IMN.

Contact person(s) must be available to receive communication from Seller on operating matters at any time, twenty-four (24) hours a day, seven days a week on a year around basis. Buyers, Receipt Point Operators, and Receipt Point OBA Parties shall be solely responsible for any consequences arising if communication is not possible due to Buyers', Receipt Point Operators' or Receipt Point OBA Parties' failure to make contact person(s) available.

51.1 Variance Notices

Variance Notices are used to ensure, to the extent possible, that all quantities received at a Receipt Point shall be in accordance with the scheduled and confirmed quantity at such point within the Variance Notice Tolerance Percentage posted by Seller pursuant to Section 51.1(d). Seller shall state whether the notice applies system wide, to an affected area, or to individual points, the Tolerance Percentage and the duration of the notice.

- (a) Seller shall state in its Variance Notice the notice type, which shall be either a:
- (i) Pipeline Oversupply Notice - Upon issuance of a Pipeline Oversupply Notice, to the extent actual receipt quantities exceed scheduled receipt quantities by more than the Variance Notice Tolerance Percentage defined in Section 51.1(d), following the applicable notice period defined in Section 51.1(c), the gas quantities received in excess of the Tolerance Percentage shall be subject to the Variance Notice Penalty set forth in Section 51.1(e); or
 - (ii) Pipeline Undersupply Notice - Upon issuance of a Pipeline Undersupply Notice, to the extent actual receipt quantities are less than scheduled receipt quantities by more than the Variance Notice Tolerance Percentage defined in Section 51.1(d), following the applicable notice period defined in Section 51.1(c), the difference in gas quantities between the Tolerance Percentage and the actual receipt quantities shall be subject to the Variance Notice Penalty set forth in Section 51.1(e).
- (b) Circumstances giving rise to a Variance Notice

Seller shall issue a Pipeline Oversupply Notice or Pipeline Undersupply Notice to prevent the impairment of normal levels of service flexibility to Buyers under one or more of Seller's rate schedules, only if a variance at a receipt point is in excess of 15% of scheduled quantity or a variance in the portion of the system affected by the Variance Notice is in excess of 10% of total scheduled quantity; and, one or more of the following conditions occur:

- (i) Seller has taken one or more of the following steps in the affected portion(s) of the system:
 - (1) reducing the allowable Pool scheduling tolerance to less than 4%;
 - (2) reducing to zero any additional quantities of ISS or PAL service available;
 - (3) reducing to zero the quantity of excess storage injection or withdrawal available to Buyers of firm storage services; or
 - (4) reducing to zero the use of makeup transactions necessary for imbalance management, or
- (ii) Seller reasonably anticipates the onset of weather conditions on the system which, in Seller's sole judgment, would impair service to Buyers under one or more of Seller's rate schedules by jeopardizing the operational flexibility of Seller's system, or

(iii) Seller determines, in its sole judgment, that an operator's ability to tender scheduled quantities of gas to Seller is materially affected by a high pressure situation caused, in whole or in substantial part, by the variance that prompted the Variance Notice.

(c) Notice

Seller shall post a notice on 1Line (and make reasonable efforts to provide notice by e-mail and/or telephone) to all affected Buyers, Receipt Point Operators and Receipt Point OBA Parties that a Variance Notice will become effective. The notice will be posted no later than 4:00 p.m. on the day prior to the gas day for which the Variance Notice will be effective.

When Seller determines in its sole discretion that the operational flexibility of the system is no longer jeopardized, the Variance Notice will be rescinded and Seller shall post notice on 1Line (and make reasonable efforts to provide notice by e-mail and/or telephone).

(d) Variance Notice Tolerance Percentage

Seller shall determine, at its sole discretion, the Variance Notice Tolerance Percentage it deems appropriate to improve the particular operating situation. However, the Variance Notice Tolerance Percentage for each affected Buyer shall not be less than 5% of that affected Buyer's confirmed nominated quantity or 1000 dt whichever is greater.

(e) Variance Notice Penalty

Each party to which a Variance Notice is directed shall pay a charge calculated by multiplying the quantity outside of the Tolerance Percentage by the Midpoint price published in Platts Gas Daily, "Daily price survey" (as set forth in Section 52.5(b) of the General Terms and Conditions) applicable to the affected zone(s), for each day of that party's noncompliance with the Variance Notice. The Variance Notice Penalty collected shall be distributed pursuant to Section 54 of the General Terms and Conditions.

51.2 Imbalance Makeup Notices (IMN)

Imbalance Makeup Notices will be used to correct imbalances Due To or Due From Buyers or OBA Parties. Seller shall determine in its sole judgment that an IMN is necessary to avoid an operating condition which could jeopardize the operational flexibility of the system. The balance subject to the IMN shall be the cumulative month-to-date imbalance on all firm and interruptible services and Operational Balancing Agreements. Seller may issue Imbalance Makeup Notices to address adverse operating conditions system wide, in an affected area, or at individual points.

- (a) Seller shall state in its IMN the notice type, which shall be either an:
- (i) Imbalance Makeup Notice Due From Buyer or OBA Party - An IMN Due From Buyer or OBA Party will be issued when Seller determines that the use of an IMN is needed to correct an imbalance Due From Buyer or OBA Party. The notice shall require Buyers or OBA Parties to reduce their cumulative monthly imbalance over the time period specified in the IMN (minimum of three (3) Gas Days, one of which must be a business day) to no greater than the Imbalance Makeup Notice Tolerance Percentage defined in Section 51.2(d). The difference between the tolerance level and the actual imbalance level on the date stated in the notice shall be subject to the Imbalance Makeup Notice Penalty in Section 51.2(e). This notice may direct all or some Buyers or OBA Parties (affected party) to comply with the notice; or
 - (ii) Imbalance Makeup Notice Due to Buyer or OBA Party - An IMN Due To Buyer or OBA Party will be issued when Seller determines that the use of an IMN is needed to correct an imbalance Due To Buyer or OBA Party. The notice shall require Buyers or OBA Parties to reduce their cumulative monthly imbalances over the time period specified in the IMN (minimum of three (3) Gas Days, one of which must be a business day) to no greater than the Imbalance Makeup Notice Tolerance Percentage defined in Section 51.2(d). The difference between the tolerance level and the actual imbalance level on the date stated in the notice shall be subject to the Imbalance Makeup Notice Penalty in Section 51.2(e). This notice may direct all or some Buyers or OBA Parties (affected party) to comply with the notice.
- (b) Circumstances giving rise to an Imbalance Makeup Notice

Seller shall issue an Imbalance Makeup Notice Due From Buyer or OBA Party or Imbalance Makeup Notice Due To Buyer or OBA Party to prevent the impairment of normal levels of service flexibility to Buyers under one or more of Seller's rate schedules, only if the following conditions occur:

- (i) Seller has experienced (1) a change in cumulative system imbalance of more than 1.0 MMdt over a period of three days or less or (2) the cumulative system imbalance exceeds 2.0 MMdt, or (3) physical storage inventory levels in Seller's storage facilities and services in the OIA(s) where the Imbalance Makeup Notice would apply are below 25% of capacity or in excess of 80% of capacity; and,
- (ii) Seller has taken one or more of the following steps in the affected portion of the system.
 - (1) reducing the allowable Pool scheduling tolerance to less than 4%;
 - (2) reducing to zero any additional quantities of ISS or PAL service available;

- (3) reducing to zero the quantity of excess storage injection or withdrawal available to Buyers of firm storage services; or
- (4) reducing to zero the use of makeup transactions necessary for imbalance management.

(c) Notice

Seller will post the IMN on 1Line (and make reasonable efforts to provide notice by e-mail and/or telephone) to all affected parties that an IMN will become effective for the following Gas Day. The notice will be posted at least twenty-four (24) hours prior to the start of the Gas Day for which the IMN will be effective. The notice shall state the specific IMN tolerance percentage, and the Gas Day(s) within which the cumulative monthly imbalance must be reduced. The affected party(s) must appropriately schedule, in accordance with the timelines identified in Section 28 of the General Terms and Conditions, in response to the notice prior to the start of the Gas Day on which the IMN will be in effect.

When Seller determines in its sole discretion that the operational flexibility of the system is no longer jeopardized, the IMN will be rescinded and Seller shall post notice on 1Line (and make reasonable efforts to provide notice by e-mail and/or telephone).

(d) Imbalance Makeup Notice Tolerance Percentage

Seller shall determine, at its sole discretion, the Imbalance Makeup Notice Tolerance Percentage it deems appropriate to improve the particular operating situation. However, the Imbalance Makeup Notice Tolerance Percentage for each affected Buyer shall not be less than 5% of that affected Buyer's cumulative monthly deliveries in each affected zone or 1,000 dt, whichever is greater, existing at the time of the notice; provided however, any such deliveries in each affected zone associated with (1) transfers between pooling agreements that occur at the same pooling point, (2) transfers between a Loaning or Parking point and a pooling point at the same location, and (3) transportation transactions between pooling agreements that occur at different pooling points within Zone 4 will be excluded from Buyer's cumulative monthly deliveries for purposes of calculating Buyer's tolerance quantity.

(e) Imbalance Makeup Notice Penalty

Each party to which an IMN is directed shall pay a charge calculated by multiplying the quantity of gas outside of the Tolerance Percentage by the Midpoint price published in Platts Gas Daily, "Daily price survey" (as set forth in Section 52.5(b) of the General Terms and Conditions) applicable to the affected zone(s), for each day of that party's noncompliance with the IMN beyond the time frame specified in the IMN. The Imbalance Makeup Notice Penalty collected shall be distributed pursuant to Section 54 of the General Terms and Conditions.

The Imbalance Makeup Notice Penalty shall not apply to the extent that a party's noncompliance is caused by Seller's inability to physically accommodate an imbalance makeup, or by events of force majeure.

GENERAL TERMS AND CONDITIONS

52. OPERATIONAL FLOW ORDERS

52.1 Definition

- (a) In order to alleviate operating conditions which may threaten the integrity of Seller's pipeline system, it may be necessary for Seller to issue Operational Flow Orders (OFOs) to effectuate adjustments in Buyer's daily receipts or deliveries over a reasonable period of time to maintain a current or cumulative balance between Buyer's receipts and deliveries in accordance with the terms of Seller's transportation rate schedules (Imbalance OFO), or to ensure that gas quantities are received and delivered by Buyer where scheduled (Scheduling OFO). Before issuing an OFO, Seller will attempt to remedy those operating conditions through requests for voluntary action provided, however, exigent circumstances may exist which require immediate issuance of an OFO.
- (b) Upon issuance of an OFO by Seller to Buyer, Buyer shall adjust its gas receipts or deliveries as directed. Failure to comply with an OFO may result in an unauthorized OFO imbalance and cause Buyer to incur OFO penalties.

52.2 Circumstances Giving Rise to an OFO

Circumstances under which Seller may determine that an OFO must be issued include, but are not limited to:

- (a) Responding to an event of force majeure;
- (b) Accommodating capacity limitations resulting from the need to perform maintenance and/or repairs;
- (c) Ensuring current and future storage capabilities and maintenance of line pack;
- (d) Maintaining operational pressures and adequate gas supplies required to provide an efficient and reliable firm service;
- (e) Responding to any event which Seller believes in its sole judgment may jeopardize the integrity of its system.

52.3 OFO Notice, Contents, and Procedures

Seller may issue an OFO upon notice to Buyer, which notice shall be given at least 24 hours in advance, unless exigent circumstances dictate otherwise. Each OFO will contain the following provisions:

- (a) time and date of issuance;

- (b) time that the OFO is considered to be effective (if no time is specified, the OFO shall be effective immediately);
- (c) duration of the OFO (if none is specified, the OFO will be effective until further notice);
- (d) a description of the area of Seller's pipeline system in which the OFO is in effect;
- (e) the specific actions required to comply with the OFO including the time frame within which compliance is required before penalties are incurred;
- (f) any other terms Seller may reasonably require to ensure the effectiveness of the OFO; and
- (g) Seller will publish all notices of implementation of an OFO and all provisions of an OFO on 1Line as expeditiously as possible.
- (h) Upon termination of an OFO, Seller will post on 1Line relevant information specific to the individual situation regarding the issuance and lifting of that particular OFO as soon as it is available.

52.4 Unauthorized OFO Imbalances

- (a) **Imbalance OFO**
Any daily imbalance attributable to a Buyer to which Seller has directed an Imbalance OFO in excess of an allowable variation specified by Seller in the OFO shall constitute an unauthorized OFO Imbalance. The allowable variation specified by Seller in the OFO shall not be less than 5% of that affected Buyer's daily deliveries or 1,000 dt, whichever is greater, in each area in which the OFO is in effect; provided however, any such daily deliveries in each affected area associated with (1) transfers between pooling agreements that occur at the same pooling point, (2) transfers between a Loaning or Parking point and a pooling point at the same location, and (3) transportation transactions between pooling agreements that occur at different pooling points within Zone 4 will be excluded from Buyer's daily deliveries for purposes of calculating Buyer's daily imbalance.
- (b) **Scheduling OFO**
Any scheduling variation attributable to a Buyer to which Seller has directed a Scheduling OFO in excess of an allowable variation specified by Seller in the OFO shall constitute an unauthorized OFO Imbalance. The allowable variation specified by Seller in the OFO shall not be less than 5%; provided however, Buyer's allowable variation shall not be less than 1,000 dt.

52.5 OFO Penalties and Reservation

- (a) In addition to any and all other charges due Seller, Buyer shall pay Seller for each daily unauthorized OFO Imbalance a penalty equal to the higher of (i) \$50 per dt or (ii) three times the applicable Midpoint price published in Platts Gas Daily, “Daily price survey” for the flow date on which the unauthorized OFO imbalance occurred. The penalty shall apply to the unauthorized OFO imbalance in Buyer’s receipt zone(s) or delivery zone(s), based on the actions required of Buyer to comply with the OFO.
- (b) The price published in Platts Gas Daily, “Daily price survey” applicable to each zone shall be the following Midpoint price for the flow date on which the unauthorized OFO imbalance occurred:
 - Zone 1 – “Transco, zone 1” Midpoint price.
 - Zone 2 – “Florida Gas, zone 1” Midpoint price.
 - Zone 3 – “Transco, zone 3” Midpoint price.
 - Zone 4, 4A and 4B – “Transco, zone 4” Midpoint price.
 - Zone 5 – “Transco, zone 5 del.” Midpoint price.
 - Zone 6 – The highest of “Transco, Leidy Line receipts”; “Transco, zone 6 non-N.Y.”; “Transco, zone 6 non-N.Y. North”; and “Transco, zone 6 N.Y.” Midpoint prices.
- (c) The payment of a penalty for an unauthorized OFO Imbalance shall under no circumstances be considered as giving Buyer the right to violate OFOs nor shall such payment be considered as a substitute for any other remedy available to Seller or any other Buyer against the offending Buyer for failure to comply with an OFO.

52.6 Disposition of OFO Penalties

All OFO penalties collected by Seller shall be distributed pursuant to Section 54 of the General Terms and Conditions.

52.7 Specific FT Service Agreement OFO

In order to maintain the integrity of firm service on Seller's Leidy line system, it may be necessary for Seller to issue an OFO to Dominion Energy Transmission, Inc. (Dominion) (and its successors or assigns) under its Rate Schedule FT service agreement (formerly Rate Schedule X-56) to require Dominion (and its successors or assigns) to take maximum firm contract deliveries any day during the period November 1 through March 31 at Seller's point of interconnection with Dominion at Leidy, Pennsylvania.

GENERAL TERMS AND CONDITIONS

53. NEGOTIATED RATES

53.1 Availability

Seller and Buyer may mutually agree to negotiate rates under any Part 284 rate schedule that expressly provides for a negotiated rate and specifically references this Section 53.

53.2 Definition

Buyer and Seller may mutually agree to a negotiated rate, which rate shall be less than, equal to, or greater than Seller's maximum and/or minimum rates, may be based upon a rate design other than Straight Fixed Variable (SFV), and may include a minimum volume.

53.3 Best Bid for Available Firm Capacity

For purposes of Section 49.2 of the General Terms and Conditions, for negotiated rate bids proposing a reservation rate or other form of revenue guarantee which exceeds the maximum applicable reservation rate, the net present value calculated for the bid may not exceed a net present value that is calculated assuming that the maximum applicable reservation rate shall be in effect during the full term proposed in the bid, in place of the reservation rate(s) or other revenue guarantee(s) proposed in the bid. As used in Section 49.2 of the General Terms and Conditions and in this Section 53.3 "revenue guarantee" shall mean a volumetric or usage rate bid along with a minimum throughput commitment. In performing a net present value evaluation of a negotiated rate bid proposing a volumetric or usage rate along with a minimum throughput commitment, Seller shall consider only the fixed costs proposed to be recovered through the volumetric or usage rate bid in addition to any reservation rate included in the bid.

53.4 Capacity Release

- (a) A negotiated rate shall not apply as a price cap for capacity release transactions under Section 42 of the General Terms and Conditions. Capacity release bids must conform to Section 42.7(d), (e) and (f) of the General Terms and Conditions.
- (b) Seller may agree with a Releasing Shipper that has a negotiated commodity rate, on a not unduly discriminatory basis, to the terms and conditions pursuant to which Seller will offer such negotiated commodity rate to the Releasing Shipper's Replacement Shipper(s). Any such agreement will be set forth in the service agreement between Seller and Releasing Shipper.
- (c) Any potential Replacement Shipper that desires to acquire capacity on a temporary basis pursuant to Section 42 of the General Terms and Conditions may request, in writing, to pay the Releasing Shipper's negotiated commodity rate, if applicable. Seller shall grant the request to pay the Releasing Shipper's negotiated commodity

rate (“Request”) if Seller determines, in a not unduly discriminatory manner, that Replacement Shipper is similarly situated to Releasing Shipper; provided however, any Replacement Shipper acquiring capacity on a temporary basis under a service agreement for which Seller and Releasing Shipper have agreed to the pass-through of the negotiated commodity rate pursuant to Section 53.4(b) above will be deemed to be similarly situated to Releasing Shipper and Seller will be deemed to have granted the Request. If Seller denies such Request, or if the potential Replacement Shipper does not make a Request, Seller’s recourse commodity rate(s) shall be applicable to any capacity awarded to such potential Replacement Shipper. If Seller denies such Request, Seller shall notify the potential Replacement Shipper via email of the reason(s) for the denial of the Request.

(d) Filing Requirement

Seller will file a Statement of Negotiated Rates prior to the commencement of service under a negotiated rate agreement or, for those negotiated rate agreements between Seller and a Replacement Shipper that incorporate a negotiated commodity rate flowed through to the Replacement Shipper pursuant to Section 53.4(c), as soon as reasonably practicable following the award of the capacity to the Replacement Shipper pursuant to Section 42 of the General Terms and Conditions. The Statement of Negotiated Rates will reflect the Buyer’s exact legal name, rate schedule, negotiated rate, the term of the negotiated rate, quantities, points of receipt and delivery to which the negotiated rate applies, the exact formula underlying a negotiated rate for any negotiated rate agreement, and any other rate-related terms that apply to the negotiated rate.

(e) Effective Date of Negotiated Rates

Any negotiated rate(s) agreed to pursuant to this Section 53 shall become effective only after acceptance by the Commission; prior to such date the rate applicable to any such service shall be the maximum recourse rate(s).

53.5 Rate Treatment

Seller shall have the right to seek in future general rate proceedings discount-type adjustments in the design of its rates related to negotiated rate agreements that were converted from pre-existing discount agreements to negotiated rate agreements, provided that the type of pre-existing service is not altered as a result of the conversion to a negotiated rate. In those situations, Seller may seek a discount-type adjustment based upon the greater of: (a) the negotiated rate revenues received or (b) the discounted rate revenues which otherwise would have been received.

53.6 Limitations

This Section 53 does not authorize Seller to negotiate terms and conditions of service.

GENERAL TERMS AND CONDITIONS

54. PENALTY REVENUE SHARING

Subject to the further provisions of this Section 54, Seller shall distribute annually all penalty revenue collected, net of costs, during each annual period, excluding cash out penalty revenue, to firm and interruptible transportation and storage Buyers. "Net of costs" means the costs resulting from the transactions that gave rise to the penalty amounts, which are defined in Section 6.1 of Rate Schedule EESWS, Section 3.2(d) of Rate Schedule ISS, Section 7.2 of Rate Schedule PAL, and Section 18.9 of the General Terms and Conditions respectively. Each annual period shall consist of a twelve (12) month period ending July 31. For each month during each annual period, Seller shall determine the Buyers that have not incurred in that month any of the penalties subject to distribution pursuant to this section and, therefore, are eligible to share in the penalty revenue collected for that month. Eligible Buyers will share in all penalty revenue collected during that month based on each respective eligible Buyer's actual fixed cost contribution as a percentage of the total fixed cost contribution of all eligible Buyers (exclusive of the fixed cost contribution pertaining to service purchased by Seller from third parties) during that month. The fixed cost contribution for any capacity release transaction not subject to the maximum rate ceiling shall be capped at the fixed cost portion of the maximum tariff rate that applies to the original Shipper's contract.

Within 90 days following each annual period, Seller shall post on its EBB the penalty revenue collected and file a report with the Federal Energy Regulatory Commission and serve such report on Buyers and interested State Commissions. If the penalty revenue collected during an annual period does not exceed \$25,000, Seller shall not distribute the penalty revenue to the eligible Buyers, as determined above, but shall retain the penalty revenue for distribution to the eligible Buyers following the end of the annual period during which the cumulative undistributed penalty revenue collected exceeds \$25,000. Any penalty revenue collected and retained by Seller shall accrue interest calculated pursuant to Section 154.501(d) of the Commission's regulations.

GENERAL TERMS AND CONDITIONS

55. RESERVATION OF CAPACITY

55.1 Reservation of Capacity for Service to Commence at a Future Date

Seller may elect to enter into a prearranged deal with a creditworthy Buyer ("Prearranged Shipper") willing to execute a service agreement to start at a specific date up to three years in the future for service utilizing either currently available unsubscribed capacity or capacity expected to become available at some future date, provided such capacity is not subject to a right-of-first-refusal or the applicable Buyer does not exercise its right-of-first-refusal to retain the capacity. Seller will separately identify on 1Line all capacity that is expected to become available within the next thirty-six months. Seller will not enter into any pre-arranged deals for capacity that has not previously been posted on 1Line as available capacity.

- (a) As soon as the prearranged deal is entered into (but before capacity is actually awarded or reserved by an executed service agreement), Seller will post on 1Line the prearranged deal as part of an open season bidding process in accordance with the provisions of Section 49 of the General Terms and Conditions to permit other parties an opportunity to bid on the capacity on a long-term basis. This open season bidding process will take place even if the capacity has already been subject to an open season and is currently posted as available. Any third party who meets Seller's creditworthiness standards, as set forth in Section 32 of the General Terms and Conditions, wishing to subscribe to the firm capacity, whether for service commencing immediately or in the future, can participate in the open season.
- (b) Bids will be evaluated on a net present value ("NPV") basis. Such evaluation shall take into account the time value of the delay in Seller's receiving revenue under a bid for firm service to commence in the future. If a competing bid for service to commence immediately, or in the future, provides a higher NPV than the prearranged deal, the Prearranged Shipper will have a one-time right to match the highest NPV bid by notifying Seller in writing within fifteen (15) business days of receiving Seller's notification of the best bid.
- (c) If the Prearranged Shipper matches the highest NPV bid, the Prearranged Shipper will be awarded the capacity; otherwise, the capacity will be awarded to the shipper providing the highest NPV bid. If the Buyer to whom the capacity is awarded meets all qualifications for service under the applicable rate schedule, Seller shall submit a service agreement to Buyer which sets forth the terms of such bid. Buyer shall execute the service agreement within thirty (30) days of receipt of the same.
- (d) Once capacity for service to commence in the future is reserved, Seller will make such capacity available on an interim basis in accordance with Section 49 of the General Terms and Conditions. A service agreement for capacity available on such

interim basis shall not be eligible for a right of first refusal for purposes of Section 48 of the General Terms and Conditions.

55.2 Reservation of Capacity for Expansion Projects

Seller may elect to reserve for a future expansion project any currently available unsubscribed capacity or capacity expected to become available at some future date, provided such capacity is not subject to a right-of-first-refusal or the applicable Buyer does not exercise its right-of-first-refusal to retain the capacity.

- (a) Seller may reserve capacity only for a future expansion project for which an open season has been held or will be held within one year of the date Seller posts such capacity as being reserved. If Seller elects to reserve capacity for a future expansion project under this section, such capacity may be reserved for up to one year prior to Seller filing for certificate approval for construction of the proposed expansion facilities, and thereafter until such expansion is placed into service.
- (b) Seller shall, on a limited-term basis up to the in-service date of the expansion project, make available any capacity reserved under this section in accordance with Section 49 of the General Terms and Conditions. A service agreement for capacity available on such interim basis shall not be eligible for a right of first refusal for purposes of Section 48 of the General Terms and Conditions.
- (c) Prior to reserving capacity for future expansion projects under this section, such capacity shall first have been made available in accordance with Section 49 of the General Terms and Conditions.
- (d) Subject to the foregoing, Seller may reserve capacity by means of a posting on 1Line which shall include, without limitation:
 - (i) A description of the expansion project for which the capacity will be reserved;
 - (ii) The total quantity of capacity to be reserved;
 - (iii) The location of the proposed reserved capacity on Seller's system;
 - (iv) When Seller held or anticipates holding an open season in connection with the expansion project;
 - (v) The projected in-service date of the expansion project; and
 - (vi) On an ongoing basis, how much of the reserved capacity has been subscribed on an interim basis.
- (e) To the extent that capacity reserved pursuant to this Section 55.2 is not sufficient to satisfy the requirements of an expansion project, Seller shall conduct, no later than

ninety (90) days after the close of an open season for such expansion project, a reverse open season setting forth not unduly discriminatory terms for the turn back of capacity. Capacity obtained through a reverse open season shall be reserved for an expansion project pursuant to the terms of this Section 55.2; provided, however, that the posting requirements of Section 55.2(c) shall not apply to that capacity.

- (f) Any capacity reserved for an expansion project that does not go forward for any reason shall be reposted as available capacity within 30 days of the date the capacity becomes available, except for capacity committed in service agreements entered into on an interim limited term basis.

GENERAL TERMS AND CONDITIONS

56. Unauthorized Receipts

"Unauthorized Receipts" are those quantities of gas delivered to Seller at a receipt point location where no OBA is in effect when no daily receipt quantities were scheduled and confirmed for that receipt point location in accordance with Section 28 and Section 60 of the General Terms and Conditions.

Seller will post on 1Line the quantity of Unauthorized Receipts by receipt point location for a calendar month by the 15th day of the following month. Receipt point operators and Buyers at locations with Unauthorized Receipts will have until the end of the calendar month following not less than sixty (60) days from the date Seller provides notice on 1Line to schedule and confirm receipt of the Unauthorized Receipts (or portion thereof) in accordance with Section 28 and Section 60 of the General Terms and Conditions. Unauthorized Receipts that have not been scheduled and confirmed by that date will thereafter become the property of Seller. In order to credit Buyers with the Unauthorized Receipts retained by Seller, Seller will include the quantity of Unauthorized Receipts retained in the fuel retention calculation pursuant to Section 38 of the General Terms and Conditions.

GENERAL TERMS AND CONDITIONS

57. PRIORITY OF SERVICE

57.1 This Section of the General Terms and Conditions defines the priority of service categories at Throughput Section Boundaries ((TSB), as defined in Section 57.1 (a) below), points of receipt, points of delivery, and bi-directional points that will be used by Seller in whole or in part to: (i) validate firm entitlements pursuant to Section 58 of the General Terms and Conditions; (ii) schedule and allocate capacity pursuant to Section 59.1 of the General Terms and Conditions; (iii) curtail services, when necessary, pursuant to Section 59.2 of the General Terms and Conditions, and (iv) reduce nominated quantities due to aggregate confirmations pursuant to Section 60.4 of the General Terms and Conditions.

For purposes of Sections 57, 58 and 59, the following definitions shall apply:

- (a) Throughput Section Boundary (TSB) – A location or segment on Seller’s system where Seller anticipates that available capacity may be less than Buyers’ nominations in a given nomination cycle. Seller will establish the TSB as receipt-based or delivery-based, and will establish the affected direction(s) of flow.
- (b) Traditional Delivery Points – The point(s) of delivery specified in Buyer’s executed firm service agreement when the agreement is under one of the following Rate Schedules: FT, FT-G, FTN, FDLS, FTP, GSS, LSS, S-2, LG-A, or SS-2; and the Primary Point delivery points specified in Buyer’s executed service agreement under Rate Schedule LNG.
- (c) Non-Traditional Delivery Points – The point(s) of delivery within Buyer’s Primary Path and within Buyer’s firm transportation entitlements, excluding Traditional Delivery Points.
- (d) Primary Path – The transportation path established by the receipt and delivery points set forth in Buyer’s service agreement.
- (e) Reverse Path – The transportation path that is in the opposite direction of the Primary Path.
- (f) Primary Firm Nominations - Nominations within Buyer’s Primary Path and within Buyer’s firm transportation entitlements, but not including secondary transportation entitlements.
- (g) Non-Secondary Reverse Path (NSRP) Nominations - Reverse Path nominations within Buyer’s firm transportation entitlements, but not including secondary transportation entitlements, that (i) result in the delivery of gas to a point upstream of the point of receipt or (ii) are requested in segments of the system where the direction of gas flow cannot be determined in advance of the Gas Day.

- (h) Secondary Nominations – Nominations in excess of Buyer’s firm transportation entitlements at a TSB, point of receipt or point of delivery, but not in excess of Buyer’s total firm transportation entitlements for the applicable zone; or Reverse Path nominations that result in the delivery of gas to a point downstream of the point of receipt; or nominations using secondary transportation entitlements obtained pursuant to Section 42 of the General Terms and Conditions.
 - (i) Limit Value – As defined in Sections 18.1(a)(i) and 18.1(a)(ii) of the General Terms and Conditions.
 - (j) High Burn – As defined in Section 18.1(a)(iii) of the General Terms and Conditions.
 - (k) Primary Traditional Limit Values – High Burn Limit Values at Traditional Delivery Points and within Buyer’s firm transportation entitlements, but not including non-traditional or secondary transportation entitlements.
 - (l) Primary Non-Traditional Limit Values – High Burn Limit Values at Non-Traditional Delivery Points and High Burn Limit Values in excess of Buyer’s maximum daily capacity entitlement specified in Buyer’s service agreement at Traditional Delivery Points, and within Buyer’s firm transportation entitlements, but not including secondary transportation entitlements.
 - (m) Secondary Limit Values – High Burn Limit Values in excess of Buyer’s firm transportation entitlements at a point of delivery but not in excess of Buyer’s total firm transportation entitlements for the applicable zone; or High Burn Limit Values using secondary transportation entitlements obtained pursuant to Section 42 of the General Terms and Conditions.
- 57.2 Priority of Service for Nominations at Throughput Section Boundaries, listed from highest to lowest priority:
- (a) Priority Class One – Primary Firm Nominations.
 - (b) Priority Class Two – NSRP Nominations.
 - (c) Priority Class Three – Secondary Nominations.
 - (d) Priority Class Four – IT Feeder Maximum Rate: nominations from Buyers paying the maximum rate under Rate Schedule IT that feed a firm service arrangement as described in Section 3.9 of Rate Schedule IT. Buyers paying a negotiated rate that exceeds the maximum rate will be considered to be paying the maximum rate.
 - (e) Priority Class Five – IT Maximum Rate: nominations from Buyers paying the maximum rate under (i) Rate Schedule IT that do not feed a firm service arrangement as described in Section 3.9 of Rate Schedule IT, or (ii) Rate Schedule IDLS. Buyers paying a negotiated rate that exceeds the maximum rate will be considered to be paying the maximum rate.

- (f) Priority Class Six – Discounted IT: nominations from Buyers paying less than the maximum rate under Rate Schedule IT or Rate Schedule IDLS. Buyers paying the highest discounted unit rate will receive first priority and so on (with capacity allocated on a pro rata basis among Buyers paying the same unit rate). If a Buyer is willing to pay the highest unit rate for Rate Schedule IT or Rate Schedule IDLS service, not to exceed the maximum rate, when given notice of interruption, then the priority will be elevated to Priority Class Four, if applicable, or Priority Class Five.
- (g) Priority Class Seven – ICTS Maximum Rate: nominations from Buyers paying the maximum rate under Rate Schedule ICTS. Buyers paying a negotiated rate that exceeds the maximum rate will be considered to be paying the maximum rate.
- (h) Priority Class Eight – Discounted ICTS: nominations from Buyers paying less than the maximum rate under Rate Schedule ICTS. Buyers paying the highest discounted unit rate will receive first priority and so on (with capacity allocated on a pro rata basis among Buyers paying the same unit rate). If a Buyer is willing to pay the highest unit rate for Rate Schedule ICTS service, not to exceed the maximum rate, when given notice of interruption, then the priority will be elevated to Priority Class Seven.
- (i) Priority Class Nine – Make-up Receipts: Make-up receipt nominations that are scheduled as provided in Section 25.9 of the General Terms and Conditions.

57.3 Priority of Service for Nominations at Receipt Points, listed from highest to lowest priority:

- (a) Priority Class One – Primary Firm Nominations
- (b) Priority Class Two – NSRP Nominations.
- (c) Priority Class Three – Secondary Nominations.
- (d) Priority Class Four – IT Feeder Maximum Rate: nominations from Buyers paying the maximum rate under Rate Schedule IT that feed a firm service arrangement as described in Section 3.9 of Rate Schedule IT. Buyers paying a negotiated rate that exceeds the maximum rate will be considered to be paying the maximum rate.
- (e) Priority Class Five – IT Maximum Rate: nominations from Buyers paying the maximum rate under (i) Rate Schedule IT that do not feed a firm service arrangement as described in Section 3.9 of Rate Schedule IT, or (ii) Rate Schedule IDLS. Buyers paying a negotiated rate that exceeds the maximum rate will be considered to be paying the maximum rate.
- (f) Priority Class Six – Discounted IT: nominations from Buyers paying less than the maximum rate under Rate Schedule IT or Rate Schedule IDLS. Buyers paying the highest discounted unit rate will receive first priority and so on (with capacity allocated on a pro rata basis among Buyers paying the same unit rate). If a Buyer is willing to pay the highest unit rate for Rate Schedule IT or Rate Schedule IDLS

service, not to exceed the maximum rate, when given notice of interruption, then the priority will be elevated to Priority Class Four, if applicable, or Priority Class Five.

- (g) Priority Class Seven – ICTS Maximum Rate: nominations from Buyers paying the maximum rate under Rate Schedule ICTS. Buyers paying a negotiated rate that exceeds the maximum rate will be considered to be paying the maximum rate.
- (h) Priority Class Eight – Discounted ICTS: nominations from Buyers paying less than the maximum rate under Rate Schedule ICTS. Buyers paying the highest discounted unit rate will receive first priority and so on (with capacity allocated on a pro rata basis among Buyers paying the same unit rate). If a Buyer is willing to pay the highest unit rate for Rate Schedule ICTS service, not to exceed the maximum rate, when given notice of interruption, then the priority will be elevated to Priority Class Seven.
- (i) Priority Class Nine – Make-up Receipts: Make-up receipt nominations that are scheduled as provided in Section 25.9 of the General Terms and Conditions.

57.4 Priority of Service for Nominations at Delivery Points, listed from highest to lowest priority:

- (a) Priority Class One – Primary Firm Nominations at Traditional Delivery Points.
- (b) Priority Class Two – Primary Firm Nominations at Non-Traditional Delivery Points, Primary Firm Nominations in excess of Buyer’s maximum daily capacity entitlement specified in Buyer’s service agreement at Traditional Delivery Points and NSRP Nominations.
- (c) Priority Class Three – Secondary Nominations, and nominations to Secondary Point delivery points under Rate Schedule LNG.
- (d) Priority Class Four – IT Feeder Maximum Rate: nominations from Buyers paying the maximum rate under Rate Schedule IT that feed a firm service arrangement as described in Section 3.9 of Rate Schedule IT. Buyers paying a negotiated rate which exceeds the maximum rate will be considered to be paying the maximum rate.
- (e) Priority Class Five – IT Maximum Rate: nominations from Buyers paying the maximum rate under (i) Rate Schedule IT that do not feed a firm service arrangement as described in Section 3.9 of Rate Schedule IT, or (ii) Rate Schedule IDLS. Buyers paying a negotiated rate that exceeds the maximum rate will be considered to be paying the maximum rate.
- (f) Priority Class Six – Discounted IT: nominations from Buyers paying less than the maximum rate under Rate Schedule IT or Rate Schedule IDLS. Buyers paying the highest discounted unit rate will receive first priority and so on (with capacity allocated on a pro rata basis among Buyers paying the same unit rate). If a Buyer is willing to pay the highest unit rate for Rate Schedule IT or Rate Schedule IDLS

service, not to exceed the maximum rate, when given notice of interruption, then the priority will be elevated to Priority Class Four, if applicable, or Priority Class Five.

- (g) Priority Class Seven – ICTS Maximum Rate: nominations from Buyers paying the maximum rate under Rate Schedule ICTS. Buyers paying a negotiated rate that exceeds the maximum rate will be considered to be paying the maximum rate.
- (h) Priority Class Eight – Discounted ICTS: nominations from Buyers paying less than the maximum rate under Rate Schedule ICTS. Buyers paying the highest discounted unit rate will receive first priority and so on (with capacity allocated on a pro rata basis among Buyers paying the same unit rate). If a Buyer is willing to pay the highest unit rate for Rate Schedule ICTS service, not to exceed the maximum rate, when given notice of interruption, then the priority will be elevated to Priority Class Seven.
- (i) Priority Class Nine – Make-up Receipts, is not applicable at points of delivery.

57.5 Priority of Service for Nominations at Bi-Directional Points:

For points at which gas can flow both into and out of Seller's system, Seller shall specify in an EBB notice whether the point is restricted for receipts or deliveries, and Seller will apply the priority of service set forth in either Section 57.3 or Section 57.4, as applicable.

57.6 Priority of Service for Limit Values at Swing Service Delivery Points, listed from highest to lowest priority:

- (a) Priority Class One – Primary Traditional Limit Values
- (b) Priority Class Two – Primary Non-Traditional Limit Values
- (c) Priority Class Three – Secondary Limit Values
- (d) Priority Class Four – IT Maximum Rate Limit Values: High Burn Limit Values from Buyers paying the maximum rate under Rate Schedule IT or Rate Schedule IDLS. Buyers paying a negotiated rate that exceeds the maximum rate will be considered to be paying the maximum rate.
- (e) Priority Class Five – Discounted IT Limit Values: High Burn Limit Values from Buyers paying less than the maximum rate under Rate Schedule IT or Rate Schedule IDLS. Buyers paying the highest discounted unit rate will receive first priority and so on (with capacity allocated on a pro rata basis among Buyers paying the same unit rate). If a Buyer is willing to pay the highest unit rate for Rate Schedule IT or Rate Schedule IDLS service, not to exceed the maximum rate, when given notice of interruption, then the priority will be elevated to Priority Class Four.

GENERAL TERMS AND CONDITIONS

58. CONTRACT ENTITLEMENT VALIDATIONS

58.1 Contract Entitlement Validation in a Segment

For each nomination cycle specified in Section 28.1 and Section 39 of the General Terms and Conditions, if the sum of Buyer's requested delivery nominations under Buyer's firm transportation contracts exceeds Buyer's rights to firm transportation service within a given segment of Seller's system (as those rights may be adjusted under the provisions of Section 11.3 of the General Terms and Conditions), Seller shall allocate the requested delivery quantities within the given segment in the following order:

- (1) Priority Class One and Priority Class Two, as identified in Section 57.2 of the General Terms and Conditions, which shall be considered together as the same priority and shall be limited by Buyer's firm transportation entitlements; and
- (2) Priority Class Three, as identified in Section 57.2 of the General Terms and Conditions, limited by Buyer's secondary transportation entitlements.

In addition, the foregoing order shall be applied, as necessary, to ensure that requested deliveries by Buyer and any Replacement Shipper(s) that derive a firm right to service from Buyer within a given segment do not exceed the original firm right to service of the Buyer from whom the Replacement Shipper's firm right to service was derived.

For Timely, Evening, ID1, ID2, and ID3 nomination cycles, Seller shall allocate (i) Priority Class One and Priority Class Two, as identified in Section 57.2 of the General Terms and Conditions, proportionate to Buyer's and Buyer's Replacement Shipper(s)' total affected firm transportation entitlements; and (ii) Priority Class Three, as identified in Section 57.2 of the General Terms and Conditions, pro rata based on nominations. To the extent that the allocation results in reductions that are applicable to multiple transactions on Buyer's contract, Seller will use Buyer's provided schedule ranks (in accordance with NAESB defined data sets), or a pro rata allocation if no ranks are provided by Buyer, to effectuate such reductions.

In the Evening, ID1, ID2, and ID3 nomination cycles, previously confirmed quantities from Priority Class One, Priority Class Two, and Priority Class Three, as identified in Section 57.2 of the General Terms and Conditions, shall be grouped together as Priority Class One and such quantities will not be reduced by new quantities nominated as Priority Class One. Within a contract, to the extent Buyer desires to re-direct a previously confirmed quantity to another transaction within the same priority level, Seller will use Buyer's provided schedule ranks (in accordance with NAESB defined data sets).

58.2 Contract Entitlement Validation at Receipt Points

For each nomination cycle specified in Section 28.1 and Section 39 of the General Terms and Conditions, if the sum of Buyer's requested receipts under Buyer's firm transportation contracts exceeds Buyer's rights to firm transportation service (as those rights may be adjusted under the provisions of Section 11.3 of the General Terms and Conditions) at a given point on Seller's system, Seller shall allocate the requested receipt quantities at the point in the following order:

- (1) Priority Class One and Priority Class Two, as identified in Section 57.3 of the General Terms and Conditions, which shall be considered together as the same priority and shall be limited by Buyer's firm transportation entitlements; and
- (2) Priority Class Three, as identified in Section 57.3 of the General Terms and Conditions, limited by Buyer's secondary transportation entitlements.

In addition, the foregoing order shall be applied, as necessary, to ensure that requested receipts by Buyer and any Replacement Shipper(s) that derive a firm right to service from Buyer at a given point do not exceed the original firm right to service of the Buyer from whom the Replacement Shipper's firm right to service was derived.

For Timely, Evening, ID1, ID2, and ID3 nomination cycles, Seller shall allocate (i) Priority Class One and Priority Class Two, as identified in Section 57.3 of the General Terms and Conditions, proportionate to Buyer's and Buyer's Replacement Shipper(s)' total affected firm transportation entitlements; and (ii) Priority Class Three, as identified in Section 57.3 of the General Terms and Conditions, pro rata based on nominations. To the extent that the allocation results in reductions that are applicable to multiple transactions on Buyer's contract, Seller will use Buyer's provided schedule ranks (in accordance with NAESB defined data sets), or a pro rata allocation if no ranks are provided by Buyer, to effectuate such reductions.

In the Evening, ID1, ID2, and ID3 nomination cycles, previously confirmed quantities from Priority Class One, Priority Class Two, and Priority Class Three, as identified in Section 57.3 of the General Terms and Conditions, shall be grouped together as Priority Class One and such quantities will not be reduced by new quantities nominated as Priority Class One. Within a contract, to the extent Buyer desires to re-direct a previously confirmed quantity to another transaction within the same priority level, Seller will use Buyer's provided schedule ranks (in accordance with NAESB defined data sets).

58.3 Contract Entitlement Validation at Delivery Points

For each nomination cycle specified in Section 28.1 and Section 39 of the General Terms and Conditions, if the sum of Buyer's requested delivery nominations and High Burn Limit Values under Buyer's firm transportation contracts exceeds Buyer's rights to firm transportation service at or through a delivery point on Seller's system (as those rights may be adjusted under the provisions of Section 11.3 of the General Terms and

Conditions), Seller shall allocate the requested delivery quantities at the delivery point in the following order:

- (1) Priority Class One and Priority Class Two, as identified in Section 57.4 of the General Terms and Conditions, shall be considered together as the same priority and shall be limited by Buyer's firm transportation entitlements;
- (2) Priority Class One and Priority Class Two, as identified in Section 57.6 of the General Terms and Conditions, shall be considered together as the same priority and shall be limited by Buyer's firm transportation entitlements;
- (3) Priority Class Three, as identified in Section 57.4 of the General Terms and Conditions, limited by Buyer's secondary transportation entitlements; and
- (4) Priority Class Three, as identified in Section 57.6 of the General Terms and Conditions, limited by Buyer's secondary transportation entitlements.

In addition, the foregoing order shall be applied, as necessary, to ensure that requested deliveries by Buyer and any Replacement Shipper(s) that derive a firm right to service from Buyer at a given point do not exceed the original firm right to service of the Buyer from whom the Replacement Shipper's firm right to service was derived.

For Timely, Evening, ID1, ID2 and ID3 nomination cycles, Seller shall allocate (i) Priority Class One and Priority Class Two, as identified in Sections 57.4 and 57.6 of the General Terms and Conditions, proportionate to Buyer's and Buyer's Replacement Shipper(s)' total affected firm transportation entitlements; (ii) Priority Class Three, as identified in Section 57.4 of the General Terms and Conditions, pro rata based on nominations; and (iii) Priority Class Three, as identified in Section 57.6 of the General Terms and Conditions, pro rata based on High Burn Limit Values provided by the delivery point operator. If the allocation results in reductions that are applicable to multiple transactions on Buyer's contract, then (i) for nominations, Seller will use Buyer's provided schedule ranks (in accordance with NAESB defined data sets) or a pro rata allocation if no ranks are provided by Buyer, to effectuate such reductions; and (ii) for multiple High Burn Limit Values, Seller will use the delivery point operator's provided PDA ranks (as defined in Section 18.1(a)), or a pro rata allocation if no ranks are provided by the delivery point operator, to effectuate such reductions.

In the Evening, ID1, ID2, and ID3 nomination cycles, previously confirmed quantities from Priority Class One, Priority Class Two, and Priority Class Three, as identified in Section 57.4 of the General Terms and Conditions, shall be grouped together as Priority Class One and such quantities will not be reduced by new quantities nominated as Priority Class One. Within a contract, to the extent Buyer desires to re-direct a previously confirmed quantity to another transaction within the same priority level, Seller will use Buyer's provided schedule ranks (in accordance with NAESB defined data sets).

GENERAL TERMS AND CONDITIONS

59. SCHEDULING AND CURTAILMENT

59.1 Scheduling and Allocating Capacity

- (a) Scheduling and Allocating Capacity for Nominations at Throughput Section Boundaries (TSBs)

In the event that Seller determines that all or a portion of the capacity of its system is insufficient to satisfy Buyers' nominations for a Gas Day, the capacity shall be allocated on the basis of the priority classes listed in Section 57.2 of the General Terms and Conditions. When it is necessary to allocate capacity only in a segment of Seller's system, the capacity allocation will be implemented only in that segment of Seller's system. Make-up delivery and PTR replacement nominations will have the same priority of service as the contract and associated transaction path as nominated by Buyer.

If capacity at a TSB is limited within Priority Class One or Priority Class Two, the available capacity shall be allocated to nominations proportionate to each Buyer's total affected firm transportation entitlements (as those rights may be adjusted under the provisions of Section 11.3 of the General Terms and Conditions). If capacity is limited within Priority Class Three through Priority Class Nine, the available capacity in each priority class shall be allocated pro rata based on the nominated quantities and unit rate, as applicable.

To the extent the allocation results in reductions that are applicable to multiple contracts within a priority class, Seller will allocate available capacity pro rata using firm transportation entitlements or nominations, as applicable, to effectuate such reductions. To the extent the allocation results in reductions that are applicable to multiple transactions on a Buyer's contract, Seller will use Buyer's provided schedule ranks (in accordance with NAESB defined data sets), or a pro rata allocation if no ranks are provided by Buyer, to effectuate such reductions.

In the Evening, ID1, ID2, and ID3 nomination cycles, previously confirmed quantities from Priority Class One, Priority Class Two, and Priority Class Three, as identified in Section 57.2 of the General Terms and Conditions, shall be grouped together as Priority Class One and such quantities will not be reduced by new quantities nominated as Priority Class One. Within a contract, to the extent Buyer desires to re-direct a previously confirmed quantity to another transaction within the same priority class, Seller will use Buyer's provided schedule ranks (in accordance with NAESB defined data sets).

Previously scheduled Priority Class Four through Priority Class Nine cannot be bumped by new requests during the ID3 nomination cycle.

In the event capacity becomes available on any day which would enable Seller to render additional service on that day, such additional capacity will be made available in accordance with the priority classes listed in Section 57.2 of the General Terms and Conditions to those Buyers requesting service.

Make-up delivery transactions require confirmation by the delivery point operator and Seller. Seller's ability to confirm make-up delivery transactions shall be dependent upon Seller's operations, and Seller is under no obligation to allow such quantities if it determines, in its sole opinion, such activity would jeopardize pipeline operations. Seller shall post on 1Line any limitations applicable to make-up delivery transactions and may change these limitations as operating conditions require.

(b) Scheduling and Allocating Capacity for Nominations at Points of Receipt

Seller shall allocate capacity at points of receipt based on the priority classes listed in Section 57.3 of the General Terms and Conditions. PTR replacement nominations will have the same priority of service as the contract and associated transaction path as nominated by Buyer.

If capacity at a point of receipt is limited within Priority Class One or Priority Class Two, the available capacity shall be allocated to nominations proportionate to each Buyer's total affected firm transportation entitlements (as those rights may be adjusted under the provisions of Section 11.3 of the General Terms and Conditions). If capacity is limited within Priority Class Three through Priority Class Nine, the available capacity in each priority class shall be allocated pro rata based on nominations and unit rate, as applicable.

To the extent the allocation results in reductions that are applicable to multiple contracts within a priority class, Seller will allocate available capacity pro rata using firm transportation entitlements or nominations, as applicable, to effectuate such reductions. To the extent the allocation results in reductions that are applicable to multiple transactions on Buyer's contract, Seller will use Buyer's provided schedule ranks (in accordance with NAESB defined data sets), or a pro rata allocation if no ranks are provided by Buyer, to effectuate such reductions.

In the Evening, ID1, ID2, and ID3 nomination cycles, previously confirmed quantities from Priority Class One, Priority Class Two, and Priority Class Three, as identified in Section 57.3 of the General Terms and Conditions, shall be grouped together as Priority Class One and such quantities will not be reduced by new quantities nominated as Priority Class One. Within a contract, to the extent Buyer desires to re-direct a previously confirmed quantity to another transaction within the same priority class, Seller will use Buyer's provided schedule ranks (in accordance with NAESB defined data sets).

Previously scheduled Priority Class Four through Priority Class Nine cannot be bumped by new requests within the same priority class or by higher priority class requests during the ID3 nomination cycle.

In the event capacity becomes available on any day which would enable Seller to render additional service on that day, such additional capacity will be made available in accordance with the priority classes listed in Section 57.3 of the General Terms and Conditions to those Buyers requesting service.

Make-up receipt transactions require confirmation by the receipt point operator and Seller. Seller's ability to confirm make-up receipt transactions shall be dependent upon Seller's operations, and Seller is under no obligation to allow such quantities if it determines, in its sole opinion, such activity would jeopardize pipeline operations. Seller shall post on 1Line any limitations applicable to make-up receipt transactions and may change these limitations as operating conditions require.

(c) Scheduling and Allocating Capacity at Points of Delivery

Capacity for nominations at points of delivery and no-notice swings at Swing Service Delivery Points shall be allocated independently, as set forth below, based on the priority classes listed in Sections 57.4 and 57.6, respectively, of the General Terms and Conditions; however, capacity within Priority Class One in Section 57.4 and Priority Class One in Section 57.6 shall be of equal priority, and such capacity shall not be allocated separately except for additional "swing" service at Traditional Delivery Points when it is made available by Seller pursuant to Section 5.1(b) of Rate Schedules FT, FT-G, and FDLS.

(i) Scheduling and Allocating for Nominations

Seller shall allocate capacity at points of delivery based on the priority classes listed in Section 57.4 of the General Terms and Conditions. Make-up delivery and PTR replacement nominations will have the same priority of service as the contract and associated transaction path as nominated by Buyer.

If capacity at a point of delivery is limited within Priority Class One or Priority Class Two, the available capacity shall be allocated proportionate to each Buyer's total affected firm transportation entitlements (as those rights may be adjusted under the provisions of Section 11.3 of the General Terms and Conditions). If capacity is limited within Priority Class Three through Priority Class Nine, the available capacity in each priority class shall be allocated pro rata based on nominations and unit rate, as applicable.

To the extent the allocation results in reductions that are applicable to multiple contracts within a priority class, Seller will allocate available capacity pro rata using firm transportation entitlements or nominations to effectuate such reductions. To the extent the allocation results in reductions that are applicable to multiple transactions on Buyer's contract, Seller will use Buyer's provided schedule ranks (in accordance with NAESB defined data sets), or a pro rata allocation if no ranks are provided by Buyer, to effectuate such reductions.

In the event capacity becomes available on any day which would enable Seller to render additional service on that day, such additional capacity will be made available in accordance with the priority classes listed in Section 57.4 of the General Terms and Conditions to those Buyers requesting service.

Make-up delivery transactions require confirmation by the delivery point operator and Seller. Seller's ability to confirm make-up delivery transactions shall be dependent upon Seller's operations, and Seller is under no obligation to allow such quantities if it determines, in its sole opinion, such activity would jeopardize pipeline operations. Seller shall post on 1Line any limitations applicable to make-up delivery transactions and may change these limitations as operating conditions require.

In the evening, ID1, ID2, and ID3 nomination cycles, previously confirmed quantities from Priority Class one, Priority Class Two, and Priority Class Three, as identified in Section 57.4 of the General Terms and Conditions, shall be grouped together as Priority Class One, and such quantities will not be reduced by new quantities nominated as Priority Class One. Within a contract, to the extent Buyer desires to re-direct a previously confirmed quantity to another transaction within the same priority class, Seller will use Buyer's provided schedule ranks (in accordance with NAESB defined data sets).

Previously scheduled Priority Class Four through Priority Class Nine, as identified in Section 57.4 of the General Terms and Conditions, cannot be bumped by new requests within the same priority class or by higher priority class requests during the ID3 nomination cycle.

(ii) Scheduling and Allocating for No-Notice Swings

Seller shall allocate capacity for High Burn Limit Values at Swing Service Delivery Points based on the priority classes listed in Section 57.6 of the General Terms and Conditions. High Burn Limit Value transactions require confirmation by the delivery point operator and Seller. Seller's ability to confirm Primary Non-Traditional, Secondary, and IT High Burn Limit Values shall be dependent upon Seller's operations, and Seller has no obligation to allow such High Burn Limit Values if Seller determines, in its sole opinion, that such activity could jeopardize pipeline operations. Seller shall post on 1Line any limitations applicable to High Burn Limit Value transactions and may change those limitations as operating conditions require.

If capacity at a point of delivery is limited within Priority Class One or Priority Class Two, the available capacity shall be allocated proportionate to each Buyer's total affected firm transportation entitlements (as those rights may be adjusted under the provisions of Section 11.3 of the General Terms and Conditions). If capacity is limited within Priority Class Three through Priority

Class Five, the available capacity for each class shall be allocated pro rata based on High Burn Limit Values and unit rate, as applicable.

To the extent the allocation results in reductions that are applicable to multiple contracts within a priority class, Seller will allocate available capacity pro rata using firm transportation entitlements or High Burn Limit Values, as applicable, to effectuate such reductions. To the extent the allocation results in reductions of multiple High Burn Limit Values that are applicable to a Buyer's contract, Seller will use the delivery point operator's provided PDA ranks (in accordance with NAESB defined data sets), or a pro rata allocation if no ranks are provided by the delivery point operator, to effectuate such reductions.

59.2 Curtailment of Scheduled Quantities for Nominations during a Day

- (a) If at any time Seller determines that all or a portion of the capacity on Seller's system is insufficient to provide all previously scheduled services, reductions shall be made so as to provide the service which is feasible in the priority of service order prescribed in Section 57 of the General Terms and Conditions, Priority of Service, consistent with the provisions in Section 59.1. When it is necessary to curtail service only in a particular segment of Seller's system, any necessary allocation or reduction shall be implemented only in that segment of Seller's system.
- (b) If quantities are curtailed at TSBs, point(s) of receipt, or point(s) of delivery, the Priority Class Two and Priority Class Three previously scheduled and confirmed quantities shall have the same priority as scheduled and confirmed Priority Class One.
- (c) To enable prompt action in an emergency situation (as described in Section 59.3) where capacity is insufficient, Seller shall have the authority to take all necessary and appropriate actions to preserve the operational integrity of its system. Seller shall notify Buyers of any such emergency situation by posting a notice on 1Line as soon as it is reasonably practical.
- (d) To the extent curtailments are applicable to multiple contracts within a priority class, Seller will allocate pro rata using firm transportation entitlements, nominations or Limit Values, as applicable, to effectuate such curtailments. To the extent curtailments are applicable to multiple transactions of a Buyer's contract, Seller will use Buyer's provided schedule ranks (in accordance with NAESB defined data sets), or pro rata if no ranks are provided by Buyer, to effectuate such curtailments.

59.3 Relief from Capacity Curtailment in Emergency Situations

Seller recognizes that exceptions to the levels of capacity curtailment resulting from this Section 59 may be required in response to emergency situations (including environmental emergencies) during periods of curtailment when capacity in excess of curtailed capacity levels is required to forestall irreparable injury to life or property or to provide for minimum plant protection. Any Buyer seeking emergency relief on this basis shall have the burden of establishing the nature and extent of its problem and the minimum quantity of capacity needed to avoid irreparable injury to life or property or to provide for minimum plant protection. Seller shall not be liable for granting exceptions from capacity curtailment under this Section 59.3 if such exception is based upon information submitted by Buyer to Seller as set forth below. In no event, however, shall the protection by the provisions hereof result in volumes delivered to Buyer in excess of Seller's maximum daily delivery obligation to Buyer at any delivery point under Rate Schedules FT, FTN, FT-G and FDLS and individually certificated firm transportation rate schedules (excluding deliveries made at that delivery point pursuant to Section 2.8 of Rate Schedules FT and FT-G, or Section 2.5 of Rate Schedule FTN or Section 2.6 of Rate Schedule FDLS).

When Buyer declares an emergency situation in order to forestall irreparable injury to life or property, Buyer shall, within 48 hours of such declaration, certify to Seller by sworn affidavit:

- (1) to the nature and extent of the emergency;
- (2) that all sources of gas available to Buyer, including peak-shaving and storage, have been used to the fullest extent possible;
- (3) that all interruptible services of Buyer have been curtailed during such emergency situation;
- (4) that no alternate fuel could be used to prevent such emergency situation; and
- (5) to a detailed plan to prevent a recurrence of similar emergency conditions.

59.4 Overrun of Entitlement during Capacity Curtailment

All quantities of gas taken by Buyer in excess of Seller's maximum daily delivery obligation to Buyer as curtailed pursuant to this Section 59 shall be subject to the overrun penalties set forth in Section 18 of the General Terms and Conditions.

59.5 Compensation

- (a) In the event that the provisions of Section 59.3 are activated by Seller as a result of a force majeure condition or an adverse governmental action, a Buyer receiving priority relief under Section 59.3 pursuant to such activation shall pay compensation, calculated in accordance with Section 59.5, to other Buyers that experienced greater curtailment as a consequence.
- (b) Within thirty days after the end of a month in which Seller has granted priority relief, Seller shall notify each Buyer that experienced greater curtailment ("Excess Curtailed Buyer") as to the quantity of capacity curtailments that such Excess Curtailed Buyer would not have experienced but for the grant of relief (the "Excess Curtailment Quantity"), and shall notify each Buyer that experienced lesser curtailment as to the additional capacity that such Buyer was allocated due to the grant of relief. Seller shall notify all Buyers whose allocations were affected by such relief of the pro rata allocation of the aggregate Excess Curtailment Quantity experienced by all Excess Curtailed Buyers, showing the quantity of capacity to be used for the purpose of determining the amount of compensation owed to each Excess Curtailed Buyer by each Buyer that experienced lesser capacity curtailment. The affected Buyers shall be responsible for resolution of any and all resulting compensation claims between themselves.
- (c) The Buyer that experienced lesser curtailment shall pay to the Excess Curtailed Buyer, damages in an amount equal to the one hundred percent (100%) load factor equivalent of the reservation charges applicable to the curtailed transportation capacity multiplied by the difference between (a) the Excess Curtailed Buyer's pro rata capacity curtailment quantity determined under Section 59.2 and (b) the capacity curtailment quantity determined pursuant to this Section 59. Such payment shall in no way limit the right of Excess Curtailed Buyers to seek further damages in another forum from Buyers that experienced lesser curtailment due to the grant of priority relief pursuant to this Section 59.

GENERAL TERMS AND CONDITIONS

60. CONFIRMATIONS

60.1 Confirmation Principles/Standards

With respect to the timely nomination/confirmation process at a receipt or delivery point, in the absence of agreement to the contrary, the lesser of the confirmation quantities shall be the confirmed quantity. If there is no response to a Request for Confirmation or an unsolicited Confirmation Response, the lesser of the confirmation quantity or the previously scheduled quantity shall be the new confirmed quantity.

With respect to the processing of requests for increases during the intraday nomination/confirmation process, in the absence of agreement to the contrary, the lesser of the confirmation quantities shall be the new confirmed quantity. If there is no response to a Request for Confirmation or an unsolicited Confirmation Response, the previously scheduled quantity shall be the new confirmed quantity.

With respect to the processing of requests for decreases during the intraday nomination/confirmation process, in the absence of agreement to the contrary, the lesser of the confirmation quantities shall be the new confirmed quantity, but in any event no less than the elapsed-prorated-scheduled quantity. If there is no response to a Request for Confirmation or an unsolicited Confirmation Response, the greater of the confirmation quantity or the elapsed-prorated-scheduled quantity shall be the new confirmed quantity.

With respect to the above confirmation rules, if there is no response to a request for confirmation or an unsolicited confirmation response, Seller shall provide the Buyer with the following information to explain why the nomination failed, as applicable:

- (a) Seller did not conduct the confirmation;
- (b) Buyer is told by Seller that the upstream confirming party did not conduct the confirmation;
- (c) Buyer is told by Seller that the upstream Service Requester did not have the gas or submit the nomination;
- (d) Buyer is told by Seller that the downstream confirming party did not conduct the confirmation;
- (e) Buyer is told by Seller that the downstream Service Requester did not have the market or submit the nomination.

This information shall be imparted to the Buyer on the Scheduled Quantity document.

Ranking shall be included in the list of data elements. Seller shall use Buyer provided rankings when making reductions during the scheduling process when this does not conflict with tariff-based rules.

60.2 Timing of Confirmations

When a Confirmation Requester receives a Confirmation Response Document from a Confirming Party by the conclusion of a given quarter hour period, the Confirmation Requester will send to the Confirming Party's designated site a corresponding Confirmation Response Quick Response document by the conclusion of the subsequent quarter hour period.

The quarter hour periods will be defined to begin on the hour and at 15, 30, and 45 minutes past the hour. A given quarter hour will contain all transactions whose receipt time is less than the beginning of the subsequent quarter hour.

60.3 Subsequent Cycle Confirmations

A confirmation will be applied to subsequent cycles within the Gas Day unless the upstream or downstream point operator revises such confirmation. In that event, any such revised confirmation will be applied to subsequent cycles within the Gas Day.

60.4 Aggregate Confirmations

(a) Aggregate Confirmations for Receipts at Pipeline Interconnects, Production Facilities, or Virtual Measurement Points:

In the event that Seller or an upstream point operator reduces the nominated quantities at a pipeline interconnect, production facility, or Virtual Measurement Point, and such reductions are made in aggregate for the point, Seller shall reduce such quantities in the reverse order of the priority classes listed in Section 57.3 of the General Terms and Conditions, except that Priority Class One and Priority Class Two shall be grouped together. To the extent the reductions are applicable to Priority Class One or Priority Class Two, Seller will reduce the nominated quantities proportionate to each Buyer's total affected firm transportation entitlements. For reductions applicable to Priority Class Three through Priority Class Nine, as identified in Section 57.3 of the General Terms and Conditions, Seller will reduce the nominated quantities in each priority class pro rata based on each Buyer's share of total nominations and unit rates, as appropriate.

To the extent the point operator's confirmation results in reductions that are applicable to multiple contracts within a priority class, Seller will reduce the nominations pro rata using firm transportation entitlements or nominations as applicable, to effectuate such reductions. To the extent the confirmation results in

reductions that are applicable to multiple transactions on Buyer's contract (or to transactions within a contract that are charged the same percentage of the maximum rate), Seller will use Buyer's provided schedule ranks (in accordance with NAESB defined data sets), or a pro rata reduction if no ranks are provided by Buyer, to effectuate such reductions. Seller shall not allow reductions below the elapsed pro rata scheduled quantity (as defined in Section 28.1(e) of the General Terms and Conditions) without the express consent of the affected parties.

In the Evening, ID1, ID2, and ID3 nomination cycles, previously confirmed quantities from Priority Class One, Priority Class Two, and Priority Class Three, as identified in Section 57.3 of the General Terms and Conditions, shall be grouped together as Priority Class One and such quantities will not be reduced by new quantities nominated as Priority Class One. Within a contract, to the extent Buyer desires to re-direct a previously confirmed quantity to another transaction within the same priority level, Seller will use Buyer's provided schedule ranks (in accordance with NAESB defined data sets).

- (b) Aggregate Confirmations for Deliveries at Swing Service Delivery Points, Pipeline Interconnects, Production Facilities, or Virtual Measurement Points:

In the event that Seller or a downstream point operator reduces the nominated quantities at Swing Service Delivery Points, pipeline interconnects, production facilities, or Virtual Measurement Points, and such reductions are made in aggregate for the point, Seller shall reduce such quantities pro rata in the reverse order of the priority classes listed in Section 57.4 of the General Terms and Conditions, except that Priority One and Priority Two shall be grouped together. To the extent reductions are applicable to Priority Class One or Priority Class Two, Seller will reduce the nominated quantities proportionate to each Buyer's total affected firm transportation entitlements. For reductions applicable to Priority Class Three through Priority Class Nine, as identified in Section 57.4 of the General Terms and Conditions, Seller will reduce the nominated quantities in each priority class pro rata based on each Buyer's share of total nominations, and unit rate, as appropriate.

To the extent the point operator's confirmation results in reductions that are applicable to multiple contracts within a priority class, Seller will reduce the nominations pro rata using firm transportation entitlements or nominations, as applicable, to effectuate such reductions. To the extent the confirmation results in reductions that are applicable to multiple transactions on Buyer's contract (or to transactions within a contract that are charged the same percentage of the maximum rate), Seller will use Buyer's provided schedule ranks (in accordance with NAESB defined data sets), or a pro rata reduction if no ranks are provided by Buyer, to effectuate such reductions. Seller shall not allow reductions below the elapsed pro rata scheduled quantity (as defined in Section 28.1(e) of the General Terms and Conditions) without the express consent of the affected parties.

In the Evening, ID1, ID2, and ID3 nomination cycles, previously confirmed quantities from Priority Class One, Priority Class Two, and Priority Class Three, as identified in Section 57.4 of the General Terms and Conditions, shall be grouped together as Priority Class One and such quantities will not be reduced by new quantities nominated as Priority Class One. Within a contract, to the extent Buyer desires to re-direct a previously confirmed quantity to another transaction within the same priority level, Seller will use Buyer's provided schedule ranks (in accordance with NAESB defined data sets).

60.5 Final Determination of Scheduled Quantities and Limit Values

To finalize the quantity scheduled for each nomination cycle, a transaction must be confirmed by Seller and the upstream or downstream point operator. Limit Values are considered final once confirmed by Seller following the PDA deadline, which is at 10:30 a.m. CCT on the day following gas flow. The scheduled results and the best available Limit Values will be communicated to the upstream and downstream point operators (as applicable) and the Buyer pursuant to the NAESB WGQ standard scheduling timeline.

GENERAL TERMS AND CONDITIONS

61. OFF-SYSTEM CAPACITY

From time to time, Seller may enter into transportation and/or storage agreements with other interstate or intrastate pipeline and storage companies (“Off-System Capacity”). In the event that Seller acquires Off-System Capacity, Seller will use such capacity for operational reasons or to render service to Buyers on the acquired capacity pursuant to Transco’s FERC Gas Tariff and subject to Transco’s approved rates, as such tariff and rates may change from time to time. For purposes of transactions entered into subject to this Section 61, the “shipper must have title” requirement is waived.