

GENERAL TERMS AND CONDITIONS

52. OPERATIONAL FLOW ORDERS

52.1 Definition

~~(a)~~ ~~_____ (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.

~~(a)~~(b) Seller will issue either a Class 1 or Class 2 OFO. In the event that in Seller's judgment a Class 1 OFO is not sufficient to address the situation fully, or under circumstances in which the operational integrity of the system is more severely threatened, Seller may issue a Class 2 OFO.

~~(b)~~(c) 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 a Class 1 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.

If the declaration of the Class 1 OFO does not rectify the situation that led to the Class 1 OFO or Seller needs to address an imminent situation threatening safe operations or the integrity

of all or part of Seller's system or service to any of its firm transportation customers, Seller may declare a Class 2 OFO.

52.3 OFO Notice, Contents, and Procedures

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

~~(a)~~ ~~_____ (a) _____~~ time and date of issuance;

~~(a)~~(b) identification of the OFO as Class 1 or Class 2;

~~(b)~~(c) time that the OFO is ~~considered to be~~ effective (if no time is specified, the OFO shall be effective immediately);

~~(c)~~(d) duration of the OFO (if none is specified, the OFO will be effective until further notice);

~~(d)~~(e) a description of the area of Seller's pipeline system in which the OFO is in effect;

~~(e)~~(f) the specific actions required to comply with the OFO including the time frame within which compliance is required before penalties are incurred;

~~(f)~~(g) any other terms Seller may reasonably require to ensure the effectiveness of the OFO;
~~and~~

~~(g)~~(h) Seller will publish all notices of implementation of an OFO and all provisions of an OFO on 1Line as expeditiously as possible; ~~and~~;

(i) the OFO may direct all or some Buyers to comply with the notice.

~~_____ (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~~the OFO as soon as it is available.

52.4 Unauthorized OFO Imbalances

(a) Imbalance OFOs

(i) Daily Imbalance OFO

The OFO shall require Buyers to maintain a current balance between receipts and deliveries. 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 2% or 10,000 dt,

whichever is greater (Class 1 OFO) or not less than 5% or 5,000 dt, whichever is greater (Class 2 OFO), in each area in which the OFO is in effect.

(ii) Reduce Cumulative Imbalance OFO

The OFO shall require Buyers to reduce the cumulative monthly imbalance attributable to the Buyer, over the time specified in the OFO (minimum of three (3) Gas Days, one of which must be a business day), to no greater than the tolerance percentage defined in the OFO. Any cumulative monthly imbalance attributable to a party to which Seller has directed a Reduce Cumulative Imbalance OFO in excess of the 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 2% or 10,000 dt, whichever is greater (Class 1 OFO) or not less than 5% or 5,000 dt, whichever is greater (Class 2 OFO), in each area in which the OFO is in effect.

(iii) Maintain Cumulative Imbalance OFO

The OFO shall require Buyers to maintain for the duration of the OFO the cumulative monthly imbalance attributable to Buyer at the time of the OFO notice. Any change in such cumulative imbalance attributable to a Buyer in excess of the 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 2% or 10,000 dt, whichever is greater (Class 1 OFO) or not less than 5% or 5,000 dt, whichever is greater (Class 2 OFO), in each area in which the OFO is in effect.

For Imbalance OFOs and Cumulative Imbalance OFOs, any deliveries 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 the Buyer's deliveries for purposes of calculating the Buyer's 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 OFOs

The OFO shall require Buyers to ensure that gas quantities are received and delivered by Buyer where scheduled. 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.~~ 2% of the Buyer's confirmed nominated quantity, or 10,000 dt, whichever is greater (Class 1 OFO) or not less than 5% of the Buyer's confirmed nominated quantity or 1,000 dt, whichever is greater (Class 2 OFO).

For Scheduling OFOs, any deliveries 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 the Buyer's deliveries for purposes of calculating the Buyer's imbalance.

52.5 OFO Penalties and Reservation

~~(a)~~ (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 charge per dt as shown below~~ equal to charge per dt as shown below for each flow date on which the unauthorized OFO imbalance occurred. The penalty charge shall apply to the unauthorized OFO imbalance in the Buyer's receipt zone(s) or delivery zone(s), based on the action required of the Buyer to comply with the OFO.

(i) Class 1 OFO Penalties

- A. Tier 1 - \$5.00 per dt for the portion of the unauthorized OFO Imbalance that is up to 1½ % above the allowable variance.
- B. Tier 2 - \$10.00 per dt for the portion of the unauthorized OFO imbalance that is greater than 1½ % but less than 3% above the allowable variance.
- C. Tier 3 - \$15.00 per dt for the portion of the unauthorized OFO imbalance that is greater than 3% above the allowable variance.

(ii) Class 2 OFO Penalties

~~The~~ the higher of (i) \$50 per dt or (ii) three times the applicable Midpoint price published in Platts Gas Daily, "Final Daily pPrice sSurvey," as shown below, 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)~~ For the calculation of Class 2 OFO penalties, The price published in Platts Gas Daily, "Final Daily pPrice sSurvey" 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 – The higher of the “Florida Gas, zone 1” and the “Tennessee, 800 Leg” Midpoint prices.
- ~~_____~~ Zone 3 – “Transco, zone 3” Midpoint price.
- ~~_____~~ Zone 4, 4A and 4B – “Transco, zone 4” Midpoint price.
- ~~_____~~ Zone 5 – The higher of the “Transco, zone 5 del. North” and the “Transco zone 5 del. South” Midpoint prices.
- ~~_____~~ 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.

(eb) 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.