

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, Unauthorized Daily Underruns, or Unauthorized Takes under ~~this Sections~~ 18.3, 18.4, 18.5, 18.9, respectively, 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 Unauthorized Daily Underruns 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, Unauthorized Daily Underruns, 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 Unauthorized Daily Underruns

Any quantity of gas scheduled but not taken on any day in excess of the total quantity Seller has allocated pursuant to the provisions of Section 18.1(a) 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, with the exception of gas scheduled under (i) Priority Class One, as

defined in Section 57.4 of the General Terms and Conditions, (ii) Swing Supplier transactions, as defined in Section 2 (t) of the General Terms and Conditions, and (iii) Rate Schedules GSS, LSS, SS-2, S-2, and LNG/LG-A shall constitute Unauthorized Daily Underruns.

18.56 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~~ Traditional Delivery Points, as defined in Section 57.1(b) of the General Terms and Conditions, under Seller's FT, FT-G, FTN, FDLS, GSS and S-2 Rate Schedules ~~and firm X-Rate Schedules~~; (ii) the Scheduled Daily Delivery each day for Buyer(s) at Non-Traditional Delivery Points, as defined in Section 57.1(c) of the General Terms and Conditions, under Seller's FT, FT-G, FTN, and FDLS Rate Schedules; (iii) 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 ~~(iiiiv)~~ 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~~ Traditional Delivery Points, as defined in Section 57.1(b) of the General Terms and Conditions, under Seller's FT, FT-G, FTN, FDLS, GSS and S-2 Rate Schedules ~~and firm X-Rate Schedules~~; (ii) the Scheduled Daily Delivery each day for Buyer(s) at Non-Traditional Delivery Points, as defined in Section 57.1(c) of the General Terms and Conditions, under Seller's FT, FT-G, FTN, and FDLS Rate Schedules; (iii) 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 ~~(iiiiv)~~ 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.

18.67 Overrun and Underrun Charges and Penalties

- (a) 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.

- ~~_____ (ai) _____~~ Tier I Unauthorized Daily Overruns – Unauthorized Daily Overrun quantities up to the allowable daily dispatching variations set forth in Section 18.5-6 will be billed Seller's current Rate Schedule IT rate ~~calculated from Transco's Zone 3 applicable~~ to the zone of delivery, and
- ~~_____ (bii)~~ 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
- ~~_____ (eiii)~~ 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.
- (b) Underrun 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 underrun will be billed at the underrun rate in place prior to the adjustment. All underrun quantities shall be treated as an imbalance.
- ~~_____ (i)~~ Tier I Unauthorized Daily Underruns – Unauthorized Daily Underrun quantities in excess of the allowable variation percentage specified by Seller on 1Line of the total scheduled delivery quantity at the delivery point, up to the quantity equivalent to the variation, will be charged a penalty equal to the IT rate applicable to the zone of delivery. For purposes of this calculation, the total scheduled delivery quantity at the delivery point will exclude (A) Priority Class 1 quantities, as defined in Section 57.4 of the General Terms and Conditions, (B) Swing Supplier transactions, as defined in Section 2 (t) of the General Terms and Conditions, and (C) quantities under Rate Schedules GSS, LSS, SS-2, S-2, and LNG/LG-A.
- ~~_____ (ii)~~ Tier II Unauthorized Daily Underruns – Unauthorized Daily Underrun quantities in excess of the Tier I Unauthorized Daily Underruns, up to 50 dt, will be charged a penalty equal to \$2.50 per dt; and
- ~~_____ (i)~~ Tier III Unauthorized Daily Underruns – Unauthorized Daily Underrun quantities in excess of Tier I and Tier II Unauthorized Daily Underruns will be charged a penalty equal to the higher of \$50 per dt or three times the Reference Spot

Price "Buy" 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 Underrun occurs.

(iii)

18.78 Unauthorized Overruns During Periods of Curtailment

In addition to the charges and penalties under Sections 18.3 and 18.6-7 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.

18.89 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.

18.910 Disposition of Penalties

All Unauthorized Daily Overrun, ~~and~~ Unauthorized Takes, and Unauthorized Daily Underrun penalties collected by Seller during each annual period ending July 31, less an amount equal to Seller's Rate Schedule IT rate applicable to the zone(s) in which the Unauthorized Daily Overruns, Unauthorized Takes, and Unauthorized Daily Underruns occurred multiplied by

the total quantity of Unauthorized Daily Overruns, ~~and~~ Unauthorized Takes, and Unauthorized Daily Underruns, 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~~11 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.