

FERC GAS TARIFF
FIRST REVISED VOLUME NO. 1
OF
PINE NEEDLE LNG COMPANY, LLC
FILED WITH THE
FEDERAL ENERGY REGULATORY COMMISSION

Communications Concerning Rates Should Be Addressed To:

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PRELIMINARY STATEMENT

Pine Needle LNG Company, LLC ("Pine Needle") is a natural gas company principally engaged in the business of liquefied natural gas storage in interstate commerce under authorization granted by, and subject to the jurisdiction of, the Federal Energy Regulatory Commission. Pine Needle owns liquefied natural gas storage facilities in the State of North Carolina. Pine Needle uses the storage facilities to provide gas storage services pursuant to this Tariff.

The location of Pine Needle's facilities is shown on the map included herewith.

Services will be provided under specific service agreements and Pine Needle reserves the right to limit its agreements for storage of gas to customers acceptable to it after consideration of its existing commitments, delivery capacity and other factors deemed pertinent by Pine Needle, consistent with the terms and conditions of this Tariff.

MAP

A map showing the location of the Pine Needle LNG Company, LLC facilities is available at the internet website below.

www.pineneedle.williams.com/PineNeedle/files/TariffOverviewMap/PineNeedleTariffOverviewMap.pdf

PART II – STATEMENT OF RATES AND FUEL

PART II - STATEMENT OF RATES AND FUEL

**SECTION 1
OPEN ACCESS FIRM STORAGE RATES AND FUEL**

STATEMENT OF RATES AND FUEL

Rate Schedule LNG-1

	<u>Daily Maximum Rate</u>	<u>Daily Minimum Rate</u>
Demand charge per Dt of Vaporization Quantity		
Base Rate	\$ 0.07726	\$ 0.00000
Electric Power Unit Rate	<u>\$ 0.01456</u>	<u>\$ 0.01456</u>
Total Rate	\$ 0.09182	\$ 0.01456
Authorized Excess Vaporization Charge per Dt	\$ 3.35143	\$ 0.53144

NOTES:

1. Pursuant to Section 16 of the General Terms and Conditions, the above charges under Rate Schedule LNG-1 shall be increased to include the ACA Unit Rate, as published on the Commission's website, <http://www.ferc.gov>.
2. Pursuant to Section 18 of the General Terms and Conditions, the above charges under Rate Schedule LNG-1 shall be increased to apply the fuel retention percentage as below:

	<u>Maximum Fuel</u>	<u>Minimum Fuel</u>
Retention for Fuel and Gas Otherwise Used or Lost and Unaccounted For	3.42%	3.42%

PART II – STATEMENT OF RATES AND FUEL

**SECTION 2
OPEN ACCESS INTERRUPTIBLE STORAGE RATES AND FUEL**

STATEMENT OF RATES AND FUEL

Rate Schedule LNG-2

	<u>Daily Maximum Rate</u>	<u>Daily Minimum Rate</u>
Commodity Rate per Dt	\$ 3.35143	\$ 0.53144

NOTES:

1. Pursuant to Section 16 of the General Terms and Conditions, the above charges under Rate Schedule LNG-2 shall be increased to include the ACA Unit Rate, as published on the Commission's website, <http://www.ferc.gov>.
2. Pursuant to Section 18 of the General Terms and Conditions, the above charges under Rate Schedule LNG-2 shall be increased to apply the fuel retention percentage as below:

	<u>Maximum Fuel</u>	<u>Minimum Fuel</u>
Retention for Fuel and Gas Otherwise Used or Lost and Unaccounted For	3.42%	3.42%

PART II – STATEMENT OF RATES AND FUEL

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PART III - RATE SCHEDULES

PART III – RATE SCHEDULES

**SECTION 1
OPEN ACCESS FIRM STORAGE SERVICE**

RATE SCHEDULE LNG-1
Natural Gas Liquefaction, Storage and Delivery Service
(Guilford County, North Carolina)

1. AVAILABILITY

- 1.1 This rate schedule is available for the purchase from Pine Needle LNG Company, LLC (hereinafter referred to as "Pine Needle") of a service consisting of the liquefaction of natural gas; the storage of such liquefied natural gas; and the vaporization and delivery of natural gas to any person, company or agency (hereinafter referred to as "Customer"), when Customer and Pine Needle have executed an agreement for service under this rate schedule.
- 1.2 Service under this rate schedule is also available when Customer has obtained released firm storage capacity from a Rate Schedule LNG-1 Customer releasing such firm storage capacity or a Customer re-releasing such firm storage capacity ("Releasing Customer") pursuant to Section 20 of the General Terms and Conditions.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 Applicability

This rate schedule shall apply to receipt of gas, liquefaction, storage, vaporization and redelivery service rendered by Pine Needle for Customer including service released under this rate schedule pursuant to Section 20 of the General Terms and Conditions. Service shall be rendered pursuant to Part 284 of the Commission's regulations and the executed agreement for service hereunder. Service rendered under this rate schedule, within the limitations described in Sections 5 and 6 of this rate schedule, shall be firm, and shall not be subject to curtailment or interruption except as provided in Section 11 of the General Terms and Conditions.

2.2 Pre-granted Abandonment and Right of First Refusal

Section 284.221(d) of the Commission's regulations shall apply to service under this rate schedule subject to the right of first refusal procedures, if applicable, as set forth in Section 23 of the General Terms and Conditions of this Tariff.

3. DEFINITIONS

3.1 Vaporization Quantity

The Vaporization Quantity shall be the maximum quantity which Pine Needle shall be obligated to withdraw from storage, vaporize and deliver for Customer or Customer's account, and which Customer is entitled to receive from Pine Needle's liquefied natural gas storage facility on any day, subject to the limitations set forth in Section 6 of this rate schedule, and shall equal the dekatherm equivalent of up to 10% of each customer's firm

storage capacity quantity. Such quantity shall be specified in the executed service agreement between Customer and Pine Needle.

3.2 Liquefaction Quantity

The Liquefaction Quantity shall be the maximum quantity of gas which Pine Needle shall be obligated to liquefy for Customer on any day, subject to the limitations set forth in Section 5 of this rate schedule, and shall equal the dekatherm equivalent of up to 0.5% of each customer's firm storage capacity quantity. Such quantity shall be specified in the executed service agreement. Such quantity does not include any additional quantities of gas to be retained by Pine Needle for fuel and gas otherwise used, or lost and unaccounted for in its operation.

3.3 Storage Capacity

The Storage Capacity shall be the maximum quantity of liquefied natural gas which Pine Needle is obligated to store for Customer's account at any time. Such quantity shall be specified in the executed service agreement between Customer and Pine Needle.

3.4 Liquefied Natural Gas Balance

The Liquefied Natural Gas Balance of Customer shall be the quantity of gas in storage for Customer's account at any particular time.

4. RATES AND FUEL

4.1 The rates for service under this rate schedule are set forth on the currently effective Statement of Rates and Fuel for Rate Schedule LNG-1. 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.

4.2 For service rendered to Customer under this rate schedule, Customer shall pay Pine Needle each month a daily Demand Charge per Dt of Vaporization Quantity for each day in the month that capacity was held. If Customer acquires capacity through a volumetric release, the daily Demand Charge shall be the rate set forth in the applicable capacity release award posted on Pine Needle's EBB multiplied by the quantity vaporized each day (up to Customer's TCQ); provided, however, Customer's monthly bill may be subject to adjustment to account for any minimum volumetric commitment specified in such capacity release award.

4.3 Pine Needle and Customer may mutually agree to a negotiated rate pursuant to the provisions of Section 32 of the General Terms and Conditions. Such negotiated rate shall be set forth in the executed service agreement.

- 4.4 Pine Needle shall retain from Customer's quantities delivered for liquefaction a percentage of such gas as compensation for fuel and gas otherwise used, or lost and unaccounted for in Pine Needle's operations. Accordingly, Customer shall also deliver or cause to be delivered and Pine Needle shall receive such additional quantities of gas to be retained by Pine Needle. Such percentage is specified on the currently effective Statement of Rates and Fuel for Rate Schedule LNG-1.
- 4.5 For quantities nominated, scheduled and vaporized in excess of Customer's Vaporization Quantity pursuant to Section 6.2 of this rate schedule, Customer shall pay an Authorized Excess Vaporization Charge as set forth on currently effective Statement of Rates and Fuel for Rate Schedule LNG-1.
- 4.6 Customer shall also pay the Annual Charge Adjustment (ACA) surcharge as set forth on currently effective Statement of Rates and Fuel for Rate Schedule LNG-1, and any other charges applicable to service hereunder.

5. LIQUEFACTION AND STORAGE INJECTIONS

5.1 Nominations

Customer shall nominate service under this rate schedule in accordance with Section 17.1 of the General Terms and Conditions when Customer desires the liquefaction of gas hereunder. Pine Needle, in its sole judgment, may waive any nomination deadline, on a non-discriminatory basis, if Pine Needle determines that operating conditions permit. Pine Needle shall liquefy the quantity scheduled by Customer in accordance with and subject to the terms of this rate schedule. Subject to confirmation by the upstream pipeline transporter(s), Customer may request changes in the scheduled daily quantities during a particular day, subject to elapsed pro-rata limitations, for the remainder of such day in accordance with the timelines set forth in Section 17.1 of the General Terms and Conditions and Pine Needle will accommodate such changes, if in Pine Needle's sole judgment, such changes can be made without adverse impact to its operation.

5.2 Daily Liquefaction Quantity

Pine Needle shall endeavor to liquefy on any day as much of Customer's nomination for such day as plant operating conditions permit. If, however, on any day, the total of all Customers' nominations exceed the liquefaction capacity of the plant then the nominations will be allocated based on Customer's proportionate share of the total liquefaction capacity, but Customer shall not be allocated less than its Liquefaction Quantity unless caused by a force majeure event or operating conditions as provided in Section 11 of the General Terms and Conditions.

Customer's Liquefied Natural Gas Balance will be increased by the quantity of gas delivered (or caused to be delivered) by Customer to Pine Needle on that day.

- 5.3 Pine Needle shall be obligated to accept gas for liquefaction in accordance with the above procedure only when Customer's Liquefied Natural Gas Balance is less than Customer's Storage Capacity.

6. VAPORIZATION AND STORAGE WITHDRAWALS

6.1 Nominations

Customer shall nominate service under this rate schedule in accordance with Section 17.1 of the General Terms and Conditions when Customer desires the vaporization and delivery of gas (or delivery of liquefied natural gas under Section 6.3 of this rate schedule) stored for Customer's account under this rate schedule. Pine Needle, in its sole discretion, may waive any nomination deadline, on a non-discriminatory basis, if Pine Needle determines operating conditions permit. Subject to confirmation by the downstream pipeline transporter(s), Customer may request changes in the scheduled daily quantities during a particular day, subject to elapsed pro-rata limitations, for the remainder of that day in accordance with the timelines set forth in Section 17.1 of the General Terms and Conditions. Pine Needle will accommodate such changes, if in Pine Needle's sole judgment, such changes can be made without adverse impact to its operations.

6.2 Daily Vaporization Quantity

Pine Needle shall endeavor to withdraw, vaporize and deliver, on any day, as much of Customer's nomination as operating conditions permit. If, however, on any day, the total of all Customers' nominations exceed the total quantity which Pine Needle can withdraw, vaporize and deliver from storage, then the nominations for that day shall be allocated based upon Customer's proportionate share of the total vaporization capacity, but Customer shall not be allocated less than its Vaporization Quantity unless caused by a force majeure event or operating conditions as provided in Section 11 of the General Terms and Conditions. All quantities of gas nominated, scheduled and withdrawn in excess of Customer's Vaporization Quantity shall be considered Authorized Excess Vaporization Quantities subject to an Authorized Excess Vaporization Charge in accordance with Section 4.5 of this rate schedule.

Customer's Liquefied Natural Gas Balance will be reduced by the quantity of liquefied natural gas delivered (or caused to be delivered) to Customer on that day.

6.3 Withdrawal by Truck

- (a) Storage withdrawals may also be made under this rate schedule by truck, for unanticipated contingency purposes, at the loading platform at Pine Needle's liquefied natural gas storage facility.
- (b) Customer shall give Pine Needle at least 24 hours notice prior to each such withdrawal; such notice shall state the time the carrier will arrive at Pine Needle's

liquefied natural gas storage facilities and the quantity of liquefied natural gas to be received. Pine Needle, in its sole judgment, may waive the 24 hour notice period.

- (c) It shall be Customer's responsibility to assure that Customer's receiving facilities are compatible with Pine Needle's delivery facilities.
- (d) Customer's and/or its carrier company's transportation vehicle shall be in complete compliance with all codes and regulations pertaining to the design, construction and operation of containers for the transportation of liquefied natural gas.
- (e) Customer and/or its carrier company shall have proper insurance and Customer shall provide Pine Needle with a certificate of insurance, satisfactory to Pine Needle, prior to the movement of any vehicle onto Pine Needle's property.
- (f) The size of the transporting vehicle shall not be in excess of a size that can safely navigate the roads at Pine Needle's liquefied natural gas storage facility.
- (g) The quantity of liquefied natural gas delivered by Pine Needle to Customer shall be determined by having the transportation vehicles weighed on certified scales before and after loading. The carrier shall have the responsibility of furnishing Pine Needle with certified weights prior to, and after, loading with liquefied natural gas. Pine Needle shall approve the location of weighings and shall have the option to witness all such weighings. The weight of liquefied natural gas so delivered shall be converted into dekatherms in accordance with the American Gas Association Gas Measurement Committee Report No. 5 of Fuel Gas Energy Metering, as amended, expanded or superseded from time to time, applied in an appropriate manner.
- (h) Customer's Liquefied Natural Gas Balance will be reduced by the quantity of liquefied natural gas withdrawn as calculated in Section 6.3(g) of this rate schedule.

7. RECORDS OF LIQUEFACTION, STORAGE AND VAPORIZATION QUANTITIES, AND LIQUEFIED NATURAL GAS BALANCES

Subject to Section 5(g) of the General Terms and Conditions, Pine Needle shall keep accurate records of gas liquefied, stored, vaporized and delivered to or for Customer or Customer's account, and of Customer's Liquefied Natural Gas Balance, which records shall be made available to Customer at its request.

8. REQUEST FOR SERVICE

Requests for service hereunder shall be considered acceptable if Customer has completed and returned Pine Needle's service request form (which is available to all Customers and potential Customers on request) electronically, on the EBB or to the following address:

Pine Needle LNG Company, LLC
c/o Pine Needle Operating Company
Attention: Customer Service

P. O. Box 1396
Houston, Texas 77251

Such requests for service shall contain the information specified in Pine Needle's service request form, as such may be revised from time to time, and

- (a) Either with the request for service or at the time of execution of the service agreement, such other information, in writing, as is required to comply with regulatory reporting or filing requirements; and
- (b) Sufficient information to determine Customer's credit worthiness in accordance with Section 22 of the General Terms and Conditions of this Tariff.

9. CAPACITY RELEASE AND RE-RELEASE

Customers may release and re-release their Storage Capacity and associated Vaporization Quantity and Liquefaction Quantity rights as set forth under this rate schedule and in accordance with the capacity release provisions outlined in Section 20 of the General Terms and Conditions of this Tariff.

10. TRANSFER OF LNG BALANCE

- (a) Any Customer ("Transferring Customer") under this rate schedule may agree to transfer all or any portion of its Liquefied Natural Gas Balance to another Customer ("Receiving Customer") under this rate schedule. Transferring Customer or Receiving Customer shall give Pine Needle prior notice of the quantity of gas to be transferred and the date such quantity is to be transferred to a Receiving Customer's Liquefied Natural Gas Balance account by submitting a prearranged storage transfer request via Pine Needle's EBB. Transfer requests can be submitted no earlier than 15 calendar days in advance of the designated transfer date. A submitted storage transfer request must be confirmed via Pine Needle's EBB by the Receiving Customer. Following that confirmation, the quantity of gas requested to be transferred must be validated by Pine Needle on the designated transfer date; if, on the designated transfer date, the Transferring Customer does not have the requested transfer quantity available in its Liquefied Natural Gas Balance or the requested transfer quantity will cause the Receiving Customer to exceed its Storage Capacity, then the confirmed transfer will be denied by Pine Needle. If the transfer request is not confirmed on or before 12:00 a.m. Central Clock Time of the designated transfer date, then the transfer request will expire and the quantity subject to the request will remain with the Transferring Customer. 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 confirmation and, if a transfer request is confirmed by the Receiving Customer, the transfer request cannot subsequently be rejected by the Receiving Customer.

11. LNG BALANCE ON TERMINATION OF CONTRACT

Customer must withdraw or transfer its Liquefied Natural Gas Balance on or before the date of termination of the service agreement hereunder. To the extent that Customer fails to dispose of its Liquefied Natural Gas Balance, Pine Needle shall have the right to retain and take title to Customer's Liquefied Natural Gas Balance, at no cost to Pine Needle.

12. GENERAL TERMS AND CONDITIONS

All of the General Terms and Conditions of Pine Needle's First Revised Volume No. 1 FERC Gas Tariff are hereby made a part of this rate schedule. In the event of any inconsistencies between the General Terms and Conditions and this Rate Schedule LNG-1, the terms and conditions of this Rate Schedule LNG-1 shall control.

PART III – RATE SCHEDULES

**SECTION 2
OPEN ACCESS INTERRUPTIBLE STORAGE SERVICE**

RATE SCHEDULE LNG-2
Natural Gas Liquefaction and Terminal Delivery
(Guilford County, North Carolina)

1. AVAILABILITY

This rate schedule is available for the purchase from Pine Needle LNG Company, LLC (hereinafter referred to as "Pine Needle") of natural gas liquefaction and terminal delivery service to any person, company or agency (hereinafter referred to as "Customer") for unanticipated contingency purposes, when Customer has executed a service agreement with Pine Needle for service under this rate schedule.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 This rate schedule shall apply to delivery of liquefied natural gas to Customer into a properly qualified transporting vehicle and concurrent redelivery of gas by Customer to Pine Needle pursuant to Part 284 of the Commission's regulations and the executed agreement for service hereunder.

2.2 Delivery of LNG shall be at the loading platform at Pine Needle's liquefied natural gas facilities located in Guilford County, North Carolina.

2.3 Deliveries hereunder shall be made on an interruptible basis at Pine Needle's sole discretion based upon Pine Needle's determination of quantities available in excess of those required to render firm service pursuant to Pine Needle's Rate Schedule LNG-1.

3. RATES AND FUEL

3.1 Customer shall pay the charge set forth on the currently effective Statement of Rates and Fuel for Rate Schedule LNG-2 for each dekatherm delivered hereunder.

3.2 Pine Needle shall retain from Customer's quantities delivered to Pine Needle a percentage of such gas as compensation for fuel and gas otherwise used or lost and unaccounted for in Pine Needle's operations.

3.3 Customer shall also pay the Annual Charge Adjustment (ACA) surcharge as set forth on currently effective Statement of Rates and Fuel for Rate Schedule LNG-2 and any other charges applicable to service hereunder.

4. PROCEDURE TO NOMINATE AND ALLOCATE SERVICE

4.1 Customer shall nominate quantities requested for delivery hereunder in accordance with Section 17.1 of the General Terms and Conditions. Pine Needle, in its sole judgment, may waive any nomination deadline, on a non-discriminatory basis, if Pine Needle determines that operating conditions permit. Customer's nomination shall include a proposed delivery schedule including the date and the approximate quantity requested for each delivery. Pine

Needle shall furnish its estimate of the quantities it expects to be available within Customer's estimate; provided, however, that nothing herein shall be construed as requiring Pine Needle or Customer to meet such estimates or as precluding revisions in such estimates as conditions may require.

4.2 The conditions of delivery are as follows:

- (a) Customer shall give Pine Needle at least 24 hours notice prior to each delivery; such notice shall state the time the carrier will arrive at Pine Needle's liquefied natural gas storage facilities, and the quantity of liquefied natural gas to be received.
- (b) It shall be Customer's responsibility to assure that Customer's receiving facilities are compatible with Pine Needle's delivery facilities.
- (c) Customer's and/or its carrier company's transportation vehicle shall be in complete compliance with all codes and regulations pertaining to the design, construction and operation of containers for the transportation of liquefied natural gas.
- (d) Customer and/or its carrier company shall have proper insurance and Customer shall provide Pine Needle with a certificate of insurance, satisfactory to Pine Needle, prior to the movement of any vehicle onto Pine Needle's property.
- (e) The size of the transporting vehicle shall not be in excess of a size that can safely navigate the roads at Pine Needle's liquefied natural gas storage facility.

4.3 In the event that nominations for service on any day exceed the quantities available hereunder, delivery requests will be satisfied on a first-come, first-served basis in the order in which Pine Needle received such nominations.

5. DETERMINATION OF DELIVERIES

The quantity of liquefied natural gas delivered by Pine Needle to Customer shall be determined by having the transportation vehicles weighed on certified scales before and after loading. The carrier shall have the responsibility of furnishing Pine Needle with certified weights prior to, and after, loading with liquefied natural gas. Pine Needle shall approve the location of weighings and shall have the option to witness all such weighings. The weight of liquefied natural gas so delivered shall be converted into dekatherms in accordance with the American Gas Association Gas Measurement Committee Report No. 5 of Fuel Gas Energy Metering, as amended, expanded or superseded from time to time, applied in an appropriate manner.

6. CUSTOMER'S CONCURRENT DELIVERY OR WITHDRAWAL NOMINATION

On each day Customer receives service under this rate schedule, Customer shall schedule a same day delivery of natural gas to Pine Needle at Pine Needle's natural gas storage facilities. Quantities of natural gas concurrently delivered to Pine Needle shall be equivalent to the dekatherms delivered by Pine Needle to Customer under this rate schedule, plus the applicable fuel retention factor to compensate for fuel and gas otherwise used or lost and unaccounted for in Pine Needle's

operations. Pine Needle's fuel retention percentage is specified on the currently effective Statement of Rates and Fuel for Rate Schedule LNG-2.

7. REQUEST FOR SERVICE

Requests for service hereunder shall be considered acceptable only if Customer has completed and returned Pine Needle's service request form (which is available to all Customers and potential Customers on request) to the following address:

Pine Needle LNG Company, LLC
c/o Pine Needle Operating Company
Attention: Customer Service
P. O. Box 1396
Houston, Texas 77251

Such requests for service shall contain the information specified in Pine Needle's service request form, as such may be revised from time to time, and

- (a) Either with the request for service or at the time of execution of the service agreement, such other information, in writing, as is required to comply with regulatory reporting or filing requirements; and
- (b) Sufficient information to determine Customer's credit worthiness in accordance with Section 22 of the General Terms and Conditions of this Tariff.

8. GENERAL TERMS AND CONDITIONS

All of the General Terms and Conditions of Pine Needle's First Revised Volume No. 1 FERC Gas Tariff are hereby made a part of this rate schedule. In the event of any inconsistencies between the General Terms and Conditions and this Rate Schedule LNG-2, the terms and conditions of this Rate Schedule LNG-2 shall control.

PART IV - GENERAL TERMS AND CONDITIONS

GENERAL TERMS AND CONDITIONS

1. APPLICATION

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

GENERAL TERMS AND CONDITIONS

2. DEFINITIONS

Terms defined in the rate schedules in this Tariff shall have the same meaning in these General Terms and Conditions. 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.
- (g) "Scheduled Daily Delivery" - The daily amounts of gas nominated by Customer to Pine Needle covering a specific period of time and scheduled for receipt or delivery by Pine Needle pursuant to the provisions of Pine Needle'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 Customers" - All current storage customers of Pine Needle as well as all persons who have pending requests for storage service or for information regarding storage services of Pine Needle.
- (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) "Point of Delivery" - The point or points at which Pine Needle delivers gas from its facilities to Customers or for the account of Customer; each Point of Delivery shall be set forth in the service agreement(s) with Customer.
- (n) "Point of Receipt" - The point or points at which Pine Needle receives gas into its facilities from or for the account of Customer; each Point of Receipt shall be set forth in the service agreement(s) with Customers.

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 Customer prior to such delivery. Pine Needle 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 Pine Needle to or for the account of Customer or delivered by Customer or Customer's transporter to Pine Needle for liquefaction 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 these General Terms and Conditions.

(c) Extraneous Substances

The natural gas delivered by Pine Needle to or for the account of Customer or delivered by Customer or Customer's transporter to Pine Needle for liquefaction:

- (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 not be delivered at a temperature of more than 80 degrees Fahrenheit;

- (v) Shall not contain in excess of seven (7) pounds of water vapor per million cubic feet;
and
 - (vi) Shall not contain in excess of two (2.0) mole percent of carbon dioxide.
- (d) Failure to Conform

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

If the natural gas tendered by Customer or Customer's transporter to Pine Needle for liquefaction shall fail at any time to conform to any of the specifications set forth in these General Terms and Conditions or might otherwise interfere with or adversely affect Pine Needle's liquefaction or storage process, then upon notification by Pine Needle to Customer, Pine Needle may, at its option, refuse to accept such gas pending correction by Customer or Customer's transporter.

Notwithstanding the foregoing, if the natural gas tendered by Transcontinental Gas Pipe Line Company, LLC ("Transco") to Pine Needle for liquefaction meets the gas quality specifications set forth in Transco's FERC Gas Tariff, then Pine Needle shall not refuse to accept such gas on the basis that such gas fails to conform to any of the specifications set forth in these General Terms and Conditions unless, in Pine Needle's reasonable judgment, acceptance of such natural gas would cause physical harm to Pine Needle's facilities or personnel or would unreasonably interfere with or limit Pine Needle's liquefaction or storage process.

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 Pine Needle to or for the account of Customer or delivered by Customer or Customer's transporter to Pine Needle for liquefaction 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 absolute.
- (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 Pine Needle's meter shall be determined for any day by the continuous use of an electronic temperature sensing device so installed that it may properly record the temperature of the gas flowing through the meter. The arithmetic average of the temperature sensed each 24-hour day or so much of the 24 hours as gas has been flowing, or each hour or so much of each hour as gas has been flowing, shall be used in computing gas quantities. Instantaneous temperature measurements may be applied to electronic metering instruments in lieu of averages to provide the quantity computation.
- (v) The specific gravity of the gas flowing through Pine Needle's meter, when necessary for computing gas quantities, shall be, unless otherwise agreed upon, determined by the use of an online process type gas chromatograph. Arithmetic averages either 24 hours or hourly or so much of either as gas has been flowing shall be used in computing gas quantities. Direct readings from the chromatograph may also be applied to electronic metering instruments in lieu of averages to provide on-site quantity computation.
- (vi) The deviation of the gas from Ideal Gas Laws shall be calculated following the recommendations of the ANSI 2530/API 14.3 "Orifice Metering of Natural Gas and Other Related Hydrocarbon Fluids" (A.G.A. Report No. 3) including the A.G.A. PAR Research Project NX-19 "Manual for Determination of Supercompressibility Factors for

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 Customer and Pine Needle, shall be used.

- (vii) The Heating Value shall be determined by (1) the use of a suitably located and acceptable make gas chromatograph, (2) calculation from a fractional analysis, (3) methods outlined in A.G.A Gas Measurement Committee Report No. 5, latest edition, or (4) other mutually acceptable methods. Dekatherms delivered shall be determined by (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.

GENERAL TERMS AND CONDITIONS

5. MEASUREMENT EQUIPMENT

(a) Measuring Facilities

Pine Needle will install, maintain and operate a measuring facility 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 quantities of gas received for liquefaction and vaporized for delivery shall be measured and determined. Pine Needle shall use Electronic Gas Measurement ("EGM") standard equipment for all custody transfer measured volumes. The Heating Value and Specific Gravity of natural gas received or delivered shall be measured and determined as provided in Section 4(b)(v) and (vii) of these General Terms and Conditions. Orifice meters, where used, shall be installed and operated in accordance with ANSI 2530/API 14.3 "Orifice Metering of Natural Gas and Other Related Hydrocarbon Fluids," latest revision, and shall include the use of straightening vanes. Positive displacement and turbine meters, where used, shall be installed and operated in accordance with A.G.A. Transmission Measurement Committee Report No. 7 "Measurement of Fuel Gas by Turbine Meters."

(b) 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. The records from such measuring equipment shall remain the property of their owner, but upon request, each will submit to the other its records, together with calculations therefrom for inspection and verification, subject to return within ten (10) days after receipt thereof.

(c) 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 Pine Needle and Customer 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.

(d) 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.

(e) Verification

The accuracy of Pine Needle's measurement equipment shall be verified by Pine Needle at reasonable intervals, and, if requested, in the presence of representatives of Customer, but Pine Needle 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, 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 Customer shall be borne by Customer if the measuring equipment, by such tests, is found to be correct.

(f) 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, not exceeding a correction period of sixteen (16) days.

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.

(g) Maintenance of Records

Pine Needle and Customer 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.

(h) New Measurement Methods

If at any time a new method or technique is developed with respect to gas measurement or the determination of the factors used in such gas measurement, such new method or technique may be used by Pine Needle.

GENERAL TERMS AND CONDITIONS

6. BILLING

(a) Rendering of Bills

On or before the first day of the month Pine Needle shall render its bill for the demand charges for service rendered during the preceding month and any adjustments in these charges billed in the previous month(s), including any adjustments for failure to deliver due to force majeure, operating conditions or for other causes.

On or before the 10th day of each month Pine Needle shall render its bill for the remainder of the charges payable for service rendered during the preceding month. Such bill shall include the commodity charges, if any, and any adjustment in these charges billed in the previous month(s).

(b) Rendering of Bills to be Electronic Unless Otherwise Elected

Unless Customer elects, in the manner set forth below, to have bills rendered via U.S. mail, bills shall be rendered electronically via Pine Needle's EBB. Bills shall be rendered electronically when Pine Needle posts notification on Pine Needle's informational posting website that invoices are approved or final on Pine Needle's EBB. Contemporaneously with such posting, Customer shall receive that notification in its private mailbox in Pine Needle's EBB. In addition, Customer may elect, on Pine Needle's EBB, to receive e-mail notification, to the e-mail address designated by Customer, when bills are rendered electronically. It is the Customer's responsibility to maintain current e-mail information in Pine Needle's EBB.

Customer may change the method by which Pine Needle renders bills to such Customer upon 10 days prior written notice to Pine Needle; 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 Pine Needle's EBB.

(c) Billing Adjustments

Prior period adjustment time limits should be 6 months from the date of the initial 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.

(d) Supporting Data

Pine Needle and Customer 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

Except as otherwise hereinafter provided in this Section 7, Customer shall pay to Pine Needle by wire transfer of immediately available funds on or before the 10th day of each month Pine Needle's bill for the demand charges for 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 Pine Needle's bill for the remainder of the charges for service rendered during the preceding calendar month and any adjustment of these charges for the previous month(s).

If the payment date is not a Business Day 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) Failure to Pay

Should Customer 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, Pine Needle, in addition to any other remedy it may have hereunder, may notify Customer in writing of its nonpayment, allowing Customer thirty days to make payment of any unpaid amount and to provide assurances satisfactory to Pine Needle that such non-payment will not recur. Pine Needle will not suspend service under this Section 7(b) until ten days after the end of such thirty-day period, and then only upon written notice to Customer and the Commission. Pine Needle, in its sole discretion, reserves the right to waive trivial interest charges upon receipt of payment for all outstanding balances due from Customer, excluding such interest.

If Customer in good faith shall dispute the amount of any such bill or any part thereof, Customer shall provide written notice of its dispute including documentation identifying basis of dispute and shall either (1) pay to Pine Needle the full amount of such bill, subject to refund as described in Section 7(c), or (2) pay to Pine Needle such amount as it concedes to be correct, and at any time thereafter within 30 days of a demand made by Pine Needle, shall furnish good and sufficient surety bond from a surety on the U.S. Treasury approved list guaranteeing payment to Pine Needle of the amount finally determined to be due. If, under option (2) as set forth in the immediately preceding sentence, Customer, at Pine

Needle's demand, posts a surety bond and the amount finally determined to be due is that amount which Customer asserted in its written notice of its dispute as being the correct amount due, then Pine Needle shall reimburse Customer for the amount of the premium paid for the surety bond obtained by Customer. Upon (1) payment of such bill in full in the manner hereinabove described or (2) the furnishing of such bond by Customer (unless and until default be made in the conditions of such bond), Pine Needle shall not be entitled to suspend service pending a determination of the final amount due. If Customer provides notice of its dispute and fails to (1) pay all or any part of such bill or (2) furnish a bond, Pine Needle 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.

(c) Over or Under Charges

In the event an error is discovered in the amount billed in any statement rendered by Pine Needle, 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 invoice with a 3-month rebuttal period. Billing errors shall be corrected as follows:

- (i) Where Customer has been overcharged and has paid the bill, in the event the overcharge is not the result of Pine Needle's negligence or bad faith, fraud or willful misconduct, the amount of the overpayment will be refunded to Customer 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, or its successor, from the date of the overpayment to the date of the refund. Where the refund is provided to Customer by way of credit on a subsequent invoice rendered to Customer by Pine Needle, the overpayment will be deemed to have been refunded on the due date of the corrected invoice.
- (ii) Where Customer has been undercharged by Pine Needle, Customer will pay the amount of the undercharge without interest provided the undercharge is paid to Pine Needle 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, or its successor, from the due date of the corrected invoice, unless Customer has in good faith disputed the amount of such invoice in accordance with Section 7(b).

(d) Delayed Bills

If rendition of a bill by Pine Needle to Customer is delayed beyond the date specified in Section 6 of these General Terms and Conditions, then Customer shall pay such bill by wire transfer within 10 days after rendition thereof.

GENERAL TERMS AND CONDITIONS

8. CUSTOMER INFORMATION

Pine Needle shall determine the total quantity of gas received from Customer or Customer's transporter and the total quantity of gas delivered to or for the account of a Customer and upon request shall promptly furnish such information to Customer.

GENERAL TERMS AND CONDITIONS

9. POSSESSION OF GAS

After Customer delivers or causes gas to be delivered to Pine Needle at the Point of Receipt, Pine Needle shall be deemed to be in control and possession of the gas until it is redelivered to Customer or for the account of Customer at the Point(s) of Delivery. Customer shall have no responsibility with respect to any gas deliverable by Pine Needle or on account of anything which may be done, happen or arise with respect to such gas until Pine Needle redelivers such gas to Customer or for the account of Customer. Pine Needle shall have no responsibility with respect to such gas before Customer delivers such gas to Pine Needle or after Pine Needle redelivers such gas to Customer or for the account of Customer, 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

Customer warrants for itself, its successors, and assigns, that it will at the time of delivery to Pine Needle for service hereunder have good and marketable title to all gas delivered free and clear of all liens, encumbrances and claims whatsoever. Customer shall indemnify Pine Needle and save it harmless from suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of adverse claims of any or all persons to said gas, including claims for any royalties, taxes, license fees or charges applicable to such gas or to the delivery thereof to Pine Needle for service hereunder.

GENERAL TERMS AND CONDITIONS

11. FORCE MAJEURE AND OPERATING CONDITIONS

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 receipt or delivery facilities, National Weather Service warnings or advisories, whether official or unofficial, that result in the evacuation of facilities, inability to obtain or unavoidable delay in obtaining material or 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 Pine Needle's facilities. Pine Needle shall exercise reasonable diligence to schedule maintenance so as to minimize disruptions of service to Customers 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 Pine Needle'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 (i) the obligation of Customer to pay daily demand charges to Pine Needle and (ii) 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, by telephone or through electronic means 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.

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, by telephone or through electronic means 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, provided that the resolution of strikes, lockouts or other labor disputes shall be within the sole discretion of the party involved therein. Such causes or contingencies affecting the performance of either party shall not relieve Customer from (i) its obligation to make payments of daily demand charges except to the extent that such causes or contingencies are caused by Pine Needle's negligence or willful misconduct, and (ii) its obligation to make payment of amounts accrued and due at the time thereof.

11.2 Daily Interruption or Allocation of Services Due to Force Majeure or Unscheduled Operating Conditions

(a) If, due to force majeure or unscheduled operating conditions, Pine Needle is unable to receive, liquefy, vaporize or redeliver gas tendered by Customers for firm contract storage service, then Pine Needle, shall order reduction of service in accordance with the following provisions:

(i) In cases where Pine Needle's ability to provide service under Rate Schedule LNG-2 is affected, Pine Needle shall first order interruption or allocation of service on a last-come-first-interrupted basis.

(ii) After interruption or allocation of services as specified in 11.2(a)(i), Pine Needle shall order reduction of Customers' firm contract storage, liquefaction and/or vaporization entitlements on a pro rata basis based on firm contract entitlements.

11.2 (b) Notice provided by Pine Needle to Customer of any reduction in contract shall be given as soon as possible under all circumstances but no later than the beginning of the next Business Day. Such notice shall be made available on Pine Needle's EBB, and Pine Needle shall make reasonable efforts to provide notice by e-mail or telephone.

11.3 Daily Interruption or Allocation of Service Due to Scheduled Operating Condition If due to scheduled operating conditions, Pine Needle is unable to receive, liquefy, vaporize or redeliver gas tendered by Customers for storage service, then Pine Needle, upon providing as much notice as possible before ordering a reduction of service in accordance with Sections 11.2(a)(i) and 11.2(a)(ii).

GENERAL TERMS AND CONDITIONS

12. PRESSURES

Deliveries of natural gas to Pine Needle at the Point of Receipt shall be made at sufficient pressures to enter Pine Needle's system but in no event shall Pine Needle receive such deliveries at pressures higher than 800 psig.

Pine Needle shall deliver natural gas to Customer or Customer's transporter at sufficient pressures at the Point of Delivery to enter the downstream transporter's system but in no event shall Pine Needle make such deliveries at pressures greater than 800 psig.

Natural gas delivered by Pine Needle to Customer or Customer's transporter in the liquid phase shall be at the pressure developed by the force of gravity on the liquid head contained in Pine Needle's storage tank or at the pressure developed by auxiliary equipment that may be in operation at the time of delivery.

GENERAL TERMS AND CONDITIONS

13. DULY CONSTITUTED AUTHORITIES

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

GENERAL TERMS AND CONDITIONS

14. 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 Pine Needle or Customer 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 Pine Needle's Electronic Bulletin Board (1LineSM) and such posting shall be considered as duly delivered.

GENERAL TERMS AND CONDITIONS

15. MAXIMUM DAILY DELIVERY OBLIGATIONS

The maximum daily delivery obligation under Pine Needle's Rate Schedules LNG-1 or LNG-2 shall be the Vaporization Quantity specified in the applicable service agreement. Pine Needle shall notify Customer, in advance, of the Heating Value to be used by Customer to determine the maximum daily delivery obligation of Pine Needle and, as far in advance as possible, when any change in such Heating Value is anticipated.

GENERAL TERMS AND CONDITIONS

16. ANNUAL CHARGE ADJUSTMENT (ACA) PROVISION

16.1 Application. This Section of the General Terms and Conditions is filed pursuant to Section 154.402 of the Federal Energy Regulatory Commission's Regulations and Order No. 472 issued May 29, 1987. This Section authorizes Pine Needle to recover from Customers the annual charge assessed to Pine Needle by the Commission for Commission budgetary expenses. Pine Needle shall recover this charge by including in Pine Needle's rates a per unit rate equivalent to the per Dt charge assessed against Pine Needle by the Commission. During the effectiveness of this ACA provision, it is Pine Needle's intent not to recover in an NGA Section 4 rate case any annual charges recorded in FERC Account No. 928 assessed to Pine Needle by the Commission pursuant to Order No. 472.

16.2 Definitions

- (a) Effective Date. Pine Needle shall adjust its rates annually, effective each October 1, to incorporate the ACA Unit Rate which is published on the Commission's website, <http://www.ferc.gov>.
- (b) Unit Rate. Pine Needle's Unit Rate shall be the unit rate used by the Commission to determine the annual charge assessment to Pine Needle adjusted, as appropriate, to a thermal basis.
- (c) Affected Rate Schedules. The affected Rate Schedules are all storage Rate Schedules contained in Pine Needle's First Revised Volume No. 1 FERC Gas Tariff.

16.3 Procedures 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 located at <http://www.ferc.gov>.

GENERAL TERMS AND CONDITIONS

17. NOMINATIONS, CONFIRMATIONS AND ALLOCATION OF CAPACITY

17.1 Nominations

(a) Customer shall notify or cause Pine Needle to be notified of Customer's receipt and delivery requirements under all firm and interruptible rate schedules in advance of such requirements. All times specified in Section 17 are Central Clock Time (pursuant to NAESB WGQ Standard No. 0.3.17). Pine Needle, in its sole judgment, may waive any nomination and ranking deadlines, on a non-discriminatory basis, if Pine Needle 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 Customer's desired levels of service under firm and interruptible rate schedules, a nomination made through electronic data interchange shall include all mandatory Commission-approved data elements; for a nomination made through Pine Needle's EBB, Customer shall furnish Pine Needle the following:

- (i) Customer's Contract and ID;
- (ii) The desired receipt and delivery points, the corresponding daily quantities, and the schedule ranks;
- (iii) Names of entities who will deliver gas to Pine Needle and entities who will receive gas from Pine Needle;
- (iv) The downstream contract and entity who will receive gas from Pine Needle, 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 Customer's contract; and
- (vi) Transaction Type.

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 17.3 have a retroactive effect.

All nominations for service must be made electronically through Pine Needle's EBB, by electronic data interchange, or by submitting a nomination through Transco that contains the path from the receipt/delivery on Transco to the corresponding delivery/receipt on Pine Needle; provided however, nominations submitted through Transco (i) must be in a form acceptable to Transco and Pine Needle and (ii) Transco and Pine Needle must be able to accommodate the interface.

- (b) Customer's nomination and schedule ranks, to be deemed timely, must conform to the following timeline (the Timely Nomination on the day prior to gas flow):

1:00 p.m. Electronic nomination leaves control of the Customer for nominations submitted by either Pine Needle's EBB or electronic data interchange;
1:15 p.m. Receipt of nomination by Pine Needle through electronic data interchange, including from Title Transfer Tracking Service Providers (TTTSPs);
1:30 p.m. Quick response by Pine Needle regarding validity of data elements of nominations received through electronic data interchange;
4:30 p.m. Receipt of completed confirmations by Pine Needle from upstream and downstream connected operating entities;
5:00 p.m. Scheduled quantities made available by Pine Needle for receipt by Customer and point operator.

- (c) Customer'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) Pine Needle will accept nominations and schedule ranks for a Gas Day which are received after the Timely Nomination and ranking deadlines identified in Section 17.1(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 Customer for nominations submitted by either Pine Needle's EBB or electronic data interchange;
6:15 p.m. Receipt of nomination by Pine Needle through electronic data interchange, including from TTTSPs;
6:30 p.m. Quick response by Pine Needle regarding validity of data elements of nominations received through electronic data interchange;
8:30 p.m. Receipt of completed confirmations by Pine Needle from upstream and downstream connected operating entities;

9:00 p.m. Pine Needle to provide scheduled quantities to affected Customers 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) Pine Needle will accept nominations and schedule ranks for a gas day which are received after the nomination and ranking deadlines identified in Section 17.1(b) and 17.1(c) 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 Customer for nominations submitted by either Pine Needle's EBB or electronic data interchange;

10:15 a.m. Receipt of nomination by Pine Needle through electronic data interchange, including from TTTSPs;

10:30 a.m. Quick response by Pine Needle regarding validity of data elements of nominations received through electronic data interchange;

12:30 p.m. Receipt of completed confirmations by Pine Needle from upstream and downstream connected operating entities;

1:00 p.m. Pine Needle to provide scheduled quantities to affected Customers 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) Pine Needle will accept nominations and schedule ranks for a gas day which are received after the nomination and ranking deadlines identified in Section 17.1(b), 17.1(c)(i), and 17.1(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 Customer for nominations submitted by either Pine Needle's EBB or electronic data interchange;

2:45 p.m. Receipt of nomination by Pine Needle through electronic data interchange, including from TTTSPs;

3:00 p.m. Quick response by Pine Needle regarding validity of data elements of nominations received through electronic data interchange;

5:00 p.m. Receipt of completed confirmations by Pine Needle from upstream connected operating entities;

5:30 p.m. Pine Needle to provide scheduled quantities to affected Customers 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) Pine Needle will accept nominations and schedule ranks for a Gas Day which are received after the nomination and ranking deadlines identified in Section 17.1(b), 17.1(c)(i), 17.1(c)(ii), and 17.1(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 Consumer for nominations submitted by either Pine Needle's EBB or electronic data interchange;

7:15 p.m. Receipt of nomination by Pine Needle through electronic data interchange, including from TTTSPs;

7:30 p.m. Quick response by Pine Needle regarding validity of data elements of nominations received through electronic data interchange;

9:30 p.m. Receipt of completed confirmations by Pine Needle from upstream connected operating entities;

10:00 p.m. Pine Needle to provide scheduled quantities to affected Customers and point operators.

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

- (d) Pine Needle will accept nominations for a Gas Day which are received after the nomination deadlines identified in Section 17.1(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 Pine Needle 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.

Pine Needle will provide scheduled quantities to affected Customers and point operators by 11:30 a.m. Central Clock Time 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-prorated-scheduled quantity will apply to all nomination decreases submitted in the ID1, ID2, and ID3 cycles.

- (f) Pine Needle will publish all bumping notices on its EBB service 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 WGQ 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.

17.2 Confirmations

An upstream or downstream operating entity's confirmation of nominations made pursuant to Section 17.1 herein, will be applied to subsequent cycles within the gas day unless the operating entity revises such confirmation. In that event, any such revised confirmation will be applied to subsequent cycles within the gas day.

17.3 Adjustments to Prior Gas Day Scheduled Quantities

Adjustments to prior gas day scheduled quantities after the Post Cycle deadline set forth in Section 17.1(d) will be permitted by Pine Needle in accordance with the following procedures and only if all parties affected by the resulting prior period reallocation (including Pine Needle) consent via 1Line or in writing to the adjustment; provided, however, Pine Needle 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. All communication under this Section 17.3 must be made electronically consistent with Section 17.1(a) of the GT&C.

- a) For adjustments to prior gas day scheduled quantities for days in the current production month, Customer or the point operator must submit requests within 10 days after the close of the affected gas day or by the 2nd day of the following month, whichever is sooner.
- b) For adjustments to prior gas day scheduled quantities for days in a prior production month for which allocations are closed, Customer or the point operator must submit requests by the 25th day of a month. Requests submitted more than 6 months from the date of the initial transportation invoice will be rejected.

Pine Needle will notify all parties affected by a Customer's or point operator's request for an adjustment to prior gas day scheduled quantities. All affected parties (including Pine Needle) must indicate their consent within 5 days of the later of (1) the date of Customer's or point operator's request, or (2) the date of the most recent consent submitted by an affected party and received by Pine Needle; provided however, all consents must be

received by Pine Needle before the date that allocations close for the accounting month. If all affected parties' consents are not received by Pine Needle in accordance with these provisions, Customer's or point operator's request will expire. Customers 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.

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

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

17.4 Allocation of Capacity

In reaching its determination of capacity which Pine Needle anticipates that it will have available to satisfy Customers' requests for services each day, Pine Needle will give first priority to Customers under Rate Schedule LNG-1. In the event quantities scheduled under Section 6.3 of Rate Schedule LNG-1 exceed Pine Needle's truck loading capability for any day, Pine Needle shall order reduction of Customer's firm truck loading entitlements on a pro rata basis based on the firm contract storage entitlements of the Customers scheduling such withdrawals. To the extent capacity remains, it shall be allocated to Customers' interruptible services under Rate Schedule LNG-2 on a first-come, first-served basis.

GENERAL TERMS AND CONDITIONS

18. FUEL RETENTION ADJUSTMENT PROVISION

18.1 General

This section of the General Terms and Conditions sets forth the procedures to reflect changes in Pine Needle's fuel retention percentage (FRP) applicable to Pine Needle's storage services under which Pine Needle retains fuel.

18.2 Conditions

- (a) The FRP set forth on the Statement of Rates and Fuel for Rate Schedule LNG-1 and Rate Schedule LNG-2 may be increased to reflect a net positive change in FRP and shall be decreased to reflect a net negative change in FRP.
- (b) Pine Needle shall file with the Federal Energy Regulatory Commission to reflect net changes in FRP at least 30 days prior to each May 1 which is the beginning date for the Annual Period.

18.3 Definitions

- (a) Annual Period - The annual period beginning each May 1.
- (b) Actual Gas Required for Operations (GRO) - Actual gas used in Pine Needle's operations including all gas otherwise used, lost or unaccounted for.
- (c) Estimated GRO - Actual GRO quantities for the latest twelve month period adjusted, where necessary, for known variations from actual experience.
- (d) Estimated Volumes - Actual annual volume determinants attributable to services to which Pine Needle allocates or assigns GRO quantities for the latest twelve month period adjusted, where necessary, for known variations from actual experience.
- (e) 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 18.

18.4 Determination of the Current FRP

Pine Needle shall determine the Current FRP 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 18.5(d). Such resulting quantity shall be allocated to or assigned among

services in accordance with the allocation methods and principles in effect on Pine Needle's system.

- (b) The quantities determined in Section 18.4(a) will be divided by the Estimated Volume determinants, as appropriate.

18.5 Deferred GRO Account

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

- (a) Pine Needle shall determine each month the Actual GRO quantities.
- (b) Pine Needle shall determine each month the actual recovery of GRO quantities by multiplying, as applicable, Pine Needle's FRPs by the appropriate volume determinants. Pine Needle shall add to this quantity any storage inventory retained pursuant to Section 20.15 of the General Terms and Conditions.
- (c) Each month, Pine Needle shall determine the difference, positive or negative, between the quantities computed in Section 18.5(a) and 18.5(b) and multiply such difference by the currently applicable GRO Index as defined in Section 18.6 herein. The resulting product shall be recorded each month in a subaccount of Account No. 182.3 of the Uniform System of Accounts which Pine Needle shall designate as a Deferred GRO Account. Interest shall be computed on the balance in Pine Needle's Deferred GRO Account, positive or negative, based on the method prescribed in Section 154.403(7) of the Commission's Regulations.
- (d) Pine Needle shall incorporate the Deferred GRO Account balance into each annual FRP filing by dividing (i) the current balance in the Deferred GRO Account by (ii) the weighted average value of the GRO Index for the Deferral Period.

18.6 GRO Index

For any month, the GRO Index shall consist of the simple average of four relevant price series, expressed in units of \$/MMBTU, set forth in the table "Gas Price Report" published in the first issue in such month of Natural Gas Week (or any succeeding publication of Oil Daily, Inc.) for the following geographical regions:

Texas, Gulf Coast, Offshore, Spot Delivered to Pipeline

Texas, Gulf Coast, Onshore, Spot Delivered to Pipeline

Louisiana, Gulf Coast, Offshore, Spot Delivered to Pipeline

Louisiana, Gulf Coast, Onshore, Spot Delivered to Pipeline

GENERAL TERMS AND CONDITIONS

19. ELECTRIC POWER COST ADJUSTMENT PROVISION

19.1 General

This section of the General Terms and Conditions sets forth the procedures to reflect in Pine Needle's rates changes in the amounts payable by Pine Needle for electric power costs used at Pine Needle's LNG plant.

19.2 Conditions

- (a) The Electric Power Cost rate set forth on the Statement of Rates and Fuel for Rate Schedule LNG-1 and Rate Schedule LNG-2 may be increased to reflect a net positive change in Electric Power rates and shall be decreased to reflect a net negative change in Electric Power rates.
- (b) Pine Needle shall file with the FERC to reflect net changes in the Electric Power rates at least 30 days prior to each May 1, which is the beginning date for the Electric Power Annual Period.

19.3 Definitions

- (a) Electric Power Annual Period - The annual period beginning May 1, 1999 and each annual period thereafter.
- (b) Actual Electric Power Costs - The cost incurred by Pine Needle for electric power used at Pine Needle's LNG plant. Such actual cost shall include all charges attributable to any period encompassed by the effectiveness of this Section 19, including all refunds, surcharges, billing adjustments and interest, positive or negative.
- (c) Estimated Electric Power Costs - The projected 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 storage services) attributable to services to which Pine Needle allocates or assigns electric power costs.
- (e) 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 19.

19.4 Determination of the Current Electric Power Rate

Pine Needle shall determine the Current Electric Power rate for each Electric Power Annual Period by the following procedures:

- (a) The Estimated Electric Power Costs shall be summed with the balance accumulated at the end of the Deferral Period in the Electric Power Deferred Account as determined in accordance with Section 19.5. 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 Pine Needle's system.
- (b) The amounts determined in Section 19.4(a) will be divided by the Estimated Contract Demand determinants.

19.5 Transmission Electric Power Deferred Account (Account)

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

- (a) Pine Needle shall determine each month the Actual Electric Power costs.
- (b) Pine Needle shall determine each month the actual recovery of Electric Power Costs by multiplying, as applicable, Pine Needle's actual demand determinants by the current Electric Power rate(s).
- (c) Each month, Pine Needle shall determine the difference, positive or negative, between the amount computed in Section 19.5(a) and 19.5(b) and record such difference in a subaccount of Account No. 182.3 of the Uniform System of Accounts which Pine Needle shall designate as a Electric Power Deferred Account. Interest shall be computed on the balance in Pine Needle's 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

20. CAPACITY RELEASE

20.1 Purpose. This section sets forth the provisions under which a Customer ("Releasing Customer") which has a currently effective service agreement with Pine Needle for firm storage service rendered under Part 284 of the Commission's regulations may release its firm capacity entitlements as described in Sections 20.2 and 20.3 to a third party ("Replacement Customer"). A Replacement Customer may re-release all or part of the acquired firm capacity entitlements under Rate Schedule LNG-1 to one or more other Replacement Customers.

This section also sets forth the provisions under which a potential Replacement Customer may communicate to a potential Releasing Customer and offer to purchase capacity as described in Section 20.16.

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

- (a) Releasable Firm Capacity Entitlements - Firm storage capacity entitlements (and service associated vaporization and liquefaction entitlements) as described in a Releasing Customer's agreement.
- (b) Prearranged Release - Arrangement by a Releasing Customer for a specific Replacement Customer to obtain the Releasing Customer's released capacity.
- (c) Recall Rights - Conditions under which the right to the released capacity reverts from the last Replacement Customer to a Releasing Customer who specified such conditions. Such conditions must be objectively stated, non-discriminatory and applicable to all potential Replacement Customers.
- (d) Best Bid - Potential Replacement Customers who qualify for bidding pursuant to Section 20.7(b) hereunder ("bidders") shall be allowed to submit bids for capacity. Within 1 hour after the close of the bidding period, Pine Needle shall determine the Best Bid based on the Releasing Customer's objective criteria and shall report same to the Releasing Customer. If the Releasing Customer does not provide the objective criteria to be used for selecting the Best Bid, then Pine Needle's objective criteria for Best Bid shall be used as set forth in Section 20.11. If the Releasing Customer does not provide a tie-breaking methodology, then Pine Needle's tie-breaking methodology shall be used as set forth in Section 20.11. The terms of the winning Bid shall be posted by Pine Needle on Pine Needle's EBB and such posting shall include the following information:
 - (i) The identity of the Releasing Customer.
 - (ii) The identity of the Replacement Customer.

- (iii) The term of the release.
 - (iv) The daily demand charge per Dt of vaporization quantity entitlement applicable to the capacity.
 - (v) All conditions of release objectively stated including, but not limited to, any recall conditions.
 - (vi) The specific quantity of capacity 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.
- (e) Contingent Bids - If permitted by a Releasing Customer, bidders may qualify their acceptance of awarded capacity contingent upon such bidder obtaining other released capacity, whether on Pine Needle'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.
- (f) Reput Rights - An indication, specified at the time of the deal, whether Releasing Customer may reput capacity to Replacement Customer after a recall.
- (g) 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 Pine Needle's minimum reservation rate or zero cents when there is no stated minimum reservation rate.
- (h) 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.
- 20.3 Release Rights. A Releasing Customer may release its Releasable Firm Capacity Entitlements in whole or in part on a full or partial term basis, with or without Recall Rights or any combination thereof.
- 20.4 Prearranged Releases Not Subject to Prior Notice

- (a) A Releasing Customer may release capacity to a qualified Replacement Customer by notifying Pine Needle via Pine Needle's EBB service 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 20.5 unless such release is to an asset manager or to a marketer participating in a state-regulated retail access program pursuant to Section 20.4(a)(iii) or Section 20.4(a)(iv). The Releasing Customer's notification to Pine Needle shall include the information set forth in Section 20.2(d). At the request of the Releasing Customer, releases pursuant to Section 20.4(a)(i), (iii) or (iv) may be posted for bidding and, if so posted, are subject to the requirements of Section 20.5.

- (b) Pine Needle shall post notice of the transaction on Pine Needle's EBB service or electronic data interchange in accordance with the provisions of Section 20.9. The notification shall include the information set forth in Section 20.2(d).
- (c) Any release pursuant to Section 20.4(a)(i) may not be rolled over, extended or in any way continued to the same Replacement Customer unless a period of at least 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 20.4(a)(ii), (iii) or (iv).

20.5 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, must be posted for bidding pursuant to the requirements of this Section 20.5 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, Releasing Customer shall notify Pine Needle via Pine Needle's EBB service of such release. Pine Needle shall post the notice of prearranged offer for release on its EBB service or through electronic data interchange. The notification shall include the following information:

- (a) The identity of the Releasing Customer unless Releasing Customer 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.
- (e) The prearranged and maximum daily demand charge per Dt/d of vaporization quantity entitlement 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 Customer 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 Pine Needle shall contact the prearranged Replacement Customer and the prearranged Replacement Customer shall have the option to match the terms and conditions of the Best Bid in accordance with Section 20.5(i) and thereby be awarded such capacity. The minimum length of time within which a prearranged Customer may match the Best Bid is one half hour after the evaluation period ends in accordance with Section 20.9. The terms of the winning bid shall be posted by Pine Needle in accordance with Section 20.2(d).

20.6 Releases that are Not Prearranged

Releases that are not prearranged are subject to prior notice and competitive bidding. Pine Needle shall post the notice of release on its EBB. The notification shall include the following information:

- (a) The identity of the Releasing Customer unless Releasing Customer 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 Customer.
- (d) The rate schedule and specific quantity of capacity to be released.
- (e) The maximum daily demand charge per Dt/d of vaporization quantity entitlement 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 Pine Needle in accordance with Section 20.2(d).

20.7 Submission of Offers and Bids

- (a) Offers for capacity to be released and bids for released capacity shall be submitted to Pine Needle via its EBB service. Offers are binding until electronic notice of withdrawal is received by Pine Needle. For each business day, all objectively stated and nondiscriminatory approved offers for release capacity received by Pine Needle from Releasing Customers will be made available on Pine Needle's EBB service or through electronic data interchange in accordance with Section 20.9. Where unanticipated circumstances justify, such offers may be withdrawn unless a minimum bid has been submitted for such capacity.
- (b) All potential Replacement Customers must have satisfied Pine Needle's requirements for credit worthiness pursuant to Section 22 of the General Terms and Conditions of Pine Needle's Tariff prior to submitting a bid for firm capacity posted by a Releasing Customer. If a party does not qualify as a qualified Replacement Customer pursuant to this section, the party cannot bid on a Releasing Customer's offer.
- (c) 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. The bidder may bid the maximum reservation rate, in Pine Needle's tariff or general terms and conditions, as an alternative to the method specified by the Releasing Shipper, except when the release is index-based for a term of one year or less or utilizes market-based rates.

- (d) 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 Pine Needle'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 Pine Needle'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 20.9(a), (b) or (c).

- (e) Only demand charge bids will be allowed, stated either as a daily demand charge per Dt per day of vaporization quantity entitlement applicable to the capacity for storage reservation rate releases or as a daily demand charge per Dt per day vaporized for storage volumetric releases. The maximum rate applicable to capacity release transactions shall be Pine Needle's maximum reservation rates 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.
- (f) Releasing and Replacement Customers shall hold Pine Needle 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 Pine Needle has

incorrectly selected the Best Bid as the result of the negligent action or willful misconduct of Pine Needle.

- (g) Potential Customers bidding for capacity shall have access to other potential Customers' bids, excluding bidder's identity, during the bidding process.
- (h) Releasing Customer may not extend the bid period or the prearranged deal match period, without posting a new release.
- (i) For prearranged capacity releases, the Releasing Customer must submit both the offer and the bid. The Replacement Customer must confirm the prearranged capacity release by accepting the prearranged bid prior to Pine Needle awarding such released capacity.
- (j) The term of the release shall be for a fixed period and shall not continue beyond such term.

20.8 Capacity Release Agreements

Once released capacity has been awarded, the terms of the award, which shall be based on the Releasing Customer's offer to release the capacity and the Replacement Customer's bid for the capacity, and the provisions of Pine Needle's applicable Form of Service Agreement shall together establish and constitute the contractual relationship between Pine Needle and the Replacement Customer 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, the Replacement Customer specifically agrees to follow Pine Needle's nomination deadlines, as set forth in Section 17.1 of these General Terms and Conditions. Such contracting process shall be accomplished through Pine Needle's EBB.

20.9 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 Pine Needle 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 Customer 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 evaluation methodology (including other Releasing Shipper defined evaluation methodologies) can be provided; however, Pine Needle may complete the capacity release process on a different timeline should the Releasing Shipper select another method of evaluation. Further, Pine Needle 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 Pine Needle).

(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. If match is required, match requirement is communicated.

11:30 a.m. Match response due.

12:00 p.m. Where match required, Award posted.

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

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 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 match is required, evaluation period ends and Award posted. If match is required, match requirement is communicated.

11:30 a.m. Match response due.

12:00 p.m. Where match required, Award posted.

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).

(d) The Maximum Posting Period shall be:

(i) Thirty (30) business days for a release period of one year or less.

(ii) Ninety (90) business days for a release period of greater than one year.

20.10 Recall Rights/Reput Rights

(a) Recall conditions cannot be expanded or in any way modified by subsequent Releasing Customers. The Releasing Customer specifying the 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 Customer specifying the recall conditions shall govern.

(b) Pine Needle shall have no liability to any party in relying on the recall instructions and conditions specified by the Releasing Customer, except to the extent that such party establishes that Pine Needle has incorrectly applied such instructions as a result of the negligent action or willful misconduct of Pine Needle.

(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 Pine Needle by the specified times for each cycle, as set forth below. All times in Sections 20.10(c) and 20.10(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 Pine Needle, the quantity to be recalled should be expressed in terms of the total released capacity entitlements.

(i) Timely Recall Notification:

- (a) A Releasing Customer recalling capacity should provide notice of such recall to Pine Needle and the first Replacement Customer no later than 8:00 a.m. on the day that Timely Nominations are due;
- (b) Pine Needle should provide notification of such recall to all affected Replacement Customers no later than 9:00 a.m. on the day the Timely Nominations are due;

(ii) Early Evening Recall Notification:

- (a) A Releasing Customer recalling capacity should provide notice of such recall to Pine Needle and the first Replacement Customer no later than 3:00 p.m. on the day that Evening Nominations are due;
- (b) Pine Needle should provide notification of such recall to all affected Replacement Customers no later than 4:00 p.m. on the day that Evening Nominations are due (Central Clock Time);

(iii) Evening Recall Notification:

- (a) A Releasing Customer recalling capacity should provide notice of such recall to Pine Needle and the first Replacement Customer no later than 5:00 p.m. on the day that Evening Nominations are due;
- (b) Pine Needle should provide notification of such recall to all affected Replacement Customers no later than 6:00 p.m. on the day that Evening Nominations are due;

(iv) Intraday 1 Recall Notification:

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

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

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

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

The party recalling the capacity shall be subject to Pine Needle's nomination deadlines, in accordance with the provisions set forth in Section 17.1 of the General Terms and Conditions. Pine Needle is not obligated to deliver volumes in excess of the total daily contract quantity of the release as a result of recalls.

- (d) When capacity is recalled, it may not be reup for the same Gas Day. The deadline for notifying Pine Needle of a reup is 8:00 a.m. to allow for timely nominations to flow on the next Gas Day.
- (e) At the end of the recall period, capacity shall revert back to the Replacement Customer, if applicable, subject to Pine Needle's nomination deadlines, as set forth in Section 17.1 of the General Terms and Conditions.

20.11 Pine Needle's Criteria for Best Bid

Pine Needle's standard for selecting the Best Bid shall be the highest net present value of demand charges. In case of ties, unless otherwise specified by the Releasing Customer, a random and blind selection process will be used to select the winning bid.

20.12 Billing and Payment

- (a) The Replacement Customer shall be billed by Pine Needle and shall make payments to Pine Needle in accordance with the terms of Pine Needle's applicable rate schedule and the service agreement(s), and Pine Needle shall simultaneously credit (on a contingent basis) all demand charges billed to the Replacement Customer to the Releasing Customer's bill in that month. If the Replacement Customer fails to pay the demand charges by the due date, Pine Needle shall reverse the credit and bill the Releasing Customer in the following month for said demand charges, plus interest, and the rights to the capacity shall, at the election of the Releasing Customer, revert to the Releasing Customer for the remaining term of the release, subject to Pine Needle's nomination deadlines, as set forth in Section 17.1 of the General Terms and Conditions.
- (b) Pine Needle and a Releasing Customer may, in connection with their agreement to a negotiated rate pursuant to the provisions of Section 32 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 20.12. Nothing in the foregoing provision, however, shall authorize Pine Needle or a Customer 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 Pine Needle's maximum reservation rate, as applicable.

20.13 Marketing Fee

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

20.14 Permanent Releases

A Customer which has a currently effective executed service agreement with Pine Needle under Pine Needle's Rate Schedule LNG-1 may release its capacity to a third party ("Replacement Customer") 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) Customer's capacity was not acquired under temporary capacity release pursuant to this Section 20.
- (b) The Replacement Customer executes a new service agreement under Rate Schedule LNG-1 pursuant to Part 284 of the Commission's regulations that is subject to pre-granted abandonment;
- (c) The Replacement Customer agrees to pay the maximum rates for service thereunder (unless otherwise agreed to by Pine Needle) and accepts all prospective obligations of the Releasing Customer; and
- (d) The Replacement Customer meets the creditworthiness requirements contained in Section 22 of these General Terms and Conditions.

20.15 Treatment of Storage Inventory

The release of storage capacity (or recall or termination thereof) requires the Releasing or Replacement Customer, 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 Customer, as applicable, fails to eliminate any remaining storage inventory balance related to released storage capacity, such remaining balance shall be included in the calculation of the actual recovery of GRO quantities pursuant to Section 18.5(b) of the General Terms and Conditions.

20.16 Offers to Purchase Capacity

Pine Needle shall provide the ability for a potential Replacement Customer to communicate to a potential Releasing Customer a request to purchase Releasable Firm Capacity Entitlements. A potential Replacement Customer may initiate the request by completing the request form located in the Notices section on Pine Needle'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 Customer, and any additional information as required by Pine Needle. Pine Needle 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 Customer, but not to exceed ninety (90) days.

GENERAL TERMS AND CONDITIONS

21. PERIODIC RATE ADJUSTMENTS AND SURCHARGES

Pine Needle and Customer recognize that Pine Needle 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 Pine Needle or Customer or attributable to Pine Needle or Customer, and costs generated by decisions of the Commission, the courts, or by an arbitration panel or other body having jurisdiction over Pine Needle. Pine Needle hereby notifies Customers that it may be appropriate, equitable, and consistent with cost responsibility to allocate such costs among Customers 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. Pine Needle 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. Customer shall have the right to intervene and protest any such filings.

GENERAL TERMS AND CONDITIONS

22. CREDIT WORTHINESS

22.1 Pine Needle shall not be required to provide service to any Customer who fails to meet Pine Needle's standards for credit worthiness. In this regard Pine Needle may require that Customer 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 Customer also should provide an attestation by its chief financial officer that the information shown in the unaudited statements is true, correct and a fair representation of Customer's financial condition;
- (b) A bank reference and at least three trade references;
- (c) A written attestation from Customer 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 Customer 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 Customer 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 Customer that no significant collection lawsuits or judgments are outstanding which would seriously reflect upon the business entity's ability to remain solvent.

22.2 (a) If Customer has an ongoing business relationship with Pine Needle, no uncontested delinquent balances should be outstanding for bills previously rendered by Pine Needle and Customer 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) Customer shall furnish Pine Needle at least annually, and at such other time as is requested by Pine Needle, updated credit information as specified in Section 22.1 for the purpose of enabling Pine Needle to perform an updated credit appraisal. In addition, Pine Needle reserves the right to request such information at any time if

Pine Needle is not reasonably satisfied with Customer's credit worthiness or ability to pay based on information available to Pine Needle at that time.

- (c) Pine Needle shall not be required to perform and shall have the ability to suspend service for any Customer who is or has become insolvent, fails to demonstrate credit worthiness under Section 22.1, fails to timely provide information to Pine Needle as requested in Section 22.1(b), or fails to demonstrate ongoing credit worthiness as a result of credit information obtained pursuant to Section 22.2(b); provided, however, Customer may receive or continue to receive service if Customer either (i) furnishes and maintains for the term of the applicable service agreement a guaranty in form and substance satisfactory to Pine Needle, executed by a person Pine Needle deems credit worthy, of Customer's performance of its obligations to Pine Needle, or (ii) furnishes other form of security as Customer may agree to provide and as may be acceptable to Pine Needle.
- (d) In the event such Customer fails to immediately furnish security under Section 22.2(c)(i) or Section 22.2(c)(ii), Pine Needle may, without waiving any rights or remedies it may have, and subject to any necessary authorizations, suspended further service until security is received.

The insolvency of a Customer shall be evidenced by the filing of such Customer 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 Customer 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 Customer 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 Customer 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

23. RIGHT OF FIRST REFUSAL PROCEDURES

- 23.1 (a) This section sets forth the provisions which shall apply to Customers eligible for a right of first refusal. A Customer is eligible for a right of first refusal if the Customer 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 Customer 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 storage service performed under a Part 284 Rate Schedule with a primary term of one (1) year or more, Pine Needle or Customer may provide written notice of its intent to terminate the firm service agreement between Pine Needle and Customer consistent with the notice of termination provisions set forth in such service agreement. If Customer provides notice of termination to Pine Needle, and Customer may desire to continue to receive all or a portion of its service entitlement under such service agreement, then Customer must include in its notice an express, affirmative statement that Customer may desire to continue to receive all or a portion of its service entitlement under the service agreement. If Pine Needle provides notice of termination to Customer, and Customer may desire to continue to receive all or a portion of its service entitlement under such service agreement, then Customer must provide within fifteen (15) days of receipt of Pine Needle's notice, written notice to Pine Needle that Customer may desire to continue to receive all or a portion of its service entitlement under such service agreement. If Customer provides timely notification to Pine Needle 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 Customer fails to provide timely notification to Pine Needle that it may desire to continue to receive all or a portion of its service entitlement, then the provisions of Section 23.7 shall apply.
- 23.2 Upon receipt of Customer's notice pursuant to Section 23.1(b), Pine Needle shall post on its EBB service 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 Pine Needle shall post the relevant provisions relating to such service agreement within thirty (30) days from the date Pine Needle receives Customer's notice pursuant to Section 23.1(b). Pine Needle shall solicit, for a minimum of fifteen (15) and a maximum of thirty (30) days following such posting, bids for service.

- 23.3 Pine Needle 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 demand charges, or
 - (b) Highest rate bid, provided such bid meets Pine Needle's minimum stated term.

For purposes of determining the highest bid under Section 23.3(a) and (b), which is the bid Customer may elect to match pursuant to Section 23.4, Pine Needle will utilize the reservation rates bid, not to exceed Pine Needle's applicable maximum reservation rates. In the event Pine Needle 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.

- 23.4 Customer shall have the right to continue to receive service by notifying Pine Needle in writing within fifteen (15) business days of receiving Pine Needle's notification of the best bid, that Customer agrees to match the best bid. In such event, Customer and Pine Needle shall, prior to the expiration of the service agreement, execute a new service agreement setting forth terms and conditions of the best bid. Such service agreement shall be effective as of the day following the expiration of the expiring service agreement.
- 23.5 If Customer elects not to match the best bid, then such election shall constitute an irrevocable waiver of Customer's right of first refusal and Pine Needle shall execute a service agreement with Customer submitting the best bid and shall provide such service pursuant to the terms and conditions contained in the best bid.
- 23.6 Notwithstanding the above, Pine Needle shall not be obligated to accept any bid or execute any service agreement at a rate less than the maximum rate allowable under Rate Schedule LNG-1. Pine Needle shall notify Customer in writing if no bids are received during the bidding period, or if Pine Needle does not accept any bids. Customer and Pine Needle shall have fifteen (15) business days following the date of Pine Needle's notification to Customer to reach a binding written commitment regarding the rate and term of continued service to Customer. In that binding written commitment, Customer shall be entitled to continue to receive service at the maximum rate and at a term selected by Customer, or Customer and Pine Needle may agree upon a rate between the maximum and minimum allowable rates or a negotiated rate, as well as other mutually agreeable terms and conditions for continued service. In no event shall Customer and Pine Needle agree upon a rate which is less than any bid received by Pine Needle pursuant to this Section and rejected by Pine Needle. If Customer and Pine Needle reach a binding written commitment for continued service, Customer 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 Pine Needle tenders the new service agreement to Customer if the new service agreement is tendered by Pine Needle on or after the expiration date of the existing agreement). If Customer and Pine Needle fail to reach a binding written commitment within fifteen (15) business days following the date of Pine Needle's notification as provided herein, then Customer's right of

- first refusal shall terminate and Pine Needle will post the available firm capacity in accordance with Section 24 of the General Terms and Conditions.
- 23.7 In the event a Customer or Pine Needle provides notice to terminate service under a service agreement and Customer does not notify Pine Needle in accordance with Section 23.1(b) that Customer may desire to continue to receive all or a portion of its service entitlement under such service agreement, then Customer shall have forfeited its right of first refusal provided herein.
- 23.8 The provisions of this Section 23 shall not apply to releases of capacity under Section 20 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

24. PROCEDURES FOR ALLOCATING AVAILABLE FIRM STORAGE CAPACITY

In the event firm storage capacity on Pine Needle's system becomes available other than through the applicable provisions of Section 23 of the General Terms and Conditions, Pine Needle shall post on its EBB all relevant terms and conditions pertaining to such capacity and will solicit bids for at least the following periods:

- (a) One business day for firm capacity which will be available for one month or less;
- (b) Five business days for firm capacity which will be available for more than one month but less than 12 months; and
- (c) 30 days for periods of 12 months or longer.

24.1 Pine Needle 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 of demand charges, or
- (b) Highest rate bid, provided such bid meets Pine Needle's minimum stated term.

For purposes of determining the highest bid under Sections 24.1(a) and (b), Pine Needle will use the demand charge and other form of revenue guarantee bid, not to exceed Pine Needle's applicable maximum demand charge. The value of a bid proposing a demand charge or other form of revenue guarantee which exceeds Pine Needle's applicable maximum demand charge shall be determined pursuant to the provisions in Section 32.3 of the General Terms and Conditions. In the event Pine Needle 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.

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

24.3 In the event a potential Customer's bid is accepted, and such potential Customer otherwise meets all qualifications for service under Rate Schedule LNG-1 and these General Terms and Conditions, Pine Needle shall submit a service agreement to Customer which sets forth the terms of such bid. Customer shall execute the service agreement within thirty (30) days of receipt of the same.

24.4 Notwithstanding the above, Pine Needle shall not be obligated to accept any bid or execute a service agreement at a rate less than the maximum rate allowable under such Rate Schedule.

GENERAL TERMS AND CONDITIONS

25. 1Line Service

25.1 Availability

Pine Needle maintains an Electronic Bulletin Board (1LineSM) to provide the information or services required by applicable Commission orders or described in Pine Needle's 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 Customer 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 Pine Needle’s procedures set forth in Section 25.2 below. Pine Needle 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 Pine Needle's Tariff.

25.2 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 Pine Needle. The BA Form is available in the Informational Postings area on 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, Pine Needle 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 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 Pine Needle upon any material change to the information provided on the BA Form, and to provide Pine Needle any documentation required to verify such material change (e.g., documentation verifying a legal name change, etc.).

25.3 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 Pine Needle’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 Pine Needle’s UserID and password rules, as detailed in this Section 25, are followed. Pine Needle 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 Pine Needle via the Customer Activities site and/or (2) view the Business Associate’s information posted on Pine Needle’s Customer Activities site in accordance with the security rights granted by the SSA.

Either an SSA or Authorized Person may instruct Pine Needle in writing 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 Pine Needle to modify or terminate its SSA.

25.4 Authorized Persons

Pine Needle 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 onto 1Line with his or her UserID, agrees to the provisions of these General Terms and Conditions as applicable and any other applicable provisions of Pine Needle’s FERC Gas Tariff, as amended or superseded from time to time.

25.5 Electronic Execution of Agreements

To the extent that Pine Needle 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. Pine Needle 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 Pine Needle until accessible by Pine Needle through 1Line. Any such agreement which has been properly received shall not give rise to any obligation until Pine Needle has provided in return its notice of acceptance of the agreement by activation of the agreement in 1Line. Pine Needle’s notice of acceptance of the agreement shall constitute Pine Needle’s signature to and approval of same. Business Associate’s use of the electronic feature of 1Line to execute an agreement, together with Pine Needle’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 25, 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 Pine Needle, Business Associate, SSA nor the 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.

25.6 Agents

Pine Needle agrees that it will recognize the appointment of an Agent by Business Associate to access and perform functions on 1Line on Business Associate’s behalf ("Agent"). However, Pine Needle shall only recognize such appointment when the following conditions have been met: Business Associate and Agent complete and provide to Pine Needle an Agency Appointment Form as made available on Pine Needle’s Informational Postings site, and Agent completes and provides to Pine Needle 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 Pine Needle has legal authority to act on behalf of Business Associate in performing any functions identified on the Agency Appointment Form for which the Agent is authorized, as identified on the Agency Appointment Form, and that Pine Needle is fully entitled to rely upon, and is fully protected in relying upon and acting in accordance with, such representation and acknowledgment.

25.7 Security

Pine Needle reserves the right to terminate any Authorized Person’s UserID that has been inactive for more than ninety (90) calendar days. Pine Needle further reserves the right to deactivate UserIDs if the Business Associate, its SSA, and/or Authorized Person(s) breaches any provision in this Section 25. Such deactivation shall only be implemented following ten (10) days prior notice by Pine Needle 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, Pine Needle reserves the right to immediately deactivate the appropriate UserIDs.

25.8 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, Pine Needle 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 Pine Needle. Business Associate agrees to immediately notify Pine Needle 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 Pine Needle.

25.9 Failure of Electronic Equipment

In the event Pine Needle experiences a failure of electronic communication equipment, Internet, or third party service provider, or other similar emergency event such that Pine Needle’s communication capability is not available, Pine Needle shall (i) for missed nomination cycles within the Gas Day, use Customer’s last confirmed nomination(s) at the time of the event, or (ii) when no confirmed quantities for the Gas Day exist, use Customer’s last nomination(s) accepted by Pine Needle for the missed nomination cycle(s). Upon restoration of Pine Needle’s electronic communication equipment, Pine Needle will provide notice via a 1Line posting.

In the event Customer experiences a failure of electronic communication equipment, Internet, or third party service provider, or other similar emergency event, Pine Needle shall handle requests from Customer for emergency treatment on a not unduly discriminatory basis.

25.10 Indemnification

Business Associate agrees to defend, indemnify and hold harmless Pine Needle 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 25 by Business Associate or its SSA or its 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 Pine Needle.

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

25.11 Limitation of Liability

Business Associate agrees that Pine Needle 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 Pine Needle is not aware of a security breach). Business Associate shall hold Pine Needle 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. Pine Needle 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 Pine Needle’s computer systems, power failures, failure of any computer systems or backup systems, or any other event beyond the reasonable control of Pine Needle. If a Business Associate requests and receives assistance from Pine Needle’s representatives, such assistance will be at the Business Associate’s sole risk and Pine Needle will not have any responsibility or liability arising therefrom, except as may arise from the negligent action or willful misconduct of Pine Needle. Neither Pine Needle 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 25, the provision and use of 1Line or the information contained therein.

25.12 Procedures

Pine Needle 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.

25.13 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 25 acquire any proprietary interests in the software which generates 1Line or in the files, information, or data displayed on 1Line.

GENERAL TERMS AND CONDITIONS

26. OPERATIONAL FLOW ORDERS

- 26.1 In the event of force majeure or operating conditions that threaten the integrity of Pine Needle's liquefied natural gas storage facilities, it may be necessary for Pine Needle to issue Operational Flow Orders (OFOs) to effectuate vaporization and delivery of gas stored at such facilities. Before issuing an OFO, Pine Needle 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. Accordingly, upon issuance of an OFO by Pine Needle to Customer, Customer shall adjust its gas receipts from Pine Needle as directed in the OFO.
- 26.2 Any OFO by Pine Needle shall be given to Customer 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 event leading to the issuance of the OFO;
 - (e) The amount of gas required to be taken by Customer; and
 - (f) Any other terms Pine Needle may reasonably require to ensure effectiveness of the OFO.

Pine Needle will publish all notices of implementation of an OFO and all provisions of an OFO on Pine Needle's EBB and provide notice either by e-mail or directly to Customer's Internet URL address, as expeditiously as possible. Upon termination of an OFO, Pine Needle will post on Pine Needle's EBB relevant information specific to the individual situation regarding the issuance and lifting of that particular OFO as soon as it is available.

GENERAL TERMS AND CONDITIONS

27. POLICY FOR CONSOLIDATION OF SERVICE AGREEMENTS

- 27.1 Pine Needle and Customer 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 Customer, under the same rate schedule, and the maximum rate applicable to each service agreement and the actual rate being charged under each service agreement are the same; and
 - (b) None of the service agreements pertain to capacity acquired through temporary capacity release; and
 - (c) The service agreements have the same termination date.
- 27.2 Subject to the foregoing, Pine Needle will permit service agreements to be consolidated provided the following conditions are met:
- (a) Customer's and Pine Needle's rights and obligations under the consolidated service agreement will be the same as Customer's and Pine Needle's collective rights and obligations under the individual service agreements prior to consolidation; and
 - (b) The consolidation will not, in Pine Needle's sole opinion, affect Pine Needle's ability to provide firm service to Customer or other Customers; and
 - (c) The consolidation will not, in Pine Needle's sole opinion, place an unreasonable burden on Pine Needle or impose an adverse financial impact on Pine Needle; and
 - (d) Any regulatory authorizations required to effectuate the consolidation are granted in a manner acceptable to Pine Needle and Customer.
- 27.3 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 24 of the General Terms and Conditions.
- 27.4 All rights and obligations specified in the individual service agreements to be consolidated will be specified in the consolidated service agreement.
- 27.5 Pine Needle's agreement to consolidate service agreements pursuant to this Section 27 shall not be withheld or granted in an unduly discriminatory manner.

GENERAL TERMS AND CONDITIONS

28. STANDARDS FOR BUSINESS PRACTICES

In compliance with Commission Order No. 587-AA issued November 22, 2024, Transporter has adopted the Business Practices and Electronic Communication Standards, North American Energy Standards Board (NAESB) Wholesale Gas Quadrant (WGQ) Version 4.0, and the standard revised by Minor Correction MC24002 marked with an asterisk[*], which are required by the Commission in 18 CFR Section 284.12(a). 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 an exemption or extension of time have been granted are also identified.

(* Standards 2.3.32, 4.3.23 and 4.3.54 are incorporated herein by reference to the extent they pertain to matters other than netting and trading and imbalances for which Pine Needle has been granted an exemption on October 27, 2000 in Docket No. RP00-554-000, 93 FERC ¶ 61,093.)

(* Standards 1.3.80, 2.2.2, 2.2.3, 2.3.30, 2.3.40 through 2.3.48, 2.3.50, 2.4.9, 2.4.10, 2.4.11, and 2.4.17 incorporated herein describe or pertain to business functions that are not performed by Pine Needle.)

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, Pine Needle 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 Pine Needle includes appropriate citations in the submissions.

Pine Needle has elected to reproduce only the following Business Practices and Electronic Communications Standards, NAESB WGQ Version 4.0, 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>
1.2.6	GT&C Section 26, Operational Flow Orders	26.1
1.2.12	GT&C Section 17, Nominations, Confirmations and Allocations	17.1(e)
1.3.1	GT&C Section 2, Definitions	2(a)
1.3.2(i-vi)	GT&C Section 17, Nominations, Confirmations and Allocations	17.1(b),(c)
1.3.7	GT&C Section 17, Nominations, Confirmations and Allocations	17.1(a)

1.3.11	GT&C Section 17, Nominations, Confirmations and Allocations	17.1(a)
1.3.32	GT&C Section 17, Nominations, Confirmations and Allocations	17.1(g)
1.3.34	GT&C Section 26, Operational Flow Orders	26.2
2.3.14	GT&C Section 5, Measurement Equipment	5(f)
3.2.1	GT&C Section 2, Definitions	2(l)
3.3.14	GT&C Section 6, Billing	6(a),(b)
3.3.15	GT&C Section 6, Billing	6(c)
3.3.17	GT&C Section 7, Payments	7(a)
3.3.19	GT&C Section 7, Payments	7(b)
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 20, Capacity Release	20.2(g)
5.2.5	GT&C Section 20, Capacity Release	20.2(h)
5.3.1	GT&C Section 20, Capacity Release	20.9
5.3.2	GT&C Section 20, Capacity Release	20.9(a),(b),(c)
5.3.3	GT&C Section 20, Capacity Release	20.9
5.3.8	GT&C Section 20, Capacity Release	20.2(f)
5.3.14	GT&C Section 20, Capacity Release	20.7(a)
5.3.16	GT&C Section 20, Capacity Release	20.7(a)
5.3.25	GT&C Section 20, Capacity Release	20.7(h)
5.3.26	GT&C Section 20, Capacity Release	20.7(c)
5.3.44	GT&C Section 20, Capacity Release	20.10(c)
5.3.45	GT&C Section 20, Capacity Release	20.10(c)
5.3.53	GT&C Section 20, Capacity Release	20.10(d)
5.3.54	GT&C Section 20, Capacity Release	20.10(d)
5.3.57	GT&C Section 20, Capacity Release	20.10(c)
5.3.62	GT&C Section 20, Capacity Release	20.7(d)
5.3.67	GT&C Section 20, Capacity Release	20.12(c)
5.3.73	GT&C Section 20, Capacity Release	20.16

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, 1.2.3, 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, 1.3.17, 1.3.18, 1.3.19, 1.3.20, 1.3.21, 1.3.22, 1.3.23, 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, 1.3.45, 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:

2.2.1, 2.2.2^{††}, 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, 2.3.28, 2.3.29, 2.3.30^{††}, 2.3.31, 2.3.32[†], 2.3.40^{††}, 2.3.41^{††}, 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, 2.3.59, 2.3.60, 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, 3.3.27

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

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, 4.3.66, 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, 4.3.85, 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, 4.3.104, 4.3.105, 4.3.106, 4.3.107, 4.3.108, 4.3.110

(f) Capacity Release Related Standards:

Definitions:

5.2.1, 5.2.2, 5.2.3

Standards:

5.3.4, 5.3.5, 5.3.7, 5.3.9, 5.3.10, 5.3.11, 5.3.12, 5.3.13, 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, 5.3.55, 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) Cybersecurity Related Standards:

Definitions:

12.2.1, 12.2.2, 12.2.3, 12.2.4, 12.2.5, 12.2.6, 12.2.7, 12.2.8, 12.2.9, 12.2.10, 12.2.11, 12.2.12, 12.2.13, 12.2.14, 12.2.15, 12.2.16, 12.2.17, 12.2.18, 12.2.19, 12.2.20, 12.2.21, 12.2.22, 12.2.23, 12.2.24, 12.2.25, 12.2.26, 12.2.27, 12.2.28, 12.2.29, 12.2.30, 12.2.31, 12.2.32, 12.2.33, 12.2.34, 12.2.35, 12.2.36, 12.2.37, 12.2.38, 12.2.39, 12.2.40, 12.2.41

Standards:

12.3.1, 12.3.2, 12.3.3, 12.3.4, 12.3.5, 12.3.6, 12.3.7, 12.3.8, 12.3.9, 12.3.10, 12.3.11, 12.3.12, 12.3.13, 12.3.14, 12.3.15, 12.3.16, 12.3.17, 12.3.18, 12.3.19, 12.3.20, 12.3.21, 12.3.22, 12.3.23, 12.3.24, 12.3.25, 12.3.26, 12.3.27, 12.3.28, 12.3.29, 12.3.30, 12.3.31

Standards for which a 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 request for this standard.

GENERAL TERMS AND CONDITIONS

29. INTERPRETATION OF RATES AND QUANTITIES IN THERMAL UNITS

To the extent that any provision of any Rate Schedule or related Service Agreement references a rate or quantity per Mcf, such provision shall be restated to reference a rate or quantity per Dt by a conversion factor of 1.035 Dt per Mcf.

GENERAL TERMS AND CONDITIONS

30. COMPLAINT PROCEDURES

30.1 Customers are encouraged to work with Pine Needle to resolve problems on an informal basis prior to filing a formal complaint.

30.2 In the event of an unresolved problem, Customer should submit a complaint in writing to Pine Needle at the following address:

Pine Needle LNG Company, LLC
c/o Pine Needle Operating Company
Attention: Director, Customer Services
2800 Post Oak Boulevard
Houston, Texas 77056
P. O. Box 1396
Houston, Texas 77251-1396

30.3 Pine Needle will respond orally to the complaint within 48 hours of receipt thereof, and respond in writing within 30 days of receipt thereof setting forth the conclusions reached by Pine Needle and the actions, if any, that will be undertaken.

30.4 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.

GENERAL TERMS AND CONDITIONS

31. EXTENSION OF SERVICE AGREEMENT

Prior to the expiration of the term of a Part 284 service agreement and prior to Pine Needle posting the availability of capacity under Pine Needle's Right of First Refusal provisions, if applicable, Pine Needle and Customer 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

32. NEGOTIATED RATES

32.1 Availability

Pine Needle and Customer may mutually agree to negotiate rates under any Part 284 rate schedule that expressly provides for a negotiated rate and specifically references this Section 32.

32.2 Definition

Customer and Pine Needle may mutually agree to a negotiated rate, which rate shall be less than, equal to, or greater than Pine Needle'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.

32.3 Best Bid for Available Firm Capacity

For purposes of Section 24.1 of the General Terms and Conditions, for negotiated rate bids proposing a demand charge or other form of revenue guarantee which exceeds the maximum applicable demand charge, the net present value calculated for the bid may not exceed a net present value that is calculated assuming that the maximum applicable demand charge shall be in effect during the full term proposed in the bid, in place of the demand charge(s) or other revenue guarantee(s) proposed in the bid. As used in Section 24.1 of the General Terms and Conditions and in this Section 32.3 "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, Pine Needle shall consider only the fixed costs proposed to be recovered through the volumetric or usage rate bid in addition to any demand charge included in the bid.

32.4 Capacity Release

- (a) A negotiated rate shall not apply as a price cap for capacity release transactions under Section 20 of the General Terms and Conditions. Capacity release bids must conform to Section 20.7(c), (d) and (e) of the General Terms and Conditions.
- (b) Pine Needle may agree with a Releasing Customer that has a negotiated commodity rate, on a not unduly discriminatory basis, to the terms and conditions pursuant to which Pine Needle will offer such negotiated commodity rate to the Releasing Customer's Replacement Customer(s). Any such agreement will be set forth in the service agreement between Pine Needle and Releasing Customer.
- (c) Any potential Replacement Customer that desires to acquire capacity on a temporary basis pursuant to Section 20 of the General Terms and Conditions may request, in

writing, to pay the Releasing Customer's negotiated commodity rate, if applicable. Pine Needle shall grant the request to pay the Releasing Customer's negotiated commodity rate ("Request") if Pine Needle determines, in a not unduly discriminatory manner, that Replacement Customer is similarly situated to Releasing Customer; provided however, any Replacement Customer acquiring capacity on a temporary basis under a service agreement for which Pine Needle and Releasing Customer have agreed to the pass-through of the negotiated commodity rate pursuant to Section 32.4(b) above will be deemed to be similarly situated to Releasing Customer and Pine Needle will be deemed to have granted the Request. If Pine Needle denies such Request, or if the potential Replacement Customer does not make a Request, Pine Needle's recourse commodity rate(s) shall be applicable to any capacity awarded to such potential Replacement Customer. If Pine Needle denies such Request, Pine Needle shall notify the potential Replacement Customer via email of the reason(s) for the denial of the Request.

(d) Filing Requirement

Pine Needle 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 Pine Needle and a Replacement Customer that incorporate a negotiated commodity rate flowed through to the Replacement Customer pursuant to Section 32.4(c), as soon as reasonably practicable following the award of the capacity to the Replacement Customer pursuant to Section 20 of the General Terms and Conditions. The Statement of Negotiated Rates will reflect the Customer'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 32 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).

32.5 Limitations

This Section 32 does not authorize Pine Needle to negotiate terms and conditions of service.

PART V - FORMS OF SERVICE AGREEMENT

PART V – FORMS OF SERVICE AGREEMENT

**SECTION 1
OPEN ACCESS FIRM STORAGE SERVICE**

**FORM OF SERVICE AGREEMENT
(For Use Under Rate Schedule LNG-1)**

THIS AGREEMENT entered into this ____ day of _____ by and between Pine Needle LNG Company, LLC, a North Carolina limited liability company, hereinafter referred to as Pine Needle, and _____ hereinafter referred to as Customer,

WITNESSETH:

WHEREAS,

NOW, THEREFORE, Pine Needle and Customer agree as follows:

**ARTICLE I
SERVICE TO BE RENDERED**

Subject to the terms and provisions of this agreement and of Pine Needle's Rate Schedule LNG-1, as amended from time to time, Pine Needle agrees to receive and liquefy natural gas; store such gas in liquefied form; and vaporize and deliver such gas to Customer or for Customer's account, as follows:

To withdraw from storage, vaporize and deliver the gas stored in liquefied form by Pine Needle for Customer's account up to a maximum quantity on any day of _____ Dt, which quantity shall be Customer's Vaporization Quantity.

To receive and liquefy natural gas for Customer up to a maximum quantity on any day of _____ Dt, which shall be Customer's Liquefaction Quantity.

To store in liquefied form for Customer's account up to a total quantity of _____ Dt, which quantity shall be Customer's Storage Capacity.

**ARTICLE II
POINT OF RECEIPT AND DELIVERY**

1. The Point of Receipt for all gas tendered to Pine Needle for liquefaction hereunder shall be at the following point(s):

2. The Point of Delivery for all gas delivered by Pine Needle to Customer or for the account of Customer shall be at the following point(s):

ARTICLE III
TERM OF AGREEMENT

This agreement shall be effective as of _____ and shall remain in force and effect until _____, and year to year thereafter, subject to termination by either party upon two (2) years prior written notice to the other.

ARTICLE IV
RATE SCHEDULE AND PRICE

1. Customer shall pay Pine Needle for service rendered hereunder in accordance with Pine Needle's Rate Schedule LNG-1 and the applicable provisions of the General Terms and Conditions of Pine Needle's First Revised Volume No. 1 FERC Gas Tariff as filed with the Federal Energy Regulatory Commission, and as the same may be amended or superseded from time to time. Such rate schedule and General Terms and Conditions are by this reference made a part hereof. In the event Pine Needle and Customer mutually agree to a negotiated rate pursuant to the provisions in Section 32 of the General Terms and Conditions and specified term for service hereunder, provisions governing such negotiated rate (including surcharges) and term shall be set forth on Exhibit B to the service agreement.

2. Pine Needle shall have the unilateral right to propose, file and make effective with the Federal Energy Regulatory Commission, or other regulatory authority having jurisdiction, changes and revisions to the rates and rate design proposed pursuant to Section 4 of the Natural Gas Act, or to propose, file and make effective superseding rates or rate schedules, for the purposes of changing the rates, charges, rate design, terms and conditions of service and other provisions thereof effective as to Customer; provided however that the (i) firm character of service, (ii) term of agreement (as set forth in Article III above), (iii) quantities, and (iv) points of receipt and delivery shall not be subject to unilateral change under this paragraph. Customer shall have the right to file with the Commission or other regulatory authority in opposition to any such filings or proposals by Pine Needle.

ARTICLE V
OTHER CONDITIONS

Other terms and conditions specified by Releasing Customers:

See Exhibit A hereto.

ARTICLE VI

MISCELLANEOUS

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

2. This agreement supersedes and cancels as of the effective date hereof the following contracts between the parties hereto:

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

4. This agreement shall be interpreted, performed and enforced in accordance with the laws of the State of North Carolina.

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

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

(a) If to Pine Needle:

(b) If to Customer:

Such addresses may be changed from time to time by mailing appropriate notice thereof to the other party.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be signed by their respective officers or representatives thereunto duly authorized on any day and year above written.

PINE NEEDLE LNG COMPANY, LLC

By _____

CUSTOMER

By _____

EXHIBIT A

Exhibit B

Specification of Negotiated Rate and Term

PART V – FORMS OF SERVICE AGREEMENT

**SECTION 2
OPEN ACCESS INTERRUPTIBLE STORAGE SERVICE**

**FORM OF SERVICE AGREEMENT
(For Use Under Rate Schedule LNG-2)**

THIS AGREEMENT entered into this _____ day of _____ by and between PINE NEEDLE LNG COMPANY, LLC, a North Carolina limited liability company, hereinafter referred to as Pine Needle, and _____ hereinafter referred to as Customer, second party

WITNESSETH:

WHEREAS

NOW, THEREFORE, Pine Needle and Customer agree as follows:

**ARTICLE I
GAS TO BE DELIVERED**

Subject to the terms and provisions of this agreement and of Pine Needle's Rate Schedule LNG-2, as amended from time to time, Pine Needle agrees to deliver to Customer and Customer agrees to receive from Pine Needle quantities requested by Customer which Pine Needle, in its sole judgment, determines that it can make available hereunder from time to time. Customer agrees to concurrently deliver to Pine Needle equivalent quantities at the Point of Receipt identified hereunder plus applicable fuel as identified on the Statement of Rates and Fuel for Rate Schedule LNG-2.

**ARTICLE II
POINT OF RECEIPT AND DELIVERY**

1. The Point of Receipt for all gas tendered to Pine Needle for liquefaction hereunder shall be at the following point:

2. The Point of Delivery for the liquefied natural gas delivered under this agreement shall be at the outlet valve of Pine Needle's loading facilities at its liquefaction-storage plant located in Guilford County, North Carolina.

**ARTICLE III
TERM OF AGREEMENT**

This agreement shall be effective as of _____ and shall remain in force and effect until _____, and month to month thereafter, subject to termination by either party upon _____ months prior written notice to the other.

ARTICLE IV

RATE SCHEDULE, RATE AND FUEL

1. Customer shall pay Pine Needle for service rendered hereunder in accordance with Pine Needle's Rate Schedule LNG-2 and the applicable provisions of the General Terms and Conditions of Pine Needle's First Revised Volume No. 1 FERC Gas Tariff as filed with the Federal Energy Regulatory Commission, and as the same may be amended or superseded from time to time. Such rate schedule and General Terms and Conditions are by this reference made a part hereof.

2. Pine Needle shall have the unilateral right to propose, file and make effective with the Federal Energy Regulatory Commission, or other regulatory authority having jurisdiction, changes and revisions to the rates and rate design proposed pursuant to Section 4 of the Natural Gas Act, or to propose, file, and make effective superseding rates or rate schedules, for the purpose of changing the rates, charges, rate design, terms and conditions of service and other provisions thereof effective as to Customer; provided however that the (i) firm character of service, (ii) term of agreement (as set forth in Article III above), (iii) quantities, and (iv) points of receipt and delivery shall not be subject to unilateral change under this paragraph. Customer shall have the right to file with the Commission or other regulatory authority in opposition to any such filings or proposals by Pine Needle.

ARTICLE V ODORIZATION

The gas delivered by Pine Needle shall not be odorized and Customer agrees to perform any odorization required by law.

ARTICLE VI INDEMNIFICATION

Customer agrees to indemnify, defend and hold harmless Pine Needle from any and all liabilities, claims, suits or causes of action of any type arising out of or relating to delivery of unodorized gas by Pine Needle to Customer or any operations provided for hereunder when such operations are under the control of Customer, its agents, representatives or contractors.

ARTICLE VII MISCELLANEOUS

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

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

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

4. This agreement shall be interpreted, performed and enforced in accordance with the laws of the State of North Carolina.

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

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

(a) If to Pine Needle:

(b) If to Customer:

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be signed by their respective officers or representatives thereunto duly authorized on the day and year above written.

PINE NEEDLE LNG COMPANY, LLC

By _____

CUSTOMER

By _____

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