

GENERAL TERMS AND CONDITIONS

49. PROCEDURES FOR ALLOCATING AVAILABLE FIRM CAPACITY

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

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

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

(a) ~~(a)~~ Highest net present value (NPV) of reservation charges;

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

~~(i)(ii)~~ The NPV analysis used to determine the successful bidder(s) will be posted on 1Line.;~~or~~

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

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

- 49.3 If two or more potential Buyers submit best bids such capacity shall be allocated to such potential Buyers ratably on the basis of the quantities bid.
- 49.4 In the event a potential Buyer's bid is accepted, and such potential Buyer otherwise meets all qualifications for service, Seller shall submit a service agreement to Buyer which sets forth the terms of such bid. Buyer shall execute the service agreement within thirty (30) days of receipt of the same.
- 49.5 Notwithstanding the above, Seller shall not be obligated to accept any bid or execute a service agreement at a rate less than the maximum rate allowable under the applicable rate schedule.