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**FERC GAS TARIFF**

**FOURTH REVISED VOLUME NO. 1**

**of**

**TEXAS GAS TRANSMISSION, LLC**

**Filed with the**

**FEDERAL ENERGY REGULATORY COMMISSION**

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### **Preliminary Statement**

Texas Gas Transmission, LLC (hereinafter called the "Company") is a natural gas company engaged in the business of transporting natural gas to gas distribution companies for resale, to pipeline systems, and to industries for use and consumption. The facilities operated by the Company are located in Federal Waters offshore Texas and Louisiana and in the States of Texas, Louisiana, Arkansas, Mississippi, Tennessee, Kentucky, Indiana, Illinois and Ohio.

It is the policy of the Company to provide its transportation services only under written agreement, acceptable to the Company after consideration of its commitments to others, available capacity and other factors deemed pertinent by the Company. If any such agreement for any service is to become operative only upon performance of certain precedent conditions, the Company reserves the right to require a separate written agreement specifying the conditions which must be satisfied before the contract for the transportation of gas becomes operative.

The Company's services provided pursuant to this FERC NGA Gas Tariff, Fourth Revised Volume No. 1 ("Tariff"), are subject to the jurisdiction of the Federal Energy Regulatory Commission and are provided on a non-discriminatory basis upon satisfaction of the requirements set forth in the applicable rate schedule, service agreement and general terms and conditions applicable to such services.

This Tariff is filed in compliance with Part 154, Subchapter E, Chapter I, Title 18, of the Code of Federal Regulations.

**The currently effective system map(s) can be accessed on Texas Gas' Internet Website for viewing and/or download at the following URL:**

**<http://TGmap.bwpmlp.com>**

Reserved

Reserved



Reserved

Reserved

Reserved

Reserved

Reserved

Reserved

Reserved

**This section contains Texas Gas' currently effective rates.**



**Currently Effective Maximum Daily Demand Rates (\$ per MMBtu)  
For Service Under Rate Schedule FT**

**Currently Effective Rates [1]**

SL-SL	0.0794
SL-1	0.1552
SL-2	0.2120
SL-3	0.2494
SL-4	0.3142
1-1	0.1252
1-2	0.1820
1-3	0.2194
1-4	0.2842
2-2	0.1332
2-3	0.1705
2-4	0.2334
3-3	0.1181
3-4	0.1810
4-4	0.1374

Minimum Rates: Demand \$-0-

Backhaul rates equal forward haul rates from Zone SL to zone of delivery; provided, however, that intra-zone rates shall apply to intra-zone transportation, whether such intra-zone transportation is forward haul or backhaul.

[1] Currently Effective Rates are equal to the Base Tariff Rates.

Notes:

- The maximum reservation charge component of the maximum firm volumetric capacity release rate shall be the applicable maximum daily demand rate herein pursuant to Section 6.16 of the General Terms and Conditions.

**Currently Effective Maximum Commodity Rates (\$ per MMBtu)  
For Service Under Rate Schedule FT**

	<b>Base Tariff Rates</b>
SL-SL	0.0104
SL-1	0.0355
SL-2	0.0399
SL-3	0.0445
SL-4	0.0528
1-1	0.0337
1-2	0.0385
1-3	0.0422
1-4	0.0508
2-2	0.0323
2-3	0.0360
2-4	0.0446
3-3	0.0312
3-4	0.0398
4-4	0.0360

The above rates shall be increased to include the ACA unit charge pursuant to Section 6.9[7] of the General Terms and Conditions.

Minimum Rates: Commodity minimum base rates are presented in Section 4.12.

Backhaul rates equal forward haul rates from Zone SL to zone of delivery; provided, however, that intra-zone rates shall apply to intra-zone transportation, whether such intra-zone transportation is forward haul or backhaul.

**Currently Effective Maximum Overrun Rates (\$ per MMBtu)  
For Service Under Rate Schedule FT**

	<b>Base Tariff Rates</b>
SL-SL	0.0898
SL-1	0.1907
SL-2	0.2519
SL-3	0.2939
SL-4	0.3670
1-1	0.1589
1-2	0.2205
1-3	0.2616
1-4	0.3350
2-2	0.1655
2-3	0.2065
2-4	0.2780
3-3	0.1493
3-4	0.2208
4-4	0.1734

The above rates shall be increased to include the ACA unit charge pursuant to Section 6.9[7] of the General Terms and Conditions.

Backhaul rates equal forward haul rates from Zone SL to zone of delivery; provided, however, that intra-zone rates shall apply to intra-zone transportation, whether such intra-zone transportation is forward haul or backhaul.

**Currently Effective Maximum Transportation Rates (\$ per MMBtu)  
 For Service under Rate Schedule STF**

	<b><u>Peak (Winter)-Demand</u></b>	<b><u>Off-Peak (Summer)-Demand</u></b>
	<b><u>Currently Effective Rates [1]</u></b>	<b><u>Currently Effective Rates [1]</u></b>
SL-SL	0.1188	0.0516
SL-1	0.2322	0.1009
SL-2	0.3172	0.1378
SL-3	0.3731	0.1621
SL-4	0.4701	0.2042
1-1	0.1873	0.0814
1-2	0.2723	0.1183
1-3	0.3282	0.1426
1-4	0.4252	0.1847
2-2	0.1992	0.0866
2-3	0.2551	0.1108
2-4	0.3492	0.1517
3-3	0.1766	0.0768
3-4	0.2707	0.1177
4-4	0.2056	0.0893

Backhaul rates equal forward haul rates from Zone SL to zone of delivery; provided, however, that intra-zone rates shall apply to intra-zone transportation, whether such intra-zone transportation is forward haul or backhaul.

Notes:

- The STF commodity rate is the applicable FT commodity rate in Section 4.1.  
 The STF overrun rate equals the daily demand rate plus applicable FT commodity rate.  
 Minimum rate: Demand \$-0- The minimum commodity rate is presented in Section 4.12.

**Rates And Charges Applicable To  
Rate Schedule EFT - Enhanced Firm Transportation**

<b><u>EFT - Enhanced Firm Transportation</u></b>	<b><u>Maximum Rate</u></b>	<b><u>Minimum Rate</u></b>
Daily Demand	\$0.0814	-0-

Note: Customer must also pay the applicable demand and commodity charges on Rate Schedule FT or STF.

**Currently Effective Maximum Transportation Rates (\$ per MMBtu)  
For Service Under Rate Schedule NNS**

	<b>Base Tariff Rates</b>
Zone SL	
Daily Demand	0.1800
Commodity	0.0253
Overrun	0.2053
Zone 1	
Daily Demand	0.2782
Commodity	0.0431
Overrun	0.3213
Zone 2	
Daily Demand	0.3088
Commodity	0.0460
Overrun	0.3548
Zone 3	
Daily Demand	0.3543
Commodity	0.0490
Overrun	0.4033
Zone 4	
Daily Demand	0.4190
Commodity	0.0614
Overrun	0.4804

The above rates shall be increased to include the ACA unit charge pursuant to Section 6.9[7] of the General Terms and Conditions.

Minimum Rate: Demand \$-0-; Commodity - Zone SL 0.0163  
Zone 1 0.0186  
Zone 2 0.0223  
Zone 3 0.0262  
Zone 4 0.0308

Notes:

- The maximum reservation charge component of the maximum firm volumetric capacity release rate shall be the applicable maximum daily demand rate herein pursuant to Section 6.16 of the General Terms and Conditions.

**Currently Effective Maximum Transportation Rates (\$ per MMBtu)  
For Service Under Rate Schedule NNL**

	<b>Base Tariff Rates</b>
Zone SL	
Daily Demand	0.1379
Commodity	0.0253
Overrun	0.1632
Zone 1	
Daily Demand	0.2361
Commodity	0.0431
Overrun	0.2792
Zone 2	
Daily Demand	0.2667
Commodity	0.0460
Overrun	0.3127
Zone 3	
Daily Demand	0.3122
Commodity	0.0490
Overrun	0.3612
Zone 4	
Daily Demand	0.3769
Commodity	0.0614
Overrun	0.4383

The above rates shall be increased to include the ACA unit charge pursuant to Section 6.9[7] of the General Terms and Conditions.

Minimum Rate: Demand \$-0-; Commodity -Zone SL 0.0163  
Zone 1 0.0186  
Zone 2 0.0223  
Zone 3 0.0262  
Zone 4 0.0308

**Notes:**

The maximum reservation charge component of the maximum firm volumetric capacity release rate shall be the applicable maximum daily demand rate herein pursuant to Section 6.16 of the General Terms and Conditions.

**Currently Effective Maximum Transportation Rates (\$ per MMBtu)  
For Service Under Rate Schedule SGT**

	<b>Base Tariff Rates</b>
Zone SL	0.2210
Zone 1	0.5995
Zone 2	0.6636
Zone 3	0.7576
Zone 4	0.8994

The above rates shall be increased to include the ACA unit charge pursuant to Section 6.9[7] of the General Terms and Conditions.

Minimum Rate: SGT minimum base rates equal applicable NNS minimum commodity base rates.

	<b>Fixed Cost Component of Base Rates</b>
Zone SL	0.1957
Zone 1	0.5564
Zone 2	0.6176
Zone 3	0.7086
Zone 4	0.8380



**Currently Effective Maximum Transportation Rates (\$ per MMBtu)  
For Service Under Rate Schedule SGL**

	<b>Base Tariff Rates</b>
Zone SL	0.1752
Zone 1	0.5153
Zone 2	0.5794
Zone 3	0.6734
Zone 4	0.8152

The above rates shall be increased to include the ACA unit charge pursuant to Section 6.9[7] of the General Terms and Conditions.

Minimum Rate: SGL minimum base rates equal applicable NNL minimum commodity base rates.

	<b>Fixed Cost Component of Base Rates</b>
Zone SL	0.1499
Zone 1	0.4722
Zone 2	0.5334
Zone 3	0.6244
Zone 4	0.7538

**Currently Effective Maximum Transportation Rates (\$ per MMBtu)  
 For Service Under Rate Schedule SNS**

	<b>Base Tariff Rates</b>
Up to 1/16 Hourly Flow:	
Daily Demand:	
Zone SL	0.1800
Zone 1	0.2782
Zone 2	0.3088
Zone 3	0.3543
Zone 4	0.4190
Commodity:	
Zone SL	0.0253
Zone 1	0.0431
Zone 2	0.0460
Zone 3	0.0490
Zone 4	0.0614
Daily Overrun:	
Zone SL	0.2053
Zone 1	0.3213
Zone 2	0.3548
Zone 3	0.4033
Zone 4	0.4804

The above rates shall be increased to include the ACA unit charge pursuant to Section 6.9[7] of the General Terms and Conditions.

Minimum Rate: Demand \$-0-; Commodity - Zone SL 0.0163  
 Zone 1 0.0186  
 Zone 2 0.0223  
 Zone 3 0.0262  
 Zone 4 0.0308

**Currently Effective Maximum Hourly Overrun Rates (\$ per MMBtu)  
For Service Under Rate Schedule SNS**

	<b>Base Tariff Rates</b>
Greater than 1/16 up to 1/12 Hourly Flow:	
Zone SL	0.2737
Zone 1	0.4284
Zone 2	0.4731
Zone 3	0.5377
Zone 4	0.6405
Greater than 1/12 Hourly Flow:	
Zone SL	0.4106
Zone 1	0.6426
Zone 2	0.7096
Zone 3	0.8066
Zone 4	0.9608

The above rates shall be increased to include the ACA unit charge pursuant to Section 6.9[7] of the General Terms and Conditions.

Minimum Rate \$-0-

**Currently Effective Maximum Transportation Rates (\$ per MMBtu)  
 For Service Under Rate Schedule WNS**

	<b>Base Tariff Rates</b>
Up to 1/16 Hourly Flow:	
Daily Demand:	
Zone SL	0.2693
Zone 1	0.4162
Zone 2	0.4620
Zone 3	0.5300
Zone 4	0.6268
Commodity:	
Zone SL	0.0253
Zone 1	0.0431
Zone 2	0.0460
Zone 3	0.0490
Zone 4	0.0614
Daily Overrun:	
Up to 1/16 Hourly Flow:	
Zone SL	0.2946
Zone 1	0.4593
Zone 2	0.5080
Zone 3	0.5790
Zone 4	0.6882

The above rates shall be increased to include the ACA unit charge pursuant to Section 6.9[7] of the General Terms and Conditions.

Minimum Rate: Demand \$-0-; Commodity - Zone SL 0.0163  
 Zone 1 0.0186  
 Zone 2 0.0223  
 Zone 3 0.0262  
 Zone 4 0.0308

**Currently Effective Maximum Hourly Overrun Rates (\$ per MMBtu)  
For Service Under Rate Schedule WNS**

	<b>Base Tariff Rates</b>
Greater than 1/16 up to 1/12 Hourly Flow:	
Zone SL	0.3927
Zone 1	0.6124
Zone 2	0.6773
Zone 3	0.7720
Zone 4	0.9177
Greater than 1/12 Hourly Flow:	
Zone SL	0.5892
Zone 1	0.9186
Zone 2	1.0159
Zone 3	1.1581
Zone 4	1.3765

The above rates shall be increased to include the ACA unit charge pursuant to Section 6.9[7] of the General Terms and Conditions.

Minimum Rate \$-0-

**Rates and Charges Applicable To  
Rate Schedule ENS – Enhanced Nomination Service**

<b><u>ENS – Enhanced Nomination Service</u></b>	<b><u>Maximum Rate</u></b>	<b><u>Minimum Rate</u></b>
Daily Demand	\$0.0219	\$0.0000
Commodity[1]	\$0.0217	\$0.0000

The above rates shall be increased to include the ACA unit charge pursuant to Section 6.9[7] of the General Terms and Conditions.

The ACA unit charge is applicable to Texas Gas' Rate Schedule ENS, if not collected under Texas Gas' Rate Schedule FT, STF, NNS, NNL, SGT, SGL, SNS, or WNS.

Note: Customer must also pay the applicable rates charged for service under the applicable Base Contract pursuant to Rate Schedule FT, STF, NNS, NNL, SGT, SGL, SNS or WNS.

[1] The ENS Commodity charge shall apply to all nomination changes (including both increases and decreases) scheduled during the Additional Nominations Cycles referenced in Section 5.10[5.2].

**Currently Effective Maximum Winter Season Interruptible Transportation Rates  
(\$ per MMBtu) For Service Under Rate Schedule IT**

	<b>Base Tariff Rates</b>
SL-SL	0.1292
SL-1	0.2677
SL-2	0.3571
SL-3	0.4176
SL-4	0.5229
1-1	0.2210
1-2	0.3108
1-3	0.3704
1-4	0.4760
2-2	0.2315
2-3	0.2911
2-4	0.3938
3-3	0.2078
3-4	0.3105
4-4	0.2416

The above rates shall be increased to include the ACA unit charge pursuant to Section 6.9[7] of the General Terms and Conditions.

Backhaul rates equal forward haul rates from Zone SL to zone of delivery; provided, however, that intra-zone rates shall apply to intra-zone transportation, whether such intra-zone transportation is forward haul or backhaul.

Minimum base rates are presented in Section 4.12.

**Currently Effective Maximum Summer Season Interruptible Transportation Rates  
(\$ per MMBtu) For Service Under Rate Schedules IT**

	<b>Base Tariff Rates</b>
SL-SL	0.0620
SL-1	0.1364
SL-2	0.1777
SL-3	0.2066
SL-4	0.2570
1-1	0.1151
1-2	0.1568
1-3	0.1848
1-4	0.2355
2-2	0.1189
2-3	0.1468
2-4	0.1963
3-3	0.1080
3-4	0.1575
4-4	0.1253

The above rates shall be increased to include the ACA unit charge pursuant to Section 6.9[7] of the General Terms and Conditions.

Backhaul rates equal forward haul rates from Zone SL to zone of delivery; provided, however, that intra-zone rates shall apply to intra-zone transportation, whether such intra-zone transportation is forward haul or backhaul.

Minimum base rates are presented in Section 4.12.



**Currently Effective Minimum Transportation Rates (\$ per MMBtu)  
For Service Under Rate Schedules FT, STF, and IT**

<b>Receipt-Delivery Zone</b>	<b>Minimum Base Rate</b>
SL-SL	0.0028
SL-1	0.0110
SL-2	0.0162
SL-3	0.0218
SL-4	0.0226
1-1	0.0087
1-2	0.0145
1-3	0.0190
1-4	0.0200
2-2	0.0071
2-3	0.0116
2-4	0.0126
3-3	0.0058
3-4	0.0068
4-4	0.0023

Backhaul rates equal forward haul rates from Zone SL to zone of delivery; provided, however, that intra-zone rates shall apply to intra-zone transportation, whether such intra-zone transportation is forward haul or backhaul.

**Statement Of Rates For Storage Of Natural Gas**

<b><u>Rate Schedule FSS</u></b>	<b><u>Max Daily Rate per MMBtu</u></b>	<b><u>Minimum Rate per MMBtu</u></b>
1. Reservation Rate		
a. Daily Deliverability	\$0.0540	\$0.0000
b. Seasonal Capacity	\$0.0010	\$0.0000
2. Injection/Withdrawal Commodity Rate	\$0.0270	\$0.0270
3. Overrun Service Rate	100% Load Factor Rate [1]	\$0.0270

Note: The maximum reservation charge component of the maximum firm volumetric capacity release rate shall be the applicable maximum daily demand rate herein pursuant to Section 6.16 of the General Terms and Conditions and Section 5.12[5.2] of Rate Schedule FSS.

<b><u>Rate Schedule ISS</u></b>	<b><u>Max Daily Rate per MMBtu</u></b>	<b><u>Minimum Rate per MMBtu</u></b>
1. Inventory Charge	\$0.0862	\$0.0000
2. Injection/Withdrawal Commodity Rate	\$0.0270	\$0.0270
3. Overrun Service Rate	\$0.0540	\$0.0270

[1] See Section 5.12[5.2] of Rate Schedule FSS for definition.

**Rates And Charges Applicable To  
Rate Schedule PAL - Park And Loan Service**

<b><u>PAL - Park and Loan Service</u></b>	<b><u>Maximum Rate</u></b>	<b><u>Minimum Rate</u></b>
Daily Park Charge per MMBtu	\$0.1196	\$0.0000
Daily Loan Charge per MMBtu	\$0.1196	\$0.0000

**Currently Effective Maximum Hourly Overrun Transportation Rates (\$ per MMBtu)  
For Service Under Rate Schedule HOT**

	<b>Currently Effective Rates [1]</b>
Zone SL	0.2737
Zone 1	0.4284
Zone 2	0.4731
Zone 3	0.5377
Zone 4	0.6405

Minimum Rate: \$-0-

[1] Currently Effective Rates are equal to Base Tariff Rates.

**Currently Effective Maximum Incremental Transportation Rates  
 ( \$ per MMBtu) for Service on the  
 Fayetteville Lateral and the Greenville Lateral**

**Incremental Rates for the Fayetteville Lateral**

		<b>Base Tariff Rates [1] [2]</b>
FT	Daily Reservation	0.3474
	Commodity	0.0010
	Overrun	0.3484
STF	Daily Reservation – Winter	0.5197
	Daily Reservation – Summer	0.2258
	Commodity	0.0010
	Overrun – Winter	0.5207
	Overrun – Summer	0.2268
NNS/ NNL	Daily Reservation	0.3474
	Commodity	0.0010
	Overrun	0.3484
SNS	Daily Reservation	0.3474
	Commodity	0.0010
SNS Overrun	Up to 1/16 Hourly Flow	0.3484
	> 1/16 up to 1/12 Hourly flow	0.4645
	> 1/12 Hourly Flow	0.6968
WNS	Daily Reservation	0.5197
	Commodity	0.0010
WNS Overrun	Up to 1/16 Hourly Flow	0.5207
	>1/16 up to 1/12 Hourly Flow	0.6943
	>1/12 Hourly Flow	1.0414
SGT/SGL		0.6958
IT	Winter	0.5207
	Summer	0.2268

The above commodity and overrun rates shall be increased to include the ACA unit charge pursuant to Section 6.9[7] of the General Terms and Conditions.

PAL	0.1196
HOT	0.4645
Fuel Retention Percentage	0.14%
Minimum Rates:	
Demand	0.0000
Commodity	0.0010

- [1] Incremental charges listed in this Section 4.16 will be assessed for service, regardless of delivery location.
- [2] The FERC ACA unit charge will be assessed only once where a shipper transports gas on multiple Texas Gas laterals and/or across multiple Texas Gas rate zones.

**Incremental Rates for the Greenville Lateral**

		<b>Base Tariff Rates [1] [2]</b>
FT	Daily Reservation	0.3091
	Commodity	0.0012
	Overrun	0.3103
STF	Daily Reservation – Winter	0.4624
	Daily Reservation – Summer	0.2009
	Commodity	0.0012
	Overrun – Winter	0.4636
	Overrun – Summer	0.2021
NNS/ NNL	Daily Reservation	0.3091
	Commodity	0.0012
	Overrun	0.3103
SNS	Daily Reservation	0.3091
	Commodity	0.0012
SNS Overrun	Up to 1/16 Hourly Flow	0.3103
	> 1/16 up to 1/12 Hourly flow	0.4137
	> 1/12 Hourly Flow	0.6206

WNS	Daily Reservation	0.4624
	Commodity	0.0012
WNS		
Overrun	Up to 1/16 Hourly Flow	0.4636
	>1/16 up to 1/12 Hourly Flow	0.6182
	>1/12 Hourly Flow	0.9272
SGT/SGL		0.6194
IT	Winter	0.4636
	Summer	0.2021

The above commodity and overrun rates shall be increased to include the ACA unit charge pursuant to Section 6.9[7] of the General Terms and Conditions.

PAL		0.1196
HOT		0.4137
Fuel Retention Percentage		0.00%
Minimum Rates:	Demand	0.0000
	Commodity	0.0012

- [1] Incremental charges listed in this Section 4.16 will be assessed for service, regardless of delivery location.
- [2] The FERC ACA unit charge will be assessed only once where a shipper transports gas on multiple Texas Gas laterals and/or across multiple Texas Gas rate zones.

**Statement Of Market Based Rates For Storage Of Natural Gas**

**Rate Schedule**

FSS-M

ISS-M

**Rate per MMBtu**

Price Negotiated

Price Negotiated



**This section contains Texas Gas' currently effective fuel retention percentages.**

**Schedule of Currently Effective Fuel Retention Percentages  
 Pursuant to Section 6.9 of the General Terms and Conditions**

**NNS/NNL/SGT/SGL/SNS/WNS Rate Schedules**

<b><u>Delivery Fuel Zone</u></b>	<b><u>EFRP [1]</u></b>
South	0.86%
Middle	0.94%
North	1.16%

**FT/STF/IT Rate Schedules**

<b><u>Rec/Del Fuel Zone</u></b>	<b><u>EFRP</u></b>
South/South	0.58%
South/Middle	0.76%
South/North	1.06%
Middle/South	0.67%
Middle/Middle	0.19%
Middle/North	0.49%
North/South	1.11%
North/Middle	0.47%
North/North	0.28%

**FSS/FSS-M/ISS/ISS-M Rate Schedules**

<b><u>Injection / Withdrawal</u></b>
0.30%

**Swing Allocation Hybrid Rate  
NNS/NNL/SGT/SGL/SNS/WNS**

<b><u>Delivery Fuel Zone</u></b>	<b><u>EFRP</u></b>
South	0.18%
Middle	0.33%
North	0.45%

[1] Effective Fuel Retention Percentage Schedule of Currently Effective Fuel Retention Percentages Pursuant to Section 6.9 of the General Terms and Conditions

**This Section 4.18.2 is hereby cancelled and reserved for future use.**

**Reserved**

**Cost Components of Currently Effective  
 FT Transportation Base Rates**

<b>Receipt Delivery Point</b>	<b><u>Storage</u></b>	<b><u>Transmission</u></b>
Daily Demand Charge:		
SL-SL	0.0000	0.0794
SL-1	0.0051	0.1501
SL-2	0.0042	0.2078
SL-3	0.0035	0.2459
SL-4	0.0039	0.3103
1-1	0.0051	0.1201
1-2	0.0042	0.1778
1-3	0.0035	0.2159
1-4	0.0039	0.2803
2-2	0.0042	0.1290
2-3	0.0035	0.1670
2-4	0.0039	0.2295
3-3	0.0035	0.1146
3-4	0.0039	0.1771
4-4	0.0039	0.1335
Commodity Charge:		
SL-SL	0.0000	0.0104
SL-1	0.0002	0.0353
SL-2	0.0002	0.0397
SL-3	0.0002	0.0443
SL-4	0.0002	0.0526
1-1	0.0002	0.0335
1-2	0.0002	0.0383
1-3	0.0002	0.0420
1-4	0.0002	0.0506
2-2	0.0002	0.0321
2-3	0.0002	0.0358
2-4	0.0002	0.0444
3-3	0.0002	0.0310
3-4	0.0002	0.0396
4-4	0.0002	0.0358

**Cost Components of Currently Effective  
STF Transportation Base Demand Rates**

	<b>Receipt Delivery Point</b>	<b><u>Storage</u></b>	<b><u>Transmission</u></b>
Peak:			
	SL-SL	0.0000	0.1188
	SL-1	0.0077	0.2245
	SL-2	0.0063	0.3109
	SL-3	0.0052	0.3679
	SL-4	0.0059	0.4642
	1-1	0.0077	0.1796
	1-2	0.0063	0.2660
	1-3	0.0052	0.3230
	1-4	0.0059	0.4193
	2-2	0.0063	0.1929
	2-3	0.0052	0.2499
	2-4	0.0059	0.3433
	3-3	0.0052	0.1714
	3-4	0.0059	0.2648
	4-4	0.0059	0.1997
Off-Peak:			
	SL-SL	0.0000	0.0516
	SL-1	0.0033	0.0976
	SL-2	0.0027	0.1351
	SL-3	0.0023	0.1598
	SL-4	0.0025	0.2017
	1-1	0.0033	0.0781
	1-2	0.0027	0.1156
	1-3	0.0023	0.1403
	1-4	0.0025	0.1822
	2-2	0.0027	0.0839
	2-3	0.0023	0.1085
	2-4	0.0025	0.1492
	3-3	0.0023	0.0745
	3-4	0.0025	0.1152
	4-4	0.0025	0.0868

**Cost Components of Currently Effective  
 NNS, NNL, SGT, and SGL Transportation Base Rates**

**Cost Components of NNS Rates**

Daily Demand Rate Zone SL

1  
2  
3  
4

**Storage**

0.1127  
0.1324  
0.1035  
0.1099  
0.1102

**Transmission**

0.0673  
0.1458  
0.2053  
0.2444  
0.3088

Commodity Charge Zone SL

1  
2  
3  
4

0.0127  
0.0078  
0.0062  
0.0048  
0.0085

0.0126  
0.0353  
0.0398  
0.0442  
0.0529

**Cost Components of NNL Rates**

Daily Demand Rate Zone SL

1  
2  
3  
4

**Storage**

0.0706  
0.0903  
0.0614  
0.0678  
0.0681

**Transmission**

0.0673  
0.1458  
0.2053  
0.2444  
0.3088

Commodity Charge Zone SL

1  
2  
3  
4

0.0127  
0.0078  
0.0062  
0.0048  
0.0085

0.0126  
0.0353  
0.0398  
0.0442  
0.0529

**Cost Components of SGT Rates**

Zone SL

1  
2  
3  
4

**Storage**

0.1412  
0.2726  
0.2132  
0.2246  
0.2289

**Transmission**

0.0798  
0.3269  
0.4504  
0.5330  
0.6705

**Cost Components of SGL Rates**

Zone SL

1  
2  
3  
4

**Storage**

0.0954  
0.1884  
0.1290  
0.1404  
0.1447

**Transmission**

0.0798  
0.3269  
0.4504  
0.5330  
0.6705

**Cost Components of Currently Effective  
IT Transportation Base Rates**

	<b>Receipt Delivery Point</b>	<b><u>Storage</u></b>	<b><u>Transmission</u></b>
Peak:			
	SL-SL	0.0000	0.1292
	SL-1	0.0079	0.2598
	SL-2	0.0065	0.3506
	SL-3	0.0054	0.4122
	SL-4	0.0061	0.5168
	1-1	0.0079	0.2131
	1-2	0.0065	0.3043
	1-3	0.0054	0.3650
	1-4	0.0061	0.4699
	2-2	0.0065	0.2250
	2-3	0.0054	0.2857
	2-4	0.0061	0.3877
	3-3	0.0054	0.2024
	3-4	0.0061	0.3044
	4-4	0.0061	0.2355
Off-Peak:			
	SL-SL	0.0000	0.0620
	SL-1	0.0035	0.1329
	SL-2	0.0029	0.1748
	SL-3	0.0025	0.2041
	SL-4	0.0027	0.2543
	1-1	0.0035	0.1116
	1-2	0.0029	0.1539
	1-3	0.0025	0.1823
	1-4	0.0027	0.2328
	2-2	0.0029	0.1160
	2-3	0.0025	0.1443
	2-4	0.0027	0.1936
	3-3	0.0025	0.1055
	3-4	0.0027	0.1548
	4-4	0.0027	0.1226



This section includes currently effective rates for customer laterals, as described.

**Currently Effective Incremental Transportation Rates (\$ per MMBtu)**  
**Rate Schedule FLS**  
**Southern Indiana Customer Lateral**

<u>Rate Schedule</u>	<u>Maximum Daily Rate (\$)</u>
FT-FLS	
Reservation	0.5208
Commodity [1]	0.0000
Overrun [1]	0.5208
	<u>Minimum Daily Rate (\$)</u>
FT-FLS	
Reservation	0.0000
Commodity	0.0000

- [1] The above commodity and overrun rates shall be increased to include the ACA unit charge, if applicable, pursuant to Section 6.9[7] of the General Terms and Conditions. The ACA unit charge will be assessed only once where a shipper transports gas on multiple Texas Gas laterals and/or across multiple Texas Gas rate zones.

**Currently Effective Incremental Transportation Rates (\$ per MMBtu)**  
**Rate Schedule FLS**  
**Western Kentucky Customer Lateral**

<u>Rate Schedule</u>	<u>Maximum Daily Rate (\$)</u>
FT-FLS	
Reservation	0.1576
Commodity [1]	0.0000
Overrun [1]	0.1576
	<u>Minimum Daily Rate (\$)</u>
FT-FLS	
Reservation	0.0000
Commodity	0.0000

- [1] The above commodity and overrun rates shall be increased to include the ACA unit charge, if applicable, pursuant to Section 6.9[7] of the General Terms and Conditions. The ACA unit charge will be assessed only once where a shipper transports gas on multiple Texas Gas laterals and/or across multiple Texas Gas rate zones.

**Currently Effective Incremental Transportation Rates (\$ per MMBtu)  
 Rate Schedule FLS  
 Henderson County Customer Lateral**

<b><u>Rate Schedule</u></b>		<b><u>Maximum Daily Rate</u> (\$)</b>
FLS-FT	Reservation	0.1512
	Commodity	0.0000
	Overrun	0.1512
FLS-NNS/FLS-NNL	Reservation	0.1512
	Commodity	0.0000
	Overrun	0.1512
FLS-SNS	Daily Reservation	0.1512
	Commodity	0.0000
FLS-SNS Overrun	Up to 1/16 Hourly Flow	0.1512
	Greater than 1/16 up to 1/12 Hourly flow	0.2016
	Greater than 1/12 Hourly Flow	0.3024
FLS-WNS	Daily Reservation	0.2262
	Commodity	0.0000
FLS-WNS Overrun	Up to 1/16 Hourly Flow	0.2262
	Greater than 1/16 up to 1/12 Hourly flow	0.3016
	Greater than 1/12 Hourly Flow	0.4524

[1] The above commodity rates shall be increased to include the ACA unit charge, if applicable, pursuant to Section 6.9[7] of the General Terms and Conditions. The ACA unit charge will be assessed only once where a shipper transports gas on multiple Texas Gas lateral and/or across multiple Texas Gas rate zones.

This section includes currently effective rates for customer laterals, as described.

**Currently Effective Incremental Transportation Rates (\$ per MMBtu)  
 Rate Schedule ILS  
 Southern Indiana Customer Lateral**

<u>Season</u>	<b>Maximum Daily Rate (\$)</b>
Winter [1]	0.7791
Summer [1]	0.3385
All Seasons	<b>Minimum Daily Rate (\$)</b>
	0.0000

- [1] The above commodity rates shall be increased to include the ACA unit charge, if applicable, pursuant to Section 6.9[7] of the General Terms and Conditions. The ACA unit charge will be assessed only once where a shipper transports gas on multiple Texas Gas lateral and/or across multiple Texas Gas rate zones.

**Currently Effective Incremental Transportation Rates (\$ per MMBtu)  
Rate Schedule ILS  
Western Kentucky Customer Lateral**

		<b>Maximum Daily Rate (\$)</b>
<u>Season</u>		
	Winter [1]	0.2358
	Summer [1]	0.1024
		<b>Minimum Daily Rate (\$)</b>
	All Seasons	0.0000

- [1] The above commodity rates shall be increased to include the ACA unit charge, if applicable, pursuant to Section 6.9[7] of the General Terms and Conditions. The ACA unit charge will be assessed only once where a shipper transports gas on multiple Texas Gas lateral and/or across multiple Texas Gas rate zones.

**Currently Effective Incremental Transportation Rates (\$ per MMBtu)**  
**Rate Schedule ILS**  
**Henderson County Customer Lateral**

<u>Season</u>	<b>Maximum Daily Rate (\$)</b>
Winter [1]	0.2262
Summer [1]	0.0983
	<b>Minimum Daily Rate (\$)</b>
All Seasons	0.0000

- [1] The above commodity rates shall be increased to include the ACA unit charge, if applicable, pursuant to Section 6.9[7] of the General Terms and Conditions. The ACA unit charge will be assessed only once where a shipper transports gas on multiple Texas Gas lateral and/or across multiple Texas Gas rate zones.



**Rates And Charges Applicable To  
Rate Schedule EPS – Enhanced Park Service**

<b><u>EPS – Enhanced Park Service</u></b>	<b><u>Maximum Rate</u></b>	<b><u>Minimum Rate</u></b>
Daily Demand Rate per MMBtu of Maximum Contract Park Quantity	\$0.3670	\$0.0000

**This section contains Texas Gas' rate schedules.**

**Rate Schedule FT**  
**Firm Transportation Service**

1. Availability

This Rate Schedule is available for the transportation of natural gas by Texas Gas for any Customer:

1.1 Where Customer:

- (a) Has requested gas to be transported on a firm basis and is eligible for firm transportation pursuant to this Rate Schedule and Section 6.8 of the General Terms and Conditions;
- (b) Is the successful bidder for available capacity or for capacity released by a Customer having an FT Service Agreement pursuant to the terms and conditions of the Capacity Release Program in Section 6.16 of the General Terms and Conditions of this Tariff;
- (c) Has met the credit requirements of Section 6.5 of the General Terms and Conditions;
- (d) Will deliver or cause to be delivered natural gas to Texas Gas for delivery by Texas Gas to or for the account of Customer in one or more of Texas Gas' Service Zones; and
- (e) Has executed a Transportation Service Agreement with Texas Gas for service under Rate Schedules FT-SL, FT-1, FT-2, FT-3, FT-4, FT-Fayetteville, or FT-Greenville. Subject to the provisions of Section 5.1[3.3] of this FT Rate Schedule, the firm transportation Contract Demand must be a daily transportation quantity which is the same for each day of the contract term, which term must be for at least 12 consecutive months of service.

1.2 Customer, Texas Gas, and third-party transporters, have obtained, as appropriate, or will obtain all State and Federal approvals for services to be provided by Customer, Texas Gas, and third-party transporters related to those rendered under this Rate Schedule.

2. Supply Lateral Capacity

The provisions of Section 6.8[6] of the General Terms and conditions of this Tariff, Supply Lateral Capacity, shall apply to FT service.

3. Applicability and Character of Service

3.1 The transportation service provided under this Rate Schedule shall be performed under Subparts B, G, H or I of Part 284, or any other applicable commission regulation governing such transportation, including transportation performed on an "on behalf of" basis under Subpart B. Such service shall apply to all gas transported by Texas Gas for Customer under this Rate Schedule up to the transportation Contract Demand set forth in the Transportation Service Agreement.

3.2 Receipts and deliveries under this Rate Schedule shall be governed by Section 6.6[2] of the General Terms and Conditions of this Tariff.

3.3 Notwithstanding anything in the Rate Schedule or Section 6.6[2] of the General Terms and Conditions of this Tariff, the parties may agree at the time of contract execution that the Contract Demand will increase by specified amounts at specific points in time.

4. Categories and Priorities of Transportation Services

Refer to Section 6.12 of the General Terms and Conditions of this Tariff.

5. Rates and Charges

The applicable rates per MMBtu under this Rate Schedule for firm transportation service to each zone are set forth in currently effective Section 4.1 and Section 4.16 of this Tariff, and these rates are incorporated herein by reference.

5.1 Rates

Unless otherwise agreed to in writing by Texas Gas and Customer, Customer shall pay to Texas Gas each month a Reservation Charge which shall consist of the transportation Contract Demand as specified in Customer's Transportation Service Agreement multiplied by the applicable demand rate per MMBtu. The Reservation Charge shall be billed as of the effective date of the Transportation Service Agreement. Unless otherwise agreed to in writing by Texas Gas and Customer, Customer shall also pay Texas Gas the Maximum Commodity Rate per MMBtu of gas delivered by Texas Gas for firm transportation services rendered to Customer up to Customer's transportation Contract Demand. For all gas quantities delivered in excess of Customer's transportation Contract Demand on any day, Customer shall pay the FT Overrun Rate per MMBtu under this Rate Schedule. In addition, Customer shall pay any and all currently effective demand or commodity surcharges, including but not limited to, the FERC ACA Unit Charge.

5.2 Fuel, Company Use, and Unaccounted For Quantities

Fuel, company use gas, and unaccounted for quantities shall be in accordance with Section 6.9[2] of the General Terms and Conditions of this Tariff.

5.3 Processing Rights

Processing rights and the transportation of liquids/liquefiabiles shall be in accordance with Section 6.22 of the General Terms and Conditions of this Tariff.

5.4 Adjustment of Rates

Texas Gas shall have the right to propose and file with the Commission or other body having jurisdiction, changes and revisions of any effective rate schedule, or to propose and file superseding rate schedules, for the purpose of changing the rate, charges, or other provisions thereof effective as to Customer.

5.5 Secondary Point(s) in Zone Outside Transportation Path or Not Paid For

If Customer utilizes a secondary point, Customer shall also pay the maximum applicable supplemental charge set forth in Section 6.6 of the General Terms and Conditions, unless otherwise agreed to in writing by Texas Gas and the Customer.

6. Minimum Monthly Bill

- 6.1 The minimum monthly bill for transportation service rendered hereunder on a firm basis shall consist of the monthly Reservation Charge as described in Section 5.1 of this Rate Schedule.
- 6.2 There shall be no minimum commodity bill for transportation service rendered hereunder on a firm basis.

7. Daily Overruns

7.1 Authorized Daily Overruns, Allowable Variation, and Unauthorized Contract Demand Overrun Quantity

(a) Authorized Daily Overrun

Where Customer has obtained Texas Gas' prior consent to transport quantities on any day in excess of its Daily Contract Demand, such excess quantities shall be considered authorized overruns. In such circumstances, Customer shall pay the FT overrun rate for such authorized overruns and no penalty shall be assessed.

(b) Allowable Variation

Notwithstanding anything herein to the contrary, Customer takes between 100% of Contract Demand and 102% of Contract Demand shall be considered an allowable variation in the delivery of the Contract Demand and shall not require Texas Gas' prior consent. In such circumstances, the Customer shall pay the FT Overrun Rate for such takes and no penalty shall be assessed. Customer may rely on daily operational information provided by Texas Gas to determine if its takes have exceeded its daily Contract Demand and, if so, whether such excess takes are within 102% of Contract Demand and shall be considered allowable variation. Texas Gas shall use the lesser of operational information or actual data to determine whether Customer's excess takes are allowable variation or unauthorized overrun quantity.

(c) Unauthorized Contract Demand Overrun Quantity

Customer takes in excess of 102% of the Contract Demand on any day, without Texas Gas' prior consent, shall constitute Unauthorized Contract Demand Overrun Quantity.

7.2 Unauthorized Contract Demand Overrun Penalty

In any month in which Customer takes Unauthorized Contract Demand Overrun Quantity, Customer shall pay to Texas Gas the following penalties in addition to the charges otherwise payable hereunder:

- (a) A "Nominal Overrun Penalty" equal to twice the effective FT Overrun Rate for all Unauthorized Contract Demand Overrun Quantities taken on any day over 102% of the Contract Demand; and

- (b) An "Excess Overrun Penalty" of \$10.00 per MMBtu for all Unauthorized Contract Demand Overrun Quantities taken on any day in excess of 105% of Contract Demand.

In the event a Customer incurs an Excess Overrun Penalty, Texas Gas will credit any amounts collected as a Nominal Overrun Penalty against amounts collected as an Excess Overrun Penalty, so that the total Overrun Penalty collected does not exceed \$10.00 per MMBtu for overruns in excess of 105% of Contract Demand.

The payment of a penalty for Unauthorized Contract Demand Overrun by a Customer shall not under any circumstances be considered as giving such Customer the right to take Unauthorized Contract Demand Overrun nor shall such payment be considered as a substitute for any other remedies available to Texas Gas or any of Texas Gas' other customers against the offending Customer for failure to respect its obligation to adhere to the provisions of its contract with Texas Gas.

Texas Gas shall have the right, without obligation, to waive, on a non-discriminatory basis, any Nominal Overrun Penalty for Unauthorized Contract Demand Overrun Quantity if on the day when Unauthorized Contract Demand Overrun Quantity was taken deliveries to Texas Gas' other customers were not adversely affected by the taking of such Unauthorized Contract Demand Overrun Quantity or if Texas Gas' pipeline operations, including gas storage operations, were not impaired thereby. Texas Gas must waive any Excess Overrun Penalty if the Unauthorized Contract Demand Overrun occurs in a non-critical situation and does not cause operational problems.

Texas Gas shall be obligated to waive any penalty for Unauthorized Contract Demand Overrun:

- (i) when such overrun is taken under circumstances beyond the control of Customer due to emergency conditions on Texas Gas' facilities, or
- (ii) when such overrun is due to accident to or breakage of pipelines, machinery or equipment of the Customer; provided, however, Customer shall promptly and diligently take such action as may be necessary and practicable under the then existing circumstances to repair or otherwise remedy the situation and furnish Texas Gas satisfactory evidence that such accident or breakage was not due to Customer's gross negligence.

Whenever Texas Gas waives the penalty for Unauthorized Contract Demand Overrun, Customer shall pay Texas Gas the daily demand rate per MMBtu of the Unauthorized Contract Demand Overrun Quantity in addition to the commodity charge payable hereunder. The daily demand rate is set forth on currently effective Section 4.1 and Section 4.16 of this Tariff.

## 8. Seasonal Quantity Entitlement Overrun Charge and Nominal Penalty

- 8.1 If Customer and Customer's Replacement Shipper(s) take quantities of gas during the five-month period commencing November 1 of each year in excess of the Winter Season Quantity Entitlement, or during the seven-month period commencing April 1 of each year in excess of the Summer Season Quantity Entitlement, such excess shall constitute Seasonal Quantity Entitlement Overrun.

For all gas taken in excess of 100% of the Seasonal Quantity Entitlement, there shall be a charge consisting of the daily demand rate for the applicable zone in addition to all other charges payable hereunder. The daily demand rate is set forth on currently effective Section 4.1 and Section 4.16 of this Tariff.

- 8.2 In addition to the charge contained in Section 5.1[8.1] above and all other applicable charges, if Customer takes quantities of gas in any season in excess of 102% of Customer's Seasonal Quantity Entitlement, there shall be a penalty of twice the effective FT Overrun Rate; provided, however, such seasonal penalties shall be charged only for unauthorized seasonal overruns.

Texas Gas shall have the right, without obligation, to waive, on a nondiscriminatory basis, any penalty under this Section 5.1[8.2] for Season Quantity Entitlement Overrun if, as a result of such overrun, deliveries to Texas Gas' other Customers were not adversely affected or if Texas Gas' operations, including gas storage operations, were not impaired thereby.

- 8.3 Texas Gas will assess only one penalty for any infraction (i.e., a Customer will not incur both unauthorized Contract Demand overrun and seasonal quantity overrun charges or penalties based on a single infraction).

9. Reimbursement of Fees and Taxes

Customer shall reimburse Texas Gas for all fees, if any, required by the Commission or any regulatory body related to service provided under this Rate Schedule, including filing, reporting, and application fees. Provided, however, Texas Gas may waive filing fees for Customer on a nondiscriminatory basis in the event of an administrative error.

10. Capacity Release Program

Customer under the FT Rate Schedule may release and assign all or any part of its Contract Demand and Seasonal Quantity Entitlements pursuant to Section 6.16 of the General Terms and Conditions of this Tariff.

11. Uniform Flows

Customer shall deliver or cause to be delivered to Texas Gas and receive gas or cause to be received from Texas Gas in as nearly as possible uniform hourly quantities during any day and in as nearly as possible uniform daily quantities during any month.

12. General Terms and Conditions

All of the General Terms and Conditions of this Tariff are applicable to and are hereby incorporated as a part of this Rate Schedule FT.

**Rate Schedule STF**  
**Short-Term Firm Transportation Service**

1. Availability

This Rate Schedule is available for the transportation of natural gas by Texas Gas for any Customer:

1.1 Where Customer:

- (a) Has requested gas to be transported on a firm basis and is eligible for firm transportation pursuant to this Rate Schedule STF and Section 6.8 of the General Terms and Conditions;
- (b) Is the successful bidder for available capacity or for capacity released by a Customer having an STF Service Agreement pursuant to the terms and conditions of the Capacity Release Program in Section 6.16 of the General Terms and Conditions of this Tariff;
- (c) Has met the credit requirements of Section 6.5 of the General Terms and Conditions;
- (d) Will deliver or cause to be delivered natural gas to Texas Gas for delivery by Texas Gas to or for the account of Customer in one or more of Texas Gas' Service Zones; and
- (e) Has executed a Transportation Service Agreement with Texas Gas for service under Rate Schedules STF-SL, STF-1, STF-2, STF-3, STF-4, STF-Fayetteville, or STF-Greenville.

1.2 Customer, Texas Gas, and third-party transporters, have obtained, as appropriate, or will obtain all State and Federal approvals for services to be provided by Customer, Texas Gas, and third-party transporters related to those rendered under this Rate Schedule.

1.3 Any Customer contracting for service under this Rate Schedule STF will be allocated capacity without use of the bidding process provided such request (i) is made within 3 business days preceding the beginning of a month and service is contracted for only that entire calendar month or (ii) is for a single, intra-month period that will terminate no later than the last day of the current month. Any other request, including any extension or rollover of an agreement as provided in (i) or (ii) of this paragraph, shall be subject to the bidding process.

2. Supply Lateral Capacity

The provisions of Section 6.8[6] of the General Terms and Conditions of this Tariff, Supply Lateral Capacity, shall apply to STF service.

3. Applicability and Character of Service

3.1 The transportation service provided under this Rate Schedule shall be performed under Subparts B, G, H or I of Part 284, or any other applicable commission regulation governing such transportation, including transportation performed on an "on behalf of" basis under Subpart B. Such service shall apply to all gas transported by Texas Gas for Customer under this Rate Schedule up to the transportation Contract Demand set forth in the Transportation Service Agreement.



3.2 Receipts and deliveries under this Rate Schedule shall be governed by Section 6.6[2] of the General Terms and Conditions of this Tariff.

4. Categories and Priorities of Transportation Services  
Refer to Section 6.12 of the General Terms and Conditions of this Tariff.

5. Rates and Charges

The applicable rates per MMBtu under this Rate Schedule for firm transportation service to each zone are set forth on currently effective Section 4.2 and Section 4.16 of this Tariff, and these rates are incorporated herein by reference.

5.1 Rates

Unless otherwise agreed to in writing by Texas Gas and Customer, Customer shall pay to Texas Gas each month a Reservation Charge which shall consist of the Applicable transportation Contract Demand as specified in Customer's Transportation Service Agreement multiplied by the applicable demand rate per MMBtu. The Reservation Charge shall be billed as of the effective date of the Transportation Service Agreement. Unless otherwise agreed to in writing by Texas Gas and Customer, Customer shall also pay Texas Gas the Maximum Commodity Rate per MMBtu of gas delivered by Texas Gas for firm transportation services rendered to Customer up to Customer's transportation Contract Demand. For all gas quantities delivered in excess of Customer's transportation Contract Demand on any day, Customer shall pay the STF Overrun Rate per MMBtu under this Rate Schedule. In addition, Customer shall pay any and all currently effective demand or commodity surcharges, including but not limited to, the FERC ACA Unit Charge, Texas Gas' Take-or-Pay surcharge, and Order 636 Transition Costs surcharge.

5.2 Fuel, Company Use, and Unaccounted For Quantities

Fuel, company use gas, and unaccounted for quantities shall be in accordance with Section 6.9[2] of the General Terms and Conditions of this Tariff.

5.3 Processing Rights

Processing rights and the transportation of liquids/liquefiabiles shall be in accordance with Section 6.22 of the General Terms and Conditions of this Tariff.

5.4 Adjustment of Rates

Texas Gas shall have the right to propose and file with the Commission or other body having jurisdiction, changes and revisions of any effective rate schedule, or to propose and file superseding rate schedules, for the purpose of changing the rate, charges, or other provisions thereof effective as to Customer.

5.5 Secondary Point(s) in Zone Outside Transportation Path or Not Paid For

If Customer utilizes a secondary point, Customer shall also pay the maximum applicable supplemental charge set forth in Section 6.6 of the General Terms and Conditions, unless otherwise agreed to in writing by Texas Gas and the Customer.

6. Minimum Monthly Bill

- 6.1 The minimum monthly bill for transportation service rendered hereunder on a firm basis shall consist of the monthly Reservation Charge as described in Section 5.2[5.1] of this Rate Schedule.
- 6.2 There shall be no minimum commodity bill for transportation service rendered hereunder on a firm basis.

7. Daily Overruns

7.1 Authorized Daily Overruns, Allowable Variation, and Unauthorized Contract Demand Overrun Quantity

(a) Authorized Daily Overrun

Where Customer has obtained Texas Gas' prior consent to transport quantities on any day in excess of its Daily Contract Demand, such excess quantities shall be considered authorized overruns. In such circumstances, Customer shall pay the STF overrun rate for such authorized overruns and no penalty shall be assessed.

(b) Allowable Variation

Notwithstanding anything herein to the contrary, Customer takes between 100% of Contract Demand and 102% of Contract Demand shall be considered an allowable variation in the delivery of the Contract Demand and shall not require Texas Gas' prior consent. In such circumstances, the Customer shall pay the STF Overrun Rate for such takes and no penalty shall be assessed. Customer may rely on daily operational information provided by Texas Gas to determine if its takes have exceeded its daily Contract Demand and, if so, whether such excess takes are within 102% of Contract Demand and shall be considered allowable variation. Texas Gas shall use the lesser of operational information or actual data to determine whether Customer's excess takes are allowable variation or unauthorized overrun quantity.

(c) Unauthorized Contract Demand Overrun Quantity

Customer takes in excess of 102% of the Contract Demand on any day, without Texas Gas' prior consent, shall constitute Unauthorized Contract Demand Overrun Quantity.

7.2 Unauthorized Contract Demand Overrun Penalty

In any month in which Customer takes Unauthorized Contract Demand Overrun Quantity, Customer shall pay to Texas Gas the following penalties in addition to the charges otherwise payable hereunder:

- (a) A "Nominal Overrun Penalty" equal to twice the effective FT Overrun Rate for all Unauthorized Contract Demand Overrun Quantities taken on any day over 102% of the Contract Demand; and

- (b) An "Excess Overrun Penalty" of \$10.00 per MMBtu for all Unauthorized Contract Demand Overrun Quantities taken on any day in excess of 105% of Contract Demand.

In the event a Customer incurs an Excess Overrun Penalty, Texas Gas will credit any amounts collected as a Nominal Overrun Penalty against amounts collected as an Excess Overrun Penalty, so that the total Overrun Penalty collected does not exceed \$10.00 per MMBtu for overruns in excess of 105% of Contract Demand.

The payment of a penalty for Unauthorized Contract Demand Overrun by a Customer shall not under any circumstances be considered as giving such Customer the right to take Unauthorized Contract Demand Overrun nor shall such payment be considered as a substitute for any other remedies available to Texas Gas or any of Texas Gas' other customers against the offending Customer for failure to respect its obligation to adhere to the provisions of its contract with Texas Gas.

Texas Gas shall have the right, without obligation, to waive, on a non-discriminatory basis, any Nominal Overrun Penalty for Unauthorized Contract Demand Overrun Quantity if on the day when Unauthorized Contract Demand Overrun Quantity was taken deliveries to Texas Gas' other customers were not adversely affected by the taking of such Unauthorized Contract Demand Overrun Quantity or if Texas Gas' pipeline operations, including gas storage operations, were not impaired thereby. Texas Gas must waive any Excess Overrun Penalty if the Unauthorized Contract Demand Overrun occurs in a non-critical situation and does not cause operational problems.

Texas Gas shall be obligated to waive any penalty for Unauthorized Contract Demand Overrun:

- (i) when such overrun is taken under circumstances beyond the control of Customer due to emergency conditions on Texas Gas' facilities, or
- (ii) when such overrun is due to accident to or breakage of pipelines, machinery or equipment of the Customer; provided, however, Customer shall promptly and diligently take such action as may be necessary and practicable under the then existing circumstances to repair or otherwise remedy the situation and furnish Texas Gas satisfactory evidence that such accident or breakage was not due to Customer's gross negligence.

Whenever Texas Gas waives the penalty for Unauthorized Contract Demand Overrun, Customer shall pay Texas Gas the daily demand rate per MMBtu of the Unauthorized Contract Demand Overrun Quantity in addition to the commodity charge payable hereunder. The daily demand rate is set forth on currently effective Section 4.2 and Section 4.16 of this Tariff.

## 8. Seasonal Quantity Entitlement Overrun Charge and Nominal Penalty

- 8.1 If Customer and Customer's Replacement Shipper(s) take quantities of gas during the five-month period commencing November 1 of each year in excess of the Winter Season Quantity Entitlement, or during the seven-month period commencing April 1 of each year in excess of the Summer Season Quantity Entitlement, such excess shall constitute Seasonal Quantity Entitlement Overrun.

For all gas taken in excess of 100% of the Seasonal Quantity Entitlement, there shall be a charge consisting of the daily demand rate for the applicable zone in addition to all other charges payable hereunder. The daily demand rate is set forth on currently effective Section 4.2 and Section 4.16 of this Tariff.

- 8.2 In addition to the charge contained in Section 5.2[8.1] above and all other applicable charges, if Customer takes quantities of gas in any season in excess of 102% of Customer's Seasonal Quantity Entitlement, there shall be a penalty of twice the effective FT Overrun Rate; provided, however, such seasonal penalties shall be charged only for unauthorized seasonal overruns.

Texas Gas shall have the right, without obligation, to waive, on a nondiscriminatory basis, any penalty under this Section 5.2[8.2] for Season Quantity Entitlement Overrun if, as a result of such overrun, deliveries to Texas Gas' other Customers were not adversely affected or if Texas Gas' operations, including gas storage operations, were not impaired thereby.

- 8.3 Texas Gas will assess only one penalty for any infraction (i.e., a Customer will not incur both unauthorized Contract Demand overrun and seasonal quantity overrun charges or penalties based on a single infraction).

9. Reimbursement of Fees and Taxes

Customer shall reimburse Texas Gas for all fees, if any, required by the Commission or any regulatory body related to service provided under this Rate Schedule, including filing, reporting, and application fees. Provided, however, Texas Gas may waive filing fees for Customer on a nondiscriminatory basis in the event of an administrative error.

10. Capacity Release Program

Customer under the STF Rate Schedule may release and assign all or any part of its Contract Demand and Seasonal Quantity Entitlements pursuant to Section 6.16 of the General Terms and Conditions of this Tariff.

11. Uniform Flows

Customer shall deliver or cause to be delivered to Texas Gas and receive gas or cause to be received from Texas Gas in as nearly as possible uniform hourly quantities during any day and in as nearly as possible uniform daily quantities during any month.

12. General Terms and Conditions

All of the General Terms and Conditions of this Tariff are applicable to and are hereby incorporated as a part of this Rate Schedule STF.

**Rate Schedule EFT  
Enhanced Firm Transportation Service**

1. Availability

- 1.1 This Rate Schedule is available for the transportation of natural gas by Texas Gas for any Customer:
- (a) Who has executed a Transportation Service Agreement with Texas Gas for firm transportation service under Rate Schedules FT-SL, FT-1, FT-2, FT-3, FT-4, FT-Fayetteville, FT-Greenville, STF-SL, STF-1, STF-2, STF-3, STF-4, STF-Fayetteville, or STF-Greenville;
  - (b) Who has met the credit requirements of Section 6.5 of the General Terms and Conditions; and
  - (c) Who desires to enhance its firm transportation service by executing an EFT Addendum to FT or STF Service Agreement permitting it to receive deliveries of gas at its Primary Delivery Point at a variable hourly flow rate.
- 1.2 Texas Gas will evaluate all requests for EFT Service and only execute contracts with those seeking service under this Rate Schedule where there is operational capacity on the Texas Gas system and Texas Gas' system is physically capable of providing the requested EFT service.
- 1.3 Texas Gas shall not be required to perform service under this Rate Schedule, subject to obtaining any necessary approvals, on behalf of any Customer that fails to comply with any and all of the terms of this Rate Schedule and with the terms of Customer's Transportation Service Agreement with Texas Gas.

2. Applicability and Character of Service

- 2.1 This Rate Schedule is subject to all the terms and conditions of Rate Schedule FT or STF, except as provided in Section 5.3[2.2] below.
- 2.2 Notwithstanding the provisions of Section 6.7[2] of the General Terms and Conditions, except during such times for which Texas Gas has given notice to Customer that EFT service is unavailable, an EFT Customer may receive delivery in any hour of up to one-sixteenth of Customer's Contract Demand at Customer's Primary Delivery Point. Except as modified herein, Section 6.7[2] of the General Terms and Conditions shall continue to apply.

3. Quantities

All quantities designated for service under Rate Schedule EFT shall be the same as those quantities designated under the base FT or STF Agreement to which the EFT Service is added.

4. Rates and Charges

- 4.1 The applicable rates per MMBtu under this Rate Schedule EFT for enhanced firm transportation service are set forth on currently effective Section 4.3 of this Tariff, and these rates are incorporated herein by reference. Such rates are in addition to any rates charged for service under Rate Schedule FT or STF.

- 4.2 Unless otherwise agreed to in writing by Texas Gas and Customer, Customer shall pay Texas Gas each month the maximum rates per MMBtu for service under this Rate Schedule EFT. Texas Gas may, from time to time and at any time after negotiation selectively, adjust the rate(s) applicable to any individual Customer; provided, however, that such adjusted rate(s) shall not exceed the applicable Maximum Rate(s) nor shall they be less than the Minimum Rate(s) set forth in the currently effective Section 4.3 of this Tariff. If Texas Gas so adjusts any rates to any Customer, Texas Gas shall file with the Commission any and all required reports respecting such adjusted rate.
- 4.3 Texas Gas shall have the right to propose and file with the Commission or other body having jurisdiction, changes and revisions of this rate schedule, or to propose and file superseding rate schedules, for the purpose of changing the rate, charges, or other provisions thereof effective as to Customer.

**Rate Schedule NNS  
No Notice Service**

1. Availability

This rate schedule is available for the firm transportation of natural gas by Texas Gas for any Customer:

1.1 Where Customer:

- (a) Has submitted a valid request for firm service pursuant to this Rate Schedule NNS;
- (b) Is the successful bidder for available capacity or for capacity released by a customer having an NNS service agreement pursuant to the terms and conditions of the Capacity Release Program in Section 6.16 of the General Terms and Conditions of this Tariff;
- (c) Has met the credit requirements of Section 6.5 of the General Terms and Conditions;
- (d) Will deliver or cause to be delivered natural gas to Texas Gas for delivery by Texas Gas to or for the account of Customer in one or more of Texas Gas' Service Zones; and
- (e) Has executed a Transportation Service Agreement with Texas Gas for service under Rate Schedules NNS-SL, NNS-1, NNS-2, NNS-3, NNS-4, or NNS-Fayetteville, or NNS-Greenville for a term of not less than one (1) contract year ending October 31<sup>st</sup>.

1.2 No-notice service under this Rate Schedule NNS is available only at an NNS Customer's primary delivery point(s).

1.3 Service under this Rate Schedule NNS is available to any Customer, provided that there are operational and/or administrative arrangements in place to meet the requirements of such service.

2. Applicability and Character of Service

2.1 The transportation service provided under this Rate Schedule is a firm service being offered in compliance with 18 C.F.R. Section 284.8(a)(4) and shall be performed under Subparts B or G of Part 284 of the Commission's regulations, or any other applicable commission regulations governing such no-notice transportation service.

2.2 The transportation service offered under this Rate Schedule is provided by combining pipeline capacity and storage capacity into a single no-notice service. Customer's seasonal Contract Demands are thus supplied by a combination of Nominated (pipeline) and Unnominated (storage) Quantities as more fully defined below and as set forth in Customer's NNS Service Agreement.

2.3 Notwithstanding anything else to the contrary in this Rate Schedule or Section 6.6[3] of the General Terms and Conditions of this Tariff, the parties may agree at the time of contract execution that the Contract Demand will increase by specified amounts at specific point in time.

- 2.4 Notwithstanding any other provision hereof, Customer shall be required to nominate any Unnominated Daily Quantity at a primary delivery point where an Operational Balancing Agreement is in effect.

3. Categories and Priorities of Transportation Services

Refer to Section 6.12 of the General Terms and Conditions of this Tariff.

4. Rates and Charges

The applicable rates per MMBtu under this Rate Schedule for firm transportation service to each zone are set forth on currently effective Section 4.4 and Section 4.16 of this Tariff, and these rates are incorporated herein by reference.

4.1 Rates

Unless otherwise agreed to in writing by Texas Gas and Customer, Customer shall pay to Texas Gas each month a Reservation Charge which shall consist of the applicable Contract Demand as specified in Customer's NNS Service Agreement multiplied by the applicable demand rate per MMBtu. The Reservation Charge shall be billed as of the effective date of the NNS Service Agreement. Unless otherwise agreed to in writing by Texas Gas and Customer, Customer shall also pay Texas Gas the Maximum Commodity Rate per MMBtu of gas delivered by Texas Gas for no-notice transportation services rendered to Customer up to Customer's applicable Contract Demand. For all gas quantities delivered in excess of Customer's applicable Contract Demand on any day, Customer shall pay the NNS Overrun Rate per MMBtu under this Rate Schedule. In addition, Customer shall pay any and all currently effective demand or commodity surcharges, including but not limited to, the FERC ACA Unit Charge, Texas Gas' Take-or-Pay surcharge, and Order 636 Transition Costs surcharge.

4.2 Fuel, Company Use, and Unaccounted For Quantities

Fuel, company use gas, and unaccounted for quantities shall be in accordance with Section 6.9[2] of the General Terms and Conditions of this Tariff.

4.3 Processing Rights

Processing rights and the transportation of liquids/liquefiabiles shall be in accordance with Section 6.22 of the General Terms and Conditions of this Tariff.

4.4 Adjustment of Rates

Texas Gas shall have the right to propose and file with the Commission or other body having jurisdiction, changes and revisions of any effective rate schedule, or to propose and file superseding rate schedules, for the purpose of changing the rate, charges, or other provisions thereof effective as to Customer.

4.5 Secondary Point(s) in Zone Outside Transportation Path or Not Paid For



If Customer utilizes a secondary point, Customer shall also pay the maximum applicable supplemental charge set forth in Section 6.6 of the General Terms and Conditions, unless otherwise agreed to in writing by Texas Gas and Customer.

5. Minimum Monthly Bill

- 5.1 The minimum monthly bill for transportation service rendered hereunder on a firm basis shall consist of the monthly Reservation Charge as described in Section 5.4[4.1] of this Rate Schedule.
- 5.2 There shall be no minimum commodity bill for transportation service rendered hereunder on a firm basis.

6. Daily Overruns

6.1 Authorized Daily Overruns, Allowable Variation, and Unauthorized Contract Demand Overrun Quantity

(a) Authorized Daily Overrun

Where Customer has obtained Texas Gas' prior consent to transport quantities on any day in excess of its Daily Contract Demand, such excess quantities shall be considered authorized overruns. In such circumstances, Customer shall pay the NNS overrun rate for such authorized overruns and no penalty shall be assessed.

(b) Allowable Variation

Notwithstanding anything herein to the contrary, Customer takes between 100% of Contract Demand and 102% of Contract Demand shall be considered an allowable variation in the delivery of the Contract Demand and shall not require Texas Gas' prior consent. In such circumstances, the Customer shall pay the NNS Overrun Rate for such takes and no penalty shall be assessed. Customer may rely on daily operational information provided by Texas Gas to determine if its takes have exceeded its daily Contract Demand and, if so, whether such excess takes are within 102% of Contract Demand and shall be considered allowable variation. Texas Gas shall use the lesser of operational information or actual data to determine whether Customer's excess takes are allowable variation or unauthorized overrun quantity.

(c) Unauthorized Contract Demand Overrun Quantity

Customer takes in excess of 102% of the Contract Demand on any day, without Texas Gas' prior consent, shall constitute Unauthorized Contract Demand Overrun Quantity.

6.2 Unauthorized Contract Demand Overrun Penalty

In any month in which Customer takes an Unauthorized Contract Demand Overrun, Customer shall pay to Texas Gas the following penalties in addition to the charges otherwise payable hereunder:

- (a) A "Nominal Overrun Penalty" equal to twice the effective FT Overrun Rate for all Unauthorized Contract Demand Overrun Quantities taken on any day over 102% of the Contract Demand; and
- (b) An "Excess Overrun Penalty" of \$10.00 per MMBtu for all Unauthorized Contract Demand Overrun Quantities taken on any day in excess of 105% of Contract Demand.

In the event a Customer incurs an Excess Overrun Penalty, Texas Gas will credit any amounts collected as a Nominal Overrun Penalty against amounts collected as an Excess Overrun Penalty, so that the total Overrun Penalty collected does not exceed \$10.00 per MMBtu for overruns in excess of 105% of Contract Demand.

The payment of a penalty for Unauthorized Contract Demand Overrun by a Customer shall not under any circumstances be considered as giving such Customer the right to take Unauthorized Contract Demand Overrun nor shall such payment be considered as a substitute for any other remedies available to Texas Gas or any of Texas Gas' other Customers against the offending Customer for failure to respect its obligation to adhere to the provisions of its contract with Texas Gas.

Texas Gas shall have the right, without obligation, to waive, on a non-discriminatory basis, any Nominal Overrun Penalty for an Unauthorized Contract Demand Overrun if, on the day when the Unauthorized Contract Demand Overrun was taken, deliveries to Texas Gas' other Customers were not adversely affected by the taking of such Unauthorized Contract Demand Overrun or if Texas Gas' pipeline operations, including gas storage operations, were not impaired thereby. Texas Gas must waive any Excess Overrun Penalty if the Unauthorized Contract Demand Overrun occurs in a non-critical situation and does not cause operational problems.

Texas Gas shall be obligated to waive any penalty for Unauthorized Contract Demand Overrun:

- (i) when such overrun is taken under circumstances beyond the control of Customer due to emergency conditions on Texas Gas' facilities, or
- (ii) when such overrun is due to accident to or breakage of pipelines, machinery or equipment of the Customer; provided, however, Customer shall promptly and diligently take such action as may be necessary and practicable under the then existing circumstances to repair or otherwise remedy the situation and furnish Texas Gas satisfactory evidence that such accident or breakage was not due to Customer's gross negligence.

Whenever Texas Gas waives the penalty for Unauthorized Contract Demand Overrun, Customer shall pay Texas Gas the daily demand rate per MMBtu of the Unauthorized Contract Demand Overrun quantity in addition to the commodity charge payable hereunder. The daily demand rate is set forth on currently effective Section 4.4 and Section 4.16 of this Tariff.

## 7. Seasonal Quantity Entitlement Overrun Charge and Nominal Penalty

- 7.1 If Customer and Customer's Replacement Shipper(s) take quantities of gas during the five-month period commencing November 1 of each year in excess of the Winter Season Quantity Entitlement, or during the seven-month period commencing April 1 of

each year in excess of the Adjusted Summer Season Quantity Entitlement, such excess shall constitute Seasonal Quantity Entitlement Overrun.

For all gas taken in excess of 100% of the applicable Seasonal Quantity Entitlement, there shall be a charge consisting of the daily demand rate for the applicable zone in addition to all other charges payable hereunder. The daily demand rate is set forth on currently effective Section 4.4 and Section 4.16 of this tariff.

- 7.2 In addition to the charge contained in Section 5.4[7.1] above and all other applicable charges, if Customer takes quantities of gas in any season in excess of 102% of the applicable Seasonal Quantity Entitlement, there shall be a penalty of twice the effective FT Overrun Rate; provided, however, such seasonal penalties shall be charged only for unauthorized seasonal overruns.

Texas Gas shall have the right, without obligation, to waive, on a non-discriminatory basis, any penalty under this Section 5.4[7.2] for Seasonal Quantity Entitlement Overrun if, as a result of such overrun, deliveries to Texas Gas' other Customers were not adversely affected or if Texas Gas' pipeline operations, including gas storage operations, were not impaired thereby.

- 7.3 Texas Gas will assess only one penalty for any infraction (i.e., a Customer will not incur both unauthorized Contract Demand overrun and seasonal quantity overrun charges or penalties based on a single infraction).

8. Reimbursement of Fees and Taxes

Customer shall reimburse Texas Gas for all fees, if any, required by the Commission or any regulatory body related to service provided under this Rate Schedule, including filing, reporting, and application fees. Provided, however, Texas Gas may waive filing fees for Customer on a non-discriminatory basis in the event of an administrative error.

9. Nominations, Receipts, and Deliveries

Customer shall be responsible for nominating gas supply into Texas Gas' system up to Customer's Nominated Daily Quantity, pursuant to Section 6.12 of the General Terms and Conditions. Receipts and deliveries under this Rate Schedule shall be governed by Section 6.6[3] of the General Terms and Conditions.

10. Winter Season Provisions

During the Winter Season, Texas Gas will deliver to Customer up to Customer's Winter Contract Demand and Customer's Winter Quantity Entitlement as set forth below.

- 10.1 Customer will only be required to nominate into Texas Gas' system a quantity of gas up to the Nominated Daily Quantity.
- 10.2 In addition to the Nominated Daily Quantity actually scheduled by Customer, Texas Gas will adjust deliveries from storage up to Customer's Unnominated Daily Quantity to meet Customer's city-gate requirements up to Customer's Winter Contract Demand.
- 10.3 In addition, Customer may exceed its Unnominated Daily Quantity by a quantity equal to its Excess Unnominated Daily Quantity (i.e. 10% of its Winter Contract Demand) for up to two (2) consecutive gas days without a penalty; however, total deliveries to the

Customer may not exceed the Customer's Winter Contract Demand. Texas Gas will notify the Customer within four (4) hours of the end of the gas day in which Customer has exceeded its Unnominated Daily Quantity. If the Customer does not cease taking such Excess Unnominated Daily Quantity from Texas Gas' storage after two (2) consecutive gas days, then Texas Gas may assess a penalty of \$15 per MMBtu of such excess gas taken and may issue an operational flow order requiring Customer to immediately inject additional gas supply and/or reduce city-gate deliveries so that the Customer is no longer exceeding its Unnominated Daily Quantity.

- 10.4 Monthly Maximum Withdrawal: No more than 50% of Customer's Unnominated Seasonal Quantity shall be withdrawn in any consecutive thirty (30) day period.
- 10.5 Seasonal Minimum and Maximum Withdrawal: No more than 105% of Customer's Unnominated Seasonal Quantity shall be withdrawn or otherwise diminished (e.g., through in-field transfers and/or releases of storage) by March 1 of any winter season; provided further, that no less than 53% and no more than 100% of Customer's Unnominated Seasonal Quantity shall be withdrawn or otherwise diminished (e.g., through in-field transfers and/or releases of storage) by April 1 (the end of the Winter Season).
- 10.6 Adjusted Unnominated Daily Quantity: As Customer's Unnominated Seasonal Quantity is withdrawn or otherwise diminished (e.g., through in-field transfers and/or releases of storage), that portion of Customer's Unnominated Daily Quantity available to Customer shall be adjusted. Customer's Adjusted Unnominated Daily Quantity shall be equal to the greater of its average winter daily unnominated quantity (i.e., the Customer's USQ divided by the total number of Winter days the UDQ is available) or the applicable percentage of its Unnominated Daily Quantity as set forth in the following table:

% USQ Withdrawn	% UDQ Available
75%	90%
80%	85%
85%	80%
90%	75%

- 10.7 During the Winter Season, Texas Gas will also inject gas into storage on a best efforts basis as part of NNS service. Although such injections will be done on a best efforts basis, Texas Gas will be presumed, unless it gives notice to the contrary, to be able to inject into storage such quantities of gas as to take into account routine variations in no-notice deliveries. If Texas Gas is unable to make such best efforts injections, it will advise Customer by posting on its Internet Website. However, no presumption will exist for non-routine situations (e.g. injections in excess of 15% of Customer's Winter Contract Demand or sustained injections of more than five days) and, in such non-routine situations, Customer must give 24 hours advance written notice to Texas Gas of quantities it desires to inject into storage, so that Texas Gas can determine the extent to which it can make such injections and adjust its operations accordingly.

## 11. Summer Season Provisions

- 11.1 Texas Gas shall deliver to Customer at the city-gate during each Summer Season up to the Customer's Summer Contract Demand and Adjusted Summer Quantity Entitlement as nominated by Customer.

- 11.2 Pursuant to the provisions set forth below, Customer shall deliver in kind to Texas Gas during each Summer Season a quantity of gas equal to that portion of Customer's Unnominated Seasonal Quantity actually utilized by Customer (including any in-field transfers pursuant to Section 6.16.6[c] of the General Terms and Conditions of this tariff) during the prior Winter Season (as well as any Shoulder Month quantities delivered to Customer during the Summer Season). Customer shall reserve and utilize such portion of its Summer Contract Demand as necessary to redeliver such volumes into storage.

- 11.3 Maximum Daily Injection Quantity:

To protect the storage formations and allow uniform filling of the storage reservoirs, Customer will be required to adhere to certain injection limits (calculated as a percentage of the Unnominated Seasonal Quantity), throughout the summer injection period. During the Summer Season Customer may, on a daily basis, inject according to the following table, but not to exceed Customer's Summer Contract Demand:

<b>% of Unnominated Seasonal Quantity Injected</b>	<b>Maximum Available Injection Rate (% of USQ)</b>
0% - 65%	1.3%
65% - 90%	1.1%
>90%	0.6%

- 11.4 Inventory verification tests will be conducted as operationally necessary, but in no event less than once per calendar year. These tests require the temporary suspension of individual storage field activities (injections and withdrawals) for a period of approximately two (2) weeks. If conditions will not permit the full maximum daily injection or withdrawal quantity, Texas Gas may temporarily adjust the limit and allow make-up quantities on succeeding days. Texas Gas will provide at least 45 days notice on its Internet Website in regard to the scheduling of these shut-in periods to allow Customers to adjust for the interruption of storage.
- 11.5 During the Summer Season (except as provided in Section 5.4[11.6] below), Texas Gas will also withdraw gas from storage on a best efforts basis as part of the NNS service. Although such withdrawals will be done on a best efforts basis, Texas Gas will be presumed, unless it gives notice to the contrary, to be able to withdraw from storage such quantities of gas as to take into account routine variations in no-notice services. If Texas Gas is unable to make such best efforts withdrawals, it will advise Customer by posting on its Internet Website. However, no presumption will exist for non-routine situations (e.g. withdrawals in excess of 10% of Customer's Winter Contract Demand or sustained withdrawals of more than five days) and, in such non-routine situations, Customer must give 24 hours advance written notice to Texas Gas of quantities it desires to withdraw from storage, so that Texas Gas can determine the extent to which it can make such withdrawals and adjust its operations accordingly.
- 11.6 To assist Texas Gas' operational and maintenance scheduling through the Summer Season, Customer will notify Texas Gas by March 15 of each year, with updates monthly, of the quantities it intends to inject monthly during the immediately upcoming Summer Season; such injection schedule provided by Customer is a best efforts estimate and may be revised as necessary. Texas Gas will use its reasonable efforts to coordinate its test, maintenance, alteration and repair activities during such Summer Season to accommodate Customer's request.

12. Shoulder Month Flexibility

- 12.1 During the Shoulder Months of April and October, Texas Gas will deliver to Customer at the city-gate the Customer's Shoulder Month Contract Demand, which shall, unless otherwise agreed, be the sum of Customer's Summer Contract Demand, Customer's Excess Unnominated Quantity and the applicable percentage as set forth below of Customer's Unnominated Daily Quantity for the Winter Season:

Shoulder Month	Percent of Unnominated Daily Quantity
April	50%
October	70%

In the event that Customer's Unnominated Seasonal Quantity is available in quantities sufficient to support additional access to Customer's Unnominated Daily Quantity the applicable percentage available to Customer during such Shoulder Month will be as follows:

Shoulder Month	% of Unnominated Seasonal Quantity Withdrawn	% of Unnominated Daily Quantity Available
April/October	75%	90%
	80%	85%
	85%	80%
	90%	75%
	95%	70%

Such Shoulder Month Contract Demand shall be available during any day of the Shoulder Month for a minimum of fifteen (15) gas days during such month; provided, however, Shoulder Month Contract Demand shall be available for additional gas days to the extent operationally feasible.

- 12.2 In the event that Customer's Unnominated Seasonal Quantity has been exhausted prior to the April Shoulder Month period, Customer shall retain access to 50 % of its Unnominated Daily Quantity up to an aggregate monthly total equivalent to 10% of Customer's Unnominated Seasonal Quantity, as set forth above from that date until April 30.

13. Supply Lateral Capacity

The provisions of Section 6.8[6] of the General Terms and Conditions of this tariff, Supply Lateral Capacity, shall apply to NNS service, except that NNS Customers may be allocated or may bid on supply lateral capacity on the basis of their Nominated Daily Quantities rather than their Contract Demand.

14. Capacity Release

Customer may release and assign all or any part of its NNS Service pursuant to the provisions of Section 6.16.6 of Texas Gas' General Terms and Conditions; provided, however, Customer shall be responsible for retaining adequate capacity to meet its obligations under Section 5.4[11.2] of this Rate Schedule NNS to redeliver quantities into storage.

15. Hourly Deliveries

Texas Gas shall not be obligated to deliver to Customer at all points of delivery in any hour more than one-sixteenth of Customer's Contract Demand, subject to Section 6.18 of the General Terms and Conditions of this tariff.

16. Penalty for Failure to Redeliver Borrowed Gas Prior to Contract Termination

In the event Customer fails to deliver in kind to Texas Gas any portion of its Unnominated Seasonal Quantity it has borrowed from Texas Gas prior to termination of its contract for service under this Rate Schedule, Customer shall, within 30 days of contract termination, pay Texas Gas an amount equal to the greater of 200% of Texas Gas' book value of its working gas in storage or 200% of the highest monthly average index price calculated pursuant to Section 6.14 of the General Terms and Conditions, using a twelve month period ending on the date of contract termination.

17. General Terms and Conditions

All of the General Terms and Conditions of this Tariff are applicable to and are hereby incorporated as a part of this Rate Schedule NNS.

**Rate Schedule NNL  
No Notice Service**

1. Availability

This rate schedule is available for the firm transportation of natural gas by Texas Gas for any Customer:

1.1 Where Customer:

- (a) Has submitted a valid request for firm service pursuant to this Rate Schedule NNL;
- (b) Is the successful bidder for available capacity or for capacity released by a customer having an NNL service agreement pursuant to the terms and conditions of the Capacity Release Program in Section 6.16 of the General Terms and Conditions of this Tariff;
- (c) Has met the credit requirements of Section 6.5 of the General Terms and Conditions;
- (d) Will deliver or cause to be delivered natural gas to Texas Gas for delivery by Texas Gas to or for the account of Customer in one or more of Texas Gas' Service Zones; and
- (e) Has executed a Transportation Service Agreement with Texas Gas for service under Rate Schedules NNL-SL, NNL-1, NNL-2, NNL-3, NNL-4, NNL-Fayetteville, or NNL-Greenville for a term of not less than one (1) contract year ending March 31<sup>st</sup>.

1.2 No-notice service under this Rate Schedule NNL is available only at an NNL Customer's primary delivery point(s).

1.3 Service under this Rate Schedule NNL is available to any Customer, provided that there are operational and/or administrative arrangements in place to meet the requirements of such service.

2. Applicability and Character of Service

2.1 The transportation service provided under this Rate Schedule is a firm service being offered in compliance with 18 C.F.R. Section 284.8(a)(4) and shall be performed under Subparts B or G of Part 284 of the Commission's regulations, or any other applicable commission regulations governing such no-notice transportation service.

2.2 The transportation service offered under this Rate Schedule is provided by combining pipeline capacity and storage capacity into a single no-notice service. Customer's seasonal Contract Demands are thus supplied by a combination of Nominated (pipeline) and Unnominated (storage) Quantities as more fully defined below and as set forth in Customer's NNL Service Agreement.

2.3 Service under this Rate Schedule is identical in all practical respects to service under Rate Schedule NNS except that Customer shall provide its own Unnominated Gas Quantities for storage component of no-notice service hereunder. Customer shall not borrow any Unnominated Gas Quantities in-kind from Texas Gas except for those limited quantities as provided in Sections 5.5[10.5] and 5.5[12.2] hereof.



- 2.4 As necessary to facilitate delivery of gas pursuant to this Rate Schedule and Customer's NNL Service Agreement or to clear storage gas from storage at the termination of Customer's NNL Service Agreement, Texas Gas will allow Customer to nominate the Unnominated Daily Quantity in its NNL service to allow delivery from its NNL storage account. Gas from an NNL storage account may only be nominated for delivery to delivery point locations permitted by Customer's NNL Service Agreement. Provided Texas Gas' prior consent is obtained, Customer may nominate quantities of gas from storage in excess of the Unnominated Daily Quantity on any day if such withdrawal and transportation of such gas can be accomplished by Texas Gas without detriment to any other Customer under any of Texas Gas' storage and transportation rate schedules (see Section 6.12 of the General Terms and Conditions of this Tariff) and if such delivery from storage and transportation is compatible to Texas Gas' system operation requirements. Subject to the foregoing restrictions, Texas Gas' consent shall not be unreasonably withheld.
- 2.5 Notwithstanding anything else to the contrary in this Rate Schedule or Section 6.6[3] of the General Terms and Conditions of this Tariff, the parties may agree at the time of contract execution that the Contract Demand will increase by specified amounts at specific point in time.
- 2.6 Notwithstanding any other provision hereof, Customer shall be required to nominate any Unnominated Daily Quantity at a primary delivery point where an Operational Balancing Agreement is in effect.
3. Categories and Priorities of Transportation Services
- Refer to Section 6.12 of the General Terms and Conditions of this Tariff.
4. Rates and Charges
- The applicable rates per MMBtu under this Rate Schedule for firm transportation service to each zone are set forth on currently effective Section 4.5 and Section 4.16 of this Tariff, and these rates are incorporated herein by reference.
- 4.1 Rates
- Unless otherwise agreed to in writing by Texas Gas and Customer, Customer shall pay to Texas Gas each month a Reservation Charge which shall consist of the applicable Contract Demand as specified in Customer's NNL Service Agreement multiplied by the applicable daily demand rate per MMBtu/day times the number of days in the month. The Reservation Charge shall be billed as of the effective date of the NNL Service Agreement. Unless otherwise agreed to in writing by Texas Gas and Customer, Customer shall also pay Texas Gas the Maximum Commodity Rate per MMBtu of gas delivered by Texas Gas for no-notice transportation services rendered to Customer up to Customer's applicable Contract Demand. For all gas quantities delivered in excess of Customer's applicable Contract Demand on any day, Customer shall pay the NNL Overrun Rate per MMBtu under this Rate Schedule. In addition, Customer shall pay any and all currently effective demand or commodity surcharges, including but not limited to, the FERC ACA Unit Charge, Texas Gas' Take-or-Pay surcharge, and Order 636 Transition Costs surcharge.

4.2 Fuel, Company Use, and Unaccounted For Quantities

Fuel, company use gas, and unaccounted for quantities shall be in accordance with Section 6.9[2] of the General Terms and Conditions of this Tariff.

4.3 Processing Rights

Processing rights and the transportation of liquids/liquefiabiles shall be in accordance with Section 6.22 of the General Terms and Conditions of this Tariff.

4.4 Adjustment of Rates

Texas Gas shall have the right to propose and file with the Commission or other body having jurisdiction, changes and revisions of any effective rate schedule, or to propose and file superseding rate schedules, for the purpose of changing the rate, charges, or other provisions thereof effective as to Customer.

4.5 Secondary Point(s) in Zone Outside Transportation Path or Not Paid For

If Customer utilizes a secondary point , Customer shall also pay the maximum applicable supplemental charge set forth in Section 6.6 of the General Terms and Conditions, unless otherwise agreed to in writing by Texas Gas and Customer.

5. Minimum Monthly Bill

5.1 The minimum monthly bill for transportation service rendered hereunder on a firm basis shall consist of the monthly Reservation Charge as described in Section 5.5[4.1] of this Rate Schedule.

5.2 There shall be no minimum commodity bill for transportation service rendered hereunder on a firm basis.

6. Daily Overruns

6.1 Authorized Daily Overruns, Allowable Variation, and Unauthorized Contract Demand Overrun Quantity

(a) Authorized Daily Overrun

Where Customer has obtained Texas Gas' prior consent to transport quantities on any day in excess of its Daily Contract Demand, such excess quantities shall be considered authorized overruns. In such circumstances, Customer shall pay the NNL overrun rate for such authorized overruns and no penalty shall be assessed.

(b) Allowable Variation

Notwithstanding anything herein to the contrary, Customer takes between 100% of Contract Demand and 102% of Contract Demand shall be considered an allowable variation in the delivery of the Contract Demand and shall not require Texas Gas' prior consent. In such circumstances, the Customer shall pay the NNL Overrun Rate for such takes and no penalty shall be assessed. Customer may rely on daily operational information provided by Texas Gas to

determine if its takes have exceeded its daily Contract Demand and, if so, whether such excess takes are within 102% of Contract Demand and shall be considered allowable variation. Texas Gas shall use the lesser of operational information or actual data to determine whether Customer's excess takes are allowable variation or unauthorized overrun quantity.

(c) Unauthorized Contract Demand Overrun Quantity

Customer takes in excess of 102% of the Contract Demand on any day, without Texas Gas' prior consent, shall constitute Unauthorized Contract Demand Overrun Quantity.

6.2 Unauthorized Contract Demand Overrun Penalty

In any month in which Customer takes an Unauthorized Contract Demand Overrun, Customer shall pay to Texas Gas the following penalties in addition to the charges otherwise payable hereunder:

- (a) A "Nominal Overrun Penalty" equal to twice the effective FT Overrun Rate for all Unauthorized Contract Demand Overrun Quantities taken on any day over 102% of the Contract Demand; and
- (b) An "Excess Overrun Penalty" of \$10.00 per MMBtu for all Unauthorized Contract Demand Overrun Quantities taken on any day in excess of 105% of Contract Demand.

In the event a Customer incurs an Excess Overrun Penalty, Texas Gas will credit any amounts collected as a Nominal Overrun Penalty against amounts collected as an Excess Overrun Penalty, so that the total Overrun Penalty collected does not exceed \$10.00 per MMBtu for overruns in excess of 105% of Contract Demand.

The payment of a penalty for Unauthorized Contract Demand Overrun by a Customer shall not under any circumstances be considered as giving such Customer the right to take Unauthorized Contract Demand Overrun nor shall such payment be considered as a substitute for any other remedies available to Texas Gas or any of Texas Gas' other Customers against the offending Customer for failure to respect its obligation to adhere to the provisions of its contract with Texas Gas.

Texas Gas shall have the right, without obligation, to waive, on a non-discriminatory basis, any Nominal Overrun Penalty for an Unauthorized Contract Demand Overrun if, on the day when the Unauthorized Contract Demand Overrun was taken, deliveries to Texas Gas' other Customers were not adversely affected by the taking of such Unauthorized Contract Demand Overrun or if Texas Gas' pipeline operations, including gas storage operations, were not impaired thereby. Texas Gas must waive any Excess Overrun Penalty if the Unauthorized Contract Demand Overrun occurs in a non-critical situation and does not cause operational problems.

Texas Gas shall be obligated to waive any penalty for Unauthorized Contract Demand Overrun:

- (i) when such overrun is taken under circumstances beyond the control of Customer due to emergency conditions on Texas Gas' facilities, or

- (ii) when such overrun is due to accident to or breakage of pipelines, machinery or equipment of the Customer; provided, however, Customer shall promptly and diligently take such action as may be necessary and practicable under the then existing circumstances to repair or otherwise remedy the situation and furnish Texas Gas satisfactory evidence that such accident or breakage was not due to Customer's gross negligence.

Whenever Texas Gas waives the penalty for Unauthorized Contract Demand Overrun, Customer shall pay Texas Gas the daily demand rate per MMBtu of the Unauthorized Contract Demand Overrun quantity in addition to the commodity charge payable hereunder. The daily demand rate is set forth in currently effective Section 4.5 and Section 4.16 of this Tariff.

7. Seasonal Quantity Entitlement Overrun Charge and Nominal Penalty

- 7.1 If Customer and Customer's Replacement Shipper(s) take quantities of gas during the five-month period commencing November 1 of each year in excess of the Winter Season Quantity Entitlement, or during the seven-month period commencing April 1 of each year in excess of the Adjusted Summer Season Quantity Entitlement, such excess shall constitute Seasonal Quantity Entitlement Overrun.

For all gas taken in excess of 100% of the applicable Seasonal Quantity Entitlement, there shall be a charge consisting of the daily demand rate for the applicable zone in addition to all other charges payable hereunder. The daily demand rate is set forth in currently effective Section 4.5 and Section 4.16 of this Tariff.

- 7.2 In addition to the charge contained in Section 5.5[7.1] above and all other applicable charges, if Customer takes quantities of gas in any season in excess of 102% of the applicable Seasonal Quantity Entitlement, there shall be a penalty of twice the effective FT Overrun Rate; provided, however, such seasonal penalties shall be charged only for unauthorized seasonal overruns.

Texas Gas shall have the right, without obligation, to waive, on a non-discriminatory basis, any penalty under this Section 5.5[7.2] for Seasonal Quantity Entitlement Overrun if, as a result of such overrun, deliveries to Texas Gas' other Customers were not adversely affected or if Texas Gas' pipeline operations, including gas storage operations, were not impaired thereby.

- 7.3 Texas Gas will assess only one penalty for any infraction (i.e., a Customer will not incur both unauthorized Contract Demand overrun and seasonal quantity overrun charges or penalties based on a single infraction).

8. Reimbursement of Fees and Taxes

Customer shall reimburse Texas Gas for all fees, if any, required by the Commission or any regulatory body related to service provided under this Rate Schedule, including filing, reporting, and application fees. Provided, however, Texas Gas may waive filing fees for Customer on a non-discriminatory basis in the event of an administrative error.

9. Nominations, Receipts, and Deliveries

Customer shall be responsible for nominating gas supply into Texas Gas' system up to Customer's Nominated Daily Quantity, pursuant to Section 6.12 of the General Terms and Conditions. Receipts and deliveries under this Rate Schedule shall be governed by Section 6.6[3] of the General Terms and Conditions.

10. Winter Season Provisions

During the Winter Season, Texas Gas will deliver to Customer up to Customer's Winter Contract Demand and Customer's Winter Quantity Entitlement as set forth below.

- 10.1 Customer will only be required to nominate into Texas Gas' system a quantity of gas up to the Nominated Daily Quantity.
- 10.2 In addition to the Nominated Daily Quantity actually scheduled by Customer, Texas Gas will adjust deliveries from storage up to Customer's Unnominated Daily Quantity to meet Customer's city-gate requirements up to Customer's Winter Contract Demand.
- 10.3 In addition, Customer may exceed its Unnominated Daily Quantity by a quantity equal to its Excess Unnominated Daily Quantity (i.e. 10% of its Winter Contract Demand) for up to two (2) consecutive gas days without a penalty; however, total deliveries to the Customer may not exceed the Customer's Winter Contract Demand. Texas Gas will notify the Customer within four (4) hours of the end of the gas day in which Customer has exceeded its Unnominated Daily Quantity. If the Customer does not cease taking such Excess Unnominated Daily Quantity from Texas Gas' storage after two (2) consecutive gas days, then Texas Gas may assess a penalty of \$15 per MMBtu of such excess gas taken and may issue an operational flow order requiring Customer to immediately inject additional gas supply and/or reduce city-gate deliveries so that the Customer is no longer exceeding its Unnominated Daily Quantity.
- 10.4 Monthly Maximum Withdrawal: No more than 50% of Customer's Unnominated Seasonal Quantity shall be withdrawn in any consecutive thirty (30) day period.
- 10.5 Seasonal Minimum and Maximum Withdrawal: No more than 105% of Customer's Unnominated Seasonal Quantity shall be withdrawn or otherwise diminished (e.g., through in-field transfers and/or releases of storage) by March 1 of any winter season; provided further, that no less than 53% and no more than 100% of Customer's Unnominated Seasonal Quantity shall be withdrawn or otherwise diminished (e.g., through in-field transfers and/or releases of storage) by April 1 (the end of the Winter Season).
- 10.6 Adjusted Unnominated Daily Quantity: As Customer's Unnominated Seasonal Quantity is withdrawn or otherwise diminished (e.g., through in-field transfers and/or releases of storage), that portion of Customer's Unnominated Daily Quantity available to Customer shall be adjusted. Customer's Adjusted Unnominated Daily Quantity shall be equal to the greater of its average winter daily unnominated quantity (i.e., the Customer's USQ divided by the total number of Winter days the UDQ is available) or the applicable percentage of its Unnominated Daily Quantity as set forth in the following table:

% USQ Withdrawn	% UDQ Available
75%	90%
80%	85%
85%	80%
90%	75%

- 10.7 During the Winter Season, Texas Gas will also inject gas into storage on a best efforts basis as part of NNL service. Although such injections will be done on a best efforts basis, Texas Gas will be presumed, unless it gives notice to the contrary, to be able to inject into storage such quantities of gas as to take into account routine variations in no-notice deliveries. If Texas Gas is unable to make such best efforts injections, it will advise Customer by posting on its Internet Website. However, no presumption will exist for non-routine situations (e.g. injections in excess of 15% of Customer's Winter Contract Demand or sustained injections of more than five days) and, in such non-routine situations, Customer must give 24 hours advance written notice to Texas Gas of quantities it desires to inject into storage, so that Texas Gas can determine the extent to which it can make such injections and adjust its operations accordingly.

11. Summer Season Provisions

- 11.1 Texas Gas shall deliver to Customer at the city-gate during each Summer Season up to the Customer's Summer Contract Demand and Adjusted Summer Quantity Entitlement as nominated by Customer.
- 11.2 Pursuant to the provisions set forth below, Customer shall deliver to Texas Gas during each Summer Season a quantity of gas equal to Customer's Unnominated Seasonal Quantity or that portion of Customer's Unnominated Seasonal Quantity actually utilized by Customer (including any in-field transfers pursuant to Section 6.16.6 of the General Terms and Conditions of this Tariff) during the prior Winter Season (as well as any Shoulder Month quantities delivered to Customer during the Summer Season). Customer shall reserve and utilize such portion of its Summer Contract Demand as necessary to deliver such volumes into storage.
- 11.3 Maximum Daily Injection Quantity:

To protect the storage formations and allow uniform filling of the storage reservoirs, Customer will be required to adhere to certain injection limits (calculated as a percentage of the Unnominated Seasonal Quantity), throughout the summer injection period. During the Summer Season Customer may, on a daily basis, inject according to the following table, but not to exceed Customer's Summer Contract Demand:

% of Unnominated Seasonal Quantity Injected	Maximum Available Injection Rate (% of USQ)
0% - 65%	1.3%
65% - 90%	1.1%
>90%	0.6%

- 11.4 Inventory verification tests will be conducted as operationally necessary, but in no event less than once per calendar year. These tests require the temporary suspension of individual storage field activities (injections and withdrawals) for a period of

approximately two (2) weeks. If conditions will not permit the full maximum daily injection or withdrawal quantity, Texas Gas may temporarily adjust the limit and allow make-up quantities on succeeding days. Texas Gas will provide at least 45 days notice on its Internet Website in regard to the scheduling of these shut-in periods to allow Customers to adjust for the interruption of storage.

- 11.5 During the Summer Season (except as provided in Section 5.5[11.6] below), Texas Gas will also withdraw gas from storage on a best efforts basis as part of the NNL service. Although such withdrawals will be done on a best efforts basis, Texas Gas will be presumed, unless it gives notice to the contrary, to be able to withdraw from storage such quantities of gas as to take into account routine variations in no-notice services. If Texas Gas is unable to make such best efforts withdrawals, it will advise Customer by posting on its Internet Website. However, no presumption will exist for non-routine situations (e.g. withdrawals in excess of 10% of Customer's Winter Contract Demand or sustained withdrawals of more than five days) and, in such non-routine situations, Customer must give 24 hours advance written notice to Texas Gas of quantities it desires to withdraw from storage, so that Texas Gas can determine the extent to which it can make such withdrawals and adjust its operations accordingly.
- 11.6 To assist Texas Gas' operational and maintenance scheduling through the Summer Season, Customer will notify Texas Gas by March 15 of each year, with updates monthly, of the quantities it intends to inject monthly during the immediately upcoming Summer Season; such injection schedule provided by Customer is a best efforts estimate and may be revised as necessary. Texas Gas will use its reasonable efforts to coordinate its test, maintenance, alteration and repair activities during such Summer Season to accommodate Customer's request.

12. Shoulder Month Flexibility

- 12.1 During the Shoulder Months of April and October, Texas Gas will deliver to Customer at the city-gate the Customer's Shoulder Month Contract Demand, which shall, unless otherwise agreed, be the sum of Customer's Summer Contract Demand, Customer's Excess Unnominated Quantity and the applicable percentage as set forth below of Customer's Unnominated Daily Quantity for the Winter Season:

**Shoulder Month                      Percent of Unnominated Daily Quantity**

April	50%
October	70%

In the event that Customer's Unnominated Seasonal Quantity is available in quantities sufficient to support additional access to Customer's Unnominated Daily Quantity the applicable percentage available to Customer during such Shoulder Month will be as follows:

Shoulder Month	% of Unnominated Seasonal Quantity Withdrawn	% of Unnominated Daily Quantity Available
April/October	75%	90%
	80%	85%
	85%	80%
	90%	75%
	95%	70%

Such Shoulder Month Contract Demand shall be available during any day of the Shoulder Month for a minimum of fifteen (15) gas days during such month; provided, however, Shoulder Month Contract Demand shall be available for additional gas days to the extent operationally feasible.

- 12.2 In the event that Customer's Unnominated Seasonal Quantity has been exhausted prior to the April Shoulder Month period, Customer shall retain access to 50% of its Unnominated Daily Quantity up to an aggregate monthly total equivalent to 10% of Customer's Unnominated Seasonal Quantity, as set forth above from that date until April 30. This Section shall not apply if the NNL Service Agreement expires prior to April 1 (see Section 5.5[17] below).

13. Supply Lateral Capacity

The provisions of Section 6.8[6] of the General Terms and Conditions of this Tariff, Supply Lateral Capacity, shall apply to NNL service, except that NNL Customers may be allocated or may bid on supply lateral capacity on the basis of their Nominated Daily Quantities rather than their Contract Demand.

14. Capacity Release

Customer may release and assign all or any part of its NNL Service pursuant to the provisions of Section 6.16.6 of Texas Gas' General Terms and Conditions; provided, however, Customer shall be responsible for retaining adequate capacity to meet its obligations under Section 5.5[11.2] of this Rate Schedule NNL to redeliver quantities into storage.

15. Hourly Deliveries

Texas Gas shall not be obligated to deliver to Customer at all points of delivery in any hour more than one-sixteenth of Customer's Contract Demand, subject to Section 6.18 of the General Terms and Conditions of this Tariff.

16. Failure to Withdraw Gas from Storage before NNL Contract Termination

An NNL Customer is required to withdraw or otherwise diminish (e.g. through in-field transfers) 100% of its Unnominated Seasonal Quantity before its NNL service agreement terminates or expires so that the storage balance in its NNL account is zero by April 1. In the event that Unnominated Seasonal Quantities remain in storage on April 1, these volumes will be subject to cash out at the system average "Index Price" for the month of April determined in accordance with Section 6.14 of the General Terms and Conditions of this Tariff, and Texas Gas shall pay Customer for its net storage balance (in MMBtu) according to the following table:

Net Percentage of Unnominated Seasonal Quantity Remaining in Storage	Percentage of Index Price
0% to 5%	100%
>5% - 10%	90%
>10% - 15%	80%
>15% - 20%	70%
>20%	60%



17. Redelivery of Borrowed Gas and Penalty for Failure to Redeliver Borrowed Gas Prior to Contract Termination

If Customer borrows gas in-kind from Texas Gas by withdrawing more than 100% of its Unnominated Seasonal Quantity pursuant to Section 5.5[10.5] hereof, then all quantities injected into Customer's unnominated storage account thereafter shall be treated as repayment in kind of such borrowed gas until such gas is repaid.

In the event Customer fails to deliver in kind to Texas Gas any portion of such gas it has borrowed from Texas Gas prior to termination of its contract for service under this Rate Schedule, Customer shall, within 30 days of contract termination, pay Texas Gas an amount equal to the greater of 200% of Texas Gas' book value of its working gas in storage or 200% of the highest monthly average index price calculated pursuant to Section 6.14 of the General Terms and Conditions, using a twelve month period ending on the date of contract termination.

18. General Terms and Conditions

All of the General Terms and Conditions of this Tariff are applicable to and are hereby incorporated as a part of this Rate Schedule NNL.

**Rate Schedule SGT**

**Small Customer General Transportation Service**

(Customers with SGT Winter Contract Demands of Less than 7,500 MMBtu/d and Total Firm Contract Demands Not Exceeding 10,000 MMBtu/d)

1. Availability

- 1.1 This rate schedule is available for the transportation of natural gas by Texas Gas for any Customer:
- (a) Who was receiving firm bundled city-gate service from Texas Gas on May 18, 1992; and
  - (b) Who has elected to receive SGT service on the effective date of Texas Gas' compliance filing pursuant to 18 C.F.R. Section 284.14;
  - (c) Who has met the credit requirements of Section 6.5 of the General Terms and Conditions;
  - (d) Whose winter SGT Contract Demand is less than 7,500 MMBtu per day, and whose total Contract Demand under all firm Rate Schedules does not exceed 10,000 MMBtu/d,
  - (e) Who has executed a Transportation Service Agreement with Texas Gas for service under Rate Schedule SGT for a term of not less than one (1) contract year ending October 31<sup>st</sup>; and
  - (f) Who is not physically connected to any other pipelines.
- 1.2 A Customer receiving SGT service under this Rate Schedule may not receive service under Texas Gas' IT Rate Schedule for the transportation of its system supply. Additionally, a customer receiving SGT service cannot receive service as a replacement customer or from another Replacement Shipper, under Texas Gas' Capacity Release Program, for system supply, except as provided in Section 5.6[14.2], herein.
- 1.3 Notwithstanding anything in this Section 5.6[1] to the contrary, if an SGT customer ceases to qualify for SGT service because it no longer meets all of the requirements for SGT service set forth in Section 5.6[1.1] above, the customer's SGT service agreement will be deemed to be converted to an NNS service agreement at the existing contract demand levels in effect for the remainder of the service agreement term; *provided, however*, that if an SGT customer ceases to qualify for SGT service because the SGT customer ceases to meet the requirement for SGT service in Section 5.6[1.1(d)], above, the SGT customer will be allowed to maintain service under the SGT Rate Schedule for the assets previously qualifying for SGT service (for the purposes of this Section 5.6[1.3], "SGT Assets") as long as: (1) the SGT Assets continue to meet the volume limitations set forth in Section 5.6[1.1(d)]; (2) the SGT Assets remain physically segregated from the customer's other assets and also operate in a separate rate zone or state; and (3) the SGT Assets otherwise continue to meet all requirements for SGT service set forth in Section 5.6[1.1] above, including Section 5.6[1.1(d)]. When a customer no longer meets the requirements for SGT service outlined in Section 5.6[1.1] above and is required to convert from SGT service to NNS service in accordance with this Section 5.6[1.3], the conversion of the customer's service from SGT to NNS will be effective the first day of the month following the day that Texas Gas provides the customer with written notice of such conversion.

2. Applicability and Character of Service

2.1 The transportation service provided under this Rate Schedule is a firm service being offered in compliance with 18 C.F.R. Section 284.8(a)(4) and shall be performed under Subparts B or G of Part 284 of the Commission's Regulations, or any other applicable commission regulations governing such transportation service.

2.2 The transportation service offered under this Rate Schedule is provided by combining pipeline capacity and storage capacity into a single no-notice service for small general service customers. Customer's Seasonal Contract Demands are thus supplied by a combination of Nominated (pipeline) and Unnominated (storage) Quantities as more fully defined below and as set forth in Customer's SGT Service Agreement.

3. Categories and Priorities of Transportation Services

Refer to Section 6.12 of the General Terms and Conditions of this Tariff.

4. Rates and Charges

The applicable rates per MMBtu under this Rate Schedule for firm transportation service to each zone are set forth on currently effective Section 4.6 and Section 4.16 of this Tariff, and these rates are incorporated herein by reference.

4.1 Rates

Unless otherwise agreed to in writing by Texas Gas and Customer, Customer shall pay Texas Gas the Maximum SGT Commodity Rate per MMBtu of gas delivered by Texas Gas for SGT services rendered to Customer. In addition, Customer shall pay any and all currently effective imputed demand or commodity surcharges, including but not limited to, the FERC ACA Unit Charge, Texas Gas' Take-or-Pay surcharge, and Order 636 Transition Costs surcharge.

4.2 Fuel, Company Use, and Unaccounted For Quantities

Fuel, company use gas, and unaccounted for quantities shall be in accordance with Section 6.9[2] of the General Terms and Conditions of this Tariff.

4.3 Processing Rights

Processing rights and the transportation of liquids/liquefiabiles shall be in accordance with Section 6.22 of the General Terms and Conditions of this Tariff.

4.4 Adjustment of Rates

Texas Gas shall have the right to propose and file with the Commission or other body having jurisdiction, changes and revisions of any effective rate schedule, or to propose and file superseding rate schedules, for the purpose of changing the rate, charges, or other provisions thereof effective as to Customer.

4.5 Secondary Point(s) in Zone Outside Transportation Path or Not Paid For

If Customer utilizes a secondary point, Customer shall also pay the maximum applicable supplemental charge set forth in Section 6.6 of the General Terms and Conditions, unless otherwise agreed to in writing by Texas Gas and the Customer.

5. Minimum Contribution to Fixed Costs

Beginning on November 1, 2001, Customer agrees to pay a Minimum Contribution to Fixed Costs (MCFC) for any Responsibility Period (defined as November 1 through October 31) when the aggregate quantities transported by all Customers under this Rate Schedule during the Responsibility Period total less than the aggregate Annual Minimum SGT Quantities (AMQ) of all Customers under this Rate Schedule and the Customer transports less than the Customer's Annual Minimum SGT Quantity.

For each Customer served under this Rate Schedule, the AMQ equals the product of the Customer's Annual Contract Demand (i.e., the sum of Customer's Daily Contract Demands) for the Responsibility Period multiplied by 20%. For each zone, the AMQ is calculated by multiplying 20% by the sum of each Customer's Annual Contract Demands for the Responsibility Period. The MCFC applicable to each Customer is calculated by multiplying (1) the respective zone's fixed costs per MMBtu embedded in the currently effective one-part rate for service under this Rate Schedule by (2) the net deficiency of all Customers defined as the amount by which the AMQ of all Customers in the zone exceeds the aggregate quantities transported by all customers in that zone under this Rate Schedule for the Responsibility Period, then multiplied by (3) the ratio of the Customer's net deficiency (the amount by which the Customer's AMQ exceeds the Customer's actual quantity transported) to the net deficiency of all customers in that zone.

The MCFC charge shall be billed to Customer in three equal installments in the succeeding months January through March. SGT customers receiving only SGT service to its city gate and receiving no transportation of FT, capacity release, or IT, nor any other secondary deliveries, during the entire responsibility period, shall not be billed an MCFC charge.

6. Daily Overruns

6.1 Unauthorized Overrun Quantity

If Customer takes under this rate schedule on any day a quantity of gas which is greater than the applicable Contract Demand, the excess shall constitute an Unauthorized Overrun Quantity.

6.2 Payment for Unauthorized Overrun Quantity

In any month in which Customer takes an Unauthorized Overrun Quantity, Customer shall pay to Texas Gas, in addition to the charges otherwise payable pursuant to Section 5.6[4.1] herein above:

- (a) A "Nominal Overrun Penalty" equal to twice the effective FT Overrun Rate for all Unauthorized Overrun Quantities taken on any day in excess of 250 MMBtu; and
- (b) An "Excess Overrun Penalty" of \$10.00 per MMBtu for all Unauthorized Contract Demand Overrun Quantities on any day in excess of 375 MMBtu.

In the event a Customer incurs an Excess Overrun Penalty, Texas Gas will credit any amounts collected as a Nominal Overrun Penalty against amounts collected as an Excess Overrun Penalty, so that the total Overrun Penalty collected does not exceed \$10.00 per MMBtu for overruns in excess of 375 MMBtu.

No overrun penalty shall be payable for any day in which the Unauthorized Overrun quantity is less than 250 MMBtu.

The payment of a penalty for an Unauthorized Overrun Quantity by a Customer shall not under any circumstances be considered as giving such Customer the right to take an Unauthorized Overrun Quantity nor shall such payment be considered as a substitute for any other remedies available to Texas Gas or any or Texas Gas' other customers against the offending Customer for failure to respect its obligation to adhere to the provisions of its contract with Texas Gas.

Texas Gas shall have the right, without obligation, to waive, on a non-discriminatory basis, any Nominal Overrun Penalty for an Unauthorized Overrun if, on the day when the Unauthorized Overrun was taken, deliveries to Texas Gas' other customers were not adversely affected by the taking of such Unauthorized Overrun or if Texas Gas' pipeline operations, including gas storage operations, were not impaired thereby. Texas Gas must waive any Excess Overrun Penalty if the Unauthorized Overrun occurs in a non-critical situation and does not cause operational problems.

Texas Gas shall be obligated to waive any penalty for an Unauthorized Overrun Quantity:

- (i) when such overrun is taken under circumstances beyond the control of Customer due to emergency conditions on Texas Gas' facilities, or
- (ii) when such overrun is due to accident to or breakage of pipelines, machinery or equipment of the Customer; provided, however, Customer shall promptly and diligently take such action as may be necessary and practicable under the then existing circumstances to repair or otherwise remedy the situation and furnish Texas Gas satisfactory evidence that such accident or breakage was not due to Customer's gross negligence.

7. Election of Rate Schedule

Refer to Section 6.8[5] of the General Terms and Conditions of this Tariff.

8. Reimbursement of Fees and Taxes

Customer shall reimburse Texas Gas for all fees, if any, required by the Commission or any regulatory body related to service provided under this Rate Schedule, including filing, reporting, and application fees. Provided, however, Texas Gas may waive filing fees for Customer on a nondiscriminatory basis in the event of an administrative error.

9. Nominations, Receipts, and Deliveries

Customer shall be responsible for nominating gas supply into Texas Gas' system up to Customer's Nominated Daily Quantity, pursuant to Section 6.12 of the General Terms and Conditions. Receipts and deliveries under this Rate Schedule shall be governed by Section 6.6[3] of the General Terms and Conditions.

10. Winter Season Provisions

During the Winter Season, Texas Gas will deliver to Customer up to Customer's Winter Contract Demand and Customer's Winter Quantity Entitlement as set forth below.

- 10.1 Customer will only be required to nominate into Texas Gas' system a quantity of gas up to the Nominated Daily Quantity.
- 10.2 In addition to the Nominated Daily Quantity actually scheduled by Customer, Texas Gas will adjust deliveries from storage up to Customer's Unnominated Daily Quantity to meet Customer's city-gate requirements up to Customer's Winter Contract Demand.
- 10.3 In addition, Customer may exceed its Unnominated Daily Quantity by a quantity equal to its Excess Unnominated Daily Quantity (i.e. 10% of its Winter Contract Demand) for up to two (2) consecutive gas days without a penalty; however, total deliveries to the Customer may not exceed the Customer's Winter Contract Demand. Texas Gas will notify the Customer within four (4) hours of the end of the gas day in which Customer has exceeded its Unnominated Daily Quantity. If the Customer does not cease taking such Excess Unnominated Daily Quantity from Texas Gas' storage after two (2) consecutive gas days, then Texas Gas may assess a penalty of \$15 per MMBtu of such excess gas taken and may issue an operational flow order requiring Customer to immediately inject additional gas supply and/or reduce city-gate deliveries so that the customer is no longer exceeding its Unnominated Daily Quantity.
- 10.4 Monthly Maximum Withdrawal: No more than 50% of Customer's Unnominated Seasonal Quantity shall be withdrawn in any consecutive thirty (30) day period.
- 10.5 Seasonal Minimum and Maximum Withdrawal: No more than 105% of Customer's Unnominated Seasonal Quantity shall be withdrawn by March 1 of the Winter Season; provided further, that no less than 53% and no more than 100% of Customer's Unnominated Seasonal Quantity shall be withdrawn by April 1 (the end of the Winter Season).
- 10.6 Adjusted Unnominated Daily Quantity: As Customer's Unnominated Seasonal Quantity is withdrawn, that portion of Customer's Unnominated Daily Quantity available to Customer shall be adjusted. Customer's Adjusted Unnominated Daily Quantity shall be equal to the greater of its average winter daily unnominated quantity (i.e., the Customer's USQ divided by the total number of Winter days the UDQ is available) or the applicable percentage of its Unnominated Daily Quantity as set forth in the following table:

% USQ Withdrawn	% UDQ Available
75%	90%
80%	85%
85%	80%
90%	75%

- 10.7 During the Winter Season, Texas Gas will also inject gas into storage on a best efforts basis as part of SGT service. Although such injections will be done on a best efforts basis, Texas Gas will be presumed, unless it gives notice to the contrary, to be able to inject into storage such quantities of gas as to take into account routine variations in no-notice deliveries. If Texas Gas is unable to make such best efforts injections, it will advise Customer by posting on its Internet Website. However, no presumption will exist for non-routine situations (e.g. injections in excess of 15% of Customer's Winter Contract Demand or sustained injections of more than five days) and, in such non-routine

situations, Customer must give 24 hours advance written notice to Texas Gas of quantities it desires to inject into storage, so that Texas Gas can determine the extent to which it can make such injections and adjust its operations accordingly.

11. Summer Season Provisions

11.1 Texas Gas shall be obligated to deliver to Customer at the city-gate during each Summer Season up to the Customer's Summer Contract Demand and Adjusted Summer Quantity Entitlement.

11.2 Pursuant to the provisions set forth below, Customer shall deliver in kind to Texas Gas during each Summer Season a quantity of gas equal to that portion of Customer's Unnominated Seasonal Quantity actually utilized by Customer during the prior Winter Season (as well as any Shoulder Month quantities delivered to customer during the Summer Season). Customer shall reserve and utilize such portion of its Summer Contract Demand as necessary to redeliver such volumes into storage.

11.3 Maximum Daily Injection Quantity:

To protect the storage formations and allow uniform filling of the storage reservoirs, Customer will be required to adhere to certain injection limits (calculated as a percentage of the Unnominated Seasonal Quantity), throughout the summer injection period. During the Summer Season Customer may, on a daily basis, inject according to the following table, but not to exceed Customer's Summer Contract Demand:

% of Unnominated Seasonal Quantity Injected	Maximum Available Injection Rate (% of USQ)
0% - 65%	1.3%
65% - 90%	1.1%
>90%	0.6%

11.4 Inventory verification tests will be conducted as operationally necessary, but in no event less than once per calendar year. These tests require the temporary suspension of individual storage field activities (injections and withdrawals) for a period of approximately two (2) weeks. If conditions will not permit the full maximum daily injection or withdrawal quantity, Texas Gas may temporarily adjust the limit and allow make-up quantities on succeeding days. Texas Gas will provide at least 45 days notice on its Internet Website in regard to the scheduling of these shut-in periods to allow Customers to adjust for the interruption of storage.

11.5 During the Summer Season, in addition to the Nominated Daily Quantity actually scheduled by Customer, Texas Gas will adjust deliveries from storage up to Customer's Unnominated Summer Daily Quantity to meet Customer's city-gate requirements. Notwithstanding the previous sentence, during the Summer Season (except as provided in Section 5.6[11.4] above), Texas Gas will also, on a best efforts basis only, withdraw gas from storage (i) in excess of Customer's Unnominated Summer Daily Quantity, or (ii) if Customer's SGT Service Agreement does not include an Unnominated Summer Daily Quantity, in excess of Customer's nominated Daily Quantity; however, total deliveries to the Customer may not exceed the Summer Contract Demand. Although such withdrawals will be done on a best efforts basis, Texas Gas will be presumed, unless it gives notice to the contrary, to be able to withdraw from storage such quantities of gas

as to take into account routine variations in no-notice services. If Texas Gas is unable to make such best efforts withdrawals, it will advise Customer by posting on its Internet Website. However, no presumption will exist for non-routine situations (e.g. withdrawals in excess of 10% of Customer's Winter Contract Demand or sustained withdrawals of more than five days) and, in such non-routine situations, Customer must give 24 hours advance written notice to Texas Gas of quantities it desires to withdraw from storage, so that Texas Gas can determine the extent to which it can make such withdrawals and adjust its operations accordingly.

- 11.6 To assist Texas Gas' operational and maintenance scheduling through the Summer Season, Customer will notify Texas Gas by March 15 of each year, with updates monthly, of the quantities it intends to inject monthly during the immediately upcoming Summer Season; such injection schedule provided by Customer is a best efforts estimate and may be revised as necessary. Texas Gas will use its reasonable efforts to coordinate its test, maintenance, alteration and repair activities during such Summer Season to accommodate Customer's request.

12. Shoulder Month Flexibility

- 12.1 During the Shoulder Months of April and October, Texas Gas will deliver to Customer at the city-gate the Customer's Shoulder Month Contract Demand, which shall, unless otherwise agreed, be the sum of Customer's Nominated Daily Quantity, Customer's Excess Unnominated Quantity and the applicable percentage as set forth below of Customer's Unnominated Daily Quantity for the Winter Season:

Shoulder Month	Percent of Unnominated Daily Quantity
April	50%
October	70%

In the event that Customer's Unnominated Seasonal Quantity is available in quantities sufficient to support additional access to Customer's Unnominated Daily Quantity the applicable percentage available to Customer during such Shoulder Month will be as follows:

Shoulder Month	% of Unnominated Seasonal Quantity Withdrawn	% of Unnominated Daily Quantity Available
April/October	75%	90%
	80%	85%
	85%	80%
	90%	75%
	95%	70%

Such Shoulder Month Contract Demand shall be available during any day of the Shoulder Month for a minimum of fifteen (15) gas days during such month; provided, however, Shoulder Month Contract Demand shall be available for additional gas days to the extent operationally feasible.

- 12.2 In the event that Customer's Unnominated Seasonal Quantity has been exhausted prior to the April Shoulder Month period, Customer shall retain access to 50% of its Unnominated Daily Quantity up to an aggregate monthly total equivalent to 10% of



Customer's Unnominated Seasonal Quantity, as set forth above from that date until April 30.

13. Supply Lateral Capacity

The provisions of Section 6.8[6] of the General Terms and Conditions of this Tariff, Supply Lateral Capacity, shall apply to SGT service, except that SGT customers may be allocated or may bid on supply lateral capacity on the basis of their Nominated Daily Quantities rather than their Contract Demand.

14. Capacity Release

14.1 Customer under the Rate Schedule SGT may not release and assign all or any part of its SGT Service pursuant to the provisions of Section 6.16, Capacity Release Program, of Texas Gas' General Terms and Conditions.

14.2 A Customer receiving SGT service under this Rate Schedule may not receive service as a Replacement Customer or from another Replacement Shipper unless the Customer has exhausted its daily entitlement under the Rate Schedule SGT.

15. Hourly Deliveries

Texas Gas shall not be obligated to deliver to Customer at all points of delivery in any hour more than one-sixteenth of Customer's Contract Demand, subject to Section 6.18(i) of the General Terms and Conditions of this Tariff.

16. Penalty for Failure to Redeliver Borrowed Gas Prior to Contract Termination

In the event Customer fails to deliver in kind to Texas Gas any portion of its Unnominated Seasonal Quantity it has borrowed from Texas Gas prior to termination of its contract for service under this Rate Schedule, Customer shall, within 30 days of contract termination, pay Texas Gas an amount equal to the greater of 200% of Texas Gas' book value of its working gas in storage or 200% of the highest monthly average index price calculated pursuant to Section 6.14 of the General Terms and Conditions, using a twelve month period ending on the date of contract termination.

17. General Terms and Conditions

All of the General Terms and Conditions of this Tariff are applicable to and are hereby incorporated as a part of this Rate Schedule SGT.

**Rate Schedule SGL**

**Small Customer General Transportation Service**

(Customers with SGL Winter Contract Demands of Less than 7,500 MMBtu/d and Total Firm Contract Demands Not Exceeding 10,000 MMBtu/d)

1. Availability

- 1.1 This rate schedule is available for the transportation of natural gas by Texas Gas for any Customer:
- (a) Who was receiving firm bundled city-gate service from Texas Gas on May 18, 1992; and
  - (b) Who has elected to receive SGT service on the effective date of Texas Gas' compliance filing pursuant to 18 C.F.R. Section 284.14; and
  - (c) Who has met the credit requirements of Section 6.5 of the General Terms and Conditions; and
  - (d) Whose winter SGL Contract Demand is less than 7,500 MMBtu per day, and whose total Contract Demand under all firm Rate Schedules does not exceed 10,000 MMBtu/d; and
  - (e) Who has executed a Transportation Service Agreement with Texas Gas for service under Rate Schedule SGL for a term of not less than one (1) contract year ending March 31<sup>st</sup>; and
  - (e) Who is not physically connected to any other pipelines.
- 1.2 A Customer receiving SGL service under this Rate Schedule may not receive service under Texas Gas' IT Rate Schedule for the transportation of its system supply. Additionally, a customer receiving SGL service cannot receive service as a replacement customer or from another Replacement Shipper, under Texas Gas' Capacity Release Program, for system supply, except as provided in Section 5.7[14.2], herein.
- 1.3 Notwithstanding anything in this Section 5.7[1] to the contrary, if an SGL customer ceases to qualify for SGL service because it no longer meets all of the requirements for SGL service set forth in Section 5.7[1.1] above, the customer's SGL service agreement will be deemed to be converted to an NNL service agreement at the existing contract demand levels in effect for the remainder of the service agreement term; *provided, however*, that if an SGL customer ceases to qualify for SGL service because the SGL customer ceases to meet the requirement for SGL service in Section 5.7[1.1(d)], above, the SGL customer will be allowed to maintain service under the SGL Rate Schedule for the assets previously qualifying for SGT service (for the purposes of this Section 5.6[1.3], "SGL Assets") as long as: (1) the SGL Assets continue to meet the volume limitations set forth in Section 5.7[1.1(d)]; (2) the SGL Assets remain physically segregated from the customer's other assets and also operate in a separate rate zone or state; and (3) the SGL Assets otherwise continue to meet all requirements for SGL service set forth in Section 5.7[1.1] above, including Section 5.7[1.1(d)]. When a customer no longer meets the requirements for SGL service outlined in Section 5.7[1.1] above and is required to convert from SGL service to NNL service in accordance with this Section 5.7[1.3], the conversion of the customer's service from SGL to NNL will be effective the first day of the month following the day that Texas Gas provides the customer with written notice of such conversion.

2. Applicability and Character of Service

- 2.1 The transportation service provided under this Rate Schedule is a firm service being offered in compliance with 18 C.F.R. Section 284.8(a)(4) and shall be performed under Subparts B or G of Part 284 of the Commission's Regulations, or any other applicable commission regulations governing such transportation service.
- 2.2 The transportation service offered under this Rate Schedule is provided by combining pipeline capacity and storage capacity into a single no-notice service for small general service customers. Customer's Seasonal Contract Demands are thus supplied by a combination of Nominated (pipeline) and Unnominated (storage) Quantities as more fully defined below and as set forth in Customer's SGL Service Agreement.
- 2.3 Service under this Rate Schedule is identical in all practical respects to service under Rate Schedule SGT except that Customer shall provide its own Unnominated Gas Quantities for the storage component of no-notice service hereunder. Customer shall not borrow any Unnominated Gas Quantities in-kind from Texas Gas except for those limited quantities as provided in Sections 5.7[10.5] and 5.7[12.2] hereof.
- 2.4 As necessary to facilitate delivery of gas pursuant to this Rate Schedule and Customer's SGL Service Agreement or to clear storage gas from storage at the termination of Customer's SGL Service Agreement, Texas Gas will allow Customer to nominate the Unnominated Daily Quantity in its SGL service to allow delivery from its SGL storage account. Gas from an SGL storage account may only be nominated for delivery to delivery point locations permitted by Customer's SGL Service Agreement. Provided Texas Gas' prior consent is obtained, Customer may nominate quantities of gas from storage in excess of the Unnominated Daily Quantity on any day if such withdrawal and transportation of such gas can be accomplished by Texas Gas without detriment to any other Customer under any of Texas Gas' storage and transportation rate schedules (see Section 6.12 of the General Terms and Conditions of this Tariff) and if such delivery from storage and transportation is compatible to Texas Gas' system operation requirements. Subject to the foregoing restrictions, Texas Gas' consent shall not be unreasonably withheld.

### 3. Categories and Priorities of Transportation Services

Refer to Section 6.12 of the General Terms and Conditions of this Tariff.

### 4. Rates and Charges

The applicable rates per MMBtu under this Rate Schedule for firm transportation service to each zone are set forth on currently effective Section 4.7 and Section 4.16 of this Tariff, and these rates are incorporated herein by reference.

#### 4.1 Rates

Unless otherwise agreed to in writing by Texas Gas and Customer, Customer shall pay Texas Gas the Maximum SGL Commodity Rate per MMBtu of gas delivered by Texas Gas for SGL services rendered to Customer. In addition, Customer shall pay any and all currently effective imputed demand or commodity surcharges, including but not limited to, the FERC ACA Unit Charge, Texas Gas' Take-or-Pay surcharge, and Order 636 Transition Costs surcharge.

#### 4.2 Fuel, Company Use, and Unaccounted For Quantities

Fuel, company use gas, and unaccounted for quantities shall be in accordance with Section 6.9[2] of the General Terms and Conditions of this tariff.

4.3 Processing Rights

Processing rights and the transportation of liquids/liquefiabiles shall be in accordance with Section 6.22 of the General Terms and Conditions of this tariff.

4.4 Adjustment of Rates

Texas Gas shall have the right to propose and file with the Commission or other body having jurisdiction, changes and revisions of any effective rate schedule, or to propose and file superseding rate schedules, for the purpose of changing the rate, charges, or other provisions thereof effective as to Customer.

4.5 Secondary Point(s) in Zone Outside Transportation Path or Not Paid For

If Customer utilizes a secondary point, Customer shall also pay the maximum applicable supplemental charge set forth in Section 6.6 of the General Terms and Conditions, unless otherwise agreed to in writing by Texas Gas and the Customer.

5. Minimum Contribution to Fixed Costs

Beginning on November 1, 2001, Customer agrees to pay a Minimum Contribution to Fixed Costs (MCFC) for any Responsibility Period (defined as November 1 through October 31) when the aggregate quantities transported by all Customers under this Rate Schedule during the Responsibility Period total less than the aggregate Annual Minimum SGL Quantities (AMQ) of all Customers under this Rate Schedule and the Customer transports less than the Customer's Annual Minimum SGL Quantity.

For each Customer served under this Rate Schedule, the AMQ equals the product of the Customer's Annual Contract Demand (i.e., the sum of Customer's Daily Contract Demands) for the Responsibility Period multiplied by 20%. For each zone, the AMQ is calculated by multiplying 20% by the sum of each Customer's Annual Contract Demands for the Responsibility Period. The MCFC applicable to each Customer is calculated by multiplying (1) the respective zone's fixed costs per MMBtu embedded in the currently effective one-part rate for service under this Rate Schedule by (2) the net deficiency of all Customers defined as the amount by which the AMQ of all Customers in the zone exceeds the aggregate quantities transported by all customers in that zone under this Rate Schedule for the Responsibility Period, then multiplied by (3) the ratio of the Customer's net deficiency (the amount by which the Customer's AMQ exceeds the Customer's actual quantity transported) to the net deficiency of all customers in that zone.

The MCFC charge shall be billed to Customer in three equal installments in the succeeding months January through March. SGL customers receiving only SGL service to its city gate and receiving no transportation of FT, capacity release, or IT, nor any other secondary deliveries, during the entire responsibility period, shall not be billed an MCFC charge.

6. Daily Overruns

6.1 Unauthorized Overrun Quantity

If Customer takes under this rate schedule on any day a quantity of gas which is greater than the applicable Contract Demand, the excess shall constitute an Unauthorized Overrun Quantity.

6.2 Payment for Unauthorized Overrun Quantity

In any month in which Customer takes an Unauthorized Overrun Quantity, Customer shall pay to Texas Gas, in addition to the charges otherwise payable pursuant to Section 5.7[4.1] herein above:

- (a) A "Nominal Overrun Penalty" equal to twice the effective FT Overrun Rate for all Unauthorized Overrun Quantities taken on any day in excess of 250 MMBtu; and
- (b) An "Excess Overrun Penalty" of \$10.00 per MMBtu for all Unauthorized Contract Demand Overrun Quantities on any day in excess of 375 MMBtu.

In the event a Customer incurs an Excess Overrun Penalty, Texas Gas will credit any amounts collected as a Nominal Overrun Penalty against amounts collected as an Excess Overrun Penalty, so that the total Overrun Penalty collected does not exceed \$10.00 per MMBtu for overruns in excess of 375 MMBtu.

No overrun penalty shall be payable for any day in which the Unauthorized Overrun quantity is less than 250 MMBtu.

The payment of a penalty for an Unauthorized Overrun Quantity by a Customer shall not under any circumstances be considered as giving such Customer the right to take an Unauthorized Overrun Quantity nor shall such payment be considered as a substitute for any other remedies available to Texas Gas or any or Texas Gas' other customers against the offending Customer for failure to respect its obligation to adhere to the provisions of its contract with Texas Gas.

Texas Gas shall have the right, without obligation, to waive, on a non-discriminatory basis, any Nominal Overrun Penalty for an Unauthorized Overrun if, on the day when the Unauthorized Overrun was taken, deliveries to Texas Gas' other customers were not adversely affected by the taking of such Unauthorized Overrun or if Texas Gas' pipeline operations, including gas storage operations, were not impaired thereby. Texas Gas must waive any Excess Overrun Penalty if the Unauthorized Overrun occurs in a non-critical situation and does not cause operational problems.

Texas Gas shall be obligated to waive any penalty for an Unauthorized Overrun Quantity:

- (i) when such overrun is taken under circumstances beyond the control of Customer due to emergency conditions on Texas Gas' facilities, or
- (ii) when such overrun is due to accident to or breakage of pipelines, machinery or equipment of the Customer; provided, however, Customer shall promptly and diligently take such action as may be necessary and practicable under the then existing circumstances to repair or otherwise remedy the situation and furnish Texas Gas satisfactory evidence that such accident or breakage was not due to Customer's gross negligence.

7. Election of Rate Schedule

Refer to 6.8[5] of the General Terms and Conditions of this Tariff.

8. Reimbursement of Fees and Taxes

Customer shall reimburse Texas Gas for all fees, if any, required by the Commission or any regulatory body related to service provided under this Rate Schedule, including filing, reporting, and application fees. Provided, however, Texas Gas may waive filing fees for Customer on a nondiscriminatory basis in the event of an administrative error.

9. Nominations, Receipts, and Deliveries

Customer shall be responsible for nominating gas supply into Texas Gas' system up to Customer's Nominated Daily Quantity, pursuant to 6.12 of the General Terms and Conditions. Receipts and deliveries under this Rate Schedule shall be governed by Section 6.6[3] of the General Terms and Conditions.

10. Winter Season Provisions

During the Winter Season, Texas Gas will deliver to Customer up to Customer's Winter Contract Demand and Customer's Winter Quantity Entitlement as set forth below.

10.1 Customer will only be required to nominate into Texas Gas' system a quantity of gas up to the Nominated Daily Quantity.

10.2 In addition to the Nominated Daily Quantity actually scheduled by Customer, Texas Gas will adjust deliveries from storage up to Customer's Unnominated Daily Quantity to meet Customer's city-gate requirements up to Customer's Winter Contract Demand.

10.3 In addition, Customer may exceed its Unnominated Daily Quantity by a quantity equal to its Excess Unnominated Daily Quantity (i.e. 10% of its Winter Contract Demand) for up to two (2) consecutive gas days without a penalty; however, total deliveries to the Customer may not exceed the Customer's Winter Contract Demand. Texas Gas will notify the Customer within four (4) hours of the end of the gas day in which Customer has exceeded its Unnominated Daily Quantity. If the Customer does not cease taking such Excess Unnominated Daily Quantity from Texas Gas' storage after two (2) consecutive gas days, then Texas Gas may assess a penalty of \$15 per MMBtu of such excess gas taken and may issue an operational flow order requiring Customer to immediately inject additional gas supply and/or reduce city-gate deliveries so that the customer is no longer exceeding its Unnominated Daily Quantity.

10.4 Monthly Maximum Withdrawal: No more than 50% of Customer's Unnominated Seasonal Quantity shall be withdrawn in any consecutive thirty (30) day period.

10.5 Seasonal Minimum and Maximum Withdrawal: No more than 105% of Customer's Unnominated Seasonal Quantity shall be withdrawn by March 1 of the Winter Season; provided further, that no less than 53% and no more than 100% of Customer's Unnominated Seasonal Quantity shall be withdrawn by April 1 (the end of the Winter Season).

10.6 Adjusted Unnominated Daily Quantity: As Customer's Unnominated Seasonal Quantity is withdrawn, that portion of Customer's Unnominated Daily Quantity available to

Customer shall be adjusted. Customer's Adjusted Unnominated Daily Quantity shall be equal to the greater of its average winter daily unnominated quantity (i.e., the Customer's USQ divided by the total number of Winter days the UDAQ is available) or the applicable percentage of its Unnominated Daily Quantity as set forth in the following table:

% USQ Withdrawn	% UDAQ Available
75%	90%
80%	85%
85%	80%
90%	75%

- 10.7 During the Winter Season, Texas Gas will also inject gas into storage on a best efforts basis as part of SGL service. Although such injections will be done on a best efforts basis, Texas Gas will be presumed, unless it gives notice to the contrary, to be able to inject into storage such quantities of gas as to take into account routine variations in no-notice deliveries. If Texas Gas is unable to make such best efforts injections, it will advise Customer by posting on its Internet Website. However, no presumption will exist for non-routine situations (e.g. injections in excess of 15% of Customer's Winter Contract Demand or sustained injections of more than five days) and, in such non-routine situations, Customer must give 24 hours advance written notice to Texas Gas of quantities it desires to inject into storage, so that Texas Gas can determine the extent to which it can make such injections and adjust its operations accordingly.

#### 11. Summer Season Provisions

- 11.1 Texas Gas shall be obligated to deliver to Customer at the city-gate during each Summer Season up to the Customer's Summer Contract Demand and Adjusted Summer Quantity Entitlement.
- 11.2 Pursuant to the provisions set forth below, Customer shall deliver to Texas Gas during each Summer Season a quantity of gas equal to Customer's Unnominated Seasonal Quantity or that portion of Customer's Unnominated Seasonal Quantity actually utilized by Customer during the prior Winter Season (as well as any Shoulder Month quantities delivered to customer during the Summer Season). Customer shall reserve and utilize such portion of its Summer Contract Demand as necessary to redeliver such volumes into storage.

#### 11.3 Maximum Daily Injection Quantity:

To protect the storage formations and allow uniform filling of the storage reservoirs, Customer will be required to adhere to certain injection limits (calculated as a percentage of the Unnominated Seasonal Quantity), throughout the summer injection period. During the Summer Season Customer may, on a daily basis, inject according to the following table, but not to exceed Customer's Summer Contract Demand:

% of Unnominated Seasonal Quantity Injected	Maximum Available Injection Rate (% of USQ)
0% - 65%	1.3%
65% - 90%	1.1%
>90%	0.6%

- 11.4 Inventory verification tests will be conducted as operationally necessary, but in no event less than once per calendar year. These tests require the temporary suspension of individual storage field activities (injections and withdrawals) for a period of approximately two (2) weeks. If conditions will not permit the full maximum daily injection or withdrawal quantity, Texas Gas may temporarily adjust the limit and allow make-up quantities on succeeding days. Texas Gas will provide at least 45 days notice on its Internet Website in regard to the scheduling of these shut-in periods to allow Customers to adjust for the interruption of storage.
- 11.5 During the Summer Season, in addition to the Nominated Daily Quantity actually scheduled by Customer, Texas Gas will adjust deliveries from storage up to Customer's Unnominated Summer Daily Quantity to meet Customer's city-gate requirement. Notwithstanding the previous sentence, during the Summer Season (except as provided in Section 5.7[11.4] above), Texas Gas will also, on a best efforts basis only, withdraw gas from storage (i) in excess of Customer's Unnominated Daily Quantity, or (ii) if Customer's SGL Service Agreement does not include an Unnominated Summer Daily Quantity, in excess of Customer's Nominated Daily Quantity; however, total deliveries to the Customer may not exceed the Summer Contract Demand. Although such withdrawals will be done on a best efforts basis, Texas Gas will be presumed, unless it gives notice to the contrary, to be able to withdraw from storage such quantities of gas as to take into account routine variations in no-notice services. If Texas Gas is unable to make such best efforts withdrawals, it will advise Customer by posting on its Internet Website. However, no presumption will exist for non-routine situations (e.g. withdrawals in excess of 10% of Customer's Winter Contract Demand or sustained withdrawals of more than five days) and, in such non-routine situations, Customer must give 24 hours advance written notice to Texas Gas of quantities it desires to withdraw from storage, so that Texas Gas can determine the extent to which it can make such withdrawals and adjust its operations accordingly.
- 11.6 To assist Texas Gas' operational and maintenance scheduling through the Summer Season, Customer will notify Texas Gas by March 15 of each year, with updates monthly, of the quantities it intends to inject monthly during the immediately upcoming Summer Season; such injection schedule provided by Customer is a best efforts estimate and may be revised as necessary. Texas Gas will use its reasonable efforts to coordinate its test, maintenance, alteration and repair activities during such Summer Season to accommodate Customer's request.
12. Shoulder Month Flexibility
- 12.1 During the Shoulder Months of April and October, Texas Gas will deliver to Customer at the city-gate the Customer's Shoulder Month Contract Demand, which shall, unless otherwise agreed, be the sum of Customer's Nominated Daily Quantity, Customer's Excess Unnominated Quantity and the applicable percentage as set forth below of Customer's Unnominated Daily Quantity for the Winter Season:

Shoulder Month	Percent of Unnominated Daily Quantity
April	50%
October	70%

In the event that Customer's Unnominated Seasonal Quantity is available in quantities sufficient to support additional access to Customer's Unnominated Daily Quantity the



applicable percentage available to Customer during such Shoulder Month will be as follows:

Shoulder Month	% of Unnominated Seasonal Quantity Withdrawn	% of Unnominated Daily Quantity Available
April/October	75%	90%
	80%	85%
	85%	80%
	90%	75%
	95%	70%

Such Shoulder Month Contract Demand shall be available during any day of the Shoulder Month for a minimum of fifteen (15) gas days during such month; provided, however, Shoulder Month Contract Demand shall be available for additional gas days to the extent operationally feasible.

- 12.2 In the event that Customer's Unnominated Seasonal Quantity has been exhausted prior to the April Shoulder Month period, Customer shall retain access to 50% of its Unnominated Daily Quantity up to an aggregate monthly total equivalent to 10% of Customer's Unnominated Seasonal Quantity, as set forth above from that date until April 30. This Section shall not apply if the SGL agreement expires prior to April 1 (see Section 5.7[17] below).

13. Supply Lateral Capacity

The provisions of Section 6.8[6] of the General Terms and Conditions of this Tariff, Supply Lateral Capacity, shall apply to SGL service, except that SGL customers may be allocated or may bid on supply lateral capacity on the basis of their Nominated Daily Quantities rather than their Contract Demand.

14. Capacity Release

- 14.1 Customer under the Rate Schedule SGL may not release and assign all or any part of its SGL Service pursuant to the provisions of Section 6.16, Capacity Release Program, of Texas Gas' General Terms and Conditions.

- 14.2 A Customer receiving SGL service under this Rate Schedule may not receive service as a Replacement Customer or from another Replacement Shipper unless the Customer has exhausted its daily entitlement under the Rate Schedule SGL.

15. Hourly Deliveries

Texas Gas shall not be obligated to deliver to Customer at all points of delivery in any hour more than one-sixteenth of Customer's Contract Demand, subject to Section 6.18[i] of the General Terms and Conditions of this Tariff.

16. Failure to Withdraw Gas from Storage before SGL Contract Termination

An SGL Customer is required to withdraw or otherwise diminish, as set forth in the following sentence, 100% of its Unnominated Seasonal Quantity before its SGL service agreement terminates or expires so that the storage balance in its SGL account is zero by April 1. Immediately prior to the termination of Customer's SGL service agreement, Customer may

make in-field transfers of gas to clear any remaining balance in Customer's SGL account. Customer may make such in-field transfers of gas to any other storage account, except SGT or SGL, provided that the total quantity of any in-field transfer is limited to only the amount required to clear any such remaining balance in Customer's SGL account and does not exceed the seasonal storage capacity of the party receiving the transferred quantities. In no case shall any in-field transfer of gas be permitted which would result in a negative balance of gas in Customer's SGL account. If such in-field transfer is to an NNS, NNL, SNS, WNS, FSS, ISS, FSS-M or ISS-M account or Customer, the SGL Customer making such transfer shall be assessed the applicable charge(s) for the transportation of such transferred gas to storage. In the event that Unnominated Seasonal Quantities remain in storage on April 1, these volumes will be subject to cash out at the system average "Index Price" for the month of April determined in accordance with 6.14(7) of the General Terms and Conditions of this Tariff, and Texas Gas shall pay Customer for its net storage balance (in MMBtu) according to the following table:

Net Percentage of Unnominated Seasonal Quantity Remaining in Storage	Percentage of Index Price
0% to 5%	100%
>5% - 10%	90%
>10% - 15%	80%
>15% - 20%	70%
>20%	60%

17. Redelivery of Borrowed Gas and Penalty for Failure to Redeliver Borrowed Gas Prior to Contract Termination

If Customer borrows gas in-kind from Texas Gas by withdrawing more than 100% of its Unnominated Seasonal Quantity pursuant to 5.7[10.5] hereof, then all quantities injected into Customer's Unnominated storage thereafter shall be treated as repayment in kind of such borrowed gas until such gas is repaid.

In the event Customer fails to deliver in kind to Texas Gas any portion of such gas it has borrowed from Texas Gas prior to termination of its contract for service under this Rate Schedule, Customer shall, within 30 days of contract termination, pay Texas Gas an amount equal to the greater of 200% of Texas Gas' book value of its working gas in storage or 200% of the highest monthly average index price calculated pursuant to Section 6.14 of the General Terms and Conditions, using a twelve month period ending on the date of contract termination.

18. General Terms and Conditions

All of the General Terms and Conditions of this Tariff are applicable to and are hereby incorporated as a part of this Rate Schedule SGL.

**Rate Schedule SNS  
Summer No Notice Service**

1. Availability

- 1.1 This rate schedule is available for the firm transportation of natural gas by Texas Gas for any Customer that:
- (a) Has submitted a valid request for firm service pursuant to this Rate Schedule SNS;
  - (b) Is the successful bidder for available capacity;
  - (c) Has met the credit requirements of Section 6.5 of the General Terms and Conditions;
  - (d) Will deliver or cause to be delivered natural gas to Texas Gas for delivery by Texas Gas to or for the account of Customer in one or more of Texas Gas' Service Zones; and
  - (e) Has executed a Transportation Service Agreement with Texas Gas for service under Rate Schedules SNS-SL, SNS-1, SNS-2, SNS-3, SNS-4, SNS-Fayetteville, or SNS-Greenville.
- 1.2 No-notice service under this Rate Schedule SNS is available only at an SNS Customer's primary delivery point(s) and only during the summer season.
- 1.3 Service under this Rate Schedule SNS is available to any Customer, provided that such service can be performed from currently available pipeline and off-peak storage capacity not otherwise subscribed and that there are operational and/or administrative arrangements in place to meet the requirements of such service.

2. Applicability and Character of Service

- 2.1 The transportation service provided under this Rate Schedule is a firm service being offered in compliance with 18 C.F.R. Section 284.8(a)(4) and shall be performed under Subparts B or G of Part 284 of the Commission's regulations, or any other applicable commission regulations governing such no-notice transportation service.
- 2.2 The transportation service offered under this Rate Schedule is provided by combining pipeline capacity and available short-term firm storage capacity into a single no-notice service. Customer's Contract Demand is thus supplied by a combination of Nominated (pipeline) and Unnominated (storage) Quantities as more fully defined below and as set forth in Customer's SNS Service Agreement.
- 2.3 Notwithstanding any other provision hereof, Customer shall be required to nominate any Unnominated Daily Quantity-SNS at a primary delivery point where an Operational Balancing Agreement is in effect.

3. Categories and Priorities of Transportation Services

Refer to Section 6.12 of the General Terms and Conditions of this Tariff.

4. Rates and Charges

The applicable rates per MMBtu under this Rate Schedule for firm transportation service to each zone are set forth in currently effective Section 4.8 and Section 4.16 of this Tariff, and these rates are incorporated herein by reference.

4.1 Rates

Unless otherwise agreed to in writing by Texas Gas and Customer, Customer shall pay to Texas Gas each month a Reservation Charge which shall consist of the applicable Contract Demand as specified in Customer's SNS Service Agreement multiplied by the applicable demand rate per MMBtu. The Reservation Charge shall be billed as of the effective date of the SNS Service Agreement.

Unless otherwise agreed to in writing by Texas Gas and Customer, Customer shall also pay to Texas Gas each month the applicable Maximum Commodity Rates per MMBtu of gas delivered by Texas Gas for no-notice transportation services rendered to Customer up to Customer's applicable Contract Demand. For all gas quantities delivered in excess of Customer's applicable Contract Demand on any day, Customer shall pay the SNS Overrun Rate per MMBtu under this Rate Schedule. In addition, Customer shall pay any and all currently effective surcharges, including but not limited to, the FERC ACA Unit Charge, Texas Gas' Take-or-Pay surcharge, and Order 636 Transition Costs surcharge.

4.2 Fuel, Company Use, and Unaccounted For Quantities

Fuel, company use gas, and unaccounted for quantities shall be in accordance with Section 6.9[2] of the General Terms and Conditions of this Tariff.

4.3 Processing Rights

Processing rights and the transportation of liquids/liquefiabiles shall be in accordance with Section 6.22 of the General Terms and Conditions of this Tariff.

4.4 Adjustment of Rates

Texas Gas shall have the right to propose and file with the Commission or other body having jurisdiction, changes and revisions of any effective rate schedule, or to propose and file superseding rate schedules, for the purpose of changing the rate, charges, or other provisions thereof effective as to Customer.

4.5 Secondary Point(s) in Zone Outside Transportation Path or Not Paid For

If Customer utilizes a secondary point, Customer shall also pay the maximum applicable supplemental charge set forth in Section 6.6 of the General Terms and Conditions, unless otherwise agreed to in writing by Texas Gas and the Customer.

5. Minimum Monthly Bill

5.1 The minimum monthly bill for transportation service rendered hereunder on a firm basis shall consist of the monthly Reservation Charge as described in Section 5.8[4.1] of this Rate Schedule.

5.2 There shall be no minimum commodity bill for transportation service rendered hereunder on a firm basis.

6. Authorized Hourly Overrun

Customer may request that Texas Gas allow hourly overruns in excess of the variable hourly flow permitted pursuant to Section 5.8[16] of this rate schedule. To the extent Texas Gas is operationally able to provide such hourly overrun without adversely impacting other firm services on its system, Texas Gas may agree to and authorize such hourly overruns by setting flow control at a quantity greater than otherwise permissible under Section 5.8[16]. For any such volumes delivered during any hour in excess of that which Texas Gas is obligated to deliver under Section 5.8[16], Customer agrees to and shall pay an hourly overrun charge in an amount per MMBtu as set forth in the currently effective Section 4.8 and Section 4.16 of this Tariff. For purposes of billing such hourly overrun, an "hour" shall mean a period of sixty consecutive minutes beginning at the top of the hour (e.g., 9:00) or such other period of sixty consecutive minutes mutually agreeable to Customer and Texas Gas.

7. Daily and Hourly Overrun

7.1 Authorized Daily Overruns, Allowable Variation, and Unauthorized Contract Demand Overrun Quantity

(a) Authorized Daily Overrun

Where Customer has obtained Texas Gas' prior consent to transport quantities on any day in excess of its Daily Contract Demand, such excess quantities shall be considered authorized overruns. In such circumstances, Customer shall pay the SNS overrun rate for such authorized overruns and no penalty shall be assessed.

(b) Allowable Variation

Notwithstanding anything herein to the contrary, Customer takes between 100% of Contract Demand and 102% of Contract Demand shall be considered an allowable variation in the delivery of the Contract Demand and shall not require Texas Gas' prior consent. In such circumstances, the Customer shall pay the SNS Overrun Rate for such takes and no penalty shall be assessed. Customer may rely on daily operational information provided by Texas Gas to determine if its takes have exceeded its daily Contract Demand and, if so, whether such excess takes are within 102% of Contract Demand and shall be considered allowable variation. Texas Gas shall use the lesser of operational information or actual data to determine whether Customer's excess takes are allowable variation or unauthorized overrun quantity.

(c) Unauthorized Contract Demand Overrun Quantity

Customer takes in excess of 102% of the Contract Demand on any day, without Texas Gas' prior consent, shall constitute Unauthorized Contract Demand Overrun Quantity.

7.2 Unauthorized Contract Demand Overrun Penalty

In any month in which Customer takes an Unauthorized Contract Demand Overrun, Customer shall pay to Texas Gas the following penalties in addition to the charges otherwise payable hereunder:

- (a) A "Nominal Overrun Penalty" equal to twice the effective FT Overrun Rate for all Unauthorized Contract Demand Overrun Quantities taken on any day over 102% of the Contract Demand; and
- (b) An "Excess Overrun Penalty" of \$10.00 per MMBtu for all Unauthorized Contract Demand Overrun Quantities taken on any day in excess of 105% of Contract Demand.

In the event a Customer incurs an Excess Overrun Penalty, Texas Gas will credit any amounts collected as a Nominal Overrun Penalty against amounts collected as an Excess Overrun Penalty, so that the total Overrun Penalty collected does not exceed \$10.00 per MMBtu for overruns in excess of 105% of Contract Demand.

The payment of a penalty for Unauthorized Contract Demand Overrun by a Customer shall not under any circumstances be considered as giving such Customer the right to take Unauthorized Contract Demand Overrun nor shall such payment be considered as a substitute for any other remedies available to Texas Gas or any of Texas Gas' other Customers against the offending Customer for failure to respect its obligation to adhere to the provisions of its contract with Texas Gas.

Texas Gas shall have the right, without obligation, to waive, on a non-discriminatory basis, any Nominal Overrun Penalty for an Unauthorized Contract Demand Overrun if, on the day when the Unauthorized Contract Demand Overrun was taken, deliveries to Texas Gas' other Customers were not adversely affected by the taking of such Unauthorized Contract Demand Overrun or if Texas Gas' pipeline operations, including gas storage operations, were not impaired thereby. Texas Gas must waive any Excess Overrun Penalty if the Unauthorized Contract Demand Overrun occurs in a non-critical situation and does not cause operational problems.

Texas Gas shall be obligated to waive any penalty for Unauthorized Contract Demand Overrun:

- (i) when such overrun is taken under circumstances beyond the control of Customer due to emergency conditions on Texas Gas' facilities, or
- (ii) when such overrun is due to accident to or breakage of pipelines, machinery or equipment of the Customer; provided, however, Customer shall promptly and diligently take such action as may be necessary and practicable under the then existing circumstances to repair or otherwise remedy the situation and furnish Texas Gas satisfactory evidence that such accident or breakage was not due to Customer's gross negligence.

## 8. Seasonal Quantity Entitlement Overrun Charge and Nominal Penalty

- 8.1 If Customer takes quantities of gas during the seven-month period commencing April 1 of each year in excess of the Summer Quantity Entitlement-SNS, such excess shall constitute Seasonal Quantity Entitlement Overrun.

- 8.2 In addition to all other applicable charges, if Customer takes quantities of gas in any season in excess of the applicable Seasonal Quantity Entitlement, there shall be a penalty of twice the effective FT Overrun Rate; provided, however, such seasonal penalties shall be charged only for unauthorized seasonal overruns.

Texas Gas shall have the right, without obligation, to waive, on a non-discriminatory basis, any penalty under this Section 5.8[8.2] for Seasonal Quantity Entitlement Overrun if, as a result of such overrun, deliveries to Texas Gas' other Customers were not adversely affected or if Texas Gas' pipeline operations, including gas storage operating, were not impaired thereby.

- 8.3 Texas Gas will assess only one penalty for any infraction (i.e., a Customer will not incur both unauthorized Contract Demand overrun and seasonal quantity overrun charges or penalties based on a single infraction).

9. Unnominated Quantity Overrun

9.1 Unnominated Daily Quantity-SNS Overrun Charge and Penalty

If Customer automatically takes quantities of gas from storage or injects quantities of gas into storage without nomination on any day in excess of Customer's Unnominated Daily Quantity-SNS, such excess shall constitute "Unnominated Daily Quantity-SNS Overrun."

In addition to all other applicable charges, if Customer incurs an Unnominated Daily Quantity-SNS Overrun, there shall be a penalty of \$10.00 per MMBtu for such excess quantities up to 105% of the Unnominated Daily Quantity-SNS and a penalty of \$25.00 per MMBtu for such excess quantities in excess of 105% of the Unnominated Daily Quantity-SNS.

Texas Gas shall have the right, without obligation, to waive, on a non-discriminatory basis, any penalty under this Section 5.8[9.1] for Unnominated Daily Quantity-SNS Overrun if, as a result of such overrun, deliveries to Texas Gas' other Customers were not adversely affected or if Texas Gas' pipeline operations, including gas storage operating, were not impaired thereby.

9.2 Maximum Unnominated Quantity-SNS Overrun Charge and Penalty

If Customer's cumulative injections into or withdrawals from storage at any time exceed its Maximum Unnominated Quantity-SNS, then such excess shall constitute Maximum Unnominated Quantity-SNS Overrun.

In addition to all other applicable charges, if Customer incurs a Maximum Unnominated Quantity-SNS Overrun, there shall be a penalty \$10.00 per MMBtu for such excess quantities up to 105% of the Maximum Unnominated Quantity-SNS and a penalty of \$25.00 per MMBtu for such excess quantities in excess of 105% of the Maximum Unnominated Quantity-SNS.

Texas Gas shall have the right, without obligation, to waive, on a non-discriminatory basis, any penalty under this Section 5.8[9.2] for Maximum Unnominated Quantity-SNS Overrun if, as a result of such overrun, deliveries to Texas Gas' other Customers were not adversely affected or if Texas Gas' pipeline operations, including gas storage operating, were not impaired thereby.

- 9.3 Texas Gas will assess only one penalty for any infraction (i.e., a Customer will not incur both Unnominated Daily Quantity-SNS Overrun and Maximum Unnominated Quantity-SNS Overrun penalties based on a single infraction).

10. Reimbursement of Fees and Taxes

Customer shall reimburse Texas Gas for all fees, if any, required by the Commission or any regulatory body related to service provided under this Rate Schedule, including filing, reporting, and application fees. Provided, however, Texas Gas may waive filing fees for Customer on a non-discriminatory basis in the event of an administrative error.

11. Nominations, Receipts, and Deliveries

Customer shall be responsible for nominating gas supply into Texas Gas' system up to Customer's Nominated Daily Quantity, pursuant to Section 6.12 of the General Terms and Conditions. Receipts and deliveries under this Rate Schedule shall be governed by Section 6.6[4] of the General Terms and Conditions.

12. Summer Season Provisions

During the Summer Season, Texas Gas will deliver to Customer up to Customer's Contract Demand and Customer's Summer Quantity Entitlement-SNS as set forth below.

- 12.1 Customer may nominate into Texas Gas' system a quantity of gas up to the Contract Demand.
- 12.2 In addition to the Nominated Daily Quantity-SNS actually scheduled by Customer, Texas Gas will adjust deliveries from or injections into storage from Customer's available Unnominated Daily Quantity-SNS to meet Customer's requirements up to Customer's Contract Demand. Although a formal nomination is not required to receive Customer's available Unnominated Daily Quantity-SNS, Customer shall provide operational notice to Texas Gas of its anticipated needs.
- 12.3 Texas Gas shall maintain an account reflecting the net amount of Unnominated Daily Quantity-SNS actually utilized by Customer, which net amount shall not exceed the Maximum Unnominated Quantity-SNS. The initial balance in this account shall be zero and the closing balance at the earlier of the end of the summer season or the end of the Contract term, shall also be zero. Subject to its actual physical requirements, Customer shall use its best efforts to maintain, as near as practicable, an account balance of zero during the Summer Season. Texas Gas may give notice requiring a Customer to return its account balance to zero (i) within 24 hours if the balance is equal to or less than the Customer's daily Contract Demand, (ii) within 48 hours if the balance exceeds the Customer's daily Contract Demand but is equal to or is less than twice the Customer's daily Contract Demand or (iii) within 72 hours if the balance exceeds twice the Customer's Contract Demand. If the Customer fails to return its account balance to zero consistent with such notice, the Customer shall pay a penalty of up to \$50 per MMBtu per day for each MMBtu remaining out of balance.
- 12.4 During the Summer Season, Texas Gas will also inject gas into storage on a best efforts basis as part of SNS service. Although such injections will be done on a best efforts basis, Texas Gas will be presumed, unless it gives notice to the contrary, to be able to inject into storage such quantities of gas as to take into account routine



variations in no-notice deliveries. If Texas Gas is unable to make such best efforts injections, it will advise Customer by posting on its Internet Website. However, no presumption will exist for non-routine situations (e.g. sustained injections of more than three days) and, in such non-routine situations, Customer must give 24 hours advance written notice to Texas Gas of quantities it desires to inject into storage, so that Texas Gas can determine the extent to which it can make such injections and adjust its operations accordingly.

**13. Shoulder Month Limitations**

Such Shoulder Month Contract Demand shall be available during any day of the Shoulder Month for a minimum of fifteen (15) gas days during such month; provided, however, Shoulder Month Contract Demand shall be available for additional gas days to the extent operationally feasible. In the event Texas Gas is unable to provide both Shoulder Month service under Rate Schedule SNS and Shoulder Month service pursuant to the Shoulder Month Flexibility provisions of either 5.4[12] of Rate Schedule NNS, Section 5.5[12] of Rate Schedule NNL, or Section 5.6[12] of Rate Schedule SGT, or Section 5.7[12] of Rate Schedule SGL, then service pursuant to the Shoulder Month Flexibility provisions of Rate Schedules NNS, NNL, SGT, and SGL shall take priority over shoulder month service under Rate Schedule SNS.

**14. Storage Inventory Tests**

Inventory verification tests of Texas Gas' storage fields will be conducted as operationally necessary, but in no event less than once per calendar year. These tests require the temporary suspension of individual storage field activities (injections and withdrawals) for a period of approximately two weeks. If conditions will not permit the injection or withdrawal of the full Unnominated Daily Quantity-SNS, Texas Gas may temporarily adjust the limit and allow make-up quantities on succeeding days. Texas Gas will provide at least 45 days prior notice in regard to the scheduling of these shut-in periods.

**15. Supply Lateral Capacity**

The provisions of Section 6.8[6] of the General Terms and Conditions of this Tariff, Supply Lateral Capacity, shall apply to SNS service.

**16. Hourly Deliveries**

Texas Gas shall not be obligated to deliver to Customer at the primary point of delivery in any hour more than one-sixteenth of Customer's Contract Demand, subject to Section 6.18[I] of the General Terms and Conditions of this Tariff. Notwithstanding the foregoing, hourly overruns may be authorized pursuant to Section 5.8[6] above.

**17. Penalty for Failure to Close Maximum Unnominated Quantity-SNS Account**

In the event Customer fails to deliver in kind to Texas Gas any portion of its Maximum Unnominated Quantity-SNS it has borrowed from Texas Gas prior to the end of the Summer Season and/or termination of its contract for service under this Rate Schedule, if Customer has not contracted for a full season of service, Customer shall, within 10 days of invoice from Texas Gas, pay Texas Gas an amount equal to the greater of 200% of Texas Gas' book value of its working gas in storage or 200% of the highest monthly average index price calculated pursuant to Section 6.14 of the General Terms and Conditions during the past twelve month period. Likewise, if Customer fails to remove from storage any portion of its Maximum Unnominated Quantity-SNS it has injected into storage prior to the end of the Summer Season and/or

termination of its contract for service under this Rate Schedule, Customer shall forfeit such remaining gas to Texas Gas. For Customers with multiple year SNS service agreements, immediately prior to the end of the Summer Season or the applicable summer month in which an SNS service agreement ends, or immediately prior to the termination of Customer's SNS service agreement for any SNS customer, Customer may make in-field transfers of gas to clear any remaining balance in Customer's SNS account. Customer may make such in-field transfers to any other storage account, except SGT or SGL, provided that the total quantity of any in-field transfer is limited to only the amount required to clear any such remaining balance in Customer's SNS account and does not exceed the seasonal storage capacity of the party receiving the transferred quantities. In no case shall any in-field transfer of gas be permitted which would result in a negative balance of gas in Customer's SNS account. If such in-field transfer is to an FSS, ISS, FSS-M or ISS-M account or Customer, the SNS Customer making such transfer shall be assessed the applicable charge(s) for the transportation of such transferred gas to storage.

18. Capacity Release

A Customer under the Rate Schedule SNS may release and assign all or any part of its SNS service pursuant to the provisions of Section 6.16, Capacity Release Program, of Texas Gas' General Terms and Conditions.

19. General Terms and Conditions

All of the General Terms and Conditions of this Tariff are applicable to and are hereby incorporated as a part of this Rate Schedule SNS.

**Rate Schedule WNS  
Winter No Notice Service**

1. Availability

- 1.1 This rate schedule is available for the firm transportation of natural gas by Texas Gas for any Customer that:
- (a) Has submitted a valid request for firm service pursuant to this Rate Schedule WNS;
  - (b) Is the successful bidder for available capacity;
  - (c) Has met the credit requirements of Section 6.5 of the General Terms and Conditions;
  - (d) Will deliver or cause to be delivered natural gas to Texas Gas for delivery by Texas Gas to or for the account of Customer in one or more of Texas Gas' Service Zones; and
  - (e) Has executed a Transportation Service Agreement with Texas Gas for service under Rate Schedules WNS-SL, WNS-1, WNS-2, WNS-3, WNS-4, WNS-Fayetteville, or WNS-Greenville.
- 1.2 No-notice service under this Rate Schedule WNS is available only at a WNS Customer's primary delivery point(s) and only during the winter season.
- 1.3 Service under this Rate Schedule WNS is available to any Customer, provided that such service can be performed from currently available firm pipeline and storage capacity and that there are operational and/or administrative arrangements in place to meet the requirements of such service.

2. Applicability and Character of Service

- 2.1 The transportation service provided under this Rate Schedule is a firm service being offered in compliance with 18 C.F.R. Section 284.7(a)(4) and shall be performed under Subparts B or G of Part 284 of the Commission's regulations, or any other applicable commission regulations governing such no-notice transportation service.
- 2.2 The transportation service offered under this Rate Schedule is provided by combining firm pipeline and storage capacity into a single no-notice service. Customer's Contract Demand is thus supplied by a combination of Nominated (pipeline) and Unnominated (storage) Quantities as more fully defined below and as set forth in Customer's WNS Service Agreement.
- 2.3 Notwithstanding any other provision hereof, Customer shall be required to nominate any Unnominated Daily Quantity-WNS at a primary delivery point where an Operational Balancing Agreement is in effect.

3. Categories and Priorities of Transportation Services

Refer to Section 6.12 of the General Terms and Conditions of this Tariff.

4. Rates and Charges

The applicable rates per MMBtu under this Rate Schedule for firm transportation service to each zone are set forth on currently effective Section 4.9 and Section 4.16 of this Tariff, and these rates are incorporated herein by reference.

4.1 Rates

Unless otherwise agreed to in writing by Texas Gas and Customer, Customer shall pay to Texas Gas each month a Reservation Charge which shall consist of the applicable Contract Demand as specified in Customer's WNS Service Agreement multiplied by the applicable demand rate per MMBtu. The Reservation Charge shall be billed as of the effective date of the WNS Service Agreement.

Unless otherwise agreed to in writing by Texas Gas and Customer, Customer shall also pay to Texas Gas each month the applicable Maximum Commodity Rates per MMBtu of gas delivered by Texas Gas for no-notice transportation services rendered to Customer up to Customer's applicable Contract Demand. For all gas quantities delivered in excess of Customer's applicable Contract Demand on any day, Customer shall pay the WNS Overrun Rate per MMBtu under this Rate Schedule. In addition, Customer shall pay any and all currently effective surcharges, including but not limited to the FERC ACA Unit Charge.

4.2 Fuel, Company Use, and Unaccounted For Quantities

Fuel, company use gas, and unaccounted for quantities shall be in accordance with Section 6.9[2] of the General Terms and Conditions of this Tariff.

4.3 Processing Rights

Processing rights and the transportation of liquids/liquefiabiles shall be in accordance with Section 6.22 of the General Terms and Conditions of this Tariff.

4.4 Adjustment of Rates

Texas Gas shall have the right to propose and file with the Commission or other body having jurisdiction, changes and revisions of any effective rate schedule, or to propose and file superseding rate schedules, for the purpose of changing the rate, charges, or other provisions thereof effective as to Customer.

4.5 Secondary Point(s) in Zone Outside Transportation Path or Not Paid For

If Customer utilizes a secondary point, Customer shall also pay the maximum applicable supplemental charge set forth in Section 6.6 of the General Terms and Conditions, unless otherwise agreed to in writing by Texas Gas and the Customer.

5. Minimum Monthly Bill

- (a) The minimum monthly bill for transportation service rendered hereunder on a firm basis shall consist of the monthly Reservation Charge as described in Section 5.9[4.1] of this Rate Schedule.

- (b) There shall be no minimum commodity bill for transportation service rendered hereunder on a firm basis.

6. Authorized Hourly Overrun

Customer may request that Texas Gas allow hourly overruns in excess of the variable hourly flow permitted pursuant to Section 5.9[14] of this rate schedule. To the extent Texas Gas is operationally able to provide such hourly overrun without adversely impacting other firm services on its system, Texas Gas may agree to and authorize such hourly overruns by setting flow control at a quantity greater than otherwise permissible under Section 5.9[14]. For any such volumes delivered during any hour in excess of that which Texas Gas is obligated to deliver under Section 5.9[14], Customer agrees to and shall pay an hourly overrun charge in an amount per MMBtu as set forth in the currently effective Section 4.9 and Section 4.16 of this Tariff. For purposes of billing such hourly overrun, an "hour" shall mean a period of sixty consecutive minutes beginning at the top of the hour (e.g., 9:00) or such other period of sixty consecutive minutes mutually agreeable to Customer and Texas Gas.

7. Daily and Hourly Overrun

7.1 Authorized Daily Overruns, Allowable Variation, and Unauthorized Contract Demand Overrun Quantity

(a) Authorized Daily Overrun

Where Customer has obtained Texas Gas' prior consent to transport quantities on any day in excess of its Daily Contract Demand, such excess quantities shall be considered authorized overruns. In such circumstances, Customer shall pay the WNS overrun rate for such authorized overruns and no penalty shall be assessed.

(b) Allowable Variation

Notwithstanding anything herein to the contrary, Customer takes between 100% of Contract Demand and 102% of Contract Demand shall be considered an allowable variation in the delivery of the Contract Demand and shall not require Texas Gas' prior consent. In such circumstances, the Customer shall pay the WNS Overrun Rate for such takes and no penalty shall be assessed. Customer may rely on daily operational information provided by Texas Gas to determine if its takes have exceeded its daily Contract Demand and, if so, whether such excess takes are within 102% of Contract Demand and shall be considered allowable variation. Texas Gas shall use the lesser of operational information or actual data to determine whether Customer's excess takes are allowable variation or unauthorized overrun quantity.

(c) Unauthorized Contract Demand Overrun Quantity

Customer takes in excess of 102% of the Contract Demand on any day, without Texas Gas' prior consent, shall constitute Unauthorized Contract Demand Overrun Quantity.

7.2 Unauthorized Contract Demand Overrun Penalty

In any month in which Customer takes an Unauthorized Contract Demand Overrun, Customer shall pay to Texas Gas the following penalties in addition to the charges otherwise payable hereunder:

- (a) A "Nominal Overrun Penalty" equal to twice the effective FT Overrun Rate for all Unauthorized Contract Demand Overrun Quantities taken on any day over 102% of the Contract Demand; and
- (b) An "Excess Overrun Penalty" of \$10.00 per MMBtu for all Unauthorized Contract Demand Overrun Quantities taken on any day in excess of 105% of Contract Demand.

In the event a Customer incurs an Excess Overrun Penalty, Texas Gas will credit any amounts collected as a Nominal Overrun Penalty against amounts collected as an Excess Overrun Penalty, so that the total Overrun Penalty collected does not exceed \$10.00 per MMBtu for overruns in excess of 105% of Contract Demand.

The payment of a penalty for Unauthorized Contract Demand Overrun by a Customer shall not under any circumstances be considered as giving such Customer the right to take Unauthorized Contract Demand Overrun nor shall such payment be considered as a substitute for any other remedies available to Texas Gas or any of Texas Gas' other Customers against the offending Customer for failure to respect its obligation to adhere to the provisions of its contract with Texas Gas.

Texas Gas shall have the right, without obligation, to waive, on a non-discriminatory basis, any Nominal Overrun Penalty for an Unauthorized Contract Demand Overrun if, on the day when the Unauthorized Contract Demand Overrun was taken, deliveries to Texas Gas' other Customers were not adversely affected by the taking of such Unauthorized Contract Demand Overrun or if Texas Gas' pipeline operations, including gas storage operations, were not impaired thereby. Texas Gas must waive any Excess Overrun Penalty if the Unauthorized Contract Demand Overrun occurs in a non-critical situation and does not cause operational problems.

Texas Gas shall be obligated to waive any penalty for Unauthorized Contract Demand Overrun:

- (i) when such overrun is taken under circumstances beyond the control of Customer due to emergency conditions on Texas Gas' facilities, or
- (ii) when such overrun is due to accident to or breakage of pipelines, machinery or equipment of the Customer; provided, however, Customer shall promptly and diligently take such action as may be necessary and practicable under the then existing circumstances to repair or otherwise remedy the situation and furnish Texas Gas satisfactory evidence that such accident or breakage was not due to Customer's gross negligence.

8. Seasonal Quantity Entitlement Overrun Charge and Nominal Penalty

- 8.1 If Customer takes quantities of gas during the five-month period commencing November 1 of each year in excess of the Winter Quantity Entitlement-WNS, such excess shall constitute Seasonal Quantity Entitlement Overrun.

- 8.2 In addition to all other applicable charges, if Customer takes quantities of gas in any season in excess of its Winter Quantity Entitlement-WNS, there shall be a penalty of twice the effective FT Overrun Rate; provided, however, such seasonal penalties shall be charged only for unauthorized seasonal overruns.

Texas Gas shall have the right, without obligation, to waive, on a non-discriminatory basis, any penalty under this Section 5.9[8.2] for Seasonal Quantity Entitlement Overrun if, as a result of such overrun, deliveries to Texas Gas' other Customers were not adversely affected or if Texas Gas' pipeline operations, including gas storage operating, were not impaired thereby.

- 8.3 Texas Gas will assess only one penalty for any infraction (i.e., a Customer will not incur both unauthorized Contract Demand overrun and seasonal quantity overrun charges or penalties based on a single infraction).

9. Unnominated Quantity Overrun

9.1 Unnominated Daily Quantity-WNS Overrun Charge and Penalty

If Customer automatically takes quantities of gas from storage or injects quantities of gas into storage without nomination on any day in excess of Customer's Unnominated Daily Quantity-WNS, such excess shall constitute Unnominated Daily Quantity-WNS Overrun.

In addition to all other applicable charges, if Customer incurs an Unnominated Daily Quantity-WNS Overrun, there shall be a penalty of \$10.00 per MMBtu for such excess quantities up to 105% of the Unnominated Daily Quantity-WNS and a penalty of \$25.00 per MMBtu for such excess quantities in excess of 105% of the Unnominated Daily Quantity-WNS.

Texas Gas shall have the right, without obligation, to waive, on a non-discriminatory basis, any penalty under this Section 5.9[9.1] for Unnominated Daily Quantity-WNS Overrun if, as a result of such overrun, deliveries to Texas Gas' other Customers were not adversely affected or if Texas Gas' pipeline operations, including gas storage operating, were not impaired thereby.

9.2 Maximum Unnominated Quantity-WNS Overrun Charge and Penalty

If Customer's cumulative injections into or withdrawals from storage at any time exceed its Maximum Unnominated Quantity-WNS, then such excess shall constitute Maximum Unnominated Quantity-WNS Overrun.

In addition to all other applicable charges, if Customer incurs a Maximum Unnominated Quantity-WNS Overrun, there shall be a penalty \$10.00 per MMBtu for such excess quantities up to 105% of the Maximum Unnominated Quantity-WNS and a penalty of \$25.00 per MMBtu for such excess quantities in excess of 105% of the Maximum Unnominated Quantity-WNS.

Texas Gas shall have the right, without obligation, to waive, on a non-discriminatory basis, any penalty under this Section 5.9[9.2] for Maximum Unnominated Quantity-WNS Overrun if, as a result of such overrun, deliveries to Texas Gas' other Customers were not adversely affected or if Texas Gas' pipeline operations, including gas storage operating, were not impaired thereby.

- 9.3 Texas Gas will assess only one penalty for any infraction (i.e., a Customer will not incur both Unnominated Daily Quantity-WNS Overrun and Maximum Unnominated Quantity-WNS Overrun penalties based on a single infraction).

10. Reimbursement of Fees and Taxes

Customer shall reimburse Texas Gas for all fees, if any, required by the Commission or any regulatory body related to service provided under this Rate Schedule, including filing, reporting, and application fees. Provided, however, Texas Gas may waive filing fees for Customer on a non-discriminatory basis in the event of an administrative error.

11. Nominations, Receipts, and Deliveries

Customer shall be responsible for nominating gas supply into Texas Gas' system up to Customer's Nominated Daily Quantity, pursuant to Section 6.12 of the General Terms and Conditions. Receipts and deliveries under this Rate Schedule shall be governed by Section 6.6[4] of the General Terms and Conditions.

12. Winter Season Provisions

During the Winter Season, Texas Gas will deliver to Customer up to Customer's Contract Demand and Customer's Winter Quantity Entitlement-WNS as set forth below. Customer's Contract Demand may vary each month of the five-month Winter Season; provided, however, the Contract Demand in any month may not be zero and must be at least 50% of the highest agreed Contract Demand quantity of any other month.

- 12.1 Customer may nominate into Texas Gas' system a quantity of gas up to Customer's Nominated Daily Quantity-WNS.

- 12.2 In addition to the Nominated Daily Quantity-WNS actually scheduled by Customer, Texas Gas will adjust deliveries from or injections into storage from Customer's available Unnominated Daily Quantity-WNS to meet Customer's requirements up to Customer's Contract Demand. Although a formal nomination is not required to receive Customer's available Unnominated Daily Quantity-WNS, Customer shall provide operational notice to Texas Gas of its anticipated needs.

- 12.3 Texas Gas shall maintain an account reflecting the net amount of Unnominated Daily Quantity-WNS actually utilized by Customer, which net amount shall not exceed the Maximum Unnominated Quantity-WNS. The initial balance in this account shall be zero and the closing balance at the earlier of the end of the Winter Season or the end of the Contract term, shall also be zero. Customer shall maintain a positive account balance during the Winter Season to meet its Unnominated Daily Quantity-WNS. To the extent operationally possible and without impact on any other firm customer, Texas Gas may, upon request by Customer and approval by Texas Gas, allow a Customer to withdraw more gas from storage than is in its account; provided, however, that Texas Gas may give notice requiring the Customer to return its account balance to zero within 24 hours. If the Customer fails to return its account balance consistent with such notice, the Customer shall pay a penalty of up to \$50 per MMBtu per day for each MMBtu remaining out of balance.

- 12.4 During Winter Season, Texas Gas will also inject gas into storage on a best efforts basis as part of WNS service. Although such injections will be done on a best efforts



basis, Texas Gas will be presumed, unless it gives notice to the contrary, to be able to inject into storage such quantities of gas as to take into account routine variations in no-notice deliveries. If Texas Gas is unable to make such best efforts injections, it will advise Customer by posting on its Internet Website. However, no presumption will exist for non-routine situations (e.g. sustained injections of more than three days) and, in such non-routine situations, Customer must give 24 hours advance written notice to Texas Gas of quantities it desires to inject into storage, so that Texas Gas can determine the extent to which it can make such injections and adjust its operations accordingly.

13. Supply Lateral Capacity

The provisions of Section 6.8[6] of the General Terms and Conditions of this Tariff, Supply Lateral Capacity, shall apply to WNS service.

14. Hourly Deliveries

Texas Gas shall not be obligated to deliver to Customer at the primary point of delivery in any hour more than one-sixteenth of Customer's Contract Demand, subject to Section 6.18 of the General Terms and Conditions of this Tariff. Notwithstanding the foregoing, hourly overruns may be authorized pursuant to Section 5.9[6] above.

15. Penalty for Failure to Close Maximum Unnominated Quantity-WNS Account

In the event Customer fails to deliver in kind to Texas Gas any portion of its Maximum Unnominated Quantity-WNS it has borrowed from Texas Gas prior to the end of the Winter Season and/or termination of its contract for service under this Rate Schedule, Customer shall, within 10 days of invoice from Texas Gas, pay Texas Gas an amount equal to the greater of 200% of Texas Gas' book value of its working gas in storage or 200% of the highest monthly average index price calculated pursuant to Section 6.14 of the General Terms and Conditions during the past twelve month period. Likewise, if Customer fails to remove from storage any portion of its Maximum Unnominated Quantity-WNS it has injected into storage prior to the end of the Winter Season and/or termination of its contract for service under this Rate Schedule, Customer shall forfeit such remaining gas to Texas Gas.

16. Capacity Release

A Customer under the Rate Schedule WNS may release and assign all or any part of its WNS service pursuant to the provisions of Section 6.16, Capacity Release Program, of Texas Gas' General Terms and Conditions.

17. General Terms and Conditions

All of the General Terms and Conditions of this Tariff are applicable to and are hereby incorporated as a part of this Rate Schedule WNS.

**Rate Schedule ENS  
Enhanced Nomination Service**

1. Availability

1.1 This Rate Schedule is available for the transportation of natural gas by Texas Gas for any Customer:

- (a) Who has executed a Transportation Service Agreement with Texas Gas for firm or no-notice transportation service under Rate Schedules FT-SL, FT-1, FT-2, FT-3, FT-4; FT-Fayetteville, FT-Greenville; STF-SL, STF-1, STF-2, STF-3, STF-4 STF-Fayetteville, STF-Greenville; NNS-SL, NNS-1, NNS-2, NNS-3, NNS-4, NNS-Fayetteville, NNS-Greenville; NNL-SL, NNL-1, NNL-2, NNL-3, NNL-4, NNL-Fayetteville, NNL-Greenville; SGT; SGL; SNS-SL, SNS-1, SNS-2, SNS-3, SNS-4, SNS-Fayetteville, SNS-Greenville; WNS-SL, WNS-1, WNS-2, WNS-3, WNS-4, WNS-Fayetteville, WNS-Greenville; or FLS.
- (b) Who has met the credit requirements of Section 6.5 of the General Terms and Conditions; and
- (c) Who desires to enhance its firm or no-notice transportation service by executing an ENS Addendum to an FT, STF, NNS, NNL, SGT, SGL, SNS, WNS, or FLS Service Agreement permitting Customer to nominate during the additional nomination cycles identified in Section 5.10[5.2] below.

1.2 Texas Gas will evaluate all requests for ENS Service and only execute contracts with those seeking service under this Rate Schedule from physical receipt points on Texas Gas' system where (i) the point operator has personnel available twenty-four (24) hours a day to provide confirmations; and (ii) there is electronic measurement and flow control operated by Texas Gas, to Customer's primary delivery point(s). Texas Gas will post such eligible physical receipt points to its Internet Web Site.

1.3 Texas Gas shall not be required to perform service under this Rate Schedule, subject to obtaining any necessary approvals, on behalf of any Customer that fails to comply with any and all of the terms of this Rate Schedule and with the terms of Customer's Transportation Service Agreement with Texas Gas.

2. Applicability and Character of Service

2.1 This Rate Schedule is subject to all the terms and conditions of Rate Schedule FT, STF, NNS, NNL, SGT, SGL, SNS, WNS, or FLS.

3. Quantities

All quantities designated for service under Rate Schedule ENS shall be the same as those quantities designated as Contract Demand under the base FT or STF Transportation Service Agreement and Nominated Daily Quantity under the base NNS, NNL, SGT, SGL, SNS, WNS, or FLS Transportation Service Agreement to which the ENS Service is appended.

4. Rates and Charges

4.1 The applicable rates per MMBtu under this Rate Schedule ENS for enhanced nomination service are set forth on currently effective Section 4.10 of this Tariff, and these rates are incorporated herein by reference. Such rates are in addition to any rates charged for service under Rate Schedule FT, STF, NNS, NNL, SGT, SGL, SNS, WNS, or FLS.

- 4.2 Texas Gas shall have the right to propose and file with the Commission or other body having jurisdiction, changes and revisions of this rate schedule, or to propose and file superseding rate schedules, for the purpose of changing the rate, charges, or other provisions thereof effective as to Customer.

5. Nominations, Receipts, and Deliveries

- 5.1 Customer shall be able to submit additional intraday nominations during the additional nomination cycles set forth in Section 5.10[5.2] below to request early, short notice scheduling of gas supplies from physical receipt points on the Texas Gas system, as described in Section 5.10[1.2] above, to Customer's primary delivery point(s) to fulfill its nomination request. These additional nomination cycles will be in addition to the standard nomination cycles outlined in Section 6.12 of the General Terms and Conditions of this Tariff.

Nominations for the additional intraday cycles will be confirmed and scheduled in accordance with Section 6.12 of the General Terms and Conditions of this Tariff.

5.2 Additional Nomination Cycles

<u>TIME</u>	<u>ADDITIONAL CYCLE NO.</u>	<u>ACTION</u>
08:00 a.m. CCT	Cycle 1	Nomination Deadline
09:00 a.m. CCT	Cycle 1	Confirmation Deadline
10:00 a.m. CCT	Cycle 1	Effective Flow Time
10:00 a.m. CCT	Cycle 2	Nomination Deadline
11:00 a.m. CCT	Cycle 2	Confirmation Deadline
12:00 p.m. CCT	Cycle 2	Effective Flow Time
12:00 p.m. CCT	Cycle 3	Nomination Deadline
01:00 p.m. CCT	Cycle 3	Confirmation Deadline
02:00 p.m. CCT	Cycle 3	Effective Flow Time
02:00 p.m. CCT	Cycle 4	Nomination Deadline
03:00 p.m. CCT	Cycle 4	Confirmation Deadline
04:00 p.m. CCT	Cycle 4	Effective Flow Time
04:00 p.m. CCT	Cycle 5	Nomination Deadline
05:00 p.m. CCT	Cycle 5	Confirmation Deadline
06:00 p.m. CCT	Cycle 5	Effective Flow Time
06:00 p.m. CCT	Cycle 6	Nomination Deadline
07:00 p.m. CCT	Cycle 6	Confirmation Deadline
08:00 p.m. CCT	Cycle 6	Effective Flow Time

09:00 p.m. CCT	Cycle 7	Nomination Deadline
10:00 p.m. CCT	Cycle 7	Confirmation Deadline
11:00 p.m. CCT	Cycle 7	Effective Flow Time
10:00 p.m. CCT	Cycle 8	Nomination Deadline
11:00 p.m. CCT	Cycle 8	Confirmation Deadline
12:00 a.m. CCT	Cycle 8	Effective Flow Time
1:00 a.m. CCT	Cycle 9	Nomination Deadline
2:00 a.m. CCT	Cycle 9	Confirmation Deadline
3:00 a.m. CCT	Cycle 9	Effective Flow Time
4:00 a.m. CCT	Cycle 10	Nomination Deadline
5:00 a.m. CCT	Cycle 10	Confirmation Deadline
6:00 a.m. CCT	Cycle 10	Effective Flow Time
6:00 a.m. CCT	Cycle 11	Nomination Deadline
7:00 a.m. CCT	Cycle 11	Confirmation Deadline
8:00 a.m. CCT	Cycle 11	Effective Flow Time

Note: Prior to the Confirmation Deadline, Texas Gas will make available preliminary Scheduled Quantities to affected shippers and point operators, including notice to bumped parties. The Effective Flow Time shall be when Scheduled Quantities are made available by Texas Gas to affected shippers and point operators, including notice to bumped parties.

6. General Terms and Conditions

All of the General Terms and Conditions of this Tariff are applicable to and are hereby incorporated as a part of this Rate Schedule ENS.

**Rate Schedule IT**  
**Interruptible Transportation Service**

1. Availability

- 1.1 This Rate Schedule is available for the transportation of natural gas by Texas Gas for any Customer using Comprehensive Points which will deliver or cause to be delivered natural gas to Texas Gas for redelivery by Texas Gas to Customer or for the account of Customer in one or more of Texas Gas' Service Zones; which has met the credit requirements of Section 6.5 of the General Terms and Conditions; and which has executed a Transportation Service Agreement with Texas Gas for service under Rate Schedules IT-SL, IT-1, IT-2, IT-3, IT-4, IT-Fayetteville, or IT-Greenville.
- 1.2 Customer, Texas Gas, and third-party transporters have obtained, as appropriate, or will obtain, all State and Federal approvals for services to be provided by Customer, Texas Gas, and third-party transporters related to those rendered under this Rate Schedule.

2. Applicability and Character of Service

- 2.1 This Rate Schedule shall apply to all transportation services performed by Texas Gas for Customer under each Transportation Service Agreement for service under this Rate Schedule during the term identified in the Transportation Service Agreement. The transportation service rendered shall be on an interruptible basis. The transportation service provided under this Rate Schedule shall be performed under Subpart E of Part 157, Subparts B, G, H, or I of Part 284, or any other applicable commission regulation governing such transportation, including transportation performed on an "on behalf of" basis under Subpart B. Such service shall apply to all gas transported by Texas Gas for Customer under this Rate Schedule up to the transportation Contract Demand set forth in the Transportation Service Agreement.

Transportation service rendered hereunder which is interruptible in character will be performed provided Texas Gas has capacity sufficient to perform the service.

If the total quantities nominated for transportation pursuant to this Rate Schedule for a particular point of receipt and/or point of delivery by all interruptible customers exceed the total capacity available at that point, quantities scheduled for receipt and/or delivery will be allocated on a last-on, first-off basis in accordance with Section 6.12 of the General Terms and Conditions in Texas Gas' FERC Gas Tariff.

Interruptible service provided under this Rate Schedule shall be subject to interruption pursuant to Section 6.12 of the General Terms and Conditions of this Tariff. Interruption of service includes decreasing, suspending, or discontinuing both the receipt and delivery of gas. Texas Gas shall not be liable in damages or otherwise to Customer for any such curtailment or interruption. Curtailment of interruptible transportation service will be on a last-on, first-off basis in accordance with Section 6.12 of the General Terms and Conditions contained in Texas Gas' FERC Gas Tariff.

- 2.2 Provided Texas Gas' prior consent is obtained, Customer may tender quantities of gas in excess of the Transportation Quantity on any day if such tender and transportation of such gas can be accomplished by Texas Gas without detriment to any other Customer

under any of Texas Gas' transportation rate schedules (see Section 6.12 of the General Terms and Conditions of this Tariff) if such transportation is compatible to Texas Gas' system operation requirements. Subject to the foregoing restrictions, Texas Gas' consent shall not be unreasonably withheld.

3. Categories and Priorities of Transportation Services

Refer to Section 6.12 of the General Terms and Conditions of this Tariff.

4. Rates and Charges

The applicable rates per MMBtu under this Rate Schedule for interruptible transportation service in each zone are set forth in currently effective Section 4.11 and Section 4.16 of this Tariff, and these rates are incorporated herein by reference.

4.1 Rates

Unless otherwise agreed to in writing by Texas Gas and Customer, Customer shall pay to Texas Gas each month the maximum Commodity Charge (plus any currently effective surcharges including but not limited to the FERC ACA Unit Charge, Take-or-Pay surcharges, and Order 636 Transition Costs surcharge) per MMBtu of gas delivered by Texas Gas.

4.2 Fuel, Company Use, and Unaccounted For Quantities

Fuel, company use gas, and unaccounted for quantities shall be in accordance with Section 6.9[2] of the General Terms and Conditions of this Tariff.

4.3 Processing Rights

Processing rights and the transportation of liquids/liquefiabiles shall be in accordance with Section 6.22 of the General Terms and Conditions of this Tariff.

4.4 Adjustment of Rates

Texas Gas shall have the right to propose and file with the Commission or other body having jurisdiction, changes and revisions of any effective rate schedule, or to propose and file superseding rate schedules, for the purpose of changing the rate, charges, or other provisions thereof effective as to Customer.

5. Minimum Monthly Bill

None

6. Unauthorized Overrun

(a) Unauthorized Overrun Quantity

If Customer takes under this rate schedule on any day a quantity of gas which is greater than the applicable Contract Demand, the excess shall constitute an Unauthorized Overrun Quantity.

(b) Payment for Unauthorized Overrun Quantity

In any month in which Customer takes an Unauthorized Overrun Quantity, Customer shall pay to Texas Gas, in addition to the charges otherwise payable pursuant to Section 5.11[4.1] herein and Section 6.9[1] of the General Terms and Conditions:

- (i) A "Nominal Overrun Penalty" equal to twice the effective FT Overrun Rate for all Unauthorized Overrun Quantities taken on any day in excess of 250 MMBtu; and
- (ii) An "Excess Overrun Penalty" of \$10.00 per MMBtu for all Unauthorized Overrun Quantities on any day in excess of 375 MMBtu.

In the event a Customer incurs an Excess Overrun Penalty, Texas Gas will credit any amounts collected as a Nominal Overrun Penalty against amounts collected as an Excess Overrun Penalty, so that the total Overrun Penalty collected does not exceed \$10.00 per MMBtu for overruns in excess of 375 MMBtu.

No overrun penalty shall be payable for any day in which the Unauthorized Overrun Quantity is less than 250 MMBtu.

The payment of a penalty for an Unauthorized Overrun Quantity by a Customer shall not under any circumstances be considered as giving such Customer the right to take an Unauthorized Overrun Quantity nor shall such payment be considered as a substitute for any other remedies available to Texas Gas or any of Texas Gas' other customers against the offending Customer for failure to respect its obligation to adhere to the provisions of its contract with Texas Gas.

Texas Gas shall have the right, without obligation, to waive, on a non-discriminatory basis, any Nominal Overrun Penalty for an Unauthorized Overrun if, on the day when the Unauthorized Overrun was taken, deliveries to Texas Gas' other customers were not adversely affected by the taking of such Unauthorized Overrun or if Texas Gas' pipeline operations, including gas storage operations, were not impaired thereby. Texas Gas must waive any Excess Overrun Penalty if the Unauthorized Overrun occurs in a non-critical situation and does not cause operational problems.

Texas Gas shall be obligated to waive any penalty for an Unauthorized Overrun Quantity:

- (aa) when such overrun is taken under circumstances beyond the control of Customer due to emergency conditions on Texas Gas' facilities, or
- (bb) when such overrun is due to accident to or breakage of pipelines, machinery or equipment of the Customer; provided, however, Customer shall promptly and diligently take such action as may be necessary and practicable under the then existing circumstances to repair or otherwise remedy the situation and furnish Texas Gas satisfactory evidence that such accident or breakage was not due to Customer's gross negligence.

## 7. Reimbursement of Fees and Taxes

Customer shall reimburse Texas Gas for all fees, if any, required by the Commission or any regulatory body related to service provided under this Rate Schedule, including filing, reporting, and application fees. Provided, however, Texas Gas may waive filing fees for Customer on a nondiscriminatory basis in the event of an administrative error.

8. Uniform Flows

Customer shall deliver or cause to be delivered to Texas Gas and receive or cause to be received from Texas Gas in as nearly as possible uniform hourly quantities during any day and in as nearly as possible uniform daily quantities during any month.

9. General Terms and Conditions

All of the General Terms and Conditions of this Tariff are applicable and are hereby incorporated as a part of this Rate Schedule IT.



**Rate Schedule FSS  
Firm Storage Service**

1. Availability

This Rate Schedule is available for the purchase of storage service from the Pipeline for any Customer subject to the following limitations:

- (a) Pipeline has determined that it has sufficient available and uncommitted storage capacity to perform service requested by Customer; and
- (b) Pipeline and Customer have executed an Agreement under this Rate Schedule; and
- (c) Pipeline and Customer have executed applicable transportation agreements or Customer has arranged applicable transportation service to enable the delivery of gas to Pipeline's storage facilities and the redelivery of gas to Customer; and
- (d) Customer has met the credit requirements of Section 6.5 of the General Terms and Conditions; and
- (e) Customer has the option to provide its own gas for storage or may purchase such gas from the Pipeline at the greater of a negotiated market price or Pipeline's book cost of gas, unless the available storage capacity to be used to provide service to Customer is filled, in whole or in part, with working gas owned by Pipeline, in which case either the Customer or another buyer must agree to purchase such working gas inventory from Pipeline at the greater of a negotiated market price or Pipeline's book cost of such gas. Such purchase must be made prior to the commencement of service under this rate schedule. The book cost of such gas is defined as the unit cost of working gas as reflected in FERC Account 117.3 on the Pipeline's books. Pipeline will be required, however, to allow such purchase of gas in place only if inventory levels are sufficient to, in Pipeline's reasonable judgment, permit such purchase without adversely affecting the storage deliverability required to perform any of Pipeline's other services including no-notice service for NNS,>NNL, SGT, and SGL customers; Pipeline will sell such gas unless such a sale would hamper its ability to provide no-notice service or to balance Pipeline's system.

2. Applicability & Character of Service

The service provided hereunder provides for the firm receipt and injection of Customer's gas into storage during the Summer Season and the subsequent firm withdrawal and delivery of the gas during the Winter Season. The service is a contract storage service which requires the Customer to schedule and nominate quantities to be injected into or withdrawn from storage. Withdrawals during the Summer Season and injections during the Winter Season will be permitted on an interruptible basis, subject to Pipeline's discretion.

3. Rates and Charges

The applicable rates per MMBtu under this Rate Schedule for firm storage service are set forth in currently effective Section 4.13 of this Tariff and these rates are incorporated herein by reference. The amounts which shall be paid by Customer to Pipeline for each Month during the period of service hereunder shall include the sum of the amounts due under the subsections of this Section 5.12[3] and charges under Section 5.12[4] that are applicable to Customer for such Month.

3.1 Storage Rates:

(a) Reservation Rates:

1. A FSS Deliverability Reservation Rate shall be paid for each MMBtu of Customer's Maximum Daily Withdrawal Quantity times the number of days in the month being billed.
2. A FSS Daily Capacity Reservation Rate Shall be paid for each MMBtu of Customer's Maximum Seasonal Quantity times the number of days in the month being billed.

(b) Commodity Rate: An Injection/Withdrawal Commodity Rate shall be paid for Each MMBtu of gas which is delivered to or for Customer during the Month. Such charges shall be applicable both on injection and on withdrawal.

(c) Surcharges: Customer shall pay all surcharges specified in the General Terms and Conditions or which otherwise may be applicable to service under this Rate Schedule from time to time including, but not limited to, the G.R.I. Funding Unit. An FSS customer will only pay the G.R.I. charge one time for gas transported and stored on Pipeline's system, unless applicable regulations require double-counting to recover Pipeline's costs.

3.2 Fuel, Company Use and Unaccounted for Quantities

Fuel, company use gas, and unaccounted for quantities shall be in accordance with Section 6.9[2] of the General Terms and Conditions of this Tariff.

3.3 Adjustment of Rates: Texas Gas shall have the right to propose and file with the Commission, or other body having jurisdiction, changes and revisions of any effective rate schedule or to propose and file superseding rate schedules for the purpose of changing the rate charges or other provisions thereof effective as to Customer.

3.4 Excess Withdrawals: In the event Customer withdraws gas on any day in excess of Customer's FSS storage balance, then such gas will be subject to cash-out provisions at 150% of the highest weekly average for the month pursuant to Section 6.14 of the General Terms and Conditions of this Tariff.

4. Additional Charges and Reimbursement of Fees and Taxes

4.1 Customer shall reimburse Texas Gas for all fees, if any, required by the Commission or any regulatory body related to service provided under this Rate Schedule, including filing, reporting, and application fees. Provided, however, Texas Gas may waive filing fees for Customer on a non-discriminatory basis in the event of an administrative error.

5. Storage Overrun Service

5.1 Storage Overrun Quantities: Customer may request Pipeline to inject for Storage quantities of gas for Customer on any day during the Summer Period in excess of Customer's Maximum Daily Injection Quantity or to withdraw quantities of gas from Storage for Customer on any Day during the Winter Period in excess of Customer's Maximum Daily Withdrawal Quantity or to withdraw quantities of gas from Storage for

Customer for any consecutive thirty (30) day period during the Winter Period in excess of Customer's Monthly Maximum Withdrawal Quantity. Customer may also request Pipeline to inject quantities of gas for Storage for Customer on any Day during the Winter Period or withdraw quantities of gas from Storage for Customer on any Day during the Summer Period. Customer may request Pipeline to accept deliveries of quantities of gas in excess of the Maximum Seasonal Quantity during any Summer Period and Customer may request Pipeline to redeliver quantities of gas in excess of the Maximum Seasonal Quantity during any Winter Period; provided, however, that at no time may Customer's Working Storage Gas exceed Customer's Maximum Seasonal Quantity. Pipeline may do so on an interruptible basis if it can do so without adverse effect on Pipeline's operations or its ability to meet all other service obligations. Customer shall pay an Overrun Service charge pursuant to Section 5.12[5.2] of this Rate Schedule FSS for such overrun storage service.

- 5.2 Overrun Service Charge: The Overrun Service Rate shall be paid for each MMBtu of gas which is injected or withdrawn on behalf of Customer during the Month pursuant to this Rate Schedule unless such overrun service, with Pipeline's concurrence, is made up quantities of gas that Pipeline previously failed to inject into storage or withdraw from storage and Customer agrees to forego the monthly bill reduction in Section 5.12[3.1(a)(3)]. The FSS Overrun Service Rate shall be the 100% load factor rate which is the sum of (a) the Daily Deliverability Reservation Rate, (b) the Daily Capacity Reservation Rate, and (c) the Injection/Withdrawal Commodity Rate.

6. Transfer of Gas in Place

Pipeline shall permit transfers of title of gas in inventory provided both Customers have executed a service agreement under Rate Schedule FSS, ISS, NNS,>NNL, SNS, WNS, FSS-M, or ISS-M, both have executed transportation service agreements which will permit the delivery of the gas, and such transfer does not result in either customer exceeding its Maximum Seasonal Quantity.

7. Winter Season Provisions

During the Winter Season, Pipeline will deliver to Customer up to Customer's Maximum Daily Withdrawal Quantity and Customer's Maximum Seasonal Quantity as set forth below.

- 7.1 Customer will be required to nominate from storage into Pipeline's system a quantity of gas up to the Maximum Daily Withdrawal Quantity.
- 7.2 Monthly Maximum Withdrawal: No more than 50% of Customer's Maximum Seasonal Quantity shall be withdrawn in any consecutive 30 day period during the period November through March.
- 7.3 Seasonal Minimum & Maximum Withdrawal - No more than 100% of Customer's Maximum Seasonal Quantity shall be withdrawn by March 1 of any Winter Season; provided further, that no less than 53% of Customer's Maximum Seasonal Quantity shall be withdrawn each Winter Season if Customer has renewed its FSS service for the subsequent storage contract year.
- 7.4 Customer electing not to renew their FSS service for the Storage Contract Year will be required to withdraw 100% of Customer's Maximum Seasonal Quantity such that its storage balance is zero by April 1. In the event that Seasonal Quantities remain in storage on April 1, these volumes will be subject to cash out at the system average

"Index Price" for the month of April determined in accordance with Section 6.14[7] of the General Terms and Conditions of this Tariff, and Texas Gas shall pay Customer for its net storage balance (in MMBtu) according to the following table:

Net Percentage of Maximum Seasonal Quantity (MSQ) Remaining in Storage	Percentage of Index Price
0% to 5%	100%
>5% - 10%	90%
>10% - 15%	80%
>15% - 20%	70%
>20%	60%

7.5 When 75% of Customer's Maximum Seasonal Quantity (MSQ) has been withdrawn from storage, each Customer shall have rights to the greater of its Average Daily Seasonal Quantity (DSQ) or 90% of its Maximum Daily Quantity (MDQ). Subsequent ratchet points as follows:

- \* 80% MSQ withdrawn - 85% MDQ available, or Average DSQ, whichever is greater.
- \* 85% MSQ withdrawn - 80%MDQ available, or Average DSQ, whichever is greater.
- \* 90% MSQ withdrawn - 75% MDQ available, or Average DSQ, whichever is greater.

7.6 Pipeline shall deliver to Customer gas for Customer's account only when Customer's storage inventory is greater than zero.

## 8. Summer Season Provisions

Pursuant to the provisions set forth below, Pipeline shall receive from Customer during each Summer Season up to the Maximum Seasonal Quantity at daily rates not to exceed the Maximum Daily Injection Quantity as defined below.

8.1 Maximum Daily Injection Quantity - To protect the storage formations and allow uniform filling of the storage reservoirs, Customers will be required to adhere to certain injection limits (calculated as a percentage of the Maximum Seasonal Quantity) throughout the summer injection period. During the Summer Season, each FSS Customer may on a daily basis inject up to 1.3% of its Maximum Seasonal Quantity until 65% of Customer's Nominated Seasonal Quantity has been filled. A Customer's Daily Injection Quantities will be limited to 1.1% of its Maximum Seasonal Quantity whenever 65% to 90% of that Customer's Maximum Seasonal Quantity has been filled. A Customer's Daily Injection Quantities will be limited to 0.6% of its Maximum Seasonal Quantity after 90% of that Customer's Maximum Seasonal Quantity has been filled.

8.2 Inventory verification tests will be conducted as operationally necessary, but in no event less than once per calendar year. These tests require the temporary suspension of individual storage field activities (injections and withdrawals) for a period of approximately two weeks. If conditions will not permit the full maximum daily injection or withdrawal quantity, Texas Gas may temporarily adjust the limit and allow make-up quantities on succeeding days. Texas Gas will provide at least 45 days notice on its Internet Website with regard to the scheduling of these shut-in periods to allow Customers to adjust for the interruption of storage.

- 8.3 To assist Pipeline's operational and maintenance scheduling through the Summer Season, Customer will notify Pipeline by March 15 of each year, with updates monthly, of the quantities it intends to inject monthly during the immediately upcoming Summer Season; such injection schedule provided by Customer is a best-effort estimate and may be revised as necessary. Pipeline will use its reasonable efforts to coordinate its test, maintenance, alteration and repair activities during such Summer Season to accommodate Customer's request.
- 8.4 If Customer desires Pipeline to store gas for Customer's account under this Rate Schedule, it shall give notice to Pipeline specifying the quantity of gas which Customer desires to be injected into storage under this Rate Schedule on such day. Pipeline shall thereupon inject the quantity of gas so nominated subject to the limitations set forth herein.
- 8.5 Pipeline shall be obligated to accept gas for storage for Customer's account only when Customer's Storage Inventory is less than Customer's Maximum Seasonal Quantity.

9. General Terms and Conditions

All General Terms and Conditions of this Tariff are applicable to this Rate Schedule and are hereby incorporated as a part of this Rate Schedule FSS.

**Rate Schedule ISS  
Interruptible Storage Service**

1. Availability

This Rate Schedule is available for the purchase of storage service from the Pipeline for any Customer subject to the following limitations:

- (a) Pipeline has determined that it has sufficient available and uncommitted storage capacity to perform service requested by Customer; and
- (b) Pipeline and Customer have executed an Agreement under this Rate Schedule; and
- (c) Customer has met the credit requirements of Section 6.5 of the General Terms and Conditions; and
- (d) Pipeline and Customer have executed applicable transportation agreements or Customer has arranged applicable transportation service to enable the delivery of gas to Pipeline's storage facilities and the redelivery of gas to Customer; and
- (e) Customer has the option to provide its own gas for storage or may purchase such gas from Pipeline at the greater of a negotiated market price or Pipeline's book cost of gas, unless the available storage capacity to be used to provide service to Customer is filled, in whole or in part, with working gas owned by Pipeline, in which case either the Customer or another buyer must agree to purchase such working gas inventory from Pipeline at the greater of a negotiated market price or Pipeline's book cost of such gas. Such purchase must be made prior to the commencement of service under this rate schedule. The book cost of such gas is defined as the unit cost of working gas as reflected in FERC Acct. 117.3 on the Pipeline's books. Pipeline will be required, however, to allow such purchase of gas in place only if inventory levels are sufficient to, in Pipeline's reasonable judgment, permit such purchase without adversely affecting the storage deliverability required to perform any of Pipeline's other services including no-notice service for NNS,>NNL, SGT, and SGL customers; Pipeline will sell such gas unless such a sale would hamper its ability to provide no-notice service or to balance Pipeline's system.

2. Applicability & Character of Service

The service provided hereunder provides for the receipt and injection of Customer's gas into storage during the Summer Season and the subsequent withdrawal and delivery of the gas during the Winter Season, all on an interruptible basis. The service is a contract storage service which requires the Customer to schedule and nominate quantities to be injected into or withdrawn from storage. Withdrawals during the Summer Season and injections during the Winter Season will be permitted on an interruptible basis, subject to Pipeline's discretion.

Daily withdrawal and injection Quantities of Gas shall be subject to available capacity and ISS Stored Volume attributable to a Customer. All services performed under this Rate Schedule shall be performed on a capacity available basis. ISS service will only be available to the extent that injection, storage, and withdrawal capacity is not required to satisfy Texas Gas' firm service obligations under Rate Schedules NNS,>NNL, SGT, SGL, and FSS or to otherwise ensure system operational integrity. To the extent that Texas Gas cannot fulfill these firm obligations due to ISS service activity, Customer may be required to withdraw all, or any part, of its Stored Volume under this ISS Rate Schedule within 30 Days following notification from Texas Gas. Any Stored Volume not withdrawn within 30 Days of Texas Gas giving Shipper notice shall become the property of Texas Gas at no cost to Texas Gas, free and clear of any adverse claims.

Interruptible Daily Withdrawal Quantities and Interruptible Daily Injection Quantities shall be defined in the ISS Service Agreement but shall not exceed 1/100th of the Interruptible Storage Quantity and 1/200th of Interruptible Storage Quantity, respectively. In the event that Customer is required to withdraw its remaining seasonal quantity in the aforementioned 30-day period, Texas Gas will waive the IDWQ & IDIQ limitations to the extent necessary to accommodate said withdrawals or injections within the 30-day period. Interruptible Daily Withdrawal Quantities will be subject to the following ratchets:

<b>Remaining Gas in Storage as a Percentage of Interruptible Storage Quantity (ISQ)</b>	<b>Interruptible Daily Withdrawal Quantity</b>
100% to 20%	100% of IDWQ
<20% to 0%	80% of IDWQ

### 3. Rates and Charges

The applicable rates per MMBtu under this Rate Schedule for interruptible storage service are set forth in currently effective Section 4.13 of this Tariff and these rates are incorporated herein by reference. The amounts which shall be paid by Customer to Pipeline for each Month during the period of service hereunder shall include the sum of the amounts due under the subsections of this Section 5.13[3] and charges under Section 5.13[4] that are applicable to Customer for such Month.

#### 3.1 Storage Rates:

##### (a) Monthly Inventory Charge

Customer shall pay a Monthly Inventory Charge which shall be the product of the applicable inventory charge per MMBtu as set forth in the effective Tariff Section 4.13 and the average daily ISS Stored Volume for the Month.

##### (b) Injection Charge

Customer shall pay an Injection Charge which shall be the product of the Quantity of Gas actually injected into Storage by Texas Gas during the Month times the applicable injection charge per MMBtu as set forth in the effective Tariff Section 4.13.

##### (c) Withdrawal Charge

Customer shall pay a Withdrawal Charge which shall be the product of the Quantity of Gas actually withdrawn from Storage by Texas Gas during the Month times the applicable withdrawal charge per MMBtu as set forth in the effective Tariff Section 4.13.

##### (d) Surcharges

Customer shall pay all surcharges specified in the General Terms and Conditions or which otherwise may be applicable to service under this Rate Schedule from time to time, including, but not limited to, the G.R.I. Funding Unit. Charge. An ISS customer will only pay the G.R.I. charge one time for gas

transported and stored on Pipeline's system, unless applicable regulations require double-counting to recover Pipeline's costs.

**3.2 Fuel, Company Use and Unaccounted for Quantities**

Fuel, company use gas, and unaccounted for quantities shall be in accordance with Section 6.9[2] of the General Terms and Conditions of this Tariff.

**3.3 Adjustment of Rates:** Texas Gas shall have the right to propose and file with the Commission, or other body having jurisdiction, changes and revisions of any effective rate schedule or to propose and file superseding rate schedules for the purpose of changing the rate charges or other provisions thereof effective as to Customer.

**3.4 Excess Withdrawals:** In the event Customer withdraws gas on any day in excess of Customer's ISS storage balance, then such gas will be subject to cash-out provisions at 150% of the highest weekly average for the month pursuant to Section 6.14 of the General Terms and Conditions of this Tariff.

**4. Additional Charges and Reimbursement of Fees and Taxes**

**4.1** Customer shall reimburse Texas Gas for all fees, if any, required by the Commission or any regulatory body related to service provided under this Rate Schedule, including filing, reporting, and application fees. Provided, however, Texas Gas may waive filing fees for Customer on a non-discriminatory basis in the event of an administrative error.

**5. Storage Overrun Service**

**5.1 Storage Overrun Quantities:** Customer may request Pipeline to inject for storage quantities of Gas for Customer on any day during the Summer Period in excess of Customer's Interruptible Daily Injection Quantity or to withdraw quantities of Gas from Storage for Customer on any Day during the Winter Period in excess of Customer's Interruptible Daily Withdrawal Quantity. Customer may also request Pipeline to inject quantities of Gas for Storage for Customer on any Day during the Winter Period or withdraw quantities of Gas from Storage for Customer on any Day during the Summer Period. Customer may request Pipeline to accept deliveries of quantities of Gas in excess of the Interruptible Storage Quantity during any Summer Period and Customer may request Pipeline to redeliver quantities of Gas in excess of the Interruptible Storage Quantity during any Winter Period; provided, however, that at no time may Customer's Working Storage Gas exceed Customer's Interruptible Storage Quantity. Pipeline may do so on an interruptible basis if it can do so without adverse effect on Pipeline's operations or its ability to meet all other service obligations. Customer shall pay an Overrun Service charge pursuant to Section 5.13[5.2] of this Rate Schedule ISS for such overrun storage service.

**5.2 Overrun Service Charge:** The Overrun Service Rate shall be paid for each MMBtu of gas which is injected or withdrawn on behalf of Customer during the Month in excess of customer's IDIQ or IDWQ unless such overrun service, with Pipeline's concurrence, is make up quantities of Gas that Pipeline previously failed to inject into storage or withdraw from storage. The ISS Overrun Service Rate is set forth in Section 4.13 of this Tariff.

**6. Transfer of Gas in Place**



Pipeline shall permit transfers of title of gas in inventory provided both Customers have executed service agreements under these Rate Schedules ISS, FSS, NNS,>NNL, SNS, WNS, FSS-M, or ISS-M, both have executed transportation service agreements which will permit the delivery of the gas, and such transfer does not result in either customer exceeding its Interruptible Storage Quantity.

7. Winter Season Provisions

During the Winter Season, Pipeline will deliver to Customer up to Customer's Interruptible Daily Withdrawal Quantity and Customer's Interruptible Storage Quantity as set forth below.

- 7.1 Customer will be required to nominate from storage into Pipeline's system a quantity of gas up to the Interruptible Daily Withdrawal Quantity.
- 7.2 Interruptible Minimum & Maximum Withdrawal - No less than 53% of Customer's Interruptible Storage Quantity shall be withdrawn each Winter Season if Customer has renewed its ISS service for the subsequent storage contract year. If ISS service has not been renewed, Customer will be required to withdraw 100% of its Seasonal Quantity such that its storage balance is zero before March 31 of the Storage Contract Year.
- 7.3 Customer electing not to renew their ISS service for the subsequent Storage Contract Year must withdraw any remaining volumes within 30 days or forfeit said volumes to pipeline.
- 7.4 Pipeline shall deliver to Customer gas for Customer's account only when Customer's storage inventory is greater than zero.

8. Summer Season Provisions

Pipeline shall receive from Customer during each Summer Season up to the Interruptible Storage Quantity at daily rates not to exceed the Interruptible Daily Injection Quantity.

- 8.1 Inventory verification tests will be conducted as operationally necessary, but in no event less than once per calendar year. These tests require the temporary suspension of individual storage field activities (injections and withdrawals) for a period of approximately two weeks. If conditions will not permit the full interruptible daily injection or withdrawal quantity, Texas Gas may temporarily adjust the limit. Texas Gas will provide at least 45 days notice on its Internet Website with regard to the scheduling of these shut-in periods to allow customers to adjust for the interruption of storage.
- 8.2 To assist Pipeline's operational and maintenance scheduling through the Summer Season, Customer will notify Pipeline by March 15 of each year, with updates monthly, of the quantities it intends to inject monthly during the immediately upcoming Summer Season; such injection schedule provided by Customer is a best efforts estimate and may be revised as necessary. Pipeline will use its reasonable efforts to coordinate its test, maintenance, alteration and repair activities during such Summer Season to accommodate Customer's request.
- 8.3 If Customer desires Pipeline to store gas for Customer's account under this Rate Schedule, it shall give notice to Pipeline specifying the quantity of gas which Customer desires to be injected into storage under this Rate Schedule on such day. Pipeline shall

thereupon inject the quantity of gas so nominated subject to the limitations set forth herein.

8.4 Pipeline shall be obligated to accept gas for storage for Customer's account only when Customer's Storage Inventory is less than Customer's Interruptible Storage Quantity.

9. Mandatory Withdrawals

An ISS Customer may be required to withdraw gas from storage up to its contract MDWQ upon 24 hours' notice when necessary to allow Texas Gas to fulfill firm service commitments, or Texas Gas' operational requirements.

10. General Terms and Conditions

All General Terms and Conditions of this Tariff are applicable to this Rate Schedule and are hereby incorporated as a part of this Rate Schedule ISS.

**Rate Schedule TAPS  
Transportation Aggregation Pooling Service**

1. Availability

- 1.1 This Rate Schedule is available for any Customer which will deliver or cause to be delivered natural gas to Texas Gas for aggregation and redelivery by Texas Gas to a Pooling Delivery Point in one of Texas Gas' Service Zones or, as applicable, Pooling Area; which has met the credit requirements of Section 6.5 of the General Terms and Conditions; and which has executed a Transportation Aggregation Pooling Service Agreement with Texas Gas for service under this Pooling Rate Schedule.
- 1.2 Customer, Texas Gas, and third-party transporters have obtained, as appropriate, or will obtain, all State and Federal approvals for services to be provided by Customer, Texas Gas, and third-party transporters related to those services rendered under this Rate Schedule.

2. Applicability and Character of Service

- 2.1 This Rate Schedule shall apply to all aggregation services performed by Texas Gas for Customer in each Zone, or as applicable, Pooling Area, under a Transportation Aggregation Pooling Service Agreement for service under this Rate Schedule during the term identified in the Transportation Aggregation Pooling Service Agreement. Transportation service provided under this Rate Schedule shall be performed under Subpart E of Part 157, Subparts B, G, H, or I of Part 284, or any other applicable commission regulation governing such transportation, including transportation performed on an "on behalf of" basis under Subpart B. Such service shall apply to all gas transported by Texas Gas for Customer under this Rate Schedule up to the transportation Contract Demand set forth in the Transportation Service Agreement.

A Transportation Aggregation Pooling Service Agreement shall contain all receipt points within each Zone or, as applicable, Pooling Area, available for transportation to the applicable Pooling Delivery Point. Only receipts within a Zone or, as applicable, Pooling Area are available for delivery to that Zone's, or as applicable, Pooling Area's Pooling Delivery Point.

Deliveries to each Pooling Delivery Point in a Transportation Aggregation Pooling Service Agreement must equal the total daily quantities of gas nominated for receipt at each Pooling Delivery Point(s) under Corresponding Transportation Agreements. Daily imbalances for each pool cannot be netted to offset imbalances in another pool. However, Texas Gas will allow, provided capacity exists at the time the request is made, a Transportation Aggregation Pooling Service Customer to transport gas from one service zone/pooling area to another service zone/pooling area under a transportation agreement.

Quantities of gas delivered at a Pooling Delivery Point under a Transportation Aggregation Pooling Service Agreement shall be deemed to have been delivered to the Corresponding Transportation Customer. It shall be the responsibility of the Transportation Aggregation Pooling Service Customer to assure that the total nominations of gas to be received at each Pooling Point under Corresponding Transportation Agreements is equal to the total amount of gas such Transportation

Aggregation Pooling Service Customer causes to be received into Texas Gas' system in each pool.

The priority for allocation of capacity for gas receipts into each pool under a Transportation Aggregation Pooling Service Agreement is based on the transportation service type (i.e., FT, STF, NNS,>NNL, SGT, SGL, SNS, WNS, IT) of the Corresponding Transportation Service Agreement as provided in Section 6.12[10] of the General Terms and Conditions. If the total quantities nominated for transportation pursuant to this Rate Schedule for a particular point of receipt exceed the total capacity available at that point, quantities scheduled for receipt will be allocated in accordance with Sections 6.12[10] and 6.12[11] of the General Terms and Conditions in Texas Gas' FERC Gas Tariff.

Gas quantities scheduled at receipt points under this Rate Schedule shall be subject to curtailment or interruption in accordance with Section 6.12[11] of the General Terms and Conditions contained in Texas Gas' FERC Gas Tariff. Interruption of service includes decreasing, suspending, or discontinuing the receipt of gas. Texas Gas shall not be liable in damages or otherwise to Customer for any such curtailment or interruption.

Priority for scheduling gas deliveries to Customer's Pooling Delivery Point(s) pursuant to this Rate Schedule shall be dependent on the receipt point priority of the downstream Corresponding Transportation Agreement nominating gas receipts from Customer's Pooling Delivery Point(s). Curtailment or interruption of service to Customer receiving service pursuant to a downstream Corresponding Transportation Agreement pursuant to Section 6.12[10] or 6.12[12] of the General Terms and Conditions of this Tariff shall result in interruption of service under this Rate Schedule. Texas Gas shall not be liable in damages or otherwise to Customer for any such curtailment or interruption.

3. Categories and Priorities of Transportation Services

Refer to Section 6.12 of the General Terms and Conditions of this Tariff.

4. Rates and Charges

4.1 Texas Gas shall not charge Customer a rate for service under this Rate Schedule.

4.2 Texas Gas will not retain any fuel on service provided under this Transportation Aggregation Pooling Service Rate Schedule. All customers nominating receipts under Corresponding Transportation Agreements shall incur the applicable fuel retainage on their transportation service.

4.3 Processing rights and the transportation of liquids/liquefiabiles shall be in accordance with Section 6.22 of the General Terms and Conditions of this Tariff.

4.4 Texas Gas shall have the right to propose and file with the Commission or other body having jurisdiction, changes and revisions of any effective Rate Schedule, or to propose and file superseding Rate Schedules, for the purpose of changing the rate, charges, or other provisions thereof effective as to Customer.

5. Minimum Monthly Bill

None

6. Commission and Other Regulatory Fees

Customer shall reimburse Texas Gas for all fees, if any, required by the Commission or any regulatory body related to service provided under this Rate Schedule, including filing, reporting, and application fees. Provided, however, Texas Gas may waive filing fees for Customer on a nondiscriminatory basis in the event of an administrative error.

7. Pooling Agreements Term of Service

The duration of service for all pooling agreements is five years unless terminated by Texas Gas or Customer upon at least thirty (30) days prior written notice; provided however, that Texas Gas shall not terminate a Customer's pooling agreement as long as the Customer complies with all terms and conditions of this TAPS Rate Schedule.

8. Uniform Flows

Customer shall deliver and receive gas in as nearly as possible uniform hourly quantities during any day and in uniform daily quantities during any month.

9. General Terms and Conditions

All of the General Terms and Conditions of this Tariff are applicable and are hereby incorporated as a part of this Rate Schedule TAPS.

**Rate Schedule PAL  
Park and Loan Service**

1. Availability

- 1.1 This rate schedule is available for the interruptible park and loan of natural gas by Texas Gas for any Customer
- (a) Who desires Park and Loan Service under this Rate Schedule; and
  - (b) Who has submitted a valid request in accordance with Section 6.8 of the General Terms and Conditions (and Texas Gas is able to render such service); and
  - (c) Who has met the credit requirements of Section 6.5 of the General Terms and Conditions; and
  - (d) Who has executed a Service Agreement with Texas Gas for service under this Rate Schedule.
- 1.2 Texas Gas shall provide notice of the availability of services under this Rate Schedule on its Internet Website. Texas Gas is not required to provide any requested service under this Rate Schedule unless Texas Gas determines, at its sole discretion, that it has operational flexibility to provide service. In addition, Texas Gas will, at its sole discretion, determine whether notification pursuant to Section 5.15[7] herein is necessary.

2. Applicability and Character of Service

This Rate Schedule shall apply to all Park and Loan Service rendered by Texas Gas for Customer pursuant to Texas Gas' blanket certificate or Part 284 of the regulations of the FERC and the executed service agreement for service under this Rate Schedule.

2.1 Service under this Rate Schedule shall be provided as follows:

- (a) Park Service. Park Service is an interruptible service which provides for: (a) the receipt by Texas Gas of gas quantities that have been delivered by Customer under any gas transportation agreement between Texas Gas and Customer to any of the Park points that Texas Gas shall designate on its system; (b) Texas Gas holding the parked quantities on Texas Gas' system; and (c) return of the parked quantities to Customer. Texas Gas shall park quantities of gas for Customer up to the maximum parked quantity as specified in the executed Service Agreement. Texas Gas shall then return such parked gas to Customer at the point where Customer tendered gas to Texas Gas, subject to Section 5.15[4] of this rate schedule.
- (b) Loan Service. Loan service is an interruptible service which provides for (a) Customer receiving gas quantities from Texas Gas at any of the Loan points designated by Texas Gas on its system and (b) the subsequent return of the loaned quantities of gas to Texas Gas at the point which Customer borrowed the gas, subject to Section 5.15[4] of this rate schedule. Texas Gas shall make available for loan those quantities of gas up to the maximum loaned quantity specified in the executed Service Agreement.

- 2.2 Service under this Rate Schedule shall be provided for a minimum of 1 day and a maximum of 31 days; provided however such maximum period may be extended by Texas Gas at Texas Gas' sole discretion. The term of each PAL arrangement with Customer shall be as set forth on Exhibit A to the Form of Service Agreement hereunder.
- 2.3 Transportation of gas quantities for or on behalf of Customer to or from the Loan or Park point(s) will not be performed under this Rate Schedule. Customer shall make any necessary arrangements with Texas Gas or third parties to receive or deliver gas quantities at the Loan or Park point(s). Such arrangements must be compatible with the operating conditions of Texas Gas' system. Texas Gas shall not be required to receive or deliver gas quantities under this Rate Schedule on any day for which there is insufficient available capacity under Customer's transportation service agreement(s) to deliver or receive gas at the Park or Loan point(s).
- 2.4 Service under this Rate Schedule shall be confirmed only after all other services offered by Texas Gas are scheduled and confirmed.

### 3. Rates and Charges

- 3.1 The maximum and minimum unit rates for service under this Rate Schedule are shown in the effective Section 4.14 and Section 4.16 of this Tariff. Customer shall pay the maximum rates for service under this Rate Schedule unless Texas Gas, in its sole judgment, agrees to discount its rates to Customer under this Rate Schedule. The rate or rates for service under this Rate Schedule shall not be discounted below the minimum rate, it being understood that each Customer shall pay the maximum rate unless such rates are discounted to such specific Customer.
- 3.2 The Daily Park Charge shall be the daily unit rate per MMBtu as set forth in the Service Agreement multiplied by the total quantity (MMBtu) parked each day.
- 3.3 The Daily Loan Charge shall be the daily unit rate per MMBtu as set forth in the Service Agreement multiplied by the total quantity (MMBtu) borrowed each day.

### 4. PAL Points of Service

Texas Gas will post on its Internet Website the available Park and/or Loan Point(s) of Service. Texas Gas may, at its sole discretion, post from time to time additions or deletions to the list of available points. If Texas Gas terminates a point where parked quantities are to be returned to Buyer or loaned quantities are to be returned to Texas Gas, such point(s) shall remain available for the limited purpose of completing such outstanding transactions unless Buyer and Texas Gas mutually agree to utilize a different Point of Service.

### 5. Nominations and Scheduling

Customer shall notify or cause Texas Gas to be notified of Customer's service requirement under this Rate Schedule in advance of such requirements in accordance with the nomination deadlines as provided in Section 6.12 of the General Terms and Conditions of this Tariff. Texas Gas, in its sole judgment, may waive any nomination deadlines, on a non-discriminatory basis, if Texas Gas determines that operating conditions permit. With respect to Customer's desired levels of service under this Rate Schedule, Customer shall nominate to Texas Gas the desired Park and/or Loan quantities as well as the point at which such service is requested. Such nominated quantities shall be subject to confirmation by Texas Gas. Such confirmed quantity

shall be deemed the scheduled quantity. Customer and Texas Gas shall have scheduling personnel available to be contacted 7 days a week, 24 hours a day.

6. Allocation of Service

In allocating or curtailing service among Customers under this Rate Schedule, Texas Gas shall give service priority based upon the highest unit Park or Loan rate paid (not to exceed the maximum rate for such service under this Rate Schedule). Service will be allocated on a pro-rata basis among Customers willing to pay the same unit rate for such service.

7. Notification from Texas Gas

7.1 Customer may be required, upon notification from Texas Gas, to cease or reduce deliveries to, or receipts from, Texas Gas' Park and Loan service within the gas day consistent with Texas Gas' operating conditions. Further, Customer may be required to return loaned quantities or remove parked quantities upon notification by Texas Gas. Such notification may be by written communication, telecopy, telephone or Internet Website posting. Texas Gas' notification shall specify the time frame within which parked quantities shall be removed and/or loaned quantities shall be returned, consistent with Texas Gas' operating conditions, but in no event shall the specified time frame be less than three (3) calendar days from the date of Texas Gas' notification.

7.2 Any parked quantity not removed within the time frame specified by Texas Gas' notice shall become the property of Texas Gas at no cost to Texas Gas, free and clear of any adverse claims. Such gas retained by Texas Gas shall be credited back to the customers through Texas Gas' annual fuel tracker. Any loaned quantity not returned within the time frame specified by Texas Gas' notice shall be sold to Customer at 150% of the highest weekly average price for the month as determined pursuant to Section 6.14[7] of the General Terms and Conditions of this Tariff.

8. General Terms and Conditions

All of the applicable General Terms and Conditions of this Tariff are hereby incorporated by reference and made a part hereof. However, in the event of any inconsistencies between the General Terms and Conditions and this Rate Schedule PAL, the terms and conditions of this Rate Schedule PAL shall control.



**Rate Schedule HOT**  
**Hourly Overrun Transportation Service**

1. Availability

1.1 This rate schedule is available to any Delivery Point Operator (or its designated agent) at any delivery point where:

- (a) Transportation service is being received from Texas Gas for any Customer(s) under any rate schedule(s); and
- (b) The Delivery Point Operator has submitted a valid request for service hereunder, has met the credit requirements of Section 6.5 of the General Terms and Conditions and has executed an Hourly Overrun Transportation Service Agreement for such delivery point.

2. Applicability and Character of Service

2.1 Pursuant to this rate schedule, a Delivery Point Operator may request Texas Gas to allow hourly overruns in excess of the sum of the hourly flow rights under all transportation service agreements delivering quantities to the subject delivery point.

2.2 To the extent Texas Gas is operationally able to provide such hourly overrun service without adversely impacting firm or higher priority interruptible services on its system, Texas Gas shall agree to and authorize such hourly overruns by setting flow control at a quantity greater than otherwise permissible under the transportation service agreement(s) delivering gas to the subject delivery point.

2.3 Hourly overrun service hereunder is completely interruptible at any time and is the lowest priority service offered by Texas Gas.

2.4 Hourly overrun service hereunder shall not increase any Customer's daily deliveries, but shall merely provide for additional hourly flexibility in the delivery of those daily quantities.

3. Nomination and Scheduling of Daily Quantities Unchanged

3.1 Except for unnominated daily deliveries pursuant to Rate Schedules NNS, NNL, SGT, SGL, SNS, and WNS, all daily quantities shall be nominated and scheduled in accordance with the nomination deadlines provided in Section 6.12 of the General Terms and Conditions of this Tariff. With respect to a Delivery Point Operator's desired levels of hourly overrun service under this rate schedule, the Delivery Point Operator shall provide adequate operational notice (generally one to four hours) of the hourly flows desired, which hourly flows must be confirmed by Texas Gas.

4. Allocation of Service

In allocating or curtailing hourly overrun service among Delivery Point Operators under this Rate Schedule, Texas Gas shall give service priority based upon the highest unit rate paid (not to exceed the maximum rate for such service). Service will be allocated on a pro-rata basis among Delivery Point Operators or Customers willing to pay the same rate for such service.

5. Rates and Charges

5.1 Maximum Rates

Unless otherwise agreed to in writing by Texas Gas and the Delivery Point Operator, for any quantities delivered in any hour in excess of the sum of the hourly flow rights under transportation service agreements delivering quantities to the subject delivery point, the Delivery Point Operator shall pay an hourly overrun charge in an amount per MMBtu as set forth in the currently effective Section 4.15 and Section 4.16 of this Tariff. For purposes of billing such hourly overrun, an "hour" shall mean a period of sixty consecutive minutes beginning at the top of the hour (e.g., 9:00) or such other period of sixty consecutive minutes mutually agreeable to the Delivery Point Operator and Texas Gas.

5.2 Adjustment of Rates

Texas Gas shall have the right to propose and file with the Commission or other body having jurisdiction, changes and revisions of any effective rate schedule, or to propose and file superseding rate schedules, for the purpose of changing the rate, charges, or other provisions thereof effective as to the Delivery Point Operator.

6. General Terms and Conditions

All of the General Terms and Conditions of this Tariff may apply to and are hereby incorporated as part of this Rate Schedule HOT.

**Rate Schedule FSS-M**  
**Firm Storage Service With Market Based Rates**

1. Availability

This Rate Schedule applies to the 8,400,000 MMBtu of storage and 93,855 MMBtu/day of deliverability for which Pipeline has received approval to charge market based rates. This Rate Schedule is available for the purchase of such storage service from the Pipeline for any Customer subject to the following limitations:

- (a) Pipeline has determined that it has sufficient available and uncommitted storage capacity to perform service requested by Customer;
- (b) Customer has submitted a Winning Bid for such uncommitted storage capacity pursuant to Section 6.11[2] of the General Terms and Conditions of Texas Gas' FERC Gas Tariff;
- (c) Pipeline and Customer have executed an Agreement under this Rate Schedule;
- (d) Customer has met the credit requirements of Section 6.5 of the General Terms and Conditions;
- (e) Pipeline and Customer have executed applicable transportation agreements or Customer has arranged applicable transportation service to enable the delivery of gas to Pipeline's storage facilities and the redelivery of gas to Customer; and
- (f) Customer shall provide its own gas for storage or may have the option to purchase such gas from the Pipeline, if available, at the greater of a negotiated market price or Pipeline's book cost of gas, unless the available storage capacity to be used to provide service to Customer is filled, in whole or in part, with working gas owned by Pipeline, in which case either the Customer or another buyer must agree to purchase such working gas inventory from Pipeline at the greater of a negotiated market price or Pipeline's book cost of such gas. Such purchase must be made prior to the commencement of service under this rate schedule. The book cost of such gas is defined as the unit cost of working gas as reflected in FERC Account 117.3 on the Pipeline's books. Pipeline will be required, however, to allow such purchase of gas in place only if inventory levels are sufficient to, in Pipeline's reasonable judgment, permit such purchase without adversely affecting the storage deliverability required to perform any of Pipeline's other services including no-notice service for NNS, NNL, SGT, and SGL customers; Pipeline will sell such gas unless such a sale would hamper its ability to provide no-notice service or to balance Pipeline's system.

2. Applicability & Character of Service

The service provided hereunder provides for the firm receipt and injection of Customer's gas into storage during the Summer Season and the subsequent firm withdrawal and delivery of the gas during the Winter Season. The service is a contract storage service which requires the Customer to schedule and nominate quantities to be injected into or withdrawn from storage. Withdrawals during the Summer Season and injections during the Winter Season will be permitted on an interruptible basis, subject to Pipeline's discretion. Pipeline and Customer may also add (1) a contractual right of first refusal and/or (2) evergreen option(s) when a Service Agreement is initially executed or amended pursuant to a request under Section 6.8 of the General Terms and Conditions, if such request is subject to the auction process set forth in Section 6.11 of the General Terms and Conditions.

3. Rates and Charges

3.1 Market Based Rates

The applicable rate for service under this FSS-M Rate Schedule shall be a negotiated market-based rate as provided in the FSS-M Agreement between Customer and Pipeline.

3.2 Fuel, Company Use and Unaccounted for Quantities

Fuel, company use gas, and unaccounted for quantities shall be in accordance with Section 6.9[2] of the General Terms and Conditions of this Tariff.

3.3 Excess Withdrawals

In the event Customer withdraws gas on any day in excess of Customer's FSS-M storage balance, then such gas will be subject to cash-out provisions at 150% of the highest weekly average for the month pursuant to Section 6.14 of the General Terms and Conditions of this Tariff.

4. Storage Overrun Service

4.1 Customer may request Pipeline to inject for Storage quantities of Gas for Customer on any day during the Summer Period in excess of Customer's Maximum Daily Injection Quantity or to withdraw quantities of Gas from Storage for Customer on any Day during the Winter Period in excess of Customer's Maximum Daily Withdrawal Quantity or to withdraw quantities of Gas from Storage for Customer for any consecutive thirty (30) day period during the Winter Period in excess of Customer's Monthly Maximum Withdrawal Quantity. Customer may also request Pipeline to inject quantities of Gas for Storage for Customer on any Day during the Winter Period or withdraw quantities of Gas from Storage for Customer on any Day during the Summer Period. Customer may request Pipeline to accept deliveries of quantities of Gas in excess of the Maximum Seasonal Quantity during any Summer Period and Customer may request Pipeline to redeliver quantities of Gas in excess of the Maximum Seasonal Quantity during any Winter Period; provided, however, that at no time may Customer's Working Storage Gas exceed Customer's Maximum Seasonal Quantity. Pipeline may do so on an interruptible basis if it can do so without adverse effect on Pipeline's operations or its ability to meet all other service obligations. Customer shall pay an Overrun Service charge pursuant to Section 5.17[4.2] of this Rate Schedule FSS-M for such overrun storage service.

4.2 Overrun Service Charge: The Overrun Service Charge shall be paid for each MMBtu of gas which is injected or withdrawn on behalf of Customer during the month pursuant to this Rate Schedule, unless such overrun service, with Pipeline's concurrence, is make up quantities of gas that Pipeline previously failed to inject into storage or withdraw from storage. The FSS-M Overrun Service Rate is a negotiated market based rate as provided in the FSS-M Agreement between Customer and Pipeline.

5. Transfer of Gas in Place

Pipeline shall permit transfers of title of gas in inventory provided both Customers have executed a service agreement under Rate Schedule FSS, FSS-M, ISS, ISS-M, NNS,>NNL, SNS, or WNS, both have executed transportation service agreements which will permit the delivery of the gas, and such transfer does not result in either customer exceeding its Maximum Seasonal Quantity.

6. Winter Season Provisions

During the Winter Season, Pipeline will deliver to Customer up to Customer's Maximum Daily Withdrawal Quantity and Customer's Maximum Seasonal Quantity as set forth below.

- 6.1 Customer will be required to nominate from storage into Pipeline's system a quantity of gas up to the Maximum Daily Withdrawal Quantity.
- 6.2 Monthly Maximum Withdrawal: No more than 50% of Customer's Maximum Seasonal Quantity shall be withdrawn in any consecutive 30 day period during the period November through March.
- 6.3 Seasonal Minimum & Maximum Withdrawal - No more than 100% of Customer's Maximum Seasonal Quantity shall be withdrawn by March 1 of any Winter Season; provided further, that no less than 53% of Customer's Maximum Seasonal Quantity shall be withdrawn each Winter Season if Customer has renewed its FSS-M service for the subsequent storage contract year.
- 6.4 Customer electing not to renew their FSS-M service for the Storage Contract Year will be required to withdraw 100% of Customer's Maximum Seasonal Quantity such that its storage balance is zero by April 1. In the event that Seasonal Quantities remain in storage on April 1, these volumes will be subject to cash out at the system average "Index Price" for the month of April determined in accordance with Section 6.14 of the General Terms and Conditions of this Tariff, and Texas Gas shall pay Customer for its net storage balance (in MMBtu) according to the following table:

<b>Net Percentage of Maximum Seasonal Quantity (MSQ) Remaining in Storage</b>	<b>Percentage of Index Price</b>
0% to 5%	100%
>5% - 10%	90%
>10% - 15%	80%
>15% - 20%	70%
>20%	60%

- 6.5 When 75% of Customer's Maximum Seasonal Quantity (MSQ) has been withdrawn from storage, each Customer shall have rights to the greater of its average Daily Seasonal Quantity (DSQ) or 90% of its Maximum Daily Quantity (MDQ). Subsequent ratchet points as follows:
- \* 80% MSQ withdrawn - 85% MDQ available, or average DSQ, whichever is greater.
  - \* 85% MSQ withdrawn - 80% MDQ available, or average DSQ, whichever is greater.
  - \* 90% MSQ withdrawn - 75% MDQ available, or average DSQ, whichever is greater.
- 6.6 Pipeline shall deliver to Customer gas for Customer's account only when Customer's storage inventory is greater than zero.

7. Summer Season Provisions

Pursuant to the provisions set forth below, Pipeline shall receive from Customer during each Summer Season up to the Maximum Seasonal Quantity at daily rates not to exceed the Maximum Daily Injection Quantity as defined below.

- 7.1 Maximum Daily Injection Quantity - To protect the storage formations and allow uniform filling of the storage reservoirs, Customers will be required to adhere to certain injection limits (calculated as a percentage of the Maximum Seasonal Quantity) throughout the summer injection period. During the Summer Season, each FSS-M Customer may on a daily basis inject up to 1.3% of its Maximum Seasonal Quantity until 65% of Customer's Nominated Seasonal Quantity has been filled. A Customer's Daily Injection Quantities will be limited to 1.1% of its Maximum Seasonal Quantity whenever 65% to 90% of that Customer's Maximum Seasonal Quantity has been filled. A Customer's Daily Injection Quantities will be limited to 0.6% of its Maximum Seasonal Quantity after 90% of that Customer's Maximum Seasonal Quantity has been filled.
- 7.2 Inventory verification tests will be conducted as operationally necessary, but in no event less than once per calendar year. These tests require the temporary suspension of individual storage field activities (injections and withdrawals) for a period of approximately two weeks. If conditions will not permit the full maximum daily injection or withdrawal quantity, Texas Gas may temporarily adjust the limit and allow make-up quantities on succeeding days. Texas Gas will provide at least 45 days notice on its Internet Website with regard to the scheduling of these shut-in periods to allow Customers to adjust for the interruption of storage.
- 7.3 To assist Pipeline's operational and maintenance scheduling through the Summer Season, Customer will notify Pipeline by March 15 of each year, with updates monthly, of the quantities it intends to inject monthly during the immediately upcoming Summer Season; such injection schedule provided by Customer is a best-effort estimate and may be revised as necessary. Pipeline will use its reasonable efforts to coordinate its test, maintenance, alteration and repair activities during such Summer Season to accommodate Customer's request.
- 7.4 If Customer desires Pipeline to store gas for Customer's account under this Rate Schedule, it shall give notice to Pipeline specifying the quantity of gas which Customer desires to be injected into storage under this Rate Schedule on such day. Pipeline shall thereupon inject the quantity of gas so nominated subject to the limitations set forth herein.
- 7.5 Pipeline shall be obligated to accept gas for storage for Customer's account only when Customer's Storage Inventory is less than Customer's Maximum Seasonal Quantity.

8. General Terms and Conditions

All General Terms and Conditions of this Tariff are applicable to this Rate Schedule and are hereby incorporated as a part of this Rate Schedule FSS-M.

**Rate Schedule ISS-M  
Interruptible Storage Service With Market Based Rates**

1. Availability

This Rate Schedule applies to the 8,400,000 MMBtu of storage and 93,855 MMBtu/day of deliverability for which Pipeline has received approval to charge market based rates. This Rate Schedule is available for the purchase of storage service from the Pipeline for any Customer subject to the following limitations:

- (a) Pipeline has determined that it has sufficient available and uncommitted storage capacity to perform service requested by Customer;
- (b) Pipeline and Customer have executed an Agreement under this Rate Schedule;
- (c) Customer has met the credit requirements of Section 6.5 of the General Terms and Conditions;
- (d) Pipeline and Customer have executed applicable transportation agreements or Customer has arranged applicable transportation service to enable the delivery of gas to Pipeline's storage facilities and the redelivery of gas to Customer; and
- (e) Customer shall provide its own gas for storage or may have the option to purchase such gas from Pipeline, if available, at the greater of a negotiated market price or Pipeline's book cost of gas, unless the available storage capacity to be used to provide service to Customer is filled, in whole or in part, with working gas owned by Pipeline, in which case either the Customer or another buyer must agree to purchase such working gas inventory from Pipeline at the greater of a negotiated market price or Pipeline's book cost of such gas. Such purchase must be made prior to the commencement of service under this rate schedule. The book cost of such gas is defined as the unit cost of working gas as reflected in FERC Acct. 117.3 on the Pipeline's books. Pipeline will be required, however, to allow such purchase of gas in place only if inventory levels are sufficient to, in Pipeline's reasonable judgment, permit such purchase without adversely affecting the storage deliverability required to perform any of Pipeline's other services including no-notice service for NNS,>NNL, SGT, and SGL customers; Pipeline will sell such gas unless such a sale would hamper its ability to provide no-notice service or to balance Pipeline's system.

2. Applicability & Character of Service

The service provided hereunder provides for the receipt and injection of Customer's gas into storage during the Summer Season and the subsequent withdrawal and delivery of the gas during the Winter Season, all on an interruptible basis. The service is a contract storage service which requires the Customer to schedule and nominate quantities to be injected into or withdrawn from storage. Withdrawals during the Summer Season and injections during the Winter Season will be permitted on an interruptible basis, subject to Pipeline's discretion.

Daily withdrawal and injection Quantities of Gas shall be subject to available capacity and ISS-M Stored Volume attributable to a Customer. All services performed under this Rate Schedule shall be performed on a capacity available basis. ISS-M service will only be available to the extent that injection, storage, and withdrawal capacity is not required to satisfy Texas Gas' firm service obligations under Rate Schedule FSS-M or to otherwise ensure system operational

integrity. To the extent that Texas Gas cannot fulfill these firm obligations due to ISS-M service activity, Customer may be required to withdraw all, or any part, of its Stored Volume under this ISS-M Rate Schedule within 30 Days following notification from Texas Gas.

Any Stored Volume not withdrawn within 30 Days of Texas Gas giving Shipper notice shall become the property of Texas Gas at no cost to Texas Gas, free and clear of any adverse claims.

Interruptible Daily Withdrawal Quantities and Interruptible Daily Injection Quantities shall be defined in the ISS-M Service Agreement but shall not exceed 1/100th of the Interruptible Storage Quantity and 1/200th of Interruptible Storage Quantity, respectively. In the event that Customer is required to withdraw its remaining seasonal quantity in the aforementioned 30-day period, Texas Gas will waive the IDWQ & IDIQ limitations to the extent necessary to accommodate said withdrawals or injections within the 30-day period. Interruptible Daily Withdrawal Quantities will be subject to the following ratchets:

<b>Remaining Gas in Storage as a Percentage of Interruptible Storage Quantity (ISQ)</b>	<b>Interruptible Daily Withdrawal Quantity</b>
100% to 20%	100% of IDWQ
<20% to 0%	80% of IDWQ

### 3. Rates and Charges

#### 3.1 Market Base Storage Rates:

The applicable rate for service under this ISS-M Rate Schedule shall be a negotiated market-based rate as provided in the ISS-M Agreement between Customer and Pipeline.

#### 3.2 Fuel, Company Use and Unaccounted for Quantities

Fuel, company use gas, and unaccounted for quantities shall be in accordance with Section 6.9[2] of the General Terms and Conditions of this Tariff.

#### 3.3 Excess Withdrawals

In the event Customer withdraws gas on any day in excess of Customer's ISS-M storage balance, then such gas will be subject to cash-out provisions at 150% of the highest weekly average for the month pursuant to Section 6.14 of the General Terms and Conditions of this Tariff.

### 4. Storage Overrun Service

4.1 Customer may request Pipeline to inject for storage quantities of Gas for Customer on any day during the Summer Period in excess of Customer's Interruptible Daily Injection Quantity or to withdraw quantities of Gas from Storage for Customer on any Day during the Winter Period in excess of Customer's Interruptible Daily Withdrawal Quantity. Customer may also request Pipeline to inject quantities of Gas for Storage for Customer on any Day during the Winter Period or withdraw quantities of Gas from Storage for Customer on any Day during the Summer Period. Customer may request Pipeline to accept deliveries of quantities of Gas in excess of the Interruptible Storage Quantity



during any Summer Period and Customer may request Pipeline to redeliver quantities of Gas in excess of the Interruptible Storage Quantity during any Winter Period; provided, however, that at no time may Customer's Working Storage Gas exceed Customer's Interruptible Storage Quantity. Pipeline may do so on an interruptible basis if it can do so without adverse effect on Pipeline's operations or its ability to meet all other service obligations. Customer shall pay an Overrun Service charge pursuant to Section 5.18[4.2] of this Rate Schedule ISS-M for such overrun storage service.

- 4.2 Overrun Service Charge: The Overrun Service Charge shall be paid for each MMBtu of gas which is injected or withdrawn on behalf of Customer during the Month in excess of Customer's IDIQ or IDWQ unless such overrun service, with Pipeline's concurrence, is make up quantities of Gas that Pipeline previously failed to inject into storage or withdraw from storage. The ISS-M Overrun Service Rate is a negotiated market based rate as provided in the ISS-M Agreement between Customer and Pipeline.

5. Transfer of Gas in Place

Pipeline shall permit transfers of title of gas in inventory provided both Customers have executed service agreements under these Rate Schedules ISS-M, ISS, FSS-M, FSS, NNS, NNL, SNS, or WNS, both have executed transportation service agreements which will permit the delivery of the gas, and such transfer does not result in either customer exceeding its Interruptible Storage Quantity.

6. Winter Season Provisions

During the Winter Season, Pipeline will deliver to Customer up to Customer's Interruptible Daily Withdrawal Quantity and Customer's Interruptible Storage Quantity as set forth below.

- 6.1 Customer will be required to nominate from storage into Pipeline's system a quantity of gas up to the Interruptible Daily Withdrawal Quantity.
- 6.2 Interruptible Minimum & Maximum Withdrawal - No less than 53% of Customer's Interruptible Storage Quantity shall be withdrawn each Winter Season if Customer has renewed its ISS-M service for the subsequent storage contract year. If ISS-M service has not been renewed, Customer will be required to withdraw 100% of its Seasonal Quantity such that its storage balance is zero before March 31 of the Storage Contract Year.
- 6.3 Customer electing not to renew their ISS-M service for the subsequent Storage Contract Year must withdraw any remaining volumes within 30 days or forfeit said volumes to pipeline.
- 6.4 Pipeline shall deliver to Customer gas for Customer's account only when Customer's storage inventory is greater than zero.

7. Summer Season Provisions

Pipeline shall receive from Customer during each Summer Season up to the Interruptible Storage Quantity at daily rates not to exceed the Interruptible Daily Injection Quantity.

- 7.1 Inventory verification tests will be conducted as operationally necessary, but in no event less than once per calendar year. These tests require the temporary suspension of individual storage field activities (injections and withdrawals) for a period of

approximately two weeks. If conditions will not permit the full interruptible daily injection or withdrawal quantity, Texas Gas may temporarily adjust the limit. Texas Gas will provide at least 45 days notice on its Internet Website with regard to the scheduling of these shut-in periods to allow customers to adjust for the interruption of storage.

- 7.2 To assist Pipeline's operational and maintenance scheduling through the Summer Season, Customer will notify Pipeline by March 15 of each year, with updates monthly, of the quantities it intends to inject monthly during the immediately upcoming Summer Season; such injection schedule provided by Customer is a best efforts estimate and may be revised as necessary. Pipeline will use its reasonable efforts to coordinate its test, maintenance, alteration and repair activities during such Summer Season to accommodate Customer's request.
- 7.3 If Customer desires Pipeline to store gas for Customer's account under this Rate Schedule, it shall give notice to Pipeline specifying the quantity of gas which Customer desires to be injected into storage under this Rate Schedule on such day. Pipeline shall thereupon inject the quantity of gas so nominated subject to the limitations set forth herein.
- 7.4 Pipeline shall be obligated to accept gas for storage for Customer's account only when Customer's Storage Inventory is less than Customer's Interruptible Storage Quantity.

8. General Terms and Conditions

All General Terms and Conditions of this Tariff are applicable to this Rate Schedule and are hereby incorporated as a part of this Rate Schedule ISS-M.

**Reserved**

**Rate Schedule FLS**  
**Firm Transportation Lateral Service**

1. Availability

This Rate Schedule is available for the transportation of natural gas by Texas Gas for any Customer on a Customer Lateral:

1.1 Where Customer:

- (a) Has requested gas to be transported on a firm basis and is eligible for firm transportation on a portion of the Texas Gas system which has been designated a Customer Lateral pursuant to this Rate Schedule and Section 6.8 of the General Terms and Conditions;
- (b) Is the successful bidder for available capacity or for capacity released by a Customer having an FLS Service Agreement pursuant to the terms and conditions of the Capacity Release Program in Section 6.16 of the General Terms and Conditions of this Tariff;
- (c) Has met the credit requirements of Section 6.5 of the General Terms and Conditions;
- (d) Will deliver or cause to be delivered natural gas to Texas Gas for delivery by Texas Gas to or for the account of Customer on a Customer Lateral; and
- (e) Has executed a Transportation Service Agreement with Texas Gas for service on a specific Customer Lateral under Rate Schedule Option FT-FLS; or who has executed a Transportation Service Agreement with Texas Gas for no-notice transportation service under Rate Schedules NNS,>NNL, SNS, or WNS; or for enhanced firm transportation service under Rate Schedule EFT on Texas Gas' mainline system ("Base Contract") and also has executed an FLS Addendum to the such Base Contract for service on a specific Customer Lateral under Rate Schedule Options NNS-FLS,>NNL-FLS, SNS-FLS, WNS-FLS, or EFT-FLS which contains the same term and Contract Demands as the Base Contract.

- 1.2 Customer, Texas Gas, and third-party transporters, have obtained, as appropriate, or will obtain all State and Federal approvals for services to be provided by Customer, Texas Gas, and third-party transporters related to those rendered under this Rate Schedule.

2. Applicability and Character of Service

- 2.1 The transportation service provided under this Rate Schedule shall be performed under Subparts B, G, H or I of Part 284, or any other applicable commission regulation governing such transportation, including transportation performed on an "on behalf of" basis under Subpart B. Such service shall apply to all gas transported by Texas Gas for Customer under this Rate Schedule up to the transportation Contract Demand set forth in the Transportation Service Agreement.
- 2.2 Receipts and deliveries under this Rate Schedule shall be governed by Section 6.6[6] of the General Terms and Conditions of this Tariff.

- 2.3 Notwithstanding anything in the Rate Schedule or Section 6.6[6] of the General Terms and Conditions of this Tariff, the parties may agree at the time of contract execution that the Contract Demand will increase by specified amounts at specific points in time.
- 2.4 Service Options: Customer must request one of the following service options to receive service under this Rate Schedule FLS.
  - 2.4.1 Firm Transportation Option (FT-FLS): Except anything to the contrary established in this Rate Schedule FLS, Rate Schedule Option FT-FLS is subject to all the terms and conditions of Rate Schedule FT.
  - 2.4.2 No Notice Option (NNS-FLS or NNL-FLS): Except anything to the contrary established in this Rate Schedule FLS, Rate Schedule Option NNS-FLS and NNL-FLS is subject to all the terms and conditions of Rate Schedules NNS or NNL, as applicable.
  - 2.4.3 Summer No Notice Option (SNS-FLS): Except anything to the contrary established in this Rate Schedule FLS, Rate Schedule Option SNS-FLS is subject to all the terms and conditions of Rate Schedule SNS.
  - 2.4.4 Winter No Notice Option (WNS-FLS): Except anything to the contrary established in this Rate Schedule FLS, Rate Schedule Option WNS-FLS is subject to all the terms and conditions of Rate Schedule WNS.
  - 2.4.5 Enhanced Firm Transportation Option (EFT-FLS): Except anything to the contrary established in this Rate Schedule FLS, Rate Schedule Option EFT-FLS is subject to all the terms and conditions of Rate Schedule EFT.

3. Categories and Priorities of Transportation Services

Refer to Section 6.12 of the General Terms and Conditions of this Tariff.

4. Rates and Charges

The applicable rates per MMBtu under this Rate Schedule for each service Option on a Customer Lateral are set forth on a separate tariff record for each Customer Lateral in Section 4.20 of this Tariff, and these rates are incorporated herein by reference.

4.1 Rates

Unless otherwise agreed to in writing by Texas Gas and Customer, Customer shall pay to Texas Gas each month a Reservation Charge which shall consist of the transportation Contract Demand as specified in Customer's Transportation Service Agreement multiplied by the applicable demand rate per MMBtu. The Reservation Charge shall be billed as of the effective date of the Transportation Service Agreement. Unless otherwise agreed to in writing by Texas Gas and Customer, Customer shall also pay Texas Gas the Maximum Commodity Rate per MMBtu of gas delivered by Texas Gas for firm transportation services rendered to Customer up to Customer's transportation Contract Demand. For all gas quantities delivered in excess of Customer's transportation Contract Demand on any day, Customer shall pay the FLS Overrun Rate per MMBtu under this Rate Schedule. In addition, Customer shall pay any and all currently effective demand or commodity surcharges, including but not limited to, the FERC ACA Unit Charge.

4.2 Fuel, Company Use, and Unaccounted For Quantities

If compression is installed on a Customer Lateral, fuel, company use gas, and unaccounted for quantities shall be set forth in Section 4.20 for the applicable Customer Lateral.

4.3 Adjustment of Rates

Texas Gas shall have the right to propose and file with the Commission or other body having jurisdiction, changes and revisions of any effective rate schedule, or to propose and file superseding rate schedules, for the purpose of changing the rate, charges, or other provisions thereof effective as to Customer.

4.4 Secondary Point(s) in Zone Outside Transportation Path or Not Paid For

If Customer utilizes a secondary point, Customer shall also pay the maximum applicable supplemental charge set forth in Section 6.6 of the General Terms and Conditions, unless otherwise agreed to in writing by Texas Gas and the Customer.

5. Reimbursement of Fees and Taxes

Customer shall reimburse Texas Gas for all fees, if any, required by the Commission or any regulatory body related to service provided under this Rate Schedule, including filing, reporting, and application fees. Provided, however, Texas Gas may waive filing fees for Customer on a nondiscriminatory basis in the event of an administrative error.

6. General Terms and Conditions

All of the General Terms and Conditions of this Tariff are applicable to and are hereby incorporated as a part of this Rate Schedule FLS.

**Rate Schedule ILS**  
**Interruptible Transportation Lateral Service**

1. Availability

- 1.1 This Rate Schedule is available for the transportation of natural gas by Texas Gas for any Customer on a Customer Lateral which has met the credit requirements of Section 6.5 of the General Terms and Conditions; and which has executed a Transportation Service Agreement with Texas Gas for service on a specific Customer Lateral under Rate Schedule ILS.
- 1.2 Customer, Texas Gas, and third-party transporters have obtained, as appropriate, or will obtain, all State and Federal approvals for services to be provided by Customer, Texas Gas, and third-party transporters related to those rendered under this Rate Schedule.

2. Applicability and Character of Service

- 2.1 This Rate Schedule shall apply to all transportation services performed by Texas Gas for Customer under each Transportation Service Agreement for service under this Rate Schedule during the term identified in the Transportation Service Agreement. The transportation service rendered shall be on an interruptible basis. The transportation service provided under this Rate Schedule shall be performed under Subpart E of Part 157, Subparts B, G, H, or I of Part 284, or any other applicable commission regulation governing such transportation, including transportation performed on an "on behalf of" basis under Subpart B. Such service shall apply to all gas transported by Texas Gas for Customer under this Rate Schedule up to the transportation Contract Demand set forth in the Transportation Service Agreement.

Transportation service rendered hereunder which is interruptible in character will be performed provided Texas Gas has capacity sufficient to perform the service.

If the total quantities nominated for transportation pursuant to this Rate Schedule for a particular point of receipt and/or point of delivery by all interruptible customers exceed the total capacity available at that point, quantities scheduled for receipt and/or delivery will be allocated on a last-on, first-off basis in accordance with Section 6.12 of the General Terms and Conditions in Texas Gas' FERC Gas Tariff.

Interruptible service provided under this Rate Schedule shall be subject to interruption pursuant to Section 6.12 of the General Terms and Conditions of this Tariff. Interruption of service includes decreasing, suspending, or discontinuing both the receipt and delivery of gas. Texas Gas shall not be liable in damages or otherwise to Customer for any such curtailment or interruption. Curtailment of interruptible transportation service will be on a last-on, first-off basis in accordance with Section 6.12 of the General Terms and Conditions contained in Texas Gas' FERC Gas Tariff.

- 2.2 Provided Texas Gas' prior consent is obtained, Customer may tender quantities of gas in excess of the Transportation Quantity on any day if such tender and transportation of such gas can be accomplished by Texas Gas without detriment to any other Customer under any of Texas Gas' transportation rate schedules (see Section 6.12 of the General Terms and Conditions of this Tariff) if such transportation is compatible to Texas Gas'

system operation requirements. Subject to the foregoing restrictions, Texas Gas' consent shall not be unreasonably withheld.

3. Categories and Priorities of Transportation Services

Refer to Section 6.12 of the General Terms and Conditions of this Tariff.

4. Rates and Charges

The applicable rates per MMBtu under this Rate Schedule for interruptible transportation service on a Customer Lateral are set forth on a separate tariff record for each Customer Lateral in Section 4.21 of this Tariff, and these rates are incorporated herein by reference.

4.1 Rates

Unless otherwise agreed to in writing by Texas Gas and Customer, Customer shall pay to Texas Gas each month the maximum Commodity Charge (plus any currently effective surcharges including but not limited to the FERC ACA Unit Charge) per MMBtu of gas delivered by Texas Gas.

4.2 Fuel, Company Use, and Unaccounted For Quantities

If compression is installed on a Customer Lateral, fuel, company use gas, and unaccounted for quantities shall be in accordance with the rate set forth in Section 4.21 for the applicable Customer Lateral.

4.3 Adjustment of Rates

Texas Gas shall have the right to propose and file with the Commission or other body having jurisdiction, changes and revisions of any effective rate schedule, or to propose and file superseding rate schedules, for the purpose of changing the rate, charges, or other provisions thereof effective as to Customer.

5. Unauthorized Overrun

(a) Unauthorized Overrun Quantity

If Customer takes under this rate schedule on any day a quantity of gas which is greater than the applicable Contract Demand, the excess shall constitute an Unauthorized Overrun Quantity.

(b) Payment for Unauthorized Overrun Quantity

In any month in which Customer takes an Unauthorized Overrun Quantity, Customer shall pay to Texas Gas, in addition to the charges otherwise payable pursuant to Section 5.21[4.1] herein and Section 6.9[1] of the General Terms and Conditions:

- (i) A "Nominal Overrun Penalty" equal to twice the effective FLS Overrun Rate for all Unauthorized Overrun Quantities taken on any day in excess of 250 MMBtu; and



- (ii) An "Excess Overrun Penalty" of \$10.00 per MMBtu for all Unauthorized Overrun Quantities on any day in excess of 375 MMBtu.

In the event a Customer incurs an Excess Overrun Penalty, Texas Gas will credit any amounts collected as a Nominal Overrun Penalty against amounts collected as an Excess Overrun Penalty, so that the total Overrun Penalty collected does not exceed \$10.00 per MMBtu for overruns in excess of 375 MMBtu.

No overrun penalty shall be payable for any day in which the Unauthorized Overrun Quantity is less than 250 MMBtu.

The payment of a penalty for an Unauthorized Overrun Quantity by a Customer shall not under any circumstances be considered as giving such Customer the right to take an Unauthorized Overrun Quantity nor shall such payment be considered as a substitute for any other remedies available to Texas Gas or any of Texas Gas' other customers against the offending Customer for failure to respect its obligation to adhere to the provisions of its contract with Texas Gas.

Texas Gas shall have the right, without obligation, to waive, on a non-discriminatory basis, any Nominal Overrun Penalty for an Unauthorized Overrun if, on the day when the Unauthorized Overrun was taken, deliveries to Texas Gas' other customers were not adversely affected by the taking of such Unauthorized Overrun or if Texas Gas' pipeline operations, including gas storage operations, were not impaired thereby. Texas Gas must waive any Excess Overrun Penalty if the Unauthorized Overrun occurs in a non-critical situation and does not cause operational problems.

Texas Gas shall be obligated to waive any penalty for an Unauthorized Overrun Quantity:

- (aa) when such overrun is taken under circumstances beyond the control of Customer due to emergency conditions on Texas Gas' facilities, or
- (bb) when such overrun is due to accident to or breakage of pipelines, machinery or equipment of the Customer; provided, however, Customer shall promptly and diligently take such action as may be necessary and practicable under the then existing circumstances to repair or otherwise remedy the situation and furnish Texas Gas satisfactory evidence that such accident or breakage was not due to Customer's gross negligence.

6. Reimbursement of Fees and Taxes

Customer shall reimburse Texas Gas for all fees, if any, required by the Commission or any regulatory body related to service provided under this Rate Schedule, including filing, reporting, and application fees. Provided, however, Texas Gas may waive filing fees for Customer on a nondiscriminatory basis in the event of an administrative error.

7. Uniform Flows

Customer shall deliver or cause to be delivered to Texas Gas and receive or cause to be received from Texas Gas in as nearly as possible uniform hourly quantities during any day and in as nearly as possible uniform daily quantities during any month.

8. General Terms and Conditions

All of the General Terms and Conditions of this Tariff are applicable and are hereby incorporated as a part of this Rate Schedule ILS.

**Rate Schedule EPS  
Enhanced Park Service**

1. Availability

- 1.1 This Rate Schedule is available beginning November 1, 2019, for the parking of natural gas by Texas Gas for any Customer
- (a) Who desires Enhanced Park Service under this Rate Schedule; and
  - (b) Who has submitted a valid request in accordance with Section 6.8 of the General Terms and Conditions (and Texas Gas is able to render such service); and
  - (c) Who has met the credit requirements of Section 6.5 of the General Terms and Conditions; and
  - (d) Who has executed a Service Agreement with Texas Gas for service under this Rate Schedule.
- 1.2 Upon request by Customer, Texas Gas shall determine the availability of the service under this Rate Schedule pursuant to Section 6.8 of the General Terms and Conditions. Texas Gas is not required to provide any requested service under this Rate Schedule unless Texas Gas determines, at its sole discretion, that it has operational flexibility to provide service.

2. Applicability and Character of Service

This Rate Schedule shall apply to all Enhanced Park Service rendered by Texas Gas for Customer pursuant to Texas Gas' blanket certificate or Part 284 of the regulations of the FERC and the executed service agreement for service under this Rate Schedule.

- 2.1 Service under this Rate Schedule provides for: (a) the receipt by Texas Gas of gas quantities that have been delivered by Customer to any of the Park points that Texas Gas shall designate on its system; (b) Texas Gas holding the parked quantities on Texas Gas' system; and (c) return of the parked quantities to Customer. Texas Gas shall park quantities of gas for Customer up to the Maximum Contract Park Quantity and Maximum Daily Park Quantity as specified in the executed Service Agreement. Texas Gas shall then return such parked gas up to the Maximum Contract Park Quantity and Maximum Daily Unpark Quantity to Customer at the point where Customer tendered gas to Texas Gas, subject to Section 5.22[4] of this rate schedule.
- 2.2 Service under this Rate Schedule shall be provided for a minimum of twelve (12) months; provided, however, such period may be shortened by Texas Gas at Texas Gas' sole discretion. The term of each EPS arrangement with Customer shall be set forth on Exhibit A to the Form of Service Agreement hereunder.
- 2.3 Transportation of gas quantities for or on behalf of Customer to or from the Park point(s) will not be performed under this Rate Schedule. Customer shall make any necessary arrangements with Texas Gas or third parties to receive or deliver gas quantities at the Park point(s). Such arrangements must be compatible with the operating conditions of Texas Gas' system.
- 2.4 Service under this Rate Schedule shall be confirmed in accordance with Section 6.12 of this Tariff.

- 2.5 Texas Gas shall not agree to provide service under this Rate Schedule if, in its reasonable judgment at the time a Customer requests EPS service pursuant to Section 6.8 of the General Terms and Conditions, providing such service would interfere with the primary rights of any Customer that holds or Texas Gas reasonably anticipates will hold firm transportation capacity during the term of the requested EPS Service Agreement.

3. Rates and Charges

- 3.1 The maximum and minimum unit rates for service under this Rate Schedule are shown in the effective Section 4.22 of this Tariff, and these rates are incorporated herein by reference. Customer shall pay the maximum rates for service under this Rate Schedule unless Texas Gas, in its sole judgment, agrees to discount its rates to Customer under this Rate Schedule. The rate or rates for service under this Rate Schedule shall not be discounted below the minimum rate, it being understood that each Customer shall pay the maximum rate unless such rates are discounted to such specific Customer.
- 3.2 Unless otherwise agreed to in writing by Texas Gas and Customer, Customer shall pay to Texas Gas each month a reservation charge which shall consist of the Maximum Contract Park Quantity as specified in Customer's service agreement multiplied by the applicable demand rate per MMBtu. The reservation charge shall be billed as of the effective date of the EPS service agreement.
- 3.3 EPS service is subject to the applicable demand charge credits under Section 6.25 of the General Terms and Conditions if Texas Gas is unable to provide the nominated EPS service quantities. If Customer and Texas Gas make mutually agreeable arrangements as a substitute for curtailed EPS service, Texas Gas shall not provide demand charge credits to the extent Texas Gas provides such alternate arrangements at no costs to Customer.

4. EPS Points of Service

Texas Gas will post on its Internet Website the available Park Point(s) of Service provided, however, the availability of EPS at any of the posted points is still subject to evaluation of availability by Texas Gas as described in Section 6.8 of the General Terms and Conditions. Texas Gas may, at its sole discretion, post from time to time additions or deletions to the list of available points. If Texas Gas terminates a point where parked quantities are to be returned to Customer, such point(s) shall remain available for the limited purpose of completing such outstanding transactions unless Customer and Texas Gas mutually agree to utilize a different Point of Service.

5. Nominations and Scheduling

Customer shall notify or cause Texas Gas to be notified of Customer's service requirement under this Rate Schedule in advance of such requirements in accordance with the nomination deadlines as provided in Section 6.12 of the General Terms and Conditions of this Tariff. Texas Gas, in its sole judgment, may waive any nomination deadlines, on a non-discriminatory basis, if Texas Gas determines that operating conditions permit. With respect to Customer's desired levels of service under this Rate Schedule, Customer shall nominate to Texas Gas the desired Park quantities as well as the point at which such service is requested. Such nominated quantities shall be subject to confirmation by Texas Gas. Such confirmed quantity shall be deemed the scheduled quantity. Prior to the conclusion of each Gas Day, Customer shall

provide, in writing, any true-up to its scheduled quantity to reflect the actual quantity for each Gas Day. Customer and Texas Gas shall have scheduling personnel available to be contacted 7 days a week, 24 hours a day.

6. Allocation of Service

Service under this Rate Schedule shall be allocated in accordance with Section 6.12 of the General Terms and Conditions of this Tariff.

7. Notification from Texas Gas

7.1 Consistent with Sections 6.12 and 6.18, Customer may be required, upon notification from Texas Gas, to cease or reduce deliveries to, or receipts from, EPS within the gas day consistent with Texas Gas' operating conditions. Further, Customer may be required to remove parked quantities upon notification by Texas Gas. Such notification may be by written communication, telecopy, telephone or Internet Website posting. Texas Gas' notification shall specify the time frame within which parked quantities shall be removed, consistent with Texas Gas' operating conditions, but in no event shall the specified time frame be less than three (3) calendar days from the date of Texas Gas' notification. The obligation of Customer to comply with the issued notification shall be monitored until such time as Company is able to recommence the provisions of EPS.

7.2 Any parked quantity not removed within the time frame specified by Texas Gas' notice shall become the property of Texas Gas at no cost to Texas Gas, free and clear of any adverse claims. Such gas retained by Texas Gas shall be credited back to the customers through Texas Gas' annual fuel tracker.

8. General Terms and Conditions

All of the applicable General Terms and Conditions of this Tariff are hereby incorporated by reference and made a part hereof. However, in the event of any inconsistencies between the General Terms and Conditions and this Rate Schedule EPS, the terms and conditions of this Rate Schedule EPS shall control.

**This section contains the General Terms and Conditions of Texas Gas' tariff.**

### North American Energy Standards Board ("NAESB")

Compliance with 18 CFR, Section 284.12

Texas Gas has adopted the Business Practices and Electronic Communications Standards, NAESB WGQ Version 3.2, which are required by the Commission in 18 CFR Section 284.12(a), as indicated below. Standards without accompanying identification or notations are incorporated by reference. Standards that are not incorporated by reference are identified along with the tariff record in which they are located. Standards for which waivers or extensions of time have been granted are also identified.

#### Standards Not Incorporated by Reference and their Location in Tariff:

<u>NAESB Standard</u>	<u>Tariff Record</u>
1.3.2(i-vi)	Section 6.12, GT&C – Nominations, Confirmations, and Scheduling
1.3.9	Section 6.12, GT&C – Nominations, Confirmations, and Scheduling
2.3.4	Section 6.13, GT&C – Allocations
2.3.5	Section 6.13, GT&C – Allocations
2.3.40	Section 6.14, GT&C – Imbalance Resolution Procedures
2.3.41	Section 6.14, GT&C – Imbalance Resolution Procedures
3.2.1	Section 6.2, GT&C – Definitions
3.3.17	Section 6.15, GT&C – Billing and Payment
3.3.19	Section 6.15, GT&C – Billing and Payment
5.1.2	Section 6.16.1, GT&C – Capacity Release – Applicable Terms and Conditions
5.3.2	Section 6.16.2, GT&C – Capacity Release – Posting and Bidding Procedures
5.3.4	Section 6.16.1, GT&C – Capacity Release – Applicable Terms and Conditions
5.3.11	Section 6.16.2, GT&C – Capacity Release – Posting and Bidding Procedures
5.3.15	Section 6.16.2, GT&C – Capacity Release – Posting and Bidding Procedures
5.3.16	Section 6.16.2, GT&C – Capacity Release – Posting and Bidding Procedures
5.3.19	Section 6.16.1, GT&C – Capacity Release – Applicable Terms and Conditions
5.3.24	Section 6.16.2, GT&C – Capacity Release – Posting and Bidding Procedures
5.3.25	Section 6.16.2, GT&C – Capacity Release – Posting and Bidding Procedures
5.3.29	Section 6.16.2, GT&C – Capacity Release – Posting and Bidding Procedures
5.3.44	Section 6.16.1, GT&C – Capacity Release – Applicable Terms and Conditions
5.3.45	Section 6.16.1, GT&C – Capacity Release – Applicable Terms and Conditions
5.3.47	Section 6.16.1, GT&C – Capacity Release – Applicable Terms and Conditions
5.3.52	Section 6.16.1, GT&C – Capacity Release – Applicable Terms and Conditions
5.3.53	Section 6.16.1, GT&C – Capacity Release – Applicable Terms and Conditions
5.3.54	Section 6.16.1, GT&C – Capacity Release – Applicable Terms and Conditions

#### Standards Incorporated by Reference:

##### Additional Standards:

##### General:

Definition: 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

Datasets: 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

Datasets: 0.4.4

**Storage Information:**

Dataset: 0.4.1

**Nominations Related Standards:**

Definitions: 1.2.1, 1.2.2, 1.2.3, 1.2.4, 1.2.5, 1.2.6, 1.2.8, 1.2.9, 1.2.10, 1.2.11, 1.2.12, 1.2.13, 1.2.14, 1.2.15, 1.2.16, 1.2.17, 1.2.18, 1.2.19

Standards: 1.3.1, 1.3.3, 1.3.4, 1.3.5, 1.3.6, 1.3.7, 1.3.8, 1.3.11, 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, 1.3.32, 1.3.33, 1.3.34, 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

**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, 2.3.6, 2.3.7, 2.3.8, 2.3.9, 2.3.10, 2.3.11, 2.3.12, 2.3.13, 2.3.14, 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, 2.3.42, 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: 2.4.3, 2.4.4, 2.4.5, 2.4.6, 2.4.9, 2.4.10, 2.4.11, 2.4.17

**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, 3.3.14, 3.3.15, 3.3.16, 3.3.18, 3.3.21, 3.3.22, 3.3.23, 3.3.24, 3.3.25, 3.3.26, 3.3.27



### Quadrant Electronic Delivery Mechanism Related Standards:

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

Standards: 4.3.1, 4.3.2, 4.3.3, 4.3.16, 4.3.17, 4.3.18, 4.3.20, 4.3.22, 4.3.23, 4.3.24, 4.3.25, 4.3.26, 4.3.27, 4.3.28, 4.3.30, 4.3.31, 4.3.32, 4.3.33, 4.3.34, 4.3.35, 4.3.36, 4.3.38, 4.3.40, 4.3.41, 4.3.42, 4.3.43, 4.3.44, 4.3.45, 4.3.46, 4.3.47, 4.3.48, 4.3.49, 4.3.50, 4.3.52, 4.3.53, 4.3.54, 4.3.55, 4.3.57, 4.3.58, 4.3.60, 4.3.62, 4.3.66, 4.3.67, 4.3.68, 4.3.69, 4.3.72, 4.3.75, 4.3.78, 4.3.79, 4.3.80, 4.3.81, 4.3.82, 4.3.84, 4.3.85, 4.3.86, 4.3.87, 4.3.89, 4.3.90, 4.3.91, 4.3.92, 4.3.93, 4.3.94, 4.3.95, 4.3.96, 4.3.97, 4.3.98, 4.3.99, 4.3.100, 4.3.101, 4.3.102, 4.3.103, 4.3.104, 4.3.105, 4.3.106, 4.3.107, 4.3.108, 4.3.109, 4.3.110

### Capacity Release Related Standards:

Definitions: 5.2.1, 5.2.2, 5.2.3, 5.2.4, 5.2.5

Standards: 5.3.1, 5.3.3, 5.3.5, 5.3.7, 5.3.8, 5.3.9, 5.3.10, 5.3.12, 5.3.13, 5.3.14, 5.3.18, 5.3.20, 5.3.21, 5.3.22, 5.3.23, 5.3.26, 5.3.28, 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, 5.3.48, 5.3.49, 5.3.50, 5.3.51, 5.3.55, 5.3.56, 5.3.57, 5.3.58, 5.3.59, 5.3.60, 5.3.62, 5.3.62a, 5.3.63, 5.3.64, 5.3.65, 5.3.66, 5.3.67, 5.3.68, 5.3.69, 5.3.70, 5.3.71, 5.3.72, 5.3.73

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

### Internet Electronic Transport Related Standards:

Definitions: 10.2.1, 10.2.2, 10.2.3, 10.2.4, 10.2.5, 10.2.6, 10.2.7, 10.2.8, 10.2.9, 10.2.10, 10.2.11, 10.2.12, 10.2.13, 10.2.14, 10.2.15, 10.2.16, 10.2.17, 10.2.18, 10.2.19, 10.2.20, 10.2.21, 10.2.22, 10.2.23, 10.2.24, 10.2.25, 10.2.26, 10.2.27, 10.2.28, 10.2.29, 10.2.30, 10.2.31, 10.2.32, 10.2.33, 10.2.34, 10.2.35, 10.2.36, 10.2.37, 10.2.38, 10.2.39

Standards: 10.3.1, 10.3.3, 10.3.4, 10.3.5, 10.3.6, 10.3.7, 10.3.8, 10.3.9, 10.3.10, 10.3.11, 10.3.12, 10.3.14, 10.3.15, 10.3.16, 10.3.17, 10.3.18, 10.3.19, 10.3.20, 10.3.21, 10.3.22, 10.3.23, 10.3.24, 10.3.25, 10.3.26, 10.3.27, 10.3.28, 10.3.29

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

<b><u>NAESB Standard</u></b>	<b><u>Waiver or Extension of Time</u></b>
1.3.39	Limited Waiver – Applicable only to Rate Schedule ENS
2.4.1	Extension of Time
2.4.2	Extension of Time
2.4.7	Extension of Time
2.4.8	Extension of Time
2.4.18	Extension of Time
3.4.1	Extension of Time
3.4.2	Extension of Time
3.4.3	Extension of Time
3.4.4	Extension of Time

## Definitions

1. Except where the context expressly states another meaning, the following terms, when used in this Tariff and in any service agreement thereunder, shall be construed to have the following meanings:
  - The term "Adjusted Summer Quantity Entitlement" shall mean the sum of Customer's Summer Quantity Entitlement plus a quantity equal to the unused portion of Customer's Unnominated Seasonal Quantity remaining in storage at the end of the prior Winter Season.
  - The term "Btu" is the abbreviation employed to denote a British thermal unit.
  - The term "Business Day" is defined as Monday through Friday, excluding Federal Banking Holidays for transactions in the U. S. and similar holidays for transactions occurring in Canada and Mexico (NAESB WGQ Standard No. 3.2.1, V3.2). A listing of such holidays shall be posted on the Internet Website by December 15 for the following calendar year.
  - The term "Central Clock Time" (CCT), shall mean adjusting for Daylight Savings Time and Standard Time (CT).
  - The term "Comprehensive Points" refers to all receipt and delivery points, including Pooling Points, on Texas Gas' transportation system (except points on Customer Laterals).
  - The term "Contract Demand" shall mean the maximum daily quantity of gas set forth in the executed service agreement which Transporter shall be obligated to deliver to Customer and which Customer shall be entitled to receive from Transporter. The "Contract Demand" for firm services may be expressed on a seasonal basis as either the Winter, Summer or Shoulder Month Contract Demand, as applicable.
  - The term "Corresponding Transportation Agreement" shall mean a transportation agreement under Transporter's NNS, NNL, SGT, SGL, SNS, WNS, IT, FT, STF or TAPS Rate Schedules which identifies a Pooling Point as a Point of Receipt and which provides for further transportation and delivery downstream of the Pooling Point.
  - The term "Corresponding Transportation Customer" shall mean a customer transporting under Transporter's NNS, NNL, SGT, SGL, SNS, WNS, IT, FT, STF or TAPS Rate Schedules nominating gas receipts from a Pooling Receipt Point contained in its transportation service agreement.
  - The term "Customer" shall mean an entity having gas transported through Transporter's pipeline system in accordance with the provisions of a Transportation Service Rate Schedule in this Tariff.
  - The term "Customer Lateral" shall mean pipeline facilities consisting of a pipeline lateral and related project facilities as set forth in a related certificate proceeding, which extend from a point on Texas Gas' existing system to a point of interconnection with the facilities of other parties, for the benefit of only one or a limited number of customers.
  - The term "Designated Site" shall mean an Internet address designated by Transporter or Shipper for the receipt or delivery of NAESB standardized data sets.

- The term "Electronic Data Interchange or "EDI" shall mean a computer-to-computer exchange of standardized business transactions pursuant to Section 6.24.2 of the General Terms and Conditions of this Tariff.
- The term "Electronic Delivery Mechanism or "EDM" shall mean the acceptable methods used to electronically transact business with Texas Gas including transactions via Internet Website, GasQuest, or EDI.
- The term "equivalent quantities" shall mean quantities of gas of equal thermal content as determined by the product of their quantities and heating values as determined in accordance with Section 6.4[3] of these General Terms and Conditions, less reductions in gas quantities due to the quantity of gas consumed as compressor fuel, company use, unaccounted for, if applicable, and loss due to venting.
- The term "Estimated Imbalance and Loan Gas Price" shall equal the average of the NYMEX future prices for the available twelve (12) month period as such prices close on the Day before the Estimated Imbalance and Loan Gas Price is determined.
- The term "Excess Unnominated Daily Quantity" shall mean 10% of Customer's Winter Contract Demand.
- The term "gas" shall include natural gas, including associated liquefiable hydrocarbons produced from gas wells, oil well gas produced in association with crude oil and synthetic or substitute natural gas.
- The term "gas day" or "Gas Day" shall mean a period of twenty-four consecutive hours beginning at 9:00 a.m. to 9:00 a.m., Central Clock Time.
- The term "Internet Website" shall mean the Internet Website maintained by Texas Gas pursuant to Section 6.24.2 of the General Terms and Conditions of this Tariff.
- The term "Interruptible Contract Quantity" or "ICQ" shall mean the maximum quantity(ies), including but not limited to IDQ, ISQ, IDIQ, and/or IDWQ, that an interruptible transportation or interruptible storage Customer may nominate as allowed under Customer's approved credit limit that is available on an interruptible, "as needed" basis, according to the applicable rate schedule. This quantity may be amended as needed at Texas Gas' sole discretion under a unilateral amendment to the Customer's IT or ISS agreement.
- The term "Interruptible Daily Quantity(ies)" or "IDQ" shall mean the maximum quantity(ies) that an interruptible transportation Customer may nominate on any Gas Day as allowed under Customer's approved credit limit that is available on an interruptible, "as needed" basis, according to the applicable rate schedule. This quantity may be amended as needed at Texas Gas' sole discretion under a unilateral amendment to the Customer's interruptible transportation agreement.
- The term "Interruptible Daily Injection Quantity" or "IDIQ" shall mean the maximum quantity of gas that the Pipeline is required to inject during any one day into storage for a Customer under Rate Schedule ISS or ISS-M.
- The term "Interruptible Daily Withdrawal Quantity" or "IDWQ" shall mean the maximum quantity of gas that the Pipeline is required to withdraw during any one day from storage for a Customer under Rate Schedule ISS or ISS-M.

- The term "Interruptible Storage Quantity" or "ISQ" shall mean the maximum (net) quantity of gas Pipeline is obligated to deliver to Customer from storage during any Winter Season under Rate Schedule ISS, or ISS-M.
- The term "liquefiabiles" shall mean the hydrocarbons of ethanes and heavier contained in the natural gas stream of a gaseous state that are customarily extracted at gas processing plants.
- The term "liquids" shall mean liquid hydrocarbons produced with the natural gas delivered to or for the account of each of the parties hereunder, but not crude oil.
- The term "Market Center" shall mean a point of interconnection between Texas Gas and another interstate pipeline system where gas purchases and sales can occur.
- The term "Maximum Contract Quantity" ("MCQ") shall mean the maximum quantity(ies) of gas which Texas Gas shall agree to deliver under a firm Service Agreement on any given Day on behalf of a Customer, including but not limited to MDQ, MSQ, MDIQ, and/or MDWQ.
- The term "Maximum Contract Park Quantity" shall mean the maximum quantity of gas set forth in the executed service agreement which Transporter is obligated to park for Customer during the term of such service agreement under Rate Schedule EPS.
- The term "Maximum Daily Injection Quantity" or "MDIQ" shall mean the maximum quantity of gas that the Pipeline is required to inject during any one day into storage for a Customer under Rate Schedule FSS or FSS-M.
- The term "Maximum Daily Park Quantity" shall mean the maximum quantity of gas that the Pipeline is required to park during any one day for a Customer under Rate Schedule EPS.
- The term "Maximum Daily Quantity" or "MDQ" shall mean the maximum daily quantity of gas set forth in the executed service agreement which Transporter shall be obligated to deliver to Customer and which customer shall be entitled to receive from Transporter.
- The term "Maximum Daily Unpark Quantity" shall mean the maximum quantity of gas that the Pipeline is required to unpark during any one day for a Customer under Rate Schedule EPS.
- The term "Maximum Daily Withdrawal Quantity" or "MDWQ" shall mean the maximum quantity of gas that the Pipeline is required to withdraw during any one day from storage for a customer under Rate Schedule FSS, ISS, FSS-M, or ISS-M.
- The term "Maximum Seasonal Quantity" or "MSQ" shall mean the maximum (net) quantity of gas Pipeline is obligated to deliver to Customer from storage during any Winter Season under Rate Schedule FSS or FSS-M. "MSQ" may be used to refer to "Maximum Seasonal Quantity" or Maximum Storage Quantity."
- The term "Maximum Unnominated Quantity-SNS" shall mean the maximum cumulative quantity of gas Texas Gas is obligated to deliver to Customer from storage or inject into storage on behalf of Customer from time to time under the SNS Rate Schedule. The Maximum Unnominated Quantity shall be a mutually agreed quantity not to exceed three times Customer's daily Contract Demand.

- The term "Maximum Unnominated Quantity-WNS" shall mean the maximum cumulative quantity of gas Texas Gas is obligated to deliver to Customer from storage or inject into storage on behalf of Customer from time to time under the WNS Rate Schedule. The Maximum Unnominated Quantity shall be a mutually agreed quantity not to exceed three times the Customer's daily Contract Demand.
- The term "Mcf" is the abbreviation employed to denote 1,000 standard cubic feet of gas.
- The term "MMBtu" is the abbreviation employed to denote 1,000,000 Btu and shall be synonymous and interchangeable with the term "dekatherm" (Dth) and shall be the standard unit for purposes of nominations, scheduling, invoicing, and balancing. Allocated quantities and imbalances shall be expressed in the same units as nominated quantities. Standard conversion factor between dekatherms and Gigajoules shall be 1.055056 Gigajoules per dekatherm. The standard Btu is the International Btu, which is also called the Btu (IT); the standard joule is the joule specified in the SI system of units. Standard conversion factor between dekatherms and gigacalories shall be 0.251996 gigacalories per dekatherm.
- The term "month" shall mean the period beginning on the first day of the calendar month and ending on the first day of the next succeeding calendar month.
- The term "Net Present Value" or "NPV" shall mean the value, as determined by Texas Gas, equal to the discounted cash flow, using a 10% discount factor, for incremental revenues to Texas Gas based upon the rate, term, and quantity. The NPV may be calculated on a per MMBtu basis or on an aggregate basis, provided that Texas Gas will state in its auction notice posting which basis will be used. The NPV shall include revenues generated by the reservation rate or other form of revenue guarantee.
- The term "NNL" or "NNL service" shall refer to the no-notice transportation provided by Texas Gas under the NNL Rate Schedule.
- The term "NNS" or "NNS service" shall refer to the no-notice transportation provided by Texas Gas under the NNS Rate Schedule.
- The term "Nominated Daily Quantity" shall mean that portion of Customer's Contract Demand for which Customer is responsible for nominating supplies into Texas Gas' system (i.e. the pipeline capacity portion of NNS/NNL/SGT/SGL service), expressed on a seasonal basis under Rate Schedule NNS, NNL, SGT or SGL.
- The term "Nominated Daily Quantity-SNS" shall mean that portion of Customer's Contract Demand for which Customer has nominated supplies into Texas Gas' system under the SNS Rate Schedule.
- The term "Nominated Daily Quantity-WNS" shall mean that portion of Customer's Contract Demand for which Customer has nominated supplies into Texas Gas' system under the WNS Rate Schedule.
- The term "Operational Balancing Agreement" (OBA) is an agreement whereby a party whose facilities interconnect with Texas Gas takes responsibility for any difference between nominations and actual physical flow at its interconnect with Texas Gas. OBA's are a form of PDA's.

- The term "Operational Flow Order" (OFO) shall mean the verbal and/or written communication (e.g. Internet Website) Texas Gas shall utilize to inform Customers of necessary actions to preserve and protect the security and integrity of the pipeline system.
- The term "Original Customer" shall mean the customer submitting an original Request for Service, which initiates an auction or bidding process.
- The term "Point of Unbundling" shall mean the initial receipt point into the Texas Gas Pipeline system or into any of the firm capacity on upstream interstate pipelines which has been retained as an extension of the Texas Gas pipeline system pursuant to Section 6.24.7 of these General Terms and Conditions.
- The term "Pooling Point" shall mean a "paper" point of transfer whereby suppliers can aggregate gas supplies for delivery to their downstream markets. Gas Purchases and Sales can occur at a paper pooling point. Such point may also be referred to as a Pooling Receipt Point or Pooling Delivery Point as appropriate.
- The term "Predetermined Allocation" or "PDA" is a pre-agreed allocation of gas volumes at receipt and delivery points. Existence of PDA's allows all gas volumes to be allocated daily to transportation customers.
- The term "psia" shall mean pounds per square inch absolute.
- The term "psig" shall mean pounds per square inch gauge.
- The term "PVR" is the abbreviation employed to denote Plant Volume Reduction. The PVR is the total of the MMBtus removed and deducted from the gas stream from the time the gas enters a processing plant until it leaves the plant. The reduction in MMBtus includes total plant products removed, pro rata share of plant fuel and other uses and pro rata share of incidental plant losses.
- The term "quantity of gas" shall mean the number of units of gas expressed in MMBtu unless otherwise specified.
- The term "Request for Service" shall mean any request for transportation or storage service, including requests for new service and requests for changes to existing service.
- The term "Risk of Default Factor" shall mean one (1) minus the differential between (i) the bidder's risk of default, which is calculated by extrapolating to the maximum bid term to be used for bid evaluation purposes, using Standard & Poor's ("S&P") most recent "Global Corporate Average Cumulative Default Rates by Rating Modifier" table ("S&P Table"), and (ii) the indicated risk of default for a bidder with a unenhanced senior unsecured debt credit rating at or above BBB- by Standard & Poor's or Fitch, Baa3 by Moody's, or an equivalent rating as determined by Texas Gas; provided, however, for any bid submitted with a term of fifteen (15) years or longer, Texas Gas will apply the 15-year Risk of Default Factor from the S&P Table.
- The term "Seasonal Quantity Entitlement" shall mean the maximum quantity of gas which Transporter is obligated to deliver to Customer during the period April 1 through October 31 (summer season) and during the period November 1 through March 31 (winter season).

- The term "SGL" or "SGL service" shall refer to the no-notice transportation provided by Texas Gas under the SGL Rate Schedule.
- The term "SGT" or "SGT service" shall refer to the no-notice transportation provided by Texas Gas under the SGT Rate Schedule.
- The term "Shoulder Month" or "Shoulder Months" shall mean the Summer month(s) of April and/or October of each year, as applicable.
- The term "Shoulder Month Contract Demand" shall mean, unless otherwise agreed to, the sum of Customer's Nominated Daily Quantity for the Summer Season, Customer's Excess Unnominated Daily Quantity and the applicable percentage of Customer's Unnominated Daily Quantity for the Winter Season.
- The term "SNS" or "SNS service" shall refer to the summer no-notice transportation provided by Texas Gas under the SNS Rate Schedule.
- The term "standard cubic foot of gas" for purposes of measurement hereunder shall mean the quantity of gas which would occupy one cubic foot of space when such gas is at a temperature of 60 degrees Fahrenheit and at a pressure of 14.73 (psia) and dry. For gas volumes reported in cubic meters, the standard conditions are 101.325 kPa, 15 degrees C, and dry. For gas volumes reported in gigacalories, the standard conditions are 1.035646 Kg/cm<sup>2</sup> and 15.6 degrees C, and dry.
- The term "Storage Contract Year" shall mean the period from April 1 of a calendar year through March 31 of the following calendar year under Rate Schedule FSS, ISS, FSS-M, or ISS-M.
- The term "Storage Injection Use (%)" shall mean the percentage of all gas injected into storage which is retained by Pipeline as an allocable amount of fuel & "Lost and Unaccounted For" gas as calculated by Pipeline using appropriate engineering principles under Rate Schedule FSS, ISS, FSS-M, or ISS-M.
- The term "Storage Withdrawal Use (%)" shall mean the percentage of all gas withdrawn from storage which is retained by Pipeline as an allocable amount of fuel & "Lost and Unaccounted For" gas as calculated by Pipeline using appropriate engineering principles under Rate Schedule FSS, ISS, FSS-M, or ISS-M.
- The term "stored volume" shall mean the quantity of the Customer's gas that is in storage at any given time under Rate Schedule ISS or ISS-M.
- The term "Summer" or "Summer Season" shall mean the seven-month period beginning April 1 of each year and continuing through October 31 of the same year.
- The term "Summer Contract Demand" shall mean: (i) for Rate Schedules NNS and NNL, Customer's Nominated Daily Quantity for the Summer Season; and (ii) for Rate Schedules SGT and SGL, Customer's Nominated Daily Quantity plus, if applicable, Unnominated Summer Daily Quantity for the Summer Season.
- The term "Summer Quantity Entitlement" shall mean the maximum quantity of gas Texas Gas is obligated to deliver to Customer during the Summer Season (excluding replacement

of Customer's Unnominated Seasonal Quantity) if customer has fully utilized its Unnominated Seasonal Quantity during the prior Winter Season.

- The term "Summer Quantity Entitlement-SNS" shall mean the maximum quantity of gas Texas Gas is obligated to deliver to Customer during the Summer Season, or portion thereof if Customer has not contracted for a full season of service, under Rate Schedule SNS.
- The term "Tangible Net Worth" shall be the sum of the capital stock, paid-in capital in excess of par or stated value, and other free and clear equity reserve accounts less goodwill, patents, unamortized loan costs or restructuring costs, and other intangible assets.
- The terms "Transportation Service Provider," "Transporter," "Pipeline," "Company," and "Texas Gas" are synonymous and all shall mean Texas Gas Transmission, LLC.
- The term "unit total heating value" means the number of British thermal units determined on a dry basis, that are produced by the combustion, at constant pressure of the amount of gas which would occupy a volume of one (1.0) cubic foot at a temperature of sixty (60) degrees Fahrenheit and under a pressure of fourteen and seventy-three hundredths (14.73) (psia) with air at the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of the gas and air and when the water formed by combustion is condensed to the liquid state. Standard reporting basis for Btu shall be 14.73 psia and 60 degrees Fahrenheit and dry (101.325 kPa and 15 degrees C, and dry).
- The term "Unnominated Daily Quantity" shall mean that portion of Customer's Contract Demand delivered automatically from storage without nomination by Customer.
- The term "Unnominated Daily Quantity-SNS" or "UDQ" shall mean that portion of Customer's Contract Demand delivered automatically into or from storage without nomination by Customer under Rate Schedule SNS. The Unnominated Daily Quantity-SNS shall be a mutually agreed quantity not to exceed Customer's daily Contract Demand.
- The term "Unnominated Daily Quantity-WNS" shall mean that portion of Customer's Contract Demand delivered automatically into or from storage without nomination by Customer under Rate Schedule WNS. The Unnominated Daily Quantity-WNS shall be a mutually agreed quantity for each month during the Winter Season; provided, however, such Unnominated Daily Quantity-WNS in Customer's service agreement shall not be less than 25% nor exceed 50% of Customer's daily Contract Demand.
- The term "Unnominated Seasonal Quantity" or "USQ" shall mean the maximum (net) quantity of gas Texas Gas is obligated to deliver to Customer from storage during any Winter Season.
- The term "Unnominated Summer Daily Quantity" shall mean that portion of Customer's Summer Contract Demand delivered automatically from storage without nomination by Customer under Rate Schedules SGT and SGL. Customer's Unnominated Summer Daily Quantity shall not exceed 750 MMBtu per day.
- The term "Winter" or "Winter Season" shall mean the five-month period beginning November 1 of each year and continuing through March 31 of the following year.



- The term "Winter Contract Demand" shall mean the sum of Customer's Nominated Daily Quantity and Customer's Unnominated Daily Quantity for the Winter Season.
  - The term "Winter Quantity Entitlement" shall mean the maximum quantity of gas Texas Gas is obligated to deliver to Customer during the Winter Season (including delivery of Customer's Unnominated Seasonal Quantity).
  - The term "Winter Quantity Entitlement-WNS" shall mean the maximum quantity of gas Texas Gas is obligated to deliver to Customer during the Winter Season, or portion thereof, if Customer has not contracted for the full Winter Season, under Rate Schedule WNS.
  - The term "WNS" or "WNS Service" shall refer to the winter no-notice transportation provided by Texas Gas under the WNS Rate Schedule.
  - The term "year" shall mean a period of 365 consecutive days beginning with the date of first delivery of gas under the executed service agreement, or on any anniversary thereof; provided, however, that any such year which contains a date of February 29 shall consist of 366 consecutive days.
2. The following terms, when used herein or in any service agreement incorporating these General Terms and Conditions, may be used interchangeably:
- "commodity charge" may be used interchangeably with the term "usage charge."
  - "contract demand" may be used interchangeably with the defined term "MDQ."
  - "demand charge" may be used interchangeably with the term "reservation charge."
  - "MMBtu" may be used interchangeably with the defined term "Dth."
  - "quantity(ies)" may be used interchangeably with the term "volume(s)."
  - "reservation charge" may be used interchangeably with term "demand charge."
  - "usage charge" may be used interchangeably with the term "commodity charge."
  - "volume(s)" may be used interchangeably with the term "quantity(ies)."

### **Quality of Gas**

1. Gas received or delivered hereunder shall:
  - (a) Be merchantable natural gas, commercially free from dust, solids, gums, gum-forming constituents, gasoline, water, or any other substance of any kind which may become separated from the gas in the course of transportation through Transporter's or Transporter's agents' pipeline(s);
  - (b) Not contain more than seven (7) pounds of water per million standard cubic feet of gas determined by analytical instrumentation of standard manufacture for this purpose including the Bureau of Mines type dew point(s) tester;
  - (c) Not contain more than one (1) grain of hydrogen sulfide, nor more than twenty (20) grains of total sulphur, per one hundred (100) standard cubic feet of gas; and mercaptan sulphur shall not constitute any portion of the allowable total sulphur content.
  - (d) Contain zero 0% hydrogen, not more than one-tenth (.1) of 1% by volume of oxygen, nor more than 2 % by volume of carbon dioxide, nor more than 4 1/2% by volume of all non-hydrocarbon gases combined.
2. Gas received hereunder shall:
  - (a) Not be at a temperature more than one hundred twenty (120) degrees Fahrenheit, except where local conditions require or permit other; nor less than forty (40) degrees Fahrenheit; and
  - (b) Not have a hydrocarbon dew point in excess of ten (10) degrees Fahrenheit under expected operating conditions, if the gas is received in North Louisiana, Kentucky, Indiana, or Illinois, or other points determined by Texas Gas; and
  - (c) Not contain less than nine hundred sixty-seven (967) British thermal units per standard cubic foot of gas determined on a dry basis.
  - (d) Not contain less than one thousand eighteen (1018) British thermal units per standard cubic foot of gas determined on a dry basis if gas is received in a market area where it may become the sole supply to the market.
  - (e) Not contain less than one thousand twelve (1012) British thermal units per standard cubic foot of gas determined on a dry basis if gas is directly received as residue gas from a gas processing plant.
3. Gas delivered hereunder shall:
  - (a) Not be at a temperature more than one hundred twenty (120) degrees Fahrenheit; and
  - (b) Not contain less than nine hundred eighty-six (986) British thermal units per standard cubic foot of gas determined on a dry basis.

4. Fayetteville Lateral and Greenville Lateral

4.1 All gas received or delivered on the Fayetteville Lateral or the Greenville Lateral shall be natural gas of pipeline quality and shall conform to the gas quality specifications set forth in Section 6.3[1], [2], and [3], except as otherwise provided in this Section 6.3[4].

(a) Hydrogen Sulfide – The hydrogen sulfide content shall not exceed one-half (1/2) grain per one hundred (100) standard cubic feet of gas.

4.2 Fayetteville Lateral Blending Arrangements.

(a) Shipper blending arrangements will be permitted on the Fayetteville Lateral only to the extent that they:

- (1) Are consistent with Transporter's historical operations;
- (2) Comply with the terms and conditions of any applicable Special Permit from PHMSA (including an 80% SMYS waiver); and
- (3) Do not cause a downstream shipper or interconnected party to refuse to take delivery of gas pursuant to that party's tariff.

(b) If the blending arrangement complies with Section 6.3[4.2(a)] above, Transporter agrees to waive its gas quality specifications for carbon dioxide (CO<sub>2</sub>) and hydrogen sulfide (H<sub>2</sub>S) at individual receipt points and to use the aggregate average composition of all gas from all receipt points used by a Shipper as a single blended stream in determining whether such Shipper meets Transporter's gas quality specifications with respect to CO<sub>2</sub> and H<sub>2</sub>S, subject to the following conditions:

- (1) Water – The gas stream at each receipt point shall not contain free water nor a water vapor content of more than four (4) pounds of water per million cubic feet of gas.
- (2) Carbon Dioxide -
  - (i) The gas stream at each mainline monitoring point shall not exceed 4% by volume of CO<sub>2</sub>; and
  - (ii) The gas stream at the last monitoring point before Delivery Meter No. 9163 (NGPL Bald Knob) shall not exceed 2% by volume of CO<sub>2</sub>.
- (3) Non-hydrocarbons - The gas stream at each receipt point and each mainline monitoring point shall not exceed 4.5% by volume total non-hydrocarbon gases combined.
- (4) Hydrogen Sulfide –
  - (i) The gas stream at each mainline monitoring point shall not exceed 1 grain (15.9 ppm) of H<sub>2</sub>S, nor more than 20 grains of total sulfur, per 100 standard cubic feet of gas; and

- (ii) The gas stream at the last mainline monitoring station before Delivery Meter No. 9163 (NGPL Bald Knob) shall not exceed one-quarter ( $\frac{1}{4}$ ) grain (4 ppm) of H<sub>2</sub>S.

5. Transporter reserves the right:
  - (a) To utilize hydrocarbon dew point curves to evaluate the gas received to determine if condensate will form out of the gas into its pipeline under expected operating conditions;
  - (b) To refuse to accept totally, or in part, gas that, in its opinion, will create operating problems during the course of movement through its pipeline.
6. Customer or Customer's supplier (or designee) shall not permit or cause the injection of oxygen or any other substance which will dilute such gas, even if such dilution does not render the gas unable to meet the quality specifications outlined above.
7. Either party shall not be obligated to receive and transport gas hereunder that fails to conform to the requirements above and shall have the right, after giving notice to the other party, to refuse to receive and transport such gas as long as such gas fails to conform to the foregoing requirements.
8. If at any time the receipt gas tendered fails to conform to any of the applicable quality specifications set forth herein ("Quality Incident"), Transporter may, at its option, shut-in gas pending correction of the deficiency by Customer or the point operator ("Shut-in"). Acceptance of gas that does not conform to these standards will not prevent Transporter from refusing future receipts of non-conforming gas.
9. Failure to meet receipt specifications: Should any gas tendered for delivery to Transporter(s) hereunder experience a Quality Incident, Transporter(s) shall notify Customer of any such Quality Incident and Transporter(s) may at their option suspend all or a portion of the receipt of any such gas, and they shall be relieved of their obligations hereunder for the duration of such time as the gas does not meet such specifications.
10. Repeated failure to meet specifications: If, following actions by a Customer or point operator to correct a Quality Incident, any gas tendered for receipt under an agreement fails to conform to the same quality specification for a second time within a one (1) year period from the date of the initial Quality Incident, Transporter may require Customer/point operator to install, at Customer's/point operator's expense, equipment necessary to provide on-line monitoring with automatic shut-in capability prior to acceptance of future receipts from the affected location. Transporter's decision to require the installation of the necessary equipment to protect Transporter's system integrity at a receipt point will be exercised in a not unduly discriminatory manner.
11. Failure to meet delivery specifications: Should the gas tendered for delivery to Customer(s) hereunder fail at any time to conform to any of the specifications of this Article, Customer shall notify Transporter(s) of any such failure and Transporter(s) shall make a diligent effort to correct such failure by treatment consistent with prudent operations and by means which are economically feasible in Transporter's(s') opinion so as to deliver gas conforming to the above specifications. If Transporter(s) are unable to deliver gas conforming to the above specifications, Customer may at its option suspend delivery and receipt of all or a portion of the gas to be transported hereunder, and upon such suspension shall be relieved of its obligations hereunder, including demand charges, for the duration of such time as the gas does not meet such

specifications.

## Measurement Procedures and Equipment

### 1. General

Transporter and Customer must mutually agree to all matters pertaining to measurement practices, procedures, equipment and installations, not specifically covered herein. Instrumentation required to determine gas volumes, mass, and MMBtu will either be a combination of mechanical, electro/mechanical, pneumatic mechanical, electro/pneumatic/mechanical, or electronic at the option of the Transporter. The accumulated data will be recorded on charts or stored in electronic flow computers.

### 2. Unit of Gas

The unit of gas received and delivered by Transporter shall be 1 MMBtu. The number of MMBtu shall be determined by multiplying the number of standard cubic feet of gas, measured on the measurement basis hereinafter specified, by the total heating value of such gas in Btu per standard cubic foot as defined in Section 6.4[3] below, and by dividing the product by 1 million (1,000,000).

### 3. Determination of Volume and Unit Total Heating Value

The volume and unit total heating value of gas shall be determined by the party performing measurement at point(s) of transfer using the following:

- (a) The unit weight for the purpose of measurement shall be one (1) pound mass of gas;
- (b) For deliveries or receipts hereunder the average absolute atmospheric (barometric) pressure shall be assumed to be fourteen and seven-tenths (14.7) pounds per square inch for gas delivered south of 32 degrees Latitude, American Continent, and fourteen and four-tenths (14.4) pounds per square inch for gas delivered north of 32 degrees Latitude, American Continent;
- (c) The average unit total heating value of the gas shall, at Transporter's option, be determined at each point of measurement by: (1) use of a spot sample taken during each month to be analyzed on a gas chromatograph, (2) use of a sample taken by a continuous sampler to be analyzed on a gas chromatograph, or (3) use of an on-line gas chromatograph. If chromatographic analysis is used, the unit total heating value shall be calculated using the compound values contained in the American Gas Association Gas Measurement Committee Report No. 3. September, 1985 (ANSI/API 2530 approval May, 1985), or any revision.
- (d) The temperature of the gas for any day shall be determined by taking the arithmetic average of the hourly temperature readings, or by transmitting the temperature directly to a flow computer from a thermometer so installed as to properly sense the temperature of the gas passing through the meters; provided, however, that where quantities of gas metered will not be materially affected by doing so, the temperature of the gas for any day may be determined by any other recognized method which may be practical in the circumstances; and
- (e) The specific gravity of the gas shall be determined for any day by taking the arithmetic average of the hourly reading or by transmitting the gravity directly to the flow computer from a gravimeter of approved type which shall be checked at least once each month by the use of an Edwards balance or by any other industry accepted method, by

chromatographic analysis using the compound values contained in the American Gas Association Gas Measurement Committee Report No. 3. September, 1985 (ANSI/API 2530 approval May, 1985), or any revision thereof; provided, however, that where quantities of gas metered will not be materially affected by doing so, the specific gravity of the gas for any day may be determined by any other recognized method which may be practicable in the circumstances.

4. All orifice meter volumes shall be computed in accordance with the American Gas Association Measurement Committee Report No. 3, September, 1985 (ANSI/ API 2530 approval May, 1985), including the Appendices thereto and modifications and amendments thereof.
5. All turbine meter volumes shall be computed in accordance with the American Gas Association Transmission Measurement Committee Report No. 7, November, 1984, including the Appendices thereto and modifications and amendments thereof.
6. In the cases where measurements shall be other than orifice or turbine meters all necessary factors for proper volume determination shall be applied.
7. Spot gas samples taken from the pipeline system for purposes of determining or deriving quantitative values that will be used in the computation of gas volume and Btu per cubic foot shall be obtained by use of the method contained in Gas Processors Association Publication Number GPA 2166-86, GPA Method for Obtaining Natural Gas Samples for Analysis by Gas Chromatography.
8. For purposes of instrument calibration and engineering formulae for volume and MMBtu computation, 30 inches of mercury shall equate to 14.73 psia. Conversion of volumes and MMBtu to other contractual conditions shall be made from the base of 14.73 psia.
9. If it is determined prior to, or as a result of, in-service tests, experience and observation by either Customer or Transporter that pulsations exist that affect the measurement accuracy, then Customer will cause the installation of mechanical dampening equipment, at Customer's expense, necessary to eliminate such pulsations in agreement with the transporter and/or operator. Any such error in billing meter chart recordings detectable by high speed oscillographic analysis, fast rotation chart drives, or similar tests resulting in a volume computation error of greater than + .75% shall require that the otherwise computed volume be adjusted to compensate for the determined error.
10. If the method for determining the number of Btu's in a cubic foot of gas, as set forth by the Federal Energy Regulatory Commission (Commission) or successor agency is revised, both parties agree that this Agreement will be amended accordingly.
11. Check Measuring Equipment: Customer may install, maintain, and operate at its own expense, such check measuring equipment as it desires at or near the point of delivery, provided that such equipment shall be so installed as not to interfere with the operation of Transporter's measuring equipment. Transporter shall have access to such check measuring equipment at all reasonable hours, but the reading, calibrating, and adjusting thereof and the changing of charts shall be done only by Customer.
12. Meters for Rural and Special Industrial Customers: Customer will install, maintain, and operate at its own expense measuring stations where gas is delivered for resale to rural customers and where gas is delivered from Customer's facilities to special industrial customers. At such station, Customer shall furnish and install all meters, regulators, and other pertinent equipment necessary to measure and regulate the delivery of gas in a manner consistent with that

specified for the measuring of Transporter's deliveries to Customer and with proper distribution practice. Unless otherwise specified in the rate schedules or service agreement, Customer shall read such meters as it has installed or owns and shall bear all ordinary operating expenses incurred in connection with such service.

13. **Calibration and Test of Equipment:** The accuracy of all measuring equipment shall be verified at reasonable intervals, but neither party shall be required to verify the accuracy of the equipment more frequently than once in any thirty (30) day period. If either party desires a special test of any measuring equipment, it will promptly notify the other party and the parties shall then cooperate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test shall be borne by the party requesting such test. If, upon any test, any measuring equipment is found to be in error, such errors shall be taken into account in a practical manner in computing the deliveries. If the resultant aggregate error in the computed receipts is not more than 2%, then previous receipts shall be considered accurate. All equipment shall, in any case, be adjusted at the time of test to record correctly. If, however, the resultant aggregate error in computed receipts exceeds 2% of a recording corresponding to the average hourly rate of gas flow for the period since the last preceding test, the previous recordings of such equipment shall be corrected to zero error for any period which is known definitely or agreed upon, but in case the period is not known definitely or agreed upon, such correction shall be for a period extending over one-half of the time elapsed since the date of last test. It is recognized that the parties may mutually agree in writing to a more restrictive standard of error than the 2% provided above.
14. **Ownership and Right of Ingress and Egress:** All regulating and measurement equipment so installed by either Transporter or Customer, together with any buildings erected for such equipment, shall be and remain the property of the respective party.  
  
In the event either party shall install equipment or structures on the property of the other party, the party owning such equipment shall have the right of right of free use and ingress and egress to such equipment and structures at all times for the purpose of installation, operation, repair, or removal.
15. **Right to be Present:** Transporter and the company receiving custody transfer shall have the right to have representatives present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the other's measuring equipment used in measuring, calculating, or checking the measurement of deliveries of gas under this Tariff. Transporter and the company receiving custody transfer shall each give the other notice of the time of all tests so that the other may conveniently have its representative present. The records from such measuring equipment shall remain the property of their owner, but, upon request, each will submit to the other its records and charts, together with calculations therefrom for inspection and verification, subject to return within thirty (30) days after receipt thereof.
16. **Care Required:** All installation of measuring equipment applying to or affecting deliveries of gas shall be made in such manner as to permit an accurate determination of the quantity of gas delivered and ready verification of the accuracy of measurement. Reasonable care shall be exercised by both parties in the installation, maintenance, and operation of pressure regulating equipment so as to prevent, so far as possible, any inaccuracy in the determination of the quantity of gas delivered under this Tariff and such equipment shall be installed in accordance with Minimum Federal Safety Standards, Materials Transport Bureau, Office of Pipeline Safety Operations, Part 192, Title 49, Code of Federal Regulations, and with any other applicable regulations required by Transporter to insure integrity.



17. Correction of Metering Errors--Failure of Meters: In the event a meter is out of service, or registering inaccurately, the volume of gas delivered shall be determined:
  - (a) By using the registration of any check meter or meters, if installed and accurately registering; or,
  - (b) In the absence of (a), by correcting the error if the percentage of error is ascertainable by calibration tests or mathematical calculations; or,
  - (c) In the absence of both (a) and (b), then, by estimating the quantity of delivery by deliveries during periods under similar conditions when the meter was registering accurately; or
  - (d) In the absence of (a), (b), and (c), then by any mutually agreeable method.
18. Preservation of Metering Records: Transporter and Customer shall each preserve for a period of at least three years all test data, charts, and other similar records.

## Creditworthiness

### (1) Creditworthiness for Transportation Service

Texas Gas shall not be required to initiate or to continue transportation service under its FERC Gas Tariff on behalf of any Customer or Potential Customer (both referred to in this Section 6.5 as Customer) that fails to satisfy Texas Gas' creditworthiness standards. If Customer is found by Texas Gas to be non-creditworthy, Texas Gas will promptly inform Customer in writing as to the reasons Customer has been deemed non-creditworthy.

If Customer's credit standing ceases to meet Texas Gas' credit requirements during the period of service, Customer must, within five (5) Business Days of notice, pay for one month of service in advance to continue service. Customer must, within thirty (30) Days of notice, provide acceptable security, consistent with Texas Gas' applicable creditworthiness standards. Security requirements for a Customer who obtained capacity by executing a precedent agreement for an expansion project may differ from security requirements for a Customer who obtains capacity after the pipeline became operational. If Customer fails to provide the required security within this time frame, Texas Gas may suspend service immediately. Reservation charges will not accrue or be charged for any day where service is suspended due to failure to meet credit standards or provide required security.

Further, Texas Gas may provide simultaneous written notice to Customer and the Commission that it will terminate service in thirty (30) Days if Customer fails to provide security. Texas Gas also may exercise any other remedy available to Texas Gas hereunder, at law or in equity. Customer shall provide, initially and on a continuing basis, audited financial statements, evidence of debt and/or credit ratings, and other such information as is reasonably requested by Texas Gas to establish or confirm Customer's qualification for service.

Texas Gas will establish credit limits based on the level of requested service, including without limitation a value for imbalance and loaned gas (including gas loaned under Rate Schedules PAL, NNS, SNS, and SGT), and Customer's creditworthiness. Customer credit limits for transportation will be established by Texas Gas based upon the audited financial statements for the Customer's two most recent fiscal years, all interim reports, and any other relevant information including imbalances owed Texas Gas and the historic management of imbalances.

### (2) Evaluation of Creditworthiness

(a) Creditworthiness must be evidenced by:

- (1) a rating for unenhanced senior unsecured debt of a BBB-/Baa3 equivalent standard or above by any major rating agency. In the event that a split rating occurs between rating agencies, Texas Gas will rely upon the lower of the ratings;
- (2) a long-term and short-term outlook opinion, as established by the rating agency relied upon, of Stable or Positive, if unenhanced senior unsecured debt rating is equivalent to BBB- or Baa3; and
- (3) a net present value of the sum of the reservation charge fees, utilization fees, and any other associated fees for the contract term that is less than 5% of Customer's Tangible Net Worth. If the Customer has multiple Service

Agreements with Texas Gas, then the total of all of those Service Agreements shall be considered in determining creditworthiness.

- (b) If Customer does not meet the criteria above, Texas Gas shall establish creditworthiness based upon the following if Customer's parent provides a guaranty for all of Customer's obligations under the applicable Service Agreements:
  - (1) the Customer's parent having an unenhanced senior unsecured debt rating of a BBB-/Baa3 equivalent standard or above by any major rating agency. If Customer's parent is rated by multiple agencies, Texas Gas shall use the lowest credit rating to determine creditworthiness;
  - (2) the long-term or short-term outlook opinion as established by the rating agency relied upon being Stable or Positive, if Customer's parent's unenhanced senior unsecured debt rating is equivalent to BBB- or Baa3; and
  - (3) a net present value of the sum of the reservation charge fees, utilization fees, and any other associated fees for the contract term that is less than 5% of Customer's parent's Tangible Net Worth. If the Customer's parent has multiple Service Agreements with Texas Gas, or multiple subsidiaries with Service Agreements with Texas Gas, then the total of all of those Service Agreements shall be considered in determining creditworthiness.
- (c) If the Customer and its parent do not have their own independent credit ratings, then Texas Gas shall determine an equivalent rating in one of two ways:
  - (1) If Customer's debt is not rated by a recognized debt rating service, Customer may request an equivalent rating as determined by Texas Gas, based on the financial rating methodology, criteria and ratios for the industry of the Customer as published by the major rating agencies utilized by Texas Gas from time to time. In general, such equivalent rating will be based on the audited financial statements for the Customer's two most recent fiscal years, all interim reports, and any other relevant information.
  - (2) If Customer's debt is not rated by a recognized debt rating service, Customer may, at its own expense, obtain a private rating from a debt rating service acceptable to Texas Gas, or request that an independent accountant or financial advisor, mutually acceptable to Texas Gas and the Customer, prepare an equivalent evaluation based on the financial rating methodology, criteria, and ratios for the industry of the Customer as published by the above rating agencies.
- (d) If Customer does not meet the criteria described above, Texas Gas shall evaluate Customer's creditworthiness based upon the level of service requested. That credit appraisal shall be based on Texas Gas' evaluation of the following information and credit criteria:
  - (1) Any information received pursuant to Section 6.5[1] herein.
  - (2) Financial statement analysis to determine the acceptability of Customer's current and future financial strength. Customer's balance sheets, income statements, cash flow statements and auditor's notes will be analyzed along with key ratios and trends regarding liquidity, asset management, debt

management, debt coverage, capital structure, operational efficiency and profitability.

- (3) Results of financial and trade reference checks and credit reports must demonstrate that a Customer is paying its obligations in a timely manner.
  - (4) Whether Customer is operating under any chapter of the bankruptcy laws and/or subject to liquidation or debt reduction procedures under state laws.
  - (5) Whether a judgment has been entered against a Customer. The nature of the litigation pending against the Customer and whether the litigation could materially impact its ability to remain solvent.
  - (6) The amount of debt the Customer or its parent, if the parent is guarantying its performance, has coming due or has refinancing obligations coming due in the next eighteen (18) months.
  - (7) Customer's ongoing business relationship with Texas Gas, if any, with consideration being given to delinquent balances being consistently outstanding for services rendered and for gas imbalances, and gas loans due Texas Gas, and payment of its prior invoices from Texas Gas according to Section 6.15 of Texas Gas' Tariff.
  - (8) Whether there have been any material changes in the customer's use of services or creation of imbalances.
  - (9) The nature of the Customer's business and the effect on that business of general economic conditions and economic conditions specific to it, including Customer's ability to recover the costs of Texas Gas' services through filings with regulatory agencies or otherwise to pass on such costs to its customers.
  - (10) Any other information obtained that is relevant to Customer's current and future financial strength.
- (e) Notwithstanding the other provisions of this Section 6.5[2], a "Small Customer" being defined for purposes of this section as a Customer utilizing Rate Schedules SGT or SGL shall be considered creditworthy based upon payment history. Specifically, if a Small Customer is current with its payments to Texas Gas, and has not been deemed delinquent in paying its invoices to Texas Gas over the past twelve months (with good faith billing disputes excepted), the Small Customer shall be deemed to have met the creditworthiness standards of this Section with respect to new or existing SGT and/or SGL transportation contracts with Texas Gas.

(3) Non-Creditworthiness

If Customer does not establish or maintain creditworthiness or if Customer's credit limit as determined by Texas Gas is insufficient to cover Customer's contractual obligations, Customer has the option of receiving transportation service under this FERC Gas Tariff by providing to Texas Gas one of the following alternatives:

- (a) Guaranty: Customer may obtain a guaranty of financial performance in a form satisfactory to Texas Gas from a corporate affiliate of the Customer or a third party,

either of which meets the creditworthiness standards discussed above. For these Customers, the credit limit will be based upon the financials of the guarantor. Texas Gas shall determine the amount of the guaranty based upon the reservation charges under Customer's Service Agreement and Texas Gas' ability to remarket the capacity in the event of the Customer's default. A form of guaranty is available on Texas Gas' Internet Web Site.

- (b) **Cash Prepayment:** A Customer may prepay for service via cleared check or wire transfer. For Existing Capacity, the amount of prepayment for firm transportation service agreements must be sufficient to cover: the value of up to three (3) months of applicable reservation charges (prepayment for Rate Schedule SGT and SGL service agreements will be based upon estimated average fees). The amount of prepayment for all no-notice services shall be based upon reservation charges for the highest three (3) months of system utilization under the applicable Service Agreement. The amount of prepayment for all interruptible services shall be based upon the highest three (3) months of usage during the previous twelve (12) month period for all interruptible transportation charges.

If the Customer has not contracted for or utilized interruptible transportation on Texas Gas during the previous 12 month period, Texas Gas will establish its security requirements based upon the Customer's anticipated usage for a three (3) month period as determined by the Customer and Texas Gas' marketing representative. Imbalance and loaned gas security shall be determined as shown in Section 6.5(4) below.

Texas Gas will, upon prior written notice, pay interest on prepayments. The interest payable shall be calculated based upon the actual rate earned or the overnight rate available to Texas Gas for any time period where such security funds are on deposit

- (c) **Letter of Credit:** Shipper may post a Letter of Credit (LC) in a form acceptable to Texas Gas. A form of LC is available on Texas Gas' website. The amount of the LC shall match those amounts established in Section 6.5[3(b)] above.
  - (d) **Any other security mutually agreed upon by Customer and Texas Gas.** Such other security shall be accepted on a nondiscriminatory basis.
- (4) **Imbalance & Loaned Gas** – In addition to the collateral requirements set forth in Section 6.5[5(c)], Texas Gas has the right to seek security to cover the value of any imbalance and/or loaned gas owed Texas Gas by a non-creditworthy Customer. Loaned gas shall include but not be limited to any gas loaned under Rate Schedules PAL, NNS, SNS, or SGT.
- (a) **Non-creditworthy New Customers:** The security determination for a non-creditworthy new Customer described below shall be used for the first seven (7) months of service to establish a historical record. Thereafter, security for such Customer will be determined as specified for a non-creditworthy existing Customer.
    - (1) **Imbalance Gas:** The security amount shall equal 10% of such Customer's estimated monthly usage multiplied by the Estimated Imbalance and Loan Gas Price.
    - (2) **Loan Gas Associated with Rate Schedule PAL:** The security amount shall equal the maximum loaned quantity specified in the Customer's executed

Service Agreement. Such gas shall be valued at the Index Price determined in accordance with the provisions of Section 6.14[7] hereof.

- (3) Loaned Gas Associated with Rate Schedules NNS, SNS, and SGT: The security shall equal 50% of such Customer's estimated total applicable withdrawal volumes multiplied by the Estimated Imbalance and Loan Gas Price; provided, however, if Customer withdraws more than the estimated applicable volumes, Texas Gas shall have the right to request security equal to 50% of such Customer's current applicable withdrawal volumes multiplied by the Estimated Imbalance and Loan Gas Price. For Rate Schedules NNS/SGT, winter withdrawal volumes are applicable. For Rate Schedule SNS, summer withdrawal volumes are applicable.

(b) Non-creditworthy Existing Customers:

- (1) Imbalance Gas: The security amount shall equal such Customer's largest monthly imbalance owed to Texas Gas over the most recent 12 month period. Such gas shall be valued at the Index Price determined in accordance with the provisions of Section 6.14[7] hereof.
- (2) Loaned Gas Associated with Rate Schedule PAL: The security shall be determined as specified for a non-creditworthy new Customer.
- (3) Loaned Gas Associated with Rate Schedules NNS, SNS, and SGT: The security shall equal 50% of such Customer's average total applicable withdrawal volumes during the previous 36 month period under Customer's associated service agreement; provided, however, if Customer withdraws more than its average applicable volumes, Texas Gas shall have the right to request security equal to 50% of such Customer's current applicable withdrawal volumes. Such gas shall be valued at the Index Price determined in accordance with the provisions of Section 6.14[7] hereof. For Rate Schedules NNS and SGT, winter withdrawal volumes are applicable. For Rate Schedule SNS, summer withdrawal volumes are applicable.

- (c) Texas Gas shall have the right to re-compute the market value of any quantities of gas loaned to Customer on a daily basis. Customer shall be required to provide additional security upon two (2) Business Days' notice any time Texas Gas' re-computation indicates a dollar amount for security that exceeds the level of security previously posted by Customer pursuant to this Section 6.5[4] by 10% or more.

In addition, if at any time Customer fails to satisfy the creditworthiness requirements set forth in Section 6.5[2] above or is operating or commences operation under any chapter of the bankruptcy laws and/or is or becomes subject to liquidation or debt reduction procedures under state laws, Texas Gas shall have the right, upon five (5) Business Days' notice, to require Customer to provide additional security such that the total amount of Customer's security for imbalance and loaned gas is equal to Customer's current total imbalance and loaned gas multiplied by the Estimated Imbalance and Loan Price.

- (d) Each month, Customer may request a reduction in the required security if Customer has repaid some or all of its loaned gas. However, Customer must re-establish the required security before the first day of the season in which Customer has the right to borrow gas through withdrawals under Rate Schedules NNS, SNS, and SGT.

(5) Application of Risk of Default Factor For Bidding Purposes:

- (a) The Risk of Default Factor shall not be applied to any creditworthy Customers, or Customers with a creditworthy parent company or guarantor, provided that such parent company or guarantor has provided a guaranty for all of the obligations under the specific service agreement at issue satisfying the requirements of Section 6.5[2(b)(1)] above. In addition, the Risk of Default Factor shall only be applied to unsubscribed capacity.

If a non-creditworthy Customer does not have guarantor or parent company that provides a guaranty for all of the obligations under the specific service agreement at issue satisfying the requirements of Section 6.5[2(b)(1)] above, the Risk of Default Factor by which Texas Gas adjusts Customer's bid shall be:

- (1) Zero, if such Customer indicates on its bid form that it will post sufficient security to equal the difference between (i) the NPV of the revenue in the bid, adjusted by the Customer's Risk of Default Factor (assuming that it would be applied), and (ii) the NPV of a bid from a Customer with a minimum rating(s) equal to the ratings prescribed in Section 6.5[2(a)(1)] above with the same term, and such Customer subsequently posts such security as specified in Section 6.5[5(c)] below.
- (2) Derived from the S&P Table, if such Customer does not indicate on its bid form that it will post security as set forth in Section 6.5[5(a)(1)] above. Although a Customer under this Section 6.5[5(a)(2)] is not posting sufficient security to satisfy the requirement set forth in Section 6.5[5(a)(1)] above, such Customer nevertheless may increase the NPV of its bid by posting some security but less than the amount described in Section 6.5[5(a)(1)] above, which must be in a form allowed under Section 6.5[5(c)] below, contemporaneously with submitting its bid, provided that such Customer cannot increase the NPV of the bid to greater than the NPV of the same bid if the Customer had posted the security as described in Section 6.5[5(a)(1)].
- (b) The following rules will apply to credit ratings for purposes of evaluating bids as part of the Risk of Default evaluation process:
- (1) Substitute Ratings. Texas Gas shall substitute the credit rating of the Customer with the credit rating of the Customer's guarantor or parent company, whichever is higher, provided that such guarantor or parent company has provided a guaranty for all of the obligations under the specific service agreement at issue satisfying the requirements of 6.5[2(b)] above .
- (2) Equivalent Ratings. Texas Gas will assign an equivalent Standard & Poor's rating using a credit scoring methodology, applied on a nondiscriminatory basis, (i) for any Customer that does not have a credit rating from one or more of the credit rating agencies noted above, or (ii) where Texas Gas is substituting the credit rating of Customer's parent company or guarantor, whose parent company or guarantor does not have a credit rating from one or more of the credit rating agencies noted above, provided such parent company or guarantor has provided a guaranty for all of the obligations under the specific service agreement at issue satisfying the requirements of 6.5[2(b)]

above. In addition, if Texas Gas has relied upon a rating agency other than Standard and Poor's in determining the creditworthiness of a Customer or its guarantor or parent company pursuant to Section 6.5[2(a)] above, Texas Gas will utilize the Standard & Poor's rating that is equivalent to the rating upon which Texas Gas relied.

- (3) Timing. All credit ratings utilized shall be those in effect as of the last Day of the auction for the pipeline capacity at issue, and in the event a Customer is rated by two or more rating agencies and there is a split rating between rating agencies, the lowest rating applies.
- (c) Collateral Requirements. For these bid evaluation purposes, collateral is defined as an LC from a financial institution with at least an A- rating, or a cash deposit. Collateral will be capped, for purposes of the bid evaluation, at 50% of the revenue for the term included in the Customer's bid. It is a condition of any capacity award that the winning Customer post any collateral indicated on its bid form within five (5) business days of the notice of award, and Texas Gas shall have the right to reject and/or terminate any award for failure of a Customer to do so. If a Customer fails to post such collateral, Texas Gas shall have the right to require that such Customer post collateral contemporaneously with any future bid(s) or provide other credit assurance of a type reasonably acceptable to Texas Gas given the financial obligations associated with the particular award. Texas Gas shall, upon prior written notice, pay interest on such collateral. The interest payable shall be calculated based upon the actual rate earned or the overnight rate available to Texas Gas for any time period where such security funds are on deposit.
- Each month, Customer may request a re-computation of, or Texas Gas may choose to re-compute, the required security if Customer (i) satisfies a portion of its remaining reservation charge payment obligation; or (ii) receives a higher rating from the rating agency relied upon by Texas Gas when it determined the creditworthiness of Customer or its guarantor or parent company pursuant to Section 6.5[2(b)] above; provided however, if the rating of such Customer or its guarantor or parent company is later lowered, Texas Gas may re-compute the required security based upon the lower rating. When re-computing security, Texas Gas shall not utilize a rating lower than the initial rating of the Customer or its guarantor or parent company that was determined during the bidding process.
- (d) Capacity Release. Releasing Customers who propose to release capacity for a term of more than one year will have the option of specifying, pursuant to the capacity release procedures in Section 6.16, that the same NPV and Risk of Default Factor processes as set forth herein will be used by Texas Gas when evaluating bids by Replacement Customers for such released capacity. If a Releasing Customer makes such an election, Texas Gas will follow the time line for non-standard capacity release bid evaluation.

(6) Total Collateral Requirement for Firm and Interruptible Transportation Services

Customer's total collateral requirement is the amount necessary to collateralize all of a Customer's firm and interruptible transportation agreements, including security to cover the value of any imbalance or loaned gas owed Texas Gas as valued pursuant to Section 6.5[4] above.

(7) Insolvency



For purposes of this Section, the insolvency of a Customer shall be evidenced by the filing by such Customer or any parent entity thereof (hereinafter collectively referred in this paragraph to as "the Customer") 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 as bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Customer under the Federal Bankruptcy Act or any Act or any other applicable federal or state law, or appointing a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Customer or composition of or in respect of the Customer under the Federal Bankruptcy Act or any Act or any other applicable federal or state law, or appointing a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Customer or of any substantial part of its property, or the ordering of the winding-up liquidation of its affairs, with said order or decree continuing unstayed and in effect for a period of sixty (60) consecutive Days.

Subject to the requirements of Section 7 of the Natural Gas Act, Texas Gas shall not be required to perform or to continue to perform service on behalf of any Customer that has applied for bankruptcy under the Bankruptcy Code or on behalf of any Customer who, at Texas Gas' discretion, fails to demonstrate minimal creditworthiness as required under this FERC Gas Tariff; provided, however, such Customer may receive service if said Customer provides alternative credit as described within Section 6.5[3] and, provided further, that an exception may be made for a Customer who is a debtor in possession operating under Chapter 11 of the Bankruptcy Code where adequate assurance is provided from the bankruptcy court having jurisdiction over such debtor in possession that service billings will be paid promptly as a cost of administration of the bankruptcy proceeding, or in other circumstances in which Texas Gas is provided comparable assurances that it will be paid promptly.

- (8) Credit requirements for pipeline expansion projects will be separately identified within the nondiscriminatory project requirements included (i) as part of any open season for the expansion capacity and (ii) in the associated precedent agreements.

## Points of Service

### 1. Receipts and Deliveries

- 1.1 The Receipt Point(s) for all gas transported by Texas Gas shall be at a mutually agreeable interconnection between Texas Gas' facilities and the facilities of Customer or Customer's designee. Any request by a Replacement Customer to modify primary receipt points, except for permanent releases under Section 6.16, must include an affidavit by the Releasing Customer agreeing to the modification.

In the event of a capacity limitation on Texas Gas' system at any of the Point(s) of Receipt, Texas Gas has the right, in its reasonable discretion to curtail deliveries at such Points of Receipt in accordance with Sections 6.12[11] and 6.13[2] of the General Terms and Conditions of this Tariff. Customer then has the option to nominate and receive quantities of gas at the remaining Point(s) of Receipt.

Should Customer's nominations at any particular Point(s) of Receipt exceed the quantity of gas available for receipt at such Point(s) of Receipt, it is the responsibility of Customer and its supplier to allocate the gas quantities actually available for receipt at such point(s). Texas Gas will require Predetermined Allocations at all Receipt Points in accordance with Section 6.13 of the General Terms and Conditions of this Tariff.

Texas Gas shall have the right to interrupt service to Customer under any Rate Schedule if total deliveries of gas to Texas Gas from Customer and from all other Customers under all Rate Schedules at any one point of receipt fall below a volume that can be accurately measured. Customer may then elect to change its point of receipt or have Texas Gas install, at Customer's expense, additional measuring equipment that will allow Texas Gas to accurately measure Customer's gas receipts.

Customer agrees to indemnify and hold harmless Texas Gas from any and all claims, suits, damages, or actions arising from the failure of Texas Gas to receive quantities of gas actually nominated by Customer at any particular Point(s) of receipt, resulting specifically from the situations described above.

- 1.2 The Delivery Point(s) for all gas transported by Texas Gas shall be at a mutually agreeable interconnection between Texas Gas' facilities and the facilities of Customer or facilities of third-parties as may be applicable, or at such other point(s), as specified in the Service Agreement. Texas Gas will require Predetermined Allocations at all Delivery Points in accordance with Section 6.13 of the General Terms and Conditions of this Tariff. Any request by a Replacement Customer to modify primary delivery points, except for permanent releases under Section 6.16, must include an affidavit by the Releasing Customer agreeing to the modification.
- 1.3 In the event of a capacity limitation on Texas Gas' system at any of the Point(s) of Receipt, Texas Gas has the right to curtail receipts for interruptible transportation services at such Points of Receipt in accordance with Section 6.10 of the General Terms and Conditions of this Tariff. Customer then has the option to nominate and receive quantities of gas at any of the remaining Point(s) of Receipt, subject to the availability of capacity.
- 1.4 Secondary Receipt and Delivery Points applicable to firm services shall be posted on Texas Gas' Internet Website.

2. Receipt and Delivery Points For Firm Services (FT and STF)

- 2.1 Transportation under Rate Schedule FT and Rate Schedule STF shall be considered firm at both the Receipt and Delivery Point(s) to Customer for quantities delivered within Customer's transportation Contract Demand, and subject to scheduling and curtailment as provided in Section 6.12 of the General Terms and Conditions of this Tariff. Texas Gas shall be obligated to receive from Customer, or for the account of Customer, and redeliver to Customer, or for the account of Customer, on a firm basis, quantities of natural gas up to a specific daily transportation quantity which shall be Customer's firm transportation Contract Demand and Texas Gas' Maximum Daily Transportation Obligation. Additionally, Texas Gas shall be obligated to receive from Customer, or for the account of Customer, and redeliver to Customer, or for the account of Customer, on a firm basis, quantities of natural gas on a seasonal basis during the Winter Season up to Customer's Winter Quantity Entitlement and during the Summer Season up to Customer's Summer Quantity Entitlement.
- 2.2 Subject to the provisions of Section 5.1[3.3] of Rate Schedule FT, for FT contracts, the firm transportation Contract Demand must be a daily transportation quantity which is the same for each day of the contract term, which term must be for at least 12 consecutive months of service. For service under Rate Schedule STF, the daily contract Demand may vary by month and season within a contract term and must be stated for each month of the requested contract period.
- 2.3 FT and STF Customers will designate firm primary receipt point capacity within any allocated, awarded, or grandfathered supply lateral capacity rights. Texas Gas will not limit the number of primary receipt points available to an FT or STF Customer. Primary receipt point capacity will be allocated on a first come, first-served basis, with Customers requesting capacity on the same day (or during any approved "open season" period) treated as being the same in time. If capacity at any receipt point is oversubscribed such capacity will be allocated pro rata among the parties same in time, based on the capacity requested by each Customer, not to exceed any Customer's applicable supply lateral rights. Except as allowed for supply lateral receipt points under Section 6.8[6.2] of the General Terms and Conditions, the sum of capacity reserved at Customer's primary receipt point(s) cannot exceed the Customer's firm transportation Contract Demand. Such limitation, however, is not intended to prevent a Customer from releasing its firm capacity in segments pursuant to Section 6.16 of the General Terms and Conditions herein. For purposes of determining the amount of primary receipt point capacity reserved by an FT or STF Customer, primary receipt point capacity reserved by Replacement Customers under their FT or STF Service Agreement shall not be considered as primary receipt point capacity reserved under the Releasing Customer's applicable FT or STF Service Agreement.
- 2.4 Customers shall also have use of Secondary Receipt Points located within the same zone as their Primary Receipt Point and forward haul Customers shall also have use of Secondary Receipt Points located in zones downstream of their Primary Receipt Point(s) but upstream of the Customer's Primary Delivery Point. Scheduling and curtailment of gas receipts for an FT or STF Customer at a Secondary Point of Receipt shall be subject to Section 6.12 of the General Terms and Conditions of this Tariff.
- 2.4.1 Customer may access receipts in service zone(s) upstream (south) of the service zone of the Customer's Primary Receipt Point(s) ("Additional Receipt Zone(s)") under its firm transportation agreement.

- (i) Unless otherwise mutually agreed in writing, forward haul customers will be billed the maximum applicable supplemental charge for service in the upstream Additional Receipt Zone, which is equal to the difference between (1) the maximum applicable daily demand rate from Customer's Primary Receipt Point Zone to Customer's Primary Delivery Point Zone, and (2) the daily demand rate from the Additional Receipt Zone times the actual quantities delivered.
  - (ii) Backhaul customers paying the maximum applicable rate will not be assessed for receipts in such upstream Additional Receipt Zone(s). If the backhaul Customer is paying less than the applicable maximum rate, then, unless otherwise mutually agreed, Customer shall pay a supplemental charge equal to the difference between (1) the maximum applicable demand rate and (2) the daily demand rate under the base transportation agreement.
- 2.5 Customers transporting gas pursuant to Rate Schedules FT or STF shall designate one or more Primary Delivery Points where capacity is reserved on a firm basis. The sum of capacity reserved at the Primary Delivery Point(s) cannot exceed the Customer's Applicable firm transportation Contract Demand. Such limitation, however, is not intended to prevent a Customer from releasing its firm capacity in segments pursuant to Section 6.16 of the General Terms and Conditions herein. Direct-served LDC Customers with multiple city-gate meters delivering into the service area of the LDC in one of Texas Gas' service zones will be treated as a single delivery point, subject to the physical capability of Texas Gas' pipeline system. For purposes of determining amount of primary delivery point capacity reserved by an FT or STF Customer, primary delivery point capacity reserved by Replacement Customers under their FT or STF Service Agreement shall not be considered as primary delivery point capacity reserved under the Releasing Customer's FT or STF Service Agreement, as applicable.
- 2.6 FT and STF forward haul and backhaul Customers will have access to Secondary Delivery Points on a firm basis upstream of their Primary Delivery Points both in the same zone as their Primary Delivery Point and in upstream zones (zones south of their primary delivery point zone), as set forth below:
  - 2.6.1 Customer may make deliveries in service zone(s)/Customer Laterals outside the service zone of the Customer's Primary Delivery Point ("Additional Delivery Zone(s)") as follows:
    - (i) If the Additional Delivery Zone(s) are upstream (south) of Customer's Primary Delivery Zone:
      - (a) Forward haul customers may deliver gas to Zones upstream (south) of their Primary Delivery Point Zone but within their primary path, including their Primary Receipt Point Zone(s). If Customer is paying the maximum applicable rate, no supplemental charge will be assessed. If Customer is paying less than the applicable maximum rate, then, unless otherwise mutually agreed in writing, Customer shall pay a supplemental charge equal to the difference between (1) the maximum applicable daily demand rate from customer's Primary Receipt Point Zone to Customer's Primary Delivery Point Zone and (2)

the daily demand rate under the base transportation agreement.

- (b) Backhaul customers may deliver gas to Zones upstream (south) of their Primary Delivery Point Zone. If Customer is paying the maximum applicable rate, no supplemental charge will be assessed for service in such upstream Zone(s). If Customer is paying less than the applicable maximum rate, then, unless otherwise mutually agreed in writing, Customer shall pay a supplemental charge equal to the difference between (1) the maximum applicable demand rate and (2) the daily demand rate under the base transportation agreement.
- (ii) If the Additional Delivery Zone(s) are downstream (north) of Customer's Primary Delivery Point Zone, then in addition to the daily demand charge for its primary firm service, Customer shall be billed as follows:
- (a) Forward haul customers will be billed as follows, unless otherwise mutually agreed in writing:
    - a supplemental charge for service in the downstream (north) Additional Delivery Zone which is equal to the difference between (1) the daily demand rate under the base transportation agreement, and (2) the maximum applicable daily demand rate from Customer's Primary Receipt Zone(s) to the Additional Delivery Zone times the actual quantities delivered.
  - (b) Backhaul customers will be billed as follows, unless otherwise mutually agreed:
    - for inter-zone backhaul service within Customer's Primary Receipt Zone, a supplemental charge equal to the daily demand charge for forward haul service from Zone SL to the zone of delivery, less the daily demand charge for service under Customer's firm transportation agreement times the actual gas quantities delivered; or
    - for intra-zone backhaul service, a supplemental charge equal to the daily demand intra-zone rate for service within Customer's Primary Receipt Zone times the actual gas quantities delivered. For intra-zone backhaul service within Customer's Primary Delivery Zone, no supplemental rate will be charged if Customer is paying the maximum applicable rate. If Customer is paying less than the applicable maximum rate, then, unless otherwise mutually agreed in writing, Customer shall pay a supplemental charge equal to the difference between (1) the daily demand rate from Customer's Primary Receipt Point Zone to Customer's

Primary Delivery Point Zone and (2) the daily demand rate under the base transportation agreement.

The Fayetteville Lateral or the Greenville Lateral are incremental service zones and incremental charges for the Fayetteville Lateral or the Greenville Lateral, as applicable, will apply to any transportation service utilizing the Fayetteville Lateral or the Greenville Lateral, as well as the supplemental charges referenced above.

Customer Laterals have incremental rates and incremental charges for each Customer Lateral, as applicable, will apply to any transportation service utilizing a Customer Lateral, as well as the supplemental charges referenced above.

- 2.7 Provided Texas Gas' prior consent is obtained, Customer may tender quantities of gas in excess of the transportation Contract Demand on any day if such tender and transportation of such gas can be accomplished by Texas Gas without detriment to any other Customer under any of Texas Gas' transportation rate schedules (see Section 6.12 of the General Terms and Conditions of this Tariff), and if such transportation is compatible to Texas Gas' system operation requirements. Subject to the foregoing restrictions, Texas Gas' consent shall not be unreasonably withheld.
3. Receipt and Delivery for No Notice Services (NNS, NNL, SGT, and SGL)
  - 3.1 Transportation under Rate Schedules NNS, NNL, SGT, and SGL shall be considered firm at the Receipt Point(s) for quantities up to Customer's Nominated Daily Quantity and at the Delivery Point(s) for quantities up to Customer's Contract Demand, and subject to curtailment as provided in Section 6.12 of the General Terms and Conditions of this Tariff. Texas Gas shall be obligated to receive from Customer, or for the account of Customer, quantities of natural gas up to Customer's Nominated Daily Quantity and redeliver to Customer, or for the account of Customer, quantities of natural gas up to Customer's Contract Demand on a firm basis. Additionally, Texas Gas shall be obligated to receive from Customer, or for the account of Customer, and redeliver to Customer, or for the account of Customer, and redeliver to Customer, or for the account of Customer, on a firm basis, quantities of natural gas on a seasonal basis during the Winter Season up to Customer's Winter Quantity Entitlement and during the Summer Season up to Customer's Summer Quantity Entitlement.
  - 3.2 NNS, NNL, SGT, and SGL Customers will designate firm primary receipt point capacity for Customer's Nominated Daily Quantity within any allocated, awarded, or grandfathered supply lateral capacity rights. Texas Gas will not limit the number of primary receipt points available to an NNS, NNL, SGT, or SGL Customer. Primary receipt point capacity will be allocated on a first come, first-served basis, with Customers requesting capacity on the same day (or during any approved "open season" period) treated as being the same in time. If capacity at any receipt point is oversubscribed such capacity will be allocated pro rata among the parties same in time, based on the capacity requested by each Customer, not to exceed any Customer's applicable supply lateral rights or Nominated Daily Quantity. Except as allowed for supply lateral receipt points under Section 6.8[6.2] of the General Terms and Conditions, the sum of capacity reserved at Customer's primary receipt point(s) cannot exceed the Customer's Nominated Daily Quantity. Such limitation, however, is not intended to prevent a Customer from releasing its firm capacity in segments pursuant to Section 6.16 of the General Terms and Conditions herein. For purposes of determining the amount of primary receipt point capacity reserved by an NNS or NNL Customer,

primary receipt point capacity reserved by Replacement Customers under their NNS, NNL, or FT Service Agreement shall not be considered as primary receipt point capacity reserved under the Releasing Customer's applicable Service Agreement.

- 3.3 Customers shall also have use of Secondary Receipt Points located within the same zone as their Primary Receipt Point and in zones downstream of their Primary Receipt Point(s) but upstream of the Customer's Primary Delivery Point up to Customer's Nominated Daily Quantity. Scheduling and curtailment of gas receipts for an NNS, NNL, SGT, or SGL Customer at a Secondary Point of Receipt shall be subject to Section 6.12 of the General Terms and Conditions of this Tariff.
- 3.4 Customers transporting gas pursuant to the NNS, NNL, SGT, or SGL Rate Schedules shall designate one or more Primary Delivery Points where capacity is reserved on a firm basis. The sum of capacity reserved at the Primary Delivery Point(s) cannot exceed the Customer's Contract Demand. Such limitation, however, is not intended to prevent a Customer from releasing its firm capacity in segments pursuant to Section 6.16 of the General Terms and Conditions herein. Direct-served LDC Customers with multiple city-gate meters delivering into the service area of the LDC in one of Texas Gas' service zones will be treated as a single delivery point, subject to the physical capability of Texas Gas' pipeline system. For purposes of determining amount of primary delivery point capacity reserved by an NNS, NNL, SGT, or SGL Customer, primary delivery point capacity reserved by Replacement Customers under their NNS, NNL, SGT, or SGL Service Agreement shall not be considered as primary delivery point capacity reserved under the Releasing Customer's applicable Service Agreement.
- 3.5 NNS, NNL, SGT, and SGL Customers will have access to Secondary Delivery Points on a firm basis upstream of their Primary Delivery Points up to Customer's Contract Demand. In addition, NNS, NNL, SGT, and SGL Customers will have access to Secondary Delivery Points downstream of their Primary Delivery Points on an interruptible basis, if such points are located within the same service zone as their Primary Delivery Point(s). Curtailment of gas deliveries to an NNS, NNL, SGT, or SGL Customer at a Secondary Point of Delivery shall be subject to Section 6.12 of the General Terms and Conditions of this Tariff.
- 3.5.1 Customer may make deliveries in service zone(s)/Customer Laterals outside the service zone of the Customer's Primary Delivery Point ("Additional Delivery Zone(s)") as follows:
- (i) If the Additional Delivery Zone(s) are upstream of Customer's Primary Delivery Zone, customer may deliver gas to Zones upstream (south) of their Primary Delivery Point Zone, but within their primary path including their Primary Receipt Point Zone(s). If Customer is paying the maximum applicable rate, no additional charge will be assessed. If Customer is paying less than the applicable maximum rate, then, unless otherwise mutually agreed in writing, Customer shall pay a supplemental charge equal to the difference between (1) the maximum applicable daily demand rate to Customer's Primary delivery Point Zone and (2) the daily demand rate under the base transportation agreement.
  - (ii) If the Additional Delivery Zone(s) are downstream (north) of Customer's Primary Delivery Point Zone, then, unless

otherwise mutually agreed in writing, Customer shall pay a supplemental charge for service in the downstream Additional Delivery Zone which is equal to the difference between (1) the maximum applicable daily demand rate to the Additional Delivery Point Zone, and (2) the daily demand rate under the base transportation agreement times the actual quantities delivered.

The Fayetteville Lateral or the Greenville Lateral are incremental service zones and incremental charges for the Fayetteville Lateral or the Greenville Lateral, as applicable, will apply to any transportation service utilizing the Fayetteville Lateral or the Greenville Lateral, as well as the supplemental charges referenced above.

For NNS and NNL Customers, Customer Laterals have incremental rates and incremental charges for each Customer Lateral, as applicable, will apply to any transportation service utilizing a Customer Lateral, as well as the supplemental charges referenced above.

- 3.6 Provided Texas Gas' prior consent is obtained, Customer may tender quantities of gas in excess of the Nominated Daily Quantity on any day if such tender and transportation of such gas can be accomplished by Texas Gas without detriment to any other Customer under any of Texas Gas' transportation rate schedules (see Section 6.12 of the General Terms and Conditions of this Tariff) if such transportation is compatible to Texas Gas' system operation requirements. Subject to the foregoing restrictions, Texas Gas' consent shall not be unreasonably withheld.
4. Receipt and Delivery Points for Summer No Notice Service (SNS) and Winter No Notice Service (WNS)
  - 4.1 Transportation under Rate Schedules SNS and WNS shall be considered firm at the Receipt Point(s) for quantities up to Customer's Nominated Daily Quantity-SNS and Nominated Daily Quantity-WNS and at the Delivery Point(s) for quantities delivered up to Customer's Contract Demand, and subject to curtailment as provided in Section 6.12 of the General Terms and Conditions of this Tariff. Texas Gas shall be obligated to receive from Customer, or for the account of Customer, quantities of natural gas up to Customer's Nominated Daily Quantity and redeliver to Customer, or for the account of Customer, quantities of natural gas up to Customer's Contract Demand on a firm basis. Additionally, Texas Gas shall be obligated to receive from Customer, or for the account of Customer, and redeliver to Customer, or for the account of Customer, on a firm basis, quantities of natural gas on a seasonal basis during the Summer season up to Customer's Summer Quantity Entitlement-SNS and during the Winter season up to customer's Winter Quantity Entitlement-WNS.
  - 4.2 SNS and WNS Customers will designate firm primary receipt point capacity for Customer's Nominated Daily Quantity-SNS or -WNS within any allocated, awarded, or grandfathered supply lateral capacity rights. Texas Gas will not limit the number of primary receipt points available to an SNS or WNS Customer. Primary receipt point capacity will be allocated on a first come, first-served basis, with Customers requesting capacity on the same day (or during any approved "open season" period) treated as being the same in time. If capacity at any receipt point is oversubscribed such capacity will be allocated pro rata among the parties same in time, based on the capacity requested by each Customer, not to exceed any Customer's applicable supply lateral



rights or Nominated Daily Quantity-SNS or -WNS. Except as allowed for supply lateral receipt points under Section 6.8[6.2] of the General Terms and Conditions, the sum of capacity reserved at Customer's primary receipt point(s) cannot exceed the Customer's firm Nominated Daily Quantity. Such limitation, however, is not intended to prevent a Customer from releasing its firm capacity in segments pursuant to Section 6.16 of the General Terms and Conditions herein. For purposes of determining the amount of primary receipt point capacity reserved by an SNS or WNS Customer, primary receipt point capacity reserved by Replacement Customers under their SNS, WNS, or FT Service Agreement shall not be considered as primary receipt point capacity reserved under the Releasing Customer's applicable Service Agreement.

- 4.3 Customers shall also have use of Secondary Receipt Points located within the same zone as their Primary Receipt Point and in zones downstream of their Primary Receipt Point(s) but upstream of the Customer's Primary Delivery Point up to Customer's Nominated Daily Quantity-SNS or -WNS. Curtailment of gas receipts for an SNS or WNS Customer at a Secondary Point of Receipt shall be subject to Section 6.12 of the General Terms and Conditions of this Tariff.
- 4.4 Customers transporting gas pursuant to Rate Schedule SNS or WNS shall designate one or more Primary Delivery Points where capacity is reserved on a firm basis. The sum of capacity reserved at the Primary Delivery Point(s) cannot exceed the Customer's Applicable firm transportation Contract Demand. Such limitation, however, is not intended to prevent a Customer from releasing its firm capacity in segments pursuant to Section 6.16 of the General Terms and Conditions herein. For purposes of determining amount of primary delivery point capacity reserved by an SNS or WNS Customer, primary delivery point capacity reserved by Replacement Customers under their SNS, WNS, or FT Service Agreements shall not be considered as primary delivery point capacity reserved under the Releasing Customer's SNS or WNS Service Agreement.
- 4.5 SNS or WNS Customers will have access to Secondary Delivery Points on a firm basis upstream of their Primary Delivery Points up to Customer's Contract Demand. In addition, SNS or WNS Customers will have access to Secondary Delivery Points downstream of their Primary Delivery Points on an interruptible basis, if such points are located within the same service zone as their Primary Delivery Point(s). Curtailment of gas deliveries to an SNS or WNS Customer at a Secondary Point of Delivery shall be subject to Section 6.12 of the General Terms and Conditions of this Tariff.
  - 4.5.1 Customer may make deliveries in service zone(s)/Customer Laterals outside the service zone of the Customer's Primary Delivery Point ("Additional Delivery Zone(s)") as follows:
    - (i) If the Additional Delivery Zone(s) are upstream (south) of Customer's Primary Delivery Zone, customer may deliver gas to Zones upstream (south) of their Primary Delivery Point Zone, but within their primary path including their Primary Receipt Point Zone(s). If Customer is paying the maximum applicable rate, no additional charge will be assessed. If Customer is paying less than the applicable maximum rate, then, unless otherwise mutually agreed in writing, Customer shall pay a supplemental charge equal to the difference between (1) the maximum applicable daily demand rate to Customer's Primary Delivery Point Zone and (2) the daily

demand rate under the base transportation agreement times the actual quantities delivered.

- (ii) If the Additional Delivery Zone(s) are downstream (north) of Customer's Primary Delivery Point Zone, then, unless otherwise mutually agreed, in addition to the daily demand charge for its primary firm service, Customer will be billed a supplemental charge for service in the downstream Additional Delivery Point Zone which is equal to the difference between (1) the maximum applicable daily demand rate to the Additional Delivery Point Zone, and (2) the daily demand rate under the base transportation agreement times the actual quantities delivered. The Fayetteville Lateral or the Greenville Lateral are incremental service zones and incremental charges for the Fayetteville Lateral or the Greenville Lateral, as applicable, will apply to any transportation service utilizing the Fayetteville Lateral or the Greenville Lateral, as well as the supplemental charges referenced above.

- 4.6 Provided Texas Gas' prior consent is obtained, Customer may tender quantities of gas in excess of the Nominated Daily Quantity, or take quantities in excess of Customer's Contract Demand, on any day if such tender and transportation of such gas can be accomplished by Texas Gas without detriment to any other Customer under any of Texas Gas' transportation rate schedules (see Section 6.12 of the General Terms and Conditions of this Tariff) if such transportation is compatible to Texas Gas' system operation requirements. Subject to the foregoing restrictions, Texas Gas' consent shall not be unreasonably withheld.

## 5. TAPS Service Receipt and Delivery Points

- 5.1 The Receipt Point(s) for all gas transported by Texas Gas under Rate Schedule TAPS shall be at a mutually agreeable interconnection between Texas Gas' facilities and the facilities of Customer or Customer's Designee located in the same Texas Gas service zone or (as applicable) each pooling area within a service zone as Customer's Pooling Delivery Point.

Texas Gas shall have the right to interrupt service under Rate Schedule TAPS if total deliveries of gas to Texas Gas from all customers under all Rate Schedules at any one point of receipt fall below a volume that can be accurately measured.

Should Customer's nominations at a particular Point or Points of Receipt exceed the quantity of gas available for receipt at such Point of Receipt, it is the responsibility of Customer and its supplier to allocate the quantities actually available for receipt at that point. Texas Gas will require Predetermined Allocation Agreements at all receipt points in accordance with Section 6.13 of the General Terms and Conditions of this Tariff.

Customer agrees to indemnify and hold harmless Texas Gas from any and all claims, suits, damages, or actions arising from the failure of Texas Gas to receive quantities of gas actually nominated by Customer at a particular Point or Points of Receipt, resulting specifically from the situations described above.

- 5.2 The Delivery Point(s) for all gas transported by Texas Gas under Rate Schedule TAPS shall be at the Pooling Point(s). Texas Gas will require a priority list for scheduling and curtailing gas deliveries, in cases of gas supply shortage or curtailment, from Customer's Pooling Delivery Point to downstream Corresponding Transportation Agreements.

## 6. Receipt and Delivery Points for Firm Lateral Service (FLS)

6.1 The following receipt and delivery point terms and conditions apply to the Rate Schedule FLS Options:

6.1.1 FT-FLS and EFT-FLS: Except anything to the contrary established in Section 5.20[4.4] of Rate Schedule FLS, Rate Schedule Options FT-FLS and EFT-FLS are subject to all of the terms and conditions set forth for Rate Schedule FT in Section 6.6[2] above.

6.1.2 NNS-FLS and NNL-FLS: Except anything to the contrary established in Section 5.20[4.4] of Rate Schedule FLS, Rate Schedule Option NNS-FLS and NNL-FLS are subject to all the terms and conditions of set forth for Rate Schedule NNS or NNL, as applicable, in Section 6.6[3] above.

6.1.3 SNS-FLS and WNS-FLS: Except anything to the contrary established in Section 5.20[4.4] of Rate Schedule FLS, Rate Schedule Options SNS-FLS and WNS-FLS are subject to all the terms and conditions set forth for Rate Schedules SNS and WNS in Section 6.6[4] above.

7. Service Zones

Gas service under this Tariff is divided into the following service zones:

**Zone SL (Southern Louisiana)** is comprised of the area served from the pipeline system which lies south of the point of intersection of the Bastrop-Eunice mainline and the Red River in Rapides Parish, Louisiana.

**Zone 1** is comprised of the area served from (a) the pipeline system extending generally from Lisbon, Louisiana, to Memphis, Tennessee, and thence to Jackson, Tennessee, by means of the system which was formerly owned and operated by the Memphis Natural Gas Company prior to its merger into Texas Gas Transmission, LLC, (b) the main transmission pipeline system extending from Panola County, Texas, to the Bastrop Compressor Station, (c) the system extending northward from the point of intersection of the Bastrop-Eunice line and the Red River in Rapides Parish, Louisiana, to the Bastrop Compressor Station, and (d) the system extending from the Bastrop Compressor Station to the point of intersection of the main transmission pipeline with the county line between the counties of Lauderdale and Dyer, Tennessee; provided, however, the Fayetteville and Greenville Laterals, as more fully defined below, are subject to incremental rates and are not a part of Zone 1. For purposes of pooling under Rate Schedule TAPS, the Fayetteville Lateral Phase I (the first 66 miles of the Fayetteville Lateral, from Conway County, Arkansas to the Bald Knob area in White County, Arkansas), the Fayetteville Lateral Phase II (the remainder of the Fayetteville Lateral from White County, Arkansas to the interconnect with Texas Gas' mainline), and the Greenville Lateral may each be considered a separate Service Zone.

The **Fayetteville Lateral** is comprised of the area served from the pipeline system beginning in Grandview, Arkansas and extending due east through Faulkner, Cleburne, and White County into Woodruff County, Arkansas, then turning southeast through Woodruff, St. Francis, Lee and Phillips County, Arkansas, across the Mississippi River near Helena, Arkansas to the terminus of Texas Gas' mainline system in Coahoma County, Mississippi.

The **Greenville Lateral** is comprised of the area served from Texas Gas' Greenville Compressor Station beginning in Washington County, Mississippi, and traversing east-southeast through Washington, Sunflower, Humphreys, and Holmes County to the southern

portion of Attala County, Mississippi.

**Zone 2** is comprised of the area served from the main transmission pipeline system between the point of intersection of said pipeline with the county line between the counties of Lauderdale and Dyer, Tennessee, and a point on said pipeline system at the intersection with the county line between the counties of Lyon and Caldwell, Kentucky.

**Zone 3** is comprised of the area served in the western part of Kentucky, southwestern and central Indiana, and southeastern part of Illinois by means of the system formerly owned and operated by the Kentucky Natural Gas Corporation prior to its merger into Texas Gas Transmission, LLC and shall also include the area served from the main transmission pipeline system from the point of intersection of said pipeline with the county line between the counties of Lyon and Caldwell, Kentucky, and the point of intersection of said pipeline with the county line between the counties of Breckenridge and Hancock, Kentucky.

**Zone 4** is comprised of the area served from the main transmission pipeline system from the point of intersection of said pipeline with the county line between the counties of Breckenridge and Hancock, Kentucky, and the terminus of the pipeline near Lebanon, Ohio.

## Operating Conditions

### 1. Delivery Pressure

- (a) Customer shall cause delivery of the gas at the Point(s) of Receipt at a pressure sufficient to allow the gas to enter Transporter's pipeline system at the varying pressures that may exist on Transporter's system from time to time, provided, however, that the pressure of the gas delivered by Customer shall not be more than the maximum allowable operating pressure (MAOP) of Transporter's pipeline. In the event that the MAOP of the pipeline is reduced or increased, then the maximum pressure of the gas received by Transporter at the Point(s) of Receipt shall be correspondingly reduced or increased upon written notification by Transporter to Customer.
- (b) Transporter shall deliver the gas transported hereunder to or for the account of Customer at the Point(s) of Delivery at the varying pressures that may exist on the Transporter's pipeline system from time to time; provided, however, that the pressure of the gas delivered by Transporter shall not be more than the MAOP of Transporter's pipeline. In the event that the MAOP of Transporter's pipeline is reduced or increased then the maximum pressure of the gas delivered by Transporter for the account of Customer at the Point(s) of Delivery shall be correspondingly reduced or increased upon written notification by Transporter to Customer.
- (c) Transporter may agree with any Customer to a minimum and/or maximum pressure for any Point of Receipt/Delivery, if in Transporter's reasonable determination such pressure is operationally feasible and does not adversely affect any firm service on Transporter's system. Any agreed-to pressure shall apply to all Customers at the Point of Receipt/Delivery.

### 2. Other Operating Provisions

- (a) Customer shall make all necessary arrangements with other parties at or upstream of the point(s) of receipt where it tenders gas to Texas Gas for transportation. Such arrangements shall be coordinated with Texas Gas' Customer Service Department.
- (b) If the natural gas offered for transportation hereunder fails at any time to conform to the quality provisions in Section 6.3 of the General Terms and Conditions of this Tariff, then Texas Gas shall notify Customer of such failure and may, at its option, refuse to accept delivery pending corrective action by Customer.
- (c) Texas Gas shall not be required to perform or to continue to perform service under this Rate Schedule on behalf of any Customer that has applied for bankruptcy under Chapter 11 of the Bankruptcy Code or on behalf of any Customer who, at Texas Gas' reasonable discretion, fails to demonstrate minimal creditworthiness, pursuant to Section 6.5 hereof; provided, however, such Customer may receive service under the appropriate transportation Rate Schedule if said Customer provides adequate security pursuant to Section 6.5[3] of this Tariff.
- (d) Texas Gas shall not be required to perform service under any transportation Rate Schedule, subject to the obtaining of any necessary approvals, for or on behalf of any Customer that is in arrears with Texas Gas of any charge, rate, or fee authorized by the Commission under any Rate Schedule on file with the Commission; provided, however,

the provisions of Section 6.15[9] of the General Terms and Conditions of this Tariff shall govern with regard to any bona fide dispute or non-payment.

- (e) Texas Gas shall not be required to perform service under any Transportation Rate Schedule, subject to the obtaining of any necessary approvals, on behalf of any Customer that fails to comply with any and all of the terms of the applicable Rate Schedule and with the terms of Customer's Transportation Service Agreement with Texas Gas.
- (f) Customer agrees that, with respect to transportation transactions under which a Customer is acting as agent for or on behalf of a third party, any priority to capacity arising from that transaction will be deemed to have been acquired by the real party in interest involved in such transaction, i.e., that party actually receiving the gas either for consumption or for its system supply.
- (g) As between Texas Gas and Customer, Texas Gas shall have no obligation whatsoever to odorize the natural gas delivered hereunder, nor to maintain any odorant levels in such natural gas. Notwithstanding anything to the contrary in the Agreement, Customer agrees to indemnify and hold harmless Texas Gas, its officers, agents, employees, and contractors against any liability, loss, or damage, including costs and attorneys' fees, whether or not such liability, loss, or damage arises out of any demand, claim, action, cause of action, and/or suit brought by Customer or by any person, association, or entity, public, or private, that is not a party to this Agreement, where such liability, loss, or damage is suffered by Texas Gas, its officers, agents, employees and/or contractors as a direct or indirect result of any actual or alleged failure by Customer, Texas Gas, and/or any other person, association, or entity, public or private, to odorize the natural gas or product after delivery hereunder or to maintain any odorant levels in such natural gas or product.

## **Requests for Service**

### **1. Request for Service**

Texas Gas will post its available firm capacity on the Texas Gas Internet Website.

Except as otherwise provided in Section 6.11 below, a Request for Service is required to initiate a new service agreement or a change to an existing service agreement; provided that, a Request for Service is not required for agreement extensions subject to the bilateral evergreen or unilateral rollover provisions of Section 6.10[2], unless such extensions involve changes subject to auction and bidding procedures of Section 6.11[1]. Within a reasonable time after submission of a Request for Service, Texas Gas and Customer shall agree upon the quantities of gas to be transported by Texas Gas. Except as otherwise provided above, any increase or decrease in transportation Contract Demand is subject to the Request for Service process; provided, however, that a decrease in transportation Contract Demand is not subject to the auction and bidding procedures of Section 6.11[1]. Contract Demand may be increased or decreased upon mutual agreement by the parties through an amendment to the existing service agreement or through execution of a new service agreement; provided, however, that Contract Demand may be decreased only at the end of the term of an agreement for an extension of such agreement, except as specified in Section 6.8[8] of the General Terms and Conditions.

Texas Gas shall not be obligated to reduce Customer's reservation charge under an existing FT, STF, NNS,>NNL, SNS, WNS, or FLS service agreement when Customer requests to add, change, or delete any Primary Point(s). If Customer requests to add, change, or delete any Primary Point(s), the reservation charge due Texas Gas shall be the higher of (i) the initial service agreement reservation charge(s), or (ii) the maximum reservation charge(s) for the added, changed, or deleted Primary Point(s). If Customer makes such a request, Customer's reservation charge will not be reduced unless otherwise agreed to in writing. In addition, Texas Gas shall charge Customer a commodity rate applicable to the service zones in which gas is received and delivered, unless otherwise agreed to in writing.

A Request for Service shall be submitted via EDM and the information required for a valid Request for Service is specified below. A Request for Service may be withdrawn by Customer until such time as Customer is notified of the availability of capacity. In the event of failure of Texas Gas' or the Customer's access to the EDM, Customer may submit requests for service via email to [CommercialContracts@bwpipelines.com](mailto:CommercialContracts@bwpipelines.com). All failures must be communicated to Texas Gas prior to submitting a request for service via email by contacting technical support at (713) 479-8680.

### **2. Request for Service Processing**

Each Request for Service will be logged based upon the date and time received. This log is referred to herein as the "Queue." The Queue is used to track Requests for Service and to ensure that Requests for Service are evaluated on a first-come, first-served basis. Transportation Request Forms received pursuant to an ongoing auction will not be added to the Queue but will be maintained as part of auction documentation, and the Transportation Request Form submitted by the Customer(s) who are deemed to have best bid(s) will be validated and used to prepare the service agreement(s) for awarded capacity.

A Request for Service which contains the Minimum Information but is otherwise incomplete or unsubstantiated will maintain its queue position; however such Request for Service will be removed from the Queue if such information is not provided within one (1) Business Day of notification by Texas Gas.

Texas Gas shall, within five (5) Business Days from the receipt of a Request for Service, notify a Customer whose Request for Service is determined to be invalid in accordance with Section 6.8[3] of these General Terms and Conditions and shall state the reason(s) that the Request for Service is invalid. A Request for Service that is determined to be invalid will be removed from the Queue.

Upon Customer's request, Texas Gas shall consolidate a Customer's existing firm Service Agreements, including but not limited to those previously split to separate and reflect individual points during the right of first refusal ("ROFR") process, under a new, superseding Service Agreement, to the extent such existing Service Agreements meet certain requirements, including but not limited to: (i) the ability to combine primary points and/or transportation paths where all primary points and/or transportation paths are subject to the same rate schedule; (ii) all primary points and/or transportation paths on the consolidated Service Agreement must have identical rates and terms; (iii) all primary points and/or transportation paths must be subject to the same maximum rate, discounted rate, or negotiated rate, as applicable; (iv) all outstanding temporary capacity releases have been recalled; (v) all consolidations must be revenue-neutral to Texas Gas; provided, however, such a consolidation request will also be considered valid where the existing Service Agreements contain different rates if the parties mutually agree to the rates that will be applicable under the consolidated Service Agreement. Further, Customers may request to extend the terms of their existing firm Service Agreements, subject to available capacity and the posting and bidding requirements of Section 6.11, to align the terms of such existing Service Agreements to facilitate the consolidation of such Service Agreements.

Upon Customer's request, Texas Gas shall consolidate all or a part of Customer's existing PAL and ISS Service Agreements under a new, superseding Service Agreement, to the extent such existing Service Agreements meet certain requirements, including but not limited to, the existing Service Agreements: (i) having the same receipt and delivery point(s); (ii) being subject to the same rate schedule; (iii) having identical termination dates; (iv) being subject to the same maximum rate, discounted rate, or negotiated rate, as applicable. All consolidations of existing PAL and ISS Service Agreements must be at least financially neutral to Texas Gas; provided, however, such a consolidation request will also be considered valid where the existing Service Agreements contain different rates if the parties mutually agree to the rate(s) that will be applicable under the consolidated Service Agreement. Further, Customers may request to extend the terms of their existing PAL and ISS Service Agreements to align the terms of such existing Service Agreements to facilitate the consolidation of such Service Agreements.

### 3. Valid Request for Service Requirements

A valid Request for Service shall contain the applicable information specified in this Section 6.8[3]. A Request for Service will not be considered to be valid until a Customer has met the credit / security requirements of Section 6.5 of these General Terms and Conditions. Texas Gas may also reject any request for service if Customer files for bankruptcy or becomes insolvent (as defined under Section 6.5) prior to executing a Service Agreement. Except as provided below, a Request for Service will be deemed invalid when received more than six (6) months prior to the commencement of service.

A Request for Service can be received and processed more than six (6) months prior to the commencement of service if such Request for Service is for firm service, and is associated with:

- an open season;
- termination of an existing service agreement on another pipeline;
- installation of a new physical receipt or delivery meter;



- construction of new pipeline facilities required to serve a new receipt or delivery point;
- modification of facilities that will result in a material increase in gas production or usage;
- reservation of capacity for Expansion/Extension Projects in accordance with Section 6.20[4] of the General Terms and Conditions; or
- a new firm service agreement with a primary term of at least five (5) years.

Further, a Customer may submit a request to increase its MDQ during an evergreen term more than six months prior to commencement of such evergreen term. A Customer submitting a Request for Service more than 6 months before service commences shall submit to Texas Gas written evidence that one or more of the above conditions exist. Failure to provide such written evidence shall render the Request for Service invalid.

In addition, an existing firm transportation or firm storage Customer that does not have a right of first refusal or an evergreen clause in its contract may request to extend such contract more than six (6) months prior to the termination of such contract, subject to (1) the availability of firm capacity, (2) negotiation of the transportation rate and (3) the posting and bidding requirements of Section 6.11[1]. Furthermore, an existing firm transportation or firm storage Customer that does have a right of first refusal or an evergreen clause in its contract may request to extend such contract more than six (6) months prior to the termination of such contract, subject to negotiation of the transportation rate, but without being subject to the posting and bidding requirements of Section 6.11[1].

### 3.1 Information for All Service Requests

- (a) Customer Identity - The identity of the Customer making the Request for Service, including the legal name of the Customer, the type of entity (i.e. corporation, limited partnership, etc.) and the Customer's DUNS Number shall be provided.
- (b) Contact / Billing - Customer shall provide Texas Gas with at least one (1) e-mail address to be used by Texas Gas to provide notice regarding the availability of imbalance statements and final invoices for payment purposes and shall notify Texas Gas of changes, as necessary. Customer may also provide address, phone, and other contact information for ongoing business, notices and billings.
- (c) Credit Information - Customer shall provide credit information as required by Texas Gas in accordance with Section 6.5 of the General Terms and Conditions. Service is contingent upon a satisfactory credit appraisal and maintenance of a satisfactory credit record pursuant to Section 6.5 of the General Terms and Conditions. Texas Gas may require information, deny service, or require security as set forth in Section 6.5 of the General Terms and Conditions.
- (d) Request Type - Customer must indicate if the Request for Service is for new service or to amend an existing contract. Amendment Requests require the existing Contract Number.
- (e) Rate Schedule - Customer shall indicate the applicable Rate Schedule
- (f) Rate - Customer shall provide its requested rate for evaluation. The maximum rate will otherwise apply.
- (g) Term of service -

- (1) Customer shall provide the date service is requested to commence.
- (2) Customer shall provide the requested duration of service in accordance with the applicable rate schedule.
- (h) Customer Statements - Customer shall include statements which provide that:
  - (1) Customer has title to the gas, or has the contractual right to deliver, or cause to be delivered, such gas to Texas Gas for transportation.
  - (2) Customer has entered into or will enter into those arrangements necessary to assure all upstream and downstream transportation will be in place prior to the commencement of transportation through Texas Gas' system.
- (i) Customer Type - Customer shall indicate whether it is a local distribution company, an interstate pipeline, an intrastate pipeline, an end-user, a producer or a marketer.
- (j) Other Information - Customer shall provide such other information as is required to comply with regulatory requirements.

### 3.2 Information for All Firm Transportation Services

- (a) Gas quantities - Customer shall provide the Contract Demand stated in MMBtus, which will represent Texas Gas' maximum daily quantities to be provided under the applicable Rate Schedule. Customer shall indicate if Customer is willing to accept a lesser quantity based upon capacity availability or auction results. Customers requesting service with Seasonal Quantities shall indicate the requested quantity levels by season. Customers requesting service with varying Contract Demand levels within the term of the firm agreement shall indicate the requested quantities by time period.
- (b) Maximum Quantity Obligation - For each Primary Point of Receipt and Primary Point of Delivery, as specified below, the maximum quantity obligation for each point shall be stated individually in MMBtus. The sum of the maximum quantities stated for all Primary Delivery Points cannot exceed the total Contract Demand.
- (c) Primary Point(s) of Receipt - Customer shall provide the point(s) of entry into Texas Gas' system where Customer desires capacity to be reserved on a firm basis.
- (d) Supply Lateral Capacity - To the extent Customer's Request for Service includes capacity in Zones SL or 1, Customer shall indicate whether it desires Supply Lateral Capacity and, if so, shall state the capacity for each desired Supply Lateral in compliance with Section 6.8[6.2] below.
- (e) Primary Point(s) of Delivery - Customer shall provide the Point(s) of Delivery by Texas Gas where Customer desires capacity to be reserved on a firm basis. Direct-served LDC Customers of Texas Gas with multiple city-gate meters delivering into their service area in a particular Texas Gas rate zone will be

treated as a single delivery point unless such delivery points are located on market laterals as identified in Section 6.17[3(c)], in which case multiple city-gate meters for each service area on each market lateral will be treated as a single delivery point.

- (f) Capacity on Other Pipelines - To the extent Customer designates a Primary Receipt Point which utilizes Texas Gas' capacity on another pipeline, the availability of such capacity is subject to the terms and conditions of Texas Gas' Firm Transportation Service Agreement and/or lease on the other pipeline.
- (g) Affiliation - Any affiliation between Texas Gas and the potential Customer or between a releasing and replacement shipper must be provided.

### 3.3 Information for Addended Firm Services

- (a) Rate Schedules EFT and ENS may be requested together with new firm transportation service. If requested to add the service to an existing firm transportation agreement, the agreement number must be provided.

### 3.4 Information for Enhanced Park Service

- (a) Quantities - Customer shall provide the Maximum Contract Park Quantity(ies), Maximum Daily Park Quantity(ies) and Maximum Daily Unpark Quantity(ies) which it desires to be provided. Quantities shall be stated in MMBtus.
- (b) Point(s) of Receipt/Delivery as park and unpark transactions must occur at the same point.

### 3.5 Information for Interruptible Transportation Services

- (a) Point(s) of Receipt and Point(s) of Delivery - Point(s) of Receipt are the point(s) of entry into Texas Gas' system. Point(s) of Delivery are the point(s) where gas is to be delivered by Texas Gas. The Texas Gas Master Location List is available for Rate Schedule IT on the Texas Gas Internet website. The receipt and delivery point(s) available under Rate Schedule ILS are specific to a Customer Lateral and will be posted on the Texas Gas Internet Website. The receipt and delivery point(s) available under Rate Schedule PAL are specific to the requested zone/area and are not required to be provided by Customer.
- (b) Gas quantities - Customer shall provide maximum daily quantities, stated in MMBtus, which it desires to be provided under the applicable Rate Schedule. Additionally, Customer shall provide maximum park or loan quantities under Rate Schedule PAL.

### 3.6 Storage Services

Customer shall supply information regarding the requested Maximum Seasonal Quantity, Interruptible Storage Quantity, Maximum Daily Injection Quantity, Interruptible Daily Injection Quantity, Maximum Daily Withdrawal Quantity, Interruptible Daily Withdrawal Quantity and other information as required for the requested service.

### 3.7 TAPS Service

- (a) Point(s) of Receipt Requirement - Only those receipt points located in the same Service Zone or (as applicable) each pooling area within a Service Zone as the Pooling Delivery Point will be available in the Transportation Aggregation Pooling Service Agreement. The Texas Gas Master Location List is available on the Texas Gas Internet website.
- (b) Point(s) of Delivery - Point(s) of Delivery are the Pooling Point(s) where Texas Gas will deliver gas for redelivery to a Corresponding Transportation Agreement.
- (c) Gas quantities - Customer shall provide the maximum daily quantities, stated in MMBtus, which it desires to be provided under the applicable Rate Schedule.

### 3.8 HOT Service

Customer shall provide the delivery point for the requested service. If the requesting party is not the Delivery Point Operator, additional documentation shall be required.

## 4. Service in More Than One Service Zone

Where Transporter is to deliver gas to Customer in more than one service zone of Transporter, Transporter's charges for gas delivered to Customer shall be computed separately for each zone under applicable rate schedules.

## 5. Election of Rate Schedule

Except for capacity made available by auction or open season where Texas Gas has specified the type of service applicable to the capacity being offered, Customer may choose the rate schedule applicable to their capacity on their Request for Service, subject to the following conditions:

- 5.1 Customer receiving service initially: A Customer receiving service from Texas Gas for the first time shall have the option to elect to receive service under whichever of Texas Gas' rate schedules are available for service to such Customer.
- 5.2 Customer receiving service under Texas Gas' "SGT" Rate Schedule: A Customer having received service from Texas Gas under an "SGT" Rate Schedule for at least 12 consecutive months may elect to take service under an available "NNS" Rate Schedule, effective as of the beginning of any month, by giving Texas Gas at least 60 days advance written notice and by executing a new service agreement for service under such "NNS" Rate Schedule. A Customer having thus changed its election may resume service under the "SGT" Rate Schedule, if the Customer meets all qualifications for service under such Rate Schedule, effective as of the beginning of any month, after a period of at least 12 months' service under the "NNS" Rate Schedule, and upon at least 60 days advance written notice to Texas Gas and the execution of a new service agreement for service under the "SGT" Rate Schedule.
- 5.3 Customer receiving service under Texas Gas' "SGL" Rate Schedule: A Customer, having received service from Texas Gas under an "SGL" Rate Schedule for at least 12 consecutive months, may elect to take service under an available "NNL" Rate Schedule, effective as of the beginning of any month, by giving Texas Gas at least 60 days advance written notice and by executing a new service agreement for service under such "NNL" Rate Schedule. A Customer having thus changed its election may

resume service under the "SGL" Rate Schedule, if the Customer meets all qualifications for service under such Rate Schedule, effective as of the beginning of any month, after a period of at least 12 months' service under the "NNL" Rate Schedule, and upon at least 60 days advance written notice to Texas Gas and the execution of a new service agreement for service under the "SGL" Rate Schedule.

- 5.4 Conversion of Service from Rate Schedule STF to FT: Subject to available capacity and posting and bidding requirements applicable to any increases in Contract Demand in accordance with Section 6.11, a Customer that extends its service under Rate Schedule STF may elect, at the end of the primary term or any renewal/extension term, to convert its service to Rate Schedule FT, provided the extension is for a term of one (1) year or more. Texas Gas and Customer shall execute a new service agreement converting the existing STF service to service under Texas Gas Rate Schedule FT for the extension term.

## 6. Supply Lateral Capacity

- 6.1 Use of any allocated, awarded, or grandfathered supply lateral capacity provides Customer the right to (1) change primary receipt point capacity reserved on supply laterals with such ability being limited only by Customer's capacity rights on each supply lateral and by the availability of firm receipt point capacity, and (2) release unused capacity on supply laterals pursuant to the terms and conditions of Texas Gas' capacity release program.
- 6.2 Texas Gas will post any of its available firm capacity on its supply laterals on its Internet website on the same basis as it posts other available firm capacity. Supply lateral capacity is subject to the Request for Service, posting, and bidding processes as set forth in Sections 6.8 and 6.11. In new firm service agreements executed on or after July 3, 2007, Customers shall receive supply lateral capacity allocations of up to 119% of the effective daily Contract Demand but not more than 100% of the effective Contract Demand, on any individual supply lateral, as selected by Customer from the available supply lateral capacity. Any supply lateral capacity allocated on or after July 3, 2007, shall not be grandfathered supply lateral capacity as set forth in Sections 6.8[6.3] and 6.8[6.4] below.
- 6.3 All firm supply lateral capacity allocations and primary receipt point designations within such supply lateral capacity allocations for firm service agreements in existence on July 2, 2007 are grandfathered. Such grandfathered supply lateral capacity allocations will remain in full force and effect for the life of Customer's applicable contract, including any automatic rollover or evergreen terms, and will be subject to Customer's right of first refusal, if applicable, pursuant to Section 6.10 of these General Terms and Conditions. A listing of the grandfathered supply lateral capacity allocations and existing primary receipt point designations within such supply lateral capacity allocations will be posted to Texas Gas' Internet Website.
- 6.4 Firm Customers may trade grandfathered firm supply lateral capacity rights among themselves; however, all such trading must be done through Texas Gas' Internet Website. All supply lateral trades must be for equal amounts of capacity on different supply laterals. Firm Customers desiring to trade their supply lateral capacity rights must provide Texas Gas with the following information to post to its Internet Website:
  - (a) Supply lateral(s) on which Customer is willing to reduce its firm capacity rights and the amount of capacity Customer is willing to trade away.

- (b) Supply lateral(s) on which Customer desires to increase its firm capacity rights and the amount of additional capacity Customer desires.
- (c) The date that Customer requests this capacity trade to be effective.
- (d) Name of Customer and appropriate party contact regarding supply lateral trade.

**7. Capacity Evaluation**

Upon determination that a Request for Service is valid, Texas Gas shall determine if the requested capacity is available. If Texas Gas cannot satisfy the Request for Service, Texas Gas shall notify the Customer and such Request for Service shall be removed from the Queue. If the requested capacity is available, except as otherwise provided herein, the Request for Service shall be handled pursuant to the posting and bidding procedures provided in Section 6.11[1] of these General Terms and Conditions.

**8. Capacity Reduction Provisions**

The following provisions of these Sections 6.8[8.1 and 8.2] are only applicable to Rate Schedules NNS, NNL, SGT, and SGL.

- 8.1 If a shipper utilizing Texas Gas' transmission facilities bypasses an existing NNS, NNL, SGT, or SGL Customer's (referred to collectively in these Sections 6.8[8.1 and 8.2] as "No-Notice Customer") facilities to provide direct service to an entity that is currently receiving service from such No-Notice Customer then the affected No-Notice Customer may reduce the applicable Contract Demand by an amount not to exceed the Contract Demand lost as a direct result of the bypass. The No-Notice Customer shall provide written notice to Texas Gas of its desired Contract Demand reduction. Such reduction shall become effective on the latter of 60 days following receipt of such notice or the effective date of the bypass.
- 8.2 If a No-Notice Customer is required by its regulatory or legislative authority to unbundle its merchant function or provide open access transportation on some or all of its facilities ("Regulatory Proceedings"), then the No-Notice Customer shall use its best efforts during the Regulatory Proceedings:
  - (a) To require any parties that assume all or part of the merchant function to take assignment of the relevant pro rata portion of Customer's applicable Contract Demand under the terms of the No-Notice Customer's service agreement, including any existing discount or negotiated rate agreement.
  - (b) To ensure that its NNS, NNL, SGT, or SGL service agreement with Texas Gas does not receive a disproportionate reduction in Contract Demand versus the Contract Demand of any of its other firm service agreements on Texas Gas, or on any other pipeline.
  - (c) If the No-Notice Customer is unable to assign the rights as provided in (b)(i) above, which results in a loss of applicable Contract Demand, then to the extent that any portion of the NNS, NNL, SGT, or SGL service agreement's demand charges becomes a stranded cost, the No-Notice Customer shall have the right to reduce its applicable Contract Demand. The No-Notice Customer shall provide written notice to Texas Gas of its desired Contract Demand reduction following

issuance of the final order. Such reduction shall become effective 60 days following receipt of such notice.

The following provisions of this Section 6.8[8.3] are only applicable to Rate Schedules NNS, NNL, WNS, and SNS.

- 8.3 If an NNS, NNL, WNS, or SNS Customer's (referred to collectively in this Section 6.8[8.3] as "No-Notice Customer") regulatory authority rejects a new or proposed expansion project for which such Customer has submitted a request for service and been awarded firm no-notice capacity pursuant to Texas Gas' posting and bidding process under either a new service agreement or an amendment to an existing service agreement, the No-Notice Customer may reduce the applicable Contract Demand by an amount not to exceed the Contract Demand obtained for the new or proposed expansion project, provided that:
- (a) The No-Notice Customer has executed a Service Agreement for such capacity with a term of at least ten years;
  - (b) The No-Notice Customer submits its project for approval with its regulatory authority at least two years prior to the effective date of the applicable Service Agreement and within six months of executing the applicable Service Agreement;
  - (c) Texas Gas is afforded the right to intervene in the regulatory proceeding; and
  - (d) No more than thirty (30) days from the date the regulatory authority rejects the new or proposed expansion project and no less than eighteen (18) months from the effective date of the applicable Service Agreement, whichever is earlier, No-Notice Customer provides notice to Texas Gas of the regulatory authority's rejection and requests the Contract Demand reduction.

Contemporaneously with any notice of Contract Demand reduction as provided in Sections 6.8[8.1], 6.8[8.2], or 6.8[8.3] above, the No-Notice Customer shall also submit a valid request for service reflecting the necessary reductions in primary receipt and delivery point quantities and supply lateral capacity rights, as applicable, or Service Agreement termination pursuant to Section 6.8[8.3] (if all Contract Demand under the applicable Service Agreement is associated with the new or proposed expansion project).

9. Updated Information

Texas Gas may request and Customer will provide updated, standard request-for-service-type information, such as contact, notice, and/or billing information, to facilitate ongoing contract administration activities and rollover/evergreen agreement processing. Texas Gas will use reasonable efforts to minimize such requests.

### Fuel, and Other Rates and Charges

1. Unless otherwise agreed to in writing by Texas Gas and Customer, Texas Gas may, from time to time, and at any time selectively after negotiation, discount the rate(s) applicable to any individual Customer; provided, however, that such discounted rate(s) shall not exceed the applicable Maximum Rate(s) nor shall they be less than the Minimum Rate(s) set forth in the currently effective Sections 4.1 through 4.17 of this Tariff. If Texas Gas so discounts any rates to any Customer, Texas Gas shall file with the Commission any and all required reports respecting such adjusted rate. Further, Texas Gas and Customer may mutually agree to a negotiated rate pursuant to Section 6.9[5] of the General Terms and Conditions of Texas Gas' Tariff.

2. Fuel Retention

- 2.1 Fuel Zones

Gas service under this Tariff is divided into three Fuel Zones:

Fuel Zone South is comprised of service zones SL and 1;  
Fuel Zone Middle is comprised of service zones 2 and 3; and  
Fuel Zone North is comprised of service zone 4.

The service zones are more fully defined in Section 6.6[7] of the General Terms and Conditions of this Tariff.

- 2.2 General

The provisions of this Section 6.9[2] are applicable to all transportation services under which Texas Gas retains fuel. In addition to the payments by Customer to Texas Gas for transportation service pursuant to Texas Gas' Rate Schedules NNS,>NNL, SGT, SGL, SNS, WNS, FT, STF, IT, FSS, FSS-M, ISS, and ISS-M Customer shall reimburse Texas Gas in-kind in accordance with the Effective Fuel Retention Percentage(s) ("EFRP") applicable to each transaction.

Fuel retained for each transportation transaction shall be calculated as the product of the EFRP times the applicable quantity of gas tendered for transportation. The EFRP shall be the sum of the Projected Fuel Retention Percentage (PFRP) and the Fuel Adjustment Percentage (FAP) and shall be set forth in Section 4.18 and shall be subject to change from time to time as provided in this Section 6.9[2] of these General Terms and Conditions. Fuel retained for transportation transactions consisting solely of back-hauls that do not consume gas between two physical points shall be zero.

The provisions of this Section 6.9[2] are also applicable to storage service under Rate Schedules FSS, FSS-M, ISS, and ISS-M. Fuel retained for each service transaction under these Rate Schedules shall be calculated as the product of the EFRP times the applicable quantity of gas tendered for withdrawal from or injection into storage. The EFRP shall be the sum of the PFRP and the FAP and shall be set forth in Section 4.18 and shall be subject to change from time to time as provided in this Section 6.9[2] of these General Terms and Conditions. Fuel retained for In-Field transfers of Storage shall be zero.



### 2.3 Effective Fuel Retention Percentages

EFRPs for transportation under Rate Schedules NNS, NNL, SGT, SGL, SNS, WNS, FT, STF, and IT shall be established on an annual basis.

EFRPs for storage service under Rate Schedules FSS, FSS-M, ISS, and ISS-M shall be established on an annual basis for net daily injection and withdrawal quantities.

### 2.4 Projected Fuel Retention Percentages

With each filing hereunder, for each service category, Texas Gas shall calculate a PFRP by projecting the annual fuel zone distribution and storage utilization, based on historic throughput, fuel use and loss. The "Lost and Unaccounted For" component of the PFRP volumes is determined for the system as a whole and allocated to each fuel zone based on compressor fuel use.

A PFRP for service under Rate Schedules NNS, NNL, SGT, SGL, SNS, WNS, FT, STF, or IT, will be determined on an annual basis for each service category. A PFRP for service under Rate Schedules FSS, FSS-M, ISS, and ISS-M will be determined on an annual basis, based on both injection and withdrawal quantities.

Projections used to calculate the PFRPs shall be the average of the last two years' actual throughput volumes and actual fuel used and the average of the last four years' actual "Lost and Unaccounted For" volumes.

"Lost and Unaccounted For" volumes are the negative or positive difference between total receipts (including receipts from transportation and storage customers) and total deliveries (including deliveries to transportation and storage customers and the total gas used for compressor fuel, system use, and any other operational needs where the gas is actually measured or accounted for).

Any variations from these procedures in a future filing made pursuant to this Section 6.9[2] shall be fully identified and supported by Texas Gas in accordance with its burden of proof under NGA Section 4 and such variations shall reflect only known and measurable changes or trends on the Texas Gas system. Notwithstanding this provision, Texas Gas retains its right under Section 4 of the NGA to propose modifications to, or elimination of, the fuel tracker provisions set forth in this Section 6.9[2].

### 2.5 Fuel Retention Deferred Account

- (a) **Fuel Retention Deferred Account.** Commencing on the effective date of this Section 6.9[2], Texas Gas shall determine the monthly difference between (1) the actual quantity of gas retained as a result of all the applicable EFRPs for the month and (2) the actual quantity of fuel and company use gas and "Lost and Unaccounted For" gas allocated to all services rendered for the month according to the then current method in use for allocating such costs on Texas Gas' system. The under- or over-realization of in-kind compensation gas shall be recorded as a debit or a credit, as the case may be, each month in the Fuel Retention Deferred Account. The deferred account shall be accumulated in twelve-month accumulation periods, September 1 through August 31.

- (b) Calculation of Fuel Adjustment Percentage. With each annual filing hereunder, Texas Gas shall calculate Fuel Adjustment Percentages designed to amortize the net balance in the Fuel Retention Deferred Account at the end of the previous accumulation period. The Fuel Adjustment Percentages shall be effective during each annual period, November 1 through October 31. For service under Rate Schedules NNS, NNL, SGT, SGL, SNS, WNS, FT, STF, or IT, the Fuel Adjustment Percentages shall be calculated by applying the appropriate under- or over-realization of in-kind compensation to each fuel zone and service on an annual basis.

For service under Rate Schedules FSS, FSS-M, ISS, and ISS-M, the Fuel Adjustment Percentages shall be calculated by applying the appropriate under- or over-realization of in-kind compensation to the injections and withdrawals under the FSS, FSS-M, ISS, or ISS-M Rate Schedule. If there is a balance remaining at the end of a particular amortization period, such remaining balance shall be transferred to the current accumulation period subaccount.

## 2.6 Fuel Retention for No Notice Swing Allocation

Texas Gas shall charge Customers utilizing the No Notice Swing Allocation method a hybrid fuel retention percentage, which shall be the difference between the NNS/NNL/SGT/SGL/SNS/WNS EFRP for the applicable fuel zone of delivery and a weighted average of the FT/STF/IT EFRP based on projected throughput into each fuel zone.

## 2.7 Procedure for Filing

Texas Gas shall file annually to revise the PFRP as provided in Section 6.9[2.4] herein and FAP as provided in Section 6.9[2.5] herein effective on November 1 of each year. Such annual filing shall be made at least thirty days prior to the effective date of the regular annual change in EFRP hereunder and shall include revised tariff records setting out the proposed changes and supporting workpapers showing the calculations supporting such proposal. Such workpapers shall include:

- (a) the proposed increase or decrease in the effective fuel rates by service type and fuel zone;
- (b) a summary of the actual fuel collected from customers by service type and fuel zone;
- (c) a summary of the actual fuel, use, and loss;
- (d) a summary of the actual and projected transportation activity by service type and fuel zone;
- (e) a summary of actual and projected no-notice storage activity by fuel zone;
- (f) a summary of the allocation of actual storage fuel to each service category;
- (g) a summary of the allocation of each zone's actual fuel for the annual period to Rate Schedules NNS, NNL, SGT, SGL, SNS, WNS, FT, STF, and IT;
- (h) a summary of the calculations of the over- and under-collections of fuel by fuel zone and service type for all transportation activity;
- (i) a summary of the actual and projected throughput factors and fuel;
- (j) a summary of projected storage fuel allocated to each service type;
- (k) a summary of the allocation of each fuel zone's projected fuel to each service type;
- (l) a summary of the actual fuel retention percentage calculations used to obtain the proposed fuel rates;

- (m) a narrative explanation and description of all adjustments made to any of the fuel rates' components, such as throughput, fuel use, and "Lost and Unaccounted For";
- (n) a narrative explanation and description of each projected "Lost and Unaccounted For" (such as fuel blow-down and un-metered storage fuel), along with detailed information regarding the previous period's "Lost and Unaccounted For" and any "Lost and Unaccounted For" calculations and supporting workpapers;
- (o) the monthly Deferred Account balances, along with a comparison of the Deferred Account balance to net over-/under-collections for the same period;
- (p) a description and reconciliation of the differences between Texas Gas' annual fuel filing and Form 2;
- (q) all supporting workpapers regarding the fuel rates, including but not limited to the fuel rates for storage service;
- (r) detailed information regarding fuel use, including but not limited to fuel used for other utility operations and known estimated losses of gas. Texas Gas may, however, file interim proposals between annual filings subject to approval by the Commission on less than sixty days notice; and
- (s) a summary of the calculation used to determine the swing allocation methodology hybrid fuel rate for the annual period.

Texas Gas may, however, file interim proposals between annual filings subject to approval by the Commission with at least thirty days notice.

### 3. Adjustments of Demand Charge

#### 3.1 Allowable Variation in Contract Demand

On any day in which Customer requires deliveries of the Contract Demand, the deliveries shall be subject to an allowable variation of 2% either above or below said Contract Demand because of the inability of Texas Gas and Customer to maintain precise control over rates of flow and the quantity of natural gas delivered.

At the end of each month there shall be determined for each day on which Customer required delivery of the Contract Demand, the amount by which actual deliveries of gas exceeded or were less than the Contract Demand due to the allowable variation in delivery of the Contract Demand, and then the net amount by which deliveries during all such days of the month exceeded or were less than the Contract Demand shall be determined. The demand charge otherwise payable hereunder shall be increased by an amount equal to the daily demand rate multiplied by any net excess deliveries so determined or decreased by the amount equal to the daily demand rate multiplied by any net deficiency so determined. The daily demand rate is set forth on currently effective Sections 4.1, 4.2, 4.4, 4.5, 4.8, and 4.9 of this Tariff.

### 4. Discounting

4.1 When any of Texas Gas' transportation service maximum rates are to be discounted, the amount of the discount shall be accounted for in the following sequence to the extent any of the following components are included in the maximum rate. The first component discounted shall be the maximum base tariff rates in excess of the minimum rate, followed by any non-transition cost surcharge(s), if applicable.

4.2 Types of Discounts:

Various rate schedules permit Texas Gas to discount its rates between its maximum and minimum rates on a basis that is not unduly discriminatory. From time to time Customer and Texas Gas may agree in writing on a level of discount of the otherwise applicable rates and charges in addition to a basic discount from the stated maximum rates. In all circumstances the discounted rate shall be between the maximum rate and the minimum rate applicable to the service provided. Any agreement establishing a discounted rate arrived at by formula will identify what rate component (i.e., reservation charge or commodity charge or both) is discounted and any formula for discounted rates will provide a reservation rate per unit of Contract Demand. For example, Texas Gas may provide a specific discounted rate:

- (i) to certain specified quantities under the Service Agreement,
- (ii) if specified quantity levels are actually achieved or with respect to quantities below a specified level,
- (iii) to production reserves committed by the Shipper,
- (iv) during specified time periods,
- (v) to points of receipt, points of delivery, supply areas, transportation paths or defined geographical areas,
- (vi) based on published index prices for specific receipt or delivery points or other agreed upon pricing reference points for price determination. Such discounted rates may be based upon the published index prices or arrived at by formula, or
- (vii) calculated on a 100% load factor basis for quantities actually transported, inclusive of applicable surcharges [except fuel] and the applicable transportation rate components.

Such forms of discounts shall not be considered a material deviation from Texas Gas' *pro forma* service agreement as a result of such discount and Texas Gas shall not be required to file such agreement with the Commission as a non-conforming contract solely because of such discount. Texas Gas shall, however, file any required reports related to such discounts pursuant to the Commission's regulations.

In addition, the discount agreement may include a provision that if one rate component which was at or below the applicable Maximum Rate at the time the discount agreement was executed subsequently exceeds the applicable Maximum Rate due to a change in Transporter's Maximum Rates so that such rate component must be adjusted downward to equal the new applicable Maximum Rate, then other rate components may be adjusted upward to achieve the agreed overall rate, as long as none of the resulting rate components exceed the Maximum Rate applicable to that rate component. Such changes to rate components shall be applied prospectively, commencing with the date a Commission Order accepts revised tariff rates. However, nothing contained herein shall be construed to alter a refund obligation under applicable law for any period during which rates that had been charged under a discount agreement exceeded rates, which ultimately are found to be just and reasonable.

Texas Gas and Customer shall execute a Discounted Rates Letter Agreement for discounts provided pursuant to Rate Schedule IT which extend for a term of one year or more, unless such discount offer is posted on Texas Gas' Internet Website.

## 5. Negotiated Rates

- 5.1 Availability: Texas Gas and Customer may mutually agree to negotiate rates under any Part 284 Rate Schedule. Texas Gas' maximum effective rate (maximum base rate plus

all applicable surcharges) for service under any such rate schedule is available as a recourse rate for any Customer that does not desire to negotiate a rate hereunder.

- 5.2 Definition: Negotiated rates shall be mutually agreed and set forth in writing. A negotiated rate is a rate which is greater than the maximum rate, or which is less than the minimum rate, or which is determined from a formula where the rate arrived at could be above or below the maximum rate, or which uses a rate design other than the one used to establish the applicable recourse rate (e.g., straight fixed variable). A negotiated rate may include a minimum quantity.
- 5.3 Capacity Allocation: In evaluating bids for firm service, in any capacity auction or in otherwise allocating capacity among competing requests for firm service where one or more bids uses a negotiated rate or negotiated rate formula, Texas Gas will consider, in assigning value to such bid(s), only reservation or demand charge revenue or other revenue which is guaranteed to be received by Texas Gas. Guaranteed revenue shall mean a volumetric or usage rate bid along with a minimum quantity commitment. For capacity evaluation purposes, the net present value of any such bid for firm service shall be capped by the net present value of the maximum applicable reservation rate for such service over the contract term bid. In performing a net present value evaluation of a negotiated rate bid proposing a volumetric or usage rate along with a minimum throughput commitment, Texas Gas shall consider only the fixed costs proposed to be recovered through the volumetric or usage rate bid, in addition to any reservation rate included in the bid.
- 5.4 Capacity Release:
- (a) A negotiated rate shall not apply as a price cap for capacity release transactions under Section 6.16 of the General Terms and Conditions.
  - (b) Texas Gas and a Releasing Customer may, in connection with their agreement to a negotiated rate hereunder, agree upon payment obligations and credit mechanisms that vary from or are in addition to those set forth Section 6.16[6] of the General Terms and Conditions, provided that such agreements are filed as nonconforming service agreements.
- 5.5 Filing Requirements: The following procedure shall be used to file all negotiated rate agreements (except for short-term capacity release agreements containing negotiated commodity and/or fuel charge provisions, as described below, which shall be posted to Texas Gas' Informational Postings Website): No later than the business day on which Texas Gas commences service at a negotiated rate (or if the day on which Texas Gas commences such service is not a business day, then the next business day after Texas Gas commences such service), Texas Gas will file with the Commission a copy of the negotiated rate agreement, and an affirmation that the negotiated rate agreement does not deviate in any material aspect from the applicable form of service agreement in Texas Gas' Tariff.

The following procedure shall be used to post all short-term capacity release agreements for terms of twenty-seven (27) days or less containing negotiated commodity and/or fuel charge provisions that are identical to the releasing shipper's Commission approved negotiated commodity and/or fuel charge(s) to Texas Gas' Informational Postings Website: no later than the Business Day on which Texas Gas commences service at a negotiated rate for a short-term capacity release agreement (or if the day on which Texas Gas commences such service is not a Business Day, then

the next Business Day after Texas Gas commences such service), Texas Gas shall post to its Informational Postings Website a copy of the capacity release agreement and the negotiated rate agreement, and an affirmation that the negotiated rate agreement does not deviate in any material aspect from the applicable form of Service Agreement in Texas Gas' tariff.

- 5.6     **Accounting For Costs and Revenues:** The allocation of costs to, and the recording of revenues from, service at negotiated rate(s) will follow Texas Gas' normal practices associated with all of its services under this Tariff. Texas Gas will maintain separate records of negotiated rate transactions for each billing period. These records shall include the volumes transported, the billing determinants, the rates charged and the revenue received associated with such transactions. Texas Gas will separately identify such transactions in Statements G, I and J (or their equivalents) filed in any general rate proceeding. Should Texas Gas negotiate surcharges or fuel retention amounts, it will credit full recourse rate surcharge amounts to its surcharge accounts and credit maximum recourse retainage levels to its retainage accounts for any such negotiated transactions that it enters into.

5.7     **Treatment of Discounts:**

- (a)     A discount-type adjustment to recourse rates for negotiated rate agreements shall only be allowed to the extent that Texas Gas can meet the standards required of an affiliate discount-type adjustment including requiring that Texas Gas shall have the burden of proving that any discount granted is required to meet competition.
- (b)     Texas Gas shall be required to demonstrate that any discount-type adjustment for negotiated rate agreements does not have an adverse impact on recourse rate shippers.
  - (i)     Demonstrating that, in the absence of Texas Gas' entering into such negotiated rate agreement providing for such discount, Texas Gas would not have been able to contract for such capacity at any higher rate, and that recourse rates would otherwise be as high or higher than recourse rates which result after applying the discount adjustment; or
  - (ii)    Making another comparable showing that the negotiated rate discount contributes more fixed costs to the system than could have been achieved without the discount.
- (c)     Texas Gas may also seek to include in a discount-type adjustment for negotiated rate agreements that were converted from pre-existing discounted Part 284 agreements to negotiated rate agreements. Such adjustment would be based on the greater of: (i) the negotiated rate revenues received or (ii) the discounted recourse rate revenues which otherwise would have been received.

- 5.8     **Limitations:** This Section 6.9[5] does not authorize Texas Gas to negotiate terms and conditions of service.

6.     **Gas Research Institute - General RD&D Funding Unit**

**Voluntary Contributions:** Transporter will provide a "check the box" option on invoices for shippers to voluntarily contribute funds to GRI.

7. Annual Charge Adjustment (ACA)

- 7.1 Purpose: Annual charges are assessed by the FERC under 18 C.F.R. Part 382 of the FERC's Regulations prior to each fiscal year in order to cover the cost of the operation of the FERC. For the purpose of recovering annual charges assessed Texas Gas by the FERC, this Section 6.9[7] establishes, pursuant to Section 154.402 of the FERC's Regulations, an ACA unit charge applicable to quantities transported and delivered under all Texas Gas' rate schedules, as applicable. This ACA unit charge is in addition to any amounts otherwise payable to Texas Gas under its rate schedules. Texas Gas does not intend to recover any annual charges recorded in FERC Account No. 928 in a Section 4 rate case while this Section 6.9[7] is in effect. Texas Gas, however, reserves the right to cancel this Section 6.9[7] and change to the Section 4 rate case recovery method at a future date.
- 7.2 Basis of the Annual Charge Adjustment: Texas Gas' FERC ACA unit charge shall be established by the FERC for each fiscal year beginning October 1 through September 30, and adjusted to Texas Gas' pressure base and heating value if required, upon payment by Texas Gas of the annual assessment as reflected on the notice entitled "Payment Status of Pipeline Billings – FY [Year]" issued by the FERC on the last business day of each fiscal year ending September 30, and updated as necessary. The ACA unit charge as specified in the annual notice issued by the FERC entitled "FY [Year] Gas Annual Charges Correction for Annual Charges Unit Charge" shall be incorporated herein by reference. The publicly available notice documents are located on the Annual Charges page of the Natural Gas section of the FERC's website at <http://www.ferc.gov>.

8. Transportation of Gas Into and Out of Storage

- 8.1 All applicable transportation charges, including fuel retention, will be charged for delivering gas into storage, including Third Party Storage Points as such term is defined in Section 6.9[8.4] hereof.
- 8.2 When gas is delivered out of storage, including Third Party Storage Points hereof, Texas Gas will treat the transportation from the initial receipt point into and out of storage to the ultimate delivery point as a single transportation transaction by crediting the transportation charges from the initial receipt point into storage when the gas is transported out of storage to the ultimate delivery point. Such credit is available only when the shipper meets all the criteria of Sections 6.9[8.3] and 6.9[8.4] below. Fuel will be retained on both transportation into and out of storage, without any related crediting.
- 8.3 For the transportation credit described in Section 6.9[8.2] to be available, the shipper must (1) request such credit, (2) utilize the same Texas Gas rate schedule for transportation into and out of storage, (3) warrant that the gas withdrawn from storage was previously transported to storage under an agreement between Texas Gas and shipper, and thus qualifies for the credit, and (4) utilize such credit within 12 months of the initial transportation haul into storage. In addition, to be eligible for exemption from the charges, the shipper must provide or cause the owner of the third party storage facility to provide Texas Gas with sufficient documentation to confirm the accuracy of the warranty.
- 8.4 As used in this Section 6.9[8], a "Third Party Storage Point" is a bi-directional (capable of both physically receiving and physically delivering gas) interconnect between Texas

Gas and an underground storage facility owned by a third party that is adjacent to and directly connected to the Texas Gas system, and is in the transportation path of the shipper.

- 8.5 The transportation charge provisions of Sections 6.9[8.1], 6.9[8.2], and 6.9[8.3] above shall also apply for transportation involving Texas Gas' ISS, FSS, ISS-M, or FSS-M storage services, if available.

9. Backhaul Service

- 9.1 Rates charged for backhaul service shall equal the forward haul rates from Zone SL to zone of delivery; provided, however that intra-zone rates shall apply to all intra-zone transportation, whether forward haul or backhaul. For example, the rate for backhaul service from Zone 4 to Zone 1 under the FT rate schedule will equal the rate for a Zone SL to Zone 1 forward haul service set forth in the table in Section 4.1. Whereas the rate for a firm transportation agreement for service solely within Zone 4 will be charged the rate for Zone 4 to Zone 4 service set forth in the table in Section 4.1, irrespective of whether the gas is being transported on a forward haul basis or on a backhaul basis.

- 9.2 For the purposes of this Section 6.9[9] only, the following definitions shall apply:

9.2.1 Inter-zone Segmented Backhauls shall mean backhaul capacity that is segmented across a zone boundary for delivery into a zone other than the zone where the Customer's primary delivery point is located.

9.2.2 Intra-zone Segmented Backhauls shall mean backhaul capacity that is segmented for delivery within a single zone other than the zone where the Customer's primary delivery point is located.

9.2.3 Additional Zone Rate shall mean the rate paid by a Customer under an FT or STF agreement for segmented backhaul service, which rate is calculated as follows:

- For Inter-zone Segmented Backhauls the Additional Zone Rate shall be the difference between the backhaul rate for service under Customer's backhaul service agreement and the rate for service from Zone SL into the zone of delivery for the segmented capacity, multiplied by the volume of gas Customer delivers into the zone of delivery for the segmented capacity; *provided, however*, that in no event will the total daily demand rate paid under a FT or STF agreement for Inter-zone Segmented Backhauls exceed the forward haul daily demand rate from Zone SL to the zone of delivery for the Inter-zone Segmented Backhaul.
- For Intra-zone Segmented Backhauls under a FT or STF agreement the Additional Zone Rate shall be the intra-zone rate applicable to service within a single zone for the segmented capacity, multiplied by the volume of gas Customer delivers into the zone of delivery for the segmented capacity.

- 9.3 Segmented capacity under a service agreement for backhaul service may be used only for backhaul service. A Customer may nominate to segment backhaul capacity *provided* that the customer is paying for the transportation service into the delivery zone for each segmented capacity transaction as follows:



A Customer desiring to segment its backhaul capacity through nomination for delivery into a zone other than the zone where the Customer's primary delivery point is located shall also pay the maximum applicable supplemental charge set forth in Section 6.6 of the General Terms and Conditions, unless otherwise agreed to in writing by Texas Gas and the Customer.

A replacement Customer under a service agreement for backhaul service may segment its backhaul capacity for delivery into a zone other than the zone where the Customer's primary delivery point is located, and shall also pay the maximum applicable supplemental charge set forth in Section 6.6 of the General Terms and Conditions, unless otherwise agreed to in writing by Texas Gas and the Customer. If a replacement Customer segments its backhaul capacity, the original releasing Customer will not be responsible for such supplemental charge.

### **Pre-Granted Abandonment and Right of First Refusal**

1. Applicability of Pre-Granted Abandonment
  - 1.1 Upon the expiration of the contractual term of any Part 284, Subpart G transportation agreement entered into pursuant to Pipeline's interruptible Rate Schedules;
  - 1.2 Upon the expiration of the contractual term of any Part 284, Subpart G transportation agreement entered into pursuant to Pipeline's firm Rate Schedules, if such agreement provides for fewer than twelve (12) consecutive months of service; and
  - 1.3 Upon the expiration of the contractual term of any Part 284, Subpart G transportation agreement entered into pursuant to Pipeline's firm Rate Schedules if such agreement provides for twelve (12) or more consecutive months of service or is a multiple year seasonal agreement where service is not offered for twelve (12) consecutive months, subject to the right of first refusal procedure contained in Section 6.10[4], herein.
2. Extensions of Firm and Interruptible Transportation Service
  - 2.1 Pipeline will agree to bilateral evergreen clauses (the exact length of which to be negotiated on a case-by-case basis) in all transportation service agreements, except limited-term service agreements involving capacity available for a limited time due to (i) expansion/extension projects as set forth in Section 6.20[4] of the General Terms and Conditions or (ii) pre-arranged Contract Demand increases as set forth in Section 5.1[3.3] of the FT Rate Schedule, Section 5.20[2.3] of the FLS Rate Schedule, Section 5.4[2.4] of the NNS Rate Schedule, or Section 5.5[2.6] of the NNL Rate Schedule; however, pre-granted abandonment will still be applicable as stated in Section 6.10[1], above, at the end of the contractual term. Bilateral evergreen clauses shall only be permitted for seasonal service agreements under Rate Schedule STF with a constant MDQ throughout each season.
  - 2.2 Except in the case of limited-term service agreements involving capacity available for a limited time due to (i) expansion/extension projects as set forth in Section 6.20[4] of the General Terms and conditions or (ii) pre-arranged Contract Demand increases as set forth in Section 5.1[3.3] of the FT Rate Schedule, Section 5.20[2.3] of the FLS Rate Schedule, Section 5.4[2.3] of the NNS Rate Schedule, or Section 5.5[2.5] of the NNL Rate Schedule, in place of a bilateral evergreen clause in firm transportation service agreements, Pipeline will agree to a continuous unilateral rollover term for firm services, exercisable only by Customer; however, such rollover term must be for at least five (5) years, and customer must agree to pay the applicable maximum rate. Such rollover will be automatic unless Customer notifies Pipeline in writing at least one year in advance of the expiration of the primary term of its agreement, or any succeeding rollover term, that it intends to exercise its right of first refusal or wishes to negotiate a different extension period. Continuous unilateral rollover terms shall only be permitted for seasonal service agreements under Rate Schedule STF with a constant MDQ throughout each season.
  - 2.3 Customer and Pipeline may agree to extend a service agreement for a term of at least five years at mutually agreeable rates when Pipeline has agreed to pay for all or part of the cost of modification or construction of Customer's facilities required at a delivery point(s) to effectuate the delivery of natural gas thereunder. Any contribution in aid of construction paid by Texas Gas to construct Customer's non-jurisdictional facilities shall be recorded in Account 303, Miscellaneous Intangible Plant, a subaccount of Account 101, Gas Plant in Service.

Pre-granted abandonment will still be applicable as stated in Section 6.10[1] above, at the end of the contractual term.

3. Part 284, Subpart G Transportation Services to Which Pre-Granted Abandonment Does Not Apply

The following Part 284 Subpart G transportation services are not subject to pregranted abandonment and may be abandoned by Pipeline only upon receipt of Commission approval under Section 7(b) of the Natural Gas Act:

Current Contract No.	Customer
T4060	Central Illinois Public Serv. Co.
T3700	CNG Transmission Corp.
T3935	Hope Gas, Inc.
T3939	N.Y. State Electric & Gas Co.
T3945	Niagara Mohawk Power Corp.
T3937	Peoples Natural Gas Co.
T3941	River Gas Co.
T3943	Rochester Gas & Electric Corp.
T4009	City of Elizabethtown, KY
T3780	Indiana Gas Company, Inc. (traditional)
T4096	Indiana Gas Company, Inc. ( " )
T4148	Indiana Gas Company, Inc. ( " )
T3917	Indiana Gas Company, Inc. (T.Haute)
T4146	Indiana Gas Company, Inc. ( " )
T4147	Indiana Gas Company, Inc. (ORPL)
T4041	Louisville Gas and Electric Co.
T3979	Memphis Light, Gas and Water Div.
T4003	Mississippi Valley Gas Co.
T4180	Louisville Gas and Electric Co.
T4268	Public Service Electric & Gas
T4273	New Jersey Natural Gas Company

4. Right of First Refusal Procedure

The right of first refusal will not be applicable to limited-term service agreements involving capacity available for a limited time due to (i) expansion/extension projects as set forth in Section 6.20[4] of the General Terms and Conditions or (ii) pre-arranged Contract Demand increases as set forth in Section 5.1[3.3] of the FT Rate Schedule, Section 5.20[2.3] of the FLS Rate Schedule, Section 5.4[2.3] of the NNS Rate Schedule, or Section 5.5[2.5] of the NNL Rate Schedule. Notwithstanding anything else herein to the contrary, the right of first refusal will not be applicable to any otherwise eligible service agreement with a primary or rollover/evergreen term beginning on or after August 1, 2006, where service under the agreement is being provided pursuant to a discount agreement or a negotiated rate agreement, unless Texas Gas agrees in writing to provide the right of first refusal to the customer receiving the discounted or negotiated rate. Texas Gas will negotiate such rights of first refusal on a non-discriminatory basis.

4.1 Notification of Exercise of Right of First Refusal

Under any firm transportation service agreement or Rate Schedule FSS agreement which provides for twelve (12) or more consecutive months of service or is a multiple year, seasonal agreement and includes contractual extension rights (e.g., evergreen provision), either party may provide notice of its intent to terminate the service agreement at the end of the primary term, or any succeeding extension of the primary term under these contractual extension rights. If Pipeline provides notice of its intent to terminate to the Customer, within thirty (30) days of the issuance of such notice of intent to terminate, Customer must notify Pipeline that it wishes to exercise its right of first refusal ("ROFR Notice"). If Customer provides notice of its intent to terminate, Customer must also provide ROFR Notice to Pipeline at that time.

Under any firm transportation service agreement or Rate Schedule FSS agreement which provides for twelve (12) or more consecutive months of service or is a multiple year, seasonal agreement and contains no contractual extension rights, Customer must provide ROFR Notice (i) at least one (1) year prior to the expiration of the service agreement if the then-current contract term is two (2) years or longer or (ii) at least six (6) months prior to the expiration of the service agreement if the then-current contract term is less than two (2) years.

If Customer does not notify Pipeline that it wishes to exercise its right of first refusal within the required applicable time period described above, then pre-granted abandonment will be applicable at the expiration of the then-current contract term of the subject service agreement. Customers may exercise a right of first refusal on a percentage of their total volume of capacity and release the remaining percentage which is subject to the service agreement. The ROFR Notice must specify a desired term of service, the desired total MDQ, and the desired MDQ for each primary point, as applicable.

#### 4.2 Posting of Capacity Subject to Right of First Refusal

If Customer properly exercises its right-of-first refusal, within thirty (30) Business Days after receipt of such notice by Pipeline, Pipeline will post on its Internet Website the following applicable information regarding the capacity subject to the right-of-first refusal:

- (a) Point(s) of receipt / Point(s) of injection;
- (b) Point(s) of delivery / Point(s) of withdrawal;
- (c) Desired term;
- (d) Supply lateral capacity;
- (e) Total quantities subject to right-of-first refusal;
- (f) Date of termination of current contractual term;
- (g) Date of availability for the posted service;
- (h) Maximum rate applicable to service currently being provided to Customer, if market-based service, no maximum rate shall apply;
- (i) Minimum bid rate Texas Gas is willing to accept;

(j) Applicable rate schedule; and

(k) Date bids are due.

#### 4.3 Bidding

The deadline for bids for capacity posted pursuant to the exercise of a right-of-first refusal will be specified in the posting; however, bids will be due no less than 30 days after posting and no more than 60 days after posting.

#### 4.4 Content of Bids

Bids must be submitted in writing or on the Internet Website to Pipeline. Bids must contain all information necessary for a valid request for service pursuant to Section 6.8 of the General Terms and Conditions, including price bid, quantity, and term desired. Texas Gas may reject all bids which would require it to discount below a rate and discount term agreeable to Pipeline.

### 5. Selection of "Best Bid" for ROFR and Notice to Current Capacity Holder

5.1 At the close of the bidding period, Pipeline will choose the "best bid," based upon what will yield to the Pipeline the highest net present value, using a 10% discount factor, of the reservation charge (reservation charge X CD), the bidder is willing to pay through the term bid. If several bids yield the same net present value, the bid which yields to the Pipeline the highest net present value over the shortest period of time will be considered the best bid. After this process, if there are still several bids which yield the same net present value, then the "best bid" will be the bid submitted first in time.

5.2 The terms of the "best bid" will be communicated in writing by Pipeline to the Customer currently holding the capacity. The Customer currently holding capacity will have 30 days to match the "best bid." Competing bids must be matched by the Customer currently holding the capacity, even if the bid is for less than the total capacity available under the applicable service agreement. Competing bids must be matched up to the maximum rate applicable to the service currently being provided under the subject service agreement, for the term bid by the "best bidder." When SGT or SGL Customers are required to match the "best bid," bids which contain a reservation charge will be converted to a comparable one-part volumetric rate.

5.3 For any Customer submitting a bid or matching a "best bid," who agrees to pay the maximum rate, the rate that will be paid by that customer will be the maximum rate as it may exist from time to time during such term as agreed to by Customer.

### 6. Contracting for Capacity Subject to Right of First Refusal

6.1 If the Customer currently holding the capacity matches the "best bid," Pipeline will enter into a new service agreement with Customer which reflects those terms matched. Unless otherwise mutually agreed, such service agreement shall be executed within two (2) business days of its tender by Texas Gas if the service agreement is less than two (2) years, or within five (5) business days if the service agreement term is two (2) years or longer. If the Customer currently holding the capacity does not match the best bid, Texas Gas will enter into a service agreement with the successful competing bidder at the end of the term of the current capacity holder's service agreement, subject to the

successful competing bidder satisfying all of Texas Gas' Tariff requirements regarding that particular service.

- 6.2 If the best bid chosen by the Pipeline is for less than the total capacity available under the current Customer's service agreement, then the Customer currently served must only match the "best bid" with respect to that lesser amount of capacity. The procedures contained herein regarding instances where there are no acceptable bids submitted will then apply to the remaining capacity available under the subject service agreement.
- 6.3 Pipeline shall provide the current capacity holder notice in the event Pipeline receives no bids or rejects all bids, and following such notice, Pipeline and the current capacity holder may mutually agree on the terms and conditions under which service would continue. If Pipeline and the current capacity holder cannot agree, the current capacity holder may retain the capacity by agreeing to pay the maximum rate applicable to that service for whatever term the current capacity holder chooses.
- 6.4 Any service agreement negotiated or required pursuant to Section 6.10[6.3] above must be executed by the current capacity holder within thirty (30) calendar days following notice that no bid(s) were received or accepted. Absent such execution, Texas Gas shall have the ability to re-sell the capacity to any party, pursuant to the bidding and auction procedures contained in Section 6.11. The existing service agreement shall terminate at the end of its term and shall be automatically abandoned upon such termination.

### Sales Procedures

Texas Gas will conduct sales procedures (including post and bid, open seasons, and interactive auctions) in accordance with this Section 6.11 for firm transportation and storage capacity, whether initiated pursuant to a valid Request for Service as set forth in Section 6.8 or pursuant to an Internet notice posted by Texas Gas on its Internet Website, stating its desire to receive bids for capacity.

Before a Potential Customer ("bidder") can submit a bid, it must have satisfied Texas Gas' credit requirements as set forth in Section 6.5 of these General Terms and Conditions prior to participation in such process. Any entity desiring to seek pre-approval of the credit requirements shall provide Texas Gas with the information set forth in Section 6.5. A party who meets the credit requirements of Section 6.5 will be placed on the "Pre-approved Bidders List" and will be eligible to participate in bidding under this Section 6.11. Texas Gas may reject any bid if Customer files for bankruptcy or becomes insolvent (as defined in Section 6.5) prior to executing a Service Agreement. Credit pre-approvals are valid for a period of six (6) months. Customer may be required to update credit information periodically in order to remain on the Pre-approved Bidders List and will be notified by Pipeline when this is necessary.

Sales of all firm transportation services shall be conducted pursuant to Section 6.11[1] below, except that sales of storage service subject to market based rates shall be conducted exclusively pursuant to Section 6.11[2]. Sales of all cost based storage service may be conducted pursuant to either Section 6.11[1] or Section 6.11[2].

1. Firm Transportation and Cost Based Storage Capacity Post and Bid and Open Season Procedures

- (a) The post and bid or open season process for firm transportation capacity, including cost based storage, shall be initiated pursuant to a Request for Service as set forth in Section 6.8 hereof or pursuant to an Internet notice posted by Texas Gas on its Internet Website stating its desire to receive bids for capacity in accordance with this Section 6.11[1]. Additionally, cost based FSS may be sold in accordance with Section 6.11[2], solely at Texas Gas' initiative. The specifics of the capacity sale will be posted and bid as provided herein.
- (b) Texas Gas will post a notice announcing the date of any post and bid or open season ("Notice") for firm transportation or cost based storage capacity. If a Customer requests capacity pursuant to a Request for Service at a rate less than the maximum rate, the parties shall agree on the minimum acceptable rate for the capacity before the Notice is posted. If the parties are unable to agree on a minimum acceptable rate, the Request for Service will be deemed invalid and removed from the Queue. If Texas Gas initiates the post and bid or open season, Texas Gas will specify the rate schedule(s) and minimum term, if applicable; Texas Gas may further establish a minimum acceptable rate which shall not be greater than the maximum applicable rate or less than the minimum applicable rate. As applicable, such Notice shall include, but is not limited to, the following information:

(i) Bidding Period:

(A) Post and Bid:

The Post and Bid Notice will be posted according to the following schedule:

Term of Service  
< 1 year

Minimum Bid Period  
1 Business Day

≥ 1 year	3 Business Days (excludes Rate Schedules NNS, NNL, SNS, and WNS)
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For Rate Schedules NNS, NNL, SNS, and WNS, the bidding period for a term of service greater than or equal to 1 year shall be 5 Business Days.

Bids may be provided from 9:00 a.m. to 11:00 a.m. Central Time, any day during the bidding period.

(B) Open Season:

The Open Season Notice will be posted according to the following schedule:

<u>Term of Service</u>	<u>Minimum Bid Period</u>
< 1 year	1 Business Day
≥ 1 year	3 Business Days (excludes Rate Schedules NNS, NNL, SNS, and WNS)

For Rate Schedules NNS, NNL, SNS, and WNS, the minimum bidding period for a term of service greater than or equal to 1 year shall be 5 Business Days.

(ii) Posting Contents:

Texas Gas shall post a notice at least 24 hours prior to the commencement of the bidding period. Such notice shall outline the bidding start time(s) and date(s) and shall include all steps necessary to participate in the sales process, including but not limited to:

- (aa) rate schedule;
- (bb) each primary receipt and delivery point and, if applicable, supply laterals and segment areas; and the applicable quantity at each expressed in Dekatherms;
- (cc) maximum reservation rate;
- (dd) minimum acceptable bid, if any;
- (ee) the requested or minimum term;
- (ff) maximum term available, if applicable; and
- (gg) the method of NPV calculation (i.e. per MMBtu or aggregate).

(c) Texas Gas will accept bids for the capacity stated in the Notice either electronically via EDM or by email, as specifically provided in the Notice.

- (i) All initial bids must indicate whether a bidder is willing to accept a partial award. All bids must include a term, rate, Contract Demand, and applicable points;
- (ii) Point(s) included in the bid may vary from the Requested Points; however, the capacity associated with any receipt / delivery point combination(s) bid must utilize some portion of the capacity specified in the Notice.
- (iii) All bids shall be binding on the bidder upon conclusion of the bidding period. A bid can be withdrawn or changed during the bidding period; however, any new or changed bid cannot have a lesser NPV than the bidder's previous bid.



- (iv) Texas Gas may reject on not unduly discriminatory basis any bid or Request for Service that:
  - (aa) does not satisfy the terms of the Notice;
  - (bb) is for a rate less than the maximum rate applicable to the service;
  - (cc) would require the use of negotiated rate authority;
  - (dd) would require a market-based rate unacceptable to Pipeline;
  - (ee) may detrimentally impact the operational integrity of Pipeline's system;
  - (ff) contains terms and conditions inconsistent with Pipeline's Tariff;
  - (gg) would cause a reduction in Pipeline's capacity disproportionate to the service requested.
- (v) No contingent bids will be accepted; however, to the extent storage capacity is being sold, a party bidding on storage under Rate Schedule FSS may combine its bid with a bid for firm transportation capacity under Rate Schedules FT, FLS, and STF if bidding against parties submitting bids under Rate Schedules NNS or>NNL.
- (d) At the end of the bidding period, Texas Gas will determine the best bid or combination of bids ("Best Bid(s)") based upon the highest NPV. The NPV will be determined for each bid, and bids shall be ranked in descending order based on NPV. All capacity offered in the Notice may be awarded, based on the NPV ranking of the bids, subject to the Original Customer's right to match in accordance with Section 6.11[1(e)].
  - (i) If two or more bids yield the same NPV and the total capacity of the bids is equal to or less than the total of the noticed capacity, Texas Gas will award to each bidder its total bid.
  - (ii) If two or more bids yield the same NPV and the total capacity of the bids is greater than the total noticed capacity, the bids will be considered "Competing Bids" and the Best Bid(s) will be the bid(s) that yield the highest NPV over the shortest period of time.
  - (iii) After this process, if two or more Competing Bids yield the same NPV over the same period of time, then the Best Bid(s) will be the bid(s) submitted first in time.
- (e) For capacity sold following a Request for Service, the Best Bid(s) will be presented to the Original Customer submitting the original Request for Service. The Original Customer will have the opportunity to match either (i) the Best Bid or combination of Best Bids, including volume(s), point(s), and term(s), or (ii) the NPV of the Best Bid or combination of Best Bids before 4:00 p.m., Central Time, of the second Business Day following the close of the bid period.
  - (i) If the Original Customer timely matches the Best Bid or combination of Best Bids, or if no Best Bid is submitted, Texas Gas will award the applicable firm capacity to the Original Customer and shall enter into a service agreement with such Customer. If there is more than one Best Bid, the Original Customer must timely match the aggregate NPV of all Best Bids.

If the Original Customer elects to match the NPV of the Best Bid(s), the Original Customer's bid will be adjusted in the following manner in order to match such NPV. The applicable bid rate will be increased to the amount needed to

achieve the same NPV(s), keeping the same term as the Original Customer's initial term, provided that the bid rate will not be increased to a level greater than the applicable maximum rate. If necessary, once the rate has been increased to the applicable maximum rate, the term will be extended, as needed, to the end of the month during which the same NPV of the Best Bid(s) is achieved.

If the Original Customer elects to match the NPV of the Best Bid(s) and the Best Bid(s) include Point(s) that vary from the Requested points, the Original Customer may utilize the Point(s) set forth in the Best Bid(s) provided that such utilization of the Point(s) included in the Best Bid(s) would not result in a shorter path or lower rate than was included in the Original Customer's bid.

- (ii) If the Original Customer does not match the Best Bid(s), Texas Gas shall award the applicable firm capacity to the Customer(s) that submitted the Best Bid(s) in accordance with Section 6.11[1(e)]. Following the award, Texas Gas will enter into a service agreement with the party or parties receiving the awarded capacity in accordance with 6.11[1(g)]. Any remaining capacity will continue to be posted as available firm capacity on Texas Gas' Internet Website.
  - (f) Any Customer who is awarded capacity shall execute a service agreement that sets forth the terms and conditions of the Best Bid(s) for a bidding party or, if applicable, of the original Request for Service, including matched terms if an Original Customer matches the Best Bid(s). Unless otherwise mutually agreed, such service agreement shall be executed within two (2) business days of its tender by Texas Gas if the service agreement term is less than two (2) years, or within five (5) business days if the service agreement term is two (2) years or longer. If the Customer fails or refuses to execute the service agreement within the applicable time period, the Customer shall forfeit all rights and entitlement to the subject capacity. The capacity will be offered to the bidder with the next highest bid or re-sold in a subsequent sales process and such next highest bidder, if it accepts the offer, or winner of the subsequent sales process will be awarded the capacity and be required to execute a service agreement as provided in this Section. Any Customer awarded capacity who fails to timely execute a service agreement will be required to pay Texas Gas an amount equal to the difference between (i) the rate established by the applicable Customer's Best Bid(s)/Request for Service, and (ii) the rate established when the capacity is awarded to the next Best Bid(s) or resold via a subsequent sales process and contracted for, multiplied by the Customer's Contract Demand(s) and Customer's contract Term.
  - (g) Texas Gas shall post the results on its Internet Website within forty-eight hours of the execution of the Service Agreement. The posting will include:
    - (i) name of winning Bidder(s);
    - (ii) winning Bid rate(s);
    - (iii) maximum rate if applicable;
    - (iv) duration of contract;
    - (v) Contract Quantity;
    - (vi) location(s): receipt, delivery, injection, withdrawal points, or other points, as applicable; and
    - (vii) any affiliate relationship between Texas Gas and winning Bidder.
2. Interactive Auction for Storage Service Subject to Market Based Rates or Cost Based Rate Schedule FSS

- (a) The auction process for market based Storage Service shall be initiated either (i) by a Customer seeking Firm Storage Service subject to Market Based Rate authority received in Docket No. CP07-405-000 under Rate Schedule FSS-M or Interruptible Storage Service under Rate Schedule ISS-M, or (ii) by Texas Gas seeking to sell Firm Storage Service subject to Market Based Rate authority received in Docket No. CP07-405-000 under Rate Schedule FSS-M or Interruptible Storage Service under Rate Schedule ISS-M. A customer seeking such market based storage service can initiate the auction process by submitting a Request for Service and the parties agreeing on the minimum price and term of service. Texas Gas can initiate the auction process by posting a notice on its Internet Website announcing specifics of the capacity auction in accordance with the terms of paragraph (c), below.

Texas Gas shall have the right to initiate an interactive auction under this Section 6.11[2] for cost based Firm Storage Service under Rate Schedule FSS by posting a notice on its Internet Website announcing specifics of the capacity auction in accordance with the terms of paragraph (c) below. Such notice shall be posted at least 24 hours prior to the commencement of the auction.

- (b) Texas Gas shall auction, via its Internet Website, available FSS-M and ISS-M capacity that is not subject to the right of first refusal procedures in Section 6.10[4] and that is not subject to contractual right of first refusal pursuant to Section 5.17. Texas Gas may, on its initiative, auction available FSS capacity that is not subject to the right of first refusal procedures in Section 6.10[4] hereof via its Internet Website. Texas Gas will post on its Internet Website either its intention to initiate an auction for its FSS, FSS-M, or ISS-M capacity, or that a Customer has requested Texas Gas to initiate an auction for its FSS-M or ISS-M storage capacity. Texas Gas will also post on its Internet Website the following information:

- (i) the quantity of capacity available for the auction;
- (ii) the term for which the capacity is available for the auction.

- (c) Texas Gas will post a notice announcing the date of the auction for the storage capacity. This notice will outline the auction start time(s) and all steps necessary to participate/bid in the auction. For auctions of firm storage capacity, such notice shall be posted at least 24 hours prior to the commencement of the auction. For auctions of ISS-M storage capacity, Texas Gas will post notice by 10:00 a.m. on the day of the auction.

If a Customer requests an auction for FSS-M or ISS-M capacity, the parties will agree on a term and the minimum acceptable price for the capacity before the auction will be posted. If the parties are unable to agree on an acceptable price for the capacity, or if Texas Gas initiates the auction, Texas Gas will select a term for the FSS-M or ISS-M capacity being auctioned and set the minimum acceptable price, provided that the minimum acceptable price for the capacity will not be greater than \$1.8657 per MMBtu of maximum storage quantity ("Reserve Price").

For FSS capacity, any minimum acceptable rate established by Texas Gas shall not be greater than the maximum applicable rate or less than the minimum applicable rate.

- (d) Texas Gas will accept bids for FSS, FSS-M, or ISS-M capacity through an auction conducted through its Internet Website. If more than one Package of capacity has been noticed for auction, a separate auction will be conducted for each Package. For firm

storage capacity, the Package will be auctioned within specified sequential time periods as set forth in the notice. For ISS-M capacity, the Package will be auctioned during the bidding period of at least 10 minutes established by the notice.

- (i) All bids shall be binding on the Bidder. A bid can be withdrawn during the bidding period; however, any new or changed bid cannot have a lesser NPV than the Bidder's previous bid.
  - (ii) For FSS-M or ISS-M capacity, Texas Gas reserves the right to reject any bid which would require it to offer service below the minimum acceptable bid. For FSS capacity, Texas Gas reserves the right to reject any bid which would require it to offer service for a rate less than the maximum applicable rate or which would require the use of negotiated rate authority.
  - (iii) At the end of the bid period, Texas Gas will determine the "Best Bid(s)" based upon the bid(s) that has the highest rate per MMBtu, up to the total Package capacity. If Texas Gas receives two or more equal bids that would qualify as the Best Bid(s) for the capacity being auctioned, Texas Gas will award to each Bidder its total bid if the total capacity of the combined Best Bids is equal to or less than the total Package capacity available; provided, however, if the total capacity of the combined Best Bids is greater than the total Package capacity available, Texas Gas will allocate the volumes between Bidders based upon their pro rata Best Bid(s) volume.
  - (iv) Steps (i) through (iii) above will occur for each Package of storage capacity and will be completed before the subsequent Package of capacity is auctioned. This process will continue until all Packages included in the notice have been auctioned.
  - (v) Texas Gas shall notify the Customer with the Best Bid(s) ("Best Bidder(s)") by telephone within 10 minutes following the close of the auction. The Best Bidder(s) shall, within 10 minutes of notification, accept the capacity by notifying Texas Gas by telephone. Any Best Bidder(s) not accepting its bid prior to the 10-minute deadline will forfeit its capacity and Texas Gas will award the forfeited capacity to the next highest bidder. The next highest bidder will then accept its capacity within 10 minutes of notification or forfeit the capacity. If the Best Bidder(s) fail to accept the capacity within the 10-minute deadline, it will be required to pay the difference between the contract rate (as established by the Best Bid(s)) and the price received for the capacity when it is resold in a subsequent auction, multiplied by the volumes of the Best Bidder's highest bid. If the Best Bidder(s) fail to accept the capacity within the 10-minute deadline, Texas Gas shall have the ability to re-auction the capacity.
- (e) The Best Bidder(s) shall execute a new service agreement setting forth the terms and conditions of the Best Bid(s) in accordance with Section 6.11[1(f)] above. The new service agreement will be provided to the Customer before the close of business on the day the capacity has been awarded. If the Best Bidder(s) fail to timely execute the new service agreement, it will be required to pay the difference between the contract rate (as established by the Best Bid(s)) and the price received for the capacity when it is resold in a subsequent auction multiplied by the volumes the Best Bidder(s) matched. If the Customer fails to timely execute the new service agreement, Texas Gas shall have the ability to re-auction the capacity.

- (f) Texas Gas shall post the results of the auction on its Internet Website no later than the close of business on the business day following the day of the award. The posting will include:
- (i) name of winning Bidder(s);
  - (ii) winning Bid rate(s);
  - (iii) duration of contract;
  - (iv) MSQ, MDIQ, and MDWQ;
  - (v) injection point and withdrawal point; and
  - (vi) any affiliate relationship between Texas Gas and winning Bidder(s).

**Nominations, Confirmations, Scheduling and Curtailment of Services**

1. Customer will deliver or cause to be delivered quantities of natural gas to Texas Gas for transportation at the Point(s) of Receipt specified in the Transportation Service Agreement on any day and Texas Gas will redeliver natural gas either directly to Customer or for the account of Customer at the Point(s) of Delivery, less any quantity of natural gas used by Texas Gas in providing transportation service hereunder.
2. Upon request of Texas Gas, Customer shall from time to time submit estimates of the daily, monthly, and annual quantities of gas to be transported, including peak day requirements, together with the estimated amounts thereof applicable to each point of receipt and each point of delivery and such other operating data as Texas Gas may require in order to plan its operations, to meet its Customer's requirements, and to render adequate service to its customers.
3. General Nomination Procedures
  - (a) Customers transporting under any of Texas Gas' Rate Schedules shall, except to the extent excused by such Rate Schedules, furnish or cause to be furnished to Texas Gas a nomination of the daily quantity(ies) of gas it desires to be received, transported, and redelivered for the nomination period, and any fuel, company use and unaccounted for quantities nominated pursuant to Section 6.9[2] of the General Terms and Conditions of this Tariff. Such nomination shall reflect the quantity of gas to be received, and the quantity of gas to be delivered for each Point of Receipt and corresponding Point of Delivery (Point to Point/Pathed Nomination). The total of such nominated quantity(ies) to be transported on Texas Gas' system shall not exceed the Contract Demand unless an Overrun Nomination is submitted and approved by Texas Gas. In addition, Customer agrees to provide Texas Gas any information as legally required by the Commission under any of its rules or regulations, and that such information is true and correct to the best of Customer's knowledge.
  - (b) Customer shall deliver or cause to be delivered to Texas Gas such daily quantities as nearly as possible at uniform hourly rates. Unless mutually agreed otherwise, departures from the daily quantity which customer schedules for deliveries to Texas Gas shall be kept to the minimum permitted by operating conditions.
  - (c) Texas Gas will support a seven-days-a-week, twenty-four-hours-a-day nomination process and will provide emergency and after-hours telephone numbers on the Internet Website. Customer shall provide Texas Gas with Customer's designated contact person and emergency and after hours telephone numbers, updating such information as changes occur. Texas Gas will not be liable to Customer if Customer's contact information is outdated and Texas Gas' communication attempt(s) with such Customer are unsuccessful. In the event of failure of Texas Gas' or the Customer's access to the EDM, communications concerning nominations, confirmation, scheduling, and curtailment of services may be provided via email to [texasgasscheduling@bwpipelines.com](mailto:texasgasscheduling@bwpipelines.com). All failures must be communicated to Texas Gas prior to submitting via email by contacting technical support at (713) 479-8680.
  - (d) The following types of nominations may, unless otherwise mutually agreed, be submitted by Customer.

- (i) Next Day nominations: Next day nominations are new nominations, or revisions to existing nominations, intended to be made effective at the beginning of the next Gas Day pursuant to Section 6.12[4].
  - (ii) Intra-Day nominations:

There are three types of Intra-Day nominations:

Nominations received during the Gas Day for the same day of flow.

Nominations received after the Nomination deadline for the following Gas Day.

Additional nominations received pursuant to Rate Schedule ENS.
  - (iii) Overrun nominations: Overrun nominations are nominations for any quantity of gas in excess of Customer's Contract Demand.
  - (iv) Imbalance nominations: Imbalance nominations are nominations for any quantity of gas used to correct imbalances.
  - (e) Each type of Nomination must be separately nominated by Customer so that priorities of service can be accurately maintained.
  - (f) Customer's nominations and Point Operator's confirmations may be submitted via EDM.
  - (g) Nomination Period shall mean the period of time Customer includes in a Nomination for gas service. All nominations should include Customer defined Begin Dates and End Dates, provided the Nomination Begin Dates and End Dates are within the term of Customer's Service Agreement.
4. Nomination Cycles – NAESB WGQ Standard No. 1.3.2(i-v), V3.2
- All Transportation Service Providers (TSPs) should support the following standard nomination cycles (all times are CCT pursuant to NAESB WGQ Standard No. 0.3.17):
- (i) The Timely Nomination Cycle  
On the day prior to gas flow:
    - 1:00 p.m. Nominations leave control of the Service Requester (SR);
    - 1:15 p.m. Nominations are received by the TSP (including from Title Transfer Tracking Service Providers (TTTSPs));
    - 1:30 p.m. TSP sends the Quick Response to the SR;
    - 4:30 p.m. TSP receives completed confirmations from Confirming Parties;
    - 5:00 p.m. SR and Point Operator receive scheduled quantities from the TSP.

Scheduled quantities resulting from Timely Nominations should be effective at the start of the next Gas Day.
  - (ii) The Evening Nomination Cycle  
On the day prior to gas flow:
    - 6:00 p.m. Nominations leave control of the SR;

- 6:15 p.m. Nominations are received by the TSP (including from TTTSPs);
- 6:30 p.m. TSP sends the Quick Response to the SR;
- 8:30 p.m. TSP receives completed confirmations from Confirming Parties;
- 9:00 p.m. TSP provides scheduled quantities to the affected SR and Point Operator, including bumped parties (notice to bumped parties).

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

(iii) The Intraday 1 Nomination Cycle

On the current Gas Day:

- 10:00 a.m. Nominations leave control of the SR;
- 10:15 a.m. Nominations are received by the TSP (including from TTTSPs);
- 10:30 a.m. TSP sends the Quick Response to the SR;
- 12:30 p.m. TSP receives completed confirmations from Confirming Parties;
- 1:00 p.m. TSP provides scheduled quantities to the affected SR and Point Operator, including bumped parties (notice to bumped parties).

Scheduled quantities resulting from Intraday 1 Nominations should be effective at 2:00 p.m. on the current Gas Day.

(iv) The Intraday 2 Nomination Cycle

On the current Gas Day:

- 2:30 p.m. Nominations leave control of the SR;
- 2:45 p.m. Nominations are received by the TSP (including from TTTSPs);
- 3:00 p.m. TSP sends the Quick Response to the SR;
- 5:00 p.m. TSP receives completed confirmations from Confirming Parties;
- 5:30 p.m. TSP provides scheduled quantities to the affected SR and Point Operator, including bumped parties (notice to bumped parties).

Scheduled quantities resulting from Intraday 2 Nominations should be effective at 6:00 p.m. on the current Gas Day.

(v) The Intraday 3 Nomination Cycle

On the current Gas Day:

- 7:00 p.m. Nominations leave control of the SR;
- 7:15 p.m. Nominations are received by the TSP (including from TTTSPs);
- 7:30 p.m. TSP sends the Quick Response to the SR;
- 9:30 p.m. TSP receives completed confirmations from Confirming Parties;
- 10:00 p.m. TSP provides scheduled quantities to the affected SR and Point Operator.



Scheduled quantities resulting from Intraday 3 Nominations should be effective at 10:00 p.m. on the current Gas Day. Bumping is not allowed during the Intraday 3 Nomination Cycle.

- (vi) For purposes of NAESB WGQ Standard No. 1.3.2 (ii), (iii), (iv), and (v), the word "provides" shall mean, for transmittals pursuant to NAESB WGQ Standards 1.4.x, receipt at the designated site, and for purposes of other forms of transmittal, it shall mean send or post.

## 5. Standing Nominations

Customer may submit a Timely nomination to be in effect for one or more days, months or years, provided the Begin Date and End Date are within the term of Customer's Service Agreement. A nomination to be in effect for more than one day is a Standing nomination. A Standing nomination may be replaced in whole or in part by another nomination to be in effect for all or a portion of the remaining nomination period of the Standing nomination. If the replacement nomination is for less than the remaining nomination period of the Standing nomination, the Standing nomination shall automatically spring back into effect at the end of the nomination period of the replacement nomination.

## 6. Intra-Day Nominations

- (a) Any nomination submitted after the deadline set forth in Section 6.12[4(i)] above shall be considered an Intra-Day nomination. Texas Gas shall have the right at any time to limit acceptance of an Intra-Day nomination on a non-discriminatory basis if system integrity will be placed in jeopardy.
- (b) ENS Nominations - Additional nomination cycles pursuant to Rate Schedule ENS are set forth in Section 5.10[5.2] of the ENS Rate Schedule. Nominations for ENS service submitted during the additional nomination cycles will be confirmed and scheduled at the receipt and delivery points that qualify for such service as defined in Section 5.10[1.2] of the ENS Rate Schedule. An ENS Customer's nomination cannot bump another firm customer's scheduled and flowing gas quantities. An ENS Customer's nomination may bump an interruptible Customer's scheduled and flowing gas quantities through ENS Additional Cycle No. 5, but not thereafter. To the extent an interruptible Customer's scheduled or flowing gas quantities are bumped by an ENS Customer during an additional nomination cycle, such interruptible Customer shall have the right to submit a nomination to re-schedule the gas quantities that were bumped during the subject additional nomination cycle at any receipt point eligible for service under Rate Schedule ENS, as defined in Section 5.10[1.2] of the ENS Rate Schedule.

Nominations received pursuant to the ENS additional nomination cycles deadlines outlined in Section 5.10[5.2] of the ENS Rate Schedule will be evaluated for flow during their respective confirmation periods. Once gas is scheduled to flow pursuant to an ENS additional nomination cycle, Texas Gas will confirm the scheduled nomination with the interconnecting party at the receipt point. If the interconnecting party at the receipt point does not effectuate confirmed gas flows within one (1) hour of the scheduled flow time, Texas Gas will reduce the ENS nomination through the scheduling process; provided however, for ENS nominations associated with service under Rate Schedules NNS,>NNL, SGT, SGL, SNS, or WNS, Texas Gas will deem any gas delivered by Texas Gas during such period to be delivered from Customer's Unnominated Seasonal Quantity. Texas Gas will notify Customer of the reduction in the intra-day nomination, and

Customer may submit a nomination in a subsequent ENS additional nomination cycle to re-schedule gas flow.

- (c) All nominations, including intraday nominations, shall be based on a daily quantity; thus, an intraday nominator need not submit an hourly nomination. Intraday nominations should include an effective date and time. The interconnected parties should agree on the hourly flows of the intraday nomination, if not otherwise addressed in transporter's contract or tariff. (NAESB WGQ Standard No. 1.3.9, V3.2)
  - (d) Texas Gas will schedule Intra-Day nominations, subject to it being able to confirm and verify such nomination change at both receipt and delivery points. Texas Gas will provide notice to shippers of mid-day bumping of interruptible service.
- 7. Customers electing to utilize Point(s) of Receipt and/or Point(s) of Delivery available on third party pipeline systems within the capacity contracted for and utilized by Texas Gas pursuant to Section 6.24.7 of the General Terms and Conditions, must provide nominations to Texas Gas in accordance with this Section 6.12 or three (3) hours prior to nomination and scheduling deadline(s) of the third party pipeline, whichever is earlier.
- 8. Imbalance Nominations  

Customers shall nominate to Texas Gas the quantity of gas, to be used to correct imbalances. Such Imbalance Nomination will be scheduled in accordance with Texas Gas' nomination procedures, subject to available capacity. To the extent capacity is unavailable to meet all Imbalance nomination requests, Texas Gas will allocate available capacity pro rata based on such Imbalance nominations. When not in conflict with Texas Gas' Tariff, Texas Gas will use Customer provided priority rankings when making reductions during the scheduling process.
- 9. Confirmation and Scheduling of Gas Receipts and Deliveries
  - (a) When not in conflict with Texas Gas' Tariff, Texas Gas will use Customer provided priority rankings when making reductions during the scheduling process. If such rankings are not provided, Texas Gas will schedule available capacity pro rata based on Customer nominations.
  - (b) Scheduled Quantities will be made available to the Point Operator, Customer, and/or Nominating Party via EDM.
  - (c) Customers shall cause the Operator of each Point of Receipt and each Point of Delivery designated in any nomination to confirm all such nominations.
- 10. Customer shall make all necessary arrangements with other parties at or upstream of the point(s) of receipt where it tenders gas to Texas Gas for transportation. Such arrangements shall be coordinated with Texas Gas' Customer Service Department.
- 11. Priorities Applicable for Scheduling Capacity at Point(s) of Receipt

Texas Gas shall allocate capacity at receipt points in sequence as follows:

- (a) Pro rata among firm transportation customers using primary Points of Receipt pursuant to Texas Gas' Firm Rate Schedules, and TAPS where the TAPS customer is utilizing the primary receipt point capacity of the corresponding transportation agreement it is feeding.

- (b) Pro rata among firm transportation customers using secondary Points of Receipt pursuant to Texas Gas' Firm Rate Schedules, and TAPS where the TAPS customer is utilizing the secondary receipt point capacity of the corresponding transportation agreement it is feeding.
- (c) Pro rata among EPS customers using the Park Point(s) identified in the Service Agreement(s) for Rate Schedule EPS.
- (d) Among interruptible transportation customers pursuant to Texas Gas' Interruptible Rate Schedules, and among transportation customers receiving authorized overrun service pursuant to Texas Gas' Firm and Interruptible Rate Schedules based upon the highest rate paid. Such transportation customer may increase its rate paid up to Texas Gas' maximum applicable rate to obtain a higher scheduling priority for quantities nominated pursuant to the applicable Rate Schedule above. Capacity shall be allocated on a pro rata basis among customers willing to pay the same unit rate for such service.
- (e) Pro rata among customers utilizing Rate Schedule TAPS to feed a downstream interruptible transportation agreement or to feed authorized overrun service pursuant to a Firm Rate Schedule.

Customers paying a Negotiated Rate which exceeds the Maximum Rate will be considered to be paying the Maximum Rate for purposes of this Section 6.12[11].

12. Priorities Applicable for Scheduling Capacity at Point(s) of Delivery

Texas Gas shall allocate capacity at Points of Delivery in sequence as follows:

- (a) Pro rata among firm transportation customers using primary Points of Delivery pursuant to Texas Gas' Firm Rate Schedules.
- (b) Pro rata among firm transportation customers using secondary Points of Delivery upstream of their primary Points of Delivery pursuant to Texas Gas' Firm Rate Schedules.
- (c) Pro rata among firm transportation customers using secondary Points of Delivery downstream of their primary Points of Delivery pursuant to Texas Gas' Firm Rate Schedules.
- (d) Pro rata customers being returned gas at the scheduled Park Point(s) identified in the service agreement for Rate Schedule EPS.
- (e) Among interruptible transportation customers pursuant to Texas Gas' Interruptible Rate Schedules, and among transportation customers receiving authorized overrun service pursuant to Texas Gas' Firm and Interruptible Rate Schedules based upon the highest rate paid. Such transportation customer may increase its rate paid to Texas Gas' maximum rate to obtain a higher scheduling priority for quantities nominated pursuant to the applicable Rate Schedule above. Capacity shall be allocated on a pro rata basis among customers willing to pay the same unit rate for such service.

Customers paying a Negotiated Rate which exceeds the Maximum Rate will be considered to be paying the Maximum Rate for purposes of this Section 6.12[12].

13. Priorities Applicable for Scheduling Capacity on the Mainline

If insufficient pipeline capacity exists to satisfy all requests for transportation service, Texas Gas shall allocate mainline capacity in sequence as follows, with Section 6.12[13(a)] and 6.12[13(b)] being treated equally for allocation of mainline capacity:

- (a) Pro rata to firm transportation customers utilizing in-the-path firm transportation service pursuant to Texas Gas' Firm Rate Schedules. In-the-path firm transportation service consists of firm transportation service from primary or secondary Points of Receipt in the zone in which a firm customer has reserved firm transportation capacity, or portion of the zone in which a firm customer has not released its firm capacity rights pursuant to Section 6.16 of the General Terms and Conditions of this Tariff, to the firm customer's primary Point of Delivery or to a secondary Point of Delivery physically located upstream of the firm customer's primary Point of Delivery.
- (b) Pro rata to firm transportation customers delivering gas to downstream secondary Points of Delivery where the firm customers are utilizing firm in-the-path capacity pursuant to Texas Gas' Firm Rate Schedules through the capacity constrained point.
- (c) Pro rata among firm transportation customers transporting gas through Texas Gas' mainline to either an upstream or downstream secondary Point of Delivery where firm transportation customers are utilizing out-of-path capacity pursuant to Texas Gas' Firm Rate Schedules through a part of the mainline system where there is insufficient capacity to satisfy all requests for firm transportation service. Out-of-path transportation service consists of firm transportation service in which a firm customer utilizes capacity that is physically located outside their primary path, regardless of whether such out-of-path capacity is in the same zone or in an upstream zone of the firm customer's primary Point of Delivery or is downstream of the firm transportation customer's firm capacity path.
- (d) Among interruptible transportation customers pursuant to Texas Gas' Interruptible Rate Schedules and among transportation customers receiving authorized overrun service pursuant to Texas Gas' Firm and Interruptible Rate Schedules based upon the highest rate paid. Such transportation customer may increase its rate paid to Texas Gas' maximum applicable rate to obtain a higher scheduling priority for quantities nominated pursuant to the applicable Rate Schedule above. Capacity shall be allocated on a pro rata basis among customers willing to pay the same unit rate for such service.

Customers paying a Negotiated Rate which exceeds the Maximum Rate will be considered to be paying the Maximum Rate for purposes of this Section 6.12[13].

14. Curtailment of Pipeline Capacity and Curtailment of Gas Supply Shortage Among Services

- (a) If, as the result of capacity constraints or any other reason set forth in this Section 6.12[13], Texas Gas is required to curtail or interrupt service, then Texas Gas shall allocate such reduced available capacity in accordance with Sections 6.12[11, 12, 13] herein.
- (b) The full curtailment or interruption of the lower category quantities is required before curtailment or interruption of any higher category quantity is commenced, during a particular period of daily interruption, i.e., services pursuant to Section 6.12[12(d)] are

required to be fully curtailed first, then service pursuant to Section 6.12[12(c)], then service pursuant to Section 6.12[12(b)], and so on.

- (c) Localized Curtailment or Interruption: Where ability to render service is impaired in a particular area of Texas Gas' system, then curtailment or interruption of service shall be effected in accordance with the above-listed priorities of service only in that area of Texas Gas' system in which service is impaired.
- (d) If, as the result of gas supply shortage curtailment or interruption of service is required, Texas Gas shall allocate gas quantities received pursuant to the successive PDA(s) in effect at the receipt points where such gas supply shortage occurs in accordance with Section 6.14[1].
- (e) For Transportation Service requested to commence where insufficient capacity exists to provide such requested service, Texas Gas shall interrupt Customers in a lower category of service in order to provide the requested service to customers in a higher category of service pursuant to Sections 6.12[11, 12, 13] herein, except during the Intra-Day 3 Nomination Cycle. However, Texas Gas shall not be required to interrupt service to customers within the same category of service.
- (f) Relief from Capacity Curtailments in Emergency Situations: Texas Gas shall adjust curtailments made pursuant to the foregoing provisions to the extent necessary to respond to emergency situations (including environmental emergencies) during periods of capacity curtailments. An emergency situation exists when irreparable injury to life or property may occur if natural gas is not delivered to customer. Emergency exemption from curtailment procedures or orders under this Section 6.12[14] may be requested by a Customer when supplemental deliveries are required to forestall irreparable injury to life or property, and if such customer, to the extent feasible, has arranged to use all alternate sources of supply and capacity available for the period involved. Such requests shall be submitted by the Customer to Texas Gas by either telephone or email and confirmed in writing with an affidavit attesting to the emergency within five (5) working days of the request.

Texas Gas shall adjust deliveries to such Customer to avoid such emergency to the extent Texas Gas can permit such adjustment without creating similar emergencies for other customers or jeopardizing Texas Gas' operations. Any relief granted hereunder to such firm transportation Customer shall consist exclusively of an additional allocation of capacity, and Texas Gas shall have no obligation to provide quantities of gas not otherwise available to such firm transportation Customer under the terms and conditions of the pertinent transportation agreement. Texas Gas shall not be liable to any party for any damages whatsoever resulting from curtailment pursuant to this Section 6.12[14].

Any Customer receiving short-term relief under this Section 6.12[14] shall compensate any other Customer injured thereby. Such compensation shall consist of a payment to the injured customer, by the Customer receiving relief of the transportation rate for the capacity taken from the injured Customer.

## Allocations

### 1. Predetermined Allocation

At all points of Receipt and Delivery that don't have Operator Level Operational Balancing Agreements in place or at pooling and/or storage points, Texas Gas will require Predetermined Allocation. PDAs will allow Texas Gas to allocate all gas receipts and deliveries on a daily basis and to provide such daily operating information to Customers on its system. PDAs will be with the operator of the facility immediately upstream or downstream at the point which Texas Gas delivers or receives gas. Each Customer shall be responsible for ensuring that its suppliers submit PDAs as provided herein. The upstream or downstream party providing the point confirmation should submit the pre-determined allocation to the allocating party after or during confirmation and before start of Gas Day (NAESB WGQ Standard No. 2.3.5, V3.2). Such PDA shall specify how any daily underages or overages from the confirmed nominated quantities should be allocated among the entities listed. Only one PDA allocation methodology should be applied per allocation period (NAESB WGQ Standard No. 2.3.4, V3.2). The PDA will not become effective unless Texas Gas has confirmed the nominated receipts and deliveries.

- (a) Properly executed PDAs will be assumed to be accepted by Texas Gas when submitted, unless Texas Gas notifies such party within 24 hours via EDM that such allocation can not be administered.
- (b) A PDA will be effective as of the date specified therein (which may not be earlier than the date on which the confirmed quantities are to flow) and will continue in effect through the ending flow date unless the PDA party submits a new PDA prior to that time that is accepted by Texas Gas. PDAs may be submitted to Texas Gas on any gas day during the month. Parties submitting PDAs shall be responsible for keeping the entities for whom the party is submitting the PDA informed as to the contents of the PDA.
- (c) After the end of each month, Texas Gas shall make available to each party submitting an effective PDA with a monthly allocation summary showing the daily gas quantities allocated in accordance with such PDAs. No retroactive changes to the PDA may be made unless Texas Gas and all parties affected by such retroactive change to the PDA agree in writing.
- (d) In the event Texas Gas is utilizing its upstream capacity in other pipelines to transport gas for a Customer, the PDA or allocation methodology, if any, of those upstream pipelines shall provide the first level PDA applicable to such upstream transportation.
- (e) If the party owning processing rights to gas received by Texas Gas for transportation service hereunder elects to process such gas during any month, then that customer will require the operator of the processing plant where the gas will be processed to provide Texas Gas with the estimated shrinkage percentage applicable to such gas. The gas quantity available for transportation by Texas Gas and subject to the PDA, shall be all gas received after reduction for the estimated shrinkage applicable to processing.
- (f) If Operator of a processing plant elects to transport gas quantities to their processing plant for the purpose of in-kind PVR replacement, then such transportation agreement shall not be identified to take all, over- or under-deliveries in a PDA at any receipt point which it is utilizing for transportation service.
- (g) For parties not submitting PDA's via EDM, there is a proposed PDA form available in the Forms section of Texas Gas' Internet Website. Parties are required to use this form,

or such other format as the parties may agree to in writing, and submit prior to end of the gas day. On such form the party submitting the PDA shall identify the method(s) for allocating daily overages and underages from the confirmed nominations among the operator or producer or upstream or downstream Customer of the gas identified on the form. Such form shall also specify the effective date of such predetermined allocation. Such PDA when submitted shall be binding as between Texas Gas and the party submitting the PDA.

- (h) Both Texas Gas and the parties submitting the PDA recognizes that to the extent they have control, they will take the appropriate steps so that the volumes actually received or delivered by Texas Gas at the Interconnection Point(s) identified on the PDA will equal, to the extent reasonably possible, the confirmed nominations. Any overage or underage should be inadvertent. It is intended that the PDA will work in conjunction with, and in no way replace, the normal communications between the parties to confirm gas nominated for delivery or receipt at the applicable Interconnection Point.
- (i) Texas Gas shall not have any liability to any Customer, or any other party to a PDA, as a result of Texas Gas' reliance or any allocation methodology described herein, and such parties shall indemnify Texas Gas from and against any and all losses, damages, expenses, and claims, as a result of Texas Gas' reliance on such allocation methodology.

## 2. Operational Balancing Agreements

- (a) Texas Gas will enter into Operational Balancing Agreements with parties whose pipeline, processing plant, or production facilities interconnect with Texas Gas' system. Texas Gas' intent is to negotiate and execute OBAs on a nondiscriminatory basis. However, Texas Gas shall have no obligation to negotiate and execute OBAs with any Party that:
  - (1) is not creditworthy as determined pursuant to Section 6.5 of these General Terms and Conditions, wherein references to Customer shall refer to the OBA party;
  - (2) does not maintain a gas control or similar operation which is staffed on a continuous, around-the-clock basis;
  - (3) does not have electronic flow measurement equipment to which Texas Gas has access at the interconnect points which are proposed to be subject to the OBA;
  - (4) would cause an increase in the level of regulators or flow control regulation which Texas Gas is subject to prior to the execution of the applicable OBA; or
  - (5) does not commit to timely and final determination of Imbalances based on reasonable available measurement technology.
- (b) Texas Gas and the OBA party will mutually agree on the method for resolving OBA imbalances. Methods for resolving imbalances include, but are not limited to: in-kind replacement, cash out payments based on Texas Gas' cash-out provisions as contained in Section 6.14 herein or other mutually agreed upon market price indices or procedures. Texas Gas will negotiate the method for resolving OBA imbalances on a non-discriminatory basis.

### Imbalance Resolution Procedures

1. Texas Gas will provide by electronic or other available means of communication, its best available operating data on gas receipts and deliveries to Customer on a daily basis within 24 hours of the end of the gas day. Daily operational information shall include information on daily gas flow provided by Electronic Flow Measurement (EFM), telemetry, or any other means Texas Gas would use to provide Customers with its best estimate of daily gas receipts and deliveries for that Customer's account. Such daily operating data provided Customer as to gas receipts and deliveries shall be allocated pursuant to the PDAs in effect. Customer's imbalance percentage will be determined from actual data; however, Customer may utilize Texas Gas' operating data for purposes of correcting imbalances, if any, during the month.
2. All imbalances accrued by Customer under its transportation agreements shall be resolved on a monthly basis pursuant to the provisions herein and subject to the provisions of Section 6.15 of these General Terms and Conditions. At the end of each month, Texas Gas will calculate the imbalance under all Customers' transportation agreements. The monthly imbalance will be determined by comparing actual receipts, less fuel, to actual deliveries for each agreement. If actual data shows Customer is subject to cash-out, Texas Gas shall review the operating data provided Customer prior to any cash-out. If Customer's cash-out percentage using operating data is less than that using actual data, then Texas Gas shall cash-out Customer's actual imbalance by using operating data to determine the applicable cash-out percentage. A Customer nominating gas receipts from a paper Pooling Point will be allocated gas receipts equal to confirmed nominations, with the Pooling Supplier being responsible for the differences between actual gas receipts and nominations at the individual receipt points into Texas Gas' system.
3. All monthly imbalances accrued by Customer under Customer's various transportation agreements will be combined to determine the actual net imbalance for Customer for purposes of the following calculation. The actual net imbalance then will be divided by the sum of the total gas quantities delivered under all such transportation agreements for Customer during the month (excluding pool to pool transfers under Rate Schedule TAPS) to yield Customer's Net Imbalance Percentage for the month.
4. If Customer has accrued a net monthly imbalance such that the total quantities of gas received by Texas Gas for Customer's account during the month are less than the total quantities of gas delivered by Texas Gas for Customer's account during the month, then Customer shall make up in-kind any imbalance equal to or below a Net Imbalance Percentage of two percent. Customer shall pay Texas Gas for the remainder, if any, of Customer's net monthly imbalance (in MMBtu) in excess of that to be made up in-kind according to the following table:

<b><u>Net Imbalance Percentage</u></b>	<b><u>Percentage of Applicable Index Price</u></b>
>2% to 5%	100% x highest weekly average price
>5% to 10%	110% x highest weekly average price
>10% to 15%	120% x highest weekly average price
>15% to 20%	130% x highest weekly average price
>20% to 25%	140% x highest weekly average price
> 25%	150% x highest weekly average price

Customer shall pay Texas Gas for their net monthly imbalance calculated herein in accordance with Section 6.15 of the General Terms and Conditions of this Tariff.



5. If Customer has accrued a net monthly imbalance such that the total quantities of gas received by Texas Gas for Customer's account during the month are greater than the total quantities of gas delivered by Texas Gas for Customer's account during the month, then Customer shall make up in-kind any imbalance equal to or below a Net Imbalance Percentage of two percent. Texas Gas shall pay Customer for the remainder, if any, of its net monthly imbalance (in MMBtu) in excess of that to be made up in-kind according to the following table:

<b><u>Net Imbalance Percentage</u></b>	<b><u>Percentage of Applicable Index Price</u></b>
>2% to 5%	100% x lowest weekly average price
>5% to 10%	90% x lowest weekly average price
>10% to 15%	80% x lowest weekly average price
>15% to 20%	70% x lowest weekly average price
>20% to 25%	60% x lowest weekly average price
> 25%	50% x lowest weekly average price

It is agreed, however, that in the event Customer owes Texas Gas any payments under Section 6.14[4] above, from a previous month which are past due, Texas Gas shall have the right hereunder to offset payments it owes to Customer under Section 6.14[5] by such past due amounts (inclusive of interest).

6. The Net Imbalance Percentages contained in Sections 6.14[4] and 6.14[5], will be used to calculate the cash-out price for imbalances that fall within each Net Imbalance Percentage range. For example, Customer with a Net Imbalance Percentage of 12% will: make-up in-kind for 2% of the imbalance; cash-out at the 2% to 5% price for 3% of the imbalance; cash-out at the 5% to 10% price for 5% of the imbalance; and cash-out at the 10% to 15% price for the remaining 2% of the imbalance.
7. Except as provided in Sections 6.14[9] and 6.14[12], Texas Gas shall use either the highest or lowest weekly average price determined each month as the applicable "Index Price" for cashing out all monthly imbalances subject to cash-out hereunder. The weekly average price for each week shall be a price determined by averaging the weekly price for spot gas supplies "Delivered to Pipeline" at Louisiana, Gulf Coast, Onshore and at Louisiana, North as contained in the table "Gas Price Report" of the publication "Natural Gas Week." The weeks to be used in determining each month's highest weekly average price and lowest weekly average price shall include all weeks that such publication is issued within that calendar month during which the imbalance occurred plus the first week of the next calendar month. The monthly average index price used in Sections 6.14[9] and 6.14[12] shall be the average of each of the weekly average prices for the month as determined above.
8. In the event Texas Gas is utilizing its upstream capacity in other pipelines to transport gas for a Customer, the cash-out provisions, if any, of those upstream pipelines shall be applicable to such upstream transportation rather than Texas Gas' cash-out provisions.
9. Subject to the provisions of Section 6.14[8] above, Customers shall resolve their monthly transportation imbalances within the 0% to 2% Net Imbalance Percentage range through in-kind replacement. All transportation imbalances in excess of the 0% to 5% Net Imbalance Percentage must be cashed out at the appropriate percentages in Sections 6.14[4] and 6.14[5] above. On or before the ninth (9<sup>th</sup>) Business Day of each month, Texas Gas will provide Customer a statement detailing any imbalance quantities for the preceding month. Customers using in-kind replacement for imbalance resolution have until the seventeenth (17<sup>th</sup>) Business Day of the month to nominate and resolve their imbalances. Imbalances not resolved by the

seventeenth (17<sup>th</sup>) Business Day are subject to cash-out at the 5% to 10% Net Imbalance Percentage for determining the Cash-Out Index Price. In accordance with Sections 6.14[4] and 6.14[5], the cash-out index price to be used for cash-out shall be the highest or lowest weekly average of the month in which the imbalance occurred or the month in which the imbalance is cashed out. If Customer makes a good faith effort throughout the 17 Business Days provided for in-kind replacement of imbalance volumes, but is unable to fulfill its in-kind make-up obligations solely as a result of Texas Gas' inability to take or deliver such make-up gas, then Texas Gas will cash-out Customer's imbalance at 100% monthly average index.

10. Subject to the provisions of Section 6.14[8] above, Customers may resolve their monthly transportation imbalances by trading their imbalance with another Customer within the same Operational Impact Area. An Authorization to Post Imbalances (pursuant to NAESB WGQ Standard No. 2.4.9) that is received by the Transportation Service Provider by 11:45 a.m. should be effective by 8:00 a.m. the next Business Day. An imbalance that is previously authorized for posting should be posted on or before the ninth Business Day of the month (NAESB WGQ Standard No. 2.3.40, V3.2). Customers trading offsetting imbalances must provide Texas Gas a notice and confirmation of their agreement to trade imbalances in writing and signed by both Customers. Transportation Service Providers should provide the ability to post and trade imbalances until at least the close of the seventeenth business day of the month (NAESB WGQ Standard No. 2.3.41, V3.2). Customers must make-up in-kind or cash out all monthly transportation imbalances not resolved through trading in accordance with Section 6.15 of these General Terms and Conditions.
11. Imbalances accrued by a Processor under its Liquefiables Transportation Agreement during a month shall be resolved by Texas Gas and the Processor pursuant to the provisions of this Section 6.14.
12. Imbalances accrued by Customer as a result of a force majeure event on Texas Gas' system during a month, shall be resolved by Texas Gas and Customer pursuant to the provisions of this Section; provided, however, that the price to be paid by Texas Gas or Customer for Customer's net monthly imbalance accrued during the month in which the force majeure event occurred shall be 100% of the monthly average Index Price in effect for that month.
13. Texas Gas shall accumulate any differences between the revenues received by Texas Gas and the costs incurred by Texas Gas under the cash-out provisions of this section during each twelve-month period ("Annual Billing Period").
  - (a) Following each Annual Billing Period, Texas Gas shall compare the cash-out revenues for the period, including without limitation OBA cash-out revenues, plus any carry forward amounts, including interest, ("Total Cash-Out Revenues") with the cash-out costs for the period. If the Total Cash-Out Revenues exceed the cash-out costs incurred, and such excess is equal to or greater than \$1,000,000, then Texas Gas shall file within 90 days of the end of the Annual Billing Period to establish a refund applicable to both its Firm and Interruptible Rate Schedules to return the net over-recoveries. Texas Gas shall refund to Customers within 30 days following such filing pro rata based upon throughput for NNS,>NNL, SGT, SGL, SNS, WNS, STF, FT FLS, IT, and ILS quantities for the Annual Billing Period.

If the Total Cash-Out Revenues exceed the costs incurred by less than \$1,000,000, then Texas Gas shall carry forward the net balance to the next Annual Billing Period. Interest will be calculated on the net balance in the cash-out tracker in accordance with Section 154.501(d) of the Commission's regulations. In the event of a refund, the interest will be included in the amount refunded to Customers. In the event a refund is

not due, interest will be calculated on the net balance and such balance, with interest, will carry forward to the subsequent Annual Billing Period.

### Billing and Payment

1. Monthly invoice date: Texas Gas shall render invoices on or before the ninth (9th) business day of each month for all gas delivered and gas service furnished during the preceding month, including a monthly cash-out and imbalance statements, according to the measurement, computations, and charges provided in this Tariff. For purposes of delivery of invoices via the Texas Gas Internet Website, render shall mean time-stamped.
2. Delivery Method: The default delivery method for the Texas Gas Customer invoice package is the Texas Gas internet website. Such Customers shall receive e-mail notification when monthly invoices are finalized for payment review; as specified pursuant to Section 6.8[3.1(b)], when invoices are finalized and rendered. Further, Texas Gas shall post a notice to its Internet Website when such documents are finalized. Customer may request delivery via EDI to a designated site if they cannot use an on-line invoice for payment purposes. If Customer elects this alternate delivery method, it will remain in effect until changed by Customer; provided, however, that Customer shall not change its delivery method more often than once in any twelve month period.
3. Customer's information: When information necessary for Texas Gas' billing purposes is in the control of Customer, Customer shall furnish or cause to be furnished such information to Texas Gas on or before the fifth (5th) calendar day of each month.
4. Right of examination: Both Texas Gas and Customer shall have the right to examine at any reasonable time the books, records, and charts of the other to the extent necessary to verify the accuracy of any statement, chart, or computation made under or pursuant to the provisions of this Tariff.
5. Payment method and due date: Customer shall make payment to Texas Gas by electronic funds transfer to a depository designated by Texas Gas, unless Customer, whose total monthly invoices are less than \$100,000, elects to make payment by check. All payments are due ten (10) calendar days after the invoice is rendered except when such day is a Saturday, Sunday, or bank holiday, in which case payment is due the following business day. Payment shall be made for invoices rendered pursuant to Section 6.15[1]. 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 (NAESB WGQ Standard No. 3.3.17, V3.2). If invoice is in dispute, pay portion not in dispute and provide documentation identifying basis for the dispute (NAESB WGQ Standard No. 3.3.19, V3.2).
6. Penalty for late payment: Should Customer fail to pay all or a portion of any invoice when such amount is due, as herein provided, Customer shall pay Texas Gas interest. Interest on the unpaid portion of the invoice shall be computed by multiplying (a) the unpaid portion of the invoice by (b) the ratio of the number of days from the due date to the date of actual payment to 365, by (c) the current rate of interest on pipeline refunds established by Commission regulations. The interest charge provided for by this Section 6.15[6] shall be compounded monthly.
7. In the event an error is discovered in the measured quantities, allocated quantities, or the rate billed in any statement rendered by Pipeline, such error shall be adjusted on the next invoice due to the Customer, provided that claim meets the conditions provided in NAESB WGQ

Standard Nos. 2.3.14 and 2.3.26 or is mutually agreed between all affected parties. In no event will any changes be made to a statement or invoice after twenty-four (24) months from the date of statements, billings or payment, based on actualized volumes, unless the parties mutually agree. Any error discovered as a result of a timely claim shall be corrected within thirty (30) days of the determination thereof.

8. Bona fide disputes: In the event of a bona fide dispute between the parties concerning the amount of the unpaid invoice, Texas Gas shall not suspend service under the notification procedure outlined in Section 6.15[9] when Customer acts in a timely manner to provide additional information and security for Texas Gas in accordance with the following procedures:
  - (a) Identify dispute: Within ten (10) calendar days after the due date of any payment, Customer shall notify their Texas Gas Customer Service Representative by written correspondence of the amount billed that is in bona fide dispute, as previously indicated on the remittance statement required by Section 6.15[4], and of all reasons and documentation why Customer believes full payment is not appropriate; and
  - (b) Payment security: Within thirty (30) days after the due date of any payment, Customer shall either pay in full the total amount billed without prejudice to Customer's rights to dispute all or part of said amount and subject to return of the disputed amount so identified, with interest calculated in accordance with Section 6.15[6], after resolution of that dispute in favor of Customer, or pay the undisputed portion of the amount billed in full and furnish good and sufficient surety bond, guaranteeing payment to Texas Gas of all amounts ultimately found due after resolution of the dispute, including interest charges which accrue until resolution of the dispute which may be reached either by agreement or judgment of a court of competent jurisdiction. If Customer furnishes good and sufficient surety bond and amounts are ultimately not due to Texas Gas, then Texas Gas will bear any unrecovered surety bond costs incurred by the Customer.
9. Remedies for non-payment: Should Customer fail to pay all of the amount of any invoice when such amount is due, as herein provided, subject to requirements of regulatory rights and remedies available to Texas Gas under the law and the executed Service Agreement, Texas Gas shall have the right to suspend service without obtaining additional prior approval from the Commission if any amount billed to Customer remains unpaid for more than thirty (30) days after the due date thereof; provided, however, prior to suspension Texas Gas shall follow these notification procedures:
  - (a) First Notice of Delinquency: On or about ten (10) days after the due date of any payment, Texas Gas shall contact Customer by telephone or other routine communication means to advise that unpaid bills may lead to suspension of service when more than thirty (30) days past due;
  - (b) Second notice: On or about twenty (20) days after the due date of any payment, Texas Gas shall notify Customer by written correspondence to advise that continued refusal to pay bills can lead to suspension of service when the bill becomes more than thirty (30) days past due; and
  - (c) Final notice: Not less than five (5) days prior to the thirtieth (30th) day after the due date of any payment or five (5) days before Texas Gas intends to suspend service under this Section 6.15[9], if such suspension will occur more than thirty (30) days after the due date, Texas Gas shall inform the Commission and Customer in writing and deliver by any reliable and expeditious means available, that service shall be suspended.

## **Capacity Release**

1. Purpose - This Section 6.16 sets forth the specific terms and conditions applicable to the implementation by Pipeline of a Capacity Release Program, on its interstate pipeline system, pursuant to Section 284.8 of the Commission's Regulations. Existing Customers may release and assign their capacity in Pipeline only under this Section 6.16.
2. Applicability - This Section 6.16 is applicable to any Customer who has executed a Part 284 service agreement with Pipeline under Rate Schedule FT, STF, NNS,>NNL, SNS, WNS, FLS, FSS, or FSS-M.

**General Terms and Conditions Applicable to Capacity Release**

- (a) Quantity, Scheduling, Contingent Bids
- (i) Releasing forward haul Customers may release and assign all capacity held under a particular service agreement, a percentage of such capacity or a segment of such capacity. Releasing backhaul Customers may release and assign all capacity held under a particular service agreement or a percentage of such capacity from their primary receipt point zone to their primary delivery point zone. Releasing Customers may release and assign percentages of capacity to several different Replacement Customers.
  - (ii) Regardless of the percentage or portion of capacity released and assigned, the Releasing Customer remains liable for the reservation charges (and any surcharges related thereto) applicable to the Releasing Customer's service agreement with Pipeline. However, Releasing Customer will not be liable for any penalties, imbalances or commodity charges and surcharges thereon, incurred by the Replacement Customer.
  - (iii) Capacity released and assigned to a Replacement Customer will be scheduled and curtailed on a firm basis in accordance with Section 6.12 of the General Terms and Conditions herein. Any right of recall reserved as described in Section 6.16.1[b] below will not affect the priorities in scheduling and curtailment as stated herein.
  - (iv) Releasing Customers may choose to allow the submission of contingent bids; however, any provision for contingent bids must function in a non-discriminatory manner and cannot be used to discriminate against any potential Replacement Customer.
  - (v) The rules in this subsection apply when a Releasing Customer chooses to release a segment of its capacity. In a zone where the Releasing Customer retains capacity and the Replacement Customer has acquired capacity, both the Releasing Customer and its Replacement Customer(s) shall have the right to use secondary points within the zone as permitted by Texas Gas' Tariff; provided, however, that a Releasing Customer and its Replacement Customer(s) in the same zone may not use their secondary points in such a way that their total nomination within any segment exceeds the original Contract Demand in that segment, subject to the conditions as set forth in Section 6.17[2]. If the sum of the nominations of a Releasing Customer and its Replacement Customer(s) in any segment exceed the Releasing Customer's original Contract Demand in that segment, then the nomination(s) of the Customer(s) whose secondary rights are subordinate to the other nominating Customer(s) shall be considered as request(s) for overrun service, which may be renominated and scheduled accordingly, if customer so chooses after Texas Gas' notification that such nomination was a potential overrun. The Customer may also elect not to renominate as overrun or to nominate an available service under some other contract or rate schedule. In such situation, a Releasing Customer's secondary rights shall be subordinate to a Replacement Customer's secondary rights within the segment the Replacement Customer acquired, while a Replacement Customer's secondary rights outside the segment it acquired shall be subordinate (a) to the Releasing Customer's secondary rights on the Releasing Customer's retained capacity and (b) to another Replacement Customer's secondary rights if the nomination is within a segment acquired by the other Replacement Customer. If two or more Replacement Customers each nominate to secondary points outside their respective segments, their rights are equal. If a Replacement Customer nominates to a secondary point in another Replacement Customer's segment and the Releasing Customer also nominates to a secondary point in the other Replacement

Customer's segment, their rights are equal. If the sum of the nominations of the Releasing Customer and the Replacement Customer(s) in a segment exceed the original Contract Demand in that segment and their rights are equal, then their nominations shall be prorated as secondary firm up to the original Contract Demand and the excess prorated as requests for overrun service, which may be renominated and scheduled accordingly, if customer so chooses after Texas Gas' notification that such nomination was a potential overrun. The Customer may also elect not to renominate as overrun or to nominate an available service under some other contract or rate schedule.

(b) Right of Recall and Reput

- (i) Releasing Customers may retain a right of recall when releasing and assigning capacity. Such right of recall must be specified in the Capacity Release Notice. The terms and conditions of the right of recall retained by the Releasing Customer may not conflict with the terms and conditions of this Tariff governing changes in nominations and must be objectively stated, non-discriminatory, and applicable to all bidders. When capacity is recalled, it may not be reput for the same Gas Day (NAESB WGQ Standard No. 5.3.53, V3.2). The deadline for notifying the Transportation Service Provider of a reput is 8:00 a.m. to allow for timely nominations to flow on the next Gas Day (NAESB WGQ Standard No. 5.3.54, V3.2).
- (ii) The Releasing Shipper should provide capacity recall notification to its affected Replacement Shipper(s) at the same time it provides notification to the Transportation Service Provider. The mode of notification should be mutually agreed between the parties (NAESB WGQ Standard No. 5.1.2, V3.2). For biddable deals subject to recall, the Pipeline will make available to the Releasing Customer information sufficient to enable it to contact the Replacement Customer in the event of a capacity recall. Releasing Customers may, to the extent permitted as a condition of the capacity release, recall released capacity as follows as provided in NAESB WGQ Standard No. 5.3.44, V3.2:

All Transportation Service Providers (TSPs) should support the following recall notification periods for all released capacity subject to recall rights.

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



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

The recall notification provided to the Pipeline should be expressed in terms of total released capacity entitlements.

- (iii) For recall notification provided to the Transportation Service Provider (TSP) prior to the recall notification deadline specified in NAESB WGQ Standard No. 5.3.44, and received between 7:00 a.m. and 5:00 p.m., the TSP should provide notification to all affected Replacement Shippers no later than one hour after receipt of such recall notification.

For recall notification provided to the TSP after 5:00 p.m. and prior to 7:00 a.m., the TSP should provide notification to all affected Replacement Shippers no later than 8:00 a.m. after receipt of such recall notification. (NAESB WGQ Standard No. 5.3.45, V3.2)

- (iv) The Replacement Shipper should provide the Transportation Service Provider (TSP) with no more than two Internet E-mail addresses to be used for recall notification. The obligation of the TSP to provide notification is waived until at least one of the addresses has been provided (NAESB WGQ Standard No. 5.3.47, V3.2). Affected Replacement

Shippers should manage internal distribution of notifications of recall received from a Transportation Service Provider (NAESB WGQ Standard No. 5.3.52, V3.2).

- (v) Pipeline shall have no liability to the Replacement Customer by reason of any right of recall retained by Releasing Customer.
- (c) Length of Capacity Releases
  - (i) Capacity may be released and assigned for any length of time up to the remaining term of the service agreement under which it is being released.
  - (ii) Releasing Customers can offer to release capacity on either a temporary or permanent basis.
- (d) Re-Releases of Capacity

The Transportation Service Providers should allow re-releases on the same terms and basis as the primary release (except as prohibited by regulations) (NAESB WGQ Standard No. 5.3.19, V3.2). However, Replacement Customers obtaining capacity on a volumetric basis shall not be entitled to re-release such capacity.

- (e) Price/Bidding Exemptions
  - (i) The rate charged the Replacement Customer for a release of capacity may not exceed the applicable maximum rate, except that no rate limitation applies to the release of capacity for a period of one year or less if the release is to take effect on or before one year from the date on which Pipeline is notified of the release.
  - (ii) Releasing Customers may specify a minimum price term and/or volume to be bid for capacity offered to be released and assigned. However, regardless of any minimum price posted by the Releasing Customer, or however the rate bid by the Potential Replacement customer is stated (i.e., two-part rate or volumetric rate), the rate bid represents the reservation portion of the charges to the Releasing customer, and in addition to such rate bid, Replacement Customers must agree to pay Pipeline the applicable maximum commodity rate for all volumes actually transported for the Replacement Customer, plus any related surcharges, unless the Pipeline agrees with the Replacement Customer to some lesser rate.
  - (iii) To the extent a release is subject to the maximum rate cap, a Releasing Customer cannot resell for the maximum rate plus any marketing fees that may be due Pipeline, but a Releasing Customer can require a Replacement Customer to pay any applicable surcharges, in addition to the maximum rate.
  - (iv) Pipeline may actively market any capacity offered for release and assignment, if Pipeline and the Releasing Customer mutually agree. The fee to be retained by Pipeline for such marketing activities and the other terms and conditions of such arrangement, including what activities are necessary or contemplated to secure a fee, will be negotiated by the Pipeline and the Releasing Customer on a case-by-case basis.
  - (v) As stated in Section 6.16.1[(e)(ii)] above, bids are to be based on the Reservation Charge only, provided that the Reservation Charge may be converted into a volumetric charge. To the extent a volumetric release is subject to the maximum rate cap, the maximum rate for such volumetric releases shall be equal to the 100% load factor rate

of the otherwise applicable maximum Reservation Charge, plus all applicable usage charges.

- (vi) A Releasing Customer may release capacity to a Customer without bidding for any period of 31 days or less; provided, however, a Releasing Customer may not roll over, extend, or in any way continue the release to the same Replacement Customer using this bidding exemption until 28 days after the first release period has ended.
- (f) Methodology Used to Determine "Best Bid"
  - (i) The "best bid" shall be determined in accordance with the bid evaluation method specified by the Releasing Customer pursuant to Section 6.16.1[(a)(xi)]. The "best bid" may be determined as that bid which generates (1) the highest rate, (2) the maximum net revenue, or (3) the highest present value. When the Transportation Service Provider (TSP) makes awards of capacity for which there have been multiple Bids meeting minimum conditions, the TSP should award the Bids, best Bid first, until all offered capacity is awarded (NAESB WGQ Standard No. 5.3.4, V3.2).
  - (ii) If the Releasing customer chooses not to determine the methodology to be used to award the "best bid," the following methodology shall be used by Pipeline to determine the "best bid." Best bid will be determined based on what will yield to the Releasing Customer the highest net present value, using a 10% discount factor, of the reservation charge (reservation charge x CD) the Replacement Customer is willing to pay for the term bid. If several bids yield the same net present value, the capacity will be awarded to the bid which yields to the Releasing Customer the highest net present value over the shortest period of time. After this process, if there are still several bids that yield the same net present value, then the capacity will be awarded to the bid submitted first in time. When determining the best bid, any marketing fee to be retained by Pipeline will be subtracted from the affected bid when comparing it to other bids where no marketing fee is involved.
- (g) Other Information Posted to Internet Website
  - (i) Any party desiring to purchase capacity to be acquired through capacity release pursuant to Section 6.16 may submit the terms and conditions of its offer to Texas Gas for posting via e-mail to [bwpccontracts@bwpmlp.com](mailto:bwpccontracts@bwpmlp.com). Texas Gas shall post such information as a notice on its Informational Postings Website under Notices/Request to Purchase Releasable Capacity. Such posting shall remain on the Website for at least 30 days, unless notified otherwise by the requesting party.
  - (ii) Pipeline will post on its Internet Website its available firm and interruptible capacity and the terms and conditions applicable to it. Pipeline will maintain on its Internet Website pipeline capacity information including, but not limited to, the availability of capacity at receipt points and on supply laterals, on Texas Gas' mainline system, at delivery points, and in storage for no-notice storage withdrawals/injections.
  - (iii) Pipeline will post critical system-wide notices in a separate category from notices that are not critical as provided in NAESB WGQ Standard No. 5.3.18.
  - (iv) Pipeline will provide on request operationally available capacity separate from unsubscribed capacity.
- (h) Pipeline will provide historical capacity release data during the FERC archival period via EDM.

### **Posting of Capacity Available for Release and Bidding Procedure**

(a) Capacity Release Notice

In order to initiate the release and assignment of capacity rights, Releasing Customers must complete a Capacity Release Notice containing the information prescribed in this Section 6.16.2[a] and submit it to Pipeline or post it on Pipeline's Internet Website.

A complete Capacity Release Notice must contain the applicable information as listed below:

- (i) Description of capacity rights offered including primary receipt points and primary delivery points, a numeric quantity to be released and, for release of FSS or FSS-M service, the capacity (i.e., Seasonal Quantity) and associated deliverability (Maximum Daily Withdrawal Quantity) to be released. The basis for the released quantity should be per day for transportation, storage injection, storage withdrawal, and a per-release quantity for storage capacity and total release period quantity (NAESB WGQ Standard No. 5.3.29, V3.2);
- (ii) Whether bids will be accepted for portions of the quantity released, as well as the entire quantity; whether bids will be accepted for segments of the capacity released;
- (iii) The minimum price, which will be accepted by the Releasing Customer, if the Releasing Customer chooses to specify such a minimum price;
- (iv) The maximum rate, if any, applicable to the capacity to be released, including all demand surcharges related to the reservation charge. All rates must be stated equal to the number of decimal places in the stated rates per Pipeline's Rate Schedule;
- (v) Whether one part, volumetric rate bids will be accepted;
- (vi) Whether capacity is offered on a permanent or temporary basis;
- (vii) If capacity is offered on a temporary basis, the effective date and term of the release. If capacity is offered on a permanent basis, the length of the remaining term of the service agreement under which capacity is being offered for release and assignment;
- (viii) Whether Releasing Customer will retain a right of recall and the terms and conditions of such right of recall; and if recallable, the methods and rights associated with returning the previously recalled capacity to the Replacement shipper;
- (ix) Whether the Releasing Customer will accept contingent bids, and if so, what contingencies will be accepted, how such contingencies will be closed and if such contingencies are not closed, whether the next highest bidder will be obligated to enter into an agreement with the Pipeline for the capacity released;
- (x) Whether there is a Prearranged Replacement Customer and the terms and conditions that such Prearranged Replacement Customer has agreed to with respect to the capacity offered for release and assignment;
- (xi) The methodology to be used to determine which bid is the "best bid," as stated in Section 6.16.1[(e)(i)]. At Releasing Customer's option and in lieu of choosing one of the "best bid" evaluation methods stated in Section 6.16.1[(e)(i)], Customer may state an alternative bid evaluation method. Such bid evaluation method shall be objectively

stated, applicable to all potential bidders and not unduly discriminatory. If Releasing Customer states an alternative bid evaluation method, Pipeline is not held to the bid period timeline in Section 6.16.2[(d)(i)]. Releasing Customer must also specify a tie-breaking methodology;

- (xii) Date and time (in business hours/days) Bidding Period Begins and Ends; and if there is a Prearranged Replacement Customer, date and time period ends for such party to match the best bid if other than that outlined in Section 6.16.2[(d)(i)]. A Releasing Shipper should not be able to specify an extension of the original bid period or the prearranged deal match period without posting a new release (NAESB WGQ Standard No. 5.3.25, V3.2);
  - (xiii) The Transportation Service Provider (TSP) should post offers and Bids, including prearranged deals, upon receipt. A Releasing Customer may request a later posting time for posting of such Offer, and the TSP should support such request insofar as it comports with the standard Capacity Release timeline specified in NAESB WGQ Standard No. 5.3.2 (NAESB WGQ Standard No. 5.3.24, V3.2);
  - (xiv) Capacity Release ID Number (to be provided by Pipeline);
  - (xv) Name, address and telephone number of Releasing Customer (optional);
  - (xvi) Date and Time Posted on Internet Website (to be provided by Pipeline);
  - (xvii) whether a capacity release is a release to an Asset Manager as defined in 18 C.F.R. Section 284.8(h)(3) ("Asset Manager") and the Asset Manager's obligation to deliver gas to, or purchase gas from, the Releasing Customer;
  - (xviii) whether a capacity release is a release to a Retail Access Marketer as defined in 18 C.F.R. Section 284.8(h)(4) ("Retail Access Marketer"); and
  - (xix) any other information necessary to describe the capacity release transaction in accordance with the NAESB Capacity Release Dataset.
- (b) Posting and Withdrawal of Capacity Release Notices
- (i) Releasing Customers must comply with the time periods for posting releases to Pipeline's Internet Website as stated below:
    - For biddable releases (1 year or less):  
Offers must be tendered by 9:00 a.m. (Central Clock Time) on a Business Day.
    - For biddable releases (more than 1 year):  
Offers must be tendered by 9:00 a.m. (Central Clock Time) four Business Days before award.
  - (ii) The releasing party has the right to withdraw its Offer during the bid period where unanticipated circumstances justify and no minimum Bid has been made (NAESB WGQ Standard No. 5.3.16, V3.2). Releasing Customers cannot withdraw a capacity release notice because it is dissatisfied with the bids received, if those bids meet or exceed the minimum conditions specified in the notice. The Capacity Release Notice will be legally binding on the Releasing Customer until written or EDM notice of withdrawal is received by Texas Gas in accordance with NAESB WGQ Standard No. 5.3.14.

- (iii) Releasing Customers may also withdraw a capacity release notice and post a new capacity release notice when necessary to respond to a term in a bid that was not addressed or anticipated in the original capacity release notice or when no bids are submitted which meet the minimum terms of the capacity release notice and the Releasing Customer wishes to re-post its offer to release using different minimum conditions. Such re-posting of capacity releases will be subject to a new bidding period, to be indicated by the Releasing Customer in the new capacity release notice.

(c) Exceptions to Bidding Process (Non Biddable Releases)

- (i) The following categories of capacity release are exempt from bidding requirements: (1) a release of capacity to an Asset Manager; (2) a release of capacity to a Retail Access Marketer; (3) a release for more than one year at the maximum tariff rate; and (4) a release for any period of 31 days or less.

The Releasing Customer of any capacity not subject to the bidding requirements will submit for posting via EDM the information describing such a release of capacity.

- (ii) Replacement Shipper initiates confirmations of prearranged deals electronically (NAESB WGQ Standard No. 5.3.11, V3.2) and contract with Pipeline for the capacity released and assigned and comply with all other Tariff terms governing Pipeline's Capacity Release Program except for the bidding requirements.

(d) Submission of Bids

- (i) The proposed duration of the Customer's release determines the minimum Bidding Period for the Customer's Capacity Release Notice pursuant to this Section 6.16. The capacity release timeline is applicable to all parties involved in the capacity release process; however, it is only applicable if 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. These Bidding Periods are as follows in accordance with NAESB WGQ Standard No. 5.3.2, V3.2:

For biddable releases (1 year or less):

- Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day.
- Open season ends at 10:00 a.m. on the same or a subsequent Business Day.
- Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best Bid is made, and ties are broken.
- If no match is required, the evaluation period ends and the Award is posted by 11:00 a.m.
- Where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the Award is posted by 12:00 Noon.
- 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.

For biddable releases (more than 1 year):

- 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.
- Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best Bid is made, and ties are broken.
- If no match is required, the evaluation period ends and the Award is posted by 11:00 a.m.
- Where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the Award is posted by 12:00 Noon.
- 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.

For non-biddable releases:

- The posting of prearranged deals that are not subject to bid are due no later than one hour prior to the nomination deadline for the applicable cycle, pursuant to NAESB WGQ Standard No. 1.3.2. The posting deadlines are:
  - Timely Cycle 12:00 Noon
  - Evening Cycle 5:00 p.m.
  - Intraday 1 Cycle 9:00 a.m.
  - Intraday 2 Cycle 1:30 p.m.
  - Intraday 3 Cycle 6:00 p.m.
- The contract is issued within one hour of the Award posting (with a new contract number, when applicable).

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

- (ii) Bids for capacity offered for release and assignment must identify the package of capacity being bid upon by its capacity release ID number and must contain the proposed term, price, and quantity bid and respond to all other terms posted in the Capacity Release Notice. Bids will be legally binding on the Replacement Customer or Prearranged Customer until written or EDM notice of withdrawal is received by the Pipeline, provided, however, as provided in NAESB WGQ Standard No. 5.3.15, V3.2, bids cannot be withdrawn after the bidding period ends. Bids may be conditioned upon any contingency allowed by the Releasing Customer. Bids must also include a statement that the bidder will comply with all terms and conditions of Pipeline's Tariff regarding capacity release and firm transportation, as well as its agreement to pay Pipeline's maximum applicable commodity charge (unless a discounted commodity rate has been agreed to between Pipeline and Replacement Customer) for all quantities transported plus any related surcharges.
- (iii) Bids may be submitted in writing or through EDM to Pipeline. All bids submitted in writing will be posted to Pipeline's Internet Website, upon receipt unless Releasing Customer requests otherwise and such request comports with the standard timeline set forth in Section 6.16.2[(d)(i)]. However, bids posted will not identify the particular party submitting the bid but will identify the bid by a Bid ID number (which will change with each new bid submitted). All bids must be submitted by the deadline specified in the Capacity Release Notice, or such bids will be rejected.
- (iv) Bids may be withdrawn before the expiration of the bidding deadline. Once a bidder has withdrawn its bid, a new bid may be resubmitted for that released capacity but such

bid cannot yield a lower value, as determined under the applicable methodology, than the earlier bid that has been withdrawn.

- (v) A party may submit multiple simultaneous bids on the capacity offered pursuant to a capacity release notice, as long as such multiple bids are (1) identified to be applicable to a different portion of the capacity offered to be released pursuant to that capacity release notice; or (2) judged to be of identical value under the applicable "best bid" methodology.
- (e) Award of Capacity Offered for Release
- (i) After the "best bid" is chosen, Pipeline will post the name of the winning bidder to the Internet Website, as well as the bid I.D. number, and capacity release notice I.D. number. Pipeline, as soon as possible, will also contact by telephone the Releasing Customer to inform it of the identity of the "best bidder" and allow it, if necessary, to provide the terms and conditions of the "best bid" to a Prearranged Replacement Customer. Pipeline will also contact by telephone the "best bidder" to notify it of the identity of the Releasing Customer.
  - (ii) Within at least two business days of the commencement of transportation pursuant to a release of capacity, Pipeline will post on its Internet Website either the name of the "best bidder" and the terms and conditions of the best bid, or if applicable, the name of the Prearranged Replacement Customer which matched a "best bid" and the terms and conditions of the bid that was matched.



### Contracting for Released Capacity

- (a) All Replacement Customers must contract with Pipeline for the capacity released and assigned to them under this Section 6.16 of the Tariff.
- (b) Before submitting any bid, commencing service and/or contracting with Pipeline, a Potential, Prearranged and/or Replacement Customer must satisfy the credit requirements as outlined in Section 6.5 of the General Terms and Conditions. Any entity may seek pre-approval under Pipeline's credit requirements and, upon satisfaction of such requirements, be placed on Pipeline's approved bidder's list; provided however, no entity, including, but not limited to, Releasing Customer, shall be entitled to rely on any credit appraisal performed by Pipeline of any Potential, Prearranged or Replacement Customer. Moreover, no Releasing Customer may establish a separate creditworthiness standard which differs from the one required by Pipeline. Customer may be required to update credit information periodically in order to remain on this "preapproved" bidders list, but will be notified by Pipeline when this is necessary.
- (c) A Potential, Prearranged, or Replacement Customer must execute an Umbrella Firm Transportation Agreement which is contained in this Tariff, prior to submittal of bid.
- (d) The Releasing Customer's transportation service agreement with Pipeline will remain in full force and effect (unless capacity is released on a permanent basis) with Releasing Customer receiving a credit, as described in Section 6.16.4 herein, against the demand charges owed to Pipeline. Furthermore, any increase in Pipeline's rates, charges, and surcharges shall remain the responsibility of the Releasing Customer; provided, however, that the Releasing Customer may provide in its Release Notice that the rates, charges, or surcharges for released capacity will increase in accordance with any such increases in Pipeline's rates, charges, and surcharges. However, the Releasing Customer's nomination rights under its service agreements will be reduced by the amount of any capacity released by that releasing customer on a temporary basis under this Section 6.16, during the time period such release(s) are in effect.
- (e) Once capacity is awarded to the Replacement Customer, Replacement Customers must comply with all of Pipeline's Tariff and contract provisions applicable to the service rendered, including those applicable to the cash-out of imbalances created under a transportation service agreement.
- (f) Replacement Customers may request, as a primary receipt or delivery point(s), a point(s) other than those contained in the Releasing Customer's service agreement; however, a receipt or delivery point(s) will only be added to the Replacement Customer's transportation service agreement and scheduled and curtailed on a primary basis, if at the time the Replacement customer requests such point(s), such point(s) is not fully subscribed on a primary basis. If such point(s) is fully subscribed on a primary basis, it will be scheduled and curtailed on a secondary basis. Such changes in primary receipt or delivery points will have no effect on the Releasing Customer's service agreement.
- (g) Replacement Customers may not request an amendment to its transportation service agreement which would act to change a term or condition of the "winning" bid submitted by the Replacement Customer, such that the Replacement Customer's bid, altered by such change, would no longer be judged to be the "best bid," or a match of the "best bid."

**Billing and Credits**

- (a) The Releasing Customer shall receive a credit for the charges billed to the Replacement Customer representing the reservation charge at the same time the Replacement Customer is invoiced for such charges. Funds received from the Replacement Customer will be credited against the Releasing Customer's Demand Charges and any surcharges thereon, before funds are credited against any other charges owed by the Replacement Customer.
- (b) In the event that the Replacement Customer does not pay Pipeline the amounts invoiced within 30 days of the original invoice date, the Releasing Customer's previously granted credit will be reversed. If a credit has to be reversed, interest will be charged to the Releasing Customer on the amount of the credit received from the date due until paid by the Releasing Customer.
- (c) Any contract with a Replacement Customer who is delinquent 30 days or more from the original invoice date is subject to the remedies for non-payment as provided in Section 6.15 of the General Terms and Conditions herein.
- (d) Pipeline will notify Releasing Customer within 5 business days after payment is due if a Replacement Customer is delinquent.

**Conditions Applicable to Permanent Release of Capacity**

- (a) If capacity is released under this Section 6.16 on a permanent basis, the Releasing Customer's transportation service agreement and any liabilities, thereunder, including the payment of demand charges, will terminate upon the effective date of the Replacement Customer's transportation service agreement, if the Replacement Customer agrees to pay the maximum rate for the entire volume and term reserved under the Releasing Customer's contract, unless otherwise agreed by the Pipeline.
- (b) For purposes of choosing the "best bid" for permanent releases of capacity, Pipeline will always use the methodology set forth in Section 6.16.1[f] herein.

### Special Terms and Conditions Applicable to NNS and NNL Service

Transportation service under the NNS and NNL Rate Schedules is provided by combining pipeline capacity and storage capacity into a single no-notice service for a group of eligible customers. NNS and NNL Customers may release all or any portion of that NNS or NNL service in any one of three ways:

- (a) **Release of Contract Demand:** An NNS or NNL Customer may release on an annual basis any portion of its Contract Demand, consisting of both the unnominated (storage) and nominated (pipeline) components, with all attendant operating and refill or fill obligations associated with those components, including adequate Summer Contract Demand to permit refill or fill of the Unnominated Seasonal Quantity released. Such release shall specify on a daily and seasonal basis both the unnominated (storage) and nominated (pipeline) components making up the Contract Demand to be released. Such release of NNS or NNL Contract Demand must be to interested Replacement Customers that can make use of it within the releasing NNS or NNL Customer's current delivery points.
- (b) **Release of Nominated Daily Quantity:** An NNS or NNL Customer may release all or any portion of its Nominated Daily Quantity separately on the same terms and conditions as FT or FLS service is released under this Section 6.16; provided, however, a Releasing NNS or NNL Customer shall retain adequate capacity to meet its obligations under Section 5.4[11.2] of the NNS Rate Schedule or Section 5.5[11.2] of the NNL Rate Schedule to redeliver or deliver quantities into storage. If an NNS or NNL customer releases only the Nominated Daily Quantity of its NNS or NNL service pursuant to this Section 6.16.6[b], the replacement customer will be obligated to pay Pipeline the maximum NNS or NNL commodity rate for all commodity quantities transported. Quantities transported pursuant to such a replacement transaction shall also be subject to the applicable NNS or NNL fuel retention percentage.
- (c) **Release of Unnominated Seasonal Quantity:** An NNS or NNL Customer may release all or any portion of its storage capacity (associated with the Unnominated Seasonal Quantity) and associated deliverability (Unnominated Daily Quantity) on the same terms and conditions as FSS service is released under this Section 6.16; provided, however, any NNS or NNL customer releasing all or any portion of the storage component of its NNS or NNL service during the Summer Season must limit the duration of such release so that it has retained the capacity for its Unnominated Seasonal Quantity for a sufficient number of days in such Summer Season to meet its refill or fill obligation for such Summer Season of maximum injection rates (i.e., 90 days if the entire Unnominated Seasonal Quantity is released). In addition to releasing storage capacity and associated deliverability as described above, an NNS or NNL Customer may also transfer to another NNS, NNL, SGT, SGL, FSS, ISS, FSS-M, or ISS-M Customer all or any portion of its Unnominated Seasonal Quantity remaining in storage; if such in-field transfer is to an FSS, ISS, FSS-M, or ISS-M Customer, the NNS or NNL Customer making such transfer shall be assessed the applicable charge(s) for the transportation of such transferred gas to storage. Such in-field transfers of gas in storage shall be accomplished instantaneously by Texas Gas adjusting the Unnominated Seasonal Quantity or Seasonal Quantity accounts of the Releasing and Replacement Customers. Accordingly, no prior posting shall be required for any such in-field transfer of gas in storage.
- (d) **Maximum Rates for Release of NNS or NNL Service:** If an NNS or NNL customer releases its NNS or NNL service pursuant to Section 6.16.6[a] above, the applicable maximum rates, if any, for such release shall be the maximum applicable NNS rate which such customer is paying. If an NNS or NNL customer releases only the storage component of its NNS or NNL service pursuant to Section 6.16.6[c] above to a non-NNS or non-NNL customer, the replacement customer will execute an FSS agreement with Texas Gas for the period of such release, and the applicable maximum rates, if any, for such release shall be the maximum FSS rates.

Except as specifically provided otherwise in this Section 6.16.6, the general provisions of Sections 6.16.1 through 6.16.5 of the General Terms and Conditions shall apply to the release of NNS or NNL service.

### Segmentation

1. General Rule: A Customer that has contracted for firm pipeline capacity under Rate Schedules FT, STF, NNS, NNL, SNS, or WNS may segment that capacity into separate parts for its own use or for the purpose of releasing its contracted firm capacity to replacement shippers. A Customer that has contracted for firm backhaul capacity under Rate Schedules FT or STF may segment that capacity into separate parts for its own use; *provided, however*, that such backhaul Customer that segments into service zone(s) where the Customer is not paying for service, Customer shall pay the maximum applicable supplemental charge set forth in Section 6.6 of the General Terms and Conditions applicable to such service zone(s).
2. Texas Gas will permit nominations of forward hauls up to the Contract Demand and backhauls up to the Contract Demand to the same point at the same time, to the extent operationally feasible.
3. Segmentation on Market Laterals by a Customer for its own use.

- (a) A segmenting Customer may nominate up to its Contract Demand in any number of combinations of receipt and delivery points so long as (i) at least one point in the nominated transaction is within its primary path, (ii) the quantity nominated in any segment does not exceed the Contract Demand and (iii) the points are in the rate zones traversed in whole or part by the Customer's primary path.

If a Customer desires to nominate a quantity in any segment in excess of its Contract Demand, such excess quantity must be nominated, scheduled and billed as authorized overrun service.

- (b) In addition, a Customer may also nominate a segmented transaction entirely outside its primary path (but within the same rate zones as the primary path); provided, however, to determine whether such use of secondary capacity exceeds the Customer's Contract Demand in any zone within its primary path, such use in any zone (including released capacity) is added to the highest use of capacity in any segment within the Customer's primary path in such zone. Quantities in excess of the Customer's Contract Demand must be nominated, scheduled and billed as authorized overrun service.

- (c) The provisions set forth in Section 6.17[3(a), 3(b)] apply to the following market laterals:

- (i) Hardinsburg-Indianapolis Lateral: The Hardinsburg-Indianapolis market lateral begins at the Hardinsburg Compressor Station in Breckinridge County, Kentucky and extends due north 77 miles to the Leesville Compressor Station in Lawrence County, Indiana. The lateral continues to the northeast for 32 miles and crosses State Route 46, at which point a segment continues 5 miles to the northeast and terminates at a point near Columbus, Indiana in Bartholomew County. The main lateral continues north 37 miles from S.R. 46 to the terminus at Smith Valley in Johnson County, Indiana.

The Hardinsburg-Indianapolis lateral also includes a 56-mile segment beginning at the Leesville Compressor Station and extending to the northwest to a point of intersection with the Slaughters-Montezuma market lateral in Sullivan County, Indiana near Hymera.

- (ii) Slaughters-Montezuma Lateral: The Slaughters-Montezuma market lateral begins at the Slaughters Compressor Station in Webster County, Kentucky and extends due north 167 miles to the terminus near Montezuma in Parke County,

Indiana. This lateral includes segments terminating in Illinois near Lawrenceville in Lawrence County, Illinois, and near Robinson in Crawford County, Illinois. The Slaughters-Montezuma lateral intersects a segment of the Hardinsburg-Indianapolis lateral near Hymera in Sullivan County, Indiana. The Slaughters-Montezuma lateral parallels the Slaughters-Evansville market lateral from Slaughters to the terminus of the Slaughters-Evansville lateral, while operating at a higher pressure than the Evansville lateral.

- (iii) Slaughters-Evansville Lateral: The Slaughters-Evansville market lateral begins at the Slaughters Compressor Station in Webster County, Kentucky and extends due north 32 miles to the terminus near Evansville in Vanderburgh County, Indiana. This lateral includes segments extending to the Dixie Gas Storage Field and the city of Henderson, both in Henderson County, Kentucky. The Slaughters - Evansville lateral generally parallels the Slaughters-Montezuma market lateral, but operates at a lower pressure than the Slaughters-Montezuma lateral.
- (iv) Slaughters-Nortonville Lateral: The Slaughters-Nortonville market lateral begins at the Slaughters Compressor Station in Webster County, Kentucky and extends 27 miles due south to Nortonville, Kentucky in Hopkins County. This lateral includes a connecting lateral to the Barnsley Gas Storage Field near Mortons Gap, Kentucky in Hopkins County.
- (v) Slaughters-Bowling Green Lateral: The Slaughters-Bowling Green market lateral begins at the Slaughters Compressor Station in Webster County, Kentucky and extends 29 miles southeast to a point near Greenville in Muhlenberg County, Kentucky. This portion of the lateral includes connecting segments to several gas storage fields: Hanson (Hopkins County), Midland (Muhlenberg County), Graham Lake (Muhlenberg County), and West Greenville (Muhlenberg County). The lateral then continues west 42 miles, to a point northwest of Bowling Green in Warren County, Kentucky. At that point, a segment continues east and north 46 miles and terminates near Munfordville in Hart County, Kentucky. The primary market lateral continues south and west 29 miles from the Bowling Green area to a point near Russellville in Logan County, Kentucky. At this point, the primary lateral continues southeast 21 miles and terminates near Mitchellville in Sumner County, Tennessee. A segment also extends 18 miles northwest from the Russellville location and terminates near Elkton in Todd County, Kentucky.

4. Segmentation by release to a replacement shipper.

- (a) The rules governing capacity release and segmentation through capacity release are set forth in Section 6.16 of these General Terms and Conditions. In addition, the rules for segmentation on the market laterals by a Customer for its own use as set forth in Section 6.17[3] shall also apply to segmentation by releases to a replacement shipper.
- (b) The total firm capacity used in any segment by the Customer and all Replacement Customers, including re-releases, may not exceed the firm capacity rights under the original contract, subject to the conditions as set forth in Section 6.17[2]. The rules governing the relative rights of the Releasing and Replacement Customer(s), when the total nominations of a Releasing Customer and its Replacement Customer exceed the Releasing Customer's Contract Demand in any segment, are set forth in Section 6.16.1[(a)(v)] of these General Terms and Conditions.

## Operational Plans/Emergency Procedures

### Operational Flow Orders

- (a) (i) Texas Gas shall have the right to issue operational flow orders (OFO) as specified in this Section which require actions in order to alleviate conditions which threaten the integrity of Texas Gas' system, to maintain pipeline operations at the pressures required to provide an efficient and reliable transportation service, to have adequate gas supplies in the system to deliver on demand (including injection of gas into the mainline, providing line pack, and injecting gas into storage in the right quantity at the right place and time), to maintain service to all Customers and for all services, and to maintain the system in balance for the foregoing purposes. Texas Gas will take all reasonable actions to minimize the issuance and adverse impacts of OFOs or other measures taken to respond to adverse operational events on its system. For example, before issuing an OFO Texas Gas will attempt to identify specific customers causing a problem and attempt to remedy those problems. Where operationally feasible, service to interruptible customers will be suspended prior to issuing an OFO interrupting service to firm customers.

- (ii) All quantities tendered to Texas Gas and/or taken by Customer on a daily basis in violation of Texas Gas' operational flow orders shall constitute unauthorized receipts or deliveries for which a charge shall be assessed. The daily charge for failure to comply with an OFO shall be computed based on a price per MMBtu equal to the greater of \$50.00 per MMBtu or three times the Highest Average Weekly Price during a particular month for spot gas supplies "Delivered to Pipeline" at Louisiana, Gulf Coast, Onshore, and at Louisiana, North, as contained in the table "Gas Price Report" of the publication "Natural Gas Week." The weeks to be used in determining each month's Highest Weekly Average Price shall include all weeks that such publication is issued within that calendar month plus the first week of the next calendar month.

Customers will be exempt from penalties on imbalances that result from complying with an OFO. A reasonable make-up period will be allowed to correct OFO created imbalances. Upon an operational flow order becoming effective as specified in the operational flow order or as provided in this Section 6.18 of the General Terms and Conditions, Customer, OBA party, or operator of the facilities connecting with Texas Gas' facilities shall be permitted the time stated in the OFO, or such lesser time as is required to protect the integrity of Texas Gas' system, to make adjustments in compliance with the operational flow orders. If Customer, or operator of such interconnect, adjusts its tenders or takes within such notice period then no charge, as provided for herein, shall be assessed. Customers will be exempt from penalties on imbalances caused by Texas Gas' failure to deliver gas to a pipeline interconnect as nominated or a customer's reliance on incorrect imbalance status information provided by Texas Gas. Firm customers will also be exempt from penalties for failure to comply with an OFO to the extent such failure to comply is attributable to the firm customer's inability to bump an interruptible customer.

- (iii) Texas Gas will post to its Internet Website its intention to place an OFO into effect and notify the affected customer(s) at least 24 hours prior to the implementation of the OFO; provided, however, that a shorter notice period may be given where action must be taken to protect the integrity of the system. Such notice and posting shall (i) identify the parties subject to the OFO, (ii) the time the OFO will become



effective, (iii) the estimated duration of the OFO (or, if unknown, that the OFO is indefinite) and justification for the OFO (i.e., the triggering Tariff provision which is the basis for the OFO). Where an OFO is issued pursuant to Section 6.18[n] or made effective on less than 24 hours notice, Texas Gas will also provide the Commission with a detailed explanation with all relevant information specific to the individual situation to justify issuance of that particular OFO. Texas Gas will provide direct notice of such OFO(s) using internet e-mail or direct notification to the Customer's URL address consistent with Order No. 587-G, as well as by posting on Texas Gas' Internet Website. In order to update Customers as to the status of an OFO, Texas Gas will also post, as available, information about the status of operational variable(s) that determine when an OFO will begin and end. Texas Gas will also post information on the factors that caused the OFO to be issued and then lifted.

Furthermore, Texas Gas shall employ whatever means necessary to ensure that Customers receive notification of these events when Texas Gas is aware that previous notification has failed for some reason, and failure to do so will constitute a waiver of any penalties associated with Customer's non-compliance with an OFO. Customers, however, must report to Texas Gas the status of their notification systems and cooperate with Texas Gas in restoring electronic notification service at the earliest practical time. Customers must also provide Texas Gas with Customer's designated contact person and emergency and after hours telephone numbers with updates as necessary so that notifications can be achieved. Failure on the part of Customers to fix the problem with their system or of not supplying other means to communicate nor updating information shall subject shipper to penalties for failure to comply with an OFO.

- (b) Texas Gas will notify the NNS, NNL, SGT, or SGL customer within 4 hours after the conclusion of each gas day if he has exceeded its Unnominated Daily Quantity.

Following the first day a customer exceeds its Unnominated Daily Quantity, Texas Gas may issue an OFO informing the NNS, NNL, SGT, or SGL customer that more than two consecutive days use of the customer's Excess Unnominated Daily Quantity (i.e., allowable 10% cushion) may put the customer in a penalty situation. After two consecutive days of exceeding the Unnominated Daily Quantity, the NNS, NNL, SGT, or SGL customer may be required to inject additional supply and/or reduce its city-gate deliveries to prevent the customer from exceeding its Unnominated Daily Quantity for additional consecutive days or enter the penalty situation.

In the event a customer exceeds the sum of its Unnominated Daily Quantity and its allowable 10% cushion on any given day without prior arrangement with Texas Gas to do so, an OFO may be issued stating the penalty situation has been entered and the customer must take immediate action to inject additional supply and/or reduce its city-gate deliveries.

- (c) When a NNS, NNL, SGT, or SGL customer has withdrawn or otherwise diminished, as applicable, a total of 75, 80, 85, or 90% of its Unnominated Seasonal Quantity, Texas Gas may issue an OFO which will reduce the Unnominated Daily Quantity to 90, 85, 80 or 75%, respectively, of the maximum amount, but not less than the Customer's average winter daily unnominated quantity. The NNS, NNL, SGT, or SGL customer will have 48 hours from the issuance of the OFO to increase pipeline receipts or decrease city-gate deliveries or enter the penalty situation.

- (d) In the event Texas Gas is unable to make best efforts winter season injections, Texas Gas shall issue an OFO advising that it is unable to inject gas into storage. The affected NNS, NNL, SGT, or SGL customers shall have 24 hours to either restrict pipeline receipts under the nominated portion of their service or increase city-gate deliveries, so that total nominated receipts are equal to or less than confirmed deliveries, or enter the penalty situation.
- (e) Texas Gas may issue an OFO in the event a NNS, NNL, SGT, or SGL customer's winter season daily storage injection rate exceeds 15% of its winter Contract Demand for three consecutive gas days. Texas Gas may also issue an OFO to an NNS, NNL, SGT, or SGL customer who makes winter season injections within the same 15% limit for five consecutive days. The customer will have 24 hours to either restrict pipeline receipts or to increase city-gate deliveries or enter the penalty situation.
- (f) Texas Gas may issue an OFO in the event an NNS, NNL, SGT, or SGL customer exceeds their summer maximum daily storage injection rate for three consecutive gas days. The NNS, NNL, SGT, or SGL customer shall have 24 hours to either restrict pipeline receipts or increase city gate deliveries or enter the penalty situation.
- (g) In the event Texas Gas is unable to make best efforts summer season withdrawals, Texas Gas shall issue an OFO restricting deliveries such that total deliveries are equal to or less than confirmed receipts. The NNS, NNL, SGT, or SGL customer shall have 24 hours to either make the needed adjustment or enter the penalty situation.
- (h) Texas Gas may issue an OFO in the event a NNS, NNL, SGT, or SGL customer's summer season daily storage withdrawal rate exceeds 10% of its winter Contract Demand for three consecutive gas days. Texas Gas may also issue an OFO to an NNS, NNL, SGT, or SGL customer who makes summer season withdrawals within the same 10% limit for five consecutive days. The customer will have 24 hours to either restrict deliveries or increase pipeline receipts, or enter the penalty situation.
- (i) Texas Gas shall notify the Customer, and may issue an OFO, in the event a NNS, NNL, SGT, or SGL customer utilizes its allocated shoulder month flexibility for thirteen (13) days during the month. The customer will then have two additional days of flexibility during the month. Beyond these two days, the customer will either have to increase pipeline receipts or decrease deliveries, or enter the penalty situation if an OFO has been issued.
- (j) In the event receipts in areas of a Supply Lateral exceed scheduled receipts and the capacity of the area, so that high system pressures back off scheduled receipt quantities, Texas Gas may issue an OFO to all Point(s) of Receipt and operators in the affected segment of the Supply Lateral stating that a high pressure condition exists. All such operators will be required to check their tenders into receipt points on the affected portion of the system. Those operators who are tendering more than their scheduled volumes will have 4 hours to make needed adjustments, or enter the penalty situation. An OFO issued pursuant to this Section 6.18[k] will be canceled by Texas Gas when the high pressure condition described above has been corrected.

- (k) In the event there is a need for Texas Gas to engage in routine and normal maintenance of the system, to undertake repairs and replacements of lines of pipe, to schedule DOT compliance activities, to install taps, to make pig runs, to test storage fields, to test equipment, to check or change compressor internals, or to engage in other similar actions affecting the capacity of any portions of the system of Texas Gas, Texas Gas may issue OFO's pursuant to this Section of the General Terms and Conditions to inform all customers under all of Texas Gas' applicable rate schedules of such planned maintenance or other activities that will affect the capacity of any portions of the system, explaining in detail the action which affects the portion of the system and the portion of the system affected. An order issued pursuant to this Section 6.18[k] will contain an estimate of the time, duration, and impact of the activity. This provision is in addition to, but not coextensive with, the force majeure provision contained in Section 6.24.4 of the General Terms and Conditions of this Tariff. An event of force majeure may affect deliveries, but not trigger the need for an operational flow order pursuant to this Section 6.18[k]. An order issued pursuant to this Section 6.18[k] shall be canceled when such planned maintenance or other activities have been completed. Texas Gas will post on its Internet Website each month a schedule of anticipated routine maintenance which may affect service for the upcoming month.
- (l) If in Texas Gas' judgment, impending operating conditions will cause the delivery pressure to one or more Customers to drop below the pressure provided in the service agreement(s) of the Customer(s), Texas Gas may immediately issue an operational flow order pursuant to this Section 6.18[l] of the General Terms and Conditions requiring that deliveries under all of Texas Gas' rate schedules be made on a uniform hourly rate effective 3 hours after issuance of the operational flow order, or enter the penalty situation. If only one area of Texas Gas' system will be affected by low pressure, the operational flow order shall be limited to that area of the system and shall be so stated. For the duration of this operational flow order, increases in scheduled delivery quantities within effected areas of Texas Gas' system will be made on a prospective basis only.
- (m) In the event the aggregate daily imbalance for all OBA's and nominated FT, STF, FT-FLS, TAPS, IT, and ILS quantities exceeds the lesser of 5% of all such nominations or 50,000 MMBtu/d in one direction, an OFO may be issued requiring all OBA, FT, STF, FT-FLS, TAPS, IT, and ILS customers whose imbalance exceeds 5% of their nomination in the same direction as the aggregate imbalance to take corrective action within 24 hours, or enter the penalty situation.

An OFO will not be issued under this Section 6.18[m] unless necessary to maintain system integrity.
- (n) Texas Gas may, on a nondiscriminatory basis, issue such other reasonable operational flow orders as may be required for the purposes set forth in this Section 6.18 of the General Terms and Conditions in order to provide the services contemplated by this FERC Gas Tariff.
- (o) Compliance with the operational flow orders and the other terms and conditions of this Tariff is essential to Texas Gas' ability to provide deliveries and services under all rate schedules. A failure by one or more Customers to comply with the operational flow orders may affect Texas Gas' ability to provide such deliveries and services. In such event and in addition to other provisions hereof and not in lieu of any other remedies available in law or at equity, Texas Gas will, except for

negligence, undue discrimination, or willful misconduct have no liability or responsibility for its inability to provide deliveries and services and will be indemnified and held harmless against any claims related to such failure to provide deliveries and services by the Customer(s) failing to comply with Texas Gas' FERC Gas Tariff and in particular the provisions of this Section 6.18.

- (p) In the event a customer's gas supplies are diverted to another customer or retained by Texas Gas as a result of an OFO, the party receiving such gas supplies shall either compensate the Customer whose gas was diverted or retained at 100% of Texas Gas' cashout index price, as described in Section 6.14 of these General Terms and Conditions, or reimburse such Customer with in-kind volumes, at such Customer's option.
- (q) An NNS, NNL, SNS, WNS, SGT, or SGL customer may, on a no-fee basis, loan to or borrow from another NNS, NNL, SNS, WNS, SGT, or SGL customer storage gas and/or storage capacity as operationally necessary to avoid issuance of an operational flow order or a violation of the operating parameters of the NNS, NNL, SNS, WNS, SGT, or SGL rate schedules; provided that Texas Gas is given adequate prior notice of the portion of such no-notice storage gas or capacity to be loaned or borrowed. Such notice shall include (i) the reason for the loan, (ii) the quantity of such storage gas or capacity to be loaned, (iii) the time when such loan is to commence and end, and (iv) the identity of the customers involved in the loan. An NNS, NNL, SNS, WNS, SGT, or SGL customer making such a no-fee loan to another NNS, NNL, SNS, WNS, SGT, or SGL customer shall not be relieved of its obligations under the Tariff as a result of such loan.

### **Penalties**

All penalty amounts actually collected by Texas Gas, except for those amounts due to cash-out penalties covered by Section 6.14, shall be determined for each calendar year and reported and credited, if necessary, within ninety days after the end of the calendar year. Texas Gas will accrue interest at the FERC interest rate on actual penalty revenues collected. Should the balance of the penalty amounts collected, including interest, be less than \$250,000 at the end of any calendar year, then that amount shall be carried forward to the next calendar year reporting period. If the balance of the penalty revenues collected, including interest, is \$250,000 or greater at the end of any calendar year, then Texas Gas shall credit that amount to Customers pro rata based on their transportation charges paid during each applicable month when a penalty was collected, excluding any Customer which was charged any penalty during that month. If Texas Gas waives a penalty, such penalty shall not be considered as "charged" for purposes of this section. Credits shall be distributed to the original Customer where capacity has been released except in the case of a permanent release where amounts shall be distributed to the Replacement Customer. A Customer whose contract for service has expired shall be entitled to a distribution of any penalty revenues that accrued while the contract was in effect, including any interest on such revenues accruing both before and after expiration of the contract.

### Construction of Receipt and Delivery Facilities

Texas Gas shall not be required to construct facilities (except, and limited to, minor taps) to perform transportation service under any Rate Schedule in the event capacity necessary to render the requested service does not exist at the time the request is made; provided, however, Texas Gas may, at its option, add facilities or expand capacity to provide such transportation service.

#### 1. Delivery Facilities and Construction of Laterals

Texas Gas' policy with respect to the financing or construction of laterals or delivery facilities is set forth below:

- (a) Texas Gas will pay for all or part of the cost of the modification or construction of facilities required at delivery point(s) to effectuate the delivery of natural gas hereunder, when the construction or modification of such facilities is economically beneficial to Texas Gas.

For purposes of determining whether a project is economically beneficial to Texas Gas, Texas Gas will evaluate each prospective project based upon the incremental cost of service of the facilities to be constructed by Texas Gas, and the incremental revenues which Texas Gas estimates will be generated as a result of constructing and/or modifying such facilities.

In estimating the incremental revenues to be generated, Texas Gas will calculate the revenues based upon the actual transportation rates the Customer will pay, exclusive of any surcharges, and the projected incremental quantities which will result from the project.

Texas Gas will consider quantities to be incremental if any of the following criteria are met:

- (i) the quantities which will be transported through the contemplated delivery facilities are in excess of the quantities which could be transported through existing metering facilities, considering both the capacity of the existing metering facilities and the currently effective priorities of service through such meters; or
- (ii) the quantities which will be transported are to a new end-use customer or market, or to a customer or market which has not been served for the twelve months prior to the date of request for the meter facilities additions.

In calculating the incremental cost of service of the facilities to be constructed, Texas Gas shall utilize the methodologies for calculating cost of service which underlies its currently effective transportation rates.

Based on the above listed criteria, a project shall be economically beneficial when the projected first year incremental revenues equal or exceed the projected first year incremental cost of service. When the project is determined to be economically beneficial, Texas Gas will pay for the cost of the contemplated facilities. When the delivery point facilities do not qualify under the economic test of this section, the facilities shall be installed at Customer's expense.

In addition to the above, Texas Gas may agree to pay for all or part of the cost of modification or construction of facilities required at a delivery point(s) to effectuate the delivery of natural gas hereunder when Customer and Texas Gas agree to extend a service agreement for a term of at least five years at mutually agreeable rates. Any contribution in aid of construction paid by Texas Gas to construct Customer's non-jurisdictional facilities shall be recorded in Account 303, Miscellaneous Intangible Plant, a subaccount of Account 101, Gas Plant in Service.

When Texas Gas has previously paid for all or a portion of delivery point facilities under this facilities reimbursement policy, Customer shall, nevertheless, promptly pay Texas Gas for Texas Gas' net book value of such facilities when either of the following events occurs: (1) when Texas Gas' ability to fully recover such costs is denied in any Section 4 or Section 5 rate proceeding, or (2) when Customer ceases operations at the delivery point where the facilities were installed.

- (b) Texas Gas shall not construct or modify any facilities hereunder which will result in an increase or decrease in Texas Gas' mainline capacity, or which may compromise the operational integrity of Texas Gas' pipeline system. For those facilities which Texas Gas agrees to construct, Texas Gas will construct those facilities (1) pursuant to and subject to the authorization granted in Subpart F of Part 157 of the Regulations of the Federal Energy Regulatory Commission or (2) where the prior authorization of the Federal Energy Regulatory Commission is not required to construct such facilities.

Texas Gas reserves the right to seek a waiver of the foregoing facilities reimbursement policy, for good cause shown, during any proceeding before the Commission instituted under Section 7 of the Natural Gas Act. Nothing in this policy statement shall require Texas Gas to file an application for a certificate of public convenience and necessity under Section 7(c) of the Natural Gas Act or from contesting an application for service filed pursuant to Section 7(a) of the Natural Gas Act.

This Section 6.20[1] pertains to laterals or facilities at delivery points only. It is not intended to limit who may own, operate, install or pay for facilities downstream of a delivery point. It is the Customer's responsibility to assure that all facilities installed and owned by Customer or any other party downstream of a delivery point comply with all applicable governmental regulations and design requirements for their intended use (i.e., pressure, control, etc.).

Texas Gas shall install, own, operate, and maintain such equipment unless otherwise agreed to in writing by Texas Gas and Customer. Unless otherwise agreed, Customer shall reimburse or cause Texas Gas to be reimbursed for the cost of such facilities. Such costs include, but are not limited to, operating and maintenance expenses, administrative and general expenses, gross-up for state and federal income taxes, taxes other than income taxes, depreciation costs and the time value of money.

All such facilities owned and operated by Texas Gas must include any rights-of-way necessary to access facilities for inspection and maintenance. Any such facilities constructed by Customer or Customer's agent must be in accordance with Texas Gas' specifications. Texas Gas must approve design drawings and bills of materials, and construction shall be subject to approval by Texas Gas' inspectors.

If Customer constructs facilities, Customer shall coordinate the construction of such facilities with Texas Gas so that Texas Gas may reasonably have inspectors at the site during construction. Customer assumes full responsibility and liability and agrees to

hold Texas Gas harmless from any liability of any nature arising from the installation of such facilities by Customer or Customer's agent.

**2. Receipt Facilities**

Texas Gas may, at its option, add receipt point facilities, or expand capacity to provide transportation service. Customer may be required to pay or cause Texas Gas to be paid for the installed cost of all such facilities.

Receipt facilities shall be installed, owned, operated, and maintained by Texas Gas, unless otherwise agreed to in writing by both parties. Unless otherwise agreed, Customer shall reimburse or cause Texas Gas to be reimbursed for the cost of such facilities. Such costs include, but are not limited to, operating and maintenance expenses, administrative and general expenses, gross-up for state and federal income taxes, taxes other than income taxes, depreciation costs and the time value of money.

- (a) All such facilities owned and operated by Texas Gas must include any rights-of-way necessary to access for inspection and maintenance. Any such facilities constructed by Customer or Customer's agent must be in accordance with Texas Gas' specifications. Texas Gas must approve design drawings and bills of materials, and construction shall be subject to approval by Texas Gas' inspectors.

If Customer constructs facilities, Customer shall coordinate the construction of such facilities with Texas Gas so that Texas Gas may reasonably have inspectors at the site during construction. Customer assumes full responsibility and liability and agrees to hold Texas Gas harmless from any liability of any nature arising from the installation of such facilities by Customer or Customer's agent.

- (b) Subject to conditions below and upon receipt of Customer's request, Transporter will also construct, on a nondiscriminatory basis, the necessary facilities to attach gas supplies to its pipeline to the extent that (1) Customer(s) agree to pay Transporter an amount to recover the cost of such facilities, or (2) Customer(s) provide Transporter adequate assurances that there are adequate gas supplies to be attached by the facilities to make construction of the facilities economical to Transporter.

For the purposes of determining whether a project is economically beneficial to Transporter, Transporter will evaluate projects on the basis of the amount of reserves and deliverability characteristics of the gas supply to be attached, the cost of the facilities, operating, and maintenance, as well as administrative and general expenses attributable to the facilities, and the revenues Transporter estimates will be generated as a result of the attachment of the gas supplies and the availability of capital funds on terms and conditions acceptable to the Transporter.

In estimating the incremental revenues to be generated, Transporter will evaluate the existence of capacity limitations downstream of the facilities, the marketability of the gas supplies, the location of the markets for the gas supplies, the interruptible versus the firm nature of the transportation service from the attached gas supplies, and other similar factors which impact whether the available deliverability from the attached gas supplies will actually be transported.

Transporter may seek to include the unreimbursed facility costs in its general system rates in a subsequent rate filing which shall report (1) the location of each facility built without reimbursement, (2) the cost of that facility, and (3) the date the facility was



placed into service. Transporter will own and operate all facilities constructed herein. Transporter shall have the right at any time to terminate installation of new facilities described in this section on a nondiscriminatory basis.

**3. Metering Equipment**

Texas Gas shall install, own, operate, and maintain such metering equipment unless otherwise agreed to in writing by Texas Gas and Customer. Unless otherwise agreed, Customer shall reimburse or cause Texas Gas to be reimbursed via lump sum payment or establishment of a metering equipment cost recovery rate for recovery of the cost of such metering equipment. Establishment of a metering equipment cost recovery rate would be separate and apart from any agreed upon transportation rate and shall be in place for the period agreed to between Texas Gas and Customer. Such costs include, but are not limited to, operating and maintenance expenses, administrative and general expenses, gross-up for state and federal income taxes, taxes other than income taxes, depreciation costs and the time value of money.

All such metering equipment owned and operated by Texas Gas must include any rights-of-way necessary to access the metering equipment for inspection and maintenance. Any such metering equipment constructed by Customer or Customer's agent must be in accordance with Texas Gas' specifications. Texas Gas must approve design drawings and bills of materials, and construction shall be subject to approval by Texas Gas' inspectors.

If Customer constructs metering equipment, Customer shall coordinate the construction of such equipment with Texas Gas so that Texas Gas may reasonably have inspectors at the site during construction. Customer assumes full responsibility and liability and agrees to hold Texas Gas harmless from any liability of any nature arising from the installation of such equipment by Customer or Customer's agent.

**4. Reservation Of Capacity For Expansion/Extension Projects**

Texas Gas may elect to reserve for a future expansion/extension project any unsubscribed or unallocated capacity or capacity under expiring or terminating service agreements where such capacity is not subject to a right of first refusal or Customer does not exercise its right of first refusal to retain the capacity. Texas Gas may only reserve capacity for a future expansion/extension project for which an open season has been or will be held within one (1) year of the date that Texas Gas posts such capacity as being reserved. Prior to reserving capacity for an expansion/extension project, such available capacity shall have been posted in accordance with Section 6.8[1] on Texas Gas' Internet Website (Informational Postings web site) for at least five (5) business days. Capacity shall be awarded or allocated in accordance with Texas Gas' Tariff.

Capacity may be reserved for expansion/extension projects only for a 12-month period prior to Texas Gas filing for certificate approval for construction, acquisition, or lease of proposed expansion/extension facilities or filing under the prior notice requirements available under its blanket construction certificate, and thereafter until all expansion/extension facilities related to the certificate filing are placed into service by Texas Gas.

If Texas Gas reserves capacity for an expansion/extension project, it will notify Customers of its intent as part of Texas Gas' posting of capacity on its Informational Postings web site. Texas Gas' posting for reserved capacity for future expansion/extension projects shall include the following information: (a) a description of the project for which the capacity will be reserved; (b) the total quantity of capacity to be reserved; (c) the location of the proposed reserved capacity on the pipeline system; (d) whether, and if so when, Texas Gas anticipates that an open season

for the capacity will be held or the reserved capacity will otherwise be posted for bids; (e) the projected in-service date of new facilities; and (f) on an ongoing basis, how much of the reserved capacity has been sold on a limited-term basis that would otherwise be eligible for a right of first refusal. Texas Gas will make reasonable efforts to update the reservation posting up to the in-service date of the project to reflect any material changes in the scope of the project. If unsubscribed capacity that has been posted for bid remains unsubscribed after posting, and if such unsubscribed capacity is insufficient to serve the expansion/extension project, the reservation posting or open season will include a non-binding solicitation for turnback capacity from Texas Gas' existing Customers to serve the expansion/extension project. Texas Gas shall post on its Informational Postings web site a non-binding solicitation for expansion project related turnback capacity no later than 90 days after the close of an expansion project's open season specifying the minimum term for a response to the solicitation.

If there are material differences between the terms and conditions imposed on the expansion project open season and the mandatory pre-reservation open season, Texas Gas shall hold another open season for the available capacity that uses the same terms and conditions used for the expansion project open season. If the available capacity open season is held subsequent to the expansion open season, Texas Gas shall use the same terms and conditions used in the expansion open season.

Any capacity reserved hereunder will be made available for transportation service pursuant to Texas Gas' FERC Gas Tariff on a limited-term basis up to the in-service date of the expansion/extension project. Texas Gas reserves the right to limit any extension rights provided in the service agreement and pursuant to Section 6.10 of the General Terms and Conditions commensurate with the proposed in-service date of any facilities. Any capacity reserved for a project that does not go forward for any reason shall be reposted as generally available within 30 days of the date the capacity becomes available. The previously reserved capacity will become available when Texas Gas posts the capacity on its Informational Postings web site.

### Warranty Title to Gas

1. As between Pipeline and Customer, each party shall be in control and possession of all gas in that party's facilities. The receiving party shall have no responsibility with respect to any gas delivered until such gas is received into its facilities or on account of anything which may be done, happen, or arise with respect to such gas before such delivery, and the delivering party shall have no responsibility with respect to such gas after its delivery into the facilities of the other party or on account of anything which may be done, happen, or arise with respect to such gas after such delivery and receipt.
2. Customer hereby warrants that it will at the time of receipt of gas by Pipeline hereunder have good title to or the good right to deliver all gas so made available and that all such gas is free from all liens and adverse claims.
3. Customer agrees to indemnify Pipeline and save it harmless from all suits, actions, debts, accounts, damages, costs, losses, and expenses arising from or out of adverse claims of any and all persons to the gas received and transported hereunder by Pipeline or to all royalties, taxes, license fees, or charges thereon, which may be levied and assessed against customer upon the transfer thereof to Pipeline. If any adverse claim of any character is asserted with respect to the gas delivered hereunder, with respect to Customer's right to delivery such gas, or with respect to Pipeline's right to receive payment for transporting such gas, either party shall have the right to retain any amount of money up to the amount of such claim out of the money then or thereafter payable to the other party hereunder. Such money shall be retained without interest as security for the performance of the obligations with respect to such claim until such claim has been finally terminated or until bond has been furnished conditioned for protection with respect to such claim in an amount and with sureties satisfactory to the claimant.

### Processing Rights

1. Transporter and Customer recognize that the right to process gas may have been retained by Customer or Customer's supplier. Such processing shall be for recovery and disposition solely by or for the account of Customer or Customer's supplier of liquefiable hydrocarbons. It is understood that Transporter shall not acquire any right, title or interest under this contract in any products resulting from such processing and Transporter shall not process gas received for transportation hereunder for the extraction of liquefiable hydrocarbons.
2. Customer shall execute or cause its supplier or processor to execute a separate agreement with Texas Gas providing for the transportation of any liquids/liquefiables, and shall pay or reimburse Texas Gas, or cause Texas Gas to be paid or reimbursed, for any applicable rates or charges associated with the transportation of such liquids/liquefiables, as specified in this Section 6.22.
3. Associated Liquid Hydrocarbons: Transporter agrees to accept the associated liquid hydrocarbons produced with the gas hereunder and to transport and deliver the same to, or for the account of, Customer or Customer's supplier under the following terms and conditions and such other terms as may be mutually agreeable:
  - (a) Any injection of liquids shall be accomplished at a point immediately downstream from the measurement facilities at the Transporter Receipt Point(s);
  - (b) Injected liquid hydrocarbons shall contain sufficient quantities of corrosion inhibitors and the composition and characteristics of the liquid hydrocarbons shall be such that they will not (i) cause undue formation of hydrates in Transporter's Facilities, (ii) cause undue damage to Transporter's Facilities by internal corrosion, or (iii) cause the gas in said Facilities to fail to meet the Quality Specifications provided for herein after such liquid hydrocarbons have been removed from Transporter's Facilities. The type and quantity of any corrosion inhibitors shall be subject to Transporter's approval prior to the introduction of such inhibitors into Transporter's Facilities;
  - (c) Liquid hydrocarbons with an American Petroleum Institute (API) gravity of less than 40 shall not be transported in Transporter's Facilities. The Bottom Sediment and Water (BS&W) content of the injected liquid hydrocarbons shall not exceed one percent of the total liquid hydrocarbons being injected from any platform at any time. Liquid hydrocarbons with more than 3% hydrocarbon paraffins shall not be transported in Transporter's facilities. If, at any time, the injected liquid hydrocarbons shall fail to conform to these specification, Transportation shall have the right, without advance notice, to refuse to allow injection of liquid hydrocarbons into Transporter's Facilities and shall be absolved of any further obligation to perform pending correction by Customer;
  - (d) Transporter shall have the right to commingle the gas and injected liquid hydrocarbons delivered by Customer to Transporter with gas and injected liquid hydrocarbons delivered to Transporter by others, and Transporter shall likewise have the right similarly to commingle and transport gas and injected liquid hydrocarbons for others; and
  - (e) Title to the associated liquid hydrocarbons may be retained by Customer or Customer's supplier(s). Transporter shall be responsible for any loss of such liquids due to Transporter's sole negligence, if Customer or Customer's supplier(s) have retained title to such liquid hydrocarbons.

4. Indemnification: Customer agrees to indemnify and save Transporter harmless from all losses, damages, and expenses arising out of or incident to the transportation and handling of such liquids and liquefiabiles prior to delivery to Transporter of liquids or liquefiabiles hereunder and after redelivery of such liquids or liquefiabiles, Transporter agrees to indemnify and save Customer and its affiliates harmless from all losses, damages, and expenses arising out of or incident to the transportation of liquids and liquefiabiles after delivery to Transporter and before redelivery.
5. Reimbursement: Customer agrees that if the Commission or any other regulatory body having jurisdiction determines directly or indirectly, (1) that reimbursement to Transporter should be made for the use of Transporter's facilities for the transportation of liquids or liquefiabiles, or (2) that any portion of Transporter's costs incurred (including a reasonable return) for facilities utilized in such transportation should be eliminated from Transporter's cost of service, Customer shall reimburse or pay, or cause to be reimbursed or paid, Transporter for such excluded costs effective as of the date such reimbursement requirement or cost allocation is effective, with the view that Transporter will be kept completely whole with respect to such costs. Customer will reimburse Transporter for any taxes or similar assessment levied against Transporter's transportation and separation of liquids or liquefiabiles for Customer.
  - (a) Subject to Commission action that may adjust the rates described above, the initial rate for liquid transportation shall be, for liquids from wells connected to the system as of December 31, 1981, 55 cents per barrel, and for liquids from wells connected to the system on or after January 1, 1982, one dollar and two and one-half cents (\$1.025) per barrel. The rate for short-haul transportation (a distance of twenty (20) miles or less) of liquids from wells connected to the system as of December 31, 1981, shall be 11 cents per barrel, and the rate for short-haul transportation of liquids from wells connected to the system on or after January 1, 1982, shall be twenty percent (20%) of the one dollar and two and one-half cents (\$1.025) per barrel rate stated above.
  - (b) For all liquefiabiles transported on behalf of a producer or customer which are produced in conjunction with natural gas transported by Transporter from wells connected on or before December 31, 1981, the amount shall be 4.5 cents per MCF per 100 miles prorated to the actual mileage of transportation of the liquefiabiles.
  - (c) For all liquefiabiles transported on behalf of a producer or customer which are produced in conjunction with natural gas transported by Transporter from wells connected on or after January 1, 1982, the amount shall be 10.25 cents per MMBtu per 100 miles transported offshore, prorated to the actual mileage of offshore transportation, and 3.10 cents per MMBtu per 100 miles transported onshore, prorated to the actual mileage of onshore transportation.

For the purposes of administering the rate provisions of this Section 6.22, Customer on or before the fifteenth (15th) day of each calendar month, agrees to provide, or cause to be provided to Transporter, a monthly allocation statement setting forth the total quantity of Liquids and Liquefiabiles delivered to Transporter at each receipt point hereunder during the preceding month, and allocating such quantities at each receipt point into pre-January 1, 1982, and post-December 31, 1981, connected well sources.

**This Section 6.23 is hereby cancelled and reserved for future use.**

**This section contains miscellaneous provisions, as described.**

### **FERC Gas Tariff and Executed Service Agreement Subject to Regulation**

This Tariff and the executed service agreement, and the respective obligations of the parties thereunder are subject to valid laws, orders, rules and regulations of duly constituted authorities having jurisdiction. The parties agree to furnish each other with any and all information necessary to comply with any laws, orders, rules, or regulations. The validity, construction, interpretation and effect of any Transportation or Service Agreement covered by this Tariff shall be governed by the substantive laws of the State of Kentucky, provided that Kentucky's choice of law rules may not be used to direct or determine that some other State's law shall govern a dispute arising hereunder.

Service agreements shall be binding upon and inure to the benefit of the successors, assigns, and legal representatives of the parties executing such service agreements. Provided, however, neither party to a service agreement shall assign such agreement or any of its rights or obligations thereunder without the consent in writing of the other party except as permitted by Section 6.16.5 of the General Terms and Conditions of this FERC Gas Tariff. Notwithstanding the foregoing, either party may assign its right, title and interest in, to and by virtue of an executed service agreement including any and all extensions, renewals, amendments, and supplements thereto, to a trustee or trustees, individual or corporate, as security for bonds or other obligations or securities, without such trustee or trustees assuming or becoming in any respect obligated to perform any of the obligations of the assignor and, if any such trustee be a corporation, without its being required by the parties thereunder to qualify to do business in the state in which the performance of the service agreement may occur, nothing contained therein shall require consent to transfer the service agreement by virtue of merger or consolidation of a party thereunder or a sale of all or substantially all of the assets of a party thereto, or any other corporate reorganization of a party thereto.



### **Electronic Commerce**

Interested parties may exchange information and business transactions electronically with Texas Gas via its Internet Website and via Electronic Data Interchange (EDI).

1. Texas Gas will maintain an Internet Website providing timely and equal access to any and all information relevant to the availability of services on Texas Gas' pipeline system. Texas Gas' Internet Website will be available to all interested parties at no fee with no user being given preferential access to Texas Gas' Internet Website. An Internet Website Agreement will be required to access the Texas Gas Internet Website. Texas Gas reserves the right to invalidate Internet Website Customer's UserID in the event such UserID has not been accessed for more than 90 calendar days.
2. Texas Gas reserves the right to provide enhancements to the Internet Website at its sole discretion; provided, however, all such enhancements, when fully operational, shall be provided to all parties on a nondiscriminatory basis.
3. Texas Gas' Internet Website will provide for the following:
  - (a) downloading by users,
  - (b) daily back-up of information displayed on the Internet Website, which will be available for user review for at least three (3) years,
  - (c) purging information on completed transactions from current files,
  - (d) display of most recent entries ahead of information posted earlier,
  - (e) on-line help, a search function that permits users to locate all information concerning a specific transaction, and a menu that permits users to separately access notices of available capacity, each record in the transportation log, and standards of conduct information; and
  - (f) imbalance gas available for trading.
4. Texas Gas is the exclusive proprietor of the programming which generates its Internet Website and of all the copyrights and proprietary interests therein (except insofar as any third party possesses a copyright or proprietary interest in such materials) but not of the files of and the information displayed on its Internet Website.

### **Notices**

Any notice, request, demand, statement or bill provided for in this Tariff and the executed service agreement or any notice which either Texas Gas or Customer may desire to give to the other, shall be in writing and shall be considered as duly delivered when mailed by regular mail, email, or by postpaid registered mail addressed to said party at the address designated by such party in GasQuest, or as otherwise provided in this FERC Gas Tariff. For example, certain notices, such as OFO notices described in Section 6.18[(a)(iii)] of the General Terms and Conditions, shall be considered duly delivered when they are posted to Texas Gas' Internet Website and the email version of the notice has been sent to Customer's designated e-mail address(es) and no "email undeliverable" message(s) are received by Texas Gas in return. Routine communications by telephone between members of the operating staffs of Texas Gas and Customer shall be considered duly delivered without confirmation in writing, unless such confirmation is requested by either party.

***Force Majeure***

1. If by reason of *force majeure*, either party hereto is rendered unable, wholly or in part, to carry out its obligations under this Tariff, and if such party gives notice and reasonably full particulars of such force majeure in writing or by telegraph to the other party within a reasonable time after the occurrence of the cause relied on, the obligations of the parties, such notice having been given, so far as and to the extent that 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, except as provided herein.
2. *Force Majeure*, as used herein shall mean any and all circumstances beyond the direct or reasonable control of either party which would make performance of this service impossible or unsafe, and shall include, without limiting the foregoing, acts of God such as landslides, earthquakes, lightning, storms (including but not limited to hurricanes and hurricane warnings), crevasses, floods, washouts, epidemics; acts of public enemies including wars, riots, blockades; civil and military disturbances; insurrections, fires, explosions, freezing; arrests and restraints of government, either federal or state, civil or military; shutdowns for purposes of necessary or required repairs, relocations, or construction of facilities; any operational or mechanical failure such as breakage or accident to machinery or lines of pipe, or failure of surface equipment or pipelines; any failure to perform or to comply with any obligation or condition herein due to the inability to obtain necessary supplies, permits, or labor; any industrial disturbance, including strikes or lockouts; or any inability to obtain necessary rights-of-way.
3. *Force Majeure* affecting the performance hereunder by either party, however, shall not relieve such party of liability in the event of negligence or willful misconduct or in the event of failure to use due diligence to remedy the situation and to remove the cause in an adequate manner and with all reasonable dispatch; and such causes or contingencies affecting such performance shall not relieve either party from its obligations to make payment as determined hereunder.
4. It is understood and agreed that the settlement of strikes, lockouts, or controversies with landowners involving rights-of-way shall be entirely within the discretion of the party having the difficulty and that the above requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes, lockouts, or controversies with landowners involving rights-of-way, by acceding to the demands of the opposing party which such course is inadvisable in the discretion of the party having the difficulty.

**Non-Discriminatory Waiver of Tariff Provisions and  
Non-Waiver of Future Defaults**

Notwithstanding the provisions of any individual rate schedule, Pipeline may waive any of its rights hereunder or any obligations of Customer on a basis which is not unduly discriminatory; provided that no waiver by either Customer or Pipeline of any one or more defaults by the other in the performance of any provision of the Service Agreement between Customer and Pipeline shall operate or be construed as a waiver of any future default or defaults, whether of a like or of a different character.

### **Complaint Procedure**

Any Potential Customer that has a complaint against Texas Gas with regard to transportation service may file a complaint with Texas Gas. As used in this Section 6.24.6, a "Potential Customer" shall include all current transportation Customers of Texas Gas, and all persons who have pending requests either for transportation service or for information regarding transportation service on Texas Gas' system. The procedures for filing and resolving complaints shall be as follows:

1. All complaints of Potential Customers shall be directed in writing to the General Counsel, Texas Gas Transmission, LLC, P.O. Box 1478, Houston, Texas 77251-1478. Each complaint shall clearly identify the specific activity or lack of activity that Texas Gas has undertaken which gave rise to the complaint.
2. Texas Gas will maintain a record of all complaints received by the General Counsel for a period of three (3) years.
3. The General Counsel will be responsible for notifying the appropriate department(s) that will investigate each complaint.
4. An initial response to the complaint will be provided within 48 hours of receipt to acknowledge that the complaint was received, estimate a date that a final response will be made and state whether additional information will be needed from the complainant.
5. Texas Gas will respond to each complaint in writing within thirty (30) days of the date of receipt by the General Counsel. If Texas Gas determines that corrective action is appropriate, it will propose such action to complainant to settle the complaint; otherwise, Texas Gas will set forth those facts that demonstrate that the complaint is unfounded. Nothing in this section will prevent Texas Gas or Potential Customer from seeking all available remedies from FERC or any other entity having jurisdiction over the contested matter.

### **Availability of Third-Party Pipeline Capacity**

From time to time, Transporter may enter into service agreements with other interstate and intrastate pipelines, local distribution, and storage companies ("off-system services"). In the event that Transporter acquires off-system services, Transporter will use such for operational reasons or to render service for its customers. In the event that Transporter utilizes off-system services on behalf of its customers, it will only render such service to customers pursuant to Transporter's FERC Gas Tariff and subject to Transporter's approved rates, as such Tariff and rates may change from time to time. For purposes of transactions entered into subject to this section, the "Shipper must have title" requirement is waived.

**Reimbursement of Sales and Use Taxes**

Customer shall pay to Transporter any applicable energy, value added, sales or use tax, or similar tax, and any penalty and interest imposed on the Customer by the federal government, any state, or by any political subdivision of a state, which amount Transporter is obligated by law to collect and remit. Payment shall be at the applicable rate prescribed by law. If Customer is exempt from the obligation to pay such taxes, Customer shall provide Transporter with documentation establishing that exemption.

### **Separation of Storage Services**

Texas Gas shall manage and account for cost-based storage service under Rate Schedules FSS, ISS, NNS, SNS, WNS and SGT separately from market based rate storage service under Rate Schedules FSS-M and ISS-M. Texas Gas will establish and maintain separate logical meters to be utilized solely for FSS-M and ISS-M service, and nomination, scheduling and allocation for FSS-M and ISS-M shall be handled separately from cost-based services. As set forth in Rate Schedules FSS-M and ISS-M, Texas Gas has received approval to charge market based rates for 8,400,000 MMBtu of storage capacity and 93,855 MMBtu/day of deliverability. Texas Gas will limit the volume of storage capacity and deliverability available for FSS-M and ISS-M service subject to Market Based Rate authority received in Docket No. CP07-405-000 to these volumes.

Any reductions in the availability of interruptible storage service due to system integrity issues will be prorated as between interruptible cost-based and market-based rate service.

Regarding system outages, Texas Gas will utilize a three-prong approach as follows:

1. If Texas Gas can reasonably determine that the facility outage involves only equipment dedicated to market-based customer, then only the market-based customers will be affected;
2. If Texas Gas can reasonably determine that the facility outage involves only equipment dedicated to cost-based customers, then only the cost-based customers will be affected; and
3. If the facility outage involves equipment that benefits both cost-based and market-based customers or Texas Gas cannot reasonably determine that the facility outage is limited to equipment dedicated to only one category of customers, both cost-based and market-based customer will be affected on a prorated basis.



**Cross Reference for Tariff-Permitted Provisions in Service and Letter Agreements**

See the actual Tariff section referenced for entire provision.

<b>Applicable Service</b>	<b>Location in Tariff</b>	<b>Provision Topic</b>	<b>Provision Summary</b>
NNS NNL SGT SGL GT&C	Section 5.4[12] Section 5.5[12] Section 5.6[12] Section 5.7[12] Section 6.2	Shoulder Month Contract Demand	States that alternative definitions of "Shoulder Month Contract Demand" may be mutually agreed to.
All Firm Transportation Services	GT&C Section 6.7[1(c)]	Operating Pressures	Sets forth the terms and conditions applicable to the negotiation of minimum and maximum pressure at receipt and delivery points.
All Services	GT&C Sections 6.8[2, 3]	Requests for Service	Sets forth the information related to the requests for service by a Customer.
All Firm Transportation Services, except FLS	GT&C Section 6.8[6]	Supply Lateral Capacity	Sets forth the terms and conditions applicable to supply lateral capacity.
All Services	GT&C Section 6.9[4]	Discounting	Sets forth the terms and conditions applicable when Texas Gas provides a discount.
All Services	GT&C Section 6.9[5]	Negotiated Rates	Sets forth the terms and conditions applicable when Texas Gas provides a negotiated rate.
All Firm Transportation Services	GT&C Section 6.10[2.3] GT&C Section 6.20[1, 2, 3]	Contributions In Aid of Construction	Sets forth the terms and conditions applicable when Texas Gas provides any contribution(s) in aid of construction.

### **Waiver of Consequential Damages**

Texas Gas' and Customer's liability for a claim hereunder shall be limited solely to direct damages, as defined by applicable law, whether such claim arises out of breach of contract, tariff or warranty, negligence, tort, strict liability, product liability, statutory or regulatory liability, indemnity, contribution or any other legal theory; provided that such liability may include direct, consequential and any other type of damages available under applicable law, to the extent the claim is attributable to the gross negligence, willful misconduct or bad faith of such liable party.

### System Management Purchase and Sale Authority

1. Texas Gas may, at its discretion, purchase quantities of gas at any time and from time to time, as needed, for management of its pipeline system. Furthermore, Texas Gas may, at its discretion, use proceeds received from the cash-out of imbalances due Texas Gas under Section 6.14 to facilitate such purchases, as needed, for management of its pipeline system. Purchases shall be accounted for at the actual cost of gas, except purchases from a Texas Gas marketing affiliate shall be valued at the lower of the actual cost of gas or the 100% cash-out monthly average index price as determined in Section 6.14[7] herein.
2. Likewise, Texas Gas, at its discretion may dispose of any net excess quantities of gas it has received at any time and from time to time, as needed, for management of its pipeline system.
  - (a) The sale of any excess quantities of gas shall be made on an unbundled basis and the purchaser shall be responsible for any storage and transportation agreements. The point of sale shall be at Texas Gas' storage complex. All purchases of excess gas quantities must satisfy the requirements of Section 6.5 herein.
  - (b) This Section shall not authorize the sale of any storage base gas included in Texas Gas' rate base. The source of gas sold pursuant to this section shall be:
    - (i) Gas retained as fuel or compensation for products extraction services; or
    - (ii) Generally applicable fuel retainage for other services; or
    - (iii) Gas which, through operation of the Tariff, has become the property of Texas Gas free and clear of any adverse claims; or
    - (iv) Working storage gas that becomes available when a Customer turns back NNS/SGT capacity or converts an NNS/SGT service agreement to an NNL/SGL service agreement; or
    - (v) Gas received as a result of the cash-out of over-deliveries to Texas Gas under Section 6.14.

Any sales of excess gas which should be credited to Customers shall be credited in accordance with the appropriate sections of this Tariff.

  - (c) Prior to making any sales pursuant to this Section, Texas Gas will post for bid the excess gas volumes available for sale.
3. Purchases and sales of excess quantities of gas shall be documented and accounted for in an annual filing made under Section 6.14[14] or in a report filed on or before May 1 of each year, as applicable. Such annual filing shall include: (1) the source of the operational gas purchased or sold; (2) the date of such sale or purchase; (3) the volume; (4) the purchase or sale price; (5) the costs and revenues from such purchase or sale; (6) the disposition of the associated costs and revenues; and (7) an explanation of the purpose of any operational transaction.

**PHMSA EVENT**

1. Definition of "PHMSA Event" – The term "PHMSA Event" shall refer to any testing, repair, replacement, refurbishment, or maintenance activity including scheduled maintenance that is commenced prior to December 31, 2014, to comply with Section 60139(c) of Chapter 601 of Title 49, as added by section 23 of the Pipeline Safety, Regulatory Certainty and Job Creation Act of 2011 or requirements issued by the Pipeline and Hazardous Materials Safety Administration ("PHMSA") pursuant to Section 60139(c).
2. Effect of "PHMSA Event" – In the event that Texas Gas is rendered unable wholly or in part by a PHMSA Event to carry out its obligations under any agreement, other than to provide demand charge credits thereunder, it is agreed that Texas Gas shall give notice of the circumstances of the PHMSA Event in writing or by electronic means to Customer as soon as possible. Texas Gas' notice will identify the specific PHMSA order or requirement with which Texas Gas is complying. The obligations of Texas Gas shall be suspended during the continuance of any inability so caused but for no longer period than such inability, and such cause shall as far as possible be remedied with all reasonable dispatch.

**TERMINATION/MODIFICATION FEE PROVISION**

Texas Gas and Customer may mutually agree in writing to terminate and/or modify any firm service agreement(s) with primary receipt and delivery points located solely on the Fayetteville and/or Greenville Laterals prior to the end of the effective term, provided that Texas Gas is at least financially whole after the mutual termination and/or modification. The termination/modification fee may include, but is not limited to: (i) a lump sum fee and/or (ii) the execution by Customer of new firm service agreement(s) and/or modification of Customer's existing firm service agreement(s). The revenue from such termination/modification fee shall, at a minimum, equal the sum of (x) the present value (utilizing a discount factor that appropriately addresses the risk of such termination/modification) of all remaining monthly reservation charges under the firm service agreement(s) being terminated and/or modified; and (y) any other amounts outstanding under such agreement(s). Additionally, Texas Gas may include the value of any other non-monetary factor material to Texas Gas' agreement to the termination/modification utilizing Texas Gas' reasonable business judgment.

#### AGENCY AGREEMENT OPTION

Customer may designate a party to act as agent for multiple customers ("Principals") under a single service agreement, provided the following conditions have been met:

- (A) Principals demonstrate to Texas Gas that they collectively meet the title requirements set forth in Section 6.21[2] of the General Terms and Conditions;
- (B) Principals provide Texas Gas with written proof that the agent is authorized to act on their behalf and agree that each Principal is jointly and severally liable for all of the obligations of each Principal under the service agreement; and
- (C) Principals recognize and agree that they shall be treated collectively as one Customer for nomination, allocation, and billing purposes.

Agent shall be permitted to unilaterally amend such service agreement to remove a Principal or to add a Principal that satisfies the requirements of this Section 6.24.15 without using the procedures set forth in Section 6.16 of the General Terms and Conditions. No such amendment shall be binding on Texas Gas prior to the date that notice thereof has been given to Texas Gas.

## DEMAND CHARGE CREDITS

1. Demand Charge Credits – Force Majeure Event or PHMSA Event
  - (a) To the extent Texas Gas fails to deliver the FM/PHMSA Average Usage Quantity (as defined below), pursuant to a firm service agreement on any day due to a Force Majeure event (“FM Event”) or PHMSA Event that excuses performance under Section 6.24.4 of these General Terms and Conditions:
    - (i) Customer shall remain liable for all amounts due or that become due under such firm service agreement during the first eleven (11) Gas Days of the FM Event or PHMSA Event.
    - (ii) Following such eleven (11) Gas Day period, Texas Gas shall provide Customer demand charge credits for the FM/PHMSA Average Usage Quantity that Texas Gas failed to deliver to the primary delivery point(s) due to such FM Event or PHMSA Event provided such quantity is not utilized during the FM Event or PHMSA Event for delivery on a non-primary basis.
  - (b) A Customer’s “FM/PHMSA Average Usage Quantity” for any Gas Day shall be determined as follows:
    - (i) The Customer’s average nominated quantity for Primary Firm Services requiring nominations will be determined based upon the seven (7) Gas Days prior to the first Gas Day of the FM Event or PHMSA Event. Only nominated Primary Firm Service affected by the FM Event or PHMSA Event shall be included in the FM/PHMSA Average Usage Quantity calculation; and
    - (ii) The Customer’s average actual flow quantity for Primary Firm Service where nominations are not required will be determined based upon the seven (7) Gas Days prior to the first Gas Day of the FM Event or PHMSA Event. Only Primary Firm Service affected by the FM Event or PHMSA Event shall be included in the FM/PHMSA Average Usage Quantity calculation.
    - (iii) For NNS/NNL Customers with varying seasonal Contract Demands only, if the FM Event or PHMSA Event extends into another season, upon the first day of such season and through such season, the NNS/NNL Customer’s average actual flow quantity will be determined based upon the average actual flow quantities in the respective seasons during the previous three calendar years. Likewise, for STF Customers with varying seasonal Contract Demands only, if the FM Event or PHMSA Event extends into another season, upon the first day of such season and throughout such season, the STF Customer’s average nominated quantity will be determined based upon the applicable average nominated quantities in the respective seasons during the previous three calendar years.
2. Demand Charge Credits – Maintenance or Non-Force Majeure Event, or Non-PHMSA Event
  - (a) To the extent Texas Gas fails to deliver the Maintenance Average Usage Quantity (as defined in Section 6.25[2(b)] below), pursuant to a firm service agreement on any day due to maintenance, non-force majeure, or non-PHMSA event (“Maintenance Event”), Texas Gas shall provide Customer demand charge credits for any Maintenance Average Usage Quantity that Texas Gas failed to deliver to the primary delivery point(s), provided such quantity was not utilized for delivery on a non-primary basis.

- (b) A Customer's "Maintenance Average Usage Quantity" for any Gas Day shall be (i) the Customer's average nominated quantity of Primary Firm Service requiring nominations and (ii) Customers average actual flows at primary delivery locations where nominations are not required. Such average shall be determined based upon the seven (7) Gas Days prior to the first Gas Day of the Maintenance Event; provided, however during the first Gas Day of the Maintenance Event, the Customer's "Maintenance Average Usage Quantity" for Primary Firm Service requiring nominations shall be the quantity of Primary Firm Service which Customer nominated for scheduling but Texas Gas was unable to schedule or deliver due to the Maintenance Event if:
- (i) Texas Gas did not post notice of the Maintenance Event prior to the Timely Cycle nomination deadline for the Gas Day preceding the Maintenance Event; and
  - (ii) the Customer did not change its nominations under its firm service agreement after Texas Gas posted notice of the Maintenance Event.

The previous seven (7) days' average daily quantity usage will only be used in the determination of the Maintenance Average Usage Quantity when Texas Gas has posted notice prior to the Timely Cycle nomination deadline that the capacity will be unavailable for the day in question.

- (iii) For NNS/NNL Customers with varying seasonal Contract Demands only, if the Maintenance Event extends into another season, upon the first day of such season and throughout such season, the NNS/NNL Customer's average actual flow quantity will be determined based upon the average actual flow quantities in the respective seasons during the previous three calendar years. Likewise, for STF Customers with varying seasonal Contract Demands only, if the Maintenance Event extends into another season, upon the first day of such season and throughout such season, the STF Customer's average nominated quantity will be determined based upon the applicable average nominated quantities in the respective seasons during the previous three calendar years.

3. Secondary Point Usage

Texas Gas shall provide demand charge credits for Primary Firm Service only. If a Customer with firm service nominates any non-primary service under its firm service agreement during an FM Event, PHMSA Event, or Maintenance Event, Texas Gas shall not provide demand charge credits to the extent Texas Gas provides such service on a non-primary basis.

4. Curtailments Due to Customer or Third-Party Action

The Average Usage Quantity shall be reduced to the extent any curtailments are the result of Customer's negligence or intentional wrongful acts. Customer shall not be entitled to demand charge credits when Texas Gas' failure to schedule nominated and confirmed quantities is due solely to the conduct of others not controllable by Texas Gas.

5. Computation of Demand Charge Credits

- (a) Demand charge credits shall equal Customer's daily demand rate per MMBtu multiplied by the number of MMBtus subject to a credit (that is, for each Gas Day, the applicable



Average Usage Quantity as determined by Sections 6.25[1-4] above) less the quantity of gas delivered by Texas Gas to non-primary delivery points during the FM Event or the Maintenance Event.

- (b) If Customer has released all or a portion of its firm capacity under Section 6.16 of these General Terms and Conditions or partially assigned its capacity in a permitted partial assignment, with any such assignee included in the term "Replacement Shipper" for purposes of this Section 6.25[5(b)], Texas Gas shall determine the total demand charge credit due for the Average Usage Quantity and allocate the applicable demand charge credit among the Releasing Shipper and the Replacement Shipper(s) in a not unduly discriminatory manner. However, Texas Gas shall not allocate any of the credit to a Replacement Shipper receiving service under a volumetric rate.
- (c) Releasing Shipper and Replacement Shipper may, by contract, agree to a credit allocation in lieu of allowing Texas Gas to allocate the demand charge credit, provided notice of such agreement is communicated to Texas Gas' Customer Service Department by the second business day following the month of gas flow. Absent such notice Texas Gas shall allocate the demand charge credits in a non-discriminatory manner.
- (d) Under no circumstance shall the total of the demand charge credits provided by Texas Gas exceed the demand charge credits Texas Gas would have paid for the affected Average Usage Quantity under a firm service agreement absent a capacity release, permitted partial assignment, or segmentation by Customer.

## **List of Non-Conforming Service Agreements**

Clarksdale Public Utilities Commission, Contract No. 20393, Non-conforming Service Agreement dated June 1, 2003, under Rate Schedule HOT, and Contract No. 19864 Non-conforming Service Agreement dated January 23, 2003, under Rate Schedule IT.

Southern Indiana Gas and Electric Company d/b/a Vectren Energy Delivery of Indiana, Inc., Contract No. 26787, Non-conforming Negotiated Rate Agreement dated October 1, 2008, under Rate Schedule FT and related Negotiated Rate Agreement, Contract No. 58004, dated March 28, 2024.

Flywheel Energy Marketing, LLC:

Contract No. 37687, Non-conforming Service Agreement dated December 17, 2018 and associated Negotiated Rate Agreement dated December 19, 2018;

Contract No. 37689, Non-conforming Service Agreement dated December 17, 2018 and associated Negotiated Rate Agreement dated December 19, 2018;

Contract No. 37690, Non-conforming Service Agreement dated December 17, 2018 and associated Negotiated Rate Agreement dated December 19, 2018;

Contract No. 37675, Non-conforming Service Agreement dated December 17, 2018 and associated Negotiated Rate Agreement dated December 19, 2018;

Contract No. 37688, Non-conforming Service Agreement dated December 17, 2018 and associated Negotiated Rate Agreement dated December 19, 2018;

Contract No. 37679, Non-conforming Service Agreement dated December 17, 2018 and associated Negotiated Rate Agreement dated December 19, 2018;

Contract No. 37678, Non-conforming Service Agreement dated December 17, 2018 and associated Negotiated Rate Agreement dated December 19, 2018;

Contract No. 37676, Non-conforming Service Agreement dated December 17, 2018 and associated Negotiated Rate Agreement dated December 19, 2018;

Contract No. 37680, Non-conforming Service Agreement dated December 17, 2018 and associated Negotiated Rate Agreement dated December 19, 2018;

Contract No. 37691, Non-conforming Service Agreement dated December 17, 2018 and associated Discount Rate Agreement dated December 19, 2018.

Southern Indiana Gas and Electric Company, d/b/a Vectren Energy Delivery of Indiana, Inc. (SIGECO), Contract No. 26787, Negotiated Rate Agreement and Non-conforming Service Agreement dated October 1, 2008.

Southwestern Energy Services Company, Master Agreement dated September 29, 2017, as amended November 1, 2017.

**This section contains Texas Gas' Form of Service Agreements.**

[The following may be inserted in the header of each page of this Agreement, as well as any information related to the identification of the Agreement necessary for administrative purposes:

Rate Schedule [FT/STF/NNS/NNL/SGT/SGL/SNS/WNS/FLS]

[Rate Schedule Option: \_\_\_\_]

Agreement/Contract No.: \_\_\_\_\_

Dated: \_\_\_\_\_

[[Backhaul Service] to be added to FT and STF Service Agreements providing backhaul service.]

In addition, a footer may be inserted on each page of this Agreement for administrative purposes.]

[[This Agreement is entered into by and between Texas Gas Transmission, LLC, ("Texas Gas") and [CustomerName], ("Customer").]

[This Agreement is entered into by and between Texas Gas Transmission, LLC, ("Texas Gas") and \_\_\_\_\_, as Agent, for \_\_\_\_\_ ("Principals"), hereinafter individually and collectively referred to as "Customer," which Principals meet the requirements set forth in Section 6.24.15 of the General Terms and Conditions, which is incorporated herein by reference.]

[If this Agreement supersedes a previous agreement, the following may be inserted here: Effective as of \_\_\_\_\_, this Service Agreement supersedes and replaces in entirety the following Service Agreement(s): [contract number along with any clarifying information of the superseded contract should be inserted here]]]

Services under this Agreement are provided pursuant to Subpart B or Subpart G, Title 18, of the Code of Federal Regulations. Service is subject to and governed by the applicable Rate Schedule and the General Terms and Conditions of the Texas Gas FERC Gas Tariff ("Tariff") as they exist or may be modified from time to time and such are incorporated by reference. In the event the language of this Agreement conflicts with Texas Gas' then-current Tariff, the language of the Tariff will control.

Receipt and Delivery Points: Primary Receipt and Primary Delivery Points shall be listed on Exhibit "A".

Maximum Contract Quantity(ies): [Insert Maximum Contract Quantity(ies) (including daily, monthly, or seasonal Maximum Contract Quantity(ies), as permitted by Section 6.6[2] of the General Terms and Conditions of the Tariff and subsections [10], [11], and/or [12] of the NNS/NNL/SGT/SGL/SNS/WNS Rate Schedule) and, as necessary, information related to Maximum Contract Quantity ramp-ups that is permitted by subsections [3.3], , [2.3], [2.3], and [2.5] of the FT/FLS/NNS/NNL Rate Schedules, respectively. In lieu of inserting here, Maximum Contract Quantity information may be inserted on an exhibit.]

Term: This Agreement shall be effective beginning \_\_\_\_ [insert commencement date, which may be drafted to take into consideration the uncertainties of construction] and shall continue in full force and effect \_\_\_\_ [insert "through" or "for a primary term of"] \_\_\_\_ [insert end date of Agreement or length of primary term, which may be drafted to take into consideration the uncertainties of construction].

[Tariff-based evergreen/ROFR provisions may be included herein or on an Exhibit.]

[A continuous unilateral rollover term, exercisable only by Customer, may be elected by Customer in place of a bilateral evergreen provision. To the extent such continuous unilateral rollover term is elected, the following language shall be inserted: At the end of such primary term, or any subsequent rollover term, this Agreement will rollover for a term of five years at the applicable maximum rate. Such rollover is automatic unless Customer notifies Texas Gas in writing at least one year in advance of the

expiration of the primary term of this Agreement, or any subsequent rollover term, that it intends to exercise its right of first refusal or wishes to negotiate a different extension period.]

Rate: The rate for this Agreement shall be the maximum applicable rate (including all other applicable charges Texas Gas is authorized to charge pursuant to its Tariff) unless the parties have entered into an associated discounted or negotiated rate letter agreement.

[Metering Equipment Cost Recovery Rate: [Insert rate and any associated term]]

Exhibit(s): The following Exhibit(s) are attached and made a part of this Agreement:  
[Exhibit Descriptions may be inserted here, as necessary. Exhibit(s) will include headings and details needed to describe contractual terms. Such Exhibit(s) may include only (i) administrative information, and/or (ii) terms and conditions specifically permitted by the provision identified in Section 6.24[10] of the General Terms and Conditions of the Tariff.]

This agreement shall be governed by and construed under the laws of the Commonwealth of Kentucky, excluding any provision which would direct the application of the laws of another jurisdiction.

IF YOU ARE IN AGREEMENT WITH THE FOREGOING, PLEASE INDICATE IN THE SPACE PROVIDED BELOW.

[Insert signature block here, which must include but is not limited to each counterparty's full legal name, signature line(s), printed name(s) of executing representative(s), title(s) of the executing representative(s), and date of signature(s).]

EXHIBIT A

Primary Point(s)

[Identify Primary Point(s) covered by the Agreement, which may include but need not be limited to Receipt Point Name, Receipt Point Meter Number, Delivery Point Name, Delivery Point Meter Number, Volume, and Contract Path(s). Any additional information included herein shall be limited exclusively to (i) information used for the purpose of identifying the Primary Point(s); and/or (ii) terms and conditions related to the Primary Point(s) that are specifically permitted by a provision identified in Section 6.24.10 of the General Terms and Conditions of the Tariff.]

[The following may be inserted in the header of each page of this Agreement, as well as any information related to the identification of the Agreement necessary for administrative purposes:

Umbrella Agreement for Replacement Customer  
Agreement No.: \_\_\_\_\_  
Dated: \_\_\_\_\_

In addition, a footer may be inserted on each page of this Agreement for administrative purposes.]

This Agreement is entered into by and between Texas Gas Transmission, LLC, ("Texas Gas") and [CustomerName], ("Replacement Customer").

[If this Agreement supersedes a previous agreement(s), the following may be inserted here: Effective as of \_\_\_\_\_, this Service Agreement supersedes and replaces in entirety the following Service Agreement(s): [contract number along with any clarifying information of the superseded contract should be inserted here]]

Services under this Agreement are provided pursuant to Subpart B or Subpart G, Title 18, of the Code of Federal Regulations. Service is subject to and governed by the applicable Rate Schedule and the General Terms and Conditions of the Texas Gas FERC Gas Tariff ("Tariff") as they exist or may be modified from time to time and such are incorporated by reference. In the event the language of this Agreement conflicts with Texas Gas' then-current Tariff, the language of the Tariff will control.

Operation of Umbrella Agreement: Certain terms and conditions of this Agreement will appear on one or more applicable capacity release awards. Replacement Customer recognizes that at any one time, Replacement Customer may have several applicable capacity release awards in effect which, together with this Agreement, will each constitute a separate transportation contract with separate terms and conditions, and which will be administered as such.

Point(s) of Service: Point(s) along with any related information shall be listed in the applicable capacity release award.

Maximum Contract Quantity(ies): Maximum Contract Quantity(ies) shall be listed on the applicable capacity release award and identified as "Awd Qty-K."

Term: This Agreement shall be effective beginning \_\_\_\_\_ [insert commencement date, which may be drafted to take into consideration the uncertainties of construction] and shall remain in effect until terminated by Texas Gas or Customer upon at least thirty (30) days prior written notice; provided, however, that this Agreement shall not terminate prior to the termination or expiration of all of Customer's applicable capacity release awards pursuant to the terms and conditions thereof.

Rate: The rate for service shall be the amount reflected on the applicable capacity release award (as well as all other applicable charges Texas Gas is authorized to charge pursuant to its Tariff).

Exhibit(s): The following Exhibit(s) are attached and made a part of this Agreement:  
[Exhibit Descriptions may be inserted here, as necessary. Exhibit(s) will include headings and details needed to describe contractual terms. Such Exhibit(s) may include only (i) administrative information, and/or (ii) terms and conditions specifically permitted by a provision identified in Section 6.24[10] of the General Terms and Conditions of the Tariff.]

This agreement shall be governed by and construed under the laws of the Commonwealth of Kentucky, excluding any provision which would direct the application of the laws of another jurisdiction.

IF YOU ARE IN AGREEMENT WITH THE FOREGOING, PLEASE INDICATE IN THE SPACE PROVIDED BELOW.

[Insert signature block here, which must include but is not limited to each counterparty's full legal name, signature line(s), printed name(s) of executing representative(s), title(s) of the executing representative(s), and date of signature(s).]



[The following may be inserted in the header of each page of this Addendum, as well as any information related to the identification of the Addendum necessary for administrative purposes:

Rate Schedule EFT  
Addendum to [FT/STF] Agreement No.: \_\_\_\_\_  
Dated: \_\_\_\_\_

In addition, a footer may be inserted on each page of this Addendum for administrative purposes.]

[[This Addendum is entered into by and between Texas Gas Transmission, LLC, ("Texas Gas") and \_\_\_\_\_  
\_\_\_\_\_, [Customer Name] ("Customer") and addends [FT/STF] Contract No. \_\_\_\_\_  
("Base\_Contract").]

[If this Addendum supersedes a previous addendum(addenda), the following may be inserted here:  
Effective as of \_\_\_\_\_, this Addendum supersedes and replaces in entirety the following  
Addendum(Addenda): [contract number along with any clarifying information of the superseded contract  
should be inserted here]]

[This Agreement is entered into by and between Texas Gas Transmission, LLC, ("Texas Gas") and  
\_\_\_\_\_, as Agent, for \_\_\_\_\_ ("Principals"), hereinafter individually and collectively referred to as  
"Customer," which Principals meet the requirements set forth in Section 6.24.15 of the General Terms  
and Conditions, which is incorporated herein by reference.]]

Services under this Addendum are provided pursuant to Subpart B or Subpart G, Title 18, of the Code of  
Federal Regulations. Service is subject to and governed by the applicable Rate Schedule and the  
General Terms and Conditions of the Texas Gas FERC Gas Tariff ("Tariff") as they exist or may be  
modified from time to time and such are incorporated by reference. In the event the language of this  
Addendum conflicts with Texas Gas' then-current Tariff, the language of the Tariff will control.

Delivery Point(s): Customer may utilize Primary Delivery Points as provided for in Customer's Base  
Contract.

Maximum Contract Quantity(ies): The Maximum Contract Quantity(ies) for this Addendum shall be as  
provided for in Customer's Base Contract.

Term: This Agreement shall be effective beginning \_\_\_\_\_ [insert commencement date,  
which may be drafted to take into consideration the uncertainties of construction] and shall remain in  
effect until the Base Contract terminates.

Rate: In addition to any rates charged for service under Customer's Base Contract, the rate for EFT  
Service shall be the maximum applicable rate (including all other applicable charges Texas Gas is  
authorized to charge pursuant to its Tariff) unless the parties have entered into an associated discounted  
or negotiated rate letter agreement.

This agreement shall be governed by and construed under the laws of the Commonwealth of Kentucky,  
excluding any provision which would direct the application of the laws of another jurisdiction.

IF YOU ARE IN AGREEMENT WITH THE FOREGOING, PLEASE INDICATE IN THE SPACE  
PROVIDED BELOW.

[Insert signature block here, which must include but is not limited to each counterparty's full legal name,  
signature line(s), printed name(s) of executing representative(s), title(s) of the executing representative(s),  
and date of signature(s).]

[The following may be inserted in the header of each page of this Agreement, as well as any information related to the identification of the Agreement necessary for administrative purposes:

Rate Schedule EPS  
Contract No.: \_\_\_\_\_  
Dated: \_\_\_\_\_

In addition, a footer may be inserted on each page of this Agreement for administrative purposes.]

This Agreement is entered into by and between Texas Gas Transmission, LLC ("Texas Gas") and [CustomerName] ("Customer").

[[If this Agreement supersedes a previous agreement(s), the following may be inserted here: Effective as of \_\_\_\_\_, this Service Agreement supersedes and replaces in entirety the following Service Agreement(s): [contract number along with any clarifying information of the superseded contract should be inserted here]]

[This Agreement is entered into by and between Texas Gas Transmission, LLC, ("Texas Gas") and \_\_\_\_\_, as Agent, for \_\_\_\_\_ ("Principals"), hereinafter individually and collectively referred to as "Customer," which Principals meet the requirements set forth in Section 6.24.15 of the General Terms and Conditions, which is incorporated herein by reference.]]

Services under this Agreement are provided pursuant to Subpart B or Subpart G, Title 18, of the Code of Federal Regulations. Service is subject to and governed by the applicable Rate Schedule and the General Terms and Conditions of the Texas Gas FERC Gas Tariff ("Tariff") as they exist or may be modified from time to time and such are incorporated by reference. In the event the language of this Agreement conflicts with Texas Gas' then-current Tariff, the language of the Tariff will control.

Point(s): Point information shall be listed on Exhibit A.

Maximum Quantity(ies): Maximum Quantity(ies) shall be listed on Exhibit A.

Term: This Agreement shall be effective beginning \_\_\_\_\_ [insert commencement date, which may be drafted to take into consideration the uncertainties of construction] and shall remain in effect \_\_\_\_\_ [insert "through" or "for a primary term of"] \_\_\_\_\_ [insert end date of Agreement or length of primary term, which may be drafted to take into consideration the uncertainties of construction].

[Tariff-based evergreen provisions may be included herein or on an Exhibit.]

Rate: The rate for this Agreement shall be the maximum applicable rate (including all other applicable charges Texas Gas is authorized to charge pursuant to its Tariff) unless a discounted rate is specified on Exhibit A or the parties have entered into an associated discounted or negotiated rate letter agreement.

Exhibit(s): The following Exhibit(s) are attached and made a part of this Agreement:  
[Exhibit Descriptions may be inserted here, as necessary. Exhibit(s) will include headings and details needed to describe contractual terms. Such Exhibit(s) may include only (i) administrative information, and/or (ii) terms and conditions specifically permitted by a provision identified in Section 6.24.10 of the General Terms and Conditions of the Tariff.]

This agreement shall be governed by and construed under the laws of the Commonwealth of Kentucky, excluding any provision which would direct the application of the laws of another jurisdiction.

IF YOU ARE IN AGREEMENT WITH THE FOREGOING, PLEASE INDICATE IN THE SPACE PROVIDED BELOW.

[Insert signature block here, which must include but is not limited to each counterparty's full legal name, signature line(s), printed name(s) of executing representative(s), title(s) of the executing representative(s), and date of signature(s).]

[The following may be inserted in the header of each page of this Agreement, as well as any information related to the identification of the Agreement necessary for administrative purposes:

Rate Schedule [IT/ILS]  
Agreement No.: \_\_\_\_\_  
Dated: \_\_\_\_\_

In addition, a footer may be inserted on each page of this agreement for administrative purposes.]

[[This Agreement is entered into by and between Texas Gas Transmission, LLC, ("Texas Gas") and [CustomerName] ("Customer").]

[This Agreement is entered into by and between Texas Gas Transmission, LLC, ("Texas Gas") and \_\_\_\_\_, as Agent, for \_\_\_\_\_ ("Principals"), hereinafter individually and collectively referred to as "Customer," which Principals meet the requirements set forth in Section 6.24.15 of the General Terms and Conditions, which is incorporated herein by reference.]

[If this Agreement supersedes a previous agreement(s), the following may be inserted here: Effective as of \_\_\_\_\_, this Service Agreement supersedes and replaces in entirety the following Service Agreement(s): [contract number along with any clarifying information of the superseded contract should be inserted here]]]

Services under this Agreement are provided pursuant to Subpart B or Subpart G, Title 18, of the Code of Federal Regulations. Service is subject to and governed by the applicable Rate Schedule and the General Terms and Conditions of the Texas Gas FERC Gas Tariff ("Tariff") as they exist or may be modified from time to time and such are incorporated by reference. In the event the language of this Agreement conflicts with Texas Gas' then-current Tariff, the language of the Tariff will control.

Interruptible Contract Quantity: The Interruptible Quantity per Dth is \_\_\_\_\_.

Receipt and Delivery Point(s): Customer may utilize receipt and delivery points [as provided for in the rate schedule or specify the applicable Customer Lateral].

Term: This Agreement shall be effective beginning \_\_\_\_\_ [insert commencement date] and shall remain in effect for a term of five years or until terminated by Texas Gas or Customer upon at least thirty (30) days prior written notice.

[Tariff-based evergreen provisions may be included herein or on an Exhibit.]

Rate: The rate for service shall be the maximum applicable rate (including all other applicable charges Texas Gas is authorized to charge pursuant to its Tariff) unless the parties have entered into an associated discounted or negotiated rate letter agreement.

Exhibit(s): The following Exhibit(s) are attached and made a part of this Agreement:  
[Exhibit Descriptions may be inserted here, as necessary. Exhibit(s) will include headings and details needed to describe contractual terms. Such Exhibit(s) may include only (i) administrative information, and/or (ii) terms and conditions specifically permitted by a provision identified in Section 6.24.10 of the General Terms and Conditions of the Tariff.]

This agreement shall be governed by and construed under the laws of the Commonwealth of Kentucky, excluding any provision which would direct the application of the laws of another jurisdiction.

IF YOU ARE IN AGREEMENT WITH THE FOREGOING, PLEASE INDICATE IN THE SPACE PROVIDED BELOW.

[Insert signature block here, which must include but is not limited to each counterparty's full legal name, signature line(s), printed name(s) of executing representative(s), title(s) of the executing representative(s), and date of signature(s).]

[The following may be inserted in the header of each page of this Agreement, as well as any information related to the identification of the Agreement necessary for administrative purposes:

Rate Schedule [ISS/ ISS-M/ FSS/ FSS-M]

Agreement/Contract No.: \_\_\_\_\_

Dated: \_\_\_\_\_

In addition, a footer may be inserted on each page of this Agreement for administrative purposes.]

[[This Agreement is entered into by and between Texas Gas Transmission, LLC, ("Texas Gas") and [CustomerName] ("Customer").]

[This Agreement is entered into by and between Texas Gas Transmission, LLC, ("Texas Gas") and \_\_\_\_\_, as Agent, for \_\_\_\_\_ ("Principals"), hereinafter individually and collectively referred to as "Customer," which Principals meet the requirements set forth in Section 6.24.15 of the General Terms and Conditions, which is incorporated herein by reference.]

[If this Agreement supersedes a previous agreement(s), the following may be inserted here: Effective as of \_\_\_\_\_, this Service Agreement supersedes and replaces in entirety the following Service Agreement(s): [contract number along with any clarifying information of the superseded contract should be inserted here]]]

Services under this Agreement are provided pursuant to Subpart B or Subpart G, Title 18, of the Code of Federal Regulations. Service is subject to and governed by the applicable Rate Schedule and the General Terms and Conditions of the Texas Gas FERC Gas Tariff ("Tariff") as they exist or may be modified from time to time and such are incorporated by reference. In the event the language of this Agreement conflicts with Texas Gas' then-current Tariff, the language of the Tariff will control.

Injection and Withdrawal Point(s): Injection and Withdrawal information is specified on the applicable exhibit.

[For FSS and FSS-M only, the following language will be inserted: Maximum Contract Quantity(ies): [Insert Maximum Contract Quantity(ies) (including Maximum Daily Injection Quantity, Maximum Daily Withdrawal Quantity, and Maximum Seasonal Quantity as permitted by subsections [7] and/or [8] of the applicable Rate Schedule). In lieu of inserting here, Maximum Contract Quantity information may be inserted on an exhibit.]]

Term: [For ISS, the following language will be inserted: This Agreement shall be effective beginning [insert commencement date, which may be drafted to take into consideration the uncertainties of construction] and shall remain in effect for a term of five years or until terminated by Texas Gas or Customer upon at least thirty (30) days prior written notice.]

[For ISS-M, FSS and FSS-M, the following language will be inserted: This Agreement shall be effective beginning \_\_\_\_\_ [insert commencement date, which may be drafted to take into consideration the uncertainties of construction] and shall continue in full force and effect \_\_\_\_\_ [insert "through" or "for a primary term of"] \_\_\_\_\_ [insert end date of Agreement or length of primary term, which may be drafted to take into consideration the uncertainties of construction].]

[For ISS, ISS-M, FSS, and FSS-M: Tariff-based evergreen/ROFR provisions may be included herein or on an Exhibit, as applicable.]

[For FSS, a continuous unilateral rollover term, exercisable only by Customer, may be elected by Customer in place of a bilateral evergreen provision. To the extent such continuous unilateral rollover term is elected, the following language shall be inserted: At the end of such primary term, or any

subsequent rollover term, this Agreement will rollover for a term of five years at the applicable maximum rate. Such rollover is automatic unless Customer notifies Texas Gas in writing at least one year in advance of the expiration of the primary term of this Agreement, or any subsequent rollover term, that it intends to exercise its right of first refusal or wishes to negotiate a different extension period.]

Rate: [For ISS and FSS, the following language will be inserted: The rate for this Agreement shall be the maximum applicable rate (including all other applicable charges Texas Gas is authorized to charge pursuant to its Tariff) unless the parties have entered into an associated discounted or negotiated rate letter agreement.]

[For ISS-M and FSS-M, the following language will be inserted: The rate for this Agreement specified on the applicable exhibit.]

Exhibit(s): The following Exhibit(s) are attached and made a part of this Agreement: [Exhibit Descriptions may be inserted here, as necessary. Exhibit(s) will include headings and details needed to describe contractual terms. Such Exhibit(s) may include only (i) administrative information, and/or (ii) terms and conditions specifically permitted by a provision identified in Section 6.24[10] of the General Terms and Conditions of the Tariff.]

This agreement shall be governed by and construed under the laws of the Commonwealth of Kentucky, excluding any provision which would direct the application of the laws of another jurisdiction.

IF YOU ARE IN AGREEMENT WITH THE FOREGOING, PLEASE INDICATE IN THE SPACE PROVIDED BELOW.

[Insert signature block here, which must include but is not limited to each counterparty's full legal name, signature line(s), printed name(s) of executing representative(s), title(s) of the executing representative(s), and date of signature(s).]

**EXHIBIT A**

[Identify Maximum Contract Quantity(ies), Point, and Rate information covered by the Agreement, which may include but need not be limited to applicable Injection Point Name, Injection Point Number, Withdrawal Point Name, Withdrawal Point Number, and Volume and Charges (ISS-M and FSS-M). Any additional information included herein shall be limited exclusively to (i) information used for the purpose of identifying the Point(s); and/or (ii) terms and conditions related to the Point(s) that are specifically permitted by a provision identified in Section 6.24.10 of the General Terms and Conditions of the Tariff.]



[The following may be inserted in the header of each page of this Agreement, as well as any information related to the identification of the Agreement necessary for administrative purposes:

Rate Schedule TAPS  
Agreement No.: \_\_\_\_\_  
Dated: \_\_\_\_\_

In addition, a footer may be inserted on each page of this Agreement for administrative purposes.]

This Agreement is entered into by and between Texas Gas Transmission, LLC, ("Texas Gas") and [CustomerName] ("Customer").

[[If this Agreement supersedes a previous agreement(s), the following may be inserted here: Effective as of \_\_\_\_\_, this Service Agreement supersedes and replaces in entirety the following Service Agreement(s): [contract number along with any clarifying information of the superseded contract should be inserted here]]

[This Agreement is entered into by and between Texas Gas Transmission, LLC, ("Texas Gas") and \_\_\_\_\_, as Agent, for \_\_\_\_\_ ("Principals"), hereinafter individually and collectively referred to as "Customer," which Principals meet the requirements set forth in Section 6.24.15 of the General Terms and Conditions, which is incorporated herein by reference.]]

Services under this Agreement are provided pursuant to Subpart B or Subpart G, Title 18, of the Code of Federal Regulations. Service is subject to and governed by the applicable Rate Schedule and the General Terms and Conditions of the Texas Gas FERC Gas Tariff ("Tariff") as they exist or may be modified from time to time and such are incorporated by reference. In the event the language of this Agreement conflicts with Texas Gas' then-current Tariff, the language of the Tariff will control.

Receipt and Delivery Point(s): Customer may utilize receipt and delivery points as provided for in the rate schedule.

Term: This Agreement shall be effective beginning \_\_\_\_\_ [insert commencement date, which may be drafted to take into consideration the uncertainties of construction] and shall remain in effect for a term of five years or until terminated by Texas Gas or Customer upon at least thirty (30) days prior written notice.

[Tariff-based evergreen provision may be included herein or on an Exhibit.]

Rate: Texas Gas shall not charge Customer any rate(s) for service under this Rate Schedule.

Exhibit(s): The following Exhibit(s) are attached and made a part of this Agreement: [Exhibit Descriptions may be inserted here, as necessary. Exhibit(s) will include headings and details needed to describe contractual terms. Such Exhibit(s) may include only (i) administrative information, and/or (ii) terms and conditions specifically permitted by a provision identified in Section 6.24.10 of the General Terms and Conditions of the Tariff.]

This agreement shall be governed by and construed under the laws of the Commonwealth of Kentucky, excluding any provision which would direct the application of the laws of another jurisdiction.

IF YOU ARE IN AGREEMENT WITH THE FOREGOING, PLEASE INDICATE IN THE SPACE PROVIDED BELOW.

[Insert signature block here, which must include but is not limited to each counterparty's full legal name, signature line(s), printed name(s) of executing representative(s), title(s) of the executing representative(s), and date of signature(s).]

[The following may be inserted in the header of each page of this Agreement, as well as any information related to the identification of the Agreement necessary for administrative purposes:

Rate Schedule PAL  
Contract No.: \_\_\_\_\_  
Dated: \_\_\_\_\_  
Deal Type: [Park or Loan]

In addition, a footer may be inserted on each page of this Agreement for administrative purposes.]

[[This Agreement is entered into by and between Texas Gas Transmission, LLC ("Texas Gas") and [CustomerName] ("Customer").]

[This Agreement is entered into by and between Texas Gas Transmission, LLC, ("Texas Gas") and \_\_\_\_\_, as Agent, for \_\_\_\_\_ ("Principals"), hereinafter individually and collectively referred to as "Customer," which Principals meet the requirements set forth in Section 6.24.15 of the General Terms and Conditions, which is incorporated herein by reference.]

[If this Agreement supersedes a previous agreement(s), the following may be inserted here: Effective as of \_\_\_\_\_, this Service Agreement supersedes and replaces in entirety the following Service Agreement(s): [contract number along with any clarifying information of the superseded contract should be inserted here]]]

Services under this Agreement are provided pursuant to Subpart B or Subpart G, Title 18, of the Code of Federal Regulations. Service is subject to and governed by the applicable Rate Schedule and the General Terms and Conditions of the Texas Gas FERC Gas Tariff ("Tariff") as they exist or may be modified from time to time and such are incorporated by reference. In the event the language of this Agreement conflicts with Texas Gas' then-current Tariff, the language of the Tariff will control.

Point(s) of Service: Point information shall be listed on Exhibit A: Service Order.

Term: This Agreement shall be effective beginning \_\_\_\_\_ [insert commencement date, which may be drafted to take into consideration the uncertainties of construction] and shall remain in effect \_\_\_\_\_ [insert "through" or "for a primary term of"] \_\_\_\_\_ [insert end date of Agreement or length of primary term, which may be drafted to take into consideration the uncertainties of construction].

[Tariff-based evergreen provisions may be included herein or on an Exhibit.]

Rate: The rate for service shall be specified on Exhibit A.

Exhibit(s): The following Exhibit(s) are attached and made a part of this Agreement: [Exhibit Descriptions may be inserted here, as necessary. Exhibit(s) will include headings and details needed to describe contractual terms. Such Exhibit(s) may include only (i) administrative information, and/or (ii) terms and conditions specifically permitted by a provision identified in Section 6.24[10] of the General Terms and Conditions of the Tariff.]

This agreement shall be governed by and construed under the laws of the Commonwealth of Kentucky, excluding any provision which would direct the application of the laws of another jurisdiction.

IF YOU ARE IN AGREEMENT WITH THE FOREGOING, PLEASE INDICATE IN THE SPACE PROVIDED BELOW.

[Insert signature block here, which must include but is not limited to each counterparty's full legal name, signature line(s), printed name(s) of executing representative(s), title(s) of the executing representative(s), and date of signature(s).]

**EXHIBIT A**

[Identify Point and Rate information covered by the Agreement, which may include but need not be limited to Point Name, Point Meter Number, Total and Daily Quantity(ies), and Charges. Any additional information included herein shall be limited exclusively to (i) information used for the purpose of identifying the Point(s); and/or (ii) terms and conditions related to the Point(s) that are specifically permitted by a provision identified in Section 6.24.10 of the General Terms and Conditions of the Tariff.]

[The following may be inserted in the header of each page of this Agreement, as well as any information related to the identification of the Agreement necessary for administrative purposes:

Rate Schedule HOT  
Agreement No. \_\_\_\_\_  
Dated: \_\_\_\_\_

In addition, a footer may be inserted on each page of this Agreement for administrative purposes.]

This Agreement is entered into by and between Texas Gas Transmission, LLC ("Texas Gas") and \_\_\_\_\_  
\_\_\_\_\_ [CustomerName], ("Customer").

[[If this Agreement supersedes a previous agreement(s), the following may be inserted here: Effective as of \_\_\_\_\_, this Service Agreement supersedes and replaces in entirety the following Service Agreement(s): [contract number along with any clarifying information of the superseded contract should be inserted here]]

[This Agreement is entered into by and between Texas Gas Transmission, LLC, ("Texas Gas") and \_\_\_\_\_, as Agent, for \_\_\_\_\_ ("Principals"), hereinafter individually and collectively referred to as "Customer," which Principals meet the requirements set forth in Section 6.24.15 of the General Terms and Conditions, which is incorporated herein by reference.]]

Services under this Agreement are provided pursuant to Subpart B or Subpart G, Title 18, of the Code of Federal Regulations. Service is subject to and governed by the applicable Rate Schedule and the General Terms and Conditions of the Texas Gas FERC Gas Tariff ("Tariff") as they exist or may be modified from time to time and such are incorporated by reference. In the event the language of this Agreement conflicts with Texas Gas' then-current Tariff, the language of the Tariff will control.

Delivery Point: [Insert Delivery Point.]

Term: This Agreement shall be effective beginning \_\_\_\_\_ and shall remain in effect for a term of five years or until terminated by Texas Gas or Customer upon at least thirty (30) days prior written notice.

[Tariff-based evergreen provisions may be included herein or on an Exhibit.]

Rate: The rate for this Agreement shall be the maximum applicable rate (including all other applicable charges Texas Gas is authorized to charge pursuant to its Tariff) unless the parties have entered into an associated discounted or negotiated rate letter agreement.

Exhibit(s): The following Exhibit(s) are attached and made a part of this Agreement:  
[Exhibit Descriptions may be inserted here, as necessary. Exhibit(s) will include headings and details needed to describe contractual terms. Such Exhibit(s) may include only (i) administrative information, and/or (ii) terms and conditions specifically permitted by a provision identified in Section 6.24.10 of the General Terms and Conditions of the Tariff.]

This agreement shall be governed by and construed under the laws of the Commonwealth of Kentucky, excluding any provision which would direct the application of the laws of another jurisdiction.

IF YOU ARE IN AGREEMENT WITH THE FOREGOING, PLEASE INDICATE IN THE SPACE PROVIDED BELOW.

[Insert signature block here, which must include but is not limited to each counterparty's full legal name, signature line(s), printed name(s) of executing representative(s), title(s) of the executing representative(s), and date of signature(s).]

[The following may be inserted in the header of each page of this Addendum, as well as any information related to the identification of the Addendum necessary for administrative purposes:

**Rate Schedule ENS**

Addendum to [FT/STF/NNS/NNL/SGT/SGL/SNS/WNS/FLS] Service Agreement No.: \_\_\_\_\_  
[Rate Schedule Option: \_\_\_\_]  
Dated: \_\_\_\_\_

In addition, a footer may be inserted on each page of this Addendum for administrative purposes.]

This Addendum is entered into by and between Texas Gas Transmission, LLC, ("Texas Gas") and \_\_\_\_\_ [Customer Name] ("Customer") and addends [FT/STF/NNS/NNL/SGT/SGL/SNS/WNS/FLS] [insert Rate Schedule Option if applicable] Contract No. \_\_\_\_\_ ("Base Contract").

[[If this Addendum supersedes a previous addendum(addenda), the following may be inserted here: Effective as of \_\_\_\_\_, this Addendum supersedes and replaces in entirety the following Addendum(Addenda): [contract number along with any clarifying information of the superseded contract should be inserted here]]

[This Agreement is entered into by and between Texas Gas Transmission, LLC, ("Texas Gas") and \_\_\_\_\_, as Agent, for \_\_\_\_\_ ("Principals"), hereinafter individually and collectively referred to as "Customer," which Principals meet the requirements set forth in Section 6.24.15 of the General Terms and Conditions, which is incorporated herein by reference.]]

Services under this Addendum are provided pursuant to Subpart B or Subpart G, Title 18, of the Code of Federal Regulations. Service is subject to and governed by the applicable Rate Schedule and the General Terms and Conditions of the Texas Gas FERC Gas Tariff ("Tariff") as they exist or may be modified from time to time and such are incorporated by reference. In the event the language of this Addendum conflicts with Texas Gas' then-current Tariff, the language of the Tariff will control.

Receipt Point(s): Customer may utilize physical receipt point(s) as described in Section 5.10[1.2] of Rate Schedule ENS and as provided for in Customer's Base Contract.

Delivery Points(s): Customer may utilize Primary Delivery Point(s) as provided for in Customer's Base Contract.

[Maximum Contract Quantity(ies): The [Maximum Contract Quantity(ies)] for this Addendum shall be as provided for in Customer's Base Contract.

Term: This Addendum shall be effective beginning \_\_\_\_\_ [insert commencement date, which may be drafted to take into consideration the uncertainties of construction] and shall remain in effect until the Base Contract terminates.

Rate: In addition to any rates charged for service under Customer's Base Contract, the rate for ENS Service shall be the maximum applicable rate (including all other applicable charges Texas Gas is authorized to charge pursuant to its Tariff) unless the parties have entered into an associated discounted letter agreement.

This agreement shall be governed by and construed under the laws of the Commonwealth of Kentucky, excluding any provision which would direct the application of the laws of another jurisdiction.



IF YOU ARE IN AGREEMENT WITH THE FOREGOING, PLEASE INDICATE IN THE SPACE PROVIDED BELOW.

[Insert signature block here, which must include but is not limited to each counterparty's full legal name, signature line(s), printed name(s) of executing representative(s), title(s) of the executing representative(s), and date of signature(s).]

[The following may be inserted in the header of each page of this Agreement, as well as any information related to the identification of the Agreement necessary for administrative purposes:

Rate Schedule [FT, STF, NNS,>NNL, SGT, SGL, SNS, WNS, FLS]

[Rate Schedule Option: \_\_\_\_]

[Rate Schedule [EFT/ENS] Addendum]

Agreement/Contract No. \_\_\_\_\_

Dated: \_\_\_\_\_

[[Backhaul Service] to be added to FT and STF Service Agreements providing backhaul service.]

[The parties may enter into multiple negotiated rate and discounted rate letter agreements under the same Contract to address different components. Negotiated fuel rates must be contracted under a separate Negotiated Rate Letter Agreement. If the negotiated rate under this letter agreement is limited to specific components, insert here. For example" Fuel Negotiated Rate Letter Agreement.]

In addition, a footer may be inserted on each page of this Agreement for administrative purposes.]

[Date]

[Contact Name]  
[CustomerName]  
[Address]

Re: Negotiated Rates Letter Agreement to  
[FT, STF, NNS,>NNL, SGT, SGL, SNS, WNS, FLS] Service Agreement No. \_\_\_\_\_  
[("Base Contract")]  
[as modified by Rate Schedule [Option: \_\_\_\_] or [ENS/ENS Addendum]  
between TEXAS GAS TRANSMISSION, LLC and  
[CUSTOMERNAME]  
dated \_\_\_\_\_

Dear \_\_\_\_\_:

This Negotiated Rates Letter Agreement ("Agreement") specifies additional terms and conditions applicable to the referenced service agreement ("Contract") between Texas Gas Transmission, LLC ("Texas Gas") and [Customer Name] ("Customer"). This Agreement is subject to all applicable Federal Energy Regulatory Commission ("FERC") regulations. In the event the language of this Agreement conflicts with the Contract, the language of this Agreement will control. In the event the language of this Agreement conflicts with Texas Gas' FERC Gas Tariff currently in effect or any superseding tariff ("Tariff"), the language of the Tariff will control.

1. Texas Gas shall provide primary firm service under the Agreement from the Primary Receipt Point(s) to the Primary Delivery Point(s) listed in the attached Exhibit A. The rates charged for this service also shall be set forth in Exhibit A.

- (a) The Maximum Contract Quantity(ies) ("MCQ") for this Agreement shall be: [Insert MCQ (including daily, monthly, or seasonal MCQ(s), as permitted by Section 6.6[2] of the General Terms and Conditions of the Tariff and subsections [10], [11], and/or [12] of the NNS/>NNL/SGT/SGL/SNS/WNS Rate Schedule) and, as necessary, information related to

capacity ramp-ups that is permitted by subsections [3.3], [2.3], [2.3], and [2.5] of the FT/FLS/NNS/NNL Rate Schedules, respectively. In lieu of inserting here, MCQ information may be inserted on an exhibit.]

- (b) The negotiated rate(s) for each Primary Eligible Receipt and/or Delivery Point is reflected on Exhibit A. In addition to the rate(s) set forth in Exhibit A, Texas Gas shall charge and Customer shall pay all other applicable charges, including but not limited to surcharges, Texas Gas is authorized to charge pursuant to its Tariff.

[The following Section 5 waiver provision shall be inserted only for shippers that agree to the language as part of this Agreement: (c) In consideration of the negotiated rate described above, during the term of this Agreement, Customer will not file, initiate, or support any action filed pursuant to Section 5 of the Natural Gas Act against Texas Gas that would have the effect of reducing the specific rate(s) agreed to under this Agreement.]

2. The rates in Exhibit A are applicable only for primary firm transportation service utilizing the Eligible Primary [Delivery] Point(s) specifically listed on Exhibit A, up to Customer's MCQ pursuant to requirements of the tariff and prior to nomination, if applicable. [The rates in Exhibit B are applicable only for transportation service utilizing the eligible secondary point(s) specifically listed on Exhibit B.] If Customer utilizes any other receipt or delivery point, then the higher of (i) the highest rate listed in Exhibit A [or B], or (ii) the applicable maximum rate(s), including in either instance all other applicable charges Texas Gas is authorized to charge pursuant to its Tariff, shall apply unless the parties amend Exhibit[s] A [and/or B] in writing or execute a separate rate agreement, pursuant to the requirements of the Tariff and prior to nomination, to include such transportation service. If Customer or its Replacement Shipper(s) deliver gas to a point not listed on Exhibit A [or B], Customer or its Replacement Shipper(s) shall pay the higher of (i) the highest rate listed in Exhibit A, or (ii) the maximum applicable rate for the quantity delivered to such point(s), up to Customer's or its Replacement Shipper's(s') MCQ.

3. This Agreement shall be effective beginning \_\_\_\_\_ [insert commencement date, which may be drafted to take into consideration the uncertainties of construction] and shall continue in full force and effect \_\_\_\_\_ [insert "through" or "for a primary term of"] \_\_\_\_\_ [insert end date of Agreement or length of primary term, which may be drafted to take into consideration the uncertainties of construction].

[Tariff-based evergreen provision may be included herein or on an Exhibit.]

4. The rates set forth in this Agreement shall stay in effect for the term of this Agreement without regard to any changes that may occur to Texas Gas' maximum/minimum rates, fuel charges, or surcharges other than ACA. Texas Gas shall have the unilateral right to file with the appropriate regulatory authority and make changes effective in the filed rates, charges, and services in Texas Gas' Tariff, including both the level and design of such rates, charges and services and the general terms and conditions therein.

5. Except as otherwise provided in the FERC's regulations, this Agreement may not be assigned without the express written consent of the other party. Any assignment shall be in accordance with the Tariff and FERC regulations. Such consent shall not be unreasonably withheld. Any assignment made in contravention of this paragraph shall be void at the option of the other party. If such consent is given, this Agreement shall be binding upon and inure to the benefit of the parties and their successors and assigns.

6. In the event any provision of this Agreement is held to be invalid, illegal or unenforceable by any court, regulatory agency, or tribunal of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions, terms or conditions shall not in any way be affected or

impaired thereby, and the term, condition, or provision which is held illegal or invalid shall be deemed modified to conform to such rule of law, but only for the period of time such order, rule, regulation, or law is in effect.

7. This agreement shall be governed by and construed under the laws of the Commonwealth of Kentucky, excluding any provision which would direct the application of the laws of another jurisdiction.

[If this Agreement supersedes a previous agreement, the following may be inserted here:

8. Effective as of \_\_\_\_\_, this Service Agreement supersedes and replaces in entirety the following Service Agreement(s): [contract number along with any clarifying information of the superseded contract should be inserted here]]

If Customer agrees with the terms and conditions, please so indicate by signing in the appropriate spaces provided below and returning to Texas Gas.

[Insert signature block here, which must include but is not limited to each counterparty's full legal name, signature line(s), printed name(s) of executing representative(s), title(s) of the executing representative(s), and date of signature(s).]

**EXHIBIT A**

**[Eligible Primary Receipt Point(s)]**

[Identify Eligible Primary Receipt Point(s) covered by the Agreement, which may include but need not be limited to Receipt Point Name, Receipt Zone, Point Meter Number(s), Volume, and Charges. If Customer has an ENS Addendum, this Exhibit may identify the negotiated rate for the underlying FT/STF/NNS/NNL/SGT/SGL/SNS/WNS/FLS Base Contract and the ENS Addendum. Any additional information included herein shall be limited exclusively to (i) information used for the purpose of identifying the Eligible Primary Receipt Point(s); and/or (ii) terms and conditions related to the Eligible Primary Receipt Point(s) that are specifically permitted by a provision identified in Section 6.24.10 of the General Terms and Conditions of the Tariff.]

**[Eligible Primary Delivery Point(s)]**

[Identify Eligible Primary Delivery Point(s) covered by the Agreement, which may include but need not be limited to Delivery Point Name, Delivery Zone, Point Meter Number(s), Volume, and Charges. If Customer has an EFT and/or ENS Addendum, this Exhibit may identify the negotiated rate for the underlying FT/STF/NNS/NNL/SGT/SGL/SNS/WNS/FLS Base Contract and the EFT and/or ENS Addendum. Any additional information included herein shall be limited exclusively to (i) information used for the purpose of identifying the Eligible Primary Delivery Point(s); and/or (ii) terms and conditions related to the Eligible Primary Delivery Point(s) that are specifically permitted by a provision identified in Section 6.24.10 of the General Terms and Conditions of the Tariff.]

**EXHIBIT B**

**[Eligible Secondary Receipt Point(s)]**

[Identify Eligible Secondary Receipt Point(s) covered by the Agreement, which may include but need not be limited to Receipt Point Name, Receipt Point Meter Number(s), Volume, and Charges. If Customer has an ENS Addendum, this Exhibit may identify the negotiated rate for the underlying FT/STF/NNS/NNL/SGT/SGL/SNS/WNS/FLS Base Contract and the ENS Addendum. Any additional information included herein shall be limited exclusively to (i) information used for the purpose of identifying the Eligible Secondary Receipt Point(s); and/or (ii) terms and conditions related to the Eligible Secondary Receipt Point(s) that are specifically permitted by a provision identified in Section 6.24.10 of the General Terms and Conditions of the Tariff.]

**[Eligible Secondary Delivery Point(s)]**

[Identify Eligible Secondary Delivery Point(s) covered by the Agreement, which may include but need not be limited to Delivery Point Name, Delivery Point Meter Number(s), Volume, and Charges. If Customer has an ENS Addendum, the Exhibit may identify the negotiated rate for the underlying FT/STF/NNS/SGT/SGL/SNS/WNS/FLS Base Contract and the ENS Addendum. Any additional information included herein shall be limited exclusively to (i) information used for the purpose of identifying the Eligible Secondary Delivery Point(s); and/or (ii) terms and conditions related to the Eligible Secondary Delivery Point(s) that are specifically permitted by a provision identified in Section 6.24.10 of the General Terms and Conditions of the Tariff.]

**This Section 7.12 is hereby cancelled and reserved for future use.**

[The following may be inserted in the header of each page of this Agreement, as well as any information related to the identification of the Agreement necessary for administrative purposes:

Rate Schedule [FT, STF, NNS, NNL, SGT, SGL, SNS, WNS, FLS]

[Rate Schedule Option: \_\_\_\_]

[Rate Schedule [EFT/ENS] Addendum]

Agreement/Contract No. \_\_\_\_\_

Dated: \_\_\_\_\_

[[Backhaul Service] to be added to FT and STF Service Agreements providing backhaul service.]

In addition, a footer may be inserted on each page of this Agreement for administrative purposes.]

[The parties may enter into multiple negotiated rate and discounted rate letter agreements under the same Contract to address different components.]

[Date]

[Contact Name]  
[CustomerName]  
[Address]

Re: Discounted Rates Letter Agreement to  
[FT, STF, NNS, NNL, SGT, SGL, SNS, WNS, FLS] Service Agreement No.  
\_\_\_\_\_ [("Base Contract")]  
[as modified by Rate Schedule [Option] Addendum]  
between TEXAS GAS TRANSMISSION, LLC and  
[CUSTOMERNAME]  
dated \_\_\_\_\_

Dear \_\_\_\_\_:

This Discounted Rates Letter Agreement ("Agreement") specifies additional terms and conditions applicable to the referenced Firm Service Agreement ("Contract") between Texas Gas Transmission, LLC ("Texas Gas") and [Customer Name] ("Customer"). This Agreement is subject to all applicable Federal Energy Regulatory Commission ("FERC") regulations. In the event the language of this Agreement conflicts with the Contract, the language of this Agreement will control. In the event the language of this Agreement conflicts with Texas Gas' FERC Gas Tariff currently in effect or any superseding tariff ("Tariff"), the language of the Tariff will control.

1. Texas Gas shall provide primary firm service under the Agreement from the Primary Receipt Point(s) to the Primary Delivery Point(s) listed in the attached Exhibit A. The rates charged for this service also shall be set forth in Exhibit A.

(a) The Maximum Contract Quantity(ies) ("MCQ") for this Agreement shall be:

[Insert MCQ (including daily, monthly, or seasonal MCQ(s), as permitted by Section 6.6 of the General Terms and Conditions of the Tariff) and, as necessary, information related to capacity ramp-ups that is permitted by subsections [3.3], [2.3], [2.3], and [2.5] of the FT/FLS/NNS/NNL Rate Schedules, respectively. In lieu of inserting here, MCQ information may be inserted on an exhibit.]



- (b) In addition to the rate(s) set forth in Exhibit A, Texas Gas shall charge and Customer shall pay all other applicable charges, including but not limited to surcharges, Texas Gas is authorized to charge pursuant to its Tariff.
- [(c) If a specific requirement as set forth in the Tariff is the basis of the discount, then it will be inserted here, including the basis of any calculations contemplated by the Tariff.]

2. The rates in Exhibit A are applicable only for primary firm transportation service utilizing the Eligible Primary Point(s) specifically listed on Exhibit A, up to Customer's MCQ pursuant to the requirement of the tariff and prior nomination, if applicable. The rates in Exhibit B are applicable only for transportation service utilizing the eligible secondary point(s) specifically listed on Exhibit B. If Customer utilizes any other receipt or delivery point, then the applicable maximum rate(s), including all other applicable charges Texas Gas is authorized to charge pursuant to its Tariff, shall apply unless the parties amend Exhibit[s] A [and/or B] in writing or execute a separate rate agreement, pursuant to the requirements of the Tariff and prior to nomination, to include such transportation service. If Customer or its Replacement Shipper(s) deliver gas to a point not listed on Exhibit A [or B], Customer or its Replacement Shipper(s) shall pay the maximum applicable rate for the quantity delivered to such point(s), up to Customer's or its Replacement Shipper's(s') MCQ.

3. This Agreement shall be effective beginning \_\_\_\_\_ [insert commencement date, which may be drafted to take into consideration the uncertainties of construction] and shall continue in full force and effect \_\_\_\_\_ [insert "through" or "for a primary term of"] \_\_\_\_\_ [insert end date of Agreement or length of primary term, which may be drafted to take into consideration the uncertainties of construction].

[Tariff-based evergreen/ROFR provisions may be included herein or on an Exhibit.]

4. All rates and services described in this Agreement are subject to the terms and conditions of Texas Gas' Tariff. Texas Gas shall have no obligation to make refunds to Customer unless the maximum rate ultimately established by the FERC for any service described herein is less than the rate paid by Customer under this Agreement. Texas Gas shall have the unilateral right to file with the appropriate regulatory authority and make changes effective in the filed rates, charges, and services in Texas Gas' Tariff, including both the level and design of such rates, charges and services and the general terms and conditions therein.

5. Except as otherwise provided in the FERC's regulations, this Agreement may not be assigned without the express written consent of the other party. Any assignment shall be in accordance with the Tariff and FERC regulations. Such consent shall not be unreasonably withheld. Any assignment made in contravention of this paragraph shall be void at the option of the other party. If such consent is given, this Agreement shall be binding upon and inure to the benefit of the parties and their successors and assigns.

6. In the event any provision of this Agreement is held to be invalid, illegal or unenforceable by any court, regulatory agency, or tribunal of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions, terms or conditions shall not in any way be affected or impaired thereby, and the term, condition, or provision which is held illegal or invalid shall be deemed modified to conform to such rule of law, but only for the period of time such order, rule, regulation, or law is in effect.

7. This agreement shall be governed by and construed under the laws of the Commonwealth of Kentucky, excluding any provision which would direct the application of the laws of another jurisdiction.

[If this Agreement supersedes a previous agreement(s), the following may be inserted here:

8. Effective as of \_\_\_\_\_, this Agreement supersedes and replaces in entirety the following Agreement(s): [contract number along with any clarifying information of the superseded contract should be inserted here]]

If Customer agrees with the terms and conditions, please so indicate by signing in the appropriate spaces provided below and returning to Texas Gas.

[Insert signature block here, which must include but is not limited to each counterparty's full legal name, signature line(s), printed name(s) of executing representative(s), title(s) of the executing representative(s), and date of signature(s).]

**EXHIBIT A**

**[Eligible Primary Receipt Point(s)]**

[Identify Eligible Primary Receipt Point(s) covered by the Agreement, which may include but need not be limited to Receipt Point Name, Receipt Zone, Point Meter Number(s), Volume, and Charges. If Customer has an ENS Addendum, this Exhibit may identify the discounted rate for the underlying FT/STF/NNS/NNL/SGT/SGL/SNS/WNS/FLS Base Contract and the ENS Addendum. Any additional information included herein shall be limited exclusively to (i) information used for the purpose of identifying the Eligible Primary Receipt Point(s); and/or (ii) terms and conditions related to the Eligible Primary Receipt Point(s) that are specifically permitted by a provision identified in Section 6.24.10 of the General Terms and Conditions of the Tariff.]

**[Eligible Primary Delivery Point(s)]**

[Identify Eligible Primary Delivery Point(s) covered by the Agreement, which may include but need not be limited to Delivery Point Name, Delivery Zone, Point Meter Number(s), Volume, and Charges. If Customer has an EFT and/or ENS Addendum, this Exhibit may identify the discounted rate for the underlying FT/STF/NNS/NNL/SGT/SGL/SNS/WNS/FLS Base Contract and the EFT and/or ENS Addendum. Any additional information included herein shall be limited exclusively to (i) information used for the purpose of identifying the Eligible Primary Delivery Point(s); and/or (ii) terms and conditions related to the Eligible Primary Delivery Point(s) that are specifically permitted by a provision identified in Section 6.24.10 of the General Terms and Conditions of the Tariff.]

**EXHIBIT B**

**[Eligible Secondary Receipt Points]**

[Identify Eligible Secondary Receipt Point(s) covered by the Agreement, which may include but need not be limited to Receipt Point Name, Point Meter Number, Volume, and Charges. If Customer has an ENS Addendum, this Exhibit may identify the discounted rate for the underlying FT/FLS/STF/NNS/NNL/SGT/SGL/SNS/WNS Base Contract and the ENS Addendum. Any additional information included herein shall be limited exclusively to (i) information used for the purpose of identifying the Eligible Secondary Receipt Point(s); and/or (ii) terms and conditions related to the Eligible Secondary Receipt Point(s) that are specifically permitted by a provision identified in Section 6.24.10 of the General Terms and Conditions of the Tariff.]

**[Eligible Secondary Delivery Point(s)]**

[Identify Eligible Secondary Delivery Point(s) covered by the Agreement, which may include but need not be limited to Delivery Point Name, Point Meter Number, Volume, and Charges. If Customer has an ENS Addendum, this Exhibit may identify the discounted rate for the underlying FT/FLS/STF/NNS/NNL/SGT/SGL/SNS/WNS Base Contract and the ENS Addendum. Any additional information included herein shall be limited exclusively to (i) information used for the purpose of identifying the Eligible Secondary Delivery Point(s); and/or (ii) terms and conditions related to the Eligible Secondary Delivery Point(s) that are specifically permitted by a provision identified in Section 6.24.10 of the General Terms and Conditions of the Tariff.]

Reserved

Reserved

Reserved

Reserved



[The following may be inserted in the header of each page of this Agreement, as well as any information related to the identification of the Agreement necessary for administrative purposes:

Rate Schedule [IT/ILS]  
Agreement No. \_\_\_\_\_  
Dated: \_\_\_\_\_

In addition, a footer may be inserted on each page of this Agreement for administrative purposes.]

[Date]

[Contact Name]  
[CustomerName]  
[Address]

Re: Discounted Rates Letter Agreement to  
[IT/ILS] Service Agreement No. \_\_\_\_\_ between  
TEXAS GAS TRANSMISSION, LLC and  
[CUSTOMERNAME]  
dated \_\_\_\_\_

Dear \_\_\_\_\_:

This Discounted Rates Letter Agreement ("Agreement") specifies additional terms and conditions applicable to the referenced service agreement ("Contract") between Texas Gas Transmission, LLC ("Texas Gas") and [CustomerName] ("Customer"). This Agreement is subject to all applicable Federal Energy Regulatory Commission ("FERC") regulations. In the event the language of this Agreement conflicts with the Contract, the language of this Agreement will control. In the event the language of this Agreement conflicts with Texas Gas' FERC Gas Tariff currently in effect or any superseding tariff ("Tariff"), the language of the Tariff will control.

1. Texas Gas shall provide service under the Agreement from Receipt Point(s) to the Delivery Point(s) listed in the attached Exhibit A. The rates charged for this service also shall be set forth in Exhibit A. In addition to the rate(s) set forth in Exhibit A, Texas Gas shall charge and Customer shall pay all other applicable charges Texas Gas is authorized to charge pursuant to its Tariff.

[If a specific requirement as set forth in the Tariff is the basis of the discount, then it will be inserted here, including the basis of any calculations contemplated by the Tariff.]

2. The rates in Exhibit A are applicable only for transportation service utilizing the Point(s) specifically listed on Exhibit A. If Customer utilizes any other receipt or delivery point, then the applicable maximum rate(s), including all other applicable charges Texas Gas is authorized to charge pursuant to its Tariff, shall apply unless the parties amend Exhibit A in writing, pursuant to the requirements of the Tariff and prior to nomination, to include such transportation service.

3. This Agreement shall be effective beginning \_\_\_\_\_ [insert commencement date]  
and shall continue in full force and effect \_\_\_\_\_ [insert "through" or "for a primary term of"]  
\_\_\_\_\_ [insert end date of Agreement or length of primary term].

4. All rates and services described in this Agreement are subject to the terms and conditions of Texas Gas' Tariff. Texas Gas shall have no obligation to make refunds to Customer unless the maximum rate ultimately established by the FERC for any service described herein is less than the rate paid by Customer under this Agreement. Texas Gas shall have the unilateral right to file with the appropriate regulatory authority and make changes effective in the filed rates, charges, and services in Texas Gas' Tariff, including both the level and design of such rates, charges and services and the general terms and conditions therein.

5. Except as otherwise provided in the FERC's regulations, this Agreement may not be assigned without the express written consent of the other party. Any assignment shall be in accordance with the Tariff and FERC regulations. Such consent shall not be unreasonably withheld. Any assignment made in contravention of this paragraph shall be void at the option of the other party. If such consent is given, this Agreement shall be binding upon and inure to the benefit of the parties and their successors and assigns.

6. In the event any provision of this Agreement is held to be invalid, illegal or unenforceable by any court, regulatory agency, or tribunal of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions, terms or conditions shall not in any way be affected or impaired thereby, and the term, condition, or provision which is held illegal or invalid shall be deemed modified to conform to such rule of law, but only for the period of time such order, rule, regulation, or law is in effect.

7. This agreement shall be governed by and construed under the laws of the Commonwealth of Kentucky, excluding any provision which would direct the application of the laws of another jurisdiction.

[If this Agreement supersedes a previous agreement(s), the following may be inserted here:

8. Effective as of \_\_\_\_\_, this Agreement supersedes and replaces in entirety the following Agreement(s): [contract number along with any clarifying information of the superseded contract should be inserted here]]

If Customer agrees with the terms and conditions, please so indicate by signing in the appropriate spaces provided below and returning to Texas Gas.

[Insert signature block here, which must include but is not limited to each counterparty's full legal name, signature line(s), printed name(s) of executing representative(s), title(s) of the executing representative(s), and date of signature(s).]

EXHIBIT A

Receipt Point(s)

[Identify Receipt Point(s) covered by the Agreement, which may include but not be limited to Receipt Point Name, Receipt Zone, Receipt Point Meter Number(s), Volume, and Rates. Any additional information included herein shall be limited exclusively to (i) information used for the purpose of identifying the Receipt Point(s); and/or (ii) terms and conditions related to the Receipt Point(s) that are specifically permitted by a provision identified in Section 6.24.10 of the General Terms and Conditions of the Tariff.]

Delivery Point(s)

[Identify Delivery Point(s) covered by the Agreement, which may include but not be limited to Delivery Point Name, Delivery Zone, Delivery Point Meter Number(s), Volume, and Rates. Any additional information included herein shall be limited exclusively to (i) information used for the purpose of identifying the Delivery Point(s); and/or (ii) terms and conditions related to the Delivery Point(s) that are specifically permitted by a provision identified in Section 6.24.10 of the General Terms and Conditions of the Tariff.]

[The following may be inserted in the header of each page of this Agreement, as well as any information related to the identification of the Agreement necessary for administrative purposes:

Rate Schedule HOT  
Agreement No. \_\_\_\_\_  
Dated: \_\_\_\_\_

In addition, a footer may be inserted on each page of this Agreement for administrative purposes.]

[Date]

[Contact Name]  
[CustomerName]  
[Address]

Re: Discounted Rates Letter Agreement to  
HOT Service Agreement No. \_\_\_\_\_ between  
TEXAS GAS TRANSMISSION, LLC and  
[CUSTOMERNAME]  
dated \_\_\_\_\_

Dear \_\_\_\_\_:

This Discounted Rates Letter Agreement ("Agreement") specifies additional terms and conditions applicable to the referenced service agreement ("Contract") between Texas Gas Transmission, LLC ("Texas Gas") and [CustomerName] ("Customer"). This Agreement is subject to all applicable Federal Energy Regulatory Commission ("FERC") regulations. In the event the language of this Agreement conflicts with the Contract, the language of this Agreement will control. In the event the language of this Agreement conflicts with Texas Gas' FERC Gas Tariff currently in effect or any superseding tariff ("Tariff"), the language of the Tariff will control.

1. Texas Gas shall provide service under the Agreement to the Delivery Point listed in the attached Exhibit A. The rates charged for this service also shall be set forth in Exhibit A. In addition to the rate(s) set forth in Exhibit A, Texas Gas shall charge and Customer shall pay all other applicable charges Texas Gas is authorized to charge pursuant to its Tariff.

[If a specific requirement as set forth in the Tariff is the basis of the discount, then it will be inserted here, including the basis of any calculations contemplated by the Tariff.]

2. The rates in Exhibit A are applicable only for transportation service utilizing the Delivery Point specifically listed on Exhibit A.

3. This Agreement shall be effective beginning \_\_\_\_\_ [insert commencement date] and shall continue in full force and effect \_\_\_\_\_ [insert "through" or "for a primary term of"] \_\_\_\_\_ [insert end date of Agreement or length of primary term].

4. All rates and services described in this Agreement are subject to the terms and conditions of Texas Gas' Tariff. Texas Gas shall have no obligation to make refunds to Customer unless the maximum rate ultimately established by the FERC for any service described herein is less than the rate paid by Customer under this Agreement. Texas Gas shall have the unilateral right to file with the appropriate regulatory authority and make changes effective in the filed rates, charges, and services in Texas Gas'

Tariff, including both the level and design of such rates, charges and services and the general terms and conditions therein.

5. Except as otherwise provided in the FERC's regulations, this Agreement may not be assigned without the express written consent of the other party. Any assignment shall be in accordance with the Tariff and FERC regulations. Such consent shall not be unreasonably withheld. Any assignment made in contravention of this paragraph shall be void at the option of the other party. If such consent is given, this Agreement shall be binding upon and inure to the benefit of the parties and their successors and assigns.

6. In the event any provision of this Agreement is held to be invalid, illegal or unenforceable by any court, regulatory agency, or tribunal of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions, terms or conditions shall not in any way be affected or impaired thereby, and the term, condition, or provision which is held illegal or invalid shall be deemed modified to conform to such rule of law, but only for the period of time such order, rule, regulation, or law is in effect.

7. This agreement shall be governed by and construed under the laws of the Commonwealth of Kentucky, excluding any provision which would direct the application of the laws of another jurisdiction.

[If this Agreement supersedes a previous agreement(s), the following may be inserted here:

8. Effective as of \_\_\_\_\_, this Agreement supersedes and replaces in entirety the following Agreement(s): [contract number along with any clarifying information of the superseded contract should be inserted here]]

If Customer agrees with the terms and conditions, please so indicate by signing in the appropriate spaces provided below and returning to Texas Gas.

[Insert signature block here, which must include but is not limited to each counterparty's full legal name, signature line(s), printed name(s) of executing representative(s), title(s) of the executing representative(s), and date of signature(s).]

EXHIBIT A

Delivery Point

[Identify Delivery Point covered by the Agreement, which may include but not be limited to Delivery Point Name, Delivery Zone, Delivery Point Meter Number, Volume, and Rates. Any additional information included herein shall be limited exclusively to (i) information used for the purpose of identifying the Delivery Point; and/or (ii) terms and conditions related to the Delivery Point that are specifically permitted by a provision identified in Section 6.24.10 of the General Terms and Conditions of the Tariff.]

[The following may be inserted in the header of each page of this Agreement, as well as any information related to the identification of the Agreement necessary for administrative purposes:

Rate Schedule [FSS/ISS]  
Agreement No. \_\_\_\_\_  
Dated: \_\_\_\_\_

In addition, a footer may be inserted on each page of this Agreement for administrative purposes.]

[Date]

[Contact Name]  
[CustomerName]  
[Address]

Re: Discounted Rates Letter Agreement to  
[FSS/ISS] Service Agreement No. \_\_\_\_\_ between  
TEXAS GAS TRANSMISSION, LLC and  
[CUSTOMERNAME]  
dated \_\_\_\_\_

Dear \_\_\_\_\_:

This Discounted Rates Letter Agreement ("Agreement") specifies additional terms and conditions applicable to the referenced service agreement ("Contract") between Texas Gas Transmission, LLC ("Texas Gas") and [CustomerName] ("Customer"). This Agreement is subject to all applicable Federal Energy Regulatory Commission ("FERC") regulations. In the event the language of this Agreement conflicts with the Contract, the language of this Agreement will control. In the event the language of this Agreement conflicts with Texas Gas' FERC Gas Tariff currently in effect or any superseding tariff ("Tariff"), the language of the Tariff will control.

1. Texas Gas shall provide service under the Agreement at the Injection and Withdrawal Point(s) as stated on Exhibit A. The rates charged for this service shall be set forth in Exhibit A. In addition to the rate(s) set forth in Exhibit A, Texas Gas shall charge and Customer shall pay all other applicable charges Texas Gas is authorized to charge pursuant to its Tariff.

[If a specific requirement as set forth in the Tariff is the basis of the discount, then it will be inserted here, including the basis of any calculations contemplated by the Tariff.]

2. The rates in Exhibit A are applicable only for storage service utilizing the Injection and Withdrawal Point(s) listed in Exhibit A, up to Customer's Maximum Contract Quantity.

3. This Agreement shall be effective beginning \_\_\_\_\_ [insert commencement date, which may be drafted to take into consideration the uncertainties of construction] and shall continue in full force and effect \_\_\_\_\_ [insert "through" or "for a primary term of"] \_\_\_\_\_ [insert end date of Agreement or length of primary term, which may be drafted to take into consideration the uncertainties of construction].

[Tariff-based evergreen provisions may be included herein or on an Exhibit.]

4. All rates and services described in this Agreement are subject to the terms and conditions of Texas Gas' Tariff. Texas Gas shall have no obligation to make refunds to Customer unless the maximum rate ultimately established by the FERC for any service described herein is less than the rate paid by Customer under this Agreement. Texas Gas shall have the unilateral right to file with the appropriate regulatory authority and make changes effective in the filed rates, charges, and services in Texas Gas' Tariff, including both the level and design of such rates, charges and services and the general terms and conditions therein.

5. Except as otherwise provided in the FERC's regulations, this Agreement may not be assigned without the express written consent of the other party. Any assignment shall be in accordance with the Tariff and FERC regulations. Such consent shall not be unreasonably withheld. Any assignment made in contravention of this paragraph shall be void at the option of the other party. If such consent is given, this Agreement shall be binding upon and inure to the benefit of the parties and their successors and assigns.

6. In the event any provision of this Agreement is held to be invalid, illegal or unenforceable by any court, regulatory agency, or tribunal of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions, terms or conditions shall not in any way be affected or impaired thereby, and the term, condition, or provision which is held illegal or invalid shall be deemed modified to conform to such rule of law, but only for the period of time such order, rule, regulation, or law is in effect.

7. This agreement shall be governed by and construed under the laws of the Commonwealth of Kentucky, excluding any provision which would direct the application of the laws of another jurisdiction.

[If this Agreement supersedes a previous agreement(s), the following may be inserted here: 8. Effective as of \_\_\_\_\_, this Agreement supersedes and replaces in entirety the following Agreement(s): [contract number along with any clarifying information of the superseded contract should be inserted here]]

If Customer agrees with the terms and conditions, please so indicate by signing in the appropriate spaces provided below and returning to Texas Gas.

[Insert signature block here, which must include but is not limited to each counterparty's full legal name, signature line(s), printed name(s) of executing representative(s), title(s) of the executing representative(s), and date of signature(s).]



EXHIBIT A

Rate(s)

[Identify rate(s) applicable to this Agreement, which may include but not be limited to Injection and/or Withdrawal Point(s), Volume, and Charges. Any additional information included herein shall be limited exclusively to (i) information used for the purpose of identifying the rate(s); and/or (ii) terms and conditions related to the rate(s) that are specifically permitted by a provision identified in Section 6.24.10 of the General Terms and Conditions of the Tariff.]

Reserved

Reserved

Reserved

[The following may be inserted in the header of each page of this Addendum, as well as any information related to the identification of the Addendum necessary for administrative purposes:

Rate Schedule Option [NNS-FLS/NNL-FLS/WNS-FLS/SNS-FLS/EFT-FLS]  
Addendum to [NNS/NNL/SNS/WNS/EFT] Service Agreement No.: \_\_\_\_\_  
Dated: \_\_\_\_\_

In addition, a footer may be inserted on each page of this Addendum for administrative purposes.]

This Addendum is entered into by and between Texas Gas Transmission, LLC, ("Texas Gas") and \_\_\_\_\_ [Customer Name] ("Customer") and addends [FT/NNS/NNL/SNS/WNS/EFT] Contract No. \_\_\_\_\_ ("Base Contract").

[If this Addendum supersedes a previous addendum(addenda), the following may be inserted here: Effective as of \_\_\_\_\_, this Addendum supersedes and replaces in entirety the following Addendum(Addenda): [contract number along with any clarifying information of the superseded contract should be inserted here]]

Services under this Addendum are provided pursuant to Subpart B or Subpart G, Title 18, of the Code of Federal Regulations. Service is subject to and governed by the applicable Rate Schedule and the General Terms and Conditions of the Texas Gas FERC Gas Tariff ("Tariff") as they exist or may be modified from time to time and such are incorporated by reference. In the event the language of this Addendum conflicts with Texas Gas' then-current Tariff, the language of the Tariff will control.

Receipt Point(s): The interconnect between the Texas Gas system and the [insert name] Customer Lateral.

Delivery Points(s): Customer may utilize the following Primary Delivery Point(s) on the [insert name] Customer Lateral:

[Insert Primary Delivery Point(s) here.]

[Maximum Contract Quantity(ies): The [Maximum Contract Quantity(ies)] for this Addendum shall be as provided for in Customer's Base Contract.]

Term: This Agreement shall be effective beginning \_\_\_\_\_ [insert commencement date, which may be drafted to take into consideration the uncertainties of construction] and shall remain in effect until the Base Contract terminates.

Rate: In addition to any rates charged for service under Customer's Base Contract, the rate for [NNS-FLS/NNL-FLS/WNS-FLS/SNS-FLS/EFT-FLS] Service shall be the maximum applicable rate (including all other applicable charges Texas Gas is authorized to charge pursuant to its Tariff) unless the parties have entered into an associated discounted letter agreement or negotiated rate letter agreement.

This agreement shall be governed by and construed under the laws of the Commonwealth of Kentucky, excluding any provision which would direct the application of the laws of another jurisdiction.

IF YOU ARE IN AGREEMENT WITH THE FOREGOING, PLEASE INDICATE IN THE SPACE PROVIDED BELOW.

[Insert signature block here, which must include but is not limited to each counterparty's full legal name, signature line(s), printed name(s) of executing representative(s), title(s) of the executing representative(s), and date of signature(s).]