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FERC GAS TARIFF
FIFTH REVISED VOLUME NO. 1
OF
CAROLINA GAS TRANSMISSION, LLC
FILED WITH THE
FEDERAL ENERGY REGULATORY COMMISSION

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PRELIMINARY STATEMENT

This Federal Energy Regulatory Commission (“Commission”) Gas Tariff is filed by Carolina Gas Transmission, LLC (“Pipeline”). This Tariff sets forth the rates, terms, and conditions of transportation and other related services rendered by Pipeline. Pipeline is a natural-gas company engaged in the business of transporting natural gas and providing other related services under authorization granted by and subject to the jurisdiction of the Commission. 15 U.S.C. § 717, *et seq.* Pipeline owns and operates an interstate natural gas transportation system in South Carolina and Georgia, interconnecting with Southern Natural Gas Company, Southern LNG, Inc., and Transcontinental Gas Pipe Line Corporation.

The transportation of natural gas and related services are undertaken by Pipeline only under contracts acceptable to Pipeline after consideration of its existing contractual commitments, transportation capacity, points of receipt and delivery, and other factors deemed pertinent by Pipeline, as more particularly set forth in this Tariff for each service. Such services to qualified parties are provided on an open-access, non-discriminatory basis after satisfaction of all requirements set forth in the service agreement(s), rate schedule(s), and general terms and conditions applicable to such service(s). Pipeline specifically disclaims any undertaking on its part to provide service as a common or public carrier.

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

SYSTEM MAP

The Carolina Gas Transmission, LLC system map(s) can be displayed and downloaded using the hyperlink below. If the hyperlink does not work, please copy and paste the entire URL below into your browser's address bar and press enter.

<https://ebb.bhegts.com/InformationalPostings/PipelineInfo/SystemMap.aspx>

SUMMARY OF RATES AND CHARGES

RATE SCHEDULE FT

Reservation Rate (\$/Dt per Month)

Receipt & Delivery Zone	Maximum/Minimum
1-1	\$8.4387/\$0.0000
1-2	\$8.4387/\$0.0000
2-1	\$8.4387/\$0.0000
2-2	\$3.9414/\$0.0000

Usage Rate (\$/Dt)

Receipt & Delivery Zone	Maximum/Minimum [A]	Transportation Deferred Account Surcharge ¹ [B]	Maximum Incl. Surcharges/Minimum Incl. Surcharges ² [A + B]
1-1	\$0.0075/\$0.0075	\$0.0273	\$0.0348/\$0.0348
1-2	\$0.0075/\$0.0075	\$0.0273	\$0.0348/\$0.0348
2-1	\$0.0075/\$0.0075	\$0.0273	\$0.0348/\$0.0348
2-2	\$0.0019/\$0.0019	\$0.0273	\$0.0292/\$0.0292

Volumetric Capacity Release Rate³ (\$/Dt)

Receipt & Delivery Zone	Maximum
1-1	\$0.2774
1-2	\$0.2774
2-1	\$0.2774
2-2	\$0.1296

Fuel Retainage Percentage (% of Receipts)

Receipt & Delivery Zone	LAUF Percentage [A]	Company Use Percentage [B]	Fuel Retainage Percentage ⁴ [A + B]
1-1	0.0140%	1.3291%	1.3431%
1-2	0.0140%	1.3291%	1.3431%
2-1	0.0140%	1.3291%	1.3431%
2-2	0.0140%	0.0000%	0.0140%

¹ Transportation Deferred Account Surcharge pursuant to GT&Cs Section 19.6.

² These rates are exclusive of the ACA surcharge. See GT&Cs Section 26.

³ No rate limitation applies to the release of capacity for a period of one year or less pursuant to GT&Cs Section 17.

⁴ Per 157 FERC ¶ 61,070 (2016), the sum of the LAUF Percentage and Company Use Percentage that results in a negative value is converted to a total Fuel Retainage Percentage of 0.0000%.

RATE SCHEDULE BH

Reservation Rate (\$/Dt per Month)

Receipt & Delivery Zone	Maximum/Minimum
1-1	\$8.4387/\$0.0000
1-2	\$8.4387/\$0.0000
2-1	\$8.4387/\$0.0000
2-2	\$3.9414/\$0.0000

Usage Rate (\$/Dt)

Receipt & Delivery Zone	Maximum/Minimum [A]	Transportation Deferred Account Surcharge ¹ [B]	Maximum Incl. Surcharges/Minimum Incl. Surcharges ² [A + B]
1-1	\$0.0075/\$0.0075	\$0.0273	\$0.0348/\$0.0348
1-2	\$0.0075/\$0.0075	\$0.0273	\$0.0348/\$0.0348
2-1	\$0.0075/\$0.0075	\$0.0273	\$0.0348/\$0.0348
2-2	\$0.0019/\$0.0019	\$0.0273	\$0.0292/\$0.0292

Volumetric Capacity Release Rate³ (\$/Dt)

Receipt & Delivery Zone	Maximum
1-1	\$0.2774
1-2	\$0.2774
2-1	\$0.2774
2-2	\$0.1296

Fuel Retainage Percentage (% of Receipts)

Receipt & Delivery Zone	LAUF Percentage [A]	Company Use Percentage [B]	Fuel Retainage Percentage ⁴ [A + B]
1-1	0.0140%	1.3291%	1.3431%
1-2	0.0140%	1.3291%	1.3431%
2-1	0.0140%	1.3291%	1.3431%
2-2	0.0140%	0.0000%	0.0140%

¹ Transportation Deferred Account Surcharge pursuant to GT&Cs Section 19.6.

² These rates are exclusive of the ACA surcharge. See GT&Cs Section 26.

³ No rate limitation applies to the release of capacity for a period of one year or less pursuant to GT&Cs Section 17.

⁴ Per 157 FERC ¶ 61,070 (2016), the sum of the LAUF Percentage and Company Use Percentage that results in a negative value is converted to a total Fuel Retainage Percentage of 0.0000%.

RATE SCHEDULE IT

Usage Rate (\$/Dt)

Receipt & Delivery Zone	Maximum/Minimum [A]	Transportation Deferred Account Surcharge ¹ [B]	Maximum Incl. Surcharges/Minimum Incl. Surcharges ² [A + B]
1-1	\$0.2849/\$0.0075	\$0.0273	\$0.3122/\$0.0348
1-2	\$0.2849/\$0.0075	\$0.0273	\$0.3122/\$0.0348
2-1	\$0.2849/\$0.0075	\$0.0273	\$0.3122/\$0.0348
2-2	\$0.1315/\$0.0019	\$0.0273	\$0.1588/\$0.0292

Fuel Retainage Percentage (% of Receipts)

Receipt & Delivery Zone	LAUF Percentage [A]	Company Use Percentage [B]	Fuel Retainage Percentage ³ [A + B]
1-1	0.0140%	1.3291%	1.3431%
1-2	0.0140%	1.3291%	1.3431%
2-1	0.0140%	1.3291%	1.3431%
2-2	0.0140%	0.0000%	0.0140%

¹ Transportation Deferred Account Surcharge pursuant to GT&Cs Section 19.6.

² These rates are exclusive of the ACA surcharge. See GT&Cs Section 26.

³ Per 157 FERC ¶ 61,070 (2016), the sum of the LAUF Percentage and Company Use Percentage that results in a negative value is converted to a total Fuel Retainage Percentage of 0.0000%.

RATE SCHEDULE PAL

Rates (\$/Dt)	Maximum	Minimum
First Day Rate	\$0.2849	\$0.0075
Subsequent Day Rate	\$0.0075	\$0.0075

SUMMARY OF INCREMENTAL TRANSPORTATION RATES

Rate Schedule	Reservation Rate (\$/Dt per month)	Usage Rate (\$/Dt) ¹	Fuel Retention
Columbia to Eastover	\$29.6222	²	³
Transco to Charleston	\$22.1287	²	0.1769% ⁴

¹ These rates are exclusive of the ACA surcharge. See GT&Cs Section 26.

² Maximum FT usage rate including surcharges, as shown on Rate Schedule FT in the Summary of Rates and Charges of this tariff.

³ Maximum transportation fuel retainage percentage as shown on Rate Schedule FT in the Summary of Rates and Charges of this tariff.

⁴ Fuel Retention in addition to the Fuel Retainage Percentage as shown for Zone 1 on Rate Schedule FT in the Summary of Rates and Charges of this tariff.

RATE SCHEDULE FT
FIRM TRANSPORTATION SERVICE

1. AVAILABILITY

- 1.1 This rate schedule is available to any Shipper that has an effective Service Agreement with Pipeline under this Tariff providing for the firm transportation of natural gas by Pipeline.

2. APPLICABILITY AND CHARACTER OF SERVICE

- 2.1 This rate schedule shall apply to firm transportation service rendered by Pipeline for Shipper under Part 284 of the Commission's regulations and under a Service Agreement for Rate Schedule FT. Service hereunder shall consist of the receipt, transportation, and delivery of gas as set forth below.
- 2.2 Service hereunder is available on any Gas Day and will be firm, except as provided herein, in the effective Service Agreement, or in Pipeline's GT&Cs.
- 2.3 Pipeline will receive for Shipper's account on each Gas Day quantities of gas up to Shipper's MDTQ, plus an amount reflecting FRQ as determined in GT&Cs Section 25, at the Receipt Point(s) on Pipeline's system available to Shipper under the effective Service Agreement(s) and the GT&Cs. Such MDTQ shall be specified in the effective Service Agreement(s). Pipeline will transport and deliver for Shipper's account such quantities tendered to Pipeline, on a daily basis up to Shipper's MDTQ, at the Delivery Point(s) on Pipeline's system available to Shipper under the effective Service Agreement(s) and the GT&Cs. Quantities of gas allocated to Shipper's account on any Gas Day exceeding Shipper's total MDTQ under Rate Schedule FT shall be deemed an overrun.
- 2.4 Pipeline shall not be obligated to construct, modify, or add any facilities in any manner to provide transportation services to Shipper under this rate schedule; provided, however, Pipeline may, at its option, add facilities or expand capacity to provide such service, under GT&Cs Sections 2 and 5; provided, further, Pipeline is obligated to maintain its facilities in a manner that will allow it to provide firm service under its contract obligations.
- 2.5 Transportation of the gas received by Pipeline at the Primary Receipt Point(s) specified in Exhibit A of Shipper's Rate Schedule FT Service Agreement, and the delivery of such gas to the Primary Delivery Point(s) specified in Exhibit B of such Service Agreement, shall be on a firm basis and shall not be subject to limitation or interruption, except as provided in GT&Cs Sections 11, 12, 14, 15, 16, 18, and 23. Firm transportation services under this rate schedule shall have priority over Pipeline's interruptible services and equal to BH transportation services.
- 2.6 Subject to this Section 2.6, a new or existing Shipper may select the following 10-year minimum term option:
- (a) A new Shipper must agree, subject to the terms of GT&Cs Section 2, to enter into a firm Service Agreement for a minimum term of 10 years at a rate mutually agreed to by Shipper and Pipeline, or an existing Shipper must agree to extend its existing firm Service Agreement for a minimum term of 10 years at a service level equal to the level of Shipper's existing MDTQ and at a rate mutually agreed to by Shipper and Pipeline.
- (b) In exchange for such agreement, Pipeline will agree that: (i) Shipper will have the option during the term of its Service Agreement to increase its MDTQ in accordance with the provisions of this Tariff by up to the lesser of 50,000 Dts or 100 percent of Shipper's existing MDTQ; and (ii) if necessary to serve such increased MDTQ, Pipeline will exercise commercially reasonable efforts to construct new facilities and secure approvals

for such construction. To exercise this option, Shipper shall give to Pipeline six (6) months written notice if the increased MDTQ does not require installation of new facilities and, if new facilities are required, twelve (12) months written notice, or such longer time as shall reasonably be necessary to install the new facilities.

- (c) Pipeline shall not be obligated to construct facilities under (b) above unless: (i) the incremental revenue provided by Shipper's increase in MDTQ during the first year of service is equal to or exceeds Pipeline's incremental first-year costs, including return of and on equity, of providing the increased MDTQ; and (ii) the primary term for the increased MDTQ is at least 15 years and the remaining term of any other firm transportation service agreed to under (a) above is at least five (5) years or is extended to at least five (5) years. Shipper may provide a contribution in aid of construction to reduce the cost of facilities to a sufficient level so that requirement (i) is satisfied.
- (d) If facilities would need to be constructed under (b) and (c) above, Pipeline will hold an open season under GT&Cs Section 5 and will consider additional requests for service under GT&Cs Section 2.

2.7 Shipper's MDTQ shall be a uniform quantity throughout the contract term, except that Pipeline may, on a not unduly discriminatory basis, agree to sell the capacity made available each month of May through October by Summer Mitigation pursuant to GT&Cs section 24, including on a multi-year basis. Shipper's MDTQ and any differing levels in MDTQ resulting from the sale of capacity made available by Summer Mitigation, as well as the period of such differing MDTQ levels, shall be specified in Shipper's Rate Schedule FT Service Agreement. To the extent Pipeline and Shipper mutually agree to service at the applicable maximum rates with differing levels in MDTQ as described above, for a contract term extending more than one (1) year from the effective date of the Service Agreement, then such Shipper upon expiration of the Service Agreement may exercise its right of first refusal, to the extent that the Pipeline's Tariff continues to provide for Summer Mitigation and sufficient capacity continues to be available there under, by complying with the provisions of GT&Cs Section 4, provided however, partial reductions proposed by the Shipper must be a uniform percentage reduction throughout each month of the contract year or as mutually agreed by Pipeline and Shipper on a non-discriminatory basis.

3. RATES AND CHARGES

- 3.1 The Summary of Rates and Charges of this Tariff sets forth the Recourse Rates applicable to service provided under this rate schedule, and the range represented by the maximum and minimum rates stated for each such service. Shipper shall pay the Recourse Rates for service under this rate schedule unless Pipeline, in its reasonable judgment, offers to discount its rates to Shipper under GT&Cs Section 30, or unless the parties have agreed to a Negotiated Rate under GT&Cs Section 29. Any discount or Negotiated Rate agreed to by Pipeline, and the effective period thereof, shall be stated on an executed Exhibit C to the Service Agreement. The rates for service under this rate schedule shall not be discounted below the applicable minimum rates stated in the Summary of Rates and Charges.
- 3.2 The rates in this rate schedule are subject to adjustment under GT&Cs Sections 25-27.
- 3.3 Pipeline shall charge Shipper and Shipper shall pay Pipeline each Month the sum of the following amounts:
 - (a) Reservation Charges. For the applicable Receipt and Delivery zone combination, the applicable Reservation Rate, as determined under Section 3.1 herein, multiplied by Shipper's MDTQ.

- (b) Usage Charges. For the applicable Receipt and Delivery zone combination, the applicable Usage Rate, as determined under Section 3.1 herein, multiplied by the sum of the quantities allocated in a zone under this rate schedule each Gas Day during the applicable Month.
 - (c) Overrun Charges. For the applicable Receipt and Delivery zone combination, the difference between the maximum applicable Usage Rate for Rate Schedule IT and the maximum applicable Usage Rate for Rate Schedule FT stated in the Summary of Rates and Charges of this Tariff multiplied by the sum of the overrun quantities allocated in a zone under this rate schedule each Gas Day during the applicable Month.
 - (d) Zone 2 to Zone 1 Delivery Charge. The difference between the maximum Zone 1 and Zone 2 Volumetric Capacity Release Rates stated in the Summary of Rates and Charges of this Tariff multiplied by the sum of the quantities delivered in Zone 1 using Shipper's Zone 2 MDTQ but within Shipper's total MDTQ.
 - (e) Surcharges. Any surcharges applicable to service hereunder as set forth in GT&Cs Sections 19.6 and 26, multiplied by the sum of the delivered quantities each Gas Day during the applicable Month, allocated under this rate schedule.
 - (f) Penalties. Any penalties applicable to service hereunder as set forth in GT&Cs Section 27.
- 3.4 Shipper shall pay Pipeline any incremental facilities charge or reimbursement, as applicable, for facilities under GT&Cs Section 2.
- 3.5 Service under this rate schedule shall be subject to the applicable Fuel Retainage Percentage under GT&Cs Section 25 as specified in the Summary of Rates and Charges of this Tariff.
- 3.6 If service is provided for only a portion of a Month, any applicable Reservation Charges shall be prorated for the number of Gas Days that service is provided.

4. RECEIPT AND DELIVERY POINTS

- 4.1 The Primary Receipt Point(s) at which Pipeline shall receive gas for transportation hereunder shall be specified in an Exhibit A to the Service Agreement, which may be superseded by a new Exhibit A in order to add or delete specific points or make other changes thereto the parties deem appropriate. Pipeline shall not accept any proposed Primary Receipt Point(s) or quantity at any Primary Receipt Point(s), or change in quantities among Primary Receipt Point(s), if to do so would, in Pipeline's sole judgment, impair Pipeline's ability to satisfy existing firm obligations, maintain system integrity, or receive FRQ at maximum deliverability levels, if the resulting aggregate firm MDRQs at all of Shipper's Primary Receipt Point(s) would exceed Shipper's MDTQ, or if the capacity requested by Shipper is not available at the Primary Receipt Point(s).

Notwithstanding the foregoing, all Receipt Points shall be available for use by Shipper as Secondary Receipt Points subject to reduction of quantities nominated by Shipper based on scheduling and curtailment and related provisions in GT&Cs Sections 12 and 16, respectively.

- 4.2 The Primary Delivery Point(s) at which Pipeline shall deliver gas for Shipper's account under this rate schedule shall be specified in an Exhibit B to the Service Agreement, which may be superseded by a new Exhibit B in order to add or delete specific points or make other changes thereto the parties deem appropriate. Pipeline shall not accept any proposed Primary Delivery Point(s) or quantity at any Primary Delivery Point(s), or change in quantities among Primary Delivery Point(s), if to do so would, in Pipeline's sole judgment, impair Pipeline's ability to satisfy existing firm obligations, maintain system integrity, or receive FRQ at maximum deliverability

levels, if the resulting aggregate MDDQs at all of Shipper's Primary Delivery Point(s) would exceed Shipper's MDTQ, or if the capacity requested by Shipper is not available at the Primary Delivery Point(s).

Notwithstanding the foregoing, all Delivery Points shall be available for use by Shipper as Secondary Delivery Points subject to reduction of quantities nominated by Shipper based on scheduling and curtailment and related provisions in GT&Cs Sections 12 and 16, respectively.

- 4.3 If Shipper desires transportation of gas on any Gas Day under this rate schedule, Shipper must nominate service under GT&Cs Section 11, and Pipeline must schedule service under GT&Cs Section 12.
- 4.4 Because of dispatching and other variations, certain minor imbalances may occur between the daily quantities of gas received by Pipeline for transportation under this rate schedule and the daily quantities of gas delivered by Pipeline. Shipper shall use every reasonable effort and available means to ensure that receipts and deliveries constantly remain in balance on both a daily and monthly basis.
- 4.5 To the extent operationally feasible, Shipper may segment its Primary Path consistent with GT&Cs Section 18.

5. IMBALANCES

- 5.1 Resolution of imbalances between receipts and deliveries associated with transportation under this rate schedule and Service Agreements under this rate schedule is governed by GT&Cs Section 19.

6. SYSTEM INTEGRITY

- 6.1 Pipeline reserves the right to take action as may be required in an event or condition to preserve the integrity of Pipeline's system, including maintenance of service to other Shippers. Pipeline will endeavor to identify those Shippers making a significant contribution to such event or condition, and to contact such Shippers in an effort to reduce the system imbalance and avoid the necessity of imposing OFOs or penalties. Such prior notification may not be possible under all circumstances.

7. FACILITIES

- 7.1 In order for Pipeline to transport gas under this rate schedule, it may become necessary for Pipeline to install facilities or to modify existing facilities. Should Shipper request the installation or modification of facilities and Pipeline and Shipper agree to address the cost thereof through one or a combination of the alternatives set out in GT&Cs Section 2.2(b), and should Pipeline agree to install facilities or to modify its existing facilities pursuant to Shipper's request, Pipeline will construct and install, or cause to be constructed and installed, such facilities, or will modify, or cause to be modified, its existing facilities, and will own and operate such facilities and all related appurtenant facilities.
- 7.2 In the event Pipeline and Shipper do not agree to address the costs of installing or modifying facilities through one or a combination of the alternatives set out in GT&Cs Section 2.2(b), Pipeline may agree to construct or modify such facilities so long as such facilities are constructed or modified on a non-discriminatory basis for similarly situated Shippers. Whether facilities will provide a benefit to all Shippers using Pipeline's system, making it appropriate to include the cost of such facilities in Pipeline's general system rates, will be determined in a rate proceeding. Title to and ownership of all facilities shall remain in Pipeline, and Pipeline shall operate such facilities as part of its system.

8. GOVERNMENTAL AUTHORIZATIONS

- 8.1 Transportation service under this rate schedule and effective Service Agreements shall be implemented under any applicable self-implementing authorizations or program for which Pipeline has filed or in which Pipeline has agreed to participate.

9. GENERAL TERMS AND CONDITIONS

- 9.1 All GT&Cs are applicable to this rate schedule and service hereunder and are made a part hereof. In the event of a conflict between the GT&Cs and this rate schedule or a Service Agreement under this rate schedule, the GT&Cs shall govern. In the event that a rate or a special term or condition set forth in the Service Agreement conflicts with this rate schedule, the Service Agreement shall govern.

RATE SCHEDULE BH
FIRM TRANSPORTATION SERVICE

1. AVAILABILITY

- 1.1 This rate schedule is available to any Shipper that has an effective Service Agreement with Pipeline under this Tariff providing for the firm Displacement only Backhaul transportation of natural gas by Pipeline.

2. APPLICABILITY AND CHARACTER OF SERVICE

- 2.1 This rate schedule shall apply to firm Backhaul transportation service rendered by Pipeline for Shipper under Part 284 of the Commission's regulations and under a Service Agreement for Rate Schedule BH. Service hereunder shall consist of the receipt, transportation, and delivery of gas as set forth below.
- 2.2 Service provided under this Rate Schedule is limited to firm Displacement only Backhaul transportation. Backhaul is the transportation of Gas by Displacement which is requested for receipt and delivery in a direction opposite of the physical flow direction of Pipeline's pipeline segments or points necessary to effectuate the transportation of Gas requested.
- 2.3 Acceptance of nominations and scheduling of Gas shall be conditioned upon and subject to the operational capability to satisfy such nomination and to sufficient forward haul transportation quantities at points, locations, and segments necessary to permit Pipeline to effectuate the transportation of Gas under this Rate Schedule. Receipt and Delivery Point availability may be subject to Displacement. Service hereunder shall consist of the acceptance by Pipeline of Gas tendered by Shipper for transportation at the Primary Receipt Point(s) specified in or applicable to the BH Agreement, the transportation of that Gas through Pipeline's pipeline System, and the delivery of that Gas by Pipeline to Shipper or for Shipper's account at the Primary Delivery Point(s) specified in or applicable to the BH Agreement. Pipeline shall not be required to accept any Gas tendered in excess of the Maximum Daily Transportation Quantity (MDTQ), plus Fuel. The service hereunder shall be provided on a uniform hourly basis as specified in Section 14 of the General Terms and Conditions of this Tariff.
- 2.4 Pipeline shall not be obligated to construct, modify, or add any facilities in any manner to provide transportation services to Shipper under this rate schedule; provided, however, Pipeline may, at its option, add facilities or expand capacity to provide such service, under GT&Cs Sections 2 and 5; provided, further, Pipeline is obligated to maintain its facilities in a manner that will allow it to provide firm service under its contract obligations.
- 2.5 Transportation of the gas received by Pipeline at the Primary Receipt Point(s) specified in Exhibit A of Shipper's Rate Schedule BH Service Agreement, and the delivery of such gas to the Primary Delivery Point(s) specified in Exhibit B of such Service Agreement, shall be on a firm basis and shall not be subject to limitation or interruption, except as provided in this Rate Schedule BH and GT&Cs Sections 11, 12, 14, 15, 16, 18, and 23. Transportation services under this rate schedule shall have priority over Pipeline's interruptible services.
- 2.6 Shipper's MDTQ shall be a uniform quantity throughout the contract term, except that Pipeline may, on a not unduly discriminatory basis, agree to sell the capacity made available each month of May through October by Summer Mitigation pursuant to GT&Cs section 24, including on a multi-year basis. Shipper's MDTQ and any differing levels in MDTQ resulting from the sale of capacity made available by Summer Mitigation, as well as the period of such differing MDTQ levels, shall be specified in Shipper's Rate Schedule BH Service Agreement. To the extent Pipeline and Shipper mutually agree to service at the applicable maximum rates with differing levels in MDTQ as described above, for a contract term extending more than one (1) year from

the effective date of the Service Agreement, then such Shipper upon expiration of the Service Agreement may exercise its right of first refusal, to the extent that the Pipeline's Tariff continues to provide for Summer Mitigation and sufficient capacity continues to be available there under, by complying with the provisions of GT&Cs Section 4, provided however, partial reductions proposed by the Shipper must be a uniform percentage reduction throughout each month of the contract year or as mutually agreed by Pipeline and Shipper on a non-discriminatory basis.

3. RATES AND CHARGES

- 3.1 The Summary of Rates and Charges of this Tariff sets forth the Recourse Rates applicable to service provided under this rate schedule, and the range represented by the maximum and minimum rates stated for each such service. Shipper shall pay the Recourse Rates for service under this rate schedule unless Pipeline, in its reasonable judgment, offers to discount its rates to Shipper under GT&Cs Section 30, or unless the parties have agreed to a Negotiated Rate under GT&Cs Section 29. Any discount or Negotiated Rate agreed to by Pipeline, and the effective period thereof, shall be stated on an executed Exhibit C to the Service Agreement. The rates for service under this rate schedule shall not be discounted below the applicable minimum rates stated in the Summary of Rates and Charges.
- 3.2 The rates in this rate schedule are subject to adjustment under GT&Cs Sections 25-27.
- 3.3 Pipeline shall charge Shipper and Shipper shall pay Pipeline each Month the sum of the following amounts:
- (a) Reservation Charges. For the applicable Receipt and Delivery zone combination, the applicable Reservation Rate, as determined under Section 3.1 herein, multiplied by Shipper's MDTQ.
 - (b) Usage Charges. For the applicable Receipt and Delivery zone combination, the applicable Usage Rate, as determined under Section 3.1 herein, multiplied by the sum of the quantities allocated in a zone under this rate schedule each Gas Day during the applicable Month.
 - (c) Overrun Charges. For the applicable Receipt and Delivery zone combination, the difference between the maximum applicable Usage Rate for Rate Schedule IT and the maximum applicable Usage Rate for Rate Schedule FT stated in the Summary of Rates and Charges of this Tariff multiplied by the sum of the overrun quantities allocated in a zone under this rate schedule each Gas Day during the applicable Month.
 - (d) Zone 2 to Zone 1 Delivery Charge. The difference between the maximum Zone 1 and Zone 2 Volumetric Capacity Release Rates stated in the Summary of Rates and Charges of this Tariff multiplied by the sum of the quantities delivered in Zone 1 using Shipper's Zone 2 MDTQ but within Shipper's total MDTQ.
 - (e) Surcharges. Any surcharges applicable to service hereunder as set forth in GT&Cs Sections 19.6 and 26, multiplied by the sum of the delivered quantities each Gas Day during the applicable Month, allocated under this rate schedule.
 - (f) Penalties. Any penalties applicable to service hereunder as set forth in GT&Cs Section 27.
- 3.4 Shipper shall pay Pipeline any incremental facilities charge or reimbursement, as applicable, for facilities under GT&Cs Section 2.

- 3.5 Service under this rate schedule shall be subject to the applicable Fuel Retainage Percentage under GT&Cs Section 25 as specified in the Summary of Rates and Charges of this Tariff.
- 3.6 If service is provided for only a portion of a Month, any applicable Reservation Charges shall be prorated for the number of Gas Days that service is provided.

4. RECEIPT AND DELIVERY POINTS

- 4.1 The Primary Receipt Point(s) at which Pipeline shall receive gas for transportation hereunder shall be specified in an Exhibit A to the Service Agreement, which may be superseded by a new Exhibit A in order to add or delete specific points or make other changes thereto the parties deem appropriate. Pipeline shall not accept any proposed Primary Receipt Point(s) or quantity at any Primary Receipt Point(s), or change in quantities among Primary Receipt Point(s), if to do so would, in Pipeline's sole judgment, impair Pipeline's ability to satisfy existing firm obligations, maintain system integrity, or receive FRQ at maximum deliverability levels, if the resulting aggregate firm MDRQs at all of Shipper's Primary Receipt Point(s) would exceed Shipper's MDTQ, or if the capacity requested by Shipper is not available at the Primary Receipt Point(s).

Notwithstanding the foregoing, all Receipt Points shall be available for use by Shipper as Secondary Receipt Points subject to reduction of quantities nominated by Shipper based on scheduling and curtailment and related provisions in GT&Cs Sections 12 and 16, respectively.

- 4.2 The Primary Delivery Point(s) at which Pipeline shall deliver gas for Shipper's account under this rate schedule shall be specified in an Exhibit B to the Service Agreement, which may be superseded by a new Exhibit B in order to add or delete specific points or make other changes thereto the parties deem appropriate. Pipeline shall not accept any proposed Primary Delivery Point(s) or quantity at any Primary Delivery Point(s), or change in quantities among Primary Delivery Point(s), if to do so would, in Pipeline's sole judgment, impair Pipeline's ability to satisfy existing firm obligations, maintain system integrity, or receive FRQ at maximum deliverability levels, if the resulting aggregate MDDQs at all of Shipper's Primary Delivery Point(s) would exceed Shipper's MDTQ, or if the capacity requested by Shipper is not available at the Primary Delivery Point(s).

Notwithstanding the foregoing, all Delivery Points shall be available for use by Shipper as Secondary Delivery Points subject to reduction of quantities nominated by Shipper based on scheduling and curtailment and related provisions in GT&Cs Sections 12 and 16, respectively.

- 4.3 If Shipper desires transportation of gas on any Gas Day under this rate schedule, Shipper must nominate service under GT&Cs Section 11, and Pipeline must schedule service under GT&Cs Section 12.
- 4.4 Because of dispatching and other variations, certain minor imbalances may occur between the daily quantities of gas received by Pipeline for transportation under this rate schedule and the daily quantities of gas delivered by Pipeline. Shipper shall use every reasonable effort and available means to ensure that receipts and deliveries constantly remain in balance on both a daily and monthly basis.
- 4.5 To the extent operationally feasible, Shipper may segment its Primary Path consistent with GT&Cs Section 18.
- 4.6 Shipper shall make all necessary arrangements with other parties: (1) at or upstream of the Receipt Point(s) where Gas is tendered to Pipeline hereunder; and (2) at or downstream of Delivery Point(s) where pipeline delivers Gas to or for the account of Shipper. Such arrangements must be consistent with this Rate Schedule BH and must be coordinated with Pipeline.

5. IMBALANCES

- 5.1 Resolution of imbalances between receipts and deliveries associated with transportation under this rate schedule and Service Agreements under this rate schedule is governed by GT&Cs Section 19.

6. SYSTEM INTEGRITY

- 6.1 Pipeline reserves the right to take action as may be required in an event or condition to preserve the integrity of Pipeline's system, including maintenance of service to other Shippers. Pipeline will endeavor to identify those Shippers making a significant contribution to such event or condition, and to contact such Shippers in an effort to reduce the system imbalance and avoid the necessity of imposing OFOs or penalties. Such prior notification may not be possible under all circumstances.

7. FACILITIES

- 7.1 In order for Pipeline to transport gas under this rate schedule, it may become necessary for Pipeline to install facilities or to modify existing facilities. Should Shipper request the installation or modification of facilities and Pipeline and Shipper agree to address the cost thereof through one or a combination of the alternatives set out in GT&Cs Section 2.2(b), and should Pipeline agree to install facilities or to modify its existing facilities pursuant to Shipper's request, Pipeline will construct and install, or cause to be constructed and installed, such facilities, or will modify, or cause to be modified, its existing facilities, and will own and operate such facilities and all related appurtenant facilities.

- 7.2 In the event Pipeline and Shipper do not agree to address the costs of installing or modifying facilities through one or a combination of the alternatives set out in GT&Cs Section 2.2(b), Pipeline may agree to construct or modify such facilities so long as such facilities are constructed or modified on a non-discriminatory basis for similarly situated Shippers. Whether facilities will provide a benefit to all Shippers using Pipeline's system, making it appropriate to include the cost of such facilities in Pipeline's general system rates, will be determined in a rate proceeding. Title to and ownership of all facilities shall remain in Pipeline, and Pipeline shall operate such facilities as part of its system.

8. GOVERNMENTAL AUTHORIZATIONS

- 8.1 Transportation service under this rate schedule and effective Service Agreements shall be implemented under any applicable self-implementing authorizations or program for which Pipeline has filed or in which Pipeline has agreed to participate.

9. GENERAL TERMS AND CONDITIONS

- 9.1 All GT&Cs are applicable to this rate schedule and service hereunder and are made a part hereof. In the event of a conflict between the GT&Cs and this rate schedule or a Service Agreement under this rate schedule, the GT&Cs shall govern. In the event that a rate or a special term or condition set forth in the Service Agreement conflicts with this rate schedule, the Service Agreement shall govern.

RATE SCHEDULE IT
INTERRUPTIBLE TRANSPORTATION SERVICE

1. AVAILABILITY

- 1.1 This rate schedule is available to any Shipper that has an effective Service Agreement with Pipeline under this Tariff providing for the interruptible transportation of natural gas by Pipeline.

2. APPLICABILITY AND CHARACTER OF SERVICE

- 2.1 This rate schedule shall apply to interruptible transportation service rendered by Pipeline for Shipper under Part 284 of the Commission's regulations and under a Service Agreement for Rate Schedule IT. Service hereunder shall consist of the receipt, transportation, and delivery of gas as set forth below.
- 2.2 Service hereunder may be available on any Gas Day and will be interruptible as provided herein, in the effective Service Agreement, or in Pipeline's GT&Cs. Interruptible transportation services under this rate schedule shall have a priority subordinate to Pipeline's firm transportation services.
- 2.3 Pipeline may receive for Shipper's account on each Gas Day quantities of gas, plus an amount reflecting FRQ as determined in GT&Cs Section 25.
- 2.4 Pipeline shall not be obligated to construct, modify, or add any facilities in any manner to provide transportation services to Shipper under this rate schedule. Pipeline is free to contract at any time with other parties for new transportation services, whether firm or interruptible, without liability to Shipper for any resulting interruption or reduction of interruptible transportation services.

3. RATES AND CHARGES

- 3.1 The Summary of Rates and Charges of this Tariff sets forth the Recourse Rates applicable to service provided under this rate schedule, and the range represented by the maximum and minimum rates stated for each such service. Shipper shall pay the Recourse Rates for service under this rate schedule unless Pipeline, in its reasonable judgment, offers to discount its rates to Shipper under GT&Cs Section 30, or unless the parties have agreed to a Negotiated Rate under GT&Cs Section 29. Any discount or Negotiated Rate agreed to by Pipeline, and the effective period thereof, shall be stated on an executed Exhibit A to the Service Agreement. The rates for service under this rate schedule shall not be discounted below the applicable minimum rates stated in the Summary of Rates and Charges.
- 3.2 The rates in this rate schedule are subject to adjustment under GT&Cs Sections 25-27.
- 3.3 Pipeline shall charge Shipper and Shipper shall pay Pipeline each Month, the sum of the following amounts:
- (a) Usage Charges. For each zone, the applicable Usage Rate, as determined under Section 3.1 herein, multiplied by the sum of the quantities allocated in a zone under this rate schedule each Gas Day during the applicable Month.
 - (b) Surcharges. Any surcharges applicable to service hereunder as set forth in GT&Cs Sections 19.6 and 26, multiplied by the sum of the delivered quantities each Gas Day during the applicable Month, allocated under this rate schedule.

(c) Penalties. Any penalties applicable to service hereunder as set forth in GT&Cs Section 27.

3.4 Shipper shall pay Pipeline any incremental facilities charge or reimbursement, as applicable, for facilities under GT&Cs Section 2.

3.5 Service under this rate schedule shall be subject to the applicable Fuel Retainage Percentage under GT&Cs Section 25 as specified in the Summary of Rates and Charges of this Tariff.

4. RECEIPT AND DELIVERY POINTS

4.1 All points at which Pipeline receives gas shall be available as Receipt Points under this rate schedule. All points at which Pipeline delivers gas shall be available as Delivery Points under this rate schedule. Notwithstanding the foregoing, all Receipt and Delivery Points shall be available for use by Shipper subject to reduction of quantities nominated by Shipper based on scheduling and curtailment and related provisions in GT&Cs Sections 12 and 16, respectively.

4.2 If Shipper desires transportation of gas on any Gas Day under this rate schedule, Shipper must nominate service under GT&Cs Section 11, and Pipeline must schedule service under GT&Cs Section 12.

4.3 Because of dispatching and other variations, certain minor imbalances may occur between the daily quantities of gas received by Pipeline for transportation under this rate schedule and the daily quantities of gas delivered by Pipeline. Shipper shall use every reasonable effort and available means to ensure that receipts and deliveries constantly remain in balance on both a daily and monthly basis.

5. IMBALANCES

5.1 Resolution of imbalances between receipts and deliveries associated with transportation under this rate schedule and Service Agreements under this rate schedule is governed by GT&Cs Section 19.

6. SYSTEM INTEGRITY

6.1 Pipeline reserves the right to take action as may be required in an event or condition to preserve the integrity of Pipeline's system, including maintenance of service to other Shippers. Pipeline will endeavor to identify those Shippers making a significant contribution to such event or condition, and to contact such Shippers in an effort to reduce the system imbalance and avoid the necessity of imposing OFOs or penalties. Such prior notification may not be possible under all circumstances.

7. FACILITIES

7.1 In order for Pipeline to transport gas under this rate schedule, it may become necessary for Pipeline to install facilities or to modify existing facilities. Should Shipper request the installation or modification of facilities and Pipeline and Shipper agree to address the cost thereof through one or a combination of the alternatives set out in GT&Cs Section 2.2(b), and should Pipeline agree to install facilities or to modify its existing facilities pursuant to Shipper's request, Pipeline will construct and install, or cause to be constructed and installed, such facilities, or will modify, or cause to be modified, its existing facilities, and will own and operate such facilities and all related appurtenant facilities.

7.2 In the event Pipeline and Shipper do not agree to address the costs of installing or modifying facilities through one or a combination of the alternatives set out in GT&Cs Section 2.2(b),

Pipeline may agree to construct or modify such facilities so long as such facilities are constructed or modified on a non-discriminatory basis for similarly situated Shippers. Whether facilities will provide a benefit to all Shippers using Pipeline's system, making it appropriate to include the cost of such facilities in Pipeline's general system rates, will be determined in a rate proceeding. Title to and ownership of all facilities shall remain in Pipeline, and Pipeline shall operate such facilities as part of its system.

8. GOVERNMENTAL AUTHORIZATIONS

8.1 Transportation service under this rate schedule and effective Service Agreements shall be implemented under any applicable self-implementing authorizations or program for which Pipeline has filed or in which Pipeline has agreed to participate.

9. GENERAL TERMS AND CONDITIONS

9.1 All GT&Cs are applicable to this rate schedule and service hereunder and are made a part hereof. In the event of a conflict between the GT&Cs and this rate schedule or a Service Agreement under this rate schedule, the GT&Cs shall govern. In the event that a rate or a special term or condition set forth in the Service Agreement conflicts with this rate schedule, the Service Agreement shall govern.

RATE SCHEDULE PAL
PARK AND LOAN SERVICE

1. AVAILABILITY

- 1.1 This rate schedule is available to any Shipper that has an effective Service Agreement with Pipeline under this Tariff providing for the parking and loaning of natural gas on an interruptible basis.

2. APPLICABILITY AND CHARACTER OF SERVICE

- 2.1 This rate schedule shall apply to all park and loan services rendered by Pipeline for Shipper under Part 284 of the Commission's regulations and under a Service Agreement for Rate Schedule PAL. Service hereunder shall consist of the interruptible parking and loaning of gas as set forth below.
- 2.2 Service hereunder may be available on any Gas Day and shall be interruptible as provided herein, in the effective Service Agreement, or in Pipeline's GT&Cs. Park and loan services under this rate schedule shall have a priority subordinate to Pipeline's firm services.
- 2.3 Parking under this rate schedule will be provided as follows:
- (a) Parking is an interruptible service that provides for Pipeline's receipt of gas quantities, up to the maximum quantity specified in the Service Agreement, that have been delivered by Shipper to Pipeline, subject to GT&Cs Section 11; and
 - (b) Pipeline shall hold such parked quantities of gas on Pipeline's system for a time period up to the maximum duration as specified in the Service Agreement; and
 - (c) Pipeline shall return such parked quantities of gas to Shipper at the same point where Pipeline received the gas, subject to GT&Cs Section 11.
- 2.4 Loaning under this rate schedule will be provided as follows:
- (a) Loaning is an interruptible service that provides for Shipper's receipt of gas quantities from Pipeline, up to the maximum quantity specified in the Service Agreement, subject to GT&Cs Section 11; and
 - (b) The quantity of gas loaned under the Service Agreement shall be available only to Shipper for a time period up to the maximum duration as specified in the Service Agreement; and
 - (c) Shipper shall cause to be returned such loaned quantities of gas to Pipeline at the same point where Shipper received the gas tendered by Pipeline, subject to GT&Cs Section 11.
- 2.5 The parking and loaning of gas under this rate schedule shall be scheduled when and to the extent Pipeline determines, using its reasonable discretion, that it has the feasible operational flexibility to provide the service without detriment or disadvantage to Pipeline's firm or interruptible transportation services.
- 2.6 Pipeline shall not be obligated to construct, modify, or add any facilities in any manner to provide service to Shipper under this rate schedule.

2.7 To determine the duration of specific park and loan transactions, Shipper's PAL account balance will be attributed to specific transactions on a first-in-first-out basis. The maximum quantity limitation in the Service Agreement shall apply to the net of all of Shipper's outstanding parked and loaned quantities for each Gas Day.

2.8 Quantities of gas parked or loaned are not subject to FRQ.

3. RATES AND CHARGES

3.1 The Summary of Rates and Charges of this Tariff sets forth the Recourse Rates applicable to each service provided under this rate schedule, and the range represented by the maximum and minimum rates stated for each such service. Shipper shall pay the Recourse Rates for service under this rate schedule unless Pipeline, in its reasonable judgment, offers to discount its rates to Shipper under GT&Cs Section 30, or unless the parties have agreed to a Negotiated Rate under GT&Cs Section 29. Any discount or Negotiated Rate agreed to by Pipeline, and the effective period thereof, shall be stated on an executed Exhibit A to the Service Agreement. The rates for service under this rate schedule shall not be discounted below the applicable minimum rates stated in the Summary of Rates and Charges of this Tariff. The First Day Rate will be applied for each separate transaction on the day(s) that the gas quantities initially are parked or loaned hereunder. The Subsequent Day Rate will be applied to Shipper's PAL account daily balance for each separate transaction on all days excluding the first day(s) that gas is parked or loaned hereunder.

3.2 Pipeline shall charge Shipper and Shipper shall pay Pipeline for service under this rate schedule each applicable Month, the sum of the following amounts:

- (a) First Day Charges. The product of the quantities of gas in Shipper's PAL account for each separate transaction and the First Day Rate, as determined under Section 3.1 herein, for the applicable day(s) that service is provided by Pipeline.
- (b) Subsequent Day Charges. The product of the quantities of gas in Shipper's PAL account for each separate transaction and the Subsequent Day Rate, as determined under Section 3.1 herein, for the applicable day(s) that service is provided by Pipeline.
- (c) Penalties. Any penalties applicable to service hereunder as set forth in GT&Cs Section 27.

3.3 Charges shall commence on the first day of the agreed on transaction and continue until the transaction is closed out.

4. NOTIFICATIONS, ALLOCATIONS, LIMITATIONS, AND CASH OUT

4.1 For purposes of restricting park and loan transactions, Pipeline will give priority to Service Agreements with the highest rate paid to Pipeline on a per unit basis, provided that Shippers paying more than a Recourse Rate will be considered to be paying the Recourse Rate. Such unit rate shall be calculated by taking total revenue generated during the term of the Service Agreement and dividing by total transaction quantity to arrive at revenue on a per unit basis. If there is a tie, service will be allocated or limited on a *pro rata* basis among Shippers' transaction quantity with the same per unit rate for park and loan services.

4.2 Shipper may be required, on notice from Pipeline, to suspend or reduce deliveries for parking, or receipts for lending. Further, Shipper may be required, on notice from Pipeline, to remove quantities of gas previously parked with Pipeline, or to return quantities of gas previously loaned to Shipper.

- 4.3 Should Pipeline notify Shipper to remove or return quantities of gas under Section 4.2 above, Pipeline's notice shall specify the effective nomination cycle by which parked quantities shall be removed, or loaned quantities shall be returned, or both. Such notice shall be consistent with Pipeline's operating requirements, but in no event shall the specified effective nomination cycle be less than 48 hours from the time of Pipeline's notice unless Shipper and Pipeline mutually agree to a different notice period.
- 4.4 To the extent Shipper fails to comply with such notice, Pipeline shall cash out parked gas at the lowest of the Daily Gas Index Prices for the duration of the transaction, and Pipeline shall cash out loaned gas at the highest of the Daily Gas Index Prices for the duration of the transaction. Such cash out payments shall be debited or credited to the Transportation Deferred Account as stated in GT&Cs Section 19.6.

5. TERMINATION OF CONTRACT

- 5.1 Shipper must close out all park and loan transactions on or before the date of expiration of its Service Agreement. To the extent Shipper fails to close out its transactions by the date of expiration of Shipper's Service Agreement, Pipeline shall treat Shipper's remaining parked or loaned quantities as an imbalance under GT&Cs Section 19 for the Month during which the Service Agreement expired.

6. SYSTEM INTEGRITY

- 6.1 Pipeline reserves the right to take action as may be required in an event or condition to preserve the integrity of Pipeline's system, including maintenance of service to other Shippers. Pipeline will endeavor to identify those Shippers making a significant contribution to such event or condition, and to contact such Shippers in an effort to reduce the system imbalance and avoid the necessity of imposing OFOs or penalties. Such prior notification may not be possible under all circumstances.

7. GOVERNMENTAL AUTHORIZATIONS

- 7.1 Service under this rate schedule and effective Service Agreements shall be implemented under any applicable self-implementing authorizations or program for which Pipeline has filed or in which Pipeline has agreed to participate.

8. GENERAL TERMS AND CONDITIONS

- 8.1 All GT&Cs are applicable to this rate schedule and service hereunder and are made a part hereof. In the event of a conflict between the GT&Cs and this rate schedule or a Service Agreement under this rate schedule, the GT&Cs shall govern. In the event that a rate or a special term or condition set forth in the Service Agreement conflicts with or this rate schedule, the Service Agreement shall govern.

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GENERAL TERMS AND CONDITIONS

1. DEFINITIONS

“Accrual Period” shall mean a 12-month period for purposes of determining transportation revenue sharing credits under GT&Cs Section 28.

“AGA” shall mean the American Gas Association.

“Annual Charge Adjustment” (“ACA”) shall mean the annual assessment of charges to recover the Commission’s cost of administering its natural gas regulatory program, recoverable by Pipeline under GT&Cs Section 26.

“Area Point” shall mean a set of Delivery Points operated by a single Point Operator where Pipeline has determined that Shipper may aggregate its MDDQ and such aggregation is not likely to have a detrimental impact on Pipeline’s operations; provided that Shipper is permitted to shift deliveries among Delivery Points in an Area Point only to the extent that: (i) Delivery Point capacity is available; and (ii) the shift in deliveries is operationally feasible.

“Backhaul” shall mean the transportation of Gas by Displacement which is requested for receipt and delivery in a direction opposite of the physical flow direction of Pipeline’s pipeline segments or points necessary to effectuate the transportation of Gas requested.

“Base FRQ Period” shall mean a 12-month period ending on July 31 each year for purposes of calculating the FRP in GT&Cs Section 25.

“Bidder” shall mean an entity, including a Prearranged Replacement Shipper, submitting a bid to Pipeline’s Internet Website for Pipeline capacity.

“British Thermal Unit” (“Btu”) shall mean the amount of heat required to raise the temperature of one avoirdupois pound of pure water from 58.5° Fahrenheit to 59.5° Fahrenheit at a constant pressure of 14.73 pounds dry per square inch absolute.

“Business Day” shall mean Monday through Friday, excluding federal banking holidays for transactions in the U.S., and similar holidays for transactions occurring in Canada and Mexico, which holidays shall be posted on Pipeline’s Internet Website.

“CCT” shall mean Central Clock Time, which includes the recognition of Daylight Saving Time.

“Commission” shall mean the Federal Energy Regulatory Commission (“FERC”) of the United States Department of Energy, or any successor regulatory authority having jurisdiction over Pipeline under the NGA.

“Company Use Gas” shall mean gas attributable to fuel, including compressor and heater fuel, and gas attributable to maintenance use.

“Company Use Percentage” shall mean a percentage stated in the Summary of Rates and Charges of this Tariff and calculated in GT&Cs Section 25.3(b).

“Cubic Foot” or “Cubic Feet” (“CF”) shall mean the quantity of natural gas that occupies one (1) cubic foot of volume at the volumetric measurement base, which shall be one (1) cubic foot of natural gas at a pressure base of 14.73 pounds per square inch absolute, a temperature base of 60° Fahrenheit, and without adjustment for water vapor content.

“Daily Gas Index Price” shall mean the arithmetic average of:

- (i) Natural Gas Intelligence Daily Gas Price Index, *South Louisiana, Southern Natural*; and
- (ii) Natural Gas Intelligence Daily Gas Price Index, *South Louisiana, Transco Zone 3 non-St. 65*.

If no index for a Gas Day is published, the price will be computed as the average of the applicable indices on the closest index publication date preceding and the closest index publication date following such Gas Day. In the event that an index ceases to be published, Pipeline will post on its Internet Website a replacement index, and will file to amend its Tariff to reflect such index.

“Dekatherm” (“Dt”) shall mean the quantity of heat energy that is equivalent to 1,000,000 British Thermal Units.

“Delivery Point” shall mean a point, including an Area Point, at which gas leaves Pipeline’s system, completing the transportation service transaction between Pipeline and Shipper.

“Delivery Point Operator” or “Point Operator” shall mean an entity interconnected with Pipeline’s facilities, or acting as agent for the interconnected entity, that is authorized to confirm nominations and allocate deliveries of gas at a Delivery Point and is able to control or cause the control of the physical operation of the facilities interconnected with Pipeline.

“Displacement” shall mean the substitution of a source of natural gas at one point for another source of natural gas at another point. Pipeline uses Displacement when providing Backhaul transportation service under Rate Schedule BH.

“Elapsed-Prorated-Scheduled Quantity” shall mean that portion of the scheduled quantity that theoretically would have flowed up to the effective time of the intraday nomination being confirmed, based on a cumulative uniform hourly quantity for each nomination period affected. Elapsed-Prorated-Scheduled Quantity will apply to all nomination decreases submitted in intraday nomination cycles.

“Emergency Response OFO” shall mean an OFO requiring immediate actions or measures to neutralize or reduce threats or otherwise preserve the integrity of all or a portion of Pipeline’s system, as determined by Pipeline in its sole discretion.

“First Day Rate” shall mean the rate applicable on the first Gas Day of a park and loan transaction.

“Fuel Retainage Percentage” (“FRP”) shall mean a percentage, stated in the Summary of Rates and Charges of this Tariff, calculated by adding the applicable LAUF Percentage and Company Use Percentage.

“Fuel Retainage Quantity” (“FRQ”) shall mean the amount of gas retained at a Receipt Point for quantities delivered for Shipper’s account, calculated using the applicable Fuel Retainage Percentage.

“GAAP” shall mean Generally Accepted Accounting Principles.

“Gas Day” shall mean a period of 24 consecutive hours, beginning at 9:00 A.M. CCT.

“Good Utility Practice” shall mean any practices, methods, and acts required by applicable law or regulation, or engaged in or approved by a significant portion of the natural gas industry during the relevant time period, or any of the practices, methods, and acts which, in the exercise of reasonable judgment in the light of facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, and expedition. Good Utility Practice does not require use of, and is not intended to be limited to, the optimum practice, method, or act to the exclusion of others, but instead only requires use of a

spectrum of practices, methods, or acts generally accepted in the geographical region where Pipeline's facilities are located.

"GT&Cs" shall mean the General Terms and Conditions of the Tariff, as in effect from time to time.

"Guarantor" shall mean a party that undertakes to guarantee the financial performance of Shipper.

"High Price" shall mean the highest of the prices used by Pipeline in calculating the Median Price for the Month in which Shipper's Net Monthly Imbalance was incurred.

"Interim Capacity" shall mean capacity that is made available on an interim basis: (i) up to the service commencement date of a Prearranged Shipper's Service Agreement, as described in GT&Cs Section 4.1; or (ii) up to the date an expansion project is placed into service, as described in GT&Cs Section 4.2.

"Internet Website" shall mean the interactive electronic website established and maintained by Pipeline under NAESB standards to conduct daily business transactions between Pipeline and Shipper(s).

"LAUF" shall mean lost and unaccounted for gas, including, but not limited to, gas attributable to *force majeure* losses, calculated by subtracting Pipeline's total allocated deliveries, including Company Use Gas, from Pipeline's total allocated receipts.

"LAUF Percentage" shall mean a percentage stated in the Summary of Rates and Charges of this Tariff, calculated in GT&Cs Section 25.3(a).

"Line Path" shall mean the path: (i) within a Shipper's Primary Path; and (ii) covering a physically discrete portion of Pipeline's system.

"Line Path Quantity" shall mean the quantity on each Line Path limited by the MDRQ at Shipper's Primary Receipt Point(s) upstream of such Line Path and by the MDDQ at Shipper's Primary Delivery Point(s) downstream of such Line Path, whichever is less. In calculating the Line Path Quantity, the MDDQ shall reflect any applicable Area Point MDDQ aggregation.

"Long Term Service Agreement" shall mean a firm Service Agreement with a primary term of 12 or more consecutive months or, for service not available 12 consecutive months, of more than one (1) year from the effective date of the Service Agreement.

"Low Price" shall mean the lowest of the prices used by Pipeline in calculating the Median Price for the Month in which Shipper's Net Monthly Imbalance was incurred.

"Maximum Allowable Operating Pressure" ("MAOP") shall mean the maximum pressure at which a particular natural gas facility is permitted to operate.

"Maximum Daily Delivery Quantity" ("MDDQ") shall mean the maximum quantity of gas that Pipeline is obligated to deliver for Shipper's account on any given Gas Day at a Delivery Point. The MDDQ shall be specified in the effective Service Agreement. The MDDQ shall be exclusive of: (i) any quantities Pipeline has agreed to receive to resolve a Negative Imbalance; and (ii) the FRQ.

"Maximum Daily Receipt Quantity" ("MDRQ") shall mean the maximum quantity of gas Pipeline is obligated to receive for transportation for Shipper's account on any given Gas Day at a Receipt Point. The MDRQ shall be specified in the effective Service Agreement. The MDRQ shall be exclusive of: (i) any quantities Pipeline has agreed to receive to resolve a Negative Imbalance; and (ii) the FRQ.

"Maximum Daily Transportation Quantity" ("MDTQ") shall mean the maximum quantity of gas Pipeline is obligated to transport for Shipper's account on any given Gas Day. The MDTQ shall be specified in the

effective Service Agreement. The MDTQ shall be exclusive of: (i) any quantities Pipeline has agreed to receive and transport to resolve a Negative Imbalance; and (ii) the FRQ.

“Mcf” shall mean 1,000 Cubic Feet of gas.

“Measurement Operations” shall mean, but not be limited to, the operation, calibration, and testing on Pipeline’s facilities, and at or on interconnections of Pipeline’s facilities with facilities of third parties, of the remote terminal unit, transducers, chart recorders, meter runs, gas quality monitoring devices, control valves, and any other equipment used in the process of measuring gas, as well as the responsibility for making quantity calculations for the measurement facility.

“Median Price” shall mean the median of: (i) the prices published by the following gas commodity trade publications for the applicable Month; and (ii) the first weekly or first of the month prices published by such publications for the Month following the applicable Month:

- (a) Natural Gas Intelligence Weekly Gas Price Index, *South Louisiana, Southern Natural*;
- (b) Inside F.E.R.C.’s Gas Market Report, *Southern Natural Gas Co., Louisiana, Index*;
- (c) Natural Gas Intelligence Weekly Gas Price Index, *South Louisiana, Transco Zone 3 non-St. 65*; and
- (d) Inside F.E.R.C.’s Gas Market Report, *Transcontinental Gas Pipe Line Corp., Zone 3, Index*.

With respect to the Natural Gas Intelligence Weekly Gas Price Index, Pipeline will use each of the weekly prices published during the applicable Month and the first weekly prices published the following Month. With respect to Inside F.E.R.C.’s Gas Market Report, Pipeline will use the first of the month prices published for the applicable Month and the Month following. In the event that an index ceases to be published, Pipeline will post on its Internet Website a replacement index, and will file to amend its Tariff to reflect such index.

“Mitigation Costs” shall mean an amount calculated in GT&Cs Section 28.1(b) to be compared to Shared Revenues for purposes of determining transportation revenue sharing credits under GT&Cs Section 28.

“Month” shall mean the period beginning at 9:00 A.M. CCT, on the first day of a calendar month, and ending at the same hour on the first day of the next succeeding calendar month.

“NAESB” shall mean the North American Energy Standards Board, or a successor organization.

“Negative Imbalance” shall mean deliveries of gas in excess of receipts.

“Negotiated Rate” shall mean a rate or formula for computing a rate for service subject to Part 284 of the Commission’s regulations that may be greater than, the Recourse Rate or based on a rate design other than straight fixed-variable. A Negotiated Rate must be mutually agreed on by Pipeline and Shipper.

“Net Monthly Imbalance” shall mean that amount in Dts derived from the combination of all imbalances (Positive Imbalances and Negative Imbalances) accumulated by Shipper in a Month under each of its transportation, pooling, and OBA agreements, or any such agreements under which Shipper has been appointed to be the imbalance agent with authority to resolve imbalances under GT&Cs Section 19.

“Net Present Value” (“NPV”) shall mean the discounted cash flow of incremental revenues in excess of incremental costs using the discount rate specified in a capacity offer posted on the Internet Website.

“NGA” shall mean the 1938 Natural Gas Act, as amended.

“Operational Balancing Agreement” (“OBA”) shall mean an agreement between Pipeline and an interconnecting party that specifies procedures to manage operating variances at an interconnection.¹

“OBA Party” shall mean any party to an OBA with Pipeline.

“Operational Flow Order” (“OFO”) shall mean an order issued by Pipeline under GT&Cs Section 15 to alleviate conditions, among other things, that threaten the safe operations or integrity of Pipeline’s system, or the maintenance of operations required to provide efficient and reliable firm service. Whenever Pipeline experiences those conditions, any pertinent order shall be deemed to be an OFO, whether or not so denominated.

“Operator Provided Value” (“OPV”) PDA shall mean the predetermined allocation methodology used to allocate gas flow among scheduled line item nominations at a Delivery or Receipt Point where a quantity is provided for each scheduled line item nomination such that the sum of the quantities equals the measured quantities at the point.

“PDA” shall mean a predetermined allocation provided to Pipeline by a Delivery Point Operator taking gas quantities from Pipeline’s system that is in accordance with Pipeline’s nomination and ranking deadlines.

“Percentage PDA” shall mean the predetermined allocation methodology used to allocate gas flow among scheduled line item nominations at a Delivery or Receipt Point where the allocation is derived by multiplying the difference between the measured quantities and the total scheduled quantities at a location by the percentage provided for each line item and adding this to the appropriate scheduled line item nomination.

“Pipeline” shall mean Carolina Gas Transmission, LLC, formerly known as Dominion Energy Carolina Gas, LLC or Dominion Carolina Gas, LLC, or Carolina Gas Transmission Corporation. Such term excludes any entity that is an affiliate of Pipeline.

“Point Operator” shall mean Delivery Point Operator.

“Pooler” shall mean an operator of a pool under a Pooling Agreement with Pipeline.

“Pooling Agreement” shall mean a contract with Pipeline for pooling under GT&Cs Section 20.

“Positive Imbalance” shall mean receipts of gas in excess of deliveries.

“Prearranged Replacement Shipper” shall mean a party that desires to contract directly for, or that has contracted directly for, firm capacity subject to Part 284 of the Commission’s regulations and has agreed to the terms of a capacity release transaction directly with a Releasing Shipper, which terms have been posted on Pipeline’s Internet Website.

“Prearranged Shipper” shall mean a party to a Service Agreement with a service commencement date one (1) year or more in the future for currently available capacity or one (1) year or more after the date that capacity will become available as described in GT&Cs Section 4.1.

“Primary Delivery Point” shall mean a Delivery Point at which Shipper has a specified MDDQ in a firm transportation Service Agreement.

“Primary Path” shall mean the path: (i) from a Shipper’s Primary Receipt Point(s) to its Primary Delivery Point(s); and (ii) in the direction from a Shipper’s Primary Receipt Point(s) to its Primary Delivery Point(s).

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“Primary Path Segment” shall mean the path using Segment Receipt Point(s) and Segment Delivery Point(s) in a segmented transaction.

“Primary Receipt Point” shall mean a Receipt Point at which Shipper has a specified MDRQ in a firm transportation Service Agreement.

“*Pro Rata* PDA” shall mean the predetermined allocation methodology used to allocate gas flow among scheduled line item nominations at a Delivery or Receipt Point where the total quantity to be allocated is multiplied by the ratio of each scheduled line item to the total line items applicable to the quantity to be allocated.

“Quick Response” shall mean the preliminary response record generated by Pipeline and made available through the NAESB WGQ electronic delivery mechanism to the nominating party indicating the successful receipt of a nomination and the fact that such nomination is correct and able to be processed or is incorrect and rejected.

“Ranked PDA” shall mean the predetermined allocation methodology used to allocate gas flow among scheduled line item nominations at a Delivery or Receipt Point where the line items are ranked numerically with the lower item number being allocated before the next sequentially higher item number.

“Receipt Point” shall mean a point at which gas enters Pipeline’s system from a plant or upstream pipeline interconnect, or other source, including a paper pooling point or a point where Shipper receives gas in kind to resolve an imbalance.

“Recourse Rate” shall mean the rate, including all applicable surcharges, designated as the maximum rate stated in the Summary of Rates and Charges of this Tariff. For purposes of this Tariff, Recourse Rate and maximum rate are synonymous.

“Releasing Shipper” shall mean a Shipper or Replacement Shipper under a Service Agreement subject to Part 284 of the Commission’s regulations: (i) that posts a capacity release offer on Pipeline’s Internet Website for all or any portion of its firm service to be released to a Replacement Shipper, or to a Prearranged Replacement Shipper through a prearranged capacity release transaction; or (ii) that has released its firm service.

“Replacement Shipper” shall mean a party, including a Prearranged Replacement Shipper, that desires to contract directly for, or that has contracted directly for, firm service with Pipeline subject to Part 284 of the Commission’s regulations to use a Releasing Shipper’s released firm capacity for a specified period of time.

“Reservation Rate” shall mean the monthly amount per Dt paid by Shipper to hold firm capacity on Pipeline.

“Right of First Refusal” shall mean the right that a Shipper has to retain firm capacity upon expiration of its Service Agreement by complying with the bidding procedures in GT&Cs Section 4.

“Routine Maintenance” shall mean normal, day-to-day maintenance and repair required to support Pipeline’s operations or necessary for facility upkeep and shall include, but not be limited to, replacement of minor parts for instrumentation, measurement equipment (including remote terminal units), and minor valves and piping.

“Secondary Delivery Point” shall mean a Delivery Point other than a Primary Delivery Point or a Primary Delivery Point insofar as any quantity in excess of Shipper’s MDDQ is delivered, or nominated to be delivered, to the Primary Delivery Point.

“Secondary Receipt Point” shall mean a Receipt Point other than a Primary Receipt Point or a Primary Receipt Point insofar as any quantity in excess of Shipper’s MDRQ is received, or nominated to be received, at the Primary Receipt Point.

“Segment Receipt Point” shall mean a Receipt Point within the Primary Path identified as part of a segmented transaction.

“Segment Delivery Point” shall mean a Delivery Point within the Primary Path identified as part of a segmented transaction.

“Service Agreement” shall mean the contract executed by Shipper and Pipeline or otherwise made effective and any exhibits, attachments, or amendments thereto, for transportation service or other services under Pipeline’s Tariff.

“Service Request” shall mean a request for service that meets the requirements of GT&Cs Section 2.

“Shared Revenues” shall mean the revenues calculated in GT&Cs Section 28.1(a) to be compared to Mitigation Costs for purposes of determining transportation revenue sharing credits under GT&Cs Section 28.

“Shipper” shall mean an entity that: (i) is requesting service from Pipeline under GT&Cs Section 2; (ii) has executed a Service Agreement that has become effective under this Tariff, providing for the transportation of gas or other services by Pipeline; or (iii) has executed an Agency Authorization Agreement to act as Shipper’s agent under GT&Cs Section 40.

“Shipper Emergency Situation” shall mean a situation in which Pipeline is advised by a firm Shipper that, absent adjustment of the curtailment level as provided by GT&Cs Section 16, Shipper will be unable for the duration indicated by Shipper to avoid irreparable injury to life or property, including environmental emergencies, or to provide for minimal plant protection.

“Short Term Service Agreement” shall mean a firm Service Agreement with a primary term of less than 12 consecutive months or, for service not available for 12 consecutive months, of not more than one (1) year from the effective date of the Service Agreement.

“SNG” shall mean Southern Natural Gas Company or its successor.

“Standard OFO” shall mean an OFO requiring pre-emptive or preventive actions or measures to neutralize or reduce threats, or otherwise preserve the integrity of all or a portion of Pipeline’s system, as determined by Pipeline in its sole discretion.

“Subsequent Day Rate” shall mean the rate applicable on the second or subsequent Gas Day of a park and loan transaction.

“Swing PDA” shall mean the predetermined allocation methodology used to allocate gas flow among scheduled line item nominations at a Delivery or Receipt Point where one of the scheduled line items, or alternatively a separate contract, is designated as the swing. All other scheduled line items are allocated their scheduled quantities. The remaining difference between the total quantity to be allocated and quantities allocated to non-swing line items is allocated to the swing line item according to the instructions provided with the PDA. The swing line item or contract is not permitted to be allocated a quantity that would result in a negative number. Therefore, any negative quantity is allocated to all scheduled line items or contracts *pro rata* based on scheduled quantities.

“Tariff” shall mean Pipeline’s FERC Gas Tariff, including but not limited to rate sheets, rate schedules, GT&Cs, and forms of Service Agreements and other forms of agreements and requests or other documents, as may be revised and made effective from time to time.

“TC Surcharge” shall mean Pipeline’s transition cost recovery surcharge to reimburse Pipeline for eligible transition cost amounts under GT&Cs Section 22.

“Title Transfer Tracking” (“TTT”) shall mean the process of accounting for the progression of title changes from party to party that does not affect a physical transfer of the gas.

“Title Transfer Tracking Service Provider” (“TTTSP”) shall mean a party conducting the title transfer tracking activity.

“Total Heating Value” shall mean the number of British Thermal Units produced by the complete combustion with air of one (1) dry cubic foot of natural gas at a constant pressure of 14.73 pounds per square inch absolute, and a temperature of 60° Fahrenheit when the products of combustion are cooled to the initial temperature, and the water formed by combustion is condensed to the liquid state.

“Transco” shall mean Transcontinental Gas Pipe Line Corporation or its successor.

“Transportation Deferred Account” shall mean the deferred account established to reconcile through surcharges or credits, as appropriate, differences between the amounts received and actual costs incurred for: (i) resolving Shipper imbalances under GT&Cs Section 19; (ii) resolving imbalances under balancing agreements with interconnecting interstate pipelines; (iii) balancing using line inventory; and (iv) FRQ.

“TSP” shall mean NAESB Wholesale Gas Quadrant Transportation Service Provider.

“Usage Rate” shall mean the amount per Dt paid by Shipper for its delivered quantities.

“WGQ” shall mean the NAESB Wholesale Gas Quadrant.

“Zone 1” shall mean that portion of Pipeline’s system not included in Zone 2.

“Zone 2” shall mean that portion of Pipeline’s system between Elba Island, Georgia and the point in Jasper County, South Carolina located near N 32° 22’ W 81° 07’.

2. REQUESTING AND CONTRACTING FOR SERVICE

2.1 Service Request. Shippers seeking new service from Pipeline or changes to existing services, excluding changes to Primary Receipt or Delivery Points under Section 2.4, must: (i) submit a completed request for service in the form on, and containing the information described on, the Internet Website; and (ii) comply with the creditworthiness provisions under GT&Cs Section 3.

- (a) If Shipper's request for service does not comply with this Section 2, or if Shipper's creditworthiness does not comply with GT&Cs Section 3, Pipeline shall notify Shipper of the deficiencies and of the additional information or changes required to complete the Service Request within five (5) Business Days of Shipper's submitted complete request. Shipper shall have the right to supplement Shipper's Service Request as thus required for a period of ten (10) days after such notice. If Shipper's Service Request, as supplemented within ten (10) days after such notice, is satisfactory to Pipeline, then Shipper's original Service Request date shall be used. Pipeline shall act on such satisfactory Shipper Service Requests in order by date of original receipt. If Shipper's Service Request, as supplemented within ten (10) days, remains unsatisfactory, incomplete, or otherwise deficient, Shipper's entire Service Request shall be deemed void.
- (b) If Shipper's Service Request and creditworthiness comply with these GT&Cs and if Pipeline determines that capacity is available to provide the requested service without impairing its ability to render existing firm services, Pipeline will tender to Shipper a Service Agreement. If the Service Agreement is not executed and returned within 15 days, the Service Agreement shall be invalid and Pipeline promptly shall return any security or collateral given by Shipper under GT&Cs Section 3.
- (c) If Pipeline determines that Shipper's Service Request would require the construction of facilities, Pipeline will notify Shipper of such determination. If within 30 days of Pipeline's notice Shipper does not request Pipeline to construct facilities under Section 2.2, the Service Request shall be invalid and Pipeline promptly shall return any security or collateral given by Shipper under GT&Cs Section 3.
- (d) Pipeline will consider on a not unduly discriminatory basis requests for firm service by a prospective Prearranged Shipper under GT&Cs Section 4.1 in the following circumstances, among others:
 - (1) The request involves capacity: (i) that currently is available; or (ii) that will become available due to the expiration or termination of, or the reduction in MDTQ under, an existing Service Agreement not subject to a Right of First Refusal or for which the Shipper does not exercise its Right of First Refusal to retain the capacity; or
 - (2) The request involves the modification or construction of facilities or the issuance of necessary regulatory authorizations.
- (e) Pipeline shall not be required to accept a request for service under Rate Schedule BH for which Pipeline does not have reasonable assurance of day-to-day operational capability to effect receipt, transportation and/or delivery consistent with the terms of Rate Schedule BH.

2.2 Construction of Facilities.

- (a) Shipper may request Pipeline to construct facilities in connection with a request for service. Pipeline is not required to build facilities at Shipper's request or otherwise.

- (b) In a manner that is not unduly discriminatory, Pipeline and a Shipper may agree on one or a combination of the following alternatives pursuant to which Shipper may obtain Pipeline's agreement to construct the requested facilities. The amount of collateral that may be required from Shipper if Pipeline agrees to construct the requested facilities will be determined in accordance with GT&Cs section 3.4(b)(2).
- (1) Pipeline may agree to construct the requested facilities if it determines that construction of the facilities would be economic, based on Shipper contracts for firm transportation service, as described below. For purposes of determining whether a project is economic, Pipeline will evaluate projects on the basis of various economic criteria, which may include, without limitation, the estimated firm transportation demand subscribed under Long Term Service Agreements, cost of the facilities, operation and maintenance, applicable taxes, administrative and general expenses attributable to the facilities, the system net revenues Pipeline estimates will be generated subsequent to such construction, depreciation, return on debt and equity, and the availability of capital funds on terms and conditions acceptable to Pipeline. In estimating the system net revenues to be generated, Pipeline will evaluate the revenue generated from firm Long Term Service Agreements and other system benefits.
 - (2) Pipeline may agree to construct the requested facilities based on Shipper's agreement to pay an incremental facilities charge, which is based on the capital costs associated with such facilities, including depreciation, return on debt and equity, related income taxes, and all associated operating and maintenance costs, to be amortized over a mutually agreeable period not to exceed the primary contract term of the Service Agreement between Pipeline and Shipper. Calculation of the incremental facilities charge will be consistent with the principles underlying Pipeline's currently effective transportation rates at the time Pipeline and Shipper agree to the incremental facilities charge. Such incremental facilities charge will be set forth in the Transportation Service Agreement with Shipper.
 - (3) Pipeline may agree to construct the requested facilities based on Shipper's agreement to reimburse Pipeline in full for all reasonable costs incurred to design, construct, own, operate, and maintain the facilities. Such cost shall include, without limitation: (i) any and all filing and approval fees; and (ii) all taxes (including applicable property taxes and income taxes) related to such construction, grossed up to recognize the tax liability resulting from Shipper's reimbursement. The reimbursement shall be due and payable to Pipeline within ten (10) days of Pipeline's sending an invoice for same; provided, however, subject to Pipeline's written consent, such monetary reimbursement, plus late fees, may be amortized over a mutually agreeable period not to exceed the primary contract term of the Transportation Service Agreement between Pipeline and Shipper.
- (c) Nothing in this Tariff shall require Pipeline to file an application to build or modify facilities or to render service, including to file an application for a NGA certificate of public convenience and necessity. Further, nothing in this Tariff shall prevent Pipeline from contesting an application for service or a request to compel the rendition of service filed at the Commission.
- (d) Title and ownership of facilities constructed under this Section 2.2 shall be and remain in Pipeline.

- 2.3 Prepayment. In addition to the creditworthiness requirements of GT&Cs Section 3, if Shipper is requesting a firm service, including service at a discounted rate or a Negotiated Rate, Pipeline may require Shipper to make prepayment by wire transfer in an amount equal to the applicable Recourse Rate for one Month's service at the levels specified in Shipper's Service Request. The prepayment shall be applied to the first Month's invoice or refunded promptly.
- 2.4 Receipt and Delivery Point Changes. Shippers seeking changes to Receipt or Delivery Points must submit a completed request in the form on, and containing the information described on, the Internet Website.
- (a) Receipt Points. Shipper may add, substitute, or delete Primary Receipt Points or otherwise change MDRQ; provided that any increase in or shift of MDRQ at a Primary Receipt Point must be in substitution for relinquished MDRQ at another Primary Receipt Point. Pipeline will process and accept or reject additions, substitutions, or deletions of Primary Receipt Point(s) within ten (10) Business Days of Pipeline's receipt of such request from Shipper.
- (b) Delivery Points. Shipper may add, substitute, or delete Primary Delivery Points or otherwise change MDDQ; provided that any increase in or shift of MDDQ at a Primary Delivery Point must be in substitution for relinquished MDDQ at another Primary Delivery Point. Pipeline will process and accept or reject additions, substitutions, or deletions of Primary Delivery Point(s) within ten (10) Business Days of Pipeline's receipt of such request from Shipper.

3. CREDITWORTHINESS

3.1 Pipeline shall apply, on a non-discriminatory basis, consistent creditworthiness standards to determine the acceptability of Shipper's overall financial condition. Those standards shall guide Pipeline's credit qualification process for all Shippers that apply for services from Pipeline, with such standards comprising: (i) criteria applied in determining creditworthiness, (ii) collateral requirements, and (iii) suspension and termination of service standards. For credit qualification purposes, prior to a Shipper receiving service, there must be a completed Service Request and an established credit limit with Pipeline.

3.2 Determination.

(a) Provision of Information. Each Shipper must submit with its Service Request the following information, where such information is applicable to Shipper:

- (1) Audited Financial Statements. Each Shipper shall submit audited or otherwise acceptable financial statements for at least the immediately preceding two (2) fiscal years, or the period of Shipper's existence, if shorter. Additionally, each Shipper shall submit current fiscal year interim-unaudited financial statements, if available.
- (2) Annual report.
- (3) List of affiliates, parent companies, and subsidiaries.
- (4) Publicly available information from credit reports by credit and bond rating agencies.
- (5) Private credit ratings, if obtained by Shipper.
- (6) Credit References. Each Shipper shall submit bank and utility credit references. In the case where a Shipper does not have the required utility references, trade payable vendor references may be substituted.
- (7) Statement of Shipper's legal composition.
- (8) Statement of length of time Shipper's business has been in operation.
- (9) Most recent filed statements with the U.S. Securities and Exchange Commission (or equivalent authority) or such other publicly available information. Such financial information generally must include, but not be limited to, the following: (if publicly traded) annual and quarterly reports on SEC Forms 10-K and 10-Q, respectively, and Form 8-K reports, if any; (if privately held) management's discussion and analysis, report of independent accountants, financial statements including balance sheet, income statement, statement of cash flows, statement of stockholders' equity, and notes to financial statements. If the above information is available on the public internet, Shipper instead may provide instructions regarding where such statements may be located by Pipeline.
- (10) For public entities, the most recent publicly available interim financial statements, with an attestation by its chief financial officer that such statements constitute a true, correct, and fair representation of financial condition prepared in accordance with GAAP or equivalent.
- (11) For non-public entities, including those that are State-regulated utilities: (i) the

most recent available interim financial statements, with an attestation by its chief financial officer that such statements constitute a true, correct, and fair representation of financial condition prepared in accordance with GAAP or equivalent; (ii) an existing sworn filing, including the most recent available interim financial statements and annual financial reports filed with the respective regulatory authority, showing Shipper's current financial condition.

- (12) For State-regulated utility local gas distribution companies, documentation from their respective State regulatory commission (or equivalent authority) of an authorized gas supply cost recovery mechanism that fully recovers both gas commodity and transportation capacity costs and is afforded regulatory asset accounting treatment in accordance with GAAP or equivalent.
- (13) Such other information as may be mutually agreed to by the parties.

Pipeline will maintain any non-public data included in such information on a confidential basis.

- (b) **Criteria.** Pipeline's determination of Shipper's creditworthiness will be based on the level of service requested, Shipper's payment history, Shipper having been in business for at least one (1) year, and the estimated financial strength of Shipper as shown by a credit rating of at least "BBB minus" by S&P Global Ratings or "Baa3" by Moody's. If Shipper is rated by multiple agencies, the lowest rating applies. If Shipper is not rated by S&P Global Ratings or Moody's, Pipeline's determination of Shipper's financial strength will be based on financial analysis criteria generally acceptable in the natural gas industry.
- (c) On Pipeline's determination that Shipper is non-creditworthy, Pipeline will provide, within five (5) Business Days of Shipper's request, notification by e-mail of the basis for Pipeline's determination and of Pipeline's collateral requirements specified in Section 3.4.
- (d) **Ongoing Financial Review.** Pipeline will periodically review the creditworthiness of Shippers pursuant to the criteria specified in Section 3.2(b). As part of this review, a Shipper may be required to submit the information specified in Section 3.2(a). In addition, each Shipper shall inform Pipeline, in writing, within five (5) Business Days, of any material change in its financial condition. A material change in financial status includes the following: a downgrade of long or short-term debt rating by a major bond rating agency; being placed on a credit watch with negative implications by a major credit rating agency; a bankruptcy filing; any action requiring filing of a Form 8-K; insolvency; a report of a significant quarterly loss or decline in earnings; the resignation of key officer(s); and the issuance of a regulatory order or the filing of a lawsuit that could materially adversely impact current or future financial results. As a result of Pipeline's ongoing financial review, Pipeline may adjust Shipper's credit limit and collateral requirements in accordance with this Section 3.

3.3 Establishing Credit Limits.

- (a) **Credit Limits.** Generally, credit limits must at least equal three (3) months of estimated total charges as determined by Pipeline from time to time. If at any time Pipeline determines according to these creditworthiness standards that Shipper is not able fully to support its credit exposures based solely on its financial viability, Pipeline may require that collateral be provided. If required by Pipeline, Shipper will be asked to provide an acceptable form of collateral within 30 days of Pipeline's request. No service to Shipper shall commence until this requirement is satisfied. If service to Shipper already has commenced and Shipper fails to provide the collateral as required by Pipeline within 30 days of notification, Shipper will be deemed in default of its Service Agreement.

- (b) Notification. Pipeline will notify Shipper when Shipper exceeds its credit limit. Within five (5) Business Days of such notice, Shipper shall take all actions necessary to comply with the credit limit applicable to Shipper.

3.4 Collateral.

- (a) Shippers that do not satisfy the creditworthiness requirements based on Pipeline's creditworthiness standards, or whose obligations are greater than Shipper's established credit limit, may be required to provide collateral to Pipeline. If collateral is required, Shipper shall provide an appropriate form of collateral within 30 days of notification from Pipeline. No service to Shipper shall commence until any such collateral requirement is satisfied. The amount of credit support required will depend on Shipper's transportation activity and the resulting credit exposures. In all instances, however, on Pipeline's determination that Shipper is non-creditworthy, Shipper will be given the option to provide Pipeline with collateral in order to receive or retain service.

- (b) Amount of Collateral.

- (1) For service not requiring construction, such collateral may not exceed three (3) month's worth of estimated total charges for the service, including an estimate of the charges set out in section 19.5(b)(1) relating to a Shipper's negative imbalance for one month. The portion of the collateral required that is attributable to the value of natural gas shall be calculated as follows. For an existing Shipper, the Shipper's largest monthly imbalance over the most recent 12-month period multiplied by the estimated imbalance rate, which is defined as the average of the NYMEX future prices for the available twelve-month period as such prices close on the day the estimated imbalance rate is determined. For a new Shipper, ten percent of the Shipper's estimated monthly usage multiplied by the estimated imbalance rate, as defined above. This determination for a new Shipper shall be used for the first seven months of service to establish an historical record. Thereafter, the determination will be made as specified above for an existing Shipper.

- (2) For service that required or will require construction of facilities by Pipeline, the amount of collateral will be reasonable in light of the risks of the project, provided that the amount of collateral cannot exceed Shipper's share of the cost of the facilities. Collateral for facilities construction must be provided prior to the start of construction. The outstanding amount of collateral for facilities construction will be reduced as Shipper pays off its obligation.

- (c) Forms of Collateral.

- (1) The following are acceptable forms of collateral:

- (i) Letter of Credit. An unconditional irrevocable standby letter of credit for the full value of the collateral requirement is generally acceptable subject to the following. The letter of credit shall provide that it will renew automatically except on at least 30 days prior notice from the issuing bank, or such terms to which Pipeline reasonably may agree. If the letter of credit amount falls below the collateral amount required because of a claim for payment, such letter of credit amount must be replenished to the required level within ten (10) Business Days; otherwise, Pipeline will declare Shipper to be in default under its related Service Agreements. If actual obligations exceed those anticipated, Shipper must obtain a

substitute letter of credit that equals the actual Pipeline obligations. The form, substance, and provider of the letter of credit shall be acceptable to Pipeline. The letter of credit shall state the full names of the "Issuer", "Account Party", and "Beneficiary" (Pipeline), and the dollar amount available for drawings, and shall specify that funds shall be disbursed on presentation of the drawing certificate. The bank issuing the letter of credit must have a minimum Senior Unsecured Debt rating of an "A minus" by S&P Global Ratings or "A3" by Moody's. All costs associated with obtaining a letter of credit are Shipper's responsibility.

- (ii) **Corporate or Other Acceptable Guaranty.** An irrevocable and unconditional guaranty obtained from a Guarantor guaranteeing: (i) full and prompt payment of all amounts payable by Shipper, and (ii) performance by Shipper under related Service Agreements, may provide an acceptable form of collateral to Pipeline. Guarantor must have, at a minimum, an investment grade debt rating of "BBB minus" by S&P Global Ratings or "Baa3" by Moody's. The guaranty must state the identities of the "Guarantor", "Beneficiary (Pipeline)", and "Obligor", and the relationship between Guarantor and Shipper. The guaranty must be duly authorized by Guarantor, must be signed by an officer or otherwise approved signer of Guarantor, and must be accompanied by satisfactory documentation that the person signing the guaranty is duly authorized. A Shipper supplying a guaranty must ensure that Guarantor: (i) submits to Pipeline at least annually a current rating agency report promptly on its issuance, SEC Form 8-Ks promptly on their issuance, and financial reports if and as requested by Pipeline within ten (10) days of such request, and (ii) informs Pipeline in writing within ten (10) Business Days of any material change in its financial status. Guarantor's failure to provide this information may result in a determination by Pipeline that Shipper is in default under one (1) or more of the related Service Agreements. If there is a material adverse change in the financial condition of Guarantor, Pipeline may require Shipper to provide another form of acceptable collateral.
- (iii) **Surety Bond.** A surety bond provides an acceptable form of collateral to Pipeline for the full value of the collateral requirement when issued by a surety company that holds certificates of authority as acceptable surety, has an A.M. Best credit rating of "A" or better, or is otherwise acceptable to Pipeline. The surety bond must renew automatically unless the issuing surety provides notice to Pipeline at least 30 days prior to the surety bond's expiration of the surety's decision not to renew the surety bond, or such term to which Pipeline reasonably may agree. If the bond amount falls below the collateral requirement because of a claim for payment, such surety bond must be replenished within ten (10) Business Days; otherwise, Pipeline may declare Shipper to be in default under one (1) or more of the related Service Agreements. If actual obligations to Pipeline exceed those anticipated, Shipper must obtain a revised surety bond that equals the actual Pipeline obligations. The form, substance, and provider of the surety bond must be acceptable to Pipeline. The bond shall specify that funds will be disbursed, in accordance with the bond provision, within ten (10) Business Days after notice is given to the surety by Pipeline. All costs associated with obtaining a surety bond and meeting the guideline provisions are Shipper's responsibility.
- (iv) **Cash Deposit.** A cash deposit from Shipper in an amount required by

Pipeline is acceptable collateral. If it is necessary to use all or a portion of the cash deposit to pay Shipper's obligation, the original cash deposit must be replenished to the required level within ten (10) Business Days of notification; otherwise, Pipeline may declare Shipper to be in default under the related Service Agreements. In the event actual Shipper obligations exceed the collateral requirement, Shipper must increase its cash deposit to the required level within ten (10) Business Days of notification. Cash deposits shall be held in an interest bearing account, and interest credited to Shipper shall be calculated based upon the actual rate earned on the security funds held on deposit. Pipeline may liquidate all account balances at its discretion to meet Shipper's obligations to Pipeline when a default has occurred and the cure period has expired.

- (2) Notwithstanding the provisions in (1) above, for service that required or will require construction of facilities, Pipeline and Shipper may agree to different provisions relating to the form of collateral that are reasonable in light of the risks of the project.

- 3.5 Suspension and Termination of Service. Pipeline suspension or termination of Shipper's service shall be governed by GT&Cs Section 21.8.

4. CAPACITY ENTITLEMENTS AND RIGHT OF FIRST REFUSAL

- 4.1 Available Unsubscribed Capacity. Pipeline will post on its Internet Website currently available unsubscribed capacity and capacity that will become available within the next thirty-six (36) months. Shipper may submit a Service Request under GT&Cs Section 2.1 to subscribe to such capacity.
- (a) Requests for service to commence within one (1) year will be evaluated on a first-come, first-served basis.
 - (b) Pipeline may enter into a Service Agreement with a Prearranged Shipper for service to commence one (1) year or more in the future.
 - (1) Prearranged Shipper's Service Agreement will specify that the capacity commitment is subject to the outcome of the bidding process set forth in Section 4.5 and, if necessary, Prearranged Shipper's election to exercise its matching rights thereunder.
 - (2) After the Service Agreement is executed by Pipeline and Prearranged Shipper, Pipeline will post the capacity for bidding under Section 4.5 to give other parties an opportunity to bid on the capacity. This bidding process will take place even if the capacity has previously been subject to bidding.
 - (3) Once capacity for service to commence in the future is reserved, Pipeline will make such capacity available on an interim basis in accordance with this Section 4.1 up to the service commencement date of Prearranged Shipper's Service Agreement. A Service Agreement for such Interim Capacity shall not be eligible for automatic extension under Section 4.4 or for a Right of First Refusal.
- 4.2 Reserved Unsubscribed Capacity.
- (a) Pipeline may elect to reserve for future expansion projects for which an open season has been held or will be held any unsubscribed capacity or capacity under expiring or terminating Service Agreements where such agreements do not have a Right of First Refusal or the applicable Shipper does not exercise its Right of First Refusal to retain the capacity. Pipeline will post such reserved unsubscribed capacity on its Internet Website.
 - (b) Capacity may be reserved for up to one (1) year prior to Pipeline filing for certificate approval for construction of the proposed expansion, and thereafter until such expansion project is placed into service.
 - (c) Reserved capacity will be made available on an interim basis and will be posted for bidding under Section 4.5. If certificate approval is not granted, or if Pipeline determines that an expansion project will not be completed, such capacity will no longer be reserved and will be posted by Pipeline for bidding under Section 4.5, subject to prior interim commitments of such capacity. A Service Agreement for such Interim Capacity shall not be eligible for automatic extension under Section 4.4 or for a Right of First Refusal.
- 4.3 Extension of Short Term and Interim Service Agreements. Short Term Service Agreements and Service Agreements for Interim Capacity are not subject to automatic extension. Expiring Short Term Service Agreements will be posted for bidding under Section 4.5. Expiring Service Agreements for Interim Capacity will be posted for bidding for any remaining period of the Interim Capacity.

4.4 Extension of Long Term Service Agreements.

- (a) Notice of Expiration. Pipeline will post on its Internet Website notice of expiration of a Long Term Service Agreement at least nine (9) months, but not more than one (1) year, prior to expiration of the Service Agreement. The Internet Website posting will constitute effective notice of the expiration of a Long Term Service Agreement; however, Pipeline will provide additional notification of such expiration to Shipper by e-mail.
- (b) Rollover.
 - (1) For Long Term Service Agreements subject to a Right of First Refusal under Section 4.6, the Service Agreement automatically will extend on the expiration of the primary term or any extension thereof for a term of five (5) more years at the Recourse Rate unless, within 60 days of the expiration notice, Shipper gives written notice to Pipeline to either terminate the Service Agreement or request a lesser extension term at the Recourse Rate. If Shipper gives notice to extend its Service Agreement, or any portion of its MDTQ, for less than the five (5) year automatic extension period, Pipeline may within 30 days of such notice either: (i) accept Shipper's requested extension period; or (ii) make the capacity available under the bidding procedure set forth in Sections 4.5 and 4.6.
 - (2) For all other Long Term Service Agreements, the Service Agreement automatically will extend on the expiration of the primary term or any extension thereof for a term of one (1) more year unless, within 60 days of the expiration notice, Shipper or Pipeline gives written notice to the other party to terminate the Service Agreement. Upon such termination by either party, Pipeline will make the capacity available under the bidding procedure set forth in Section 4.5
- (c) Notwithstanding the foregoing, before the expiration of a Long Term Service Agreement and before Pipeline posts the availability of capacity under the bidding procedure set forth in Section 4.5, if applicable, Pipeline and Shipper mutually may agree to an extension of the term of the Service Agreement without posting the capacity for bidding (the exact length and rate of which is to be negotiated on a case-by-case basis in a not unduly discriminatory manner).

4.5 Bidding Procedure for Available Capacity.

- (a) Posting.
 - (1) All postings for available capacity shall contain:
 - (i) type of service that is available;
 - (ii) dates and duration that service will be available;
 - (iii) Receipt and Delivery Points and available capacity at each such point;
 - (iv) any minimum terms and conditions, including minimum acceptable bids;
 - (v) first and last day of the bid period;
 - (vi) bid evaluation method and discount rate, if applicable;

- (vii) any special conditions; and
 - (viii) other information Pipeline determines relevant.
 - (2) Pipeline has the option to establish a reserve rate for any available capacity before such capacity is posted. Pipeline is not required to disclose the reserve rate at the time of posting, but shall maintain a record of the reserve rate for a period of three (3) years for validation purposes.
 - (3) If Pipeline determines that it is willing to accept Negotiated Rate offers for available capacity that are posted for bid under this Section 4.5, it will state in its posting the specific basis on which Negotiated Rate offers will be considered. If Pipeline's posting specifies that it will accept Negotiated Rate bids tied to an index or indices, Pipeline will post an assumed value for such index or indices. If a Shipper with a Negotiated Rate bid tied to an index or indices is awarded the capacity, such Shipper shall pay according to the actual value of the index or indices at the time service is rendered.
- (b) Bidding.
- (1) All bids shall be submitted to Pipeline electronically through the Internet Website.
 - (2) All Bidders shall comply with the creditworthiness provisions in GT&Cs Section 3. Bidders must submit a Service Request for pre-qualification in order to expedite the award process.
 - (3) The value of a Negotiated Rate bid shall not exceed the applicable Recourse Rate.
 - (4) Bids remain binding through the end of the bid period unless withdrawn by Bidder. Bidder may make an upward revision to or withdraw its bid during the bid period; provided, however, that a Prearranged Shipper may elect to match the best bid(s) after the close of the bid period. Bidder shall not use its ability to withdraw its bid in order to submit a lower bid.
- (c) Awarding.
- (1) Within two (2) Business Days following the bid closing date, Pipeline will determine the winning bid. Bids will be evaluated based on the method specified by Pipeline in its posting.
 - (2) Bids that, if awarded, would incur incremental costs to Pipeline shall be reduced by such incremental costs.
 - (3) Subject to Section 4.8 and any Right of First Refusal, capacity will be awarded to the Bidder(s), including a Prearranged Shipper, submitting the bid(s) with the highest value under the method specified in Pipeline's posting, provided that Pipeline will consider the aggregate value of more than one (1) bid if the combined quantity of capacity under those bids does not exceed the maximum capacity available for subscription.
 - (4) If a tie exists, Pipeline will allocate the available capacity *pro rata*, based on requested quantity, to each tying Bidder that has indicated in its bid a willingness to accept a proportionate share of such capacity. A bid to pay the maximum rate

as it may vary from time to time for a given term will be deemed superior to a bid to pay a specified dollar rate equal to the maximum rate.

- (5) Pipeline will reject bids that: (i) impact detrimentally the operational integrity of Pipeline's system; (ii) do not satisfy all the terms of the specified posting; (iii) contain terms and conditions other than those in this Tariff; (iv) do not comply with GT&Cs Section 3 creditworthiness requirements; (v) contain contingencies that cannot be removed within a time frame acceptable to Pipeline; or (vi) result in incremental costs.
 - (6) If a Prearranged Shipper does not submit a matching bid within fifteen (15) Business Days after notification from Pipeline of the best bid(s), Pipeline will award the capacity to the Bidder(s) with the best bid(s), beginning with the best bid first if multiple bids meet the minimum conditions stated in Pipeline's posting. If Prearranged Shipper matches the best bid(s) within such time, the capacity will be awarded to Prearranged Shipper.
 - (7) Prior to the commencement of service, Pipeline and each successful Bidder will execute a new Service Agreement or amendment to an existing Service Agreement that confirms the terms of the bid(s) for the available capacity.
- (d) Capacity that is not awarded will be made available under Section 4.1.

4.6 Right of First Refusal.

- (a) Upon expiration of any Long Term Service Agreement at the Recourse Rate or, if Shipper's Service Agreement specifies that a Right of First Refusal shall apply, Shipper will have a Right of First Refusal to retain such firm capacity by complying with the bidding procedures in this Section 4. Unless otherwise agreed to by Pipeline and Shipper, a Right of First Refusal does not attach to a Service Agreement with a Negotiated Rate under GT&Cs Section 29. A Right of First Refusal does not attach to a Service Agreement for Interim Capacity.
- (b) No later than 180 days prior to the expiration of a Long Term Service Agreement, Pipeline shall post Shipper's capacity for bidding. The capacity will remain posted on the Internet Website for a minimum of 20 days.
- (c) If no acceptable bids are submitted for any portion of the capacity, Shipper will be entitled to continue its existing service for any portion of the capacity, for any term desired, provided Pipeline and Shipper agree to mutually acceptable rates for the service at a level within the range of posted maximum and minimum Tariff rates for the applicable service, or at a mutually acceptable Negotiated Rate for the applicable service. If Pipeline and Shipper fail to agree on rates within 30 days of the bid close date, Shipper's Right of First Refusal will be deemed to have terminated. If Shipper wishes to retain only a portion of its capacity and Pipeline has indicated in the special conditions of its posting that it has determined that partial use or segmentation of the posted capacity may create operational problems (such as reducing Shipper's ability to respond to an OFO under GT&Cs Section 15), Shipper may be subject to a contract-specific flow requirement on its retained segment or must be willing to take other remedial action acceptable to Pipeline.
- (d) Within 15 days after the close of the bidding period, Pipeline will notify Shipper of the winning bid(s). Shipper then shall have five (5) days after receiving such notice to notify Pipeline whether it will match the winning bid(s). If Shipper elects to exercise its Right of First Refusal to match the winning bid(s), Shipper's Service Agreement shall be amended to reflect the terms of such bid(s).

- (e) If Shipper does not exercise its Right of First Refusal, Pipeline will execute a Service Agreement with each winning Bidder.
- 4.7 Subject to this Section 4, on the expiration or termination of any Service Agreement, whether for firm or interruptible service, Pipeline will have all necessary NGA or other legal authority to abandon or terminate such service without any requirement to make application to the Commission for such authority.
- 4.8 Regardless of anything stated in this Section 4, Pipeline shall not be required to provide service at any rate less than the applicable Recourse Rate.

5. OPEN SEASONS FOR PROPOSED EXPANSIONS

- 5.1 Pipeline may hold open seasons in connection with construction of facilities or to evaluate market interest in expanding Pipeline's system.
- 5.2 In conjunction with possible expansion of Pipeline's system, Pipeline will solicit offers for the permanent relinquishment of firm capacity that would reduce the need for construction of facilities required for such expansion. Procedures and criteria for evaluating such offers will be posted on the Internet Website as part of the solicitation.

6. QUALITY OF GAS

- 6.1 Natural or Artificial Gas. The gas received or delivered by Pipeline under this Tariff shall be a combustible gas consisting wholly of, or a mixture of:
- (a) Natural gas of the quality and composition produced in its natural state except that Pipeline may extract or permit the extraction of any of the constituents thereof, except methane, that are objectionable as detailed in Section 6.3;
 - (b) Gas generated by vaporization of liquefied natural gas; or
 - (c) Manufactured, reformed, or mixed gas consisting essentially of hydrocarbons of the quality and character produced by natural causes in petroleum, oil, and gas fields with physical properties such that when artificial pipeline gas is commingled with natural gas, the resulting mixture is indistinguishable from natural gas complying with this Tariff's specifications.
- 6.2 Total Heating Value.
- (a) No gas tendered to Pipeline shall have a Total Heating Value at the Receipt Point below 950 Btu per CF or above 1100 Btu per CF.
 - (b) The Total Heating Value shall be determined by gas chromatographic analysis, or by other method mutually agreed on by Shipper and Pipeline.
- 6.3 Merchantability. All gas shall be commercially free, under continuous gas flow conditions, from objectionable odors (except those required by applicable regulations), liquid or solid matter, dust, gums, gum forming constituents, liquefiable hydrocarbons, or any other objectionable matter that might interfere, in Pipeline's reasonable judgment, with the merchantability of the gas or cause injury to or interference with proper operations of the pipelines, compressor stations, meters, regulators, or other facilities or appliances through which it flows.
- 6.4 Composition.
- (a) Non-Hydrocarbon Gases. The gas shall not contain more than four percent (4%) by volume of a combined total of non-hydrocarbon gases.
 - (b) Hydrogen Sulfide. The gas shall not contain more than three-tenths (0.3) grain of hydrogen sulfide per 100 CF.
 - (c) Total Sulphur. The gas shall not contain more than 20 grains of total sulphur, excluding any mercaptan sulphur, per 100 CF. The sulphur content and hydrogen sulphide content of the gas shall be determined by approved standard methods generally used in the natural gas industry.
 - (d) Temperature. The gas received by Pipeline shall not have a temperature of more than 120° Fahrenheit.
 - (e) Water Vapor. Gas received into Pipeline's system shall not contain in excess of seven (7) pounds of water vapor per 1,000 Mcf.
 - (f) Microbiological Agents. Neither the gas nor any liquids with the gas shall contain any microbiological organism, active bacteria, or bacterial agent capable of contributing to or causing corrosion, operational, or other problems. Microbiological organisms, bacteria,

or bacterial agents include, but are not limited to, sulfate reducing bacteria and acid producing bacteria.

6.5 Non-conforming Gas.

- (a) If the gas tendered to Pipeline for Shipper's account under a Service Agreement shall fail at any time to conform to any of the specifications in this Section 6 or the tariff of any interconnecting NGA natural-gas company, or if in Pipeline's reasonable judgment the gas may cause harm to Pipeline's facilities or diminish the quality of gas in its system, Pipeline shall have the right, after giving notice to Shipper, to refuse to accept all or any portion of non-conforming gas. In the event Pipeline refuses to accept gas tendered by Shipper because such gas does not conform to the specifications herein, Shipper nevertheless shall not be relieved of its obligation to pay any Reservation Rate provided for in Shipper's Service Agreement. If the gas tendered by Pipeline for Shipper's account shall fail at any time to conform to specifications in this Section 6, Shipper shall notify Pipeline of such deficiency and may, at its option, refuse to accept delivery pending correction by Pipeline.
- (b) If Shipper injects, transports, or delivers non-conforming gas to Pipeline, Shipper will be responsible for, and shall indemnify, and hold Pipeline, its subsidiaries, and affiliates and their directors, officers, employees, and agents free and harmless from any and all suits, regulatory proceedings, actions, claims (including attorneys' fees and court costs), debts, accounts, damages (including punitive damages), costs, losses, expenses, and injuries (property, environmental damage, and personal injury, including death) to Pipeline or third persons as a result of the non-conforming gas. Except to the extent that claims, damages, and injuries result from Pipeline's gross negligence or willful misconduct, Shipper must reimburse Pipeline for any costs, liabilities, losses, and expenses incurred by Pipeline as a result of Shipper's non-compliance, including, but not limited to, costs associated with processing such non-conforming gas by any person as deemed necessary by Pipeline.

6.6 Notwithstanding the requirements in this Section 6, Pipeline may allow Shipper to tender for service or cause to be tendered, pursuant to a Service Agreement under Pipeline's rate schedules, gas that when injected into Pipeline's system does not meet the quality specifications in this Section 6; provided, however, that Pipeline's acceptance of such gas shall not impact adversely Pipeline's system facilities or operations.

6.7 Pipeline may commingle gas transported hereunder with gas from other sources, and treat and handle such gas as its own. Shipper and Pipeline recognize that gas delivered at the Delivery Point may not be the same molecules as those received at the Receipt Point. However, the quantities of gas delivered hereunder at the Delivery Point(s) shall be thermally equivalent to the quantities of gas received at the Receipt Point(s) for transportation, less FRQ.

6.8 Odorization.

- (a) Pipeline and Shipper may agree from time to time to allow Shipper to deliver odorized gas to Pipeline. Pipeline shall not be obligated to receive such odorized gas from Shipper when such receipt may, in Pipeline's sole discretion, be detrimental to Pipeline's system operations.

- (b) Pipeline does not, by delivery of any non-odorized gas, assume any obligations for damages, claims, or liabilities by reason of the fact that it has not odorized such gas prior to its delivery. Pipeline intends to continue operating odorization equipment owned by Pipeline as of the effective date of this Tariff. Pipeline does not, by any odorization that it does perform, assume any obligations for damages, claims, or liabilities by reason of the fact that it has odorized such gas prior to its delivery. Further, Pipeline does not warrant the delivery of odorized gas.

7. PRESSURE

- 7.1 Receipt Pressure Obligations. Pipeline and an interconnecting party may specify in an OBA a minimum receipt pressure obligation at the interconnecting Receipt Point(s), and Pipeline shall not be obligated to reduce pressures in its facilities at such Receipt Point(s) below any such minimum receipt pressure obligation. If a minimum receipt pressure obligation has been specified in an OBA, Shipper shall deliver gas or cause gas to be delivered to Pipeline for Shipper's account at Receipt Point(s) at a pressure equal to or greater than the minimum receipt pressure obligation. Pipeline shall not be obligated to receive gas at any time if to do so would cause pressure in any portion of Pipeline's system to exceed MAOP.
- 7.2 Delivery Pressure Obligations. Pipeline shall not be obligated to deliver gas at any time at a pressure in excess of MAOP for Pipeline's facilities, or MAOP for the downstream facilities at the interconnection point. If a minimum delivery pressure obligation at any Delivery Point is specified in a firm Service Agreement, Pipeline shall not be obligated to reduce pressures in its facilities at such Delivery Point below the minimum delivery pressure obligation.
- 7.3 In no event shall Pipeline be responsible for over-pressure protection on interconnecting Point Operator facilities. If Point Operator requests Pipeline to provide a change in delivery pressure, Point Operator shall be responsible for and shall indemnify and hold Pipeline, its subsidiaries, and affiliates and their directors, officers, employees, and agents, free and harmless from and against any and all suits, regulatory proceedings, actions, claims (including attorneys' fees and court costs), debts, accounts, damages (including punitive damages), costs, losses, injuries, or expenses arising from or out of delivery of gas to the Delivery Point in the delivery pressure range thus requested by Point Operator.

8. MEASUREMENT AND MEASUREMENT EQUIPMENT

- 8.1 Determination of Quantity. The quantity of gas received and delivered by Pipeline for Shipper's account hereunder shall be measured according to Boyle's and Charles' Laws for measurement of gas under varying pressures and temperatures, with deviations therefrom in accordance with Good Utility Practice, and shall be determined as follows:
- (a) The unit of measurement under any of Pipeline's rate schedules shall be one (1) Dt. The number of Dts delivered shall be determined by multiplying the number of Mcf of gas received or delivered, measured on the measurement basis hereinafter specified, by the Total Heating Value of such gas, in Dts per Mcf.
 - (b) The unit of quantity for the purpose of reporting measurement shall be one (1) Mcf of gas at a temperature of 60° Fahrenheit and a pressure base of 14.73 pounds per square inch absolute.
 - (c) The unit of weight for the purpose of measurement shall be one (1) pound mass of gas.
 - (d) The temperature of the gas passing through the meters may be determined by the use of electronic transducers, recording thermometers, or other temperature measuring devices. The instantaneous measurement from the electronic measurement equipment or the arithmetic average of the temperature recorded each Gas Day shall be used in computing gas quantities. Where no temperature measuring device is installed, the temperature of the gas shall be assumed to be 60° Fahrenheit.
 - (e) The specific gravity of the gas flowing through the meters shall be determined by gas chromatographic analysis, recording gravimeter, or continuous or spot sampling methods, unless otherwise mutually agreed in writing by Point Operator and Pipeline. The arithmetic average of the specific gravity recorded each Gas Day, or other periodic measurements within a shorter time frame as Pipeline may select, shall be used for computations.
 - (f) All measurement equipment and related computations used shall be in accordance with recommendations published by AGA or other industry standards as approved by Pipeline.
 - (g) Unless otherwise agreed by Point Operator and Pipeline, the Total Heating Value shall be measured by methods in accordance with acceptable industry practice, such as, but not limited to, recording calorimeters or gas chromatographs located in Pipeline's sole judgment at appropriate points. Pipeline shall not be obligated to install such Total Heating Value measuring equipment at any given point. The arithmetic average of the heating value recorded each Gas Day, or other periodic measurements within a shorter time frame as Pipeline shall select, shall be used for computations.
- 8.2 Measurement Operations and Equipment. Pipeline will be responsible for and perform Measurement Operations at its facilities. However, Pipeline, in its discretion, may allow Delivery Point Operators or third parties the right to perform Measurement Operations, provided that such Point Operator or third party: (i) furnishes to Pipeline all data required for flow computation, (ii) meets applicable regulatory requirements, and (iii) meets Pipeline's measurement, communications, and operating standards; and provided, further, that such Point Operator or third party performing such Measurement Operations shall be responsible for any and all associated costs of such Measurement Operations unless otherwise agreed by Point Operator or third party and Pipeline. Measurement equipment shall consist of the necessary metering devices, designed and installed in accordance with published recommendations of the AGA approved by Pipeline.

Measurement related equipment shall be installed, operated, and maintained at or on each interconnection of Pipeline's system with facilities of third parties.

8.3 Access to Equipment and Records. Pipeline will give Point Operator prior notice to permit Point Operator to witness, at its expense, any testing done in connection with the equipment used in measuring receipts and deliveries at Point Operator's point. The records from such measurement equipment shall remain the property of their owner, but on request each party shall submit to the other true and correct copies of its records and charts, together with calculations therefrom, for inspection and verification. On written request and agreement, Pipeline may allow a Point Operator to install measurement transducers on Pipeline's facilities, as well as to provide a pulse output if necessary for Point Operator check measurement, at Point Operator's expense in accordance with Pipeline's direction. All Point Operator equipment shall be isolated electrically from Pipeline's facilities and shall be terminated outside Pipeline's facilities. If Pipeline determines that any installed Point Operator equipment is interfering with Pipeline's operations, Pipeline may remove such equipment from Pipeline's facilities.

8.4 Test of Meters.

(a) The accuracy of custody transfer measurement equipment shall be verified at reasonable intervals and, if requested, in the presence of representatives of the Point Operator; provided that Pipeline shall not be required to verify the accuracy of such equipment more frequently than once in any 30-day period.

(b) Shipper may obtain special verification of the accuracy of any measuring equipment by providing Pipeline at least 72 hours advance notice. Shipper and Pipeline shall cooperate to secure a prompt verification of the accuracy of such equipment. If such measuring equipment is found to be inaccurate by two percent (2%) or less, Pipeline shall have the right to bill Shipper for the reasonable costs directly incurred due to such special verification, including any labor and mileage costs, and Shipper shall pay such costs promptly following receipt of an invoice.

8.5 Measurement Equipment Inaccuracy and Failure. If measurement equipment of Pipeline or of a Delivery Point Operator or third party performing Measurement Operations is found to be inoperative or inaccurate, such equipment shall be adjusted to register correctly, and the amount of error shall be determined by the most accurate method feasible. If the inaccuracy shall have resulted in an error of more than two percent (2%) in the measurement of gas, the calculated deliveries of gas shall be adjusted to compensate for such error. Such adjustment shall be made for such period of inaccuracy as may be definitely known. If the period of inaccuracy shall not be definitely known, such adjustment shall be made for the last half of the period between the time the metering equipment was adjusted to register correctly and the date of the last previous meter test. If for any reason the measuring equipment is out of service or out of repair so that the amount of gas delivered cannot be ascertained or computed from the readings thereof, the amount of gas delivered during such period shall be estimated and agreed on by the use of the first of the following methods that is feasible:

(a) By using the registration of any check measuring equipment, if installed and accurately registering;

(b) By correcting the error if the percentage of error is ascertainable by calibration, test, or mathematical calculation; or

(c) By estimating the quantity of gas delivered by reference to actual deliveries during preceding periods under similar conditions when the equipment in question was registering accurately.

- 8.6 Preservation of Records. Each party shall preserve all test data, charts, and other similar records for a period of at least two (2) years, or such longer period as may be required by any duly constituted authority having jurisdiction.
- 8.7 Pipeline shall have full and unfettered rights of ingress and egress to any measurement equipment located on property of Shipper or Point Operator for purposes of this Section 8.

9. POSSESSION OF GAS

- 9.1 Control. Pipeline shall be deemed to be in control and possession on its receipt of such gas until the gas is delivered by Pipeline for Shipper's account. Shipper shall be deemed to be in control and possession of such gas prior to such receipt by Pipeline, and after such delivery by Pipeline for Shipper's account.
- 9.2 Responsibility. Pipeline shall have no responsibility with respect to any gas deliverable hereunder until it is received into the facilities of Pipeline, or on account of anything that may be done, happen, or arise with respect to such gas before such receipt; and Pipeline shall have no responsibility with respect to such gas after delivery to Shipper or for Shipper's account or on account of anything that may be done, happen, or arise with respect to such gas after such delivery.

10. WARRANTY OF TITLE TO GAS

Shipper warrants that Shipper, at the time of receipt of the gas by Pipeline, shall have good and merchantable title to all of the gas free and clear of all liens, encumbrances, and claims whatsoever and good right to tender gas for transportation, including all necessary authorizations related thereto. Title to the gas received by Pipeline for Shipper's account hereunder shall remain with Shipper during its transportation by Pipeline. Shipper shall indemnify, save, and hold Pipeline, its subsidiaries, and affiliates and their directors, officers, employees, and agents free and harmless from any and all suits, regulatory proceedings, actions, claims (including attorneys' fees and court costs), debts, accounts, damages (including punitive damages), costs, losses, injuries, or expenses arising from or out of adverse claims of any and all persons to the gas prior to its receipt by Pipeline for Shipper's account and after its delivery by Pipeline for Shipper's account. Absent contributory negligence by Shipper or Shipper's Agent, Pipeline shall indemnify, save, and hold Shipper harmless from all suits, regulatory proceedings, actions, claims (including attorneys' fees and court costs), debts, accounts, damages (including punitive damages), costs, losses, injuries, or expenses arising from or out of adverse claims of any and all persons to the gas during and related to its transportation by Pipeline for Shipper's account as a result of Pipeline's gross negligence or willful misconduct.

11. NOMINATIONS

11.1 Nomination Cycles.¹ Pipeline supports the following NAESB standard nomination cycles [Note: all times are specified as CCT, not Eastern Clock Time, pursuant to NAESB WGQ Standard No. 0.3.17]:

(a) 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 Transportation Service Provider (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.

(b) 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.

(c) 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.

(d) 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;

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- 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.

(e) 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.

- (f) For purposes of NAESB WGQ standard 1.3.2 ii, iii, iv, and (v), the word “provides” shall mean, for transmittals pursuant to standards 1.4.x, receipt at the designated site, and for purposes of other forms of transmittal, it shall mean send or post.

11.2 Intraday Nomination Conditions.

- (a) Once all or a portion of the nomination of a Shipper that is paying for firm transportation between its Primary Receipt and Delivery Points is accepted and scheduled for any Gas Day, daily scheduled service will not be interrupted unless curtailment is necessary under GT&Cs Section 16.
- (b) If Pipeline bumps an interruptible Shipper’s nomination at a Receipt Point or Delivery Point as a result of Pipeline’s acceptance of an intraday nomination increase or an increased use of firm service by a Shipper, Pipeline will not also bump interruptible Shipper’s corresponding delivery or receipt nominations for the remainder of that Gas Day even though an imbalance may be created; provided, however, that any imbalance penalty shall be waived for the interruptible Shipper whose scheduled quantities are bumped by such a higher priority intraday nomination, but shall be waived only for the Gas Day that such bumping occurs.
- (c) Pipeline will not accept an intraday nomination below the level of gas that already has been received in Pipeline’s system for Shipper’s account on a Gas Day.
- (d) Intraday nominations can be used to request increases or decreases in total flow, changes to Receipt Points, or changes to Delivery Points, of scheduled gas.²
- (e) Scheduled quantities will not be bumped as a result of Pipeline’s acceptance of an intraday nomination increase or an increased use of a higher priority service by a Shipper during or after the Intraday 3 Nomination Cycle.

11.3 Nomination Information. A nomination may be specified by Shipper to be effective for one (1) or

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more Gas Days or Months provided the nomination beginning and ending dates are within the term of Shipper's applicable Service Agreement. With respect to Shipper's desired service levels, a nomination shall include the following:

- (a) Shipper's contract number and common code;
- (b) desired Receipt Point(s) and Delivery Point(s), corresponding daily quantities, and schedule ranks;
- (c) downstream or upstream contract; and
- (d) begin and end dates on which such transportation service is desired, provided the nomination begin and end dates are within the term of Shipper's applicable Service Agreement.

11.4 Nomination Procedures.

- (a) All nominations for transportation service must be made electronically through the Internet Website or by electronic data interchange. However, in the event of a failure of electronic nomination communication equipment, Internet Website, or third party service provider, or other similar emergency event constituting an event of *force majeure* under GT&Cs Section 23, Shipper may submit and Pipeline will accept nominations submitted by e-mail, facsimile, or other mutually agreed upon method.
- (b) All nominations should be considered original nominations and should be replaced to be changed. When a nomination for a date range is received, each day within that range is considered an original nomination. When a subsequent nomination is received for one or more days within that range, the previous nomination is superseded by the subsequent nomination only to the extent of the days specified. The days of the previous nomination outside the range of the subsequent nomination are unaffected. Nominations have a prospective effect only.³

11.5 Pipeline may allow reductions to nominations below the Elapsed-Prorated-Scheduled Quantity with the prompt consent of the affected Shipper(s) and Point Operator(s).

11.6 Except for no-notice flexibility under GT&Cs Section 13.5, Pipeline shall have the right to refuse to receive or deliver any gas not timely and properly nominated. Pipeline shall not be liable to Shipper or any other person as a direct or indirect consequence of such refusal. Shipper shall indemnify, save, and hold Pipeline, its subsidiaries, and affiliates and their directors, officers, employees, and agents free and harmless from any and all suits, regulatory proceedings, actions, claims (including attorneys' fees and court costs), debts, accounts, damages (including punitive damages), costs, losses, injuries, or expenses arising from and out of such refusal, unless such refusal was due to Pipeline's gross negligence or willful misconduct.

11.7 Shipper may nominate transactions during the Month to correct imbalances. Third parties may offer imbalance management services to Shippers on Pipeline's system. Pipeline's ability to receive or deliver imbalance quantities shall depend on Pipeline's physical operations, and Pipeline is under no obligation to allow receipt or delivery of such quantities for resolution of imbalances if it determines, in its sole opinion, such activity is not operationally feasible.

11.8 Shipper shall nominate receipt quantities that are inclusive of the FRQ for each Receipt Point. Pipeline is not obligated to accept a nomination for which the total nominated Receipt Point quantities, less the FRQ, are not within five (5) Dts of the total nominated Delivery Point

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- quantities.
- 11.9 Shipper may request segmentation of its firm transportation capacity by so indicating on its nomination submitted under this Section 11.
 - 11.10 Shipper may submit a nomination after the Intraday 3 Nomination Cycle to adjust a previously scheduled quantity. Such nomination must be submitted within three (3) Business Days after the end of the Gas Day for which the nomination is to apply. Pipeline will schedule any such nominations pursuant to GT&Cs Section 12.6.

12. SCHEDULING

- 12.1 Quantities nominated for transportation by Shipper shall be scheduled in the following order of priority, from highest to lowest priority:
- (a) Shippers under a firm Service Agreement using a Receipt or Delivery Point as a Primary Receipt or Delivery Point, provided that, if there is insufficient capacity available to schedule all firm service using a Primary Receipt or Delivery Point, nominations affected by the constraint will be scheduled *pro rata* based on the MDRQ at the affected Receipt Point(s) or the MDDQ at the affected Delivery Point(s), as applicable;
 - (b) Shippers under a firm Service Agreement using a Receipt or Delivery Point as a Secondary Receipt or Delivery Point, regardless of the status of any other points in the transaction, provided that, if there is insufficient capacity available to schedule all firm service using a Secondary Receipt or Delivery Point, nominations affected by the constraint will be scheduled *pro rata* based on Point Operator confirmed quantities at the affected Receipt or Delivery Point(s); and
 - (c) Interruptible Transportation services are ranked starting with the highest Usage Rate paid, provided that, if there is insufficient capacity available to schedule all interruptible service at the same Usage Rate, nominations affected by the constraint will be scheduled *pro rata* based on Point Operator confirmed quantities at the affected Receipt or Delivery Point(s). If the Usage Rate paid is a Negotiated Rate that is higher than the Recourse Rate, such interruptible service shall be treated the same as if it were at the Recourse Rate.
 - (d) PAL services are ranked starting with the highest First Day Rate paid, provided that, if there is insufficient capacity available to schedule all PAL service at the same First Day Rate, nominations affected by the constraint will be scheduled *pro rata* based on the Point Operator confirmed quantities at the affected PAL Point.
- 12.2 Pipeline's ability to schedule imbalance quantities shall depend on Pipeline's physical operations, and Pipeline is under no obligation to schedule imbalance quantities if it determines, in its sole opinion, such activity is not operationally feasible. Quantities nominated under GT&Cs Section 11.7 to resolve an imbalance shall be scheduled in the following order of priority, from highest to lowest priority:
- (a) Among Pipeline's firm services, Shippers scheduling excess receipts or deliveries to resolve a prior imbalance up to but not in excess of the MDTQ of such Shipper, provided that, if Pipeline is unable to schedule all firm service to resolve imbalances, nominations will be scheduled *pro rata* based on quantities nominated to resolve such imbalances; and
 - (b) Among Pipeline's interruptible services, Shippers scheduling excess receipts or deliveries to resolve a prior imbalance ranked starting with the highest Usage Rate paid, provided that, if Pipeline is unable to schedule all interruptible service to resolve imbalances at the same Usage Rate, nominations will be scheduled *pro rata* based on quantities nominated to resolve such imbalances. If the Usage Rate paid is a Negotiated Rate that is higher than the Recourse Rate, such interruptible service shall be treated the same as if it were at the Recourse Rate.
- 12.3 Should Shipper be unable to accept the quantities of gas tendered at the Delivery Point(s) on any Gas Day, Pipeline may refuse to receive gas at the Receipt Point(s) on such Gas Day. Should Shipper be unable to tender quantities of gas at the Receipt Point(s) on any Gas Day, Pipeline may refuse to deliver gas at the Delivery Point(s) on such Gas Day.

- 12.4 In the event Shipper's total confirmed receipts and total confirmed deliveries, adjusted for FRQ, do not equal each other during a scheduling cycle under any transportation Service Agreement or Pooling Agreement, Pipeline will, to the extent practicable, reduce such receipts or deliveries to make them equal, inclusive of FRQ, using Shipper's scheduling ranks, or on such other reasonable basis as Pipeline may employ.
- 12.5 Service is deemed scheduled after Shipper submits a nomination under GT&Cs Section 11, and Pipeline confirms both the nominated receipt of gas into the system and the nominated delivery of gas to Point Operator for Shipper's account. Until Pipeline has informed Shipper that its nomination, whether monthly, daily, or intraday, is confirmed, such gas quantities will not be deemed scheduled.
- 12.6 Pipeline will use reasonable efforts to schedule nominations received after the Intraday 3 Nomination Cycle pursuant to GT&Cs Section 11.10 provided that: (i) the nomination is confirmed by affected parties; and (ii) Pipeline determines that the nomination is operationally feasible.

13. DETERMINATION OF RECEIPTS AND DELIVERIES

- 13.1 Determination of Receipts. Shipper's allocated receipts shall be the scheduled quantities at the Receipt Point. Any imbalances resulting from a variation between the aggregate of Shipper's allocated receipts and measured flow at an interconnection, which are not resolved pursuant to Section 13.5, shall be managed under an OBA between such interconnecting party and Pipeline. Shipper shall be responsible for any imbalances that it creates on any upstream pipeline.
- 13.2 Determination of Deliveries. Shipper's allocated deliveries shall be determined by either a PDA methodology or OBA at the Delivery Point.
- (a) If no OBA exists for a Delivery Point, the Delivery Point Operator shall, within 48 hours after the Gas Day when such PDA will be effective, provide Pipeline (or Shipper shall cause the interconnecting Delivery Point Operator to provide Pipeline, if applicable) with a PDA at the Delivery Point(s) where Pipeline tenders gas to such Delivery Point Operator. The Delivery Point Operator shall select one of the following forms of PDA:
- (1) Swing PDA;
 - (2) Percentage PDA;
 - (3) *Pro Rata* PDA;
 - (4) Ranked PDA; or
 - (5) OPV PDA.
- (b) If a Swing PDA is selected, the Shipper whose contract is designated as the swing must confirm the swing election prior to the PDA being accepted by Pipeline. If the swing contract is terminated or is in default, Point Operator must designate another contract as the swing or elect another PDA methodology. If no such designation or election is made, Pipeline shall use the *Pro Rata* PDA methodology.
- (c) If an OPV PDA is selected, Point Operator must provide allocation values to Pipeline using either its Internet Website or through electronic data interchange within 24 hours after Pipeline posts measured quantities for the Delivery Point. The aggregate values provided must equal the measured quantity posted on the Internet Website. If no allocation values are provided within such period, Pipeline will allocate services using the *Pro Rata* PDA methodology. If the measured quantity is subsequently adjusted, Pipeline will adjust the allocation values *pro rata* based on the allocation values originally submitted by Point Operator so that the aggregate allocation values equal the adjusted measured quantity.
- (d) Delivery Point Operator may make different selections in a Gas Day for high burn (measured quantities are in excess of scheduled) situations and low burn (measured quantities are less than scheduled) situations.
- (e) If no PDA selection is made, or if an insufficient PDA selection for high or low burn is made, Pipeline will allocate quantities to all scheduled services at the Delivery Point *pro rata* based on scheduled quantity until the total allocated quantity is equal to the total measured quantity. If necessary, Pipeline will reduce all remaining deliveries at the Delivery Point(s) where Pipeline tenders gas to the Delivery Point Operator *pro rata* based on scheduled quantity until the Gas Day total allocated quantity is equal to the Gas Day total measured quantity. If there are no scheduled services at the Delivery Point, Pipeline will allocate all quantities to the Delivery Point Operator.

- (f) Retroactive adjustments to scheduled quantities and PDAs shall be permitted by Pipeline only if all parties affected, including Pipeline and Point Operator, consent in writing to the adjustment.
- (g) If a Percentage PDA is selected, the total of the percentages provided for a high burn or low burn must equal 100%.

13.3 Operational Balancing Agreements

- (a) Pipeline may enter into OBAs for the purpose of minimizing operational variances with respect to the receipt of gas by and the delivery of gas from Pipeline's facilities. To facilitate such determination of variances on a timely basis, Pipeline and OBA Party shall agree in the OBA on necessary measurement and accounting procedures.
- (b) Pipeline shall have no obligation to negotiate and execute OBAs with any OBA Party that:
 - (1) is not creditworthy as determined under GT&Cs Section 3, wherein references to Shipper shall refer to OBA Party;
 - (2) does not maintain dispatching operations that are staffed on a continuous, around-the-clock basis every day of the year;
 - (3) would subject Pipeline to additional governmental regulation;
 - (4) does not commit to timely determination of variances based on reasonable available measurement technology; or
 - (5) has not demonstrated operational consistency in using its natural gas facilities commensurate with an OBA relationship over a minimum period of three (3) years.
- (c) Nothing in this Section 13.3 nor in any OBA shall limit Pipeline's rights to take action as may be required to adjust receipts and deliveries under any Service Agreement to reflect actual experience or to alleviate conditions that threaten Pipeline's system integrity, including maintenance, or service of higher priority Shippers or services.
- (d) Pipeline shall recover any costs and penalties incurred by Pipeline under an OBA through the system balancing cost reconciliation mechanism under GT&Cs Section 19.6.
- (e) Deliveries at Pipeline Interconnections. An imbalance for an OBA Party shall be based on the difference between total actual quantities of gas received or delivered through the affected meter and the total aggregated scheduled quantities for that meter. Under the OBA, the total aggregated scheduled quantities for that meter shall be deemed to be the actual quantities of gas received or delivered for each Shipper. Imbalances will be resolved under the OBA between Pipeline and the OBA Party.

13.4 Determination of Receipts and Deliveries to Resolve Imbalances. Imbalance quantities that are being resolved in kind shall be deemed to be the last through the meter.

13.5 Upstream Pipeline Flexibility. Shipper may deviate from its scheduled firm transportation quantity on a Gas Day by satisfying the requirements herein; provided that nothing herein shall authorize Shipper to receive gas under its firm transportation services on Pipeline, including any no-notice flexibility, in excess of Shipper's MDTQ.

- (a) SNG. To the extent allowed under an OBA between Pipeline and SNG, a Shipper subscribing to no-notice transportation service under SNG's Rate Schedule FT-NN may elect through the Internet Website to have any allocated unscheduled quantities reported to SNG to resolve daily imbalances on Pipeline up to Shipper's no-notice entitlement on SNG. In order for Shipper to receive no-notice flexibility on a Gas Day, Shipper shall, prior to the completion of the last nomination cycle: (i) ensure that its no-notice entitlement is reported to Pipeline by SNG; and (ii) elect through the Internet Website to have Pipeline report to SNG allocated unscheduled quantities for that Gas Day. If conditions (i) and (ii) are not met, the allocated unscheduled quantities will result in an imbalance under GT&Cs Section 19 for the Gas Day the imbalance was incurred. Pipeline will not report to SNG changes to the original allocation later than 5:00 P.M. CCT on the second calendar day following the end of the Gas Day.
 - (b) Transco. A Shipper receiving gas through the interconnect between Pipeline and Transco may elect through the Internet Website, prior to the completion of the last nomination cycle, to have a daily imbalance on Pipeline associated with allocated unscheduled quantities resolved through an imbalance resolution transaction within two (2) Gas Days after the end of the Gas Day in which the imbalance occurred. Failure to resolve such allocated unscheduled quantities through an imbalance resolution transaction within such period will result in Shipper losing its no-notice flexibility on Pipeline until the imbalance is resolved. If such failure, in Pipeline's reasonable judgment, interferes with operations between Pipeline and Transco, Pipeline may issue an OFO requiring Shipper immediately to resolve the imbalance on Pipeline through an imbalance resolution transaction. If the above conditions are not met, the allocated unscheduled quantities will result in an imbalance under GT&Cs Section 19 for the Gas Day the imbalance was incurred.
- 13.6 Maximization. Except as provided in Section 15.3(f), for purposes of billing, unless otherwise notified by Shipper, Pipeline will reallocate Shipper's total quantities transported each Gas Day in a zone from Shipper's Recourse Rate interruptible services to un-utilized portions of Shipper's firm services.

14. RATES OF FLOW

- 14.1 Uniform Flow Rates. Point Operator shall take gas at rates as constant as operationally feasible throughout the day and, except as provided in Section 14.2, Pipeline shall not be obligated to deliver gas in excess of uniform hourly rates.
- 14.2 Authorized Fluctuations in Flow Rates. Shipper may take gas at its Primary Delivery Point(s) at an hourly rate necessary to serve its firm markets or firm requirements; provided, however, that Shipper is not entitled to take, and Pipeline is not obligated to deliver, gas at an hourly rate at any Delivery Point in excess of six (6) percent of the MDDQ per hour for such Delivery Point if such delivery would threaten the integrity of Pipeline's system, including the ability to deliver to any other Shipper its MDDQ.
- 14.3 Installation of Flow Control Equipment. Pipeline may elect to construct, install, and operate flow control equipment at any location on its system whenever it determines in its reasonable judgment that such equipment will contribute to the safe, reliable, efficient, and orderly operation of its system in a manner that is consistent with its obligations to provide service under all of its rate schedules. If necessary, Pipeline may install such flow control equipment at Point Operator's expense to assure compliance with this Section 14.

15. SYSTEM MANAGEMENT AND OPERATIONAL FLOW ORDERS

15.1 Operational Control of Facilities.

- (a) Pipeline operates a reticulated system and will at all times maintain operational control of all its facilities. Shippers agree and acknowledge that Pipeline's ability to deliver anticipated quantities and maximize efficiency and capacity utilization is dependent upon maintaining projected flow patterns (e.g., receipts, deliveries, and balances) within optimal ranges. Pipeline will endeavor at all times to maintain adequate pressure through all segments of its system, operate efficiently for the benefit of all Shippers, preserve the operational integrity of all segments of its system, prevent the use of the system by a Shipper in a manner inconsistent with the Tariff which could infringe on or threaten the rights of other Shippers, and protect its ability to provide services to Shippers. Pipeline shall have the unqualified right to utilize any gas within its system, whether from line pack, receipts, or otherwise, to maintain system balances and operational control and to effect deliveries. The operational integrity of Pipeline's system shall encompass the integrity of the physical system and the preservation of physical assets and their performance, the overall operating performance of the entire physical system or any portion thereof, and the maintenance of adequate system pressure, total system deliverability, and quality of gas delivered.
- (b) For the purposes of system management, Pipeline may, but is not obligated to, buy or sell gas, install additional compression, or otherwise modify its system.

15.2 Point Operator Contacts. Operating personnel for Point Operators shall cooperate with Pipeline in furtherance of this Section 15. Each Point Operator shall designate one or more persons for Pipeline to contact on operating matters at any time. If Pipeline is unable to contact Point Operator's designated contact person, such Point Operator shall be solely responsible for any consequences arising from such failure of communication.

15.3 OFOs.

- (a) Standards for Issuing an OFO. Pipeline may issue a Standard OFO or an Emergency OFO to preserve the integrity of its system, to prevent or respond to a *force majeure* event, to ensure adequate operating pressures, to have adequate supplies in its system, to assure adequate FRQ, to maintain firm services, and to stabilize the operation of its system.
- (b) Scope of OFO. To the extent possible, Pipeline will identify any particular Shipper(s) whose action(s) may require Pipeline to issue an OFO or any particular Receipt Points, Delivery Points, or portions of Pipeline's system to which the OFO may be limited to resolve the operational problem. Pipeline will limit OFOs only to such Shipper(s), Receipt Points, Delivery Points or portions of Pipeline's system. Notwithstanding the foregoing, if Pipeline is unable to identify any specific Shipper(s) whose action(s) may require issuance of an OFO or particular Receipt Points, Delivery Points, or portions of Pipeline's system to which the OFO may be limited, an OFO nevertheless may be issued to resolve the operational problem, including a zone-wide or system-wide OFO.
- (c) Advance Notice of OFO. To the extent operationally feasible, Pipeline will post on its Internet Website advance notice of a potential OFO advising Shippers of the operational variables that may require the issuance of an OFO. To the extent operationally feasible, Pipeline will issue a Standard OFO prior to issuing an Emergency Response OFO.
- (d) Notice of OFOs. If Pipeline issues an OFO, Pipeline will post a notice of such OFO on its Internet Website: (i) identifying whether the OFO is a Standard OFO or an Emergency

Response OFO; (ii) describing the conditions and the specific responses required; (iii) identifying Shipper(s), Receipt Points or Delivery Points, or the portion of Pipeline's system to which the OFO is directed; and (iv) stating the anticipated duration of such OFO. The Internet Website posting will constitute effective notice of an OFO; however, Pipeline will provide additional notification of an OFO to the affected Shipper(s) by e-mail. To the extent feasible under the circumstances, Pipeline will post any notice of: (i) a Standard OFO at least 12 hours before the last nomination cycle prior to such OFO becoming effective; or (ii) an Emergency Response OFO at least two (2) hours before the last nomination cycle prior to such OFO becoming effective. The notice will be updated when new information is available. Pipeline will post a notice on the Internet Website when any OFO in effect will be cancelled. Additionally, Pipeline shall publish a final notice on its Internet Website, within three (3) Business Days from the date an OFO ends, providing details regarding the OFO.

(e) OFO Penalties.

(1) To the extent Pipeline issues an OFO and Shipper does not comply with such order, Pipeline will assess, and Shipper will be obligated to pay:

(i) for violation of a Standard OFO,

- a. The first 1,000 Dts will be assessed a penalty of \$15.00 per Dt and,
- b. all quantities in excess of 1,000 Dts will be assessed a penalty of \$15.00 per Dt plus the highest price shown among all of the pricing points listed for Transco and the pricing point listed for South Louisiana-Southern Natural in the "AVG" column of the cash market price table published in Natural Gas Intelligence Daily Gas Price Index for the Gas Day of, the Gas Day preceding, or the Gas Day following receipt or delivery; and,

(ii) for violation of an Emergency Response OFO, the higher of \$60.00 per Dt or \$15.00 per Dt plus three times the highest price shown among all of the pricing points listed for Transco and the pricing point listed for South Louisiana-Southern Natural in the "AVG" column of the cash market price table published in Natural Gas Intelligence Daily Gas Price Index for any day in the delivery month and the first seven days of the next calendar month.

(2) Penalties will be assessed on each Dt of gas received into or delivered out of Pipeline's system when such receipts or deliveries are not in compliance with an OFO. Multiple OFO penalties will not be assessed on the same penalty quantities.

(3) All OFO penalties collected by Pipeline shall be accounted for as part of Pipeline's penalty revenue sharing under GT&Cs Section 27.

(4) The payment of a penalty under this Section 15.3 shall under no circumstances be considered as giving Shipper any right to violate OFOs, nor shall such payment be considered as a substitute for any other remedy available to Pipeline or any other Shipper against the offending Shipper for failure to comply with an OFO.

(f) Suspension of Section 13.6 Maximization During An OFO. Section 13.6 maximization will not apply and Shipper will be billed the applicable maximum rate under Pipeline's Rate Schedule IT for each Dt of gas received into or delivered out of Pipeline's system when such receipts or deliveries are not in compliance with the OFO.

16. CURTAILMENT OF SCHEDULED QUANTITIES

- 16.1 To preserve system integrity and when reductions to the scheduled quantities cannot be made through a nomination cycle pursuant to GT&Cs Sections 11 and 12, Pipeline may curtail transportation services, including firm services, at a specific Receipt Point, Delivery Point, or portion of Pipeline's system. Nothing in this Section 16 shall preclude Pipeline from issuing an OFO under GT&Cs Section 15.3 addressing the same quantities subject to a curtailment.
- 16.2 In the event service is curtailed, Pipeline shall reduce each Shipper's scheduled service in the following order:
- (a) first, *pro rata* based on scheduled quantities to interruptible transportation service that is scheduled for the purpose of resolving a prior imbalance in receipts or deliveries;
 - (b) then, Shippers under Rate Schedule PAL ranked starting with the lowest average unit rate paid;
 - (c) then, interruptible transportation Shippers, ranked starting with the lowest rate. Pipeline shall allocate capacity among Shippers paying the same rate *pro rata* on the basis of scheduled quantities; provided, however, Shippers paying a Negotiated Rate that exceeds the maximum rate shall be considered for purposes of this Section 16.2(c) to be paying the maximum rate;
 - (d) then, *pro rata* based on MDTQ to firm transportation service scheduled for the purpose of resolving a prior imbalance in receipts or deliveries up to but not in excess of Shipper's MDTQ; and
 - (e) then, *pro rata* based on MDTQ to Shippers under a firm transportation Service Agreement.
- 16.3 Notice of Curtailment.
- (a) Notice by Pipeline. Pipeline will provide notice of curtailment of scheduled quantities to affected Shippers and Point Operators.
 - (b) Notice by Shipper. Shipper shall have the sole responsibility to inform its end-users, suppliers, other pipelines, and all others appropriately involved in, or reasonably requiring notice of, any curtailments or interruptions under this Section 16.
- 16.4 Shipper Emergency Situation. If a firm Shipper seeks relief from a proposed curtailment for a Shipper Emergency Situation, Pipeline may adjust the curtailment and any applicable OFO as necessary.
- (a) While Pipeline may make adjustments in curtailment promptly on notification by Shipper, Shipper must provide Pipeline, within 24 hours of Shipper's relief request, a sworn statement including:
 - (1) a detailed explanation of, and an estimated duration of, the emergency;
 - (2) affirmation that all sources of gas supply available to Shipper, including peak-shaving and storage, were and are being used to the maximum extent possible to resolve the emergency during the time period for which the emergency exception to the curtailment provisions of this Section 16 is in effect;

- (3) affirmation that all interruptible loads served by Shipper were and are being discontinued to resolve the emergency during the time period for which the emergency exception to the curtailment provisions of this Section 16 is in effect;
 - (4) affirmation that no alternate fuel could be used or is available to be used to prevent the necessity for an emergency exception to the curtailment provisions of this Section 16; and
 - (5) affirmation that Shipper has made and continues to make all feasible efforts to resolve the emergency, including requests for waiver, exemption, exception, and other relief from any regulation, directive, order, or other requirement of a governmental body.
- (b) Shipper shall provide Pipeline immediate notice of the cessation of the Shipper Emergency Situation. Notwithstanding any provision of this Section 16.4, however, Shipper shall not be entitled to relief under this Section 16.4: (i) to the extent that a Shipper Emergency Situation is due to Shipper's failure to have adequate transportation service arrangements in effect for the delivery of Shipper's gas at the Receipt Points or Delivery Points during the relevant period; or (ii) to the extent that the quantity of gas required to meet a Shipper Emergency Situation exceeds Shipper's firm contractual rights.
- (c) If Shipper fails to comply with all requirements of this Section 16.4, Pipeline shall reverse the adjustment to all affected Shippers' curtailed quantities and reinstate any applicable OFOs as necessary.
- 16.5 Shipper shall indemnify, save, and hold Pipeline, its subsidiaries, and affiliates and their directors, officers, employees, and agents free and harmless from any and all suits, regulatory proceedings, actions, claims (including attorneys' fees and court costs), debts, accounts, damages (including punitive damages), costs, losses, injuries, or expenses as a result of any curtailment of scheduled quantities except if due to Pipeline's gross negligence or willful misconduct.

17. CAPACITY RELEASE

This Section 17 sets forth a firm capacity release mechanism subject to Subpart A of Part 284 of the Commission's regulations by which firm Shippers voluntarily can release all or part of their capacity to Replacement Shippers.

17.1 Eligible Capacity Release Transactions.

- (a) A Shipper under any firm Service Agreement is permitted to release its firm capacity, except as specifically restricted by the applicable Service Agreement.
- (b) Replacement Shipper subsequently may release its acquired capacity as a secondary release, thereby also becoming a Releasing Shipper.
- (c) Subject to GT&Cs Section 18, a release of capacity can be for all or any portion of the Releasing Shipper's Primary Path capacity, including any portion or segment of the Releasing Shipper's Primary Path, and any Receipt or Delivery Point(s) within the Primary Path, subject to the priority of firm Shippers using such points as primary points. Shippers shall not release capacity on any segment in excess of its Line Path Quantity.

17.2 Terms Applicable to All Releases. All capacity release transactions are subject to the following terms.

- (a) The Replacement Shipper acquiring released capacity may use Secondary Receipt Points and Secondary Delivery Points only as allowed under the applicable Service Agreement. Unless the release is permanent, Pipeline and Replacement Shipper may not agree to change Primary Receipt Points or Primary Delivery Points without the written consent of Releasing Shipper.
- (b) For releases of transportation capacity, for a period of greater than one year, the rate charged the Replacement Shipper shall not exceed the applicable maximum rate. For releases of transportation capacity for a period of greater than one year which provide for a rate between the applicable minimum and maximum rates, refunds will be allocated first to the Replacement Shipper, to the extent required. To the extent that Pipeline owes refund amounts attributable to the release transaction in excess of the amounts refunded to Replacement Shipper, then Pipeline will make such refunds to the Releasing Shipper.

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 the Pipeline is notified of the release, and the rate paid by the Replacement Shipper will be deemed a final rate and will not be subject to refund.

- (c) The following releases need not comply with the bidding requirements of Section 284.8, paragraphs (c) through (e) of the Commission's Regulations:
 - (1) A release of capacity to an asset manager as defined in paragraph 284.8 (h)(3) of the Commission's regulations;
 - (2) A release of capacity to a marketer participating in a state-regulated retail access program as defined in paragraph 284.8 (h)(4) of the Commission's regulations;
 - (3) A release of capacity for more than one year at the maximum tariff rate; and

- (4) A release for any period of 31 days or less.
- (d) When a release of capacity is exempt from bidding under paragraph 284.8(h)(1)(iv) of the Commission's regulations, a firm shipper may not roll over, extend, or in any way continue the release to the same Replacement Shipper using the 31 days or less bidding exemption until twenty-eight (28) days after the first release period has ended. The 28-day hiatus does not apply to any re-release to the same Replacement Shipper that is posted for bidding or that qualifies for any of the other exemptions from bidding in paragraph 284.8(h) (1) of the Commission's regulations.

17.3 Offer of Capacity Release.

- (a) A Releasing Shipper that desires to release all or part of its capacity shall post the release on the Internet Website by the posting deadline as determined under Section 17.4. Such posting shall include terms and conditions of the proposed release as follows:
 - (1) the releasing agreement;
 - (2) whether on a permanent or temporary basis;
 - (3) specifics of any recall or reput rights;
 - (4) the quantities to be released at specific locations or segments;
 - (5) the period of the release;
 - (6) any Prearranged Replacement Shipper proposed to obtain released capacity, including if the release is to an asset manager or marketer participating in a state-regulated retail access program and, if applicable, the proposed rate for such release; and
 - (7) additional terms and conditions that are objective and non-discriminatory.
 - (i) Posting of any capacity release meant to implement an asset management agreement must specify the volumetric level of the Replacement Shipper's delivery or purchase obligation and the time periods during which that obligation is in effect.
- (b) Releases subject to bid also shall include the following:
 - (1) the expiration of the bid period, subject to the applicable timeline in this Section 17;
 - (2) the minimum Reservation Rate;
 - (3) whether bids should be submitted in dollars and cents or as a percentage of the Recourse Rate;
 - (4) the bid evaluation method; including the tie-break method the Pipeline will apply to award capacity among multiple bids that yield the same value. If other than a first come, first serve method is desired, the alternative bid evaluation method must be set forth with sufficient specificity that the Pipeline's evaluation of the bids to determine the "best bid" is a purely ministerial matter that does not

require any discretionary exercise of judgment by the Pipeline.

- (5) whether contingent bids will be accepted and, if so, the extent of the time period each contingent Bidder will be allowed to eliminate the contingency; provided that the time for eliminating a contingency shall not extend beyond the time deadline for posting the award;
 - (6) expiration of the matching period, subject to the applicable timeline in this Section 17; and
 - (7) for a permanent release, whether Releasing Shipper is willing to pay the Replacement Shipper consideration for the release, and, if so, the form of, and any limits on, the amount of acceptable consideration.
- (c) Releasing Shipper's bid evaluation method shall be stated objectively, applicable to all Replacement Shippers, and not unduly discriminatory. The method shall enable Pipeline to rank bids received by using the weight assigned by Releasing Shipper to each element of Releasing Shipper's offer.
 - (d) If an initial Releasing Shipper retained a right of recall on released capacity, any secondary release of such released capacity must be subject to that right of recall.
 - (e) Any Releasing Shipper will have the right to withdraw its offer any time prior to the close of the bid period associated with such Releasing Shipper's offer where unanticipated circumstances justify the withdrawal and no bids meeting the minimum conditions of Releasing Shipper's offer yet have been made. Releasing Shipper's offer will be legally binding on Releasing Shipper until Pipeline receives written or electronic notice of withdrawal.
 - (f) A secondary release of capacity may not operate to release greater capacity rights than were acquired by the Releasing Shipper.
 - (g) A releasing shipper that desires to release all or part of its capacity as an index-based release shall complete the online form posted on the Informational Postings section of Pipeline's Internet Website titled "Index-Based Capacity Release Request Form". Upon receipt and processing of such form, TSP will post a notice on its Internet Website with the details of the Index-Based offer and the deadline to submit bids, if applicable.

17.4 Timelines for Standard Capacity Releases.¹ The following capacity release timelines are applicable to standard capacity releases not subject to special terms or conditions. The duration of Shipper's proposed release determines the minimum bid period for Releasing Shipper's offer under this Section 17.4. [Note: all times are specified as Central Clock Time, not Eastern Clock Time]

- (a) For biddable releases (one 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.

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- 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.
- (b) For biddable releases (more than one 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.
- (c) 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.

17.5 Timelines for Non-Standard Releases. If the Releasing Shipper specifies a bid evaluation methodology other than highest rate, net revenue, or NPV, or specifies any other special terms or conditions, one (1) additional Business Day will be added to the evaluation period. Such

extended evaluation period may cause gas flow to be at least one (1) Gas Day later than gas could flow under the timelines in Section 17.4.

17.6 Bidding on Released Capacity.

- (a) Bids on a non-index-based offer of capacity release shall be made electronically through the Internet Website and shall include the following information:
 - (1) the rate and basis of the rate;
 - (2) the quantity and whether a lesser quantity if awarded would be acceptable;
 - (3) the start and end dates of the bid and whether a shorter term within the start and end dates is acceptable;
 - (4) whether the bid contains a contingency;
 - (5) additional terms and conditions that are objective and non-discriminatory.
- (b) Bids on an index-based offer of capacity release shall be made by sending an email to the Pipeline contact indicated on the "Index-Based Capacity Release Request Form".
- (c) Before it may submit a bid for released capacity or be eligible for a prearranged capacity release transaction, Bidder must have executed a Capacity Release Umbrella Service Agreement and must comply with the creditworthiness provisions in GT&Cs Section 3.
- (d) Pipeline will use an open bidding format and will post each bid meeting the minimum conditions stated in Releasing Shipper's offer, provided that Bidders' names shall not be posted.
- (e) Bids remain binding through the end of the bid period unless withdrawn by Bidder. Bidder may make an upward revision to or withdraw its bid during the bid period; provided, however, that Pipeline will allow any Prearranged Replacement Shipper to match the best bid after the close of the bid period. Bidder shall not use its ability to withdraw its bid in order to submit a lower bid.

17.7 Award of Released Capacity.

- (a) Pipeline will select the best bid from among bids received before the expiration of the bid period. The best bid shall be determined under the bid evaluation method specified by the Releasing Shipper. Pipeline will reject any bid that does not meet minimum specifications in Releasing Shipper's offer. If multiple bids meet minimum conditions stated in Releasing Shipper's offer, Pipeline will award the capacity, best bid first, until all offered capacity has been awarded.
- (b) If more than one (1) Bidder submits the best bid, the first Bidder in time, including a Prearranged Replacement Shipper, will have its bid selected and posted as the best bid, unless Releasing Shipper specifies another tie-breaking methodology in Releasing Shipper's offer; provided that if a contingent bid and a non-contingent bid tie for the best bid, Pipeline will select the non-contingent bid.
- (c) If a Prearranged Replacement Shipper does not submit a matching bid within the time allotted in Section 17.4, Pipeline will award the capacity under Sections 17.7(a) and (b).

- (d) If Releasing Shipper's offer for a permanent release provides that consideration for the release be paid to Replacement Shipper, then any such consideration included in Replacement Shipper's bid shall be subtracted from its bid solely for purposes of calculating the best bid.
- (e) All terms and conditions of completed capacity release transactions, including index-based releases, will be posted on the Internet Website, including the names of Releasing Shippers involved in such transactions.
- (f) Pipeline must permit a Replacement Shipper to submit a nomination at the earliest nomination opportunity after the acquisition of capacity. In the event Replacement Shipper has not executed a Service Agreement prior to making its nomination, Replacement Shipper shall be deemed to have executed Pipeline's *pro forma* firm transportation Service Agreement.

17.8 Recall of Released Capacity.

- (a) A Releasing Shipper exercising its right to recall released capacity shall post the recall by the posting deadline as determined under Section 17.8(g). The quantity to be recalled must be expressed in terms of total capacity release entitlements.
- (b) Regardless of whether recall rights are specified in a temporary capacity release, Releasing Shipper may exercise a right of recall in the event Replacement Shipper's service is suspended or terminated under GT&Cs Section 21.8.
- (c) Reputs of recalled released capacity must follow the timeline specified in Section 17.8(g). Recalled capacity may not be reput for the same Gas Day.
- (d) Recalls of released capacity will not be permitted to bump already scheduled quantities for Replacement Shippers unless Replacement Shippers are provided with at least one (1) opportunity to reschedule any bumped quantities.
- (e) Pipeline shall have no liability to any party in relying on the recall and reput terms specified by Releasing Shipper, except to the extent such party establishes that Pipeline incorrectly applied such instructions as a result of Pipeline's gross negligence or willful misconduct.
- (f) If a segmented release of capacity, once made, is no longer operationally feasible, Pipeline will notify Releasing Shipper and Replacement Shipper that Releasing Shipper must recall the segmented release at the earliest notification period under Section 17.8(g). If Releasing Shipper does not recall the capacity by such time, Releasing Shipper will be deemed to have recalled the segmented release effective at that time.
- (g) Recall Timeline.² All Transportation Service Providers (TSPs) should support the following recall notification periods for all released capacity subject to recall rights. [Note: all times are specified as Central Clock Time, not Eastern Clock Time]
 - (1) Timely Recall Notification:
 - A Releasing Shipper recalling capacity should provide notice of such recall to the transportation service provider and the first Replacement Shipper no later than 8:00 A.M. on the day that Timely Nominations are due;

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- The transportation service provider 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;
- (2) Early Evening Recall Notification:
- A Releasing Shipper recalling capacity should provide notice of such recall to the transportation service provider and the first Replacement Shipper no later than 3:00 P.M. on the day that Evening Nominations are due;
 - The transportation service provider 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;
- (3) Evening Recall Notification.
- A Releasing Shipper recalling capacity should provide notice of such recall to the transportation service provider and the first Replacement Shipper no later than 5:00 P.M. on the day that Evening Nominations are due;
 - The transportation service provider should provide notification of such recall to all affected Replacement Shippers no later than 6:00 P.M. on the day that Evening Nominations are due;
- (4) Intraday 1 Recall Notification:
- A Releasing Shipper recalling capacity should provide notice of such recall to the transportation service provider and the first Replacement Shipper no later than 7:00 A.M. on the day that Intraday 1 Nominations are due;
 - The transportation service provider should provide notification of such recall to all affected Replacement Shippers no later than 8:00 A.M. on the day that Intraday 1 Nominations are due ; and
- (5) Intraday 2 Recall Notification:
- A Releasing Shipper recalling capacity should provide notice of such recall to the transportation service provider and the first Replacement Shipper no later than 12:00 P.M. on the day that Intraday 2 Nominations are due;
 - The transportation service provider 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.
- (6) Intraday 3 Recall Notification:
- A Releasing Shipper recalling capacity should provide notice of such recall to the transportation service provider and the first Replacement Shipper no later than 4:00 P.M. on the day that Intraday 3 Nominations are due;

- The transportation service provider 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.

17.9 Obligations of Parties Involved in Capacity Releases.

(a) Obligations of Pipeline.

- (1) If Replacement Shipper satisfies Pipeline's applicable Tariff provisions governing Shipper eligibility, Pipeline shall promptly send to Replacement Shipper an Addendum to the Capacity Release Umbrella Service Agreement incorporating the terms of the awarded capacity. For permanent releases of capacity, within 30 days of the award date, Pipeline shall execute a new Service Agreement with Replacement Shipper reflecting the rates, terms, and conditions of the Addendum, and such Service Agreement will supersede the Addendum.
- (2) Pipeline will notify the initial Releasing Shipper with recall rights of the name of new Replacement Shippers who subsequently obtain the released capacity.
- (3) Pipeline will notify a Releasing Shipper if the Replacement Shipper fails to pay all or part of an amount of any invoice for service provided when such amount is due under GT&Cs Section 21.
- (4) For releases of discounted capacity, Pipeline will notify a Releasing Shipper if the Replacement Shipper has used an alternate Receipt or Delivery Point that would subject the service to a non-discounted rate.

(b) Obligations of Releasing Shipper.

- (1) For temporary releases of capacity, Releasing Shipper's Service Agreement will remain in effect. Releasing Shipper shall remain ultimately liable to Pipeline for all reservation charges and surcharges, if any, under the terms of its Service Agreement.
- (2) If Pipeline waives any credit requirements for a Replacement Shipper, Pipeline will limit the liability of the Releasing Shipper to the extent of such credit waiver. However, if the waiver is made at the request of the Releasing Shipper, the Releasing Shipper shall continue to be fully liable under its Service Agreement.
- (3) For permanent releases of capacity, Releasing Shipper will not be relieved of any liability, rate or otherwise, unless the Replacement Shipper agrees to assume such liability.

Pipeline may refuse to allow a permanent capacity release if it has a reasonable basis to conclude that it will not be financially indifferent to the release. If Shipper's request to permanently release capacity is denied by the Pipeline, Pipeline shall notify Shipper via e-mail and shall include in the notification the reason(s) for such denial.

- (4) A Shipper permanently releasing only a part of its firm transportation capacity also must release an equivalent quantity of its aggregate MDRQs and aggregate MDDQs. Pipeline will reject any such partial permanent release if it

determines that Shipper's MDRQ or MDDQ specification creates operational difficulties.

- (c) Obligations of Replacement Shipper.
 - (1) An Addendum to the Capacity Release Umbrella Service Agreement shall be deemed to be an executed Service Agreement between Pipeline and Replacement Shipper, subject to the terms and conditions of the applicable rate schedule, the form of Service Agreement applicable to such rate schedule, and Pipeline's GT&Cs. The terms of the Addendum shall be deemed to be incorporated into, and effective under, the Capacity Release Umbrella Service Agreement. For permanent releases of capacity, within 30 days of the award date, Replacement Shipper shall execute a new Service Agreement with Pipeline reflecting the rates, terms, and conditions of the Addendum, and such Service Agreement will supersede the Addendum.
 - (2) Once Replacement Shipper is awarded released capacity, such Replacement Shipper becomes subject to all applicable Tariff provisions.

17.10 Termination of Temporary Capacity Releases.

- (a) Pipeline will terminate a temporary release of capacity on 30 days notice to Replacement Shipper if Releasing Shipper's service is terminated under GT&Cs Section 21.8, unless, prior to the end of the 30-day notice period, Replacement Shipper agrees to pay Pipeline for the remaining term of the release the lower of: (i) the Releasing Shipper's contract rate; (ii) the applicable Recourse Rate; or (iii) the rate mutually agreed to by Replacement Shipper and Pipeline.
- (b) If multiple Replacement Shippers have obtained segmented capacity from Releasing Shipper and more than one (1) agrees to continue service by paying the amount in (a) above, the capacity will be allocated *pro rata* to each Replacement Shipper based on contract quantities.

17.11 Requests to Purchase Releasable Capacity

- (a) Pipeline shall post on its Internet Website, for a period not to exceed 30 days, unsolicited requests to purchase releasable capacity for a period specified by the potential Replacement Shipper in its request. Such requests should be submitted electronically in accordance with instructions posted on Pipeline's Informational Postings Internet Website under the Notices category.
- (b) Valid requests shall be posted within 1 Business Day, as defined in Pipeline's tariff, of receipt of such requests. Requests received after 2:00 P.M. Eastern Time will be deemed received on the subsequent Business Day.
- (c) Capacity release transactions that may occur as a result of such postings shall be subject to all pertinent Pipeline tariff provisions, including the execution of all required agreement(s) and the creditworthiness provisions under GT&Cs Section 3.

18. SEGMENTATION

- 18.1 Segmenting Capacity. Subject to this Tariff and to the availability of capacity, and to the extent operationally feasible, a firm Shipper may, pursuant to the provisions of this Section 18, segment its Primary Path for its own use or for the purpose of capacity release.
- 18.2 Requests for Segmentation. To segment capacity Shipper must submit a Service Request specifying the desired Segment Receipt Point(s) and Segment Delivery Point(s). Segmentation requests shall be made in writing no less than five (5) Business Days prior to the Gas Day on which Shipper desires such segmentation to be effective; provided, however, Pipeline shall use reasonable efforts to accommodate Shipper requests for segmentation made less than five (5) Business Days before the desired effective date. Upon approval, Shipper may implement the segmentation through nomination or through the capacity release process, subject to this Tariff and to the availability of capacity.
- 18.3 Prerequisites for Segmentation. To maintain the integrity and reliability of Pipeline's operationally complex, reticulated system, the following prerequisites for segmentation have been established to ensure that segmentation is supported to the greatest extent possible without detriment to, or degradation of, any Shipper's firm service.
- (a) The Segment Receipt Point(s) and Segment Delivery Point(s) must be located at or between Shipper's Primary Receipt Point(s) and Primary Delivery Point(s).
 - (b) Segmentation is subject to the availability of capacity and existing contractual obligations.
 - (c) Segmentation may not exceed the Line Path Quantity on any Primary Path Segment.
 - (d) Segmentation is permitted in the direction of flow opposite to the Primary Path; however, the quantities subject to a request for flow opposite to the Primary Path shall be added to any other segmentation activity on the same Primary Path Segment when considering the Line Path Quantity limitation.
- 18.4 Operational Feasibility Analysis. Segmentation requests that satisfy Section 18.3 shall be evaluated for operational feasibility using the following criteria:
- (a) Pipeline's obligations and ability to provide services under its firm service rate schedules;
 - (b) Pipeline's ability to sell firm capacity;
 - (c) The impact on the thermal content and interchangeability characteristics of the gas on Pipeline's system;
 - (d) Pipeline's ability to perform maintenance on its facilities; and
 - (e) Actual or potential operational difficulties on Pipeline's system.
- 18.5 Segmentation Transactions.
- (a) Unless a Segment Receipt or Delivery Point is a primary point, the Segment Receipt or Delivery Point is a Secondary Receipt or Delivery Point. A new segmentation request must be submitted if a Primary Receipt or Delivery Point associated with a segmentation transaction is changed under GT&Cs Section 2.4.
 - (b) Subject to the provisions of this Tariff, including but not limited to, the provisions of this Section 18, a Shipper may segment in a manner such that capacity in the direction of the

Primary Path and capacity in the opposite direction of the Primary Path, each within the applicable Line Path Quantity, are used to make deliveries to the same Delivery Point at the same time. Pipeline shall not be obligated to accept nominations or releases of capacity for any purported Primary Path Segment or combination of Primary Path Segments that would result in an impermissible overlap of capacity or otherwise result in the use of line capacity greater than Shipper's Line Path Quantity.

- 18.6 Suspension of Segmentation Transactions. After approval by Pipeline, a segmentation transaction will be suspended based upon a change in the operational feasibility of such transaction under the criteria in Section 18.4. Except for a suspension required by an OFO, Pipeline will provide Shipper at least 10 days notice of any suspension of segmentation.
- 18.7 Segmentation Scheduling Priorities. Pipeline will schedule segmentation nominations according to the procedures and priorities set forth in GT&Cs Section 12.

19. RESOLUTION OF IMBALANCES

- 19.1 Shipper's imbalance for a Gas Day shall be the difference between the allocated receipts and the allocated deliveries adjusted upward for FRQ.
- 19.2 All imbalances accrued by Shipper under its Service Agreement(s) and any Pooling Agreement(s) shall be resolved on a monthly basis under the provisions herein.
- 19.3 Netting. For each Month, all of a Shipper's cumulative imbalances will be netted among its Pooling Agreement(s) and Service Agreement(s). When an agent is authorized to resolve imbalances on Pooling Agreements and Service Agreements of multiple Shippers, all cumulative imbalances on such Pooling Agreements and Service Agreements will be netted. If such agent defaults on any imbalance payment, each Shipper will be responsible for resolving the imbalances on its Pooling Agreement(s) and Service Agreement(s).
- 19.4 Trading. Shippers may trade: (i) the previous Month's netted imbalances on their Service Agreements and Pooling Agreements; and (ii) the previous Month's imbalances on applicable OBAs. Trading will be allowed when the resulting trade will reduce the imbalances for each party involved in the trade. Imbalance trades shall be made on the Internet Website from the 1st day of the Month until the end of the 17th Business Day of the Month.
- 19.5 Cashout. If Shipper has an imbalance remaining after the close of the trading period, such imbalance shall be cashed out under the cashout provisions in this Section 19.5.

(a) Calculation of Imbalances.

- (1) Pipeline will calculate the imbalance that exists between the quantities of gas allocated to Shipper for its account at the Receipt Points during that Month and the quantities of gas allocated to Shipper for its account at Delivery Points during that Month. The Net Monthly Imbalance will be derived for the purposes of the following calculations.
- (2) Shipper's net imbalance percentage for the Month shall equal Shipper's Net Monthly Imbalance divided by the lesser of the actual Dts of gas received or delivered under all Shipper's agreements during the Month.

(b) Negative Imbalances. Subject to Sections 19.3 and 19.4, if Shipper has accrued a Negative Imbalance, such imbalance shall be cashed out as follows:

- (1) If the aggregate of the Net Monthly Imbalances for all Shippers results in a Negative Imbalance, Shipper shall pay Pipeline per Dt for Shipper's Net Monthly Imbalance at the following prices specified for each stated percentage that Shipper's deliveries exceed its receipts; provided, however, in any event the first 1,000 Dts shall be cashed out at 100% of the Median Price.

Percentage of Excess Deliveries	Price
0 to 5%	100% of Median Price
>5 to 10%	110% of High Price
>10 to 15%	125% of High Price
>15 to 20%	145% of High Price
>20%	170% of High Price

For purposes of determining the tier at which an imbalance will be cashed out, the price will apply only to quantities within a tier. For example, if there is a six

percent (6%) imbalance, quantities that comprise the first five percent (5%) of the imbalance are priced at 100% of the Median Price, and quantities comprising the remaining one percent (1%) of the imbalance are priced at 110% of the High Price.

In addition to all other charges in this Section 19.5(b)(1), for each Dt cashed out, Shipper shall pay an amount equal to the average of the upstream pipeline interruptible transportation charges, including FRQ.

- (2) If the aggregate of the Net Monthly Imbalances for all Shippers results in a Positive Imbalance, Shipper shall pay Pipeline per Dt at 100% of the Median Price.
- (c) Positive Imbalances. Subject to Sections 19.3 and 19.4, if Shipper has accrued a Positive Imbalance, such imbalance shall be cashed out as follows:
 - (1) If the aggregate of the Net Monthly Imbalances for all Shippers results in a Positive Imbalance, Pipeline shall pay Shipper per Dt for Shipper's Net Monthly Imbalance at the following prices specified for each stated percentage that Shipper's receipts exceed its deliveries; provided, however, in any event the first 1,000 Dts shall be cashed out at 100% of the Median Price.

Percentage of Excess Receipts	Price
0 to 5%	100% of Median Price
>5 to 10%	90% of Low Price
>10 to 15%	75% of Low Price
>15 to 20%	55% of Low Price
>20%	30% of Low Price

For purposes of determining the tier at which an imbalance will be cashed out, the price will apply only to quantities within a tier. For example, if there is a six percent (6%) imbalance, quantities that comprise the first five percent (5%) of the imbalance are priced at 100% of the Median Price, and quantities comprising the remaining one percent (1%) of the imbalance are priced at 90% of the Low Price.

- (2) If the aggregate of the Net Monthly Imbalances for all Shippers results in a Negative Imbalance, Pipeline shall pay Shipper per Dt at 100% of the Median Price.
- (d) Offset of Payments. In the event Shipper owes Pipeline any payments under subsection (b) above from a previous Month which are past due, Pipeline may offset payments it owes to Shipper under subsection (c) above by such past due amounts.
- (e) System Net Monthly Imbalance. At the end of a Month, Pipeline will post the aggregate of the Net Monthly Imbalances for all Shippers on its Internet Website.

19.6 System Balancing Cost Reconciliation Mechanism.

- (a) The Transportation Deferred Account shall be credited with any revenues received when Pipeline sells or cashes out gas for daily system management or balancing purposes, including FRQ, and shall be debited with any payments made by Pipeline when it buys or cashes out gas for daily system management or balancing purposes, including FRQ.

- (b) As of July 31 each year, Pipeline shall determine whether the balance in the deferred account, whether debit or credit, is in excess of \$50,000.00. If so, by October 1 Pipeline shall make a filing for Commission approval of the proposed credit or surcharge, to be effective the following November 1, for the portion of the balance representing fixed and realized gains or losses. That portion of the balance shall be divided by the total quantity that Pipeline projects it will transport during the next succeeding 12 calendar Months. The resulting per Dt credit or surcharge shall be stated in the Summary of Rates and Charges of this Tariff. The portion of the deferred account representing contingent and unrealized gains and losses from the purchase and sale of gas shall be carried forward in the deferred account.

20. POOLING

- 20.1 Pipeline will provide pooling on a non-discriminatory basis to any party who complies with this Section 20. Any party may request pooling by completing a Service Request and submitting the creditworthiness information described in GT&Cs Section 3.1. On receipt of all required information and after determination of creditworthiness, Pipeline will prepare and tender a Pooling Agreement to the requesting party. The Pooling Agreement must be executed under this Tariff before gas can be nominated into or out of the pool. The Pooling Agreement shall terminate automatically if no nominations are made during any period of 12 consecutive Months.
- 20.2 Pipeline will designate a paper pooling point for each Pooling Agreement. The paper pooling point is not a physical point on Pipeline's system, but shall be used solely for nomination and scheduling purposes to allow Pooler: (i) to aggregate gas supplies from multiple Receipt Points or other Pooling Agreement(s) to the paper pooling point; and (ii) to disaggregate gas supply from a paper pooling point to one or more transportation Service Agreement(s) or other Pooling Agreement(s).
- 20.3 Nominations to and from the paper pooling point will be subject to the same nomination and confirmation procedures as all other receipts and deliveries on Pipeline's system.
- 20.4 For purposes of allocating quantities under the Pooling Agreement, all scheduled receipts into a pool will be considered received at the paper pooling point. Total daily quantities of gas delivered out of the paper pooling point must equal the total daily quantities of gas received into the paper pooling point for each Pooling Agreement.
- 20.5 To the extent practicable, Pipeline will balance any discrepancy between the sum of the Pooler's nominated receipts into a pool for a Gas Day and the sum of the Pooler's nominated deliveries out of a pool for that Gas Day prior to the conclusion of each nomination cycle by reducing the nominated receipts or deliveries, as appropriate. Pipeline will use Pooler's schedule ranks to make such adjustments.
- 20.6 At the end of a Month, any imbalance accrued by a Pooler shall be resolved under GT&Cs Section 19.
- 20.7 Pipeline reserves the right to file to implement charges to recover all costs of providing pooling.
- 20.8 Pipeline will accommodate Title Transfer Tracking at all pooling points where such service is requested. Such service shall be made available to any party subject to the nomination and scheduling provisions of GT&Cs Sections 11 and 12. Third party account administration TTT will be implemented on Pipeline through a Pooling Agreement.
- 20.9 Nominations and Scheduling.
- (a) Pooler shall confirm nominations of gas for delivery into and out of its pool under GT&Cs Section 11.
 - (b) Pipeline will use Pooler's schedule ranks to limit receipts into or deliveries out of a pool in the event of an interruption or reduction of deliveries out of or receipts into the pool.

21. BILLING AND PAYMENTS

- 21.1 Invoices. Shipper's payment is due on Pipeline's rendering of an invoice, which date shall be the payment due date. On or before the 9th Business Day of each calendar month, Pipeline shall render its invoice for gas service provided during the preceding Month. Such invoice shall include, in addition to any credits to Shipper's account, reservation charges, usage charges, surcharges, any cashout payments, any penalties, and any other Tariff charges. Imbalance statements will be rendered at the same time or prior to the generation of the invoice.
- 21.2 Capacity Release.
- (a) Pipeline will bill Releasing Shipper for all reservation charges and surcharges that are attributable to any capacity released by Releasing Shipper, including charges resulting from changed eligibility to receive a rate discount. Pipeline will bill Replacement Shipper and credit the invoice of Releasing Shipper an amount equal to the reservation charges and surcharges for the released capacity; provided, however, that in the event Replacement Shipper fails to pay Pipeline for any part of the amount credited to Releasing Shipper's invoice, Pipeline will, after it exhausts any collateral it has obtained from Replacement Shipper, reverse such credit in a subsequent invoice up to the unpaid amount plus applicable carrying charges.
 - (b) Pipeline will bill Replacement Shipper for the reservation charges and surcharges that Replacement Shipper agreed to pay in a capacity release transaction and for all usage and other charges, surcharges, and penalties that are attributable to capacity acquired by Replacement Shipper.
 - (c) Notwithstanding the foregoing, Pipeline shall be entitled to invoice an agreed on amount to Releasing Shipper when Pipeline, at the request of Releasing Shipper, takes action beyond posting the capacity release offer on the Internet Website and in fact locates a Replacement Shipper. Pipeline will not be compensated if it does not thus locate a Replacement Shipper, such as when Releasing Shipper has a prearranged transaction or when a Replacement Shipper accepts a posted Releasing Shipper's offer without Pipeline actively marketing that released capacity.
- 21.3 Adjustments. Prior period adjustment time limits shall be six (6) months from the date of the initial invoice, with a three (3) month rebuttal period, excluding government required rate changes. Such time limits shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights otherwise shall not be affected. If it is found that Shipper has been overcharged or undercharged, and Shipper paid the invoices containing such overcharge or undercharge, then within 30 days after final determination thereof, Pipeline shall refund the amount of any such overcharge with interest at the rate in 18 C.F.R. § 154.501(d) from the time such overcharge was paid to the date of refund. Shipper shall pay the amount of any undercharge within 30 days after final determination thereof, but without interest. Prior period adjustments shall not result in any additional penalty to Shipper. Any imbalance resulting from such adjustment shall be cashed out at the Median Price for the Month to which the adjustment applies or the Median Price for the Month in which the adjustment is made, whichever is more advantageous to Shipper.
- 21.4 Supporting Data. On request, Pipeline and Shipper each shall make available for inspection by the other such pertinent records and charts as necessary to verify the accuracy of any statement, chart, or computation made by either of them under any of the provisions of this Section 21, of the applicable rate schedule, or of the Service Agreement.

21.5 Payment.

- (a) Shipper's payment shall be timely if Shipper pays Pipeline for the invoiced amounts by electronic bank transfer (*i.e.*, wire transfer, ACH transfer, or other mutually acceptable transfer method) on or before the later of: (i) 11 days after the invoice is rendered; or (ii) the 15th day of the month. If the invoice does not exceed \$50,000, Shipper may pay on a timely basis by check received at the return address on Pipeline's invoice on or before the later of: (i) 11 days after the invoice is rendered; or (ii) the 15th day of the month. If the invoice exceeds \$50,000, Shipper may pay on a timely basis by check received at the return address on Pipeline's invoice in sufficient time to permit the transfer of funds to Pipeline's account on or before the later of: (i) 11 days after the invoice is rendered; or (ii) the 15th day of the month. If the later of the 11th day after the invoice is rendered or 15th day of the month is not a Business Day, payment is timely if made the following Business Day.
- (b) All payments made by Shipper shall include Pipeline's invoice number(s) to match Shipper's payment to the invoice.
- (c) If payment differs from invoiced amount, including for Section 21.7 invoice disputes, remittance detail shall be provided with the payment, except when payment is made by electronic funds transfer, in which case the remittance detail is due within two (2) Business Days of the date of the payment. The party receiving payment shall apply payment as specified in any supporting documentation provided by the paying party.

21.6 Interest. If Shipper fails to pay timely all of the undisputed amount of any invoice, or if Shipper fails to pay any disputed amount to the extent it is finally determined to be due, interest on the underpayment shall accrue at a rate equal to the rate in 18 C.F.R. § 154.501(d) from the original invoice date until the date of receipt of payment.

21.7 Disputes. If Shipper in good faith disputes the amount of any invoice, Shipper shall inform Pipeline of its dispute, including documentation identifying the basis of dispute. To avoid suspension or termination of service under Section 21.8, Shipper shall either: (i) pay timely to Pipeline the full amount of such invoice, subject to refund as provided in Section 21.3, or (ii) pay timely to Pipeline such amount as Shipper concedes to be correct and, at any time thereafter within 30 days of a demand made by Pipeline, furnish good and sufficient surety bond from a surety having an A. M. Best credit rating of "A" or better and otherwise acceptable to Pipeline, guaranteeing payment to Pipeline of the amount finally determined to be due. If Shipper posts a surety bond and the amount finally determined to be due is the amount that Shipper asserted in its documentation as being the correct amount due, Pipeline shall reimburse Shipper for the amount of the premium paid for the surety bond obtained by Shipper. On payment of such invoice in full or the continued furnishing of such bond by Shipper, Pipeline shall not suspend or terminate service under Section 21.8, pending a determination of the final amount due.

21.8 Service Suspension or Termination.

- (a) Pipeline may suspend or terminate its provision of service on a finding that Shipper is no longer creditworthy, on Shipper's failure to pay under this Section 21, or on Shipper's other default under its Service Agreement or the Tariff.
- (b) Pipeline will not suspend Shipper's service without providing five (5) Business Days notice to Shipper and will not charge Shipper for service during suspension. Shipper shall not release or recall capacity under GT&Cs Section 17 during suspension.
- (c) Pipeline will not terminate Shipper's service without providing 30 days notice to Shipper and to the Commission.

- (d) Pipeline will not suspend or terminate service for failure to pay without permitting Shipper to continue service by, within the time specified in (b) or (c) above, as applicable: (i) paying the amount due in full; (ii) making an advance payment of an amount equal to one (1) month's charges for service; and (iii) providing assurances satisfactory to Pipeline that Shipper's timely payments will continue.

- (e) Pipeline will not suspend or terminate service for failure to maintain creditworthiness without permitting Shipper to continue service by: (i) providing, within five (5) Business Days after notice from Pipeline, an advance payment of an amount equal to one (1) month's charges for service; and (ii) satisfying requisite creditworthiness requirements within 30 days of the date of Pipeline's sending the notice provided for in (b) or (c) above, as applicable. Shipper's failure to comply with the requirements of (i) or (ii) above shall be an event of default under the Service Agreement.

Section 22
Reserved for Future Use

23. *FORCE MAJEURE AND LIMITATION ON SERVICE OBLIGATION*

23.1 *Force Majeure*

- (a) Relief from Liability. Neither Pipeline nor Shipper shall be liable in damages to the other in the event of *force majeure*. *Force majeure* means any act, omission, or circumstance, whether foreseeable or not, occasioned by or in consequence of any acts of God, strikes, lockouts, disputes, or other industrial disturbances, acts of the public enemy or of national or international terrorism, wars, blockades, insurrections, riots, arrests, epidemics, landslides, land subsidence, lightning, earthquakes, hurricanes, fires, storms, storm warnings or advisories, floods, washouts, and evacuations due to the threat of any of the foregoing, arrests and restraints of rulers of people and governments, present and future valid orders of any governmental authority having jurisdiction (including actions of the U.S. Department of Homeland Security or other terrorism-related governmental authority), civil disturbances, explosions, well blowouts, freezing of wells or lines of pipe, breakage or accident to machinery or lines of pipe, inability to obtain or delays in obtaining easements or rights-of-way, shutting-in facilities for making repairs, alterations or maintenance to wells, pipelines, or plants, including gas processing plants, the binding order of any court or governmental authority that has been resisted in good faith by all reasonable legal means, inability to obtain or unavoidable delay in obtaining material, and any other cause, whether of the kind herein enumerated or otherwise, not within the control of the party claiming suspension and which by the exercise of Good Utility Practice, reasonable care, and due diligence such party is unable to prevent or overcome. However, an event of *force majeure* shall not include lack of funds or finances, the price or loss of fuel supply or energy produced, or lack of markets. The settlement of strikes, lockouts, disputes, or other industrial disturbances shall be entirely within the discretion of the party having the difficulty, and the above requirement that any inability to carry out obligations hereunder due to *force majeure* shall be remedied with all reasonable dispatch, shall not require also the settlements of such strikes, lockouts, disputes, or other industrial disturbances by acceding to the demands of the opponent when such course is inadvisable in the discretion of the party having the difficulty.
- (b) Notice. The party claiming *force majeure* shall provide notice and full factual particulars of each such *force majeure* to the other party within a reasonable time after the occurrence of the cause(s) relied on by the party claiming *force majeure*.
- (c) Liabilities not Relieved. *Force majeure* affecting performance by any party shall not relieve such party of liability in the event of: (i) contributory negligence or misconduct; or (ii) if the failure was caused by lack of funds or finances, the price or loss of fuel supply or energy produced, or lack of markets, or with respect to the payment of any amounts then due under this Tariff; or (iii) the party's failure to use due diligence to remedy the situation and remove the cause in an adequate manner and with all reasonable dispatch, including taking all reasonable acts, short of litigation; or (iv) Shipper's injection, transportation, or delivery of non-conforming gas into Pipeline's facilities, nor shall such causes or contingencies affecting performance relieve either party from obligations to make payments of amounts as provided in the applicable rate schedule.

23.2 Shipper Warranty. Shipper warrants all upstream and downstream transportation service arrangements are in place, or will be in place as of the requested effective date of service, and that it has advised any upstream or downstream transporters of the Receipt Points and Delivery Points under its Service Agreement and any quantity and quality limitations for each point as specified on the exhibits attached to the effective Service Agreement or found in Pipeline's Tariff. Shipper agrees to indemnify, save, and hold Pipeline, its subsidiaries, and affiliates and their directors, officers, employees, and agents, free and harmless from any and all suits, regulatory proceedings, actions, claims (including attorneys' fees and court costs), debts, accounts,

- damages (including punitive damages), costs, losses, injuries, or expenses arising from or out of Pipeline's refusal to transport gas hereunder in the event any upstream or downstream transporter fails to receive or deliver gas as required by this Tariff. Shipper agrees to indemnify, save, and hold Pipeline, its subsidiaries, and affiliates and their directors, officers, employees, and agents, free and harmless from any and all suits, regulatory proceedings, actions, claims (including attorneys' fees and court costs), debts, accounts, damages (including punitive damages), costs, losses, injuries, or expenses arising from or out of breach of any warranty by Shipper herein. Pipeline shall not be obligated to provide or continue service hereunder in the event of any breach of warranty.
- 23.3 In the event that any interconnecting party involved in handling Shipper's gas refuses or is unable to: (i) deliver gas to Pipeline or receive gas from Pipeline; (ii) deliver gas of conforming quality under GT&Cs Section 6; or (iii) provide adequate pressure under GT&Cs Section 7, Pipeline shall not be required to continue deliveries or receipts of gas on behalf of Shipper to the extent of such refusal or inability.
- 23.4 Scheduling of Maintenance. Pipeline shall have the right to curtail, interrupt, or discontinue service in whole or in part on all or a portion of its system from time to time to repair and perform maintenance on its system as necessary to maintain the system's operational capability or to comply with applicable regulatory or other governmental requirements. Pipeline shall exercise Good Utility Practice to schedule repair and maintenance to minimize disruptions of service to Shippers and shall provide reasonable notice of same to Shippers.
- 23.5 Neither Pipeline, Shipper, Delivery Point Operator, nor Pooler shall be liable to another party for any special, punitive, indirect, or consequential damages (including, without limitation, loss of profits or business interruptions) arising out of or in any manner related to service or pooling under this Tariff.
- 23.6 Reservation Charge Adjustment.
- (a) In the event Pipeline fails to deliver on any Gas Day the quantity of gas scheduled that Pipeline is obligated to deliver on a firm basis, an affected Shipper shall be credited an amount equal to the Reservation Rate on a 100% daily load factor basis multiplied by the quantity of gas scheduled and not delivered. In the case of a Service Agreement containing a discounted Reservation Rate, the 100% daily load factor Reservation Rate shall be discounted in the same proportion such Reservation Rate is discounted from the maximum Reservation Rate.
- (b) Pipeline shall not be obligated to credit Shipper's account under (a) above, when the failure is the result of:
- (1) Shipper's conduct or the conduct of the Point Operator of the facilities at the Delivery Point;
 - (2) Shipper's failure to supply quantities of gas at least equal to Shipper's scheduled receipt quantity;
 - (3) Shipper's or an upstream pipeline's failure to maintain contracted pressure; or
 - (4) a *force majeure* event defined in Section 23.1, provided however Pipeline shall not be obligated to provide a Reservation Rate credit for 10 days following such event and thereafter such credits will be required.

24. SUMMER MITIGATION

24.1 Each year during the months of May through October, the MDTQ of each Shipper identified below will be reduced as follows:

Shipper	MDTQ Reduction
City of Bamberg	420 Dts
City of Bennettsville	1,004 Dts
Commissioners of Public Works	175 Dts
Town of Winnsboro	1,131 Dts
Clinton-Newberry Natural Gas Authority	1,400 Dts
Orangeburg Department of Public Utilities	3,290 Dts
South Carolina Electric & Gas Company	25,000 Dts
Patriots Energy Group	27,600 Dts

24.2 For any Shipper receiving an MDTQ reduction under this Section 24, concomitant reductions will be made in its MDRQ and MDDQ and shown on Exhibit D of its firm Service Agreement.

25. FUEL RETAINAGE QUANTITY

- 25.1 General. Pipeline will track changes in its requirements to retain gas in-kind for the FRQ used to provide service for Shippers. The purpose of the FRQ is to ensure that Pipeline recovers the total actual amount of Company Use Gas and LAUF.
- 25.2 Fuel Retainage Percentages. Fuel Retainage Percentages shall be as quantified under this Section 25 and stated for each zone, where applicable, in the Summary of Rates and Charges of this Tariff. Fuel Retainage Percentages shall be subject to adjustment hereunder for service under all rate schedules unless otherwise explicitly provided in the rate schedule.
- 25.3 Fuel Retainage Percentage Calculation. Each year, Pipeline shall calculate the Fuel Retainage Percentage as follows:
- (a) LAUF Percentage. The LAUF Percentage shall be calculated by dividing the Base FRQ Period's system LAUF quantities by the Base FRQ Period's system throughput.
 - (b) Company Use Percentage. The Company Use Percentage for each zone shall be calculated by dividing the zone's estimated Company Use Gas by the zone's estimated throughput.
- 25.4 Filing with the Commission. By October 1 each year, Pipeline shall make a filing for Commission approval of the proposed Fuel Retainage Percentages for the 12-month period beginning on November 1 immediately following the Base FRQ Period.
- 25.5 True Up. Pipeline will determine the difference each Month between: (i) the quantity of gas retained in-kind through the FRQ, and (ii) the quantity of gas used to provide service for Shippers. Each Month the under- or over-retainage of gas in-kind will be recorded as a debit or credit, as the case may be, with the monetary value of the quantity of gas credited or debited based on the Median Price for the Month, plus charges for applicable upstream transportation, to the Transportation Deferred Account.
- 25.6 Zero Fuel Transactions. The Company Use Percentage shall not be applied to transactions that do not require the use of fuel. For each transaction utilizing the Receipt and Delivery Point combinations listed below, Pipeline has determined that no fuel will be used:

Receipt Point: 10009 – Transco-Milliken Magnolia Receipt Point
Delivery Point: 16051 – Milliken Magnolia

26. ANNUAL CHARGE ADJUSTMENT

- 26.1 Pipeline is authorized, under 18 C.F.R. § 154.402, to recover from Shippers as an ACA surcharge the Commission's annual assessment of charges to Pipeline to recover the Commission's costs of administering its natural gas regulatory program. Pipeline shall recover the ACA by including in Pipeline's transportation rates a per unit surcharge, as stated in the Summary of Rates and Charges of this Tariff, equivalent to the per Dt annual charge assessed against Pipeline by the Commission. Pipeline will not recover any annual charges recorded in Account 928 in any NGA Section 4 rate case proceeding.
- 26.2 Pipeline's ACA surcharge shall be the rate used by the Commission to determine the annual assessment to Pipeline, adjusted as appropriate, to a thermal basis. This ACA surcharge, as posted on the Commission's website at <http://www.ferc.gov>, is incorporated by reference into Pipeline's FERC Gas Tariff, Third Revised Volume No. 1. Pipeline shall recover the annual assessment through the ACA surcharge effective each October 1.
- 26.3 When Pipeline provides services to Shipper under multiple transaction arrangements on Pipeline's system, Pipeline will recover the ACA surcharge only once on the same quantity of gas.

27. PENALTY REVENUE SHARING

- 27.1 For each Month, Pipeline shall determine firm Shippers that have not incurred in that Month any of the penalties set forth in GT&Cs Sections 15.3. Such Shippers will be non-offending Shippers eligible to share in penalty revenue collected for that Month, subject to this Section 27.
- 27.2 Non-offending Shippers for each Month will share in all penalty revenue, net of costs, collected for that Month based on each respective non-offending Shipper's actual fixed cost contribution as a percentage of the total fixed cost contribution of all non-offending Shippers (exclusive of the fixed cost contribution pertaining to any service purchased by Pipeline from third parties) for that Month.
- 27.3 Not later than the invoice for August service, Pipeline shall credit to such non-offending Shippers all penalty revenue collected, net of costs, as of May 31 each year. Only costs incurred by Pipeline as a direct result of an offending Shipper's failure to abide by an OFO, or other misconduct in transactions giving rise to the penalty amounts, shall be deducted from the penalty revenue.
- 27.4 By September 1 each year, Pipeline shall file with the Commission a report containing the penalty revenue credits made under Section 27.3.

28. INTERRUPTIBLE TRANSPORTATION REVENUE SHARING

- 28.1 Shared Revenue Determination. After twelve (12) Months of operations, and then as of the end of the same Month of each succeeding calendar year, Pipeline will compare Shared Revenues received during the prior Accrual Period with Mitigation Costs. Shared Revenues for the Accrual Period that exceed the Mitigation Costs will be credited to firm Shippers under Section 28.2.
- (a) Shared Revenues shall be calculated for each Accrual Period and shall equal revenues, net of all variable costs, surcharges, penalties, and facility charges, received by Pipeline during the Accrual Period: (i) under Rate Schedule FT and Rate Schedule BH Short Term Service Agreements; (ii) under Rate Schedule FT and Rate Schedule BH Section 3.3(c) for quantities in excess of MDTQ; (iii) in excess of the discounted revenues under the discounted Long Term Service Agreement that formed the basis of the discount rate adjustment developed as part of the settlement rates filed in Docket Nos. CP06-71-000, CP06-72-000, and CP06-73-000; (iv) under Rate Schedule IT; (v) under Rate Schedule FT and Rate Schedule BH Section 3.3(d); and (vi) under Rate Schedule PAL.
 - (b) Mitigation Costs. In each Accrual Period, Mitigation Costs shall equal \$806,222.
- 28.2 Shared Revenue Disposition. Shipper's revenue credit shall be in proportion to the total revenues paid by Shipper under Rate Schedule FT and Rate Schedule BH to the total revenues received by Pipeline under Rate Schedule FT and Rate Schedule BH during the Accrual Period. Such credit shall be made to Shipper invoices within three (3) Months following the end of the Accrual Period.
- 28.3 Filing with the Commission. Within three (3) Months following the end of the Accrual Period, Pipeline shall file with the Commission a report containing the interruptible transportation revenue credit sharing calculations.

29. NEGOTIATED RATES

- 29.1 Shipper and Pipeline may agree to Negotiated Rates for a specific term of service under any rate schedule contained in Pipeline's Tariff. A Negotiated Rate may apply to all or part of the capacity covered by a Service Agreement.
- 29.2 Pipeline will file each Negotiated Rate Service Agreement with the Commission.
- 29.3 Absent prior Commission approval, no Negotiated Rate Service Agreement shall include terms that deviate in any material respect from those set forth in Pipeline's *pro forma* Service Agreement.
- 29.4 If Pipeline is unable to collect a Negotiated Rate due to a change in Commission policy or rejection of a Negotiated Rate transaction by the Commission prior to or during the term of such transaction, then, unless Pipeline and Shipper agree otherwise, Shipper shall pay the Recourse Rate for the service. In such event, Pipeline will notify Shipper in writing of the requirement to pay the Recourse Rate and, if the Recourse Rate is greater than the Negotiated Rate under such transaction, Shipper shall have 30 days from the date of such notification to give notice in writing of termination of the applicable Service Agreement, with such termination to be effective no earlier than the end of the Month following the Month in which such termination notice is received.

30. DISCOUNTS

30.1 If Pipeline discounts rates applicable for service under any Service Agreement, the amount of such discount shall be accounted for as a reduction of maximum rates; provided, however, any such discount shall not reduce the rate to a level below the applicable minimum rate. Absent specification in the Service Agreement, the amount of such discount shall be accounted for as a reduction of maximum rates in the following sequence to the extent any of the following components are included in the Recourse Rate: reservation charges (fixed cost unit rate component of base Reservation Rate for firm service); usage charges (fixed cost unit rate component of base Usage Rate for interruptible service).

30.2 If Pipeline agrees to discount its rate to Shipper below Pipeline's Recourse Rate under any rate schedule, one or more of the following discount provisions may be reflected on an exhibit to the Service Agreement without the discount constituting a material deviation from Pipeline's *pro forma* Service Agreement. Additionally, Pipeline and Shipper may agree that rate components be adjusted upward or downward to achieve an agreed upon overall rate so long as the resulting rate components remain within the applicable minimum and maximum rates specified in the Tariff. A discounted rate may apply:

- (a) To specified quantities under Shipper's Service Agreement(s);
- (b) To quantities above or below a certain level or to all quantities if the quantities exceed a certain level;
- (c) In a specified relationship to quantities actually transported (*i.e.*, that the rates shall be adjusted in a specified relationship to the quantities actually transported);
- (d) During specified periods of the year or over specifically defined periods of time;
- (e) To specified Receipt Points or Delivery Points, markets, zones, or other defined geographical areas;
- (f) To quantities conditioned on implementation and completion of a construction project or acquisition of facilities; or
- (g) To rates based on published index prices or other agreed-upon published pricing reference points for price determination, or arrived at by formula, provided that: (i) the same rate design underlying Pipeline's Tariff rates is used; (ii) the rate component that is discounted is identified; and (iii) to the extent the Reservation Rate is discounted, any formula used will produce a Reservation Rate per unit of contract demand.

30.3 Unless Pipeline agrees otherwise, no discount rate applicable to the circumstances involved or to the original Primary Receipt and Delivery Points shall apply to a changed or substituted Receipt or Delivery Point or to use of an alternate Receipt Point or alternate Delivery Point, whether through capacity release, segmentation, or Shipper's exercise of flexible Receipt Point and Delivery Point rights.

30.4 If Pipeline offers generally applicable discounted rates for any of its transportation services, notice shall be given on the Internet Website. Other discounts will be granted on a case-by-case basis.

31. NOTICES

- 31.1 Consistent with GT&Cs Section 37, any communication, notice, request, demand, statement, or invoice by Pipeline provided for in this Tariff or in a Service Agreement or Pooling Agreement under this Tariff, shall be made using the Internet Website; provided, however, that in the event the Internet Website is not properly functioning, or during emergencies, such communications will be made by e-mail first, and then if necessary by facsimile or telephone. Any communication, notice, request, demand, or statement by any party other than Pipeline will be made first on the Internet Website, if possible, and, if not, by e-mail, and then if necessary by facsimile or telephone.
- 31.2 Provisions requiring that matters be in writing are satisfied by using electronic transmission through the Internet Website under applicable procedures.

32. SHIPPER COMPLIANCE WITH LEGAL REQUIREMENTS

It shall be Shipper's sole responsibility to purchase, install, operate, and maintain Shipper's facilities or equipment used for odorizing, handling, manufacturing, storing, transporting, or distributing natural gas that was received by Pipeline, and then delivered to Shipper, in compliance with all applicable local, state, and federal laws, codes, rules, and regulations, or other governmental requirements. Pipeline shall not be held responsible for any damages resulting from Shipper's non-compliance even if such is known to Pipeline.

33. NATIONAL DEFENSE

Both Shipper and Pipeline recognize that the obligation to act consistently with the national defense is superior to any contractual obligation existing between them, and, notwithstanding any contractual provision, neither Shipper nor Pipeline shall assert nor be required to assume any obligation that is inconsistent with or contrary to any valid order of any governmental agency having national defense jurisdiction.

34. WAIVERS

- 34.1 Pipeline may waive any of its rights hereunder, or any party's obligations hereunder, on a basis that is not unduly discriminatory and is consistent with Commission standards of conduct policy. Pursuant to Commission regulations, Pipeline will keep a written log recording any affiliate waiver(s), which will be posted on the Internet Website. Shipper may waive any of its rights hereunder or any obligations of Pipeline. No waiver by either Shipper or Pipeline of any one (1) or more defaults by the other in the performance of any provision of this Tariff or of a Service Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or of a different character.
- 34.2 In recognition of the fact that the penalties set forth in GT&Cs Section 15.3 are intended to promote conscientious operations by Shipper such that service to other Shippers is not impaired in any way, Pipeline may waive any penalties incurred by Shipper if Pipeline determines, in its reasonable judgment, that Shipper was conducting its operations in a responsible manner at the time the penalties were incurred and that Shipper's conduct did not impair service to another Shipper or threaten system integrity. Pipeline must grant waivers under this Section 34.2 on a non-discriminatory basis, but the waiver of any penalties shall not constitute an automatic waiver of any future penalties.

35. DESCRIPTIVE HEADINGS

The descriptive headings of the provisions of this Tariff are used for convenience only and shall not be deemed to affect the meaning or construction of any provision.

36. GOVERNMENTAL REGULATION

- 36.1 The Commission has primary and exclusive jurisdiction over Pipeline and its Tariff. The Service Agreement, all terms and provisions contained or incorporated therein, and the respective obligations of the parties thereunder are subject to valid laws, and Commission orders, rules, regulations, and policies, including all amendments to same, whether or not cited in this Tariff.
- 36.2 Pipeline shall have the right at any time, and from time to time, to file and place into effect unilateral changes or modifications in the rates and charges, and other terms and conditions of service, in accordance with the NGA or other applicable law. Nothing contained in the foregoing provision shall preclude or prevent Shipper from protesting any such changes or modifications; however, Shipper agrees to pay all rates and charges, and to comply with all terms and conditions, in effect under this Tariff.

37. INTERNET WEBSITE

- 37.1 Internet Website. In compliance with Commission Order Nos. 636 and 637, Pipeline operates an Internet Website to make public information concerning its services and available transportation capacity. The Internet Website is available on a nondiscriminatory basis for use by any Shipper that has executed any required agreement with the terms and conditions for use of the Internet Website and that has been assigned a user identification and password.
- 37.2 All Shippers shall use the Internet Website or electronic data interchange to conduct daily business transactions. Certain other transactions, such as nominations, posting, and bids, will be confirmed electronically on the Internet Website as they occur.
- 37.3 The Internet Website will include 18 C.F.R. Part 358 Standards of Conduct compliance information.
- 37.4 Pipeline shall not be liable to Shippers under their Service Agreements nor to any other party in damages for any act, omission, or circumstance related to the Internet Website occasioned by or in consequence of a GT&Cs Section 23 event of *force majeure*. To the extent information displayed on the Internet Website originates solely with Pipeline and such information subsequently is determined to be inaccurate, Shippers under their Service Agreements shall not be subject to any penalties otherwise collectible by Pipeline based on Shipper conduct to the extent that conduct is attributable to such inaccuracy during the period the inaccurate information was displayed on the Internet Website.
- 37.5 Pipeline reserves the right to access all information specific to any Shipper.
- 37.6 Shipper shall indemnify, save, and hold Pipeline, its subsidiaries, and affiliates and their directors, officers, employees, and agents, free and harmless from any and all suits, regulatory proceedings, actions, claims (including attorneys' fees and court costs), debts, accounts, damages (including punitive damages), costs, losses, injuries, or expenses arising from or out of any act or omission in connection with the Internet Website, except to the extent that such suits, regulatory proceedings, actions, claims (including attorney's fees), debts, accounts, damages (including punitive damages), costs, losses, injuries, or expenses are due to Pipeline's gross negligence or willful misconduct.
- 37.7 For purposes of ensuring technologically current and secure web services, Pipeline is authorized to perform upgrades or maintenance on its Internet Website and supporting systems that may result in an outage of the website. If the upgrade or maintenance will, or could, result in an outage of the Internet Website, Pipeline will post a notice of the outage on the Internet Website prior to performing the upgrade or maintenance. The posted notice shall include the date(s), times, and anticipated duration of the outage.

38. INCORPORATION IN RATE SCHEDULES AND SERVICE AGREEMENTS

These GT&Cs are incorporated in and are part of Pipeline's rate schedules and Service Agreements. In the event of conflict between these GT&Cs and a rate schedule or a Service Agreement, these GT&Cs shall govern. In the event that a rate or a special term or condition in the Service Agreement conflicts with the corresponding rate schedule, the Service Agreement shall govern.

39. ADOPTION OF NAESB STANDARDS

In compliance with 18 CFR Section 284.12(a), as amended from time to time, and in accordance with Order No. 587, *et al.*, Pipeline adopts all Business Practices and Electronic Communication Standards as required by the Commission. In addition to the NAESB WGQ Standards referenced elsewhere in the Tariff and identified below with the tariff record indicated, Pipeline adopts and incorporates by reference herein the following standards, definitions, and data sets contained in NAESB WGQ Business Practice Standards, Version 3.2 (August 15, 2020). Standards for which waivers or extensions of time have been granted are also identified.

39.1 Standards not Incorporated by Reference and their Location in Tariff.

<u>NAESB Standard</u>	<u>Tariff Record</u>
1.3.2 (i-vi)	GT&C – Section 11.1(a)–11.1(f), Nominations
1.3.7	GT&C – Section 11.4(b), Nominations
1.3.11	GT&C – Section 11.2(d), Nominations
2.2.1	GT&C – Section 1, Definitions
5.3.2	GT&C – Section 17.4(a)-17.4(c), Capacity Release
5.3.44	GT&C – Section 17.8(g), Capacity Release

39.2 Standards Incorporated by Reference.

Additional Standards.

General:

0.2.5, 0.3.1, 0.3.2, 0.3.16, 0.3.17

Creditworthiness:

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:

0.2.1, 0.2.2, 0.2.3, 0.2.4, 0.3.11, 0.3.12, 0.3.13, 0.3.14, 0.3.15

Location Data Download:

0.3.23, 0.3.24, 0.3.25, 0.3.26, 0.3.27, 0.3.28, 0.3.29, 0.4.4

Operating Capacity and Unsubscribed:

0.3.18, 0.3.20, 0.3.21, 0.3.22

0.4.2, 0.4.3

Storage Information:

0.4.1

Nominations Related Standards.

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

1.3.1, 1.3.3, 1.3.4, 1.3.5, 1.3.6, 1.3.8, 1.3.9, 1.3.13, 1.3.14, 1.3.15, 1.3.16, 1.3.17, 1.3.18, 1.3.19, 1.3.20, 1.3.21, 1.3.22, 1.3.23, 1.3.24, 1.3.25, 1.3.26, 1.3.27, 1.3.28, 1.3.29, 1.3.30, 1.3.31, 1.3.32, 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

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.

2.2.2, 2.2.3, 2.2.4, 2.2.5

2.3.1, 2.3.2, 2.3.3, 2.3.4, 2.3.5, 2.3.6, 2.3.7, 2.3.8, 2.3.9, 2.3.10, 2.3.11, 2.3.12, 2.3.13, 2.3.14, 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, 2.3.40, 2.3.41, 2.3.42, 2.3.43, 2.3.44, 2.3.45, 2.3.46, 2.3.47, 2.3.48, 2.3.50, 2.3.51, 2.3.52, 2.3.53, 2.3.54, 2.3.55, 2.3.56, 2.3.57, 2.3.58, 2.3.59, 2.3.60, 2.3.61, 2.3.62, 2.3.63, 2.3.64, 2.3.65, 2.3.66

2.4.1, 2.4.2, 2.4.3, 2.4.4, 2.4.5, 2.4.6, 2.4.7, 2.4.8, 2.4.9, 2.4.10, 2.4.11, 2.4.17, 2.4.18

Invoicing Related Standards.

3.2.1

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, 3.3.17, 3.3.18, 3.3.19, 3.3.21, 3.3.22, 3.3.23, 3.3.24, 3.3.25, 3.3.26, 3.3.27

3.4.1, 3.4.2, 3.4.3, 3.4.4

Quadrant Electronic Delivery Mechanism Related Standards.

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

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

5.2.1, 5.2.2, 5.2.3, 5.2.4, 5.2.5

5.3.1, 5.3.3, 5.3.4, 5.3.5, 5.3.7, 5.3.8, 5.3.9, 5.3.10, 5.3.11, 5.3.12, 5.3.13, 5.3.14, 5.3.15, 5.3.16, 5.3.18, 5.3.19, 5.3.20, 5.3.21, 5.3.22, 5.3.23, 5.3.24, 5.3.25, 5.3.26, 5.3.28, 5.3.29, 5.3.31, 5.3.32, 5.3.33, 5.3.34, 5.3.35, 5.3.36, 5.3.37, 5.3.38, 5.3.39, 5.3.40, 5.3.41, 5.3.42, 5.3.45, 5.3.46, 5.3.47, 5.3.48, 5.3.49, 5.3.50, 5.3.51, 5.3.52, 5.3.53, 5.3.54, 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

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

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

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

39.3 Standards for which waivers or extensions of time to comply have been granted.

<u>NAESB Standard</u>	<u>Waiver or Extension of Time</u>
5.4.20	Waiver
5.4.24	Waiver
5.4.25	Waiver
5.4.26	Waiver
5.4.27	Waiver
0.4.1	Extension of Time
1.3.37	Extension of Time
1.3.38	Extension of Time
1.3.45	Extension of Time
1.3.46	Extension of Time
1.3.56	Extension of Time
1.3.81	Extension of Time
1.4.3	Extension of Time
1.4.4	Extension of Time
1.4.6	Extension of Time
1.4.7	Extension of Time
2.3.21	Extension of Time
2.3.32	Extension of Time
2.3.52	Extension of Time
2.3.53	Extension of Time
2.3.66	Extension of Time
2.4.1	Extension of Time
2.4.2	Extension of Time
2.4.3	Extension of Time
2.4.4	Extension of Time
2.4.5	Extension of Time
2.4.6	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
4.3.44	Extension of Time
4.3.87	Extension of Time
5.4.23	Extension of Time

40. AGENCY SERVICE

- 40.1 A third party may act as agent for Shipper to arrange for any Pipeline service under any rate schedule and to perform acts in connection with any service so arranged, including, but not limited to, the receipt and payment of an invoice, the giving and receiving of notices, the designation of Receipt and Delivery Points, the scheduling of quantities for transportation, and the receipt of proceeds from, or the payment of amounts due for, the monthly resolution of transportation imbalances under GT&Cs Section 19.
- 40.2 Shipper may appoint an agent by executing with the agent and Pipeline an Agency Authorization Agreement specifying the acts that the agent is authorized to perform for Shipper. Any services arranged and any acts performed by an agent under such agreement shall be done expressly on behalf of Shipper, and Shipper shall be responsible for the payment to its agent of the fees and charges for the services arranged and the acts performed on behalf of Shipper. Any revocation of an Agency Authorization Agreement shall be in writing and shall provide at least five (5) days advance written notice of its proposed effective date to the other parties.
- 40.3 Pipeline is authorized to accept the actions of an agent within the scope of its authority to the same extent as Pipeline would accept the actions of Shipper, and Shipper shall indemnify, save, and hold Pipeline, its subsidiaries, and affiliates and their directors, officers, employees, and agents, free and harmless for any loss or damage occasioned by the agent's actions or Pipeline's reliance thereon.

41. COMPLAINTS

Shippers are encouraged and requested to communicate with and to work with Pipeline's employees to resolve problems on an informal basis, prior to filing formal complaints. Pipeline will respond verbally to any written complaint made by a Shipper within 48 hours and will respond in writing to such complaint within 30 days. Formal complaints should be directed to the following contact:

Customer Services Department
Carolina Gas Transmission, LLC
121 Moore Hopkins Lane
Columbia, SC 29210
Telephone: 866-401-5248
Fax: 803-888-3383
E-mail: cgtebbcustsvc@bhegts.com

42. NON-CONFORMING AGREEMENTS

Pipeline filed with the Commission, and hereby references, the following agreement(s) in compliance with 18 C.F.R. § 154.112(b):

- (i) Rate Schedule FT Service Agreement with Patriots Energy Group effective November 1, 2015.

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FORM OF SERVICE AGREEMENT
FOR RATE SCHEDULE FT

This Service Agreement is made and entered into this ____ day of _____, ____, by and between Carolina Gas Transmission, LLC (herein called "Pipeline") and _____ (herein called "Shipper"), D-U-N-S® No. _____, with Pipeline and Shipper also referred to as party or parties,

WITNESSETH:

WHEREAS, Pipeline is an interstate pipeline providing service under its Tariff filed with the Federal Energy Regulatory Commission ("Commission");

NOW, THEREFORE, the parties agree as follows:

ARTICLE I
SCOPE OF AGREEMENT

- 1.1 Subject to the terms, conditions, and limitations hereof, of Pipeline's Rate Schedule FT, and of the General Terms and Conditions ("GT&Cs") of Pipeline's Tariff, transportation service hereunder will be firm and Pipeline agrees to transport and deliver for Shipper's account quantities of gas up to the MDTQ specified in Exhibit B hereto.
- 1.2 Pipeline will receive for Shipper's account for transportation hereunder daily quantities of gas up to Shipper's MDTQ, plus FRQ, at Receipt Points as specified in Exhibit A hereto. Pipeline will transport and deliver for Shipper's account such daily quantities tendered up to such Shipper's MDTQ to the Delivery Points as specified in Exhibit B hereto.
- 1.3 If a Shipper is eligible for summer mitigation under GT&Cs Section 24, the reductions in MDTQ, MDRQ, and MDDQ during the months of May through October will be shown on Exhibit D hereto.
- 1.4 All exhibits to this Service Agreement are incorporated as part of this Service Agreement.
- 1.5 If this Service Agreement supersedes any preexisting agreement(s) for service between Pipeline and Shipper, such agreement(s) shall be specified below:

- 1.6 If with a Prearranged Shipper, this Agreement is subject to the outcome of the bidding process set forth in GT&Cs Section 4.5 and, if necessary, Prearranged Shipper's election to exercise its matching rights thereunder.

ARTICLE II
TERM OF AGREEMENT

- 2.1 This Service Agreement shall become effective on _____, 20__, and shall continue in effect for a primary term through _____, 20__. Extension, suspension, and termination of this Service Agreement shall be governed by applicable GT&Cs.
- 2.2 Any portions of this Service Agreement necessary to correct or cash out imbalances, or to make payment under this Service Agreement as required by the GT&Cs, will survive termination of this Service Agreement until such time as such balancing or payment has been accomplished.

ARTICLE III
RATE SCHEDULE AND GENERAL TERMS AND CONDITIONS

- 3.1 This Service Agreement shall be subject to all provisions of Rate Schedule FT and the GT&Cs on file with the Commission, as such may be revised, superseded, modified, or added to, from time to time, all of which are by this reference made a part hereof. All of the terms defined in Pipeline's Tariff shall have the same meaning in this Service Agreement.
- 3.2 Shipper agrees to and shall pay Pipeline the applicable Recourse Rates provided for in Rate Schedule FT, as effective from time to time, for service under this Service Agreement, unless otherwise agreed to by the parties as specified in Exhibit C hereto. Shipper agrees to pay and shall pay Pipeline all other charges, surcharges, and penalties provided for in Rate Schedule FT and the GT&Cs, as effective from time to time, for service under this Service Agreement.
- 3.3 Shipper agrees that Pipeline shall have the unilateral right to file with the Commission and place into effect any changes in any of the provisions of its Tariff, including, without limitation, any of Pipeline's rates and charges, rate schedules, GT&Cs, and forms as Pipeline may deem appropriate in the exercise of its sole discretion. Nothing contained herein shall prejudice the rights of Shipper to contest at any time the changes made under this Article III; however, Shipper agrees to pay all rates and charges, and to comply with all terms and conditions, in effect under this Tariff.
- 3.4 If service under this Service Agreement is being provided pursuant to Subpart B of Part 284 of the Commission's regulation, Shipper warrants that the transportation service hereunder meets the requirements set out in Subpart B of Part 284 of the Commission's regulations and qualifies for service under Rate Schedule FT. A certification from the party on whose behalf Pipeline will render the transportation services hereunder is attached as Exhibit E hereto. Shipper will indemnify, save, and hold Pipeline, its subsidiaries, and affiliates and their directors, officers, employees, and agents free and harmless from any and all suits, regulatory proceedings, actions, claims (including attorneys' fees and court costs), debts, accounts, damages (including punitive damages), costs, losses, injuries, or expenses arising from or out of breach of such warranty.

ARTICLE IV
ASSIGNMENTS

- 4.1 Any entity that succeeds by purchase, merger, or consolidation to the properties, substantially as an entirety, of Shipper or of Pipeline will be entitled to the rights and will be subject to the obligations of its predecessor in title under this Service Agreement. Either Shipper or Pipeline may assign or pledge this Service Agreement under the provisions of any mortgage, deed of trust, indenture, bank credit agreement, receivable sale, or similar instrument that it has executed or may execute hereafter, without relieving itself of its obligations under this Service Agreement. Except as set forth above, neither Shipper nor Pipeline shall assign this Service Agreement or any of its rights hereunder without the prior written consent of the other party; provided, however, that neither Shipper nor Pipeline shall be released from its obligations hereunder without the written consent of the other. In addition, Shipper may assign its rights to capacity under GT&Cs Section 17.

ARTICLE V
LIMITATIONS ON LIABILITY

- 5.1 Shipper acknowledges and agrees that: (a) Shipper shall have no recourse against Pipeline's parent and other affiliates with respect to Pipeline's obligations under this Service Agreement and that its sole recourse shall be against the assets and revenues of Pipeline, irrespective of any failure to comply with applicable law or any provision of this Service Agreement; (b) no claim shall be made against Pipeline's parent or other affiliates under or in connection with this Service Agreement; and (c) this representation is made expressly for the benefit of Pipeline's parent or other affiliates.

- 5.2 The parties hereto agree that neither party shall be liable to the other party for any special, indirect, punitive, or consequential damages (including, without limitation, loss of profits or business interruptions) arising out of or in any manner related to this Service Agreement.

ARTICLE VI
GOVERNING LAW

- 6.1 The parties hereto agree that interpretation and performance of this Service Agreement are governed by the laws of the State of South Carolina without recourse to South Carolina law governing conflict of laws.
- 6.2 This Service Agreement and the obligations of the parties are subject to all present and future valid laws, state and federal, with respect to the subject matter, and to all valid present and future orders, rules, and regulations of duly constituted authorities having jurisdiction.

ARTICLE VII
STANDARD OF REVIEW

- 7.1 This Service Agreement is based on the Form of Service Agreement for Rate Schedule FT included in Pipeline's Tariff with blank spaces (for example, in Section 2.1) and Exhibits that, when completed, will describe specific provisions of mutual agreement between Pipeline and Shipper. The Commission shall apply the "public interest" standard of review rather than the "just and reasonable" standard of review when acting on proposals by the Commission on its own motion, or by a signatory to this Service Agreement or a non-signatory, to modify unilaterally: (1) the types of specific provisions described above; (2) contract provisions that deviate from the Form of Service Agreement that have been accepted for filing by the Commission; (3) Section 3.3, which expressly provides for Pipeline's right to take certain actions unilaterally (the unilateral actions themselves being subject to the "just and reasonable" standard of review); or (4) this Article VII. The standard of review the Commission shall apply when acting on unilateral modifications regarding all other provisions of this Service Agreement that are proposed by the Commission on its own motion, or by a signatory to this Service Agreement or a non-signatory, shall be the "just and reasonable" standard of review rather than the "public interest" standard of review.

ARTICLE VIII
FUTURE CHANGES

- 8.1 Except as otherwise set forth herein, no modification of or supplement to the terms and provisions hereof shall become effective except by the execution of a supplementary written agreement between the parties.

EXHIBIT A

to

SERVICE AGREEMENT UNDER
RATE SCHEDULE FT
BETWEEN
Carolina Gas Transmission, LLC ("Pipeline")
AND

_____ ("Shipper")

DATE _____

Primary Receipt
Point(s)

Receipt Zone

MDRQ (Dts)

Pipeline: _____

Shipper: _____

Supersedes Exhibit A, if any, Dated _____

EXHIBIT B

to

SERVICE AGREEMENT UNDER
RATE SCHEDULE FT
BETWEEN
Carolina Gas Transmission, LLC ("Pipeline")
AND

_____ ("Shipper")

DATE _____

MDTQ: _____ Dts

Primary Delivery Point(s)	Delivery Zone	MDDQ (Dts)	Minimum Delivery Pressure Obligation
------------------------------	---------------	------------	---

Pipeline: _____

Shipper: _____

Supersedes Exhibit B, if any, Dated _____

EXHIBIT C

to

SERVICE AGREEMENT UNDER
RATE SCHEDULE FT
BETWEEN
Carolina Gas Transmission, LLC ("Pipeline")
AND

_____ ("Shipper")

DATE _____

Description of rate (check one):

- Recourse Rate
- Negotiated Rate under GT&Cs Section 29
- Discounted Rate under GT&Cs Section 30

If not at the Recourse Rate, complete the following rate matrix and describe discounted or Negotiated Rate provisions as permitted by the Tariff and applicable Commission policy and precedent.

Receipt/Delivery Zone	Reservation Rate	Usage Rate
Zone 1 to Zone 1		
Zone 1 to Zone 2		
Zone 2 to Zone 1		
Zone 2 to Zone 2		

Provisions: _____

Facilities payment, if applicable. (check and describe)

- Incremental Facilities Charge (GT&C section 2.2(b)(2))
- Facilities Reimbursement (GT&C section 2.2(b)(3))

Other Tariff-Permitted Provisions: _____

Pipeline: _____

Shipper: _____

Supersedes Exhibit C, if any, Dated: _____

EXHIBIT D

to

SERVICE AGREEMENT UNDER
RATE SCHEDULE FT
BETWEEN
Carolina Gas Transmission, LLC ("Pipeline")
AND

_____ ("Shipper")

DATE _____

If Shipper is eligible for summer mitigation under GT&Cs Section 24, the reduced MDTQ, MDRQ, and MDDQ during the months of May through October are shown below.

MDTQ:	MDTQ	MDTQ Reduction	MDTQ during May through October
-------	------	----------------	---------------------------------

MDRQ:	Primary Receipt Point(s)	MDRQ during May through October
-------	--------------------------	---------------------------------

MDDQ:	Primary Delivery Point(s)	MDDQ during May through October
-------	---------------------------	---------------------------------

Pipeline: _____

Shipper: _____

Supersedes Exhibit D, if any, Dated: _____

EXHIBIT E

to

SERVICE AGREEMENT UNDER
RATE SCHEDULE FT
BETWEEN
Carolina Gas Transmission, LLC ("Pipeline")
AND

_____ ("Shipper")

Section 311 Certification

Shipper hereby represents and warrants that it is:

_____ an intrastate pipeline as defined by NGPA Section 2(16), or

_____ a local distribution company as defined by NGPA Section 2(17);

and that it:

_____ has physical custody of and transports the natural gas being transported under the referenced Service Agreement at some point during the transaction, or

_____ holds title to the natural gas being transported under the referenced Service Agreement at some point during the transaction, which may occur prior to, during, or after the time that the gas is being transported by Pipeline, for a purpose related to its status and functions as an intrastate pipeline or its status and functions as a local distribution company, or

_____ is either a local distribution company whose service area includes the customer(s) being served under the referenced Service Agreement or an intrastate pipeline physically able to deliver gas directly to the customer(s) being served under the referenced Service Agreement.

Signature: _____

Title: _____

Date: _____

FORM OF SERVICE AGREEMENT
FOR RATE SCHEDULE IT

This Service Agreement is made and entered into this ____ day of _____, _____, by and between Carolina Gas Transmission, LLC (herein called "Pipeline") and _____ (herein called "Shipper"), D-U-N-S® No. _____, with Pipeline and Shipper also referred to as party or parties,

WITNESSETH:

WHEREAS, Pipeline is an interstate pipeline providing service under its Tariff filed with the Federal Energy Regulatory Commission ("Commission");

NOW, THEREFORE, the parties agree as follows:

ARTICLE I
SCOPE OF AGREEMENT

- 1.1 Subject to the terms, conditions, and limitations hereof, of Pipeline's Rate Schedule IT, and of the General Terms and Conditions ("GT&Cs") of Pipeline's Tariff, Pipeline will provide to Shipper interruptible gas transportation service.
- 1.2 Pipeline may receive for Shipper's account for transportation hereunder daily quantities of gas, plus FRQ, at any Receipt Point on Pipeline's system, unless otherwise agreed to by the parties as specified in Exhibit A hereto. Pipeline may transport and deliver for Shipper's account such daily quantities tendered to any Delivery Point on Pipeline's system, unless otherwise agreed to by the parties as specified in Exhibit A hereto. Transportation service under this Service Agreement shall have a priority subordinate to Pipeline's firm transportation services.
- 1.3 All exhibits to this Service Agreement are incorporated as part of this Service Agreement.
- 1.4 If this Service Agreement supersedes any preexisting agreement(s) for service between Pipeline and Shipper, such agreement(s) shall be specified below:

ARTICLE II
TERM OF AGREEMENT

- 2.1 This Service Agreement shall become effective on _____, 20____, and shall continue in effect from Month to Month thereafter unless terminated by either party by prior written notice.
- 2.2 Any portions of this Service Agreement necessary to correct or cash out imbalances, or to make payment under this Service Agreement as required by the GT&Cs, will survive termination of this Service Agreement until such time as such balancing or payment has been accomplished.

ARTICLE III
RATE SCHEDULE AND GENERAL TERMS AND CONDITIONS

- 3.1 This Service Agreement shall be subject to all provisions of Rate Schedule IT and the GT&Cs on file with the Commission, as such may be revised, superseded, modified, or added to, from time to time, all of which are by this reference made a part hereof. All of the terms defined in Pipeline's Tariff shall have the same meaning in this Service Agreement.

- 3.2 Shipper agrees to and shall pay Pipeline the applicable Recourse Rate provided for in Rate Schedule IT, as effective from time to time, for service under this Service Agreement, unless otherwise agreed to by the parties as specified in Exhibit A hereto. Shipper agrees to and shall pay Pipeline all other charges, surcharges, and penalties provided for in Rate Schedule IT and the GT&Cs, as effective from time to time, for service under this Service Agreement.
- 3.3 Shipper agrees that Pipeline shall have the unilateral right to file with the Commission and place into effect any changes in any of the provisions of its Tariff, including, without limitation, any of Pipeline's rates and charges, rate schedules, GT&Cs, and forms as Pipeline may deem appropriate in the exercise of its sole discretion. Nothing contained herein shall prejudice the rights of Shipper to contest at any time the changes made under this Article III; however, Shipper agrees to pay all rates and charges, and to comply with all terms and conditions, in effect under this Tariff.
- 3.4 If service under this Service Agreement is being provided pursuant to Subpart B of Part 284 of the Commission's regulation, Shipper warrants that the transportation service hereunder meets the requirements set out in Subpart B of Part 284 of the Commission's regulations and qualifies for service under Rate Schedule IT. A certification from the party on whose behalf Pipeline will render the transportation services hereunder is attached as Exhibit B hereto. Shipper will indemnify, save, and hold Pipeline, its subsidiaries, and affiliates and their directors, officers, employees, and agents free and harmless from any and all suits, regulatory proceedings, actions, claims (including attorneys' fees and court costs), debts, accounts, damages (including punitive damages), costs, losses, injuries, or expenses arising from or out of breach of such warranty.

ARTICLE IV ASSIGNMENTS

- 4.1 Any entity that succeeds by purchase, merger, or consolidation to the properties, substantially as an entirety, of Shipper or of Pipeline will be entitled to the rights and will be subject to the obligations of its predecessor in title under this Service Agreement. Either Shipper or Pipeline may assign or pledge this Service Agreement under the provisions of any mortgage, deed of trust, indenture, bank credit agreement, receivable sale, or similar instrument that it has executed or may execute hereafter without relieving itself of its obligations under this Service Agreement. Except as set forth above, neither Shipper nor Pipeline shall assign this Service Agreement or any of its rights hereunder without the prior written consent of the other party; provided, however, that neither Shipper nor Pipeline shall be released from its obligations hereunder without the written consent of the other.

ARTICLE V LIMITATIONS ON LIABILITY

- 5.1 Shipper acknowledges and agrees that: (a) Shipper shall have no recourse against Pipeline's parent or other affiliates with respect to Pipeline's obligations under this Service Agreement and that its sole recourse shall be against the assets and revenues of Pipeline, irrespective of any failure to comply with applicable law or any provision of this Service Agreement; (b) no claim shall be made against Pipeline's parent or other affiliates under or in connection with this Service Agreement; and (c) this representation is made expressly for the benefit of Pipeline's parent and other affiliates.
- 5.2 The parties hereto agree that neither party shall be liable to the other party for any special, indirect, punitive, or consequential damages (including, without limitation, loss of profits or business interruptions) arising out of or in any manner related to this Service Agreement.

ARTICLE VI GOVERNING LAW

- 6.1 The parties hereto agree that interpretation and performance of this Service Agreement are governed by the laws of the State of South Carolina without recourse to South Carolina law governing conflict of laws.

EXHIBIT A

to

SERVICE AGREEMENT UNDER
RATE SCHEDULE IT
BETWEEN
Carolina Gas Transmission, LLC ("Pipeline")
AND

_____ ("Shipper")

DATED _____

Description of rate (check one):

- Recourse Rate
- Negotiated Rate under GT&Cs Section 29
- Discounted Rate under GT&Cs Section 30

If not at the Recourse Rate, complete the following rate matrix and describe the discounted or Negotiated Rate provisions as permitted by the Tariff and applicable Commission policy and precedent. Any service under this Service Agreement that does not comply with the following provisions shall be at the applicable Recourse Rate.

Zone of Delivery	Usage Rate
Zone 1	
Zone 2	

Facilities payment, if applicable. (check and describe)

- Incremental Facilities Charge (GT&C section 2.2(b)(2))
- Facilities Reimbursement (GT&C section 2.2(b)(3))

Pipeline: _____

Shipper: _____

Supersedes Exhibit A, if any, Dated: _____

EXHIBIT B

to

SERVICE AGREEMENT UNDER
RATE SCHEDULE IT
BETWEEN
Carolina Gas Transmission, LLC ("Pipeline")
AND

_____ ("Shipper")

Section 311 Certification

Shipper hereby represents and warrants that it is:

_____ an intrastate pipeline as defined by NGPA Section 2(16), or

_____ a local distribution company as defined by NGPA Section 2(17);

and that it:

_____ has physical custody of and transports the natural gas being transported under the referenced Service Agreement at some point during the transaction, or

_____ holds title to the natural gas being transported under the referenced Service Agreement at some point during the transaction, which may occur prior to, during, or after the time that the gas is being transported by Pipeline, for a purpose related to its status and functions as an intrastate pipeline or its status and functions as a local distribution company, or

_____ is either a local distribution company whose service area includes the customer(s) being served under the referenced Service Agreement or an intrastate pipeline physically able to deliver gas directly to the customer(s) being served under the referenced Service Agreement.

Signature: _____

Title: _____

Date: _____

FORM OF SERVICE AGREEMENT
FOR RATE SCHEDULE PAL

This Service Agreement is made and entered into this ____ day of _____, ____, by and between Carolina Gas Transmission, LLC, (herein called "Pipeline") and _____ (herein called "Shipper"), D-U-N-S® No. _____, with Pipeline and Shipper also referred to as party or parties,

WITNESSETH:

WHEREAS, Pipeline is an interstate pipeline providing service under its Tariff filed with the Federal Energy Regulatory Commission ("Commission");

NOW, THEREFORE, the parties agree as follows:

ARTICLE I
SCOPE OF AGREEMENT

- 1.1 Subject to the terms, conditions, and limitations hereof, of Pipeline's Rate Schedule PAL, and of the General Terms and Conditions ("GT&Cs") of Pipeline's Tariff, service hereunder will be interruptible and Pipeline agrees to receive or deliver for Shipper's account quantities of gas for the total maximum transaction duration as specified in Exhibit A hereto.
- 1.2 All exhibits to this Service Agreement are incorporated as part of this Service Agreement.
- 1.3 If this Service Agreement supersedes any preexisting agreement(s) for service between Pipeline and Shipper, such agreement(s) shall be specified below:

ARTICLE II
TERM OF AGREEMENT

- 2.1 This Service Agreement shall become effective on _____, 20__, and shall continue in effect from Month to Month thereafter unless terminated by either party by prior written notice.
- 2.2 Any portions of this Service Agreement necessary to close a park or loan transaction, or to correct or cash out imbalances, or to make payment under this Service Agreement as required by the GT&Cs, will survive termination of this Service Agreement until such time as such balancing or payment has been accomplished.

ARTICLE III
RATE SCHEDULE AND GENERAL TERMS AND CONDITIONS

- 3.1 This Service Agreement shall be subject to all provisions of Rate Schedule PAL and the GT&Cs on file with the Commission, as such may be revised, superseded, modified, or added to, from time to time, all of which are by this reference made a part hereof. All of the terms defined in Pipeline's Tariff shall have the same meaning in this Service Agreement.
- 3.2 Shipper agrees to and shall pay Pipeline the applicable Recourse Rate provided for in Rate Schedule PAL, as effective from time to time, for service under this Service Agreement, unless otherwise agreed to by the parties as specified in Exhibit A hereto. Shipper agrees to and shall pay Pipeline all other charges, surcharges, and penalties provided for in Rate Schedule PAL and the GT&Cs, as effective from time to time, for service under this Service Agreement.

- 3.3 Shipper agrees that Pipeline shall have the unilateral right to file with the Commission and place into effect any changes in any of the provisions of its Tariff, including, without limitation, any of Pipeline's rates and charges, rate schedules, GT&Cs, and forms as Pipeline may deem appropriate in the exercise of its sole discretion. Nothing contained herein shall prejudice the rights of Shipper to contest at any time the changes made under this Article III; however, Shipper agrees to pay all rates and charges, and to comply with all terms and conditions, in effect under this Tariff.
- 3.4 If service under this Service Agreement is being provided pursuant to Subpart B of Part 284 of the Commission's regulation, Shipper warrants that the transportation service hereunder meets the requirements set out in Subpart B of Part 284 of the Commission's regulations and qualifies for service under Rate Schedule PAL. A certification from the party on whose behalf Pipeline will render the transportation services hereunder is attached as Exhibit D hereto. Shipper further agrees to abide by the terms of Rate Schedule PAL. Shipper will indemnify, save, and hold Pipeline, its subsidiaries, and affiliates and their directors, officers, employees, and agents free and harmless from any and all suits, regulatory proceedings, actions, claims (including attorneys' fees and court costs), debts, accounts, damages (including punitive damages), costs, losses, injuries, or expenses arising from or out of breach of such warranty.

ARTICLE IV ASSIGNMENTS

- 4.1 Any entity that succeeds by purchase, merger, or consolidation to the properties, substantially as an entirety, of Shipper or of Pipeline will be entitled to the rights and will be subject to the obligations of its predecessor in title under this Service Agreement. Either Shipper or Pipeline may assign or pledge this Service Agreement under the provisions of any mortgage, deed of trust, indenture, bank credit agreement, receivable sale, or similar instrument that it has executed or may execute hereafter, without relieving itself of its obligations under this Service Agreement. Except as set forth above, neither Shipper nor Pipeline shall assign this Service Agreement or any of its rights hereunder without the prior written consent of the other party; provided, however, that neither Shipper nor Pipeline shall be released from its obligations hereunder without the written consent of the other.

ARTICLE V LIMITATIONS ON LIABILITY

- 5.1 Shipper acknowledges and agrees that: (a) Shipper shall have no recourse against Pipeline's parent or other affiliates with respect to Pipeline's obligations under this Service Agreement and that its sole recourse shall be against the assets and revenues of Pipeline, irrespective of any failure to comply with applicable law or any provision of this Service Agreement; (b) no claim shall be made against Pipeline's parent or other affiliates under or in connection with this Service Agreement; and (c) this representation is made expressly for the benefit of Pipeline's parent and other affiliates.
- 5.2 The parties hereto agree that neither party shall be liable to the other party for any special, indirect, punitive, or consequential damages (including, without limitation, loss of profits or business interruptions) arising out of or in any manner related to this Service Agreement.

ARTICLE VI GOVERNING LAW

- 6.1 The parties hereto agree that interpretation and performance of this Service Agreement are governed by the laws of the State of South Carolina without recourse to South Carolina law governing conflict of laws.
- 6.2 This Service Agreement and the obligations of the parties are subject to all present and future valid laws, state and federal, with respect to the subject matter, and to all valid present and future orders, rules, and regulations of duly constituted authorities having jurisdiction.

EXHIBIT A

to

SERVICE AGREEMENT UNDER
RATE SCHEDULE PAL
BETWEEN
Carolina Gas Transmission, LLC ("Pipeline")
AND

_____ ("Shipper")

DATED _____

Maximum Quantity: _____ Dts

Maximum Duration: _____ Gas Days

Description of rate (check one):

- _____ Recourse Rate
- _____ Negotiated Rate under GT&Cs Section 29
- _____ Discounted Rate under GT&Cs Section 30

If not at the Recourse Rate, complete the following and describe the discounted or Negotiated Rate provisions as permitted by the Tariff and applicable Commission policy and precedent. Any service under this Service Agreement that does not comply with the following provisions shall be at the applicable Recourse Rate.

First Day Rate: _____

Subsequent Day Rate: _____

Pipeline: _____

Shipper: _____

Supersedes Exhibit A, if any, Dated: _____

EXHIBIT B

to

SERVICE AGREEMENT UNDER
RATE SCHEDULE PAL
BETWEEN
Carolina Gas Transmission, LLC ("Pipeline")
AND

_____ ("Shipper")

Section 311 Certification

Shipper hereby represents and warrants that it is:

_____ an intrastate pipeline as defined by NGPA Section 2(16), or

_____ a local distribution company as defined by NGPA Section 2(17);

and that it:

_____ has physical custody of and transports the natural gas being transported under the referenced Service Agreement at some point during the transaction, or

_____ holds title to the natural gas being transported under the referenced Service Agreement at some point during the transaction, which may occur prior to, during, or after the time that the gas is being transported by Pipeline, for a purpose related to its status and functions as an intrastate pipeline or its status and functions as a local distribution company, or

_____ is either a local distribution company whose service area includes the customer(s) being served under the referenced Service Agreement or an intrastate pipeline physically able to deliver gas directly to the customer(s) being served under the referenced Service Agreement.

Signature: _____

Title: _____

Date: _____

FORM OF SERVICE REQUEST

Any party requesting service, agency authorization, or pooling on Carolina Gas Transmission, LLC's ("Pipeline") system must complete this Service Request Form, either electronically on Pipeline's Internet Website or on a paper copy. Completed Service Request Forms shall be sent to:

Customer Services Department
Carolina Gas Transmission, LLC
121 Moore Hopkins Lane
Columbia, SC 29210

No request for service shall be considered until a completed Service Request Form is received by Pipeline's Customer Services Department.

_____ ("Requesting Party") provides the following information in connection with this request:

1. Type of service or agreement (check only one):

- Rate Schedule FT
- Rate Schedule BH
- Rate Schedule IT
- Rate Schedule PAL
- Pooling Agreement
- Agency Authorization Agreement
- Capacity Release Umbrella Service Agreement
- Pre-qualification for Service Only

2. Date Service or Agreement is requested to Commence/End:

Commence Date: _____ End Date: _____

3. Requesting Party (Complete Legal Name): _____

(a) Type of Legal Entity: _____

(b) State of Incorporation: _____

(c) D-U-N-S® Number: _____

(d) Requesting Party is (check only one):

- | | |
|--|--|
| <input type="checkbox"/> Interstate Pipeline | <input type="checkbox"/> Intrastate Pipeline |
| <input type="checkbox"/> LDC | <input type="checkbox"/> End-User |
| <input type="checkbox"/> Producer | <input type="checkbox"/> Marketer |
| <input type="checkbox"/> Broker | <input type="checkbox"/> Other (specify) _____ |

4. If Requesting Party is acting as agent in arranging this service, specify below each principal (complete legal name, type of legal entity, D-U-N-S® Number, and State of incorporation) and its respective type of company (see 3(d) above). Requesting Party must supply an Agency Authorization Agreement for each principal.

5. Are additional or new facilities required to be installed or constructed by any party to implement this request? If so, please specify:

6. Name and full title of officer (or general partner) of Requesting Party who will execute service agreement with Pipeline:

7. Business contact person for this request:

Name & Title: _____

Mailing Address:

Phone: _____ Facsimile: _____

E-mail address: _____

8. 24-hour contact person and phone number for dispatching gas to and from Receipt and Delivery Points:

Name & Title: _____

Mailing Address:

Phone: _____ Facsimile: _____

E-mail address: _____

Beeper or Cellular Phone (circle one): _____

9. Person to whom invoices and billing notices are to be directed:

Name & Title: _____

Mailing Address:

Phone: _____ Facsimile: _____

E-mail address: _____

10. Proposed Maximum Daily Transportation Quantity (FT) (Dts): _____

Proposed Maximum Daily Transportation Quantity (BH) (Dts): _____

Proposed Maximum Daily Transportation Quantity (IT) (Dts): _____

Proposed Maximum Park or Loan Quantity (PAL) (Dts): _____

Proposed Maximum Park or Loan Duration (PAL) (Days): _____

Proposed Receipt and Delivery Points:

Point Name Point Code Receipt/Delivery MDRQ/MDDQ

11. Requesting Party certifies that Shipper has title, or current contractual right to acquire title, to any gas supply needed to implement this request, and that Shipper has entered into, or will enter into, all contractual arrangements necessary to ensure that all upstream and downstream transportation is in place prior to the requested effective date.

Signed: _____

Printed Name: _____

Title: _____

Date: _____

FORM OF POOLING AGREEMENT

This Pooling Agreement is made and entered into this ____ day of _____, _____, by and between Carolina Gas Transmission, LLC (herein called "Pipeline") and _____ (herein called "Pooler") , D-U-N-S® No. _____, with Pipeline and Pooler also referred to as party or parties,

WITNESSETH:

WHEREAS, Pipeline is an interstate pipeline providing service under its Tariff filed with the Federal Energy Regulatory Commission ("Commission"); and

WHEREAS, Pooler has submitted a valid request under Pipeline's Tariff to create a pool of gas supplies originating from various Receipt Points on Pipeline's system ("Pool"); and

WHEREAS, Pipeline is agreeable to such an arrangement under the terms and conditions of this Pooling Agreement, Pipeline's Tariff, including its General Terms and Conditions ("GT&Cs"), and any applicable Commission Regulations.

NOW, THEREFORE, the parties agree as follows:

ARTICLE I
SCOPE OF AGREEMENT

- 1.1 Subject to the terms, conditions, and limitations hereof, and of the GT&Cs, as revised from time to time, Pipeline will provide pooling on behalf of Pooler. In the event of any conflict between this Pooling Agreement and the Tariff, the Tariff shall govern.
- 1.2 Pipeline makes no representation, assurance, or warranty that any capacity will be available on Pipeline's system at any time. Pipeline shall have the right to interrupt pooling under this Pooling Agreement consistent with the Tariff.
- 1.3 The parties agree that to the extent Pipeline is able to confirm and schedule nominations made by Pooler hereunder, quantities of gas scheduled by Pipeline for Pooler for delivery to the Pool shall be deemed to have been received by Pooler into the Pool.
- 1.4 Pooler agrees that it is Pooler's responsibility, and not Pipeline's, to ensure that quantities delivered into the Pool during a Gas Day equal quantities delivered out of the Pool. Pipeline may cancel this Pooling Agreement if Pooler fails to balance its receipts and deliveries on a daily basis.
- 1.5 This Pooling Agreement supersedes all preexisting pooling agreements between Pipeline and Shipper.

ARTICLE II
TERM OF AGREEMENT

- 2.1 Subject to Pooler's satisfaction of GT&Cs Section 3 creditworthiness requirements, this Pooling Agreement shall become effective as of the date set forth above, and shall continue in effect for a primary term of one (1) Month, and for successive terms of one (1) Month thereafter, unless cancelled by either party giving written notice at least ten (10) days prior to the end of the primary term or any monthly extension thereof, or by operation of GT&Cs Section 20.1. Extension, suspension, and termination of this Pooling Agreement shall be governed by the GT&Cs.
- 2.2 On termination of this Pooling Agreement, Pipeline and Pooler shall be relieved of further obligation to the other party, except to complete the activities underway on the termination date to comply with GT&Cs

Section 19 with respect to any imbalance accrued prior to termination of this Pooling Agreement, to render reports, and to make any payments accruing as of the termination date.

ARTICLE III
GENERAL TERMS AND CONDITIONS

- 3.1 Pooler warrants and represents that by execution of this Pooling Agreement Pooler has authority to nominate deliveries of gas supplies designated by Pooler into and out of the Pool. Pooler agrees to indemnify, save, and hold Pipeline, its subsidiaries, and affiliates and their directors, officers, employees, and agents, free and harmless from any and all suits, regulatory proceedings, actions, claims (including attorneys' fees and court costs), debts, accounts, damages (including punitive damages), costs, losses, injuries, or expenses caused by Pipeline's allocation of gas to the Pool under this Pooling Agreement for which Pooler did not have the authority or title to nominate, or caused by Pooler's TTT.
- 3.2 The parties understand that the Pool created hereunder is not a physical point on Pipeline's system. Nothing contained herein shall obligate Pipeline to construct or install facilities.
- 3.3 Pooler shall exercise due diligence in monitoring the supplies serving its Pool and shall use its best efforts to notify Pipeline promptly of any known variations in such supplies.
- 3.4 Pooler agrees that Pipeline shall have the unilateral right to file with the Commission and place into effect any changes in any of the provisions of its Tariff, including, without limitation, any of Pipeline's rates and charges, rate schedules, GT&Cs, and forms as Pipeline may deem appropriate in the exercise of its sole discretion. Nothing contained herein shall prejudice the rights of Pooler to contest at any time the changes made under this Article III.

ARTICLE IV
ASSIGNMENTS

- 4.1 Any entity that succeeds by purchase, merger, or consolidation to the properties, substantially as an entirety, of Pooler or of Pipeline will be entitled to the rights and will be subject to the obligations of its predecessor in title under this Pooling Agreement. Either Pooler or Pipeline may assign or pledge this Pooling Agreement under the provisions of any mortgage, deed of trust, indenture, bank credit agreement, receivable sale, or similar instrument that it has executed or may execute hereafter without relieving itself of its obligations under this Pooling Agreement. Except as set forth above, neither Pooler nor Pipeline shall assign this Pooling Agreement or any of its rights hereunder without the prior written consent of the other party; provided, however, that neither Pooler nor Pipeline shall be released from its obligations hereunder without the written consent of the other.

ARTICLE V
LIMITATIONS ON LIABILITY

- 5.1 Pooler acknowledges and agrees that: (a) Pooler shall have no recourse against Pipeline's parent or other affiliates with respect to Pipeline's obligations under this Pooling Agreement and that its sole recourse shall be against the assets and revenues of Pipeline, irrespective of any failure to comply with applicable law or any provision of this Pooling Agreement; (b) no claim shall be made against Pipeline's parent or other affiliates under or in connection with this Pooling Agreement; and (c) this representation is made expressly for the benefit of Pipeline's parent or other affiliates.
- 5.2 The parties hereto agree that neither party shall be liable to the other party for any special, indirect, punitive, or consequential damages (including, without limitation, loss of profits or business interruptions) arising out of or in any manner related to this Pooling Agreement.

ARTICLE VI
GOVERNING LAW

- 6.1 The parties hereto agree that interpretation and performance of this Pooling Agreement are governed by the laws of the State of South Carolina without recourse to South Carolina law governing conflict of laws.
- 6.2 This Pooling Agreement and the obligations of the parties are subject to all present and future valid laws, state and federal, with respect to the subject matter, and to all valid present and future orders, rules, and regulations of duly constituted authorities having jurisdiction.

ARTICLE VII
STANDARD OF REVIEW

- 7.1 This Service Agreement is based on the Form of Pooling Agreement included in Pipeline's Tariff. The Commission shall apply the "public interest" standard of review rather than the "just and reasonable" standard of review when acting on proposals by the Commission on its own motion, or by a signatory to this Service Agreement or a non-signatory, to modify unilaterally: (1) contract provisions that deviate from the Form of Pooling Agreement that have been accepted for filing by the Commission; (2) Section 3.4, which expressly provides for Pipeline's right to take certain actions unilaterally (the unilateral actions themselves being subject to the "just and reasonable" standard of review); or (3) this Article VII. The standard of review the Commission shall apply when acting on unilateral modifications regarding all other provisions of this Pooling Agreement that are proposed by the Commission on its own motion, or by a signatory to this Pooling Agreement or a non-signatory, shall be the "just and reasonable" standard of review rather than the "public interest" standard of review.

ARTICLE VIII
FUTURE CHANGES

- 8.1 Except as otherwise set forth herein, no modification of or supplement to the terms and provisions hereof shall become effective except by execution of a supplementary written agreement between the parties.

ARTICLE IX
WAIVER

- 9.1 No waiver by Pipeline or Pooler of any default of either party under this Pooling Agreement shall operate as a waiver of any subsequent default whether of a like or different character.

FORM OF AGENCY AUTHORIZATION AGREEMENT

This Agreement is made and entered into this ____ day of _____, _____, by and among Carolina Gas Transmission, LLC (“Pipeline”), _____ (“Shipper”), D-U-N-S® No. _____, and _____ (“Agent”), D-U-N-S® No. _____. Pipeline, Shipper, and Agent also shall be referred to herein as party or parties,

WITNESSETH:

WHEREAS, Shipper and Pipeline have entered into certain agreements for the transportation of natural gas (“Underlying Agreement(s)”), as more fully set forth on Exhibit A of this Agreement; and

WHEREAS, Shipper desires to assign its nominating, scheduling, or other administrative responsibilities under one (1) or more of the Underlying Agreements to Agent;

NOW, THEREFORE, the parties agree as follows:

ARTICLE I - TARIFF

1.1 Pipeline’s Federal Energy Regulatory Commission Gas Tariff (“Tariff”) is incorporated herein by reference.

ARTICLE II - SCOPE

2.1 Shipper agrees that, for the term of this Agency Authorization Agreement, Agent shall have sole and exclusive responsibility on behalf of Shipper under the Underlying Agreement(s) listed on Exhibit A hereto, for the activities listed on Exhibit A, and for quantities of gas up to the designated quantities shown on Exhibit A.

2.2 Agent shall comply with the Underlying Agreement(s) and with Pipeline’s Tariff.

ARTICLE III - AGENCY

3.1 This Agency Authorization Agreement shall be accompanied by an Exhibit A hereto. If Shipper desires to delegate separate and non-overlapping responsibilities under an Underlying Agreement to more than one Agent, then a separate Agreement and Exhibit A must be submitted for each such Agent. Notwithstanding Agent’s appointment, Shipper remains fully liable under the Underlying Agreement(s).

ARTICLE IV - RECEIPT AND DELIVERY POINTS

4.1 In making Primary Receipt Point and Primary Delivery Point nominations under firm contracts on behalf of Shipper, Agent is limited to the use of the Primary Receipt and Delivery Points listed on Exhibit A hereto. Pipeline shall not accept nominations from Agent under Shipper’s Underlying Agreement(s) in excess of the delegated quantities set forth on Exhibit A hereto.

4.2 Nothing herein shall limit Agent’s use of other Receipt and Delivery Points as secondary points and any such request shall be accorded priority under Tariff GT&Cs Section 12. Agent shall have Shipper’s rights to schedule transportation at secondary points, except as may be indicated on Exhibit A hereto.

ARTICLE V – TERM

5.1 This Agency Authorization Agreement shall become effective on _____, and shall remain in full force and effect until terminated under the provisions of Section 5.2.

- 5.2 This Agency Authorization Agreement may be terminated at any time by Shipper or Agent and may be terminated by Pipeline in the event Agent fails to perform under this Agency Authorization Agreement or Pipeline's Tariff; provided that the terminating party must give five (5) days written notice of termination to the other parties; and provided, further, that, to the extent Pipeline has relied on Agent's instructions with respect to a nomination cycle, the Agreement shall terminate at the conclusion of such cycle. Notwithstanding the foregoing, the designation and authorization of Agent with respect to one (1) or more of the Underlying Agreements shall automatically terminate upon termination of such Underlying Agreement(s).

ARTICLE VI - INDEMNITY

- 6.1 Pipeline will rely on communications and actions of Agent for all purposes within the scope of authority conveyed by the Agency Authorization Agreement with respect to the delegated quantities. Shipper agrees to indemnify, save, and hold Pipeline, its subsidiaries, and affiliates and their directors, officers, employees, and agents free and harmless from any and all claims, suits, regulatory proceedings, actions, claims (including attorney's fees and court costs), debts, accounts, damages (including punitive damages), costs, losses, imbalances, injuries, or expenses arising from Pipeline's actions in reliance on communications with Agent.
- 6.2 Shipper and Agent agree to indemnify, save, and hold Pipeline, its subsidiaries, and affiliates and their directors, officers, employees, and agents, free and harmless from any and all suits, regulatory proceedings, actions, claims (including attorneys' fees and court costs), debts, accounts, damages (including punitive damages), costs, losses, imbalances, injuries, or expenses of any kind, including but not limited to claims of damage to property or the environment, that are brought by Shipper, Agent, or any third party against Pipeline and that arise from actions taken by any party under this Agency Authorization Agreement.

ARTICLE VII – GOVERNING LAW

- 7.1 The parties hereto agree that interpretation and performance of this Agency Authorization Agreement are governed by the laws of the State of South Carolina without recourse to South Carolina law governing conflict of laws.
- 7.2 This Agency Authorization Agreement and the obligations of the parties are subject to all present and future valid laws, state and federal, with respect to the subject matter, and to all valid present and future orders, rules, and regulations of duly constituted authorities having jurisdiction.

ARTICLE VIII - MISCELLANEOUS

- 8.1 Unless otherwise provided in this Agency Authorization Agreement or Pipeline's Tariff, no modification of or supplement to the terms and provisions stated in this Agency Authorization Agreement shall be or become effective except by execution of a supplementary written agreement between the parties.
- 8.2 No waiver by any party of any one (1) or more defaults by the other in the performance of any provision of this Agency Authorization Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or of a different character.
- 8.3 Notwithstanding anything herein to the contrary, this Agency Authorization Agreement shall not take effect until Shipper or Agent has provided Pipeline with a completed Exhibit A. Exhibit A hereto shall be incorporated herein by reference and made part of this Agreement for all purposes on its receipt by Pipeline.
- 8.4 In the event of a conflict between this Agency Authorization Agreement and the GT&Cs, the GT&Cs shall govern.

EXHIBIT A
AGENCY AUTHORIZATION AGREEMENT

Dated _____

I. AGENT INFORMATION

Legal Name: _____

D-U-N-S® No.: _____

Mailing Address:

Contact Name & Title: _____

Phone: _____ Facsimile: _____

E-mail address: _____

For Point Operator:

Emergency Contact Name & Title: _____

Phone: _____ Facsimile: _____

E-mail address: _____

II. SPECIFIC UNDERLYING AGREEMENTS:

III. SPECIFIC AUTHORIZED AGENT ACTIVITIES: [Check all that apply.]

- _____ Requesting and contracting for service.
- _____ Releasing and acquiring firm transportation capacity.
- _____ Nominating and scheduling.
- _____ Managing imbalances, invoices, and payments.
- _____ Receiving or paying amounts for the resolution of transportation imbalances.
- _____ Administering Title Transfer Tracking service.
- _____ Receiving notices regarding operational matters.
- _____ Acting as Point Operator for the points identified below.

_____ Other function (specify)_____.

IV. SPECIFIC QUANTITIES, RECEIPT POINTS, AND DELIVERY POINTS:

V. SPECIFIC POINT OPERATOR POINTS:

VI. ANY SPECIAL PROVISIONS OF AGENCY AGREEMENT:

FORM OF CAPACITY RELEASE
UMBRELLA SERVICE AGREEMENT

This Umbrella Service Agreement is made and entered into this ____ day of _____, _____ by and between _____, (herein called "Replacement Shipper"), D-U-N-S® No. _____, and Carolina Gas Transmission, LLC (herein called "Pipeline"). Pipeline and Replacement Shipper also shall be referred to herein as party or parties.

For and in consideration of the mutual covenants and promises herein contained, Replacement Shipper and Pipeline hereby agree as follows:

ARTICLE I
SCOPE OF AGREEMENT

- 1.1 Subject to the terms, conditions, and limitations hereof, and the General Terms and Conditions ("GT&Cs") of Pipeline's Tariff, Replacement Shipper may bid from time to time, using Pipeline's Internet Website, on proposed capacity releases under the procedure set forth in GT&Cs Section 17. If, after a bid is submitted by Replacement Shipper with respect to a capacity release, Pipeline awards such capacity to such Replacement Shipper, Pipeline shall promptly send to Replacement Shipper an Addendum to this Umbrella Service Agreement, in the format attached hereto. Unless Pipeline otherwise agrees, Pipeline shall send the Addendum to Replacement Shipper using electronic transmission. Such Addendum shall be deemed to be an executed Service Agreement under the rate schedule designated therein, subject to the terms and conditions of the rate schedule, the form of Service Agreement applicable to such rate schedule, and Pipeline's GT&Cs. The terms of the accepted bid shall be deemed to be incorporated into, and effective under, this Umbrella Service Agreement. The parties agree that each Addendum is an integral part of this Umbrella Service Agreement as if executed by the parties and is binding on the parties hereto. For permanent releases of capacity, within 30 days of the award date, Pipeline and Replacement Shipper shall execute a new Service Agreement reflecting the rates, terms, and conditions of the Addendum, and such Service Agreement will supersede the Addendum.

ARTICLE II
TERM OF AGREEMENT

- 2.1 The term of this Umbrella Service Agreement, which shall not be less than the term of Replacement Shipper's awarded capacity, shall commence on _____, and shall continue in force and effect Month to Month thereafter unless terminated by either party by prior written notice.

ARTICLE III
SERVICE AGREEMENT, RATE SCHEDULE, AND TARIFF

- 3.1 This Umbrella Service Agreement does not have separate terms and conditions for particular services, but only provides a means for a Replacement Shipper to use a service subject to the applicable provisions of the relevant Service Agreement and rate schedule.
- 3.2 Pipeline's Tariff is incorporated herein by reference.
- 3.3 Replacement Shipper agrees that Pipeline shall have the unilateral right to file with the Commission and place into effect any changes in any of the provisions of its Tariff, including, without limitation, any of Pipeline's rates and charges, rate schedules, GT&Cs, and forms as Pipeline may deem appropriate in the exercise of its sole discretion. Nothing contained herein shall prejudice the rights of Replacement Shipper to contest at any time the changes made under this Article III; however, Replacement Shipper agrees to pay all rates and charges, and to comply with all terms and conditions, in effect under this Tariff.

ARTICLE IV
ASSIGNMENTS

- 4.1 Any entity that succeeds by purchase, merger, or consolidation to the properties, substantially as an entirety, of Replacement Shipper or of Pipeline will be entitled to the rights and will be subject to the obligations of its predecessor in title under this Umbrella Service Agreement. Either Replacement Shipper or Pipeline may assign or pledge this Umbrella Service Agreement under the provisions of any mortgage, deed of trust, indenture, bank credit agreement, receivable sale, or similar instrument that it has executed or may execute hereafter without relieving itself of its obligations under this Umbrella Service Agreement. Except as set forth above, neither Replacement Shipper nor Pipeline shall assign this Umbrella Service Agreement or any of its rights hereunder without the prior written consent of the other party; provided, however, that neither Replacement Shipper nor Pipeline shall be released from its obligations hereunder without the written consent of the other.

ARTICLE V
LIMITATIONS ON LIABILITY

- 5.1 Replacement Shipper acknowledges and agrees that: (a) Replacement Shipper shall have no recourse against Pipeline's parent or other affiliates with respect to Pipeline's obligations under this Umbrella Service Agreement and that its sole recourse shall be against the assets and revenues of Pipeline, irrespective of any failure to comply with applicable law or any provision of this Umbrella Service Agreement; (b) no claim shall be made against Pipeline's parent or other affiliates under or in connection with this Umbrella Service Agreement; and (c) this representation is made expressly for the benefit of Pipeline's parent and other affiliates.
- 5.2 The parties hereto agree that neither party shall be liable to the other party for any special, indirect, punitive, or consequential damages (including, without limitation, loss of profits or business interruptions) arising out of or in any manner related to this Umbrella Service Agreement.

ARTICLE VI
GOVERNING LAW

- 6.1 The parties hereto agree that interpretation and performance of this Umbrella Service Agreement are governed by the laws of the State of South Carolina without recourse to South Carolina law governing conflict of laws.
- 6.2 This Umbrella Service Agreement and obligations of the parties are subject to all present and future valid laws, state and federal, with respect to the subject matter, and to all valid present and future orders, rules, and regulations of duly constituted authorities having jurisdiction.

ARTICLE VII
STANDARD OF REVIEW

- 7.1 This Umbrella Service Agreement is based on the Form of Capacity Release Umbrella Service Agreement included in Pipeline's Tariff with blank spaces (for example, in Section 2.1) and Addendums that, when completed, will describe specific provisions of mutual agreement between Pipeline and Shipper. The Commission shall apply the "public interest" standard of review rather than the "just and reasonable" standard of review when acting on proposals by the Commission on its own motion, or by a signatory to this Umbrella Service Agreement or a non-signatory, to modify unilaterally: (1) the types of specific provisions described above; (2) contract provisions that deviate from the Form of Capacity Release Umbrella Service Agreement that have been accepted for filing by the Commission; (3) Section 3.3, which expressly provides for Pipeline's right to take certain actions unilaterally (the unilateral actions themselves being subject to the "just and reasonable" standard of review); or (4) this Article VII. The standard of review the Commission shall apply when acting on unilateral modifications regarding all other provisions of this Umbrella Service Agreement that are proposed by the Commission on its own motion, or by a

signatory to this Umbrella Service Agreement or a non-signatory, shall be the "just and reasonable" standard of review rather than the "public interest" standard of review.

ARTICLE VIII
FUTURE CHANGES

8.1 Except as otherwise set forth herein, no modification of or supplement to the terms and provisions hereof shall become effective except by the execution of a supplementary written agreement between the parties.

IN WITNESS WHEREOF, the Parties hereto have caused this Umbrella Service Agreement to be executed by their respective duly authorized officers the day and year first above written.

Carolina Gas Transmission, LLC

By: _____

Printed Name: _____

Title: _____

[REPLACEMENT SHIPPER]

By: _____

Printed Name: _____

Title: _____

ADDENDUM
to
CAPACITY RELEASE UMBRELLA SERVICE AGREEMENT
BETWEEN
Carolina Gas Transmission, LLC ("Pipeline")
AND
_____ ("Replacement Shipper")

Award No.: _____
Award Date: _____

Umbrella Service Agreement Contract No.: _____
Capacity Release Rate Schedule: _____

Releasing Shipper: _____
Releasing Shipper's Contract No.: _____

Begin Date and Time: _____
End Date and Time: _____

Maximum Daily Transportation Quantity: _____ Dts

Recall Provisions:

Type of release: _____ Permanent _____ Temporary

Rate Information:

Primary Receipt Point(s) Maximum Daily Receipt Quantity

Primary Delivery Point(s) Maximum Daily Delivery Quantity

Additional Release Information:

This Addendum, entered into pursuant to Pipeline's capacity release program and to the executed Capacity Release Umbrella Service Agreement between Pipeline and the Replacement Shipper, is made a part of and subject to the Capacity Release Umbrella Service Agreement.

FORM OF SERVICE AGREEMENT
FOR RATE SCHEDULE BH

This Service Agreement is made and entered into this ____ day of _____, ____, by and between Carolina Gas Transmission, LLC (herein called "Pipeline") and _____ (herein called "Shipper"), D-U-N-S® No. _____, with Pipeline and Shipper also referred to as party or parties,

WITNESSETH:

WHEREAS, Pipeline is an interstate pipeline providing service under its Tariff filed with the Federal Energy Regulatory Commission ("Commission");

NOW, THEREFORE, the parties agree as follows:

ARTICLE I
SCOPE OF AGREEMENT

- 1.1 Subject to the terms, conditions, and limitations hereof, of Pipeline's Rate Schedule BH, and of the General Terms and Conditions ("GT&Cs") of Pipeline's Tariff, transportation service hereunder will be firm and Pipeline agrees to transport and deliver for Shipper's account quantities of gas up to the MDTQ specified in Exhibit B hereto.
- 1.2 Pipeline will receive for Shipper's account for transportation hereunder daily quantities of gas up to Shipper's MDTQ, plus FRQ, at Receipt Points as specified in Exhibit A hereto. Pipeline will transport and deliver for Shipper's account such daily quantities tendered up to such Shipper's MDTQ to the Delivery Points as specified in Exhibit B hereto.
- 1.3 All exhibits to this Service Agreement are incorporated as part of this Service Agreement.
- 1.4 If this Service Agreement supersedes any preexisting agreement(s) for service between Pipeline and Shipper, such agreement(s) shall be specified below:

- 1.5 If with a Prearranged Shipper, this Agreement is subject to the outcome of the bidding process set forth in GT&Cs Section 4.5 and, if necessary, Prearranged Shipper's election to exercise its matching rights thereunder.

ARTICLE II
TERM OF AGREEMENT

- 2.1 This Service Agreement shall become effective on _____, 20__, and shall continue in effect for a primary term through _____, 20__. Extension, suspension, and termination of this Service Agreement shall be governed by applicable GT&Cs.
- 2.2 Any portions of this Service Agreement necessary to correct or cash out imbalances, or to make payment under this Service Agreement as required by the GT&Cs, will survive termination of this Service Agreement until such time as such balancing or payment has been accomplished.

ARTICLE III
RATE SCHEDULE AND GENERAL TERMS AND CONDITIONS

- 3.1 This Service Agreement shall be subject to all provisions of Rate Schedule BH and the GT&Cs on file with the Commission, as such may be revised, superseded, modified, or added to, from time to time, all of which are by this reference made a part hereof. All of the terms defined in Pipeline's Tariff shall have the same meaning in this Service Agreement.
- 3.2 Shipper agrees to and shall pay Pipeline the applicable Recourse Rates provided for in Rate Schedule BH, as effective from time to time, for service under this Service Agreement, unless otherwise agreed to by the parties as specified in Exhibit C hereto. Shipper agrees to pay and shall pay Pipeline all other charges, surcharges, and penalties provided for in Rate Schedule BH and the GT&Cs, as effective from time to time, for service under this Service Agreement.
- 3.3 Shipper agrees that Pipeline shall have the unilateral right to file with the Commission and place into effect any changes in any of the provisions of its Tariff, including, without limitation, any of Pipeline's rates and charges, rate schedules, GT&Cs, and forms as Pipeline may deem appropriate in the exercise of its sole discretion. Nothing contained herein shall prejudice the rights of Shipper to contest at any time the changes made under this Article III; however, Shipper agrees to pay all rates and charges, and to comply with all terms and conditions, in effect under this Tariff.
- 3.4 If service under this Service Agreement is being provided pursuant to Subpart B of Part 284 of the Commission's regulation, Shipper warrants that the transportation service hereunder meets the requirements set out in Subpart B of Part 284 of the Commission's regulations and qualifies for service under Rate Schedule BH. A certification from the party on whose behalf Pipeline will render the transportation services hereunder is attached as Exhibit D hereto. Shipper will indemnify, save, and hold Pipeline, its subsidiaries, and affiliates and their directors, officers, employees, and agents free and harmless from any and all suits, regulatory proceedings, actions, claims (including attorneys' fees and court costs), debts, accounts, damages (including punitive damages), costs, losses, injuries, or expenses arising from or out of breach of such warranty.

ARTICLE IV
ASSIGNMENTS

- 4.1 Any entity that succeeds by purchase, merger, or consolidation to the properties, substantially as an entirety, of Shipper or of Pipeline will be entitled to the rights and will be subject to the obligations of its predecessor in title under this Service Agreement. Either Shipper or Pipeline may assign or pledge this Service Agreement under the provisions of any mortgage, deed of trust, indenture, bank credit agreement, receivable sale, or similar instrument that it has executed or may execute hereafter, without relieving itself of its obligations under this Service Agreement. Except as set forth above, neither Shipper nor Pipeline shall assign this Service Agreement or any of its rights hereunder without the prior written consent of the other party; provided, however, that neither Shipper nor Pipeline shall be released from its obligations hereunder without the written consent of the other. In addition, Shipper may assign its rights to capacity under GT&Cs Section 17.

ARTICLE V
LIMITATIONS ON LIABILITY

- 5.1 Shipper acknowledges and agrees that: (a) Shipper shall have no recourse against Pipeline's parent and other affiliates with respect to Pipeline's obligations under this Service Agreement and that its sole recourse shall be against the assets and revenues of Pipeline, irrespective of any failure to comply with applicable law or any provision of this Service Agreement; (b) no claim shall be made against Pipeline's parent or other affiliates under or in connection with this Service Agreement; and (c) this representation is made expressly for the benefit of Pipeline's parent or other affiliates.

- 5.2 The parties hereto agree that neither party shall be liable to the other party for any special, indirect, punitive, or consequential damages (including, without limitation, loss of profits or business interruptions) arising out of or in any manner related to this Service Agreement.

ARTICLE VI
GOVERNING LAW

- 6.1 The parties hereto agree that interpretation and performance of this Service Agreement are governed by the laws of the State of South Carolina without recourse to South Carolina law governing conflict of laws.
- 6.2 This Service Agreement and the obligations of the parties are subject to all present and future valid laws, state and federal, with respect to the subject matter, and to all valid present and future orders, rules, and regulations of duly constituted authorities having jurisdiction.

ARTICLE VII
STANDARD OF REVIEW

- 7.1 This Service Agreement is based on the Form of Service Agreement for Rate Schedule BH included in Pipeline's Tariff with blank spaces (for example, in Section 2.1) and Exhibits that, when completed, will describe specific provisions of mutual agreement between Pipeline and Shipper. The Commission shall apply the "public interest" standard of review rather than the "just and reasonable" standard of review when acting on proposals by the Commission on its own motion, or by a signatory to this Service Agreement or a non-signatory, to modify unilaterally: (1) the types of specific provisions described above; (2) contract provisions that deviate from the Form of Service Agreement that have been accepted for filing by the Commission; (3) Section 3.3, which expressly provides for Pipeline's right to take certain actions unilaterally (the unilateral actions themselves being subject to the "just and reasonable" standard of review); or (4) this Article VII. The standard of review the Commission shall apply when acting on unilateral modifications regarding all other provisions of this Service Agreement that are proposed by the Commission on its own motion, or by a signatory to this Service Agreement or a non-signatory, shall be the "just and reasonable" standard of review rather than the "public interest" standard of review.

ARTICLE VIII
FUTURE CHANGES

- 8.1 Except as otherwise set forth herein, no modification of or supplement to the terms and provisions hereof shall become effective except by the execution of a supplementary written agreement between the parties.

IN WITNESS WHEREOF, the parties hereto have caused this Service Agreement to be executed by their respective duly authorized officers the day and year first above written.

Carolina Gas Transmission, LLC

By _____

Printed Name _____

Title _____

[_____]

By _____

Printed Name _____

Title _____

EXHIBIT A

to

SERVICE AGREEMENT UNDER
RATE SCHEDULE BH
BETWEEN
Carolina Gas Transmission, LLC ("Pipeline")
AND

_____ ("Shipper")

DATE _____

Primary Receipt
Point(s)

Receipt Zone

MDRQ (Dts)

Pipeline: _____

Shipper: _____

Supersedes Exhibit A, if any, Dated _____

EXHIBIT B

to

EXHIBIT RATE SCHEDULE BH
BETWEEN
Carolina Gas Transmission, LLC ("Pipeline")
AND

_____ ("Shipper")

DATE _____

MDTQ: _____ Dts

Primary Delivery Point(s)	Delivery Zone	MDDQ (Dts)	Minimum Delivery Pressure Obligation
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Pipeline: _____

Shipper: _____

Supersedes Exhibit B, if any, Dated _____

EXHIBIT C

to

SERVICE AGREEMENT UNDER
RATE SCHEDULE BH
BETWEEN
Carolina Gas Transmission, LLC ("Pipeline")
AND

_____ ("Shipper")

DATE _____

Description of rate (check one):

- Recourse Rate
- Negotiated Rate under GT&Cs Section 29
- Discounted Rate under GT&Cs Section 30

If not at the Recourse Rate, complete the following rate matrix and describe discounted or Negotiated Rate provisions as permitted by the Tariff and applicable Commission policy and precedent.

Receipt/Delivery Zone	Reservation Rate	Usage Rate
Zone 1 to Zone 1		
Zone 1 to Zone 2		
Zone 2 to Zone 1		
Zone 2 to Zone 2		

Provisions: _____

Facilities payment, if applicable. (check and describe)

- Incremental Facilities Charge (GT&C section 2.2(b)(2))
- Facilities Reimbursement (GT&C section 2.2(b)(3))

Other Tariff-Permitted Provisions: _____

Pipeline: _____

Shipper: _____

Supersedes Exhibit C, if any, Dated: _____

EXHIBIT D

to

SERVICE AGREEMENT UNDER
RATE SCHEDULE BH
BETWEEN
Carolina Gas Transmission, LLC ("Pipeline")
AND

_____ ("Shipper")

Section 311 Certification

Shipper hereby represents and warrants that it is:

_____ an intrastate pipeline as defined by NGPA Section 2(16), or

_____ a local distribution company as defined by NGPA Section 2(17);

and that it:

_____ has physical custody of and transports the natural gas being transported under the referenced Service Agreement at some point during the transaction, or

_____ holds title to the natural gas being transported under the referenced Service Agreement at some point during the transaction, which may occur prior to, during, or after the time that the gas is being transported by Pipeline, for a purpose related to its status and functions as an intrastate pipeline or its status and functions as a local distribution company, or

_____ is either a local distribution company whose service area includes the customer(s) being served under the referenced Service Agreement or an intrastate pipeline physically able to deliver gas directly to the customer(s) being served under the referenced Service Agreement.

Signature: _____

Title: _____

Date: _____

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