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**FERC GAS TARIFF**  
**FIRST REVISED VOLUME NO. 1**  
**(Supersedes Southeast Supply Header, LLC Original Volume No. 1)**  
**OF**  
**SOUTHEAST SUPPLY HEADER, LLC**  
**FILED WITH**  
**FEDERAL ENERGY REGULATORY COMMISSION**

**Communications Concerning the Tariff Should  
Be Addressed To:**

**Gregg E. McBride, Vice President,  
Rates & Economic Analysis  
5400 Westheimer Court  
Houston, TX 77056**

**Telephone Number: 713-627-5319  
Facsimile Number: 713-627-4027**

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## **PRELIMINARY STATEMENT**

Southeast Supply Header, LLC ("SESH") owns and operates a natural gas pipeline company engaged in the business of transporting natural gas in interstate commerce under authorization granted by, and subject to the jurisdiction of, the Federal Energy Regulatory Commission. Its pipeline system extends in an easterly direction from the Perryville Hub, Louisiana to various points in Mississippi and Alabama terminating at an interconnection with Gulfstream Natural Gas System, L.L.C. near Coden, Alabama.

The location of SESH's system is shown on the map included herein.

Services will be provided under specific Agreements and rate schedules and SESH reserves the right to limit its Agreements for transportation of gas to Shippers acceptable to it after consideration of its existing commitments, delivery capacity, Delivery Point, credit-worthiness of Shippers, and other factors deemed pertinent by SESH, consistent with the terms and conditions of this Tariff.

Nothing in this Tariff is intended to inhibit the development of, or discriminate against the use of, Imbalance Management Services provided by third parties or SESH's Shippers. Any party interested in providing Imbalance Management Services must coordinate with SESH.

## SYSTEM MAP



## STATEMENTS OF RATES

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STATEMENT OF TRANSPORTATION RATES

Rate Schedule -----	Maximum Rate Per Dth -----	Minimum Rate Per Dth -----
RATE SCHEDULE FTS 1/ -----		
1. Reservation Rate Per Month Per Dth of MDQ	\$16.4650	\$ 0.0000
2. Usage-1 Rate Per Dth	\$ 0.0045	\$ 0.0045
3. 100% L.F. Rate	\$ 0.5458	\$ 0.0045
4. Usage-2 Rate Per Dth	\$ 0.5458	
RATE SCHEDULE ITS 1/ -----		
1. Usage-1 Rate Per Dth	\$ 0.5458	\$ 0.0045
2. Usage-2 Rate Per Dth	\$ 0.5458	
RATE SCHEDULE PALS 1/ -----		
1. Usage Rate Per Dth	\$ 0.5458	\$ 0.0045

1/ Backhaul rate is equal to the Forward haul rate.

STATEMENT OF CAPACITY RELEASE RATES

Rate Schedule -----	Maximum Rate Per Dth -----	Minimum Rate Per Dth -----
MAXIMUM DAILY CAPACITY RELEASE RATE 1/ -----		
1. Reservation Rate Per Day Per Dth of MDQ	\$ 0.5413	\$ 0.0000
2. Usage-1 Rate per Dth	\$ 0.0045	\$ 0.0045
3. 100% L.F. Rate	\$ 0.5458	\$ 0.0045
4. Usage-2 Rate Per Dth	\$ 0.5458	

1/ Backhaul rate is equal to the Forward haul rate.

STATEMENT OF ADDITIONAL CHARGES AND SURCHARGES

ADDITIONAL CHARGES AND SURCHARGES APPLICABLE TO FTS AND ITS SERVICE -----	Maximum Rate Per Dth -----	Minimum Rate Per Dth -----
1. Annual Charge Adj. (ACA)	\$ 0.0000	\$ 0.0000
2. Gas for Transporter's Use (%) 1/	0.83 Percent	

1/ Transporter's Use (%) will not be applied to Backhaul Transportation.

## STATEMENTS OF NEGOTIATED RATES

STATEMENT OF NEGOTIATED RATES  
FOR TRANSPORTATION OF NATURAL GAS

Customer Name: Florida Power & Light Company

Service Agreement: 840001R1

Term of Negotiated Rate: Primary term of 12 years from Service Commencement date; secondary term of additional 8 years if not terminated at the end of the primary term.

Rate Schedule: FTS

MDQ: 400,000 Dth

Reservation Rate: Customer shall pay a negotiated reservation rate per month of Customer's MDQ under the Service Agreement specified above during the Negotiated Rate Term as follows: \$0.2750 per Dth/d of MDQ; provided that if, at the end of the fifth (5th) anniversary of the Service Commencement Date, Shipper does not have an aggregate quantity of 500,000 Dth/d of capacity subscribed under Transporter's Rate Schedule FTS for a twelve (12)-year period ending at the end of the primary term, then the Reservation Rate shall be increased to \$0.2800 per Dth/d of MDQ for the remainder of the primary term.

Usage Rate: The usage rate to be paid by Customer under the Service Agreement specified above during the Negotiated Rate Term shall be a Usage Rate-1 of \$0.0050 per Dth/d delivered to the Primary Delivery Points. A Usage Rate-2 shall apply to service as specified from time to time in Section 3 of Rate Schedule FTS. Customer shall also pay all applicable surcharges and the applicable Transporter's Use percentage as are in effect under Rate Schedule FTS for service under the Service Agreement specified above.

Primary Receipt Point: CenterPoint Energy Gas Transmission Carthage to Perryville Pipeline; Gulf South Pipeline (East Texas Expansion); Columbia Gulf.

Primary Delivery Point: Gulfstream Delivery Point; FGT Delivery Point.

Recourse Rate(s): The Recourse Rate(s) are the maximum rate(s) stated on SESH's currently effective Statement of Rates for Rate Schedule FTS.

Conflict: Transporter has filed with FERC the negotiated rate contract which this Statement of Negotiated Rates For Transportation of Natural Gas summarizes. If there is deemed a conflict between any portion of this statement and the negotiated rate contract, the terms of the negotiated rate contract control.

FOOTNOTES:

- 1/ This negotiated rate shall apply only to service under the Service Agreement specified above, up to Customer's specified MDQ, using the receipt and delivery points designated herein.

STATEMENT OF NEGOTIATED RATES  
FOR TRANSPORTATION OF NATURAL GAS 1/

Customer Name: Florida Power & Light Company

Service Agreement: 840002R1

Term of Negotiated Rate: Primary term of 5 years from Service Commencement date; secondary term of additional 7 years if not terminated at the end of the primary term; subsequent secondary term of additional 7 years if not terminated at the end of the primary term.

Rate Schedule: FTS

MDQ: 100,000 Dth

Reservation Rate: Customer shall pay a negotiated reservation rate per month of Customer's MDQ under the Service Agreement specified above during the Negotiated Rate Term as follows: \$0.2750 per Dth/d of MDQ.

Usage Rate: The usage rate to be paid by Customer under the Service Agreement specified above during the Negotiated Rate Term shall be a Usage Rate-1 of \$0.0050 per Dth/d delivered to the Primary Delivery Points. A Usage Rate-2 shall apply to service as specified from time to time in Section 3 of Rate Schedule FTS. Customer shall also pay \_all applicable surcharges and the applicable Transporter's Use percentage as are in effect under Rate Schedule FTS for service under the Service Agreement specified above.

Primary Receipt Point: CenterPoint Energy Gas Transmission Carthage to Perryville Pipeline; Gulf South Pipeline (East Texas Expansion); Columbia Gulf.

Primary Delivery Point: Gulfstream Delivery Point; FGT Delivery Point.

Recourse Rate(s): The Recourse Rate(s) are the maximum rate(s) stated on SESH's currently effective Statement of Rates for Rate Schedule FTS.

Conflict: Transporter has filed with FERC the negotiated rate contract which this Statement of Negotiated Rates For Transportation of Natural Gas summarizes. If there is deemed a conflict between any portion of this statement and the negotiated rate contract, the terms of the negotiated rate contract control.

FOOTNOTES:

1/ This negotiated rate shall apply only to service under the Service Agreement specified above, up to Customer's specified MDQ, using the receipt and delivery points designated herein.



STATEMENT OF NEGOTIATED RATES  
FOR TRANSPORTATION OF NATURAL GAS 1/

Customer Name: Tampa Electric Company

Service Agreement: 840003

Term of Negotiated Rate: Primary term of 10 years from Service Commencement date; secondary term of additional 10 years if not terminated at the end of the primary term.

Rate Schedule: FTS

MDQ: 20,000 Dth

Reservation Rate: Customer shall pay a negotiated reservation rate per month of Customer's MDQ under the Service Agreement specified above during the Negotiated Rate Term as follows: \$0.3000 per Dth/d of MDQ.

Usage Rate: The usage rate to be paid by Customer under the Service Agreement specified above during the Negotiated Rate Term shall be a Usage Rate-1 of \$0.0050 per Dth/d. A Usage Rate-2 shall apply to service as specified from time to time in Section 3 of Rate Schedule FTS. Customer shall also pay \_all applicable surcharges and the applicable Transporter's Use percentage as are in effect under Rate Schedule FTS for service under the Service Agreement specified above.

Primary Receipt Point: CenterPoint Energy Gas Transmission Carthage to Perryville Pipeline; Gulf South Pipeline (East Texas Expansion); Columbia Gulf.

Primary Delivery Point: Gulfstream Delivery Point; FGT Delivery Point.

Recourse Rate(s): The Recourse Rate(s) are the maximum rate(s) stated on SESH's currently effective Statement of Rates for Rate Schedule FTS.

Conflict: Transporter has filed with FERC the negotiated rate contract which this Statement of Negotiated Rates For Transportation of Natural Gas summarizes. If there is deemed a conflict between any portion of this statement and the negotiated rate contract, the terms of the negotiated rate contract control.

FOOTNOTES:

1/ This negotiated rate shall apply only to service under the Service Agreement specified above, up to Customer's specified MDQ, using the receipt and delivery points designated herein.

STATEMENT OF NEGOTIATED RATES  
FOR TRANSPORTATION OF NATURAL GAS 1/

Customer Name: Southern Company Services, Inc., as agent for its affiliates Alabama Power Company, Georgia Power Company, Gulf Power Company, Mississippi Power Company, and Southern Power Company.

Service Agreement: 840004

Term of Negotiated Rate: Primary term of 16 years from Service Commencement date. In the event that the Precedent Agreement is terminated (other than by commencement of service under the Service Agreement), whether terminated in its entirety or only as to 150,000 Dth/d of service to the Plant Daniel delivery point, then this Service Agreement shall terminate as to such terminated quantities effective as of the date the Precedent Agreement is terminated with respect to such quantities and thereafter this Agreement shall be null and void as to such terminated quantities.

Rate Schedule: FTS

MDQ: 175,000 Dth; provided that, during the period commencing on the Service Commencement Date and ending on the Plant Daniel Service Commencement Date, the MDQ of the Service Agreement shall be 25,000 Dth/d. During the period beginning on the Plant Daniel Service Commencement Date and ending on May 31, 2011, the MDQ of this Agreement shall be 100,000 Dth/d. In the event that the Precedent Agreement is terminated as to 150,000 Dth/d of service to Plant Daniel, the MDQ of this Service Agreement shall be 25,000 Dth/d for the remainder of the Primary Term of this Agreement.

Reservation Rate: Customer shall pay a negotiated reservation rate per month of Customer's MDQ under the Service Agreement specified above during the Negotiated Rate Term as follows: \$0.2979 per Dth/d of MDQ.

Usage Rate: The usage rate to be paid by Customer under the Service Agreement specified above during the Negotiated Rate Term shall be a Usage Rate-1 of \$0.0050 per Dth/d. A Usage Rate-2 shall apply to service as specified from time to time in Section 3 of Rate Schedule FTS. Customer shall also pay all applicable surcharges and the applicable Transporter's Use percentage as are in effect under Rate Schedule FTS for service under the Service Agreement specified above.

Primary Receipt Point: CenterPoint Energy Gas Transmission Carthage to Perryville Pipeline (175,000 Dth/d); Gulf South Pipeline (East Texas Expansion) (175,000 Dth/d); Columbia Gulf (175,000 Dth/d). During the period beginning on the Service Commencement Date and ending on the Plant Daniel Service Commencement Date, the Receipt Point MDQs shall be 25,000 Dth/d. During the period beginning on the Plant Daniel Service Commencement Date and ending on May 31, 2011, the Receipt Point MDQs shall be 100,000 Dth/d. In the event that the

Precedent Agreement is terminated as to 150,000 Dth/d of service to Plant Daniel, the Receipt Point MDQs shall be 25,000 Dth/d for the remainder of the Primary Term.

Primary Delivery Point: Mobile Gas Service Corporation (25,000 Dth/d); Plant Daniel (150,000 Dth/d). During the period beginning on the Service Commencement Date and ending on the Plant Daniel Service Commencement Date, the Plant Daniel Delivery Point MDQ shall be 0 Dth/d. During the period beginning on the Plant Daniel Service Commencement Date and ending on May 31, 2011, the Plant Daniel Delivery Point MDQ shall be 75,000 Dth/d. In the event that the Precedent Agreement is terminated as to 150,000 Dth/d of service to Plant Daniel, the Delivery Point MDQ of this Service Agreement shall be 25,000 for service only to Mobile Gas Service Corporation for the remainder of the Primary Term of this Agreement.

Recourse Rate(s): The Recourse Rate(s) are the maximum rate(s) stated on SESH's currently effective Statement of Rates for Rate Schedule FTS.

Conflict: Transporter has filed with FERC the negotiated rate contract which this Statement of Negotiated Rates For Transportation of Natural Gas summarizes. If there is deemed a conflict between any portion of this statement and the negotiated rate contract, the terms of the negotiated rate contract control.

FOOTNOTES:

1/ This negotiated rate shall apply only to service under the Service Agreement specified above, up to Customer's specified MDQ, using the receipt and delivery points designated herein.

STATEMENT OF NEGOTIATED RATES  
FOR TRANSPORTATION OF NATURAL GAS 1/

Customer Name: EOG Resources, Inc.

Service Agreement: 840005

Term of Negotiated Rate: Primary term of 10 years from Service Commencement date; secondary term of additional 5 years if not terminated at the end of the primary term.

Rate Schedule: FTS

MDQ: 50,000 Dth

Reservation Rate: Customer shall pay a negotiated reservation rate per month of Customer's MDQ under the Service Agreement specified above during the Negotiated Rate Term as follows: \$0.3050 per Dth/d of MDQ.

Usage Rate: The usage rate to be paid by Customer under the Service Agreement specified above during the Negotiated Rate Term shall be a Usage Rate-1 of \$0.0050 per Dth/d delivered to the Primary Delivery Points. A Usage Rate-2 shall apply to service as specified from time to time in Section 3 of Rate Schedule FTS. Customer shall also pay all applicable surcharges and the applicable Transporter's Use percentage as are in effect under Rate Schedule FTS for service under the Service Agreement specified above.

Primary Receipt Point: CenterPoint Energy Gas Transmission Carthage to Perryville Pipeline; Gulf South Pipeline (East Texas Expansion); Columbia Gulf.

Primary Delivery Point: Gulfstream Delivery Point; FGT Delivery Point.

Recourse Rate(s): The Recourse Rate(s) are the maximum rate(s) stated on SESH's currently effective Statement of Rates for Rate Schedule FTS.

Conflict: Transporter has filed with FERC the negotiated rate contract which this Statement of Negotiated Rates For Transportation of Natural Gas summarizes. If there is deemed a conflict between any portion of this statement and the negotiated rate contract, the terms of the negotiated rate contract control.

FOOTNOTES:

1/ This negotiated rate shall apply only to service under the Service Agreement specified above, up to Customer's specified MDQ, using the receipt and delivery points designated herein.

STATEMENT OF NEGOTIATED RATES  
FOR TRANSPORTATION OF NATURAL GAS 1/

Customer Name: Florida Power Corporation d/b/a Progress Energy Florida, Inc.

Service Agreement: 840006

Term of Negotiated Rate: Primary term of 14 years from Service Commencement date.

Rate Schedule: FTS

MDQ: 150,000 Dth; provided that, during the period commencing on the Service Commencement Date and continuing through May 31, 2009, the MDQ shall be 100,000 Dth/d.

Reservation Rate: Customer shall pay a negotiated reservation rate per month of Customer's MDQ under the Service Agreement specified above during the Negotiated Rate Term as follows: \$0.2750 per Dth/d of MDQ.

Usage Rate: The usage rate to be paid by Customer under the Service Agreement specified above during the Negotiated Rate Term shall be a Usage Rate-1 of \$0.0050 per Dth/d. A Usage Rate-2 shall apply to service as specified from time to time in Section 3 of Rate Schedule FTS. Customer shall also pay all applicable surcharges and the applicable Transporter's Use percentage as are in effect under Rate Schedule FTS for service under the Service Agreement specified above.

Primary Receipt Point: CenterPoint Energy Gas Transmission Carthage to Perryville Pipeline (150,000 Dth/d); Gulf South Pipeline (East Texas Expansion) (150,000 Dth/d); Columbia Gulf (150,000 Dth/d). During the period commencing on the Service Commencement Date and continuing through May 31, 2009, the Receipt Point MDQs shall be 100,000 Dth/d.

Primary Delivery Point: Gulfstream Delivery Point (150,000 Dth/d); FGT Delivery Point (150,000 Dth/d). During the period commencing on the Service Commencement Date and continuing through May 31, 2009, the Delivery Point MDQs shall be 100,000 Dth/d.

Recourse Rate(s): The Recourse Rate(s) are the maximum rate(s) stated on SESH's currently effective Statement of Rates for Rate Schedule FTS.

Conflict: Transporter has filed with FERC the negotiated rate contract which this Statement of Negotiated Rates For Transportation of Natural Gas summarizes. If there is deemed a conflict between any portion of this statement and the negotiated rate contract, the terms of the negotiated rate contract control.

FOOTNOTES:

1/ This negotiated rate shall apply only to service under the Service Agreement specified above, up to Customer's specified MDQ, using the receipt and delivery points designated herein.

STATEMENT OF NEGOTIATED RATES  
FOR TRANSPORTATION OF NATURAL GAS 1/

Customer Name: Florida Power Corporation d/b/a Progress Energy Florida, Inc.

Service Agreement: 840007

Term of Negotiated Rate: Primary term of 13 years from Second Service Commencement date.

Rate Schedule: FTS

MDQ: 50,000 Dth.

Reservation Rate: Customer shall pay a negotiated reservation rate per month of Customer's MDQ under the Service Agreement specified above during the Negotiated Rate Term as follows: \$0.2750 per Dth/d of MDQ.

Usage Rate: The usage rate to be paid by Customer under the Service Agreement specified above during the Negotiated Rate Term shall be a Usage Rate-1 of \$0.0050 per Dth/d. A Usage Rate-2 shall apply to service as specified from time to time in Section 3 of Rate Schedule FTS. Customer shall also pay \_all applicable surcharges and the applicable Transporter's Use percentage as are in effect under Rate Schedule FTS for service under the Service Agreement specified above.

Primary Receipt Point: CenterPoint Energy Gas Transmission Carthage to Perryville Pipeline; Gulf South Pipeline (East Texas Expansion); Columbia Gulf.

Primary Delivery Point: Gulfstream Delivery Point; FGT Delivery Point.

Recourse Rate(s): The Recourse Rate(s) are the maximum rate(s) stated on SESH's currently effective Statement of Rates for Rate Schedule FTS.

Conflict: Transporter has filed with FERC the negotiated rate contract which this Statement of Negotiated Rates For Transportation of Natural Gas summarizes. If there is deemed a conflict between any portion of this statement and the negotiated rate contract, the terms of the negotiated rate contract control.

FOOTNOTES:

1/ This negotiated rate shall apply only to service under the Service Agreement specified above, up to Customer's specified MDQ, using the receipt and delivery points designated herein.

## **RATE SCHEDULES**

### **INDEX**

#### **DESCRIPTION/TITLE**

1. Rate Schedule FTS - Firm Transportation Service
2. Rate Schedule ITS - Interruptible Transportation Service
3. Rate Schedule PALS - Parking and Lending Service

RATE SCHEDULE FTS  
Firm Transportation Service

1. AVAILABILITY

This Rate Schedule is available to any Shipper for the Transportation of Gas by Transporter, subject to the following limitations:

- (a) Transporter has determined that it has sufficient available and uncommitted capacity to perform service requested by Shipper; and
- (b) Shipper and Transporter have executed an Agreement under this Rate Schedule.

2. APPLICABILITY AND CHARACTER OF SERVICE

- (a) This Rate Schedule shall apply to all Transportation Service rendered by Transporter for Shipper pursuant to the executed Agreement under this Rate Schedule.
- (b) Transportation Service under this Rate Schedule shall consist of: (1) the receipt of Gas on behalf of Shipper, (2) the Transportation of Gas, and (3) the Tender of Gas for delivery by Transporter to Shipper, or for Shipper's account up to Shipper's MDQ.
- (c) Transportation Service rendered under this Rate Schedule shall be firm, up to the Transportation Path MDQ specified in the executed Agreement.

3. RATES

Each Month, Shipper shall pay to Transporter the following rates:

3.1 Reservation Rates.

- (a) A Reservation Rate, as stated in the Statements of Rates, shall be paid each Month for each Dekatherm of Shipper's MDQ.

3.2 Usage Rates.

- (a) The Usage-1 Rate, as stated in the Statements of Rates, multiplied by that portion of the total quantity of Gas deliveries on any Day pursuant to the Shipper's Agreement which is not in excess of the lower of 110% of (i) the scheduled quantities of Gas under the



Agreement for such Day or (ii) the MDQ in effect under the Agreement for such Day.

- (b) The Usage-2 Rate, as stated in the Statements of Rates, multiplied by that portion of the total quantity of Gas deliveries on any Day pursuant to the Shipper's Agreement which is greater than the lower of 110% of (i) the scheduled quantities of Gas under the Agreement for such Day or (ii) the MDQ in effect under the Agreement for such Day.
  - (c) Other Applicable Charges or Surcharges. All applicable surcharges or charges, including, but not limited to those contained in Sections 8 and 22 of the General Terms and Conditions, and as stated in the Statement of Additional Charges and Surcharges multiplied by each Dekatherm of Gas delivered.
- 3.3 Transporter's Use. Each Shipper will furnish Transporter fuel at the nominated Receipt Point(s). The amount of fuel furnished to Transporter will be based on the applicable percentage for Transporter's Use, as calculated pursuant to Section 22.2 of the General Terms and Conditions and as stated in the Statement of Additional Charges and Surcharges.
- 3.4 Negotiated Rates. Shipper and Transporter may mutually agree, pursuant to the provisions of Section 30 of the General Terms and Conditions, to a Negotiated Rate, which rate shall be less than, equal to, or greater than Transporter's Maximum Recourse Rate, but shall not be less than the Minimum Recourse Rate. Any such rates may be based upon a rate design other than straight fixed variable (SFV). Such Negotiated Rate shall be set forth in an executed Negotiated Rate Agreement and/or in Transporter's Tariff and shall be agreed to in a written Negotiated Rate Agreement between Transporter and Shipper.
- 3.5 Discounted Rates. Subject to any limitations agreed to by Shipper and Transporter, Transporter may from time to time and at any time selectively adjust any or all of the rates charged to any individual Shipper for any and all of the Transportation Paths for which a Maximum Recourse Rate and Minimum Recourse Rate are stated in the Statements of Rates of this Tariff or a superseding Tariff; provided, however, that such adjusted rate(s) shall not exceed the applicable Maximum Recourse Rate(s), nor shall they be less than the Minimum Recourse Rate(s), set forth on such Statement of Rates. Transporter shall have the right to charge the Maximum Recourse Rate at any time as a condition for new service, or for continuation of service under an existing Agreement. Transporter shall make all information filings and/or postings on the LINK® System as required by the Commission's regulations with respect to any charges at less than the Maximum Recourse Rate.

- 3.6 Failure to Deliver. If on any Day in a Month, due to an event of Force Majeure, Transporter is unable to tender for delivery Transportation volumes, up to Shipper's MDQ scheduled pursuant to Section 6 of the General Terms and Conditions, Transporter shall calculate a credit for such Day to be included in Shipper's invoice for that Month; provided, however, Transporter shall not be obligated to credit Shipper's invoice when Transporter's failure to deliver occurs within (3) three Days following a Force Majeure event.

For Shippers paying Recourse Rates, such credit shall be the product of the 100% LF reservation-based portion of the rate stated in the Statements of Rates and the difference between the quantity of Gas scheduled for Transportation Service, up to the MDQ and the quantity actually delivered by Transporter for the account of Shipper during such Day. For Shippers paying less than the Maximum Recourse Rate, the amount of the adjustment, if any, shall be consistent with the Discount Confirmation between Shipper and Transporter. For Shippers paying Negotiated Rates, unless otherwise agreed to in the Negotiated Rate Agreement, such credit shall be the product of (1) the 100% LF reservation-based portion of the applicable Negotiated Rate in effect for the period of non-delivery, and (2) the difference between the quantity of Gas scheduled for Transportation Service up to the MDQ and the quantity actually delivered by Transporter for the account of Shipper during such Day.

#### 4. RECEIPT AND DELIVERY POINTS

##### 4.1 Receipt Point Availability.

- (a) Subject to the availability of capacity at any specific point and to the Enhanced MDROs that apply to Agreements under this Rate Schedule that were executed by Transporter and Shipper on or before December 29, 2006, Shipper shall have access to all Receipt Points on Transporter's system on a Priority Class One basis to the extent such Points of Receipt are within the Shipper's Transportation Path, and shall have access to points outside the Transportation Path on a secondary basis. Transporter, subject to all necessary regulatory approvals and agreements with interconnecting parties, intends to establish receipt point interconnects with the following interstate pipelines at locations proximate to Transporter's system: CenterPoint Energy Gas Transmission Company's ("CEGT") Carthage to Perryville system ("CEGT-Line CP"); CEGT's Line FM 63 ("CEGT FM 63"); Columbia Gulf Gas Transmission ("Columbia Gulf"); Florida Gas Transmission Company ("FGT"); Gulfstream Natural Gas System, L.L.C. ("Gulfstream"); Gulf South Pipeline Company, L.P. ("Gulf South"); Southern Natural Gas Company ("Sonat"); Tennessee Gas Pipeline Company ("Tennessee"); Texas Eastern Transmission, LP

("Texas Eastern"); and Transcontinental Gas Pipe Line Corporation ("Transco").

- (b) The following shall apply only with respect to Agreements under this Rate Schedule that were executed by Transporter and Shipper on or before December 29, 2006:

The Enhanced MDRO at each of the following Receipt Points shall be equal to the MDQ specified in the applicable Agreement: (i) CEGT-Line CP; (ii) Gulf South's (East Texas Expansion) pipeline; (iii) Columbia Gulf's system near Perryville, Louisiana (subject to completion of the interconnection between Transporter's system and Columbia Gulf's system) and (iv) the proposed Continental Connector pipeline sponsored by a subsidiary of El Paso Corporation, if such pipeline is constructed and connected with Transporter's system within five (5) years after the date on which service is first initiated on Transporter's system.

- (c) Shipper shall have the right to utilize all other Receipt Point(s) as Secondary Receipt Point(s), subject to available capacity and the provisions of the General Terms and Conditions.

4.2 Shipper's Primary Delivery Point(s) and/or Shipper's Transportation Path will be listed in Exhibit B attached to Shipper's Agreement. Shipper shall have the right to utilize all other Delivery Point(s) as Secondary Delivery Point(s), subject to available capacity and the provisions of the General Terms and Conditions.

4.3 Upon five (5) Business Days prior notice, Shipper shall have the right to redesignate any points listed on Exhibit B as Primary Delivery Point(s), subject to available capacity and the provisions of the General Terms and Conditions; provided, however, if Shipper is paying a Negotiated Rate for service under the Agreement and requests to change its Primary Delivery Point under the Agreement, then unless otherwise agreed to in writing by Shipper and Transporter the rate applicable for service to such new Primary Delivery Point shall be the Maximum Recourse Rate. Furthermore, Shipper shall have the right to utilize all other Delivery Point(s) as Secondary Delivery Point(s), subject to available capacity and the provisions of the General Terms and Conditions.

4.4 Subject to mutual agreement and the provisions of Section 12 of the General Terms and Conditions, Shipper shall agree with Transporter as to the minimum delivery pressure at the Delivery Point. Such pressure shall be set forth in Exhibit B to the Agreement.

## 5. COMMISSION AND OTHER REGULATORY FEES

Shippers will reimburse Transporter for any separately stated fees required by the Commission or any other federal or state regulatory body.

6. GENERAL TERMS AND CONDITIONS

All of the General Terms and Conditions of this Tariff are specifically incorporated into this Rate Schedule.

RATE SCHEDULE ITS  
Interruptible Transportation Service

1. AVAILABILITY

This Rate Schedule is available to any Shipper for the Transportation of Gas by Transporter when Shipper and Transporter have executed an Agreement under this Rate Schedule.

2. APPLICABILITY AND CHARACTER OF SERVICE

- (a) This Rate Schedule shall apply to all Transportation Service rendered by Transporter for Shipper pursuant to the executed Agreement under this Rate Schedule.
- (b) Transportation Service under this Rate Schedule shall consist of: (1) the receipt of Gas on behalf of Shipper, (2) the Transportation of Gas, and (3) the Tender of Gas for delivery by Transporter to Shipper, or for Shipper's account.
- (c) Transportation Service rendered under this Rate Schedule shall be interruptible. Interruptible service shall be available only to the extent of available capacity as it may be from Day to Day and from time to time within the Gas Day, under current conditions and shall be offered in accordance with the priorities established in the General Terms and Conditions of Transporter's Tariff.

3. RATES

Each Month, Shipper will pay Transporter the following rates:

- 3.1 The Usage-1 Rate, as stated in the Statements of Rates, multiplied by that portion of the total quantity of Gas deliveries on any Day pursuant to the Shipper's Agreement which is not in excess of the lower of 110% of (i) the scheduled quantities of Gas under the Agreement for such Day or (ii) the MDQ in effect under the Agreement for such Day.
- 3.2 The Usage-2 Rate, as stated in the Statements of Rates, multiplied by that portion of the total quantity of Gas deliveries on any Day pursuant to the Shipper's Agreement, which is greater than the lower of 110% of (i) the scheduled quantities of Gas under the Agreement for such Day or (ii) the MDQ in effect under the Agreement for such Day.

- 3.3 Other Applicable Charges or Surcharges. All applicable surcharges or charges, including, but not limited to, those contained in Sections 8 and 22 of the General Terms and Conditions and as stated in the Statement of Additional Charges and Surcharges multiplied by each Dekatherm of Gas delivered.
- 3.4 Transporter's Use. Each Shipper will furnish Transporter fuel at the nominated Receipt Point(s). The amount of fuel furnished to Transporter will be based on the applicable percentage for Transporter's Use, as calculated pursuant to Section 22.2 of the General Terms and Conditions and as stated in the Statement of Additional Charges and Surcharges.
- 3.5 Negotiated Rates. Shipper and Transporter may mutually agree, pursuant to the provisions of Section 30 of the General Terms and Conditions, to a Negotiated Rate, which rate shall be less than, equal to, or greater than Transporter's applicable Maximum Recourse Rate, but shall not be less than the Minimum Recourse Rate. Such Negotiated Rate shall be set forth in an executed Negotiated Rate Agreement and/or in Transporter's Tariff and shall be agreed to in a written Negotiated Rate Agreement between Transporter and Shipper.
- 3.6 Discounted Rates. Subject to any limitations agreed to by Shipper and Transporter, Transporter may from time to time and at any time selectively adjust any or all of the rates charged to any individual Shipper for any and all of the Transportation Paths for which a Maximum Recourse Rate and Minimum Recourse Rate are stated in the Statements of Rates of this Tariff or a superseding Tariff; provided, however, that such adjusted rate(s) shall not exceed the applicable Maximum Recourse Rate(s), nor shall they be less than the Minimum Recourse Rate(s), set forth on such Statement of Rates. Transporter shall have the right to charge the Maximum Recourse Rate at any time as a condition for new service, or for continuation of service under an existing Agreement. Transporter shall make all information filings and/or postings on the LINK® System required by the Commission's regulations with respect to any charges at less than the Maximum Recourse Rate.

#### 4. COMMISSION AND OTHER REGULATORY FEES

Shippers will reimburse Transporter for any separately stated fees required by the Commission or any other federal or state regulatory body.

#### 5. GENERAL TERMS AND CONDITIONS

All of the General Terms and Conditions of this Tariff are specifically incorporated into this Rate Schedule.

**RATE SCHEDULE PALS**  
**Parking and Lending Service**

**1. AVAILABILITY**

This Rate Schedule is available to any Shipper for the parking and lending of Gas from Transporter, subject to the following limitations:

- 1.1 Transporter has determined that it is operationally able to render such service;
- 1.2 Shipper and Transporter have executed an Agreement under this Rate Schedule.

**2. APPLICABILITY AND CHARACTER OF SERVICE**

- 2.1 This Rate Schedule shall apply to service which is rendered by Transporter for Shipper pursuant to an executed Agreement under this Rate Schedule.
- 2.2 Service under this Rate Schedule shall consist of either parking or lending of Gas during any Day, or part thereof. Service rendered by Transporter under this Rate Schedule shall be interruptible and shall consist of:
  - (a) **Parking Service.** Parking Service is an interruptible service which provides for (1) the receipt by Transporter of Gas quantities delivered by Shipper to Receipt Point(s) nominated by Shipper for receipt of parked quantities; (2) Transporter holding the parked quantities on Transporter's pipeline system; and (3) return of the parked quantities to Shipper, provided, however, that Transporter is not obligated to return parked quantities on the same Day and at the same point(s) at which the Gas is parked.
  - (b) **Lending Service.** Lending Service is an interruptible service which provides for (1) Shipper receiving Gas quantities from Transporter at Delivery Point(s) nominated by Shipper for delivery of loaned quantities of Gas; and (2) the subsequent return of the loaned quantities of Gas to Transporter, provided, however, that Transporter is not obligated to accept return of loaned Gas on the same Day and at the same point(s) at which the Gas is loaned.
  - (c) If the Shipper receives parked quantities or returns loaned quantities at point(s) other than the point(s) at which the park or loan occurred, then Shipper and Transporter shall enter into a separate Transportation Agreement(s) to effectuate receipt or delivery of Gas from or to the new point(s).

- 2.3 Service rendered under this Rate Schedule shall be provided for a minimum of a one (1) Day term. The term shall be set forth on the Agreement executed between Shipper and Transporter.
- 2.4 Transportation of Gas quantities for or on behalf of Shipper to or from the designated point(s) under the Agreement shall not be performed under this Rate Schedule. Shipper shall make any necessary arrangements with Transporter and/or third parties to receive or deliver Gas quantities at the designated point(s) for Parking or Lending Service hereunder.

### 3. RATES

Each Month, Shipper shall pay to Transporter the following rates:

- 3.1 Usage Rates.
  - (a) The applicable usage rate, as stated in the Statements of Rates, which shall be paid for each Dekatherm of Gas parked or loaned each Day at each point by Transporter for or on behalf of the account of Shipper multiplied by the highest balance of Gas quantities parked and/or loaned by Shipper on such Day;
  - (b) Other Applicable Charges or Surcharges. All applicable surcharges or charges including, but not limited to, those charges under Sections 8 and/or 22, and as stated in the Statement of Additional Charges and Surcharges multiplied by each Dekatherm of Gas parked or loaned each Day at each point by Transporter for or on behalf of the account of Shipper.
- 3.2 Transporter's Use. Shipper shall not be required to furnish fuel for service under this Rate Schedule.
- 3.3 Negotiated Rates. Shipper and Transporter may mutually agree, pursuant to the provisions of Section 30 of the General Terms and Conditions, to a Negotiated Rate, which rate shall be less than, equal to, or greater than Transporter's Maximum Recourse Rate, but shall not be less than the Minimum Recourse Rate. Such Negotiated Rate shall be set forth in an executed Negotiated Rate Agreement and/or in Transporter's Tariff and shall be agreed to in a written Negotiated Rate Agreement between Transporter and Shipper.
- 3.4 Discounted Rates. Subject to any limitations agreed to by Shipper and Transporter, Transporter may from time to time and at any time selectively adjust any or all of the rates charged to any individual Shipper for service



under this Rate Schedule for which a Maximum Recourse Rate and Minimum Recourse Rate are stated in the Statements of Rates of this Tariff or a superseding Tariff; provided, however, that such adjusted rate(s) shall not exceed the applicable Maximum Recourse Rate(s), nor shall they be less than the Minimum Recourse Rate(s), set forth on such Statement of Rates. Transporter shall have the right to charge the Maximum Recourse Rate at any time as a condition for new service, or for continuation of service under an existing Agreement. Transporter shall make all information filings and/or postings on the LINK® System required by the Commission's regulations with respect to any charges at less than the Maximum Recourse Rate.

#### 4. OPERATIONAL REQUIREMENTS OF TRANSPORTER

- 4.1 Shipper may be required, upon notification from Transporter, to cease or reduce deliveries to, or receipts from, Transporter hereunder within a Day consistent with Transporter's operating requirements. Further, Shipper may be required to return loaned quantities or remove parked quantities upon notification by Transporter. Such notification shall, at a minimum, be provided by posting on the LINK® System, and may also be provided by other means of communication. Transporter's notification shall specify the time frame within which parked quantities shall be removed and/or loaned quantities shall be returned, consistent with Transporter's operating conditions, but in no event shall the specified time be sooner than the next Day after Transporter's notification, subject to the following conditions:
- (a) In the event that the specified time for removal or return of Gas quantities is the next Day, the time frame for required removal or return shall begin from the time that Shipper receives notice from Transporter. Notices provided after business hours for the next Day will be provided to Shipper via Electronic Communication. In the event that Shipper makes a timely and valid nomination in response to notification by Transporter to remove parked quantities and/or return loaned quantities, Shipper shall be deemed to have complied with Transporter's notification; and
  - (b) Unless otherwise agreed by Shipper and Transporter: (i) any parked quantity not nominated for removal within a time frame specified by Transporter's notice shall become the property of Transporter at no cost to Transporter free and clear of any adverse claims; (ii) any loaned quantity not returned within the time frame specified by Transporter's notice shall be sold to Shipper at Transporter's Cashout Price at the >25% Imbalance level for Imbalances Due Transporter, pursuant to Section 8.7(b) of the General Terms and Conditions.

Any penalty revenues received by Transporter as a result of the operation of Section 4.1(b) above will be credited pursuant to Section 23.1(a) of the General Terms and Conditions.

- 4.2 In the event parked quantities remain in Transporter's pipeline system and/or loaned quantities have not been returned to Transporter's pipeline system at the expiration of any Agreement executed by Shipper and Transporter, Transporter and Shipper may mutually agree to an extended time frame and/or modified terms, including the rate, of such Agreement. In the event that Shipper and Transporter are unable to come to such Agreement, Transporter shall notify Shipper, and Shipper shall nominate for removal of the parked quantities and/or return of the loaned quantities within the time frame specified in Transporter's notice, which in no instance shall be less than one (1) Day. Any parked quantity not nominated for removal within the time frame specified by Transporter's notice shall become the property of Transporter at no cost to Transporter, free and clear of any adverse claims. Any loaned quantities not nominated to be returned within the time frame specified by Transporter's notice shall be sold to Shipper at Transporter's Cashout Price at the >25% Imbalance Level for Imbalances Due Transporter, pursuant to Section 8.7(b) of the General Terms and Conditions.

Any penalty revenues received by Transporter as a result of the operation of Section 4.2 above will be credited pursuant to Section 23.1(b) of the General Terms and Conditions.

5. COMMISSION AND OTHER REGULATORY FEES

Shippers will reimburse Transporter for any separately stated fees required by the Commission or any other federal or any state regulatory body.

6. GENERAL TERMS AND CONDITIONS

All of the General Terms and Conditions of this Tariff are specifically incorporated into this Rate Schedule.

## GENERAL TERMS AND CONDITIONS

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## 1. DEFINITIONS

In some instances, definitions are set forth in the Rate Schedules, General Terms and Conditions and the Forms of Service Agreements.

The term "Agreement" shall mean the agreement executed by the Shipper and Transporter and any applicable exhibits, attachments and/or amendments thereto.

The term "Backhaul" shall mean the movement of gas from a Receipt Point to a Delivery Point that is at all times and at all points along the path in a direction opposite to the flow of gas from CEGT-Line CP to the Gulfstream Delivery Point.

The term "Business Day" shall mean Monday through Friday, excluding Federal Banking Holidays for transactions in the United States.

The term "BTU" shall mean one (1) British thermal unit, the amount of heat required to raise the temperature of one (1) pound of water from 58.5 degrees Fahrenheit to 59.5 degrees Fahrenheit, (BTU is measured and reported on a dry basis at 14.73 psia and 60 degrees Fahrenheit).

The term "Cashout" shall mean the monetary settlement of quantities of Gas owed to or by Transporter or third parties, as further described in Section 8 of these General Terms and Conditions.

The term "Cashout Party" shall mean any Shipper or other contractually liable entity who has an imbalance under any Agreement, which imbalance will be resolved in accordance with Section 8 of these General Terms and Conditions.

The term "Cashout Price" shall mean the price determined pursuant to Section 8 of these General Terms and Conditions.

The term "Central Clock Time" or "CCT" shall mean Central Standard Time ("CST") except when Daylight Savings Time is in effect, when it shall mean one hour in advance of CST. All times referenced in Transporter's Tariff shall be in CCT.

The term "Commission" or "FERC" shall mean the Federal Energy Regulatory Commission or any successor regulatory authority.

The term "Confirmed Price" shall mean the Transportation rate inclusive of all applicable fees and surcharges agreed upon, in writing and/or via the LINK® System, by Transporter and Shipper or as otherwise required in this Tariff.

The term "Day" or "Gas Day" shall mean a period of 24 consecutive hours, beginning at 9:00 a.m. CCT, and ending on the following 9:00 a.m.

The term "Dekatherm" (or "Dth") shall mean the quantity of heat energy which is equivalent to one (1) million (1,000,000) BTU; thus the term Mdth shall mean one (1) thousand (1,000) Dth.

The term "Delivery Point" shall mean an interconnection point on Transporter's pipeline system that Shipper and Transporter shall agree upon, where Gas exits facilities owned by Transporter, and is metered.

The term "Delivery Point Operator" shall mean the party that is responsible for operating the facilities that are immediately downstream of the applicable Delivery Point.

The term "Discount Confirmation" shall mean an electronic mail (e-mail) message sent by Transporter to Shipper to confirm the terms of the discount granted pursuant to Section 35 of the General Terms and Conditions of Transporter's FERC Gas Tariff.

The term "Elapsed Prorata Capacity" shall mean that portion of the capacity that would have theoretically been available for use prior to the effective time of the intraday recall based upon a cumulative uniform hourly use of the capacity.

The term "Elapsed Prorated Scheduled Quantity" shall mean that portion of the scheduled quantity that would have theoretically flowed up to the effective time of the intraday nomination being confirmed, based on a uniform hourly flow rate for each nomination period affected.

The term "Electronic Communication" shall mean the transmission of information via Transporter's LINK® System, Electronic Delivery Mechanism prescribed by NAESB or other mutually agreed communication methodologies used to transmit and receive information.

The term "Electronic Delivery Mechanism" or "EDM" shall mean the Electronic Communication methodology used to transmit and receive data related to Gas transactions. Transporter and Shipper shall designate an electronic "site" at which Shippers and Transporter may exchange data electronically. All data provided at such site shall be considered as being delivered to the appropriate party. Transporter's use and implementation of EDM shall conform to all appropriate NAESB standards.

The terms "Enhanced Maximum Daily Receipt Obligation" and "Enhanced MDRO" shall mean the greatest number of Dekatherms that Transporter is obligated to receive on a Priority Class One basis for or on behalf of Shipper on any Day at the

applicable Primary Receipt Point(s). Enhanced MDROs shall only be specified in Rate Schedule FTS Agreements that were executed by Transporter and Shipper on or before December 29, 2006. For Rate Schedule FTS Agreements executed on or before December 29, 2006, the term Receipt Point MDQ is used in place of Enhanced MDRO, but has the meaning of Enhanced MDRO.

The term "FGT Delivery Point" shall mean the interconnections between Transporter's system and (1) Florida Gas Transmission Company's system near (a) George County, Mississippi (FGT Lucedale) and (b) Mobile, Alabama (FGT Airport Road); and (2) Transco's system in the Mobile, Alabama area (Transco Coden).

The term "Force Majeure" as used herein shall mean acts of God, strikes, lockouts, or other industrial disturbances; acts of the public enemy, terrorist attacks, vandalism, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms (including but not limited to hurricanes or hurricane warnings), crevasses, floods, washouts, arrests and restraints of the government, either Federal or State, civil or military, civil disturbances. Force Majeure shall also mean shutdowns due to power outages and/or for purposes of necessary repairs, relocation, or construction of facilities; failure of electronic data capability; breakage or accident to machinery or lines of pipe; the necessity for testing (as required by governmental authority or as deemed necessary by Transporter for the safe operation thereof), the necessity of making repairs or alterations to machinery or lines of pipe; failure of surface equipment or pipe lines; accidents, breakdowns, inability to obtain necessary materials, supplies or permits, or labor to perform or comply with any obligation or condition of service, rights of way; and any other causes, whether of the kind herein enumerated or otherwise which are not reasonably in Transporter's control. It is understood and agreed that the settlement of strikes or lockouts or controversies with landowners involving rights of way shall be entirely within Transporter's discretion and that the requirement in Section 15.1 of the General Terms and Conditions that any Force Majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts or controversies with landowners involving rights of way by acceding to the demands of the opposing party when such course is inadvisable in the discretion of Transporter.

The term "Gas" shall mean natural gas, including cap gas, casinghead gas produced with crude oil, gas from gas wells, gas from condensate wells, synthetic natural gas, or any mixture of these gases meeting the quality standards under Section 3 of these General Terms and Conditions.

The term "Gas Delivered Hereunder" shall mean the quantities of Gas allocated to Shipper by Transporter, as determined in accordance with the provisions of Section 7 of these General Terms and Conditions.

The term "Gulfstream Delivery Point" shall mean the interconnection between Transporter's system and Gulfstream Natural Gas System, L.L.C.'s system near Coden, Alabama.

The term "High Common" shall mean the highest price listed under the heading "Common" in "Platts Gas Daily" "Daily Price Survey" for the applicable Day.

The term "Imbalance Management Services" shall mean the options available to Shippers for resolution of imbalances including the application of the Cashout mechanism set forth in Section 8 of the General Terms and Conditions. These options include service under PALS, Imbalance Netting and Trading and, as a final resolution, Cashout.

The term "Internet Web site" or "Web site" shall mean Transporter's HTML site accessible via the Internet's World Wide Web located at <http://link.spectraenergy.com>.

The term "LINK® System" shall mean the LINK® Customer Interface System.

The term "Low Common" shall mean the lowest price listed under the heading "Common" in "Platts Gas Daily" "Daily Price Survey" for the applicable Day.

The term "Maximum Daily Delivery Obligation" or "MDDO" shall mean the greatest number of Dekatherms that Transporter is obligated to deliver, on a Priority Class One basis to or on behalf of Shipper on any Day at the applicable Primary Delivery Point. The aggregate of the Maximum Daily Delivery Obligation(s) may not exceed the MDQ set forth in the Agreement; provided, however, a Shipper that has the Gulfstream Delivery Point as a Primary Delivery Point shall also have the FGT Delivery Point with a Maximum Daily Delivery Obligation equal to such Shipper's Maximum Daily Delivery Obligation at the Gulfstream Delivery Point. For Rate Schedule FTS Agreements executed on or before December 29, 2006, the term Delivery Point MDQ is used in place of Maximum Daily Delivery Obligation, but has the meaning of Maximum Daily Delivery Obligation.

The term "Maximum Daily Quantity" ("MDQ") shall mean the greatest number of Dekatherms that Transporter is obligated to transport, on a firm basis, to or on behalf of Shipper on any Day.

The term "Maximum Daily Receipt Obligation" or "MDRO" shall mean the greatest number of Dekatherms that Transporter is obligated to receive, on a Priority Class One basis, for or on behalf of Shipper on any Day at the applicable Primary Receipt Point as provided for in Section 4.1(a) of Rate Schedule FTS or, for capacity release transactions, as displayed by Transporter in the LINK® System.

The term "Maximum PALS Quantity" ("MPQ") shall mean the greatest number of Dekatherms that Shipper may have parked or loaned under its Rate Schedule PALS Agreement at any time.

The term "Maximum Recourse Rate" shall mean the highest cost based rate that Transporter is allowed to charge a Shipper who executes an Agreement for Transportation Service.

The term "Mcf" shall mean one (1) thousand (1,000) cubic feet of Gas; the term MMcf shall mean one (1) million (1,000,000) cubic feet of Gas. (Mcf is measured on a dry basis at 14.73 psia. and 60 degrees Fahrenheit.)

The term "Minimum Recourse Rate" shall mean the lowest cost based rate that Transporter is allowed to charge a Shipper who executes an Agreement for Transportation Service.

The term "Month" shall mean the period beginning on the first Day of a calendar Month and ending at the same hour on the first Day of the next succeeding calendar Month.

The term "Monthly Imbalance" shall mean a Shipper's monthly quantity subject to resolution through the Cashout mechanism described in Section 8 of the General Terms and Conditions, calculated as the difference between (i) allocated quantities received from a Cashout Party for the Month, as determined in accordance with Section 7 of the General Terms and Conditions, adjusted for Transporter's Use, and (ii) allocated quantities delivered to a Cashout Party for the Month, as determined in accordance with Section 7.

The term "Negotiated Rate" shall mean a rate or rate formula for computing a rate for service under a single Agreement. For scheduling and curtailment purposes, a Shipper paying a Negotiated Rate in excess of the Maximum Recourse Rate will be considered to be paying the Maximum Recourse Rate.

The term "Netting" shall be used to describe the process of resolving imbalances for a Shipper within an Operational Impact Area. There are two types of Netting:

- a. Summing is the accumulation of all imbalances above any applicable tolerances for a Shipper or agent.
- b. Offsetting is the combination of positive and negative imbalances above any applicable tolerances for a Shipper or agent.

The term "North American Energy Standards Board" or "NAESB" shall mean the accredited organization established to set standards for certain natural gas industry business practices and procedures.

The term "Operational Impact Area" shall describe a Transportation Service Provider's (as defined by the NAESB Standards) designation of the largest possible area(s) on its system in which imbalances have a similar operational impact. For Transporter, the entire pipeline system shall comprise a single Operational Impact Area.



The term "Posted Point of Restriction" shall mean any point or Segment on Transporter's pipeline system for which Transporter has posted on its Web site a reduction of scheduled capacity notice, a notice that the point or Segment is scheduled at its capacity, or a notice of expected restrictions due to weather, operating conditions or maintenance.

The term "Primary Delivery Point" shall mean the Delivery Point(s) as specified in the Exhibit B to Shipper's FTS Agreement.

The term "Primary Receipt Point" shall mean the Receipt Point(s) as specified in Sections 4.1(a) and 4.1(b) of Rate Schedule FTS or, for capacity release agreements, pursuant to an addendum to Shipper's Capacity Release Umbrella Agreement.

The term "Receipt Point" shall mean an interconnection point on Transporter's pipeline system that Transporter and Shipper shall agree upon, where Gas enters facilities owned by Transporter, and is metered.

The term "Receipt Point Operator" shall mean the party that is responsible for operating the facilities that are immediately upstream of the applicable Receipt Point.

The term "Reput" shall mean the reinstatement of a capacity release transaction that was recalled.

The term "Secondary Delivery Point" shall mean a Delivery Point that is not specified as a Primary Delivery Point.

The term "Secondary Receipt Point" shall mean a Receipt Point that is not specified as a Primary Receipt Point.

The term "Segment" shall mean the portion of the pipeline on which Shipper has the firm contract right to move from one point to the next point.

The term "Segment Path Right" shall mean the quantity of Gas for which Shipper has the firm contract right to move within the Segment.

The term "Service Day" shall mean the Day during which Shipper receives Transportation Service pursuant to a nomination in accordance with Section 4 of the General Terms and Conditions.

The term "Service Month" shall mean the Month during which Shipper receives services under this Tariff.

The term "Shipper" shall mean any person, corporation, limited liability company, partnership or any other legal entity who enters into an Agreement for service with Transporter.

The term "Tariff" shall mean Transporter's FERC Gas Tariff as effective from time to time.

The terms "Tender Gas" and "Tender of Gas" shall mean that the delivering party is able and willing, and offers, to deliver Gas to the receiving party at the appropriate Receipt Point or Delivery Point.

The term "Title Transfer" shall mean the change of title to Gas between parties at a location.

The term "Title Transfer Tracking" shall mean the process of accounting for the progression of title changes from party to party which process does not effect a physical movement of the Gas.

The term "Title Transfer Tracking Service Provider" or "TTTSP" shall mean a party conducting Title Transfer Tracking activities.

The terms "Transportation" and "Transportation Service" shall mean transportation of Gas by forward haul, displacement or Backhaul, or any combination thereof.

The term "Transportation Path" shall mean (i) for a firm Agreement that is not the result of a capacity release, all Segments between the Primary Receipt Point(s) and the Primary Delivery Point(s) specified in Exhibit B to Shipper's FTS Agreement, and (ii) for capacity release transactions, the Segment(s) for which the Segment Path Right is greater than zero.

The term "Transporter" shall mean Southeast Supply Header, LLC.

The term "Transporter's Use" shall mean the quantity of Gas required by Transporter for compressor fuel, other company use and lost-and-unaccounted for Gas for service under each Agreement, and shall be equal to the Transporter's Use (%) under each such Agreement multiplied by the quantities tendered to Transporter.

The term "Transporter's Use (%)" shall mean the applicable percentage of Transporter's Use, which shall be an allocable amount of Transporter's Use, as calculated pursuant to Section 22.2, provided, however, that no Transporter's Use (%) shall be assessed on Backhaul transportation. The applicable percentage is shown in the Statement of Additional Charges and Surcharges and shall be annually redetermined and filed to be made effective June 1 of each year in accordance with Section 22.2 of these General Terms and Conditions.

The "Usage-1 Rate" shall be stated in the Statements of Rates and shall be assessed as described in Section 3 of Rate Schedules FTS and ITS.

The "Usage-2 Rate" shall be stated in the Statements of Rates and shall be assessed as described in Section 3 of Rate Schedules FTS and ITS.

## 2. MEASUREMENT AND MEASUREMENT EQUIPMENT

- 2.1 (a) The volume of Gas delivered at the Receipt Point(s) and at the Delivery Point(s) shall be measured by one of the following devices installed by Transporter at its election, or as agreed to by Transporter and the operator of the interconnecting facilities:
- (1) An orifice meter, designed and installed in accordance with the current edition of American National Standard ANSI/API 2530 (American Gas Association Report No. 3), entitled "Orifice Metering of Natural Gas and Other Related Hydrocarbon Fluids" (hereinafter referred to as "AGA Report No. 3"); or
  - (2) A turbine meter, designed and installed in accordance with the current edition of American Gas Association Transmission Measurement Committee Report No. 7, entitled "Measurement of Gas by Turbine Meters", (hereinafter referred to as "AGA Report No. 7"); or
  - (3) An ultrasonic meter, designed and installed in accordance with the current edition of American Gas Association Transmission Measurement Committee Report No. 9, entitled "Measurement of Gas by Multipath Ultrasonic Meters" (hereinafter referred to as "AGA Report No. 9"); or
  - (4) A positive displacement meter, designed and installed in accordance with generally accepted industry practices.
- (b) Meters shall be maintained and operated, and auxiliary measuring equipment shall be installed, maintained and operated, in accordance with generally accepted industry practices.
- 2.2 (a) The volume of Gas delivered at each Receipt Point and Delivery Point shall be calculated by means of an electronic flow computer located at each Receipt Point or each Delivery Point, in the following manner:
- (1) The volume of Gas delivered through an orifice meter shall be computed in accordance with AGA Report No. 3, properly using all factors set forth therein.
  - (2) The volume of Gas delivered through a turbine meter shall be computed in accordance with AGA Report No. 7, properly using all factors set forth therein.

- (3) The volume of Gas delivered through an ultrasonic meter shall be computed in accordance with AGA Report No. 9, properly using all factors set forth therein.
  - (4) The volume of Gas delivered through a positive displacement meter shall be computed by properly applying, to the volume delivered at flowing Gas pressures and temperatures, correction factors for (i) absolute static pressure, (ii) flowing Gas temperature, and (iii) compressibility ratio.
- (b) The volume of Gas delivered shall be computed using the standards and factors determined as follows:
- (1) The unit of volume for the purpose of measurement shall be one thousand cubic feet of Gas at a temperature of sixty (60) degrees Fahrenheit and a pressure of 14.73 pounds per square inch absolute. For the purpose of pricing hereunder, the Dekatherm equivalent of such unit of volume shall be determined by multiplying each such unit of volume by the total heating value per cubic foot of the Gas Delivered Hereunder (adjusted to a common temperature and pressure base) and by dividing the result by one thousand (1000).
  - (2) The average absolute atmospheric (barometric) pressure at each Receipt Point and each Delivery Point shall be assumed to be 14.7, irrespective of the actual location or elevation above sea level of the Receipt Point or Delivery Point or of variations in actual atmospheric pressure from time to time.
  - (3) The static pressure and temperature of the Gas at flowing conditions through a meter and, where applicable, the differential pressure across the orifice plate of an orifice meter shall be determined by means of instruments of standard manufacture accepted in the industry for these purposes.
  - (4) The supercompressibility factor used in computing the volume of Gas delivered through an orifice meter shall be determined using the procedures presented in American Gas Association Transmission Measurement Committee Report No. 8, entitled "Compressibility Factors of Natural Gas and Other Related Hydrocarbon Gases."
  - (5) The specific gravity of the Gas used in computing the volume of Gas delivered through a meter shall be determined at each Receipt

Point and at strategic locations determined by Transporter to be representative for each Delivery Point by standard methods accepted in the industry for this purpose.

- (6) The compressibility ratio factor "s" used in computing the volume of Gas delivered through a turbine meter, an ultrasonic meter, or a positive displacement meter shall be determined by the equation  $s = (Fpv)^2$ , in which "Fpv" is the supercompressibility factor determined as described in subparagraph (4) of this subsection (b).

2.3 All flow measuring, testing and related equipment shall be of standard manufacture and type approved by Transporter. If applicable, Transporter or Shipper may install check measuring equipment and telemetering equipment, provided that such equipment shall be so installed as not to interfere with the operations of the operator. Transporter, or Shipper, in the presence of the other party, shall have access to measuring equipment at all reasonable times, but the reading, calibrating, and adjusting thereof shall be done by the operator of the facilities. Transporter or Shipper shall have the right to be present at the time of the installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating or adjusting done by the operator of the measuring equipment. The records from such measuring equipment shall remain the property of the operator, but upon request the other party may request records including charts, together with calculations therefrom for inspection, subject to return within thirty (30) days after receipt thereof. Reasonable care shall be exercised in the installation, maintenance and operation of the measuring equipment so as to avoid any inaccuracy in the determination of the volume of Gas received and delivered.

The accuracy of all measuring equipment shall be verified by operator at least once each year and if requested, in the presence of representatives of the other party, but neither Transporter nor Shipper shall be required to verify the accuracy of such equipment more frequently than once in any thirty (30) Day period. If the operator agrees to verification and test of measuring equipment and fails to perform such verification and testing, then the other party shall have the right to cease or temporarily discontinue service relative to such measuring equipment. If either party at any time desires a special test of any measuring equipment, it will promptly notify the other party and the parties shall then cooperate to secure a prompt verification of the accuracy of such equipment. Transportation and related expenses involved in the testing of meters shall be borne by the party incurring such expenses, provided, however, that Shipper shall not be responsible for such Transportation and related expenses if the special testing reveals that the meter(s) is (are) not operating within the required tolerance level of one percent (1%).

The operator, for purposes of this section, shall be the owner of the equipment referenced herein, or the agent of such owner, or such other person as the parties may agree in writing.

If, upon any test, any measuring equipment is found to be in error, such errors shall be taken into account in a practical manner in computing the deliveries. If the resultant aggregate error in the computed receipts or deliveries is not more than one percent (1%), then previous receipts or deliveries shall be considered accurate. All equipment shall, in any case, be adjusted at the time of test to record correctly. If, however, the resultant aggregate error in computing receipts or deliveries exceeds one percent (1%), the previous recordings of such equipment shall be corrected to zero error for any period which is known definitely or agreed upon, but in case the period is not known definitely or agreed upon, such correction shall be for a period extending over one-half of the time elapsed since the date of the last test.

- 2.4 In the event any measuring equipment is out of service, or is found registering inaccurately and the error is not determinable by test, previous recordings of receipts or deliveries through such equipment shall be determined as follows; provided, however, that the correction period shall be within six (6) Months of the production Month, with a three (3) Month rebuttal period and provided, further, that such standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard:
- (a) by using the registration of any check meter or meters if installed and accurately registering, or in the absence of (a);
  - (b) by correcting the error if the percentage of error is ascertainable by calibration, special test or mathematical calculation, or in the absence of both (a) and (b) then;
  - (c) by estimating the quantity of receipt or delivery based on receipts or deliveries during preceding periods under similar conditions when the meter was registering accurately.
- 2.5 If at any time during the term hereof, a new method or technique is developed with respect to Gas measurement or the determination of the factors used in such Gas measurement, such new method or technique may be substituted upon mutual agreement thereto by both parties.
- 2.6 The parties agree to preserve for a period of at least three (3) years or such longer period as may be required by public authority, all test data, if any, and other similar records.

- 2.7 Shipper or Transporter may install, maintain, and operate odorizing (at a Delivery Point only), regulating, telemetering, heating and fogging equipment at its own expense as it shall desire at each Receipt Point or Delivery Point, and the operator of such equipment at its own expense shall provide the other party a suitable site therefore and allow the other party free access to and use of the site; provided that such equipment shall be so installed, maintained and operated as not to interfere with the operation or maintenance of the operating party's measuring equipment at each Receipt Point or Delivery Point. All such equipment as Shipper or Transporter shall desire to install shall be constructed, installed and operated to conform to the other party's requirements.



### 3. QUALITY OF GAS

- 3.1 Except as expressly set forth herein to the contrary, the Gas received or delivered by Transporter shall be a combustible Gas consisting of methane and such other hydrocarbon constituents or a mixture of two or more of them which, in any case, meets the following qualify specifications:
- (a) The Gas shall have a total heating value not less than one thousand (1,000) BTU per cubic foot of Gas nor greater than one thousand seventy-five (1,075) BTU per cubic foot of Gas;
  - (b) Transporter may not refuse to accept delivery of Gas with a hydrocarbon dew point equal to or less than 15 degrees Fahrenheit, provided that such gas satisfies all other applicable provisions of Transporter's Tariff.
    - (1) To the extent operationally practicable through aggregation or other reasonable means, Transporter may accept gas with a higher hydrocarbon dew point than that established in 3.1(B), but not exceeding (.04) gallons per Mcf (GPM) of C6+.
  - (c) The Gas shall be commercially free, under continuous Gas flow conditions, from objectionable odors, solid matter, dust, gums, gum-forming constituents, water or any other solid or liquid matter which might cause damage to or interference with proper operations of the pipeline, compressor stations, meters, regulators or other appliances through which the Gas flows;
  - (d) The Gas shall not have uncombined oxygen content in excess of two-tenths (0.2) of one percent (1%) by volume;
  - (e) The Gas shall not contain more than three (3.0%) by volume, of a combined total of carbon dioxide and nitrogen;
  - (f) The Gas shall not contain more than one-quarter (0.25) grain of hydrogen sulfide per one-hundred (100) cubic feet;
  - (g) The Gas shall not contain more than ten (10) grains of total sulphur, excluding any mercaptan sulphur, per one-hundred (100) cubic feet;
  - (h) The flowing Gas shall not have a temperature of more than one-hundred twenty degrees (120) Fahrenheit or less than forty (40) degrees Fahrenheit.
  - (i) The Gas shall be free of water and hydrocarbons in liquid form at the temperature and pressure at which the Gas is received and delivered.

- (j) The Gas shall not contain in excess of seven (7) pounds of water vapor per million cubic feet;
  - (k) The Gas shall not contain, either in the Gas or in any liquids with the Gas, any microbiological organism, active bacteria or bacterial agent capable of contributing to or causing corrosion and/or operational and/or other problems. Microbiological organisms, bacteria or bacterial agents include, but are not limited to, sulfate reducing bacteria (SRB) and acid producing bacteria (APB). Tests for bacteria or bacterial agents shall be conducted on samples taken from the meter run or the appurtenant piping using American Petroleum Institute (API) test method API-RP38 or any other test method acceptable to Transporter and Shipper which is currently available or may become available at any time.
- 3.2 The test equipment and methodology utilized by Transporter to determine whether Gas meets the quality specifications set forth in Section 3.1 shall be posted on its LINK® System.
- 3.3 At Transporter's request, Shipper shall use all reasonable efforts to obtain and provide to Transporter all records regarding Gas quality kept by upstream pipelines transporting the Gas received by Transporter for Shipper's account. Shipper shall use all reasonable efforts to ensure and verify for Transporter that such upstream pipelines are using appropriate equipment to monitor compliance with the Gas quality specifications applicable on Transporter's system as stated in this Section 3.
- 3.4 If the Gas tendered for Shipper's account to Transporter shall fail at any time to conform to any of the specifications set forth in this Section 3 or in Transporter's reasonable judgment, may cause harm to its facilities or diminish the quality of Gas in the system, then Transporter shall have the right, after either written, oral or telephonic notice to Shipper, to refuse to accept all or any portion of such quality deficient Gas. In the event Transporter refuses to accept Gas tendered by Shipper because such Gas does not conform to the specifications set forth herein, Shipper shall not be relieved of its obligation to pay any Reservation Charge provided for in Shipper's Agreement. If the Gas tendered by Transporter for Shipper's account shall fail at any time to conform to any of the specifications set forth in this Section 3 then Shipper shall notify Transporter of such deficiency and may, at its option, refuse to accept delivery pending correction by Transporter.
- 3.5 Transporter may waive the requirements set forth in Section 3.1 in order to allow Shipper to tender or cause to be tendered, Gas which does not when injected into Transporter's pipeline meet the quality specifications set forth in Section 3.1; provided that Transporter's acceptance of such Gas shall not adversely impact Transporter's system facilities or operations, and further provided that once such

Gas has been blended, to the extent blending occurs, the commingled Gas stream at any Delivery Point on Transporter's system shall be compliant with the quality specifications set forth in Section 3.1. Transporter shall implement this Section 3.5 on a non-discriminatory basis and may cancel any waiver at any time if necessary to assure that the commingled Gas stream is compliant with the quality specifications set forth in Section 3.1 at any Delivery Point on Transporter's system.

- 3.6 Odorization. Transporter shall have no obligation to odorize the Gas tendered by Shipper other than to conform to the regulations of appropriate governmental authorities having jurisdiction. However, if Transporter odorizes the Gas, such odorization shall be by use of a malodorant agent of such character as to indicate by a distinctive odor the presence of Gas. Whenever odorized Gas is delivered, the quality and specifications, as set forth in this Section 3, of such Gas shall be determined prior to the addition of malodorant or with proper allowance for changes or additions due to such malodorant. Such odorization of the Gas by Transporter shall be for the purpose of detection of the Gas only during the time when the Gas is in the possession of Transporter, prior to delivery to the Shipper.

#### 4. NOMINATIONS

4.1 Transporter shall accept nominations twenty-four (24) hours a day via the LINK® System or EDM. All nominations must contain the mandatory data elements included in the NAESB standards and any additional business-conditional or mutually agreeable data elements applicable to Transporter's services. All nominations shall include Shipper defined begin dates and end dates. All nominations excluding intra-day nominations should have roll-over options. Specifically, Shippers have the ability to nominate for several Days, Months, or years, provided the nomination begin and end dates are within the term of the Shipper's Agreement. Nominations under Rate Schedule FTS must be for a minimum period of one (1) Day, and all quantities must be stated in Dekatherms. Nominations under Rates Schedule ITS or PALS must specify the daily scheduled quantity, and all quantities must be stated in Dekatherms. At the end of each Day, Transporter will provide the final scheduled quantities for the just completed Day. With respect to the implementation of this process via NAESB Standard No. 1.4.x scheduled quantity related standards, Transporter should send an end of Day Scheduled Quantity document. Receivers of the end of Day Scheduled Quantity document can waive the sender's sending of the end of Day Scheduled Quantity document.

(a) All nominations for Gas to flow at the beginning of a Service Day must be submitted to Transporter via the LINK® System or EDM unless another method of communication is mutually agreed upon by Transporter and Shipper, and must be submitted in accordance with the standard nomination timelines for the Timely and Evening Nomination Cycles set forth in this Section 4.1(a). A revised nomination supersedes the previous nomination in effect, but only for the Day(s) specified in such revised nomination, after which the previous nomination once again takes effect until its end date or time or until superseded by another new or revised nomination, whichever is earlier.

(1) The Timely Nomination Cycle: (All times are CCT on the day prior to the Service Day)

11:30 a.m. Latest time that nominations may leave control of the nominating party;

11:45 a.m. Receipt of nominations by Transporter (including from Title Transfer Tracking Service Providers (TTTSPs));

12:00 p.m. Transporter sends quick response;

3:30 p.m. Receipt of completed confirmations by Transporter from upstream and downstream connected parties;

4:30 p.m. Receipt of scheduled quantities by Shipper and point operator.

Scheduled quantities resulting from the Timely Nomination Cycle shall be effective at 9:00 a.m. CCT on the next Service Day.

(2) The Evening Nomination Cycle (All times are CCT on the Day prior to the Service Day.)

6:00 p.m. Latest time that nominations may leave control of the nominating party;

6:15 p.m. Receipt of nominations by Transporter (including from TTTSPs);

6:30 p.m. Transporter sends quick response;

9:00 p.m. Receipt of completed confirmations by Transporter from upstream and downstream connected parties;

10:00 p.m. Transporter to provide scheduled quantities to affected Shippers and point operators, and to provide scheduled quantities to bumped parties (notice to bumped parties).

Scheduled quantities resulting from an Evening Nomination that does not cause another Shipper on Transporter to receive notice that it is being bumped should be effective at 9:00 a.m. CCT on the next Service Day; and when an Evening Nomination causes another Shipper on Transporter to receive notice that it is being bumped, the scheduled quantities should be effective at 9:00 a.m. CCT on the next Service Day.

For purposes of Sections 4.1(a)(1) and 4.1(a)(2), "provide" shall mean, for transmittals pursuant to standards 1.4.x, receipt at the designated site, and for purposes of other forms of transmittal, it shall mean send or post.

(b) Shipper shall include in its nominations the desired order of priority of receipts and deliveries under each Agreement which Transporter will use when taking action to change receipts and/or deliveries according to Sections 5.2, 5.3 and 5.4. The order of priority shall indicate that a

priority of one (1) shall be the last to be affected by changes. Nominations with the same priority will be adjusted pro rata.

- (c) If Shipper completes and resubmits an otherwise incomplete nomination, then Transporter will process the nomination in the first nomination cycle that occurs where the Shipper's complete nomination meets the deadline for nominations.
- (d) Variations by Shipper of actual receipts and deliveries from the nominated receipts and deliveries shall be kept to a minimum. Receipts and deliveries shall be made at uniform hourly rates unless provisions to deliver the Gas at a non-uniform rate are confirmed by Transporter's Gas Control Department prior to Gas flowing. Under no circumstances shall Transporter be obligated to deliver to any Shipper, on any Day, a quantity of Gas under any Agreement greater than Transporter received at the Receipt Point(s) on behalf of such Shipper under such Agreement.

#### 4.2 Implementation of Intra-day Nominations.

- (a) Intra-day nominations may be submitted twenty-four (24) hours a Day and will be processed in the same manner as other nominations. All intra-day nominations for Gas to flow subsequent to the beginning of a Service Day for the remainder of that Service Day must be submitted to Transporter via the LINK® System or EDM unless another method of communication is mutually agreed upon by Transporter and Shipper. Such intra-day nomination must be submitted up to sixty minutes in advance (or at least fifteen minutes in advance for intra-day nominations submitted via electronic data interchange) to be effective on any hour of the day between 10:00 a.m. CCT and 8:00 a.m. CCT. Transporter shall schedule intra-day nomination changes subject to the restrictions set forth in this Section 4.2. Subject to the restrictions set forth in this Section 4.2 and provided that Transporter, Shipper and the upstream/downstream connected parties mutually agree in advance to the adjusted gas flow, Transporter shall adjust gas flow for the next hourly effective time.
- (b) All nominations, including intra-day nominations, should be based on a daily quantity; thus, an intra-day nominator need not submit an hourly nomination. Intra-day nominations should include an effective date and time. The interconnected parties should agree on the hourly flows of the intra-day nomination, if not otherwise addressed in Transporter's contract or Tariff. Intra-day nominations do not rollover (i.e. intra-day nominations span one day only). Intra-day nominations do not replace the remainder of a standing nomination. There is no need to re-nominate if an intra-day nomination modifies an existing nomination.

- (c) Subject to upstream and downstream operators' confirmations and Transporter's operating conditions, an intra-day nomination submitted pursuant to this Section 4.2 can be used to request increases or decreases in total flow, changes to Receipt Points, or changes to Delivery Points of scheduled Gas.
- (d) With respect to intraday nominations for reductions in previously scheduled quantities, Transporter will accept, subject to the limitations set forth in Section 4.1(a), any explicitly confirmed quantity, down to and including zero, for such intraday nomination; provided, however, if such intraday nomination requires confirmation from an upstream and/or downstream interconnected pipeline then any intraday nomination to reduce previously scheduled quantities will be subject to, and limited to, the reduced quantity confirmed by such upstream and/or downstream interconnected pipeline.
- (e) Transporter shall allow Shipper to alter the order of priority of receipts and deliveries upon which Transporter shall rely in taking actions to adjust receipts and/or deliveries under Section 4.1 above, provided that such changes are submitted via the LINK® System or EDM in accordance with the nomination deadlines set forth in 4.1(a), above.
- (f) Notice. For purposes of providing notice of any nomination changes (including where an interruptible Shipper's nomination is bumped by a firm Shipper's intra-day nomination) to a Shipper and/or Shipper's agent, Transporter shall use Electronic Communication.
- (g) In the event that the more flexible intra-day nomination timeline set forth in Section 4.2(a) above is inapplicable for any reason, intra-day nominations shall be submitted and processed in accordance with the minimum standard timelines for intra-day nominations set forth in this Section 4.2(g).
  - (1) The Intra-day 1 Nomination Cycle: (All times are CCT on the Service Day.)
    - 10:00 a.m. Latest time that nominations may leave control of the nominating party;
    - 10:15 a.m. Receipt of nominations by Transporter (including from TTTSPs);
    - 10:30 a.m. Transporter sends quick response;

1:00 p.m. Receipt of completed confirmations by Transporter from upstream and downstream connected parties;

2:00 p.m. Transporter to provide scheduled quantities to affected Shippers and point operators, and to provide scheduled quantities to bumped parties (notice to bumped parties).

Scheduled quantities resulting from the Intra-day 1 Nomination Cycle shall be effective at 5:00 p.m. CCT on the same Service Day.

(2) The Intra-Day 2 Nomination Cycle: (All times are CCT on the Service Day.)

5:00 p.m. Latest time that nominations may leave control of the nominating party;

5:15 p.m. Receipt of nominations by Transporter (including from TTTSPs);

5:30 p.m. Transporter sends quick response;

8:00 p.m. Receipt of completed confirmations by Transporter from upstream and downstream connected parties;

9:00 p.m. Transporter to provide scheduled quantities to affected Shippers and point operators.

Scheduled quantities resulting from the Intra-Day 2 Nomination Cycle shall be effective at 9:00 p.m. CCT on the same Service Day. Bumping is not allowed during the Intra-Day 2 Nomination Cycle.

For purposes of Sections 4.2(g)(1) and 4.2(g)(2) "provide" shall mean, for transmittals pursuant to standards 1.4.x, receipt at the designated site, and for purposes of other forms of transmittal, it shall mean send or post.



## 5. PRIORITY OF SERVICE

- 5.1 Transporter shall have the right to curtail or discontinue services, in whole or in part, on all or a portion of its system at any time for reasons of Force Majeure or when capacity or operating conditions so require, or it is necessary to make modifications, repairs or operating changes to its system. Transporter shall provide Shipper notice of such curtailment as is reasonable under the circumstances. Notwithstanding anything to the contrary contained in this Section 5.1, Transporter will schedule routine repairs and maintenance in a manner that to the greatest extent possible will not disrupt the flow of quantities scheduled and confirmed in accordance with Section 4 of the General Terms and Conditions.
- 5.2 Throughput Scheduling Priority: For each nomination cycle, Transporter shall allocate throughput capacity pursuant to Sections 6.1 and 6.2 of these General Terms and Conditions utilizing the priorities of service described below:
- (a) Priority Class One. Among Rate Schedule FTS nominations where such nomination (or portion thereof) meets all of the following criteria:
    - (1) utilizes a Primary Receipt Point at which the nominated quantity is within the Enhanced MDRO and/or the Maximum Daily Receipt Obligation, as applicable;
    - (2) utilizes a Primary Delivery Point at which the nominated quantity is within the Agreement's Maximum Daily Delivery Obligation; and
    - (3) is within the Agreement's Segment Path Right for each Segment traversed by the nomination.
  - (b) Priority Class Two. Among Rate Schedule FTS nominations where each nomination (or portion thereof):
    - (1) (A) utilizes a Primary Delivery Point in Excess of the MDDO, or utilizes a Primary Receipt Point in excess of the Enhanced MDRO or MDRO, as applicable; or  
(B) utilizes a Secondary Receipt Point and/or a Secondary Delivery Point, and
    - (2) is within the Agreement's Segment Path Right for each Segment traversed by the nomination.

- (c) Priority Class Three. Among Rate Schedule FTS nominations where each nomination (or portion thereof):
  - (1) exceeds the Agreement's Segment Path Right for one or more Segments traversed by the nomination, or
  - (2) is a Backhaul (a nomination on a Backhaul contract that has a direction of flow that is opposite of the contractual path is considered a backhaul for the purpose of scheduling priority)
- (d) Priority Class Four. Rate Schedule ITS, Rate Schedule PALS.
- (e) Priority Class Five. Make-up Gas scheduled at Transporter's discretion.

5.3 Receipt/Delivery Point Scheduling Priority: For each nomination cycle, Transporter shall schedule Receipt Point capacity or Delivery Point capacity pursuant to Sections 6.1 and 6.2 of these General Terms and Conditions utilizing the priorities of service described below:

- (a) Priority Class One - Among Rate Schedule FTS nominations:
  - (1) For receipt point restrictions:
    - (i) First for nominations (or portion thereof) that are within the Agreement's Enhanced MDRO at the point of restriction, and
    - (ii) Second for nominations (or portion thereof) that are within the MDRO at the point of restriction.
  - (2) For delivery point restrictions, nominations (or portion thereof) that are within the Agreement's MDDO at the point of the restriction.
- (b) Priority Class Two. Among Rate Schedule FTS nominations where the nominations meet both of the requirements below:
  - (1) the nomination (or portion thereof) exceeds the Enhanced MDRO, MDRO or MDDO, as applicable, at the point, and
  - (2) the nomination (or portion thereof) is within the Agreement's Segment Path Right at the point.
- (c) Priority Class Three. Among Rate Schedule FTS nominations that:
  - (1) (A) exceed the Enhanced MDRO, MDRO or MDDO, as applicable, at the point, and

(B) exceed the Agreement's Segment Path Right at the point, or

(2) are Backhauls (a nomination on a Backhaul contract that has a direction of flow that is opposite of the contractual path is considered a backhaul for the purpose of scheduling priority).

(d) Priority Class Four. Rate Schedule ITS, Rate Schedule PALS.

(e) Priority Class Five. Make-up Gas scheduled at Transporter's discretion.

#### 5.4 Overlapping Nominations

For the purposes of Sections 5.2 and 5.3 above, in the event that a Releasing Shipper and/or its Replacement Shipper(s) submit overlapping nominations which in sum exceed in any segment or at any point the level of entitlement for which the Releasing Shipper originally contracted, the relative priority of each nomination shall be determined first according to the scheduling procedures in Sections 5.2 and 5.3 of the General Terms and Conditions, as applicable, and then by applying the overlap priorities provided in the Releasing Shipper's offer to release capacity pursuant to Section 25.1(h)(16) of the General Terms and Conditions.

## 6. SCHEDULING AND CURTAILMENT

### 6.1 Scheduling Capacity during a Start of Day Nomination Cycle.

- (a) Transporter shall allocate its pipeline capacity as well as each Receipt Point and each Delivery Point capacity on the basis of the priority classes listed in Section 5 above as follows:
  - (i) prorata for Priority Class One nominations; then
  - (ii) prorata for Priority Class Two; then
  - (iii) prorata for Priority Class Three; then
  - (iv) on the basis of Confirmed Price for Priority Class Four; then
  - (v) make-up Gas for FTS Agreements, then make-up Gas for ITS Agreements.
- (b) Ties within any Priority Class shall be allocated pro rata based on nominations.

6.2 Scheduling Available Capacity during an Intra-day Nomination Cycle. Transporter shall schedule available capacity during each of the Intra-day Nomination Cycles in accordance with Section 6.1 above. Bumping of service is not allowed during the Intra-Day 2 Nomination Cycle which is effective at 9:00 p.m. CCT on the same Service Day and all cycles thereafter for the remainder of the Service Day.

6.3 Curtailment of Scheduled Volumes during a Day. If, at any time, Transporter determines that the capacity of its system, or portion(s) thereof, is insufficient to serve all scheduled service, or to accept the quantities of Gas tendered, capacity which requires curtailment shall be curtailed so as to provide the service which is feasible in the order prescribed for Scheduling in Section 6.1 above; provided, however, once scheduled, Priority Class Two and Priority Class Three will have the same curtailment priority as Priority Class One; and provided, further, if a capacity constraint occurs on the upstream or downstream system which results in a curtailment, the upstream or downstream operator shall determine the change in scheduled nominations of its Shippers. Such change in scheduled nominations shall be confirmed via the LINK® System or EDM. To enable prompt action in an emergency situation where capacity is insufficient, Transporter shall have the authority to take all necessary and appropriate actions, as then may appear necessary, to preserve the operational integrity of its system. Transporter shall notify Shippers of the existence of any such emergency situation by use of Electronic Communication, as soon as it is reasonably practicable.

- 6.4 Segmentation of Capacity by Nomination. Any Shipper receiving Transportation Service under Rate Schedule FTS shall have the right to segment its firm capacity by utilizing multiple Receipt Points and Delivery Points. The right to segment is subject to the requirement that a Shipper's firm capacity utilization pursuant to its Rate Schedule FTS Agreement and, if such Agreement is the result of capacity release, the firm capacity utilization of all other Shippers of capacity rights derived from the initial Rate Schedule FTS Agreement, does not exceed, in the aggregate (based on all relevant Shipper firm capacity utilization), the contract entitlements of the initial Rate Schedule FTS Agreement in any Segment or at any point (including, without limitation, the relevant MDQ) where the nominated Segments overlap. For the purpose of determining whether there is an overlap of MDQ, a forward haul and a Backhaul nominated to the same Delivery Point at the same time shall not be deemed to be an overlap at that point. For the purpose of determining whether there is an overlap of MDQ on a Segment, a forward haul and a Backhaul nominated on the same Segment at the same time shall be deemed to be an overlap on the Segment. As a general matter, Shipper will have the right to segment its capacity so long as it is utilizing its Primary Receipt Point(s) and Primary Delivery Point(s), as well as all Secondary Receipt Points and Secondary Delivery Points, as long as such use does not impair Transporter's ability to render firm Transportation Service, does not adversely affect Shippers' firm Transportation Service rights, and/or does not adversely affect the safe and reliable operation of Transporter's pipeline system.
- 6.5 Segmentation of Capacity by Capacity Release. Releasing Shippers can also segment capacity through capacity release in accordance with Section 25 of the General Terms and Conditions of Transporter's Tariff, subject to the requirement that the release (or multiple releases) does not increase the total contract entitlements in any Segment or at any point (including, without limitation, the relevant MDQ) above the contract entitlement of the initial Rate Schedule FTS Agreement. For the purpose of determining whether there is an overlap of MDQ, a forward haul and a Backhaul nominated to the same Delivery Point at the same time shall not be deemed to be an overlap at that point. As a general matter, Shipper will have the right to segment its capacity so long as it is utilizing its Primary Receipt Point(s) and Primary Delivery Point(s), as well as all Secondary Receipt Points and Secondary Delivery Points, as long as such use does not impair Transporter's ability to render firm Transportation Service, does not adversely affect Shippers' firm Transportation Service rights, and/or does not adversely affect the safe and reliable operation of Transporter's pipeline system and/or does not result in quantities being nominated in any manner that is inconsistent with Section 25.1(a) of these General Terms and Conditions.

## 7. DETERMINATION OF DAILY ALLOCATED RECEIPTS AND DELIVERIES

7.1 Allocation of Receipts/Deliveries. Unless Transporter and Operator mutually agree to allocate deliveries each Day using ranked, pro rata, percentage, swing or operator provided value methodologies, such deliveries will be allocated through the meter pro rata, to the extent applicable, based on confirmed nominations.

Operator shall notify Transporter via the LINK® System after or during confirmation and before start of the Day, that it desires to establish allocation priorities at Receipt and/or Delivery Points using any of the following methodologies: ranked, prorata, percentage, swing or Operator provided value provided, however, Transporter will not be required to agree to any of such allocation methodologies if they are operationally or administratively infeasible.

Transporter shall advise such Operator of the confirmed nominations at such Receipt/Delivery Point.

The Operator shall establish separate allocation priorities for over and under production at the level of detail that the confirmed nominations are provided, and advise Transporter of such priorities via the LINK® System before the beginning of the Day. Any confirmed nominations that do not have established allocation priorities shall be prorated based upon confirmed nominations and shall be allocated after all confirmed nominations that have established allocation priorities.

In the case of under production, such allocation priorities shall be used by Transporter to allocate Gas, such that Transporter shall allocate Gas to each Shipper, in order of priority designated by the Operator, up to the full nomination of that Shipper, until the entire gross measured volume at such Receipt/Delivery Point is allocated.

In the case of over production, such allocation priorities shall be used by Transporter to allocate Gas, such that Transporter shall allocate Gas to each Shipper, in order of priority designated by the Operator, equal to the full nomination of that Shipper, with any over produced quantities being allocated to the Shipper(s) with the lowest priority, until the entire gross measured volume at such Receipt/Delivery Point is allocated.

Simultaneous Receipts and Deliveries. To the extent that both receipts and deliveries have been nominated at the same meter for any Day:

If the actual flow through the meter represents a delivery by Transporter, then the nominated receipts shall be allocated as nominated and the sum

of such receipts shall be added to the metered quantity before any allocation is made in accordance with Section 7.1; or

If the actual flow through the meter represents a receipt by Transporter, then the nominated deliveries shall be allocated as nominated and the sum of such deliveries shall be added to the metered quantity before any allocation is made in accordance with Section 7.1.

#### 7.2 Prior Period Adjustments.

In accordance with the provisions of Sections 2 and 11 of these General Terms and Conditions, Transporter shall use the best information available to close its allocation of quantities for a Service Month five (5) Business Days after such Service Month. To the extent that adjustments are made after the date of such close, such adjustments ("Prior Period Adjustments" or "PPA") shall be treated under this Section 7.2. If the PPA is due to the correction of measurement data or allocations, such adjustments shall be processed within six (6) Months of the applicable Service Month. If the affected party disputes the as-adjusted quantity, it is entitled to rebut the basis for the PPA, but only if it does so within three (3) Months of the processing of the PPA. Notwithstanding the above-specified deadlines for processing/rebutting PPAs, such deadlines shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not be diminished by this standard.

7.3 Trespass Gas. Gas that is received by Transporter during a Service Month at a Receipt Point for which there is no valid nomination shall be considered Trespass Gas. If Transporter receives Trespass Gas during a Service Month, it shall post such fact on the LINK® System, including the location and quantity of such Trespass Gas, for a period of thirty (30) Days after the end of the Service Month. The owner of such Trespass Gas may claim such Gas by informing Transporter in writing of such fact and by having the ownership verified by the Operator of the facilities upstream of the Receipt Point. Upon receiving a valid claim of ownership, Transporter shall first give the claimant the opportunity to move the Gas off of Transporter's system upon payment of the applicable Transportation and PALS charges. Alternatively, the claimant may request payment of an amount (as full consideration, inclusive of taxes and any other amounts) equal to the product of the quantity of Trespass Gas times the Low Common price (as determined pursuant to Section 8.7 of the General Terms and Conditions) for the Service Month in which the Trespass Gas was received. If there is no valid claim for such Trespass Gas within such thirty (30) day posting period, Transporter shall be allowed to retain such Trespass Gas.

7.4 Conversion of Gas. Any party that takes Gas without Transporter's authorization shall be liable for paying the High Common price (as determined pursuant to

Section 8.7 of the General Terms and Conditions) for the Month in which the Gas was taken, in addition to any other costs, losses, and damages attributable to such taking, in addition to any legal remedies otherwise available.

- 7.5 Any penalty revenues received by Transporter as a result of the operation of Sections 7.3 and 7.4 above will be credited pursuant to Sections 23.2 and 23.3 of the General Terms and Conditions.



## 8. IMBALANCE RESOLUTION PROCEDURES

- 8.1 For the purposes of this Section 8, "Receipt" or "Receipts" shall mean quantities of Gas allocated pursuant to Section 7 of these General Terms and Conditions, net of Transporter's Use, and "Delivery" or "Deliveries" shall mean quantities of Gas allocated pursuant to Section 7. After the end of each Service Month, Transporter shall render to Cashout Party a statement detailing any imbalance between Monthly Receipts and Monthly Deliveries under all of Cashout Party's Transportation Agreements ("Imbalance Statement"). Such Imbalance Statement shall be rendered on an electronic basis by email notification to Cashout Party that the Imbalance Statement is available on Transporter's LINK® System pursuant to Section 9 of these General Terms and Conditions.
- 8.2 Cumulative Daily Transportation Imbalances shall be subject to the following imbalance resolution procedures.
- (a) Definition of Transportation Imbalance: "Transportation Imbalance" shall mean the difference between a Shipper's allocated Receipts and allocated Deliveries under any firm or interruptible Agreement. All imbalances will be calculated on a daily basis and designated to be at the applicable Receipt Point.
  - (b) Definition of an Imbalance Due Cashout Party: "Due Cashout Party" shall mean that Deliveries under an Agreement at the Delivery Point are less than Receipts at the Receipt Point, adjusted for Transporter's Use; such difference in quantity is "Due To" a Cashout Party (or its Agent).
  - (c) Definition of an Imbalance Due Transporter: "Due Transporter" shall mean that Deliveries under an Agreement at the Delivery Point exceed Receipts at the Receipt Point, adjusted for Transporter's Use; such difference in quantity is "Due From" a Cashout Party (or its Agent).
- 8.3 Netting: For each Month, all cumulative Transportation Imbalances within an Operational Impact Area will be netted among each of Cashout Party's firm and interruptible Agreements.
- 8.4 Trading: Posting and trading of the previous Month's netted Transportation Imbalances will be allowed within each Operational Impact Area between imbalance agents (or the Cashout Party, if no imbalance agent exists) from the first calendar Day of the current Month until the end of the 17th Business Day of the current Month. Imbalances to be posted for trading should be authorized by the Cashout Party. Authorizations to post imbalances that are received by Transporter by 11:45 A.M. should be effective by 8:00 A.M. the next Business Day (Central Clock Time). Imbalances previously authorized for posting should

be posted on or before the ninth Business Day of the Month. Transporter should provide the ability to view and, upon request, download posted imbalances. Transporter should not be required to post zero imbalances. When trading imbalances, a quantity should be specified. Trading will be allowed only when (i) imbalances are within the same Operational Impact Area and (ii) the resulting trade will reduce the imbalances for each Cashout Party or its imbalance agent. Transporter shall allow Cashout Parties to trade imbalances with other Cashout Parties within the same Operational Impact Area if the two Cashout Parties' imbalances are offsetting balances such that the net imbalance for each Cashout Party after the completion of the trade would be reduced to a quantity closer to zero. A Cashout Party may trade any imbalance with another Cashout Party, provided that the trade shall not result in a Transportation Path which crosses a Posted Point of Restriction; provided further that to the extent the imbalances were incurred during the remainder of the Month when no Posted Point of Restriction was in effect, those imbalances are available for trading. Transporter should enable the imbalance trading process by receiving the request for imbalance trade, receiving the imbalance trade confirmation, sending the imbalance trade notification, and reflecting the trade prior to or on the next monthly Shipper Imbalance Statement or Cashout statement. After receipt of an imbalance trade confirmation, Transporter should send the imbalance trade notification to the initiating trader and the confirming trader no later than noon (Central Clock Time) the next Business Day. Imbalance trades can only be withdrawn by the initiating trader and only prior to the confirming trader's confirmation of the trade. Imbalance trades are considered final when confirmed by the confirming trader and effectuated by Transporter.

- 8.5 Final Resolution of Transportation Imbalances: If Cashout Party has a Transportation Imbalance remaining after the close of the trading period, such Transportation Imbalance will be cashed out in accordance with the Cashout provisions set forth in Section 8 herein.
- 8.6 All balancing shall be based on the applicable Delivery Point within an Operational Impact Area. Cashout Party or its Agent(s) may nominate transactions (in accordance with Section 4 of the General Terms and Conditions) during the Month to correct Transportation Imbalances within an Operational Impact Area. Transporter's ability to receive or deliver imbalance quantities shall be dependent upon Transporter's physical operations, and Transporter is under no obligation to allow Receipt or Delivery of such quantities for resolution of Transportation Imbalances if it determines, such activity would jeopardize pipeline operations.
- 8.7 Cashout Provision. At the time Transporter tenders an invoice(s) to Cashout Party for Transportation Service during the previous Month, Transporter shall invoice Cashout Party, or credit Cashout Party's invoice, as appropriate, to resolve in cash any net Monthly Imbalance remaining between actual Receipts,

adjusted for Transporter's Use, and actual Deliveries after the period during which the relevant Transportation Imbalance quantities have been subjected to the imbalance resolution mechanisms set forth in this Section 8. Transporter will send with each invoice an Imbalance Statement detailing the unresolved imbalance amount and detailing the amount due in accordance with the following calculations.

- (a) **Cashout Price.** The Cashout Price shall be determined on a daily and monthly basis. The Cashout High and Low Common prices shall be determined by use of the highest and lowest daily price for the Month and the first seven Days of the subsequent Month as published in Platts Gas Daily "Daily Price Survey". The average Midpoint price shall be determined by the arithmetical average of Platts Gas Daily "Daily Price Survey" "Midpoint" price for the Month and the first seven days of the subsequent Month. The Cashout Price for purposes of resolving imbalances shall be the average of the "Daily Price Survey" prices for the relevant Month for the following pipeline areas:

Pipeline Receipt Area -----	"Daily Price Survey" Price -----
Perryville Hub to	
Texas Eastern interconnect	Columbia Gulf, mainline
Texas Eastern interconnect	
to Transco interconnect	Texas Eastern, ELA
Transco interconnect	
to Tennessee interconnect	Transco, zone 4
Tennessee interconnect	
to Florida Gas interconnect	Tennessee, La., Leg 500
Florida Gas interconnect	
to system terminus	Florida Gas, zone 3

All references to "Cashout Price" in these General Terms and Conditions refer to the "Midpoint" price contemplated in this Section 8.7(a), with the exception of this Section 8 (which refers to the "Midpoint" price only if the context so requires).

**Cessation of Publications.** If on any Day, the reported prices referenced above are not published, Transporter shall determine the relevant Cashout Prices using another similar publication selected by Transporter, in its reasonable judgment, that is broadly published and widely accepted within the natural gas industry as a reliable source for the quotation of Gas prices.

- (b) **Imbalance Due Transporter.** In the event a Monthly Imbalance is an Imbalance Due Transporter, Transporter shall charge Cashout Party for

such excess Deliveries plus an allowance for fuel calculated by multiplying such excess Deliveries by the applicable Transporter's Use %. If a Cashout Party's Monthly Imbalance is less than or equal to 5%, the monthly Cashout bill will be based on the average Midpoint price contemplated in Section 8.7(a). If a Cashout Party's Monthly Imbalance is greater than 5%, the monthly Cashout bill will be based on the accumulated sum of the results of the formulas listed below such that, and until, the total Monthly Imbalance is fully accounted for:

Imbalance Level	Factor	Applicable Cashout Price
0% - = <5%	1.00	average Midpoint
> 5% - =<10%	1.10	(High Common x quantity > 5%) + level above
>10% - =<15%	1.20	(High Common x quantity >10%) + levels above
>15% - =<20%	1.30	(High Common x quantity >15%) + levels above
>20% - =<25%	1.40	(High Common x quantity >20%) + levels above
>25%	1.50	(High Common x quantity >25%) + levels above

For purposes of determining the appropriate Cashout Factor, Cashout Party's imbalance level shall be determined by taking the lower of (a) the level of imbalance supplied pursuant to Section 24.2, or (b) the imbalance computed by comparing (i) the Deliveries at the Delivery Point and (ii) the Receipts at the Receipt Point and by dividing the amount of the excess Deliveries by the Receipts less the Transporter's Use. For OBA imbalances that are resolved pursuant to this Section 8, the calculation of Cashout charges relating to excess Deliveries shall also include a Transportation imbalance charge, which shall be calculated by multiplying the excess Delivery quantity by the actual weighted average of all applicable usage rates owed on all quantities of Gas delivered during the Month to that OBA Party.

- (c) **Imbalance Due Cashout Party.** In the event of a Monthly Imbalance which is an Imbalance Due Cashout Party, Transporter shall make a Cashout payment to Cashout Party reflecting such excess Receipts.

If a Cashout Party's Monthly Imbalance is less than or equal to 5%, the monthly Cashout bill will be based on the average Midpoint price contemplated in Section 8.7(a). If a Cashout Party's Monthly Imbalance is greater than 5%, the monthly Cashout bill will be based on the accumulated sum of the results of the formulas listed below such that, and until, the total Monthly Imbalance is fully accounted for:

Imbalance Level	Factor	Applicable Cashout Price
0% - =<5%	1.00	average Midpoint
>5% - =<10%	.90	(Low Common x quantity > 5%) + level above
>10% - =<15%	.80	(Low Common x quantity >10%) + levels above
>15% - =<20%	.70	(Low Common x quantity >15%) + levels above
>20% - =<25%	.60	(Low Common x quantity >20%) + levels above
>25%	.50	(Low Common x quantity >25%) + levels above

For purposes of determining the appropriate Cashout Factor, Cashout Party's imbalance level shall be determined by taking the lower of (a) the level of imbalance supplied pursuant to Section 24.2, or (b) the imbalance computed by comparing (i) the Deliveries at the Delivery Point and (ii) the Receipts at the Receipt Point and by dividing the excess Receipts by the total Receipts less Transporter's Use. For OBA imbalances that are resolved pursuant to this Section 8, the calculation of the amount due the Cashout Party relating to excess Receipts shall also include a Transportation imbalance credit, which shall be calculated by multiplying the excess Receipt quantity by the actual weighted average of all applicable usage rates owed on all quantities of Gas delivered during the Month to that OBA Party. Transporter shall have no responsibility for the distribution of funds beyond the initial distribution, in accordance with this resolutions procedure, to the Cashout Party.

- (d) A Cashout of Transportation Imbalances at prices above or below the average Midpoint price shall not occur if it has been determined that such Transportation Imbalances are due to Transporter's negligence. Additionally, a Cashout of Transportation Imbalances due to Imbalance Due Transporter quantities or Imbalance Due Cashout Party quantities shall be limited to the average Midpoint price if such imbalances occurred during circumstances of Force Majeure that directly affect the Transporter's or upstream or downstream facilities over which Gas is transported under the applicable Agreement, or during circumstances of Force Majeure that directly affect Shipper's facilities for the period until Shipper has an opportunity to adjust its nominations (Shipper shall give written notice within forty-eight (48) hours of such Force Majeure event), or were the direct result of an OFO issued to the Shipper or its supplier.

8.8 Cashout of Transportation Imbalances at Agreement Expiration. At the time of expiration of an Agreement, all Transportation Imbalances shall be resolved pursuant to the provisions of Section 8.7 above.

- 8.9 Annual System Cashout Mechanism. Transporter shall establish an annual mechanism to determine the costs of implementing this Cashout provision. Such mechanism shall calculate, on a system-wide basis, the annual gross balance (positive or negative) derived from the Cashout program, which will be accounted for and disposed of in accordance with Section 22.3 of the General Terms and Conditions.

## 9. BILLING

- 9.1 Transporter shall render an invoice(s) to Shipper for each Month for (i) all Transportation Services provided pursuant to this Tariff during the preceding Month; and (ii) any other charges for which Shipper is liable under the Tariff or Shipper's other obligations. Such invoice shall be delivered to Shipper or its agent by posting Shipper's final invoice on Transporter's LINK® System and posting a general notice of the availability of the final invoices on Transporter's Informational Postings Web site. Transporter will provide an e-mail notification, if an e-mail address has been designated by Shipper, contemporaneously with the posting of the final invoice on Transporter's LINK® System. It is the Shipper's responsibility to furnish to Transporter e-mail address information for receipt of invoices and to update such e-mail information as necessary. Shipper may designate an agent to receive invoices and may designate such agent to receive the e-mail notifications of the availability of Shipper's final invoice on Transporter's LINK® System.
- 9.2 The Imbalance Statement shall be rendered prior to or with the Transportation invoice(s), and the Transportation invoice(s) shall be prepared on or before the 9th Business Day after the end of the Service Month. Rendered is defined as postmarked, time-stamped, and delivered to the designated site or designated as approved or final on the LINK® System. Prior Period Adjustment time limits shall be 6 Months from the date of the initial Transportation invoice(s) with a 3-Month rebuttal period, excluding government-required rate changes. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard. Prior Period Adjustments shall be reported by production date, but do not have to be invoiced separately by production Month nor is each production Month a separate paper invoice page.
- 9.3 With respect to Cashout invoices, an Imbalance Statement and associated invoice shall be rendered in the second Month after the Monthly Transportation Imbalance occurs, which shall reflect the amount Due Transporter or a credit for the amount Due Cashout Party, as determined in Section 8 herein will be rendered with the Monthly Transportation invoice.
- 9.4 Both Transporter and Shipper shall have the right to examine at any reasonable time the applicable records of the other to the extent necessary to verify the accuracy of any statement made under or pursuant to the provisions of the Agreement. Upon receipt of a request, the recipient will either send the relevant information to the requestor or will provide the requestor the right to review such information in the recipient's offices.

## 10. PAYMENTS

- 10.1 All payments for invoices due to Transporter by Shipper shall be made by Shipper to a depository designated by Transporter via electronic funds transfers within ten (10) Days of the Day the invoice is rendered, (the "Payment Due Date"). Shipper shall submit any necessary supporting documentation with its payment except as provided below; Transporter shall apply payment per supporting documentation provided by Shipper, and if payment differs from the invoiced amount, remittance detail shall be provided with the payment except when payment is made by electronic funds transfer (EFT), in which case, the remittance detail is due within two Business Days of the payment date. Invoice number(s) shall be identified on all payments. If presentation of an invoice to Shipper is delayed after the 10th Day of the Month, the Payment Due Date shall be extended by an equal number of Days, unless Shipper is responsible for such delay.
- 10.2 Should Shipper fail to pay all of the amount of any invoice as herein provided, on or before the Payment Due Date, Shipper shall pay a charge for late payment which shall be included by Transporter on the next regular Monthly bill rendered to Shipper under this Section 10. Such charge for late payment shall be determined by multiplying (a) the unpaid portion of the invoice, by (b) the ratio of the number of Days from the Payment Due Date to the date of actual payment to 365 (366 in a leap year), by (c) the interest rate determined in accordance with Section 154.501(d) of FERC's regulations. If such failure to pay continues for 30 Days after the Payment Due Date, Transporter, in addition to any other remedy it may have under the relevant Agreement, may terminate such Agreement and suspend further delivery of Gas, provided Transporter provides Shipper and the Commission with 30 Days prior written notice of such termination and provided further such termination shall not be effective if, prior to the date of termination Shipper complies with the billing dispute procedure in Section 10.4 of the General Terms and Conditions of Transporter's Tariff.
- 10.3 In the event an error is discovered in the amount billed in any statement rendered by Transporter, such error shall be adjusted within 30 Days of the determination of the error; provided that any claim therefore shall have been made within 60 Days of discovery of such error and, in any event, within 6 Months from the date of the statement claimed to be in error. Billing errors shall be corrected as follows:
- (a) Where Shipper has been overcharged and has paid the statement, in the event the overcharge is not the result of Transporter's negligence or bad faith, fraud or willful misconduct, the amount of the overpayment will be refunded to Shipper without interest provided the overpayment is refunded within 30 Days. Overpayments not refunded within 30 Days



will be subject to interest charges at the interest rate determined in accordance with Section 154.501(d) of FERC's regulations from the date of the overpayment to the date of the refund. Where the refund is provided to Shipper by way of credit on a subsequent invoice rendered to Shipper by Transporter, the overpayment will be deemed to have been refunded on the date the credited invoice was received by Shipper.

- (b) Where Shipper has been undercharged by Transporter, Shipper will pay the amount of the undercharge without interest provided the undercharge is paid within 30 Days. Undercharge amounts not paid within 30 Days will be subject to interest charges at the interest rate determined in accordance with Section 154.501(d) of FERC's regulations from the date of the statement. Shipper shall have the right to review all records pertaining to its performance under Shipper's Agreement to verify the amount payable by Shipper to Transporter under the Agreement in any Month, so long as such review shall be completed within two years following the end of the calendar year in which such amount is payable. Such review shall be conducted during normal business hours, upon written request to Transporter and at Shippers' own expense.

10.4 If an invoice is in dispute, Shipper shall pay the portion not in dispute and provide documentation identifying the basis for the dispute. If Shipper in good faith:

- (a) disputes the amount of any such bill or part thereof;
- (b) pays to Transporter such amounts as it concedes to be correct;
- (c) provides Transporter with a written notice including a full description of the reasons for the dispute, together with copies of supporting documents; and
- (d) at any time thereafter within 30 Days of a demand made by Transporter furnishes good and sufficient surety bond, guaranteeing payment to Transporter of the amount ultimately found due upon such bill after a final determination which may be reached either by agreement or judgment of the courts, as may be the case, then Transporter shall not be entitled to suspend further services because of such non-payment pursuant to Section 10.2 unless and until default be made in the conditions of such bond.

10.5 In the event that Shipper does not pay the full amount due Transporter in accordance with this Section 10, Transporter, without prejudice to any other rights or remedies it may have, shall have the right to withhold and set off payment of any amounts of monies due or owing by Transporter to Shipper,

against any and all amounts or monies due or owing by Shipper to Transporter for Transportation Services provided.

- 10.6 Any payments received under this Section 10 shall first be applied to accrued interest, then to additional charges due, then to the previously outstanding principle, and lastly, to the most current principle due.

## 11. POSSESSION OF GAS

Unless otherwise provided in the Agreement or applicable Rate Schedule, as between Transporter and Shipper, Shipper shall be deemed to be in exclusive control and possession of the Gas (i) prior to receipt by Transporter at the Receipt Point(s) and (ii) after delivery by Transporter at the Delivery Point(s); otherwise, Transporter shall be in exclusive control and possession of the Gas. The party which shall be in exclusive control and possession of the Gas shall be responsible for all injury or damage caused thereby to any third party except any injury or damage caused by Gas provided by Shipper that fails to conform with the specifications set forth in Section 3. In the absence of bad faith or willful misconduct on the part of Transporter, Shipper waives any and all claims and demands against Transporter, its officers, employees or agents, arising out of or in any way connected with (i) the quality, use or condition of the Gas after delivery from Transporter for the account of such Shipper, (ii) any losses or shrinkage of Gas during or resulting from Transportation hereunder, and (iii) all other claims and demands arising out of Transporter's performance of its duties hereunder.

## 12. RECEIPT AND DELIVERY POINT PRESSURE

- 12.1 All Gas tendered by or on behalf of Shipper to Transporter will be delivered at Receipt Points at a pressure sufficient to enter Transporter's system up to Transporter's Maximum Allowable Operating Pressure. If Transporter and Shipper otherwise agree on the Minimum Receipt Pressure at a Receipt Point(s), it will be set forth on Exhibit A of the Agreement.
- 12.2 Unless otherwise agreed to, Transporter will redeliver Gas at the Delivery Points nominated by Shipper at Transporter's prevailing line pressure of no less than 250 pounds per square inch, gauge pressure ("Minimum Delivery Pressure"). If Transporter and Shipper otherwise agree on the Minimum Delivery Pressure at a Delivery Point(s), it will be set forth on Exhibit B of the Agreement.

### 13. OPERATIONAL FLOW ORDERS (OFOs)

- 13.1 Notification of Conditions that May Require the Issuance of an OFO or Action Alert: Transporter shall provide prior notice, via posting on the LINK® System and to affected Shippers and point operators through the affected party's choice of Electronic Delivery Mechanism(s), of upcoming events that may affect Transporter's pipeline system such as anticipated weather patterns or operational situations that may necessitate the issuance of an OFO pursuant to this Section 13.
- 13.2 Circumstances Warranting Issuance of an Operational Flow Order: Transporter shall have the right to issue Operational Flow Orders as specified in this Section 13 that require actions by Shippers/point operators in order (1) to alleviate conditions that threaten to impair Transporter's ability to provide reliable service, (2) to maintain pipeline operations at the pressures required to provide efficient and reliable service, (3) to have adequate Gas supplies in Transporter's system to receive and deliver Gas consistent with its firm Transportation Service obligations, (4) to maintain Transportation Service to all firm Shippers and for all firm Transportation Services, and (5) to maintain Transporter's system in balance for the foregoing purposes. Transporter shall lift any effective Operational Flow Order, promptly upon the cessation of operating conditions that caused the relevant system problem(s). Routine repairs and maintenance will not be used as a basis for issuing OFOs. Transporter will plan routine repairs and maintenance by scheduling such activities in advance.
- 13.3 Voluntary Actions to be Taken to Avoid Issuance of an Operational Flow Order: Transporter shall, to the extent practicable, take all reasonable actions necessary to avoid issuing an Operational Flow Order. Such actions may include (1) working with point operators to temporarily adjust, by mutual agreement, receipts and/or deliveries at relevant Receipt Point(s) or Delivery Point(s), (2) working with Shippers/point operators to adjust, by mutual agreement, scheduled flows on Transporter's system, (3) issuing an Action Alert designed to mitigate the conditions which, if continued, would require the issuance of an Operational Flow Order, or (4) taking any other reasonable action designed to mitigate the system problem. After taking all such reasonable actions to avoid issuing an Operational Flow Order, Transporter will have the right to issue Operational Flow Orders, if necessary, in the circumstances described in Sections 13.2 and 13.7.
- 13.4 Applicability of Operational Flow Orders or Action Alerts: Transporter shall issue an Operational Flow Order or Action Alert as localized as is reasonably practicable based on Transporter's good faith judgment concerning the situations requiring remediation such that an Operational Flow Order or Action Alert will be directed (1) to Shippers/point operators causing the problem necessitating the Operational Flow Order or Action Alert or transporting Gas in the area of Transporter's system in which there is an operational problem, and (2) to those

Shippers/point operators transporting Gas in the area of Transporter's system where action is required to correct the problem necessitating the Operational Flow Order or Action Alert. Transporter will tailor the Operational Flow Order or Action Alert to match the severity of the known or anticipated operational problem requiring remediation as more fully set forth in subsections 13.6 and 13.7.

- 13.5 Notice: All Operational Flow Orders and Action Alerts will be issued via posting on the LINK® System to be followed by facsimile or telephone notification to the affected Shippers and point operators and notification to the affected parties through the affected party's choice of Electronic Delivery Mechanism(s). The Operational Flow Order/Action Alert will set forth (1) the time and date of issuance and effectiveness, (2) the actions a Shipper/point operator is required to take, (3) the time by which a Shipper/point operator must be in compliance with the Operational Flow Order/Action Alert, (4) the anticipated duration of the Operational Flow Order/Action Alert, and (5) any other terms that Transporter may reasonably require to ensure the effectiveness of the Operational Flow Order or Action Alert. Each Shipper and point operator must designate one or more persons, but not more than three persons, for Transporter to contact on operating matters at any time, on a 24-Hour a Day, 365-Day a year basis. Such contact persons must have adequate authority and expertise to deal with such operating matters. If Transporter cannot contact any Shipper/point operator because that Shipper/point operator has failed to designate a contact person or Shipper's/point operator's contact person is unavailable, Transporter shall not be responsible for any consequences that result from its subsequent actions taken to alleviate the system problem. Transporter, however, will make reasonable continuing efforts to notify the affected Shipper/point operator. In addition to the other information contemplated by this Section 13.5, such notice shall also include information about the status of operational variables that determine when an Operational Flow Order or Action Alert will begin and end, and Transporter shall post periodic updates of such information, promptly upon occurrence of any material change in the information. Transporter will post a notice on the LINK® System informing the Shipper/point operator when any Operational Flow Order or Action Alert in effect will be cancelled and specifying the factors that caused the Operational Flow Order or Action Alert to be issued and then lifted, to the extent such factors are known.
- 13.6 Action Alerts: In the event that, in Transporter's judgment, action is required to avoid a system integrity issue, Transporter may issue Action Alerts.
- (a) Issuance of Action Alerts: Action Alerts will be noticed in accord with the procedures set forth in Section 13.5 and will be issued a minimum of four hours, or such shorter period of time as Transporter deems reasonable under the circumstances, prior to the required action by the Shipper/point operator.

- (b) Required Actions: Action Alerts can be issued to effect any of the following:
  - (i) curtailment of interruptible services;
  - (ii) restrictions of receipts or deliveries at specific Receipt or Delivery Point(s) covered by an Operational Balancing Agreement to the aggregate MDQ under the firm Agreements whose Primary Receipt Points and/or Primary Delivery Points are at the affected locations;
  - (iii) forced balancing such that point operators will be required to assure that nominations equal flows or that receipts and deliveries fall within the tolerance level designated in the Action Alert; and/or
  - (iv) any action required to maintain the integrity of Transporter's System.

13.7 Operational Flow Orders: In the event that (1) Shipper/point operator does not respond to an Action Alert, or (2) the actions taken thereunder are insufficient to correct the system problem for which the Action Alert was issued, or (3) there is insufficient time to carry out the procedures with respect to Action Alerts, Transporter may periodically take unilateral action, including the curtailment of firm Transportation Service, to maintain the operational integrity of Transporter's system (or any portion thereof). For purposes of this Section 13.7, the operational integrity of Transporter'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 (on a reliable and operationally sound basis) of total system deliverability and the quality of Gas delivered. Notice of an Operational Flow Order will be provided pursuant to and in accordance with Section 13.5 above.

13.8 Penalties: If a Shipper/point operator fails to comply with an Action Alert or Operational Flow Order, the Shipper/point operator shall be subject to a penalty as follows:

Action Alert penalty for each Dekatherm of Gas by which Shipper/point operator deviated from the requirements of the Action Alert equal to the product of 200% times the average Cashout price as determined pursuant to Section 8.7(a) of these General Terms and Conditions, for each Day that said Action Alert is in effect.

Operational Flow Order penalty for each Dekatherm of Gas by which Shipper/point operator deviated from the requirements of the Operational Flow

Order equal to the product of 500% times the average Cashout price as determined pursuant to Section 8.7(a) of these General Terms and Conditions, for each Day that said Operational Flow Order is in effect.

Any penalty revenues received by Transporter as a result of the operation of Section 13.8 above will be credited pursuant to Section 23.4 of the General Terms and Conditions.

- 13.9 Liability of Transporter: Transporter shall not be liable for any costs or damages incurred by any Shipper/point operator in complying with an Operational Flow Order. Transporter shall not be liable for any costs or damages that result from any interruption in Shipper's/point operator's service that is a result of a Shipper's/point operator's failure to comply promptly and fully with an Operational Flow Order. Shipper/point operator shall indemnify Transporter against any claims of liability, provided, however, that Transporter shall use reasonable efforts to minimize any such costs or damages.



#### 14. WARRANTY OF TITLE

- 14.1 This Article shall apply to all service unless otherwise provided in the applicable Rate Schedule or Agreement.
- 14.2 Shipper warrants for itself, its successors and assigns, that it will have, at the time of delivery of Gas hereunder, good title to the Gas it delivers, that the Gas it delivers hereunder shall be free and clear of all liens, encumbrances and claims whatsoever, that it will indemnify the Transporter and save it harmless from all suits, actions, debts, accounts, damages, costs, losses, and expenses arising from or out of any adverse claims of any and all persons to said Gas and/or to royalties, taxes, license fees, or charges thereon which are applicable for such delivery of Gas and that it will indemnify the Transporter and save it harmless from all taxes or assessments which may be levied and assessed upon such delivery and which are by law payable by and the obligation of the party making such delivery.
- 14.3 If Shipper's title or right to deliver Gas to be transported is questioned or involved in any action, Shipper shall not qualify for or shall be ineligible to continue to receive service until such time as Shipper's title or right to deliver is free from question; provided, however, Transporter shall allow Shipper to qualify for or continue receiving service under this Tariff if Shipper furnishes a bond satisfactory to Transporter.
- 14.4 Title to the Gas received by Transporter at the Receipt Point(s) shall not pass to Transporter, except that title to Gas delivered for Transporter's system fuel and uses and Gas lost and unaccounted for shall pass to Transporter upon delivery at the Receipt Point(s).

## 15. FORCE MAJEURE

15.1 If either Transporter or Shipper fails to perform any obligations under an Agreement due to an event of Force Majeure, such failure shall be deemed not to be a breach of such obligations and neither party shall be liable in damages or otherwise as a result of an event of Force Majeure. A party that fails to perform any obligations under an Agreement where such failure is caused by an event of Force Majeure shall promptly remedy the cause of the Force Majeure insofar as it is reasonably able to do so.

15.2 Notwithstanding the above provisions, no event of Force Majeure shall:

- (a) relieve any party from any obligation or obligations pursuant to an Agreement unless such party gives notice with reasonable promptness of such event to the other party;
- (b) relieve any party from any obligation or obligations pursuant to an Agreement after the expiration of a reasonable period of time within which, by the use of its due diligence, such party could have remedied or overcome the consequences of such event of Force Majeure; or
- (c) relieve either party from its obligations to make payments of amounts as provided in the applicable Rate Schedule, subject to any credit provided for in the applicable Rate Schedule.

## 16. NOTICES

Except when the terms of this Tariff require or allow for communication via the LINK® System or EDM, any communication, notice, request, demand, statement, or bill provided for in the Tariff or in an Agreement or OBA, or any notice which either Transporter or Shipper may desire to give to the other, shall be in writing and shall be considered as duly presented, rendered, or delivered when mailed by either post-paid registered or ordinary mail or when sent by express mail service, or such other method mutually agreed upon between the parties. The material so sent shall be addressed to the pertinent party at its last known post office address, or at such other address as either party may designate.

17. MODIFICATION

No modification of the terms and provisions of an Agreement shall be made except by the execution of written contracts.

18. NON-WAIVER AND FUTURE DEFAULT

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

## 19. SCHEDULES AND CONTRACTS SUBJECT TO REGULATION

This Tariff, including these General Terms and Conditions and the respective obligations of the parties under an Agreement, are subject to valid laws, orders, rules, and regulations of duly constituted authorities having jurisdiction and are subject to change from time to time by addition, amendment, or substitution as provided by law.

## 20. OPERATIONAL BALANCING AGREEMENTS ("OBAs")

20.1 For the purposes of minimizing operational conflicts between various natural Gas facilities with respect to the delivery of Gas to and from Transporter's facilities, Transporter may negotiate and execute on a not-unduly discriminatory basis mutually agreeable OBAs with appropriate parties that operate natural Gas facilities interconnecting with Transporter's system (any such party will be referred to herein as the "OBA Party"). Transporter must enter into OBAs at all points of interconnection between its system and the system of another interstate or intrastate pipeline. Such OBAs shall specify the Gas custody transfer procedures to be followed by Transporter and the OBA Party for the confirmation of scheduled quantities to be received by Transporter at Receipt Point(s) and delivered by Transporter at Delivery Point(s). Such OBA will provide that any variance between actual quantities and scheduled quantities at the point where the OBA is in place for any Day shall be resolved pursuant to the terms of the OBA.

To facilitate such determination of variances on a timely basis, Transporter and the OBA Party will agree in the OBA on necessary measurement and accounting procedures. Transporter shall post on the LINK® System a list of those Receipt Point(s) and Delivery Point(s) at which an OBA is in effect.

20.2 Transporter shall have no obligation to negotiate and execute OBAs with any OBA Party that:

- (a) is not creditworthy as determined pursuant to Section 27 of the GT&C; for purposes of such provision, references to Shipper shall refer to the OBA Party;
- (b) does not maintain dispatching operations which are staffed on a continuous around-the-clock basis every day of the year;
- (c) would cause the level of regulation which Transporter is subject to prior to the execution of the applicable OBA to increase; or
- (d) does not commit to timely determination of variances based on reasonable available measurement technology; or
- (e) has not demonstrated operational consistency commensurate with the OBA relationship over a minimum period of three years.

20.3 If Receipt Point Operators or Delivery Point Operators have not executed an OBA with Transporter as described in Section 20.1, then any variance between actual quantities and scheduled quantities for any Day for that Receipt or

Delivery Point shall be cumulated for the Month for the Shipper(s) responsible for the imbalance, and such Monthly Imbalances will be subject to the Cashout of Monthly Imbalances as set forth in Section 8 herein.

- 20.4 Resolution of OBA Imbalance: Transporter and the OBA Party shall resolve any imbalances in accordance with the procedures set forth in the OBA. Unless otherwise agreed, OBA imbalances shall be resolved on a monthly basis by Cashout mechanism.
- 20.5 Nothing in this Section 20 nor any executed OBA shall limit Transporter's rights to take action as may be required to adjust receipts and deliveries under any Agreement to reflect actual experience or to alleviate conditions which threaten the integrity of Transporter's system, including maintenance of service to higher priority Shippers and/or services.
- 20.6 Form of OBA Agreement. A Form of OBA Agreement is displayed on the LINK® System for informational purposes.



## 21. NEW FACILITIES POLICY

- 21.1 Unless otherwise mutually agreed to by the parties, Transporter shall not be required to own, construct and install any facilities to perform any service requested by a Shipper under this Tariff. In the event Transporter agrees to own, construct and install facilities to perform services requested including, but not limited to, hot tap, side valve, measurement, Gas supply lateral lines, looping and/or compression facilities, Transporter shall do so on a not unduly discriminatory basis. Shipper shall reimburse Transporter (a) for the costs of such facilities installed by Transporter to receive, measure, transport or deliver natural Gas for Shipper's account and (b) for any and all filings and approval fees required in connection with such construction that Transporter is obligated to pay to the Commission or any other governmental authority having jurisdiction. Nothing in this policy statement shall require Transporter to file an application for a certificate of public convenience and necessity under Section 7 (c) of the Natural Gas Act. Nothing in this policy statement, further, shall prevent Transporter from contesting an application for service filed pursuant to Section 7 (a) of the Natural Gas Act. Transporter reserves the right to seek a waiver of the policy set forth herein, for good cause shown.
- 21.2 Transporter may waive from time to time, at its discretion, all or a portion of the monetary reimbursement requirement set forth in Section 21.1 if it determines that construction of the facilities would be economic to Transporter, based on Shipper assurance of Transportation throughput through the proposed facilities and other matters, as described below. All requests for waiver shall be handled by Transporter in a manner which is not unduly discriminatory. For purposes of determining whether a project is economic, Transporter will evaluate projects on the basis of various economic criteria, which may include, without limitation, the estimated Transportation throughput, cost of the facilities, operating, maintenance, administrative and general expenses attributable to the facilities, the system net revenues Transporter estimates will be generated subsequent to such construction, and the availability of capital funds on terms and conditions acceptable to Transporter. In estimating the system net revenues to be generated, Transporter will evaluate the existence of capacity limitations of the existing facilities, the marketability of the capacity, the location of the markets, the nature of the Transportation service, and other factors which impact the utilization of Transporter's system.
- 21.3 Any monetary reimbursement due Transporter by Shipper pursuant to this Section 21 shall be due and payable to Transporter prior to Transporter's commencement of construction of facilities to be constructed unless otherwise agreed by Transporter and within ten (10) Days of receipt by Shipper of Transporter's invoice(s) for same; provided, however, subject to Transporter's written consent, such monetary reimbursement, plus carrying charges thereon, may be amortized

over a mutually agreeable period not to exceed the primary contract term of any Agreement for service between Transporter and Shipper. Carrying charges shall be computed utilizing interest factors acceptable to both Transporter and Shipper. Unless Transporter and Shipper otherwise agree on interest factors for computing the carrying charges for new facilities, the interest rates determined by the Commission under Section 154.501(d) of the Commission's regulations shall apply.

- 21.4 In order to maintain and expand service and utilization of Transporter's system, Transporter may negotiate Agreements with Shippers in connection with which Transporter could make a contribution in aid of construction (CIAC) to the Shipper. The Shipper would use such funds to assist in the development of its natural Gas related facilities. For any newly agreed to CIAC, Transporter will post on the LINK® System for a period of thirty (30) days (1) the amount of the CIAC, (2) the name of the Shipper receiving the CIAC, and (3) the economic feasibility of the CIAC. Such CIACs are includible in Transporter's jurisdictional rate base and amortizable. All CIACs entered into pursuant to this provision shall be subject to review and challenge by the Commission and all parties in a general rate case requesting inclusion of such costs.

## 22. PERIODIC RATE ADJUSTMENTS

Transporter and Shipper recognize that Transporter will from time to time experience changes in costs related to providing service under this Tariff, including, but not limited to, changes in the cost of labor, benefits, materials and supplies, taxes, required rate of return, costs associated with the resolution of past disputes or outstanding uncertainties concerning amounts owed by Transporter or Shipper or attributable to Transporter or Shipper, and costs generated by decisions of the Commission, the courts or by an arbitration panel or other body having jurisdiction over Transporter. Transporter and Shipper further recognize that it may be appropriate, equitable and consistent with cost responsibility to allocate such costs among Shippers based on or taking into account past period factors, such as contract demand levels, throughput or other factors related to a prior period of time. Shipper agrees that Transporter shall have the right from time to time to make rate change filings which may include such costs and utilize an allocation methodology based in whole or in part on factors related to past periods. Shipper shall have the right to intervene and protest any such filing.

### 22.1 Federal Energy Regulatory Commission Annual Charge Adjustment.

- (a) The purpose of this Section 22.1 is to establish an Annual Charge Adjustment ("ACA") as permitted by Section 154.402 of the Commission's Regulations to permit Transporter to recover from its Shippers all annual charges assessed it by the Commission under Part 382 of the Commission's Regulations.
- (b) **Applicable Rate Schedules:** The ACA as set forth in the Statement of Additional Charges and Surcharges of this Tariff, is applicable to Transporter's Rate Schedules FTS and ITS.
- (c) **Filing Procedure.** Proposed changes in the ACA shall be filed by Transporter at least thirty (30) Days prior to the proposed effective date unless, for good cause shown, lesser periods are allowed by valid Commission Order. The proposed effective date of the filings shall be October 1 of each calendar year. Any such filing shall not become effective until it becomes effective without suspension or refund obligation.
- (d) **Remittance to the Commission.** Transporter shall remit to the Commission, not later than forty-five (45) Days after receipt of the Annual Charges Billing, the Total Annual Charge stated on such billing.
- (e) **Basics of the Annual Charge Adjustment.** The Rate Schedules specified in Section 22.1(b) hereof shall include an increment for an Annual Charge Adjustment for costs specified in Section 22.1(a), above. Such

adjustment shall be the billable charge factor from the Commission, adjusted to the Company's pressure base and heating value, if required, which is stated in the Commission's Annual Charges Billing. The Annual Charge Adjustment shall be reflected in the Statement of Additional Charges and Surcharges of this Tariff.

22.2 Transporter's Use.

- (a) The initial Transporter's Use (%) will be calculated based upon appropriate engineering principles. After one year of operation and each June 1 thereafter commencing in 2009, Transporter's Use (%) will be redetermined by dividing Transporter's projection for the next 12 Months beginning June 1 of fuel usage and any lost and unaccounted-for Gas by Transporter's projection of applicable deliveries for the account of Shippers for the next 12 Months beginning June 1. This percentage will go into effect on June 1. Transporter may file interim proposals between annual filings subject to approval by the Commission.
- (b) Pursuant to Section 22.3, Transporter shall maintain a separate System Balancing Adjustment account. This account shall be credited for all sales of excess fuel collected under Transporter's Use, debited for all purchases for Transporter's Use and further adjusted for the operational activities enumerated in Section 22.3(a).

22.3. System Balancing Adjustment. In order to maintain an operational system balance on its system, Transporter will calculate a system balancing adjustment ("SBA") charge.

- (a) Transporter's SBA balance shall be the sum of:
  - (1) The net annual system Cashout balance determined in accordance with Section 8 of the General Terms and Conditions and OBA cashouts;
  - (2) The net Transporter's Use Adjustment balance, determined in accordance with Section 22.2 of the General Terms and Conditions;
  - (3) Penalty revenues credited pursuant to Sections 23.1(a), 23.1(b), 23.2, and 23.3 of the General Terms and Conditions; and
  - (4) Any other account balance as may be approved by the FERC.
- (b) The net SBA balance determined in Section 22.3(a), through January 31 of the year in which the filing pursuant to Section 22.3(c) is made will be

refunded or recovered from Shipper pursuant to the procedures in this Section 22.3. Upon determining the net SBA balance at the end of the accumulation period, Transporter shall calculate surcharges or refunds designed to allocate such balance to Shippers based upon each Shipper's actual throughput during the twelve-month accumulation period. A Shipper's net debit or credit for the accumulation period shall be due and payable sixty (60) Days after the Commission's acceptance of the filing pursuant to Section 22.3(c). Notwithstanding the immediately preceding sentence, if the net SBA balance results in a surcharge/debit, each Shipper who is allocated a surcharge/debit shall have the right by providing notice to Transporter within the sixty (60)-Day period to elect to pay the surcharge/debit ratably over the twelve (12)-Month period, commencing with the first Day of the first calendar month following the last Day of the sixty (60)-Day period, with interest calculated for each payment from the end of the sixty (60)-Day period until the payment is made (at the rate set forth in Section 154.501(d) of the Commission's regulations).

- (c) Transporter shall file on May 1 of each year and each year thereafter, to establish the SBA refund or surcharge determined pursuant to the procedures in this Section 22.3.

## 23. PENALTIES AND PENALTY CREDITING MECHANISM

### 23.1 Rate Schedule PALS penalties.

- (a) **Penalty for PALS Non-compliance.** In the event that a Shipper incurs a penalty pursuant to Section 4.1(b) of Rate Schedule PALS, which section is applicable if a Shipper does not comply with Transporter's notice given pursuant to Section 4.1(a) of Rate Schedule PALS to either remove Park service quantities or to return Loan service quantities, Transporter shall credit the penalty revenue, net of costs, to the System Balancing Adjustment, Section 22.3 of the General Terms and Conditions. Any penalty revenue credited to the System Balancing Adjustment pursuant to this section shall include interest calculated in accordance with Section 154.501 of the Commission's regulations.
- (b) **Balances Remaining Upon PALS Contract Termination.** In the event that Transporter receives penalty revenue from a PALS Shipper as the result of the application of Section 4.2 of Rate Schedule PALS to such PALS Shipper's unresolved balance, Transporter shall credit the penalty revenue received, net of costs, to the System Balancing Adjustment, Section 22.3 of the General Terms and Conditions. Any penalty revenue credited to the System Balancing Adjustment pursuant to this section shall include interest calculated in accordance with Section 154.501 of the Commission's regulations.

### 23.2 Trespass Gas

In the event that Transporter receives penalty revenue from a Shipper as the result of the application of Section 7.3 (Trespass Gas) of the General Terms and Conditions, Transporter shall credit the penalty revenue received, net of costs, to the System Balancing Adjustment, Section 22.3 of the General Terms and Conditions. Any penalty revenue credited to the System Balancing Adjustment pursuant to this section shall include interest calculated in accordance with Section 154.501 of the Commission's regulations.

### 23.3 Conversion of Gas

In the event that Transporter receives penalty revenue from a Shipper as the result of the application of Section 7.4 (Conversion of Gas) of the General Terms and Conditions, Transporter shall credit the penalty revenue received, net of costs, to the System Balancing Adjustment, Section 22.3 of the General Terms and Conditions. Any penalty revenue credited to the System Balancing Adjustment pursuant to this section shall include interest calculated in accordance with Section 154.501 of the Commission's regulations.

#### 23.4 Action Alert/Operational Flow Order Penalties

Any penalty revenue collected by Transporter pursuant to Section 13.8 of the General Terms and Conditions will be credited, net of costs, to any firm or interruptible Shipper that did not incur penalties pursuant to Section 13.8 of the General Terms and Conditions in the Month for which penalty revenues were received ("Non-Offending Shipper"), based on the ratio of the actual quantities taken by the Non-Offending Shipper to the actual quantities taken by all Non-Offending Shippers in such Month. Such credits shall be made within 90 days following each anniversary of the initial in-service date of Transporter's system and shall include interest at the rate determined in accordance with Section 154.501 of FERC's regulations.

## 24. ELECTRONIC COMMUNICATION

### 24.1. System Description

- (a) Transporter provides for interactive Electronic Communications with its Shippers and other parties through the LINK® Customer Interface System (hereinafter called the "LINK® System"). The LINK® System shall be available on a nondiscriminatory basis to any party (such party is referred to herein as the "LINK® System Subscriber"), provided that such party (i) has a currently effective Valid Service Agreement, has executed a LINK® System Agreement prior to March 11, 2009, or has executed a LINK® System Agreement electronically via the LINK® System on or after March 11, 2009, (ii) has established its business entity in the LINK® System by submitting Contact Information pursuant to Section 24.4(a) below, and (iii) has designated a Local Security Administrator pursuant to Section 24.3 below. A party to a LINK® System Agreement is responsible for ensuring that the individual executing such agreement on its behalf has the appropriate authority. Use of the LINK® System by such individual is acknowledgement of that authority. Transporter shall not be responsible for verifying the authority of an individual to execute a LINK® System Agreement on behalf of a party. For purposes of this Section 24 and the form of LINK® System Agreement only, a "Valid Service Agreement" includes any Agreement pursuant to any of Transporter's Rate Schedules and/or a Capacity Release Umbrella Agreement between Transporter and Shipper.

By accessing the LINK® System, LINK® System Subscriber agrees to comply with the procedures for access to and use of the LINK® System as set forth in this Section 24.

Transporter reserves the right to implement, to contract for or obtain a license for enhancements to the LINK® System at its sole discretion; provided however, all such enhancements when fully operational shall be available to all LINK® System Subscribers. Transporter will exercise due diligence to ensure the LINK® System operates correctly and will provide timely and non-discriminatory access to on-line LINK® System help features and to any information available on the LINK® System that LINK® System Subscriber is entitled to access.

- (b) The LINK® System provides on-line help, a search function that permits a LINK® System Subscriber to locate information concerning a specific transaction, and menus that permit LINK® System Subscribers to separately access notices of available capacity, records in the Transportation request log, and standards of conduct information. The



LINK® System will permit a LINK® System Subscriber to electronically download information on transactions from the LINK® System and to separate extremely large documents into smaller files prior to such download. Transporter shall maintain and retain daily back-up records of the information displayed on the LINK® System and the Web site and through electronic data interchange for three years and shall permit LINK® System Subscriber to review those records upon request. Completed transactions will remain on the LINK® System for at least ninety days after completion and will then be archived. Archived information will be made available by Transporter if possible within two weeks after receipt of a Shipper's request for such information. Information on the most recent entries will appear ahead of older information.

- (c) Shippers' Notices pursuant to Section 25 of the General Terms and Conditions shall be submitted electronically and, in addition, posted electronically by the Shipper via the LINK® System. Electronic Communications may also be transmitted, where applicable, via electronic data interchange, which will be available on a nondiscriminatory basis to any LINK® System Subscriber, provided such LINK® System Subscriber has entered into a trading partner agreement with Transporter, in addition to the agreements specified in Section 24.1(a) above. Specifically, a LINK® System Subscriber has the option of utilizing the LINK® System for purposes of: (a) requesting service under Transporter's Rate Schedules set forth in Transporter's FERC Gas Tariff; (b) executing, tracking and amending certain Agreements under Transporter's rate schedules set forth in Transporter's FERC Gas Tariff; (c) providing nominations and viewing allocations and operational imbalances under all rate schedules as a Shipper of Transporter pursuant to the applicable rate schedule and the General Terms and Conditions; (d) exercising its rights as a Shipper of Transporter pursuant to Section 25 of the General Terms and Conditions or submitting a bid as a Replacement Shipper of Transporter under such section; (e) exercising its rights as a Shipper of Transporter pursuant to Section 25 of the General Terms and Conditions (which, if submitted utilizing the LINK® System, will be posted at that time) or submitting a bid as a Replacement or Prearranged Shipper of Transporter pursuant to such section, or posting a Capacity Request for capacity release pursuant to such section; (f) viewing and downloading operational data for any Gas Day on the second subsequent Gas Day; (g) viewing Transporter's notice of an OFO as contemplated by Section 13 of the General Terms and Conditions; (h) effectuating Imbalance Netting and Trading pursuant to Sections 8.3 and 8.4 of the General Terms and Conditions; (i) requesting a discount of the Maximum Recourse Rate(s) for service under Transporter's Open-access Rate Schedules or viewing such discounts previously

granted; and (j) such other functions as may be available on the LINK® System from time to time.

24.2 Information. Transporter shall post at least four times a day on the LINK® System and the Web site information relevant to the availability of firm and interruptible capacity at Receipt Points, on the mainline, and at Delivery Points. The LINK® System and the Web site will indicate whether the capacity is available from Transporter directly or through Transporter's capacity release mechanism as set forth in Section 25 of the General Terms and Conditions. The LINK® System and the Web site shall provide the best available information about imbalances on an hourly and a daily basis. The LINK® System and the Web site also include information allowed or required to be posted thereon by other provisions of the Tariff including Section 25, information that Transporter is required to post pursuant to the Commission's regulations, or other information Transporter chooses to post in furtherance of the operation of its system. Transporter shall maintain both in written form and on the LINK® System a Master Receipt/Delivery Point List containing the following information for each point. Such information shall be updated promptly whenever Receipt Point(s) or Delivery Point(s) are added to Transporter's system.

- (1) Name of the Point;
- (2) Meter Number of the Point;
- (3) Location (legal description) of the Point;
- (4) Operator name and phone number to the extent available; and
- (5) Whether there is an operational balancing agreement in effect at the Point.

#### 24.3. Local Security Administrators

- (a) LINK® System Subscriber shall designate one or more persons to perform certain security functions on the LINK® System ("Local Security Administrator") by submitting for each such person the Local Security Administrator Designation information via the LINK® System using the applicable on-line form, as such form is amended from time to time in the LINK® System. LINK® System Subscriber shall update Local Security Administrator Designation information via the LINK® System as such information changes.
- (b) The Local Security Administrator shall, via the LINK® System, be responsible for (1) identifying those persons who are duly authorized by LINK® System Subscriber to use the LINK® System to perform one or more of the functions available on the LINK® System ("LINK® System User"); (2) providing LINK® System Users with individualized USERIDs and passwords; (3) maintaining LINK® System Users' account information; (4) adding and terminating LINK® System Users

immediately upon a change in status requiring such addition or termination; (5) creating and modifying security rights for LINK® System Users; (6) approving or terminating Designation of Affiliated Companies information and Designation of Agency information pursuant to Sections 24.5 and 24.6, respectively; and (7) ensuring that USERIDs are used only as appropriate and as contemplated by these General Terms and Conditions and the LINK® System Agreement.

- (c) Transporter shall be entitled to rely upon the representation of LINK® System Subscriber's Local Security Administrator that the LINK® System User(s) identified by the Local Security Administrator may (i) transmit information to Transporter; (ii) view information posted on the LINK® System; and/or (iii) perform the LINK® System contracting function in accordance with the security rights granted by Local Security Administrator.

#### 24.4 Authorized Use of LINK® System; Confidentiality

- (a) LINK® System Subscriber shall submit Contact Information to Transporter via the LINK® System using the applicable on-line form, as such form is updated from time to time in the LINK® System. In addition, LINK® System Subscriber shall be required to submit updated Contact Information to Transporter via the LINK® System as such information changes. Such revised information shall supersede in its entirety any Contact Information previously submitted to Transporter.
- (b) LINK® System Subscriber shall not disclose to persons other than Local Security Administrator and LINK® System Users that are employed by LINK® System Subscriber, or properly designated affiliates or agents of LINK® System Subscriber, and shall otherwise keep confidential, all USERIDs and passwords issued by Local Security Administrator. In addition, LINK® System Subscriber shall cause Local Security Administrator and LINK® System User(s) to refrain from disclosing to any other person, whether or not employed by LINK® System Subscriber, and shall otherwise keep confidential, the individualized USERID and password issued to each such LINK® System User.
- (c) LINK® System Subscriber shall be solely responsible for any unauthorized or otherwise improper use of USERIDs and passwords issued by or for its Local Security Administrator, including, but not limited to, the use of such USERIDs and passwords by LINK® System Users who are not within LINK® System Subscriber's employment or control.

- (d) Transporter reserves the right to disable for due cause any USERID issued to any LINK® System User. Transporter shall provide notice to LINK® System Subscriber, LINK® System User and/or Local Security Administrator, as applicable, at the time that the USERID is disabled by Transporter. In addition, upon thirty (30) days prior notice to the LINK® System User and the Local Security Administrator, Transporter will disable any USERID that has not been used to access the LINK® System for fifteen (15) consecutive months.
- (e) LINK® System Subscriber shall immediately notify Transporter of the desire to delete a Local Security Administrator of LINK® System Subscriber by (i) e-mail to link-help@spectraenergy.com, or (ii) submission via the LINK® System using the applicable on-line form of revised Local Security Administrator Designation information for such Local Security Administrator indicating the desire for termination. Such revised information shall supersede in its entirety any Local Security Administrator Designation information previously submitted to Transporter for such Local Security Administrator. LINK® System Subscriber shall be solely responsible for any unauthorized actions of Local Security Administrator due to LINK® System Subscriber's failure to so notify Transporter of the need to delete such Local Security Administrator.
- (f) Transporter warrants that, without the express consent of LINK® System Subscriber or as otherwise provided in this FERC Gas Tariff, no Transporter employee or agent will disclose to any third party any non-public information regarding research performed through the use of the LINK® System by LINK® System Subscriber.
- (g) Any Local Security Administrator Designation Forms received by Transporter prior to March 11, 2009, shall remain in full force and effect until the earlier of (i) termination by the LINK® System Subscriber or (ii) receipt of superseding information submitted pursuant to this Section 24.

#### 24.5 LINK® System Subscriber; Affiliated Companies

- (a) If LINK® System Subscriber belongs to a group of affiliated companies and requires LINK® System access on behalf of one or more of said affiliates, LINK® System Subscriber (i) shall, or shall cause one of the affiliates of LINK® System Subscriber to, submit to Transporter via the LINK® System the Designation of Affiliated Companies information, and (ii) shall cause all other parties included in the affiliation to approve the Designation of Affiliated Companies information via the LINK® System. The Designation of Affiliated Companies information shall be submitted and approved via the applicable on-line form, as such form is updated

from time to time in the LINK® System. The submission pursuant to item (i) herein shall be deemed to be the submitting party's approval of the Designation of Affiliated Companies information.

- (b) When Designation of Affiliated Companies information changes, the LINK® System Subscriber shall cause revised Designation of Affiliated Companies information to be submitted and approved pursuant to Section 24.5(a) above. Such revised information shall supersede in its entirety any Designation of Affiliated Companies information previously submitted to Transporter. LINK® System Subscriber warrants that access consistent with any Designation of Affiliated Companies information submitted and approved by LINK® System Subscriber and its affiliates in accordance with Section 24.5(a) above is appropriate and authorized. Determining the propriety of such access is the responsibility of LINK® System Subscriber and/or its affiliates, but Transporter reserves the right to reject such Designation of Affiliated Companies information if it determines that granting such designation would violate any contractual, legal, or regulatory responsibility of Transporter.
- (c) In order for LINK® System Users of LINK® System Subscriber to access the LINK® System on behalf of LINK® System Subscriber's affiliates designated pursuant to Section 24.5(a) above, LINK® System Subscriber and each designated affiliate of LINK® System Subscriber must meet the requirements of a LINK® System Subscriber set forth in Section 24.1(a) of these General Terms and Conditions.
- (d) It is the obligation of the LINK® System Subscriber to notify Transporter via the LINK® System when a company affiliation terminates, either by (i) submitting a request to terminate a company affiliation via the applicable on-line form, as such form is updated from time to time in the LINK® System, or (ii) submitting and approving superseding Designation of Affiliated Companies information in accordance with Section 24.5(a). An affiliate may request a termination of the company affiliation by submitting such request via the LINK® System. A request to terminate a company affiliation will be processed by Transporter without consent from the non-requesting party.

#### 24.6. LINK® System Subscriber; Agency

- (a) If LINK® System Subscriber desires to designate one or more persons or entities to act as an agent on behalf of LINK® System Subscriber ("Agent"), then for each such Agent, the LINK® System Subscriber (i) shall, or shall cause the Agent to, submit to Transporter via the LINK® System the Designation of Agency information specifying the rights granted to the Agent and (ii) shall cause the other party to the agency

relationship to approve the Designation of Agency information. The Designation of Agency information shall be submitted and approved via the applicable on-line form, as such form is updated from time to time in the LINK® System. The submission pursuant to item (i) herein shall be deemed to be the submitting party's approval of the information. Transporter may require that LINK® System Subscriber provide additional documentation to confirm that LINK® System Subscriber desires Agent to act on its behalf.

- (b) In order for LINK® System Users of an Agent designated pursuant to Section 24.6(a) above to access the LINK® System on behalf of LINK® System Subscriber, such Agent must meet the requirements of a LINK® System Subscriber set forth in Section 24.1(a) of these General Terms and Conditions.
- (c) Transporter may accept and fully rely upon Designation of Agency information submitted and approved in accordance with Section 24.6(a) above. Transporter may fully rely upon all communications received from and direction given by Agent with respect to all actions indicated in the approved Designation of Agency information for which Agent is authorized to act on behalf of LINK® System Subscriber. Transporter may grant Agent access to LINK® System Subscriber's data contained in the LINK® System as necessary to perform the functions identified in the approved Designation of Agency information. LINK® System Subscriber will defend, indemnify and hold harmless Transporter from and against any and all claims, demands, liabilities and/or actions, and/or any and all resulting loss, costs, damages, and/or expenses (including court costs and reasonable attorney's fees) of any nature whatsoever, that may be asserted against or imposed upon Transporter by any party associated with Transporter's reliance on Designation of Agency information provided pursuant to this Section 24.6.
- (d) The rights specified in the approved Designation of Agency information having the latest commencement date shall supersede all prior rights granted by LINK® System Subscriber to Agent identified on such Designation of Agency Form. In no event can an agency right granted to one Agent be simultaneously granted to another Agent.

It is the obligation of the LINK® System Subscriber to notify Transporter when an Agency relationship changes or terminates, either by (i) specifying a termination date in the approved Designation of Agency information, or (ii) submitting a request to terminate an agency relationship via the LINK® System using the applicable on-line form, as such form is updated from time to time in the LINK® System, or (iii) submitting and approving superseding

Designation of Agency information in accordance with Section 24.6(a). The Agent may request a termination of the agency relationship by submitting such request via the LINK® System. A request to terminate an agency relationship will be processed by Transporter without consent from the non-requesting party.

LINK® System Subscriber and Agent must re-approve existing Designation of Agency information via the LINK® System using the applicable on-line form, as such form is updated from time to time in the LINK® System, on an annual basis. If, during this annual re-approval process, either the LINK® System Subscriber or the Agent desires a change to the Designation of Agency information, new Designation of Agency information must be submitted and approved in accordance with Section 24.6(a) above. Transporter shall remove the security rights granted to all LINK® System Users of Agent pertaining to access granted by LINK® System Subscriber pursuant to the Designation of Agency information if LINK® System Subscriber and Agent do not re-approve the existing Designation of Agency information on an annual basis.

- (e) Agent is authorized to act on behalf of LINK® System Subscriber under any or all of LINK® System Subscriber's contracts with Transporter as such contracts are effective from time to time, or with respect to any or all meter locations as available from time to time, respectively, as specified in the Designation of Agency information, until LINK® System Subscriber properly notifies Transporter that the agency relationship is terminated or superseded in accordance with Section 24.6(d). The designation of an Agent by a LINK® System Subscriber does not provide for an assignment of the rights and obligations of any contract between Transporter and LINK® System Subscriber.

#### 24.7. Liability

- (a) Transporter shall not be liable to LINK® System Subscriber nor any other party in damages for any act, omission or circumstance related to the LINK® System occasioned by or in consequence of an event of Force Majeure as defined in Section 15 of these General Terms and Conditions, that is not within the control of Transporter and which by the exercise of due diligence Transporter is unable to prevent or overcome. To the extent the information displayed on the LINK® System is originated solely by Transporter and such information is subsequently determined to be inaccurate, LINK® System Subscriber shall not be subject to any penalties otherwise collectable by Transporter based on Shipper conduct attributable to such inaccuracy during the period the inaccurate information was displayed on the LINK® System.

- (b) LINK® System Subscriber shall defend, indemnify and hold harmless Transporter from and against any and all claims, demands and/or actions, and/or any and all resulting loss, costs, damages, and/or expenses (including court costs and reasonable attorney's fees) of any nature whatsoever, that may be asserted against or imposed upon Transporter by any party as a result of the unauthorized or otherwise improper use of any USERID and/or password issued to or by LINK® System Subscriber and/or Local Security Administrator or any other unauthorized or improper use of the LINK® System by any LINK® System User or LINK® System Subscriber unless such improper use is the result of Transporter's negligence or willful misconduct, including, but not limited to, distribution of USERIDs or passwords to persons that are not employed by, or agents or affiliates of, LINK® System Subscriber.

24.8 Electronic Mail (E-mail) Notification. For system-wide notices of general applicability, any provisions of this FERC Gas Tariff requiring that these matters be written or in writing are satisfied by Transporter utilizing electronic transmission through the LINK® System in accordance with the procedures for utilization of the LINK® System or through electronic data interchange as provided for in Commission-approved or permitted data sets. Critical system-wide notices will be in a separate category from notices that are not critical. Transporter will use electronic mail (e-mail) in order to facilitate certain notifications to Shippers as required by this FERC Gas Tariff. Shipper shall provide Transporter with at least one e-mail address to which these notifications can be sent, and shall be responsible for updating such information as necessary. In addition to the requirement specified in Sections 6 and 13 of these General Terms and Conditions to post notices on the LINK® System, Transporter shall provide such notifications via e-mail communication to those Shippers that have provided such e-mail address information and have requested, via the LINK® System, e-mail notification of critical notices issued by Transporter. Shipper shall be responsible for providing accurate e-mail notification information to Transporter, including timely updates to such information as necessary. All other provisions, including service agreement-specific notices, requiring items or information to be written or in writing remain unchanged unless otherwise agreed by Transporter and Shipper.

24.9. Rights to LINK® System. Transporter or an affiliate of Transporter is the exclusive proprietor of the programming that generates the LINK® System and of all the copyrights and proprietary interests therein, except insofar as any third party (whose materials are made available in the files of the LINK® System under license to Transporter or an affiliate of Transporter) possesses a copyright or proprietary interest in such materials, but not of the files of and the information displayed on the LINK® System. A LINK® System Subscriber will not by virtue of this Section 24 or the executed LINK® System Agreement acquire any proprietary interests in the programming that generates the LINK® System.



## 25. CAPACITY RELEASE PROVISIONS

This section sets forth the terms and conditions that are applicable to the release of firm entitlements under various services that are provided pursuant to this Tariff.

25.1 Procedure. Capacity released shall be subject to the terms and conditions of this Section 25.1.

- (a) Eligibility. Any Shipper ("Releasing Shipper") under Rate Schedule FTS of this Tariff, shall be entitled, subject to the terms and conditions of this Section 25.1, to release any or all of its firm Transportation entitlements held under an Agreement, with the exception of Enhanced MDRO at the locations described in Section 4.1(b) of Rate Schedule FTS, but only to the extent that the capacity so released is acquired by another Shipper ("Replacement Shipper") pursuant to the provisions of this Section 25.1. Any such release shall result in a temporary suspension of the Releasing Shipper's right to use Enhanced MDROs at the points that were released or the right to use other released firm entitlements.
- (b) The sum of the firm entitlements for a given point or Segment across a releasing Agreement and its replacement Agreement(s) shall not exceed the corresponding firm entitlement of the releasing Agreement.
- (c) Released Capacity shall be made available on a basis that is not unduly discriminatory, and any Replacement Shipper shall be entitled to acquire Releasing Shipper's capacity subject to the terms and conditions under this Section 25.1, provided the Replacement Shipper meets all provisions governing eligibility under this Tariff in a timely manner. A Replacement Shipper shall be entitled to release acquired capacity to another Replacement Shipper, subject to the requirement that the original Replacement Shipper satisfies all of the provisions of this Section 25.1 as if such Replacement Shipper were a Releasing Shipper, and the new Replacement Shipper meets all provisions governing eligibility under this Tariff in a timely manner, provided, however, that a Replacement Shipper that acquired released capacity through a volumetric bid shall not be entitled to re-release that capacity.
- (d) Term. Any release under this Section 25 shall not extend beyond the expiration of the initial primary term of the Agreement that is released.
- (e) Recall / Reput Rights.
  - (1) Recall Provisions.

Releasing Shipper's rights to recall capacity on a full Day or partial Day basis shall be stated clearly in Shipper's Notice. Purchase of Gas by a Releasing Shipper from a Replacement Shipper at the Releasing Shipper's Primary Delivery Point(s) shall not be deemed to be the exercise of a recall by the Releasing Shipper.

The Releasing Shipper shall provide capacity recall notification to Transporter via the LINK® System. The recall notification shall specify the recall notification period for the specified effective Gas Day, as well as any other information needed to uniquely identify the capacity being recalled.

Transporter shall support the following recall notification periods for all released capacity subject to recall rights:

Timely Recall Notification:

- A Releasing Shipper recalling capacity should provide notice of such recall to Transporter and the first Replacement Shipper no later than 8:00 A.M. CCT on the day that Timely Nominations are due;
- Transporter shall provide notification of such recall to all affected Replacement Shippers no later than 9:00 A.M. CCT on the day that Timely Nominations are due;

Early Evening Recall Notification:

- A Releasing Shipper recalling capacity should provide notice of such recall to Transporter and the first Replacement Shipper no later than 3:00 P.M. CCT on the day that Evening Nominations are due;
- Transporter shall provide notification of such recall to all affected Replacement Shippers no later than 4:00 P.M. CCT on the day that Evening Nominations are due;

Evening Recall Notification:

- A Releasing Shipper recalling capacity should provide notice of such recall to Transporter and the first Replacement Shipper no later than 5:00 P.M. CCT on the day that Evening Nominations are due;
- Transporter shall provide notification of such recall to all affected Replacement Shippers no later than 6:00 P.M. CCT on the day that Evening Nominations are due;

Intraday 1 Recall Notification:

- A Releasing Shipper recalling capacity should provide notice of such recall to Transporter and the first Replacement Shipper no later than 7:00 A.M. CCT on the day that Intraday 1 Nominations are due;
- Transporter shall provide notification of such recall to all affected Replacement Shippers no later than 8:00 A.M. CCT on the day that Intraday 1 Nominations are due; and

Intraday 2 Recall Notification:

- A Releasing Shipper recalling capacity should provide notice of such recall to Transporter and the first Replacement Shipper no later than 2:30 P.M. CCT on the day that Intraday 2 Nominations are due;
- Transporter should provide notification of such recall to all affected Replacement Shippers no later than 3:30 P.M. CCT on the day that Intraday 2 Nominations are due.

For recall notification provided to Transporter prior to the recall notification deadline specified above and received between 7:00 A.M. CCT and 5:00 P.M. CCT, Transporter shall provide notification to all affected Replacement Shippers no later than one hour after receipt of such recall notification. For recall notification provided to Transporter after 5:00 P.M. CCT and prior to 7:00 A.M. CCT, Transporter shall provide notification to all affected Replacement Shippers no later than 8:00 A.M. CCT after receipt of such recall notification.

Transporter's notices of recalled capacity to all affected Replacement Shippers shall be provided via the LINK® System, along with written notice via e-mail communication to the individual the Replacement Shipper identified in the Replacement Shipper's bid submitted pursuant to Section 25.1(i) of these General Terms and Conditions. Such notices shall contain the information required to uniquely identify the capacity being recalled, and shall indicate whether penalties will apply for the Gas Day for which quantities are reduced due to a capacity recall. Upon receipt of notification of the recall from Transporter, each affected Replacement Shipper shall revise its nominations within the applicable nomination cycle in order to implement the recall. Each affected Replacement Shipper will be solely responsible for adjusting its supply and Transportation arrangements, which may be necessary as a result of such recall. Replacement Shippers

involved in re-release transactions may receive notice slightly after the first Replacement Shipper receives notice. The recalling Releasing Shipper may nominate the recalled capacity consistent with the applicable nomination cycle, pursuant to Section 4 of these General Terms and Conditions.

If, on the Day of a partial day recall, the quantity of Gas delivered to the Replacement Shipper is in excess of the MDQ remaining on the replacement contract after the partial day recall and/or the quantity of Gas delivered to the Releasing Shipper that recalled the capacity is in excess of the MDQ recalled by the Releasing Shipper, then the Shipper(s) to whom such excess Gas is delivered will be charged the applicable Usage-2 Rate pursuant to Section 3.2(b) of Rate Schedule FTS on such excess quantities of Gas in addition to all other applicable charges.

(2) Partial Day Recall Quantity.

The daily contractual entitlement that can be recalled by a Releasing Shipper for a partial day recall is a quantity equal to the lesser of:

- (i) The quantity specified in the Releasing Shipper's notice to recall capacity; or
- (ii) The difference between the quantity released by the Releasing Shipper and the Elapsed Prorata Capacity.

In the recall notification provided to Transporter by the Releasing Shipper, the quantity to be recalled shall be expressed in terms of the adjusted total released capacity entitlements based upon the Elapsed Prorata Capacity. In the event of an intra-day capacity recall, Transporter shall determine the allocation of capacity between the Releasing Shipper and the Replacement Shipper(s) based upon the Elapsed Prorata Capacity only in the case of (ii) above.

The amount of capacity allocated to the Replacement Shipper(s) shall equal the original released quantity less the recalled capacity. This allocated daily contractual quantity shall be used for purposes of nominations, billing, and if applicable, for overrun calculations. As a result of the allocation of capacity described in this section, Transporter shall not be obligated to deliver a combined quantity to the Releasing Shipper and the Replacement Shipper(s) that is in excess of the total daily contract quantity of the release.

(3) Reput Provisions.

Transporter shall support the function of Reputting by the Releasing Shipper. The Releasing Shipper may Reput previously recalled capacity to the Replacement Shipper pursuant to the Reput rights and methods identified in the Releasing Shipper's notice to release capacity, as required by Section 25.1(h)(10) below. When capacity is recalled, such capacity may not be Reput for the same Gas Day. The deadline for the Releasing Shipper to notify Transporter of a Reput of capacity is 8:00 A.M. CCT to allow the Replacement Shipper to submit timely nominations for Gas to flow on the next Gas Day.

- (f) Bidding Period. Releasing Shipper may specify the date and time that the Bidding Period starts and the date that the Bidding Period ends, provided, however, that the Bidding Period shall not commence or end any later than the times set forth in Section 25.1(g) below. Releasing Shipper's offer shall be posted for the Bidding Period; provided, however, that the Releasing Shipper will have the right to withdraw its Releasing Shipper's Notice any time prior to the close of the Bid Period associated with such Releasing Shipper's Notice where unanticipated circumstances justify the withdrawal and no bids meeting the minimum conditions of Releasing Shipper's Notice have been made.

Offers should be legally binding until written or electronic notice of withdrawal is received by Transporter. Transporter should post offers and bids, including prearranged deals, upon receipt. A Releasing Shipper may request a later posting time for posting of such offer, and Transporter should support such request insofar as it comports with the standard Capacity Release timeline specified in Section 25.1(g) below. Releasing Shipper shall not be allowed to specify an extension of the original bid period or the prearranged deal match period without posting a new release.

- (g) The following capacity release timeline is applicable to all parties involved in the capacity release process; however, it is only applicable if (1) all information provided by the parties to the transaction is valid and (2) the Replacement Shipper has been determined to be creditworthy before the capacity release bid is tendered, and (3) there are no special terms or conditions of the release:

- (1) For biddable releases (one (1) year or less):
- Offers should be tendered by 12:00 P.M. on a Business Day;
  - Open season ends no later than 1:00 P.M. on a Business Day (evaluation period begins at 1:00 P.M. during which

contingency is eliminated, determination of best bid is made, and ties are broken);

- Evaluation period ends and award posting if no match required at 2:00 P.M.;
- Match or award is communicated by 2:00 P.M.;
- Match response by 2:30 P.M.;
- Where match required, award posting by 3:00 P.M.; and
- Contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract. (Central Clock Time)

(2) For biddable releases (more than one (1) year):

- Offers should be tendered by 12:00 P.M. four Business Days before award;
- Open season ends no later than 1:00 P.M. on the Business Day before timely nominations are due (open season is three Business Days);
- Evaluation period begins at 1:00 P.M. during which contingency is eliminated, determination of Best Bid is made, and ties are broken;
- Evaluation period ends and award posting if no match required at 2:00 P.M.;
- Match or award is communicated by 2:00 P.M.;
- Match response by 2:30 P.M.;
- Where match required, award posting by 3:00 P.M.; and
- Contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract. (Central Clock Time)

(3) For non-biddable releases:

Timely Cycle:

- Posting of prearranged deals not subject to bid are due by 10:30 A.M.;
- Contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract. (Central Clock Time)

Evening Cycle:

- Posting of prearranged deals not subject to bid are due by 5:00 P.M.;

- Contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract. (Central Clock Time)

Intraday 1 Cycle:

- Posting of prearranged deals not subject to bid are due by 9:00 A.M.;
- Contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract. (Central Clock Time)

Intraday 2 Cycle:

- Posting of prearranged deals not subject to bid are due by 4:00 P.M.;
- Contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract. (Central Clock Time)

(h) Required Information for the Release of Capacity. The Releasing Shipper shall submit the following information, objectively stated and applicable to all potential Shippers on a non-discriminatory basis, to Transporter via the LINK® System:

- (1) The Releasing Shipper's legal name, contract number, and the name, e-mail address and phone and fax number of the individual who will authorize the release of capacity for the Releasing Shipper.
- (2) Whether the capacity is biddable.
- (3) The level of daily firm entitlements that the Releasing Shipper elects to release, expressed as a numeric quantity per Day for Transportation, which will be displayed in the LINK® System posting for prospective Replacement Shippers as the available MDQ.
- (4) The Transportation Path(s) or Segment within such Transportation Path(s), and quantity to be released.
- (5) The requested effective date and the term of the release.

- (6) The minimum acceptable period of release and minimum acceptable quantities (if any).
- (7) The Releasing Shipper's maximum reservation rates (including any demand type surcharges, direct bills, or similar mechanisms), any minimum rate requirement, whether bids are to be submitted on a reservation or volumetric basis, and whether the bids should be stated in dollars and cents or percent of the maximum tariff rate. The maximum and minimum rates may separately identify surcharges and direct bills, or such amounts can be included in the total rate. For purposes of this Section 25, the maximum reservation rate(s) for Shipper paying a Negotiated Rate will be deemed to be the Maximum Recourse Rate(s) as set forth on the Statements of Rates. For releases that become effective on or after July 30, 2008, any maximum and/or minimum rate specified by the Releasing Shipper can exceed the maximum tariff rate for the applicable service if (i) the term of the proposed release is one (1) year or less, and (ii) the effective date of the proposed release is on or before one (1) year from the date on which Transporter is notified of the release.
- (8) Whether the Releasing Shipper is requesting that Transporter actively market the capacity to be released.
- (9) The legal name of the Replacement Shipper that is designated in any pre-arranged release ("Prearranged Shipper").
- (10) Whether the capacity is to be released on a recallable basis, and, if so, (i) the terms and conditions of such recall, including whether it is recallable on a full Day or a partial Day basis, (ii) whether the Releasing Shipper's recall notification must be provided exclusively on a Business Day, (iii) which recall notification period(s), as identified in Section 25.1(e) above, will be available for use by the parties, and (iv) any Reput methods and rights associated with returning the previously recalled capacity to the Replacement Shipper.
- (11) Whether the capacity to be released is contingent on the release of other capacity, or on certain terms and conditions, and if so, the capacity, terms and/or conditions upon which the release is contingent.
- (12) The terms and conditions under which Releasing Shipper will accept contingent bids, including bids that are contingent upon the Replacement Shipper acquiring Transportation on a pipeline



interconnected to Transporter, the method for evaluating contingent bids, what level of proof is required by the contingent bidder to demonstrate that the contingency did not occur, and for what time period the next highest bidder will be obligated to acquire the capacity if the next winning contingent bidder declines the release.

- (13) The bid evaluation method which shall be, at the Releasing Shipper's option, either one of the following three standard evaluation methods: highest rate, net revenue or present value; or alternative Releasing Shipper defined bid evaluation methods pursuant to Section 25.1(h)(14) below; provided, however, that Transporter shall not be required to process the capacity release transaction using the standard process timeline should the Releasing Shipper elect an alternative method of bid evaluation.
- (14) At the Releasing Shipper's option and in lieu of Transporter implementing the Best Bid determination stated in Section 25.1(l), the Releasing Shipper may state the bid evaluation method. Such bid evaluation method shall be objectively stated, applicable to all Replacement or Prearranged Shippers and not unduly discriminatory and shall enable Transporter to rank the bids received by utilizing the weight assigned by the Releasing Shipper to each element of the Releasing Shipper's Notice.
- (15) Any restriction on the use of higher rate Secondary Delivery Points, or any requirement that the Replacement Shipper reimburse the Releasing Shipper for any incremental charges assessed by Transporter for use of Secondary Delivery Points by the Replacement Shipper.
- (16) The priorities that Transporter is authorized to utilize in the event that overlapping nominations submitted by the Releasing Shipper and any Replacement Shipper are in excess of the Releasing Shipper's original MDQ.
- (17) Whether the proposed release is to an asset manager as part of an asset management arrangement as defined in Section 284.8(h)(3) of the Commission's regulations or to a marketer participating in a state-regulated retail access program as defined in Section 284.8(h)(4) of the Commission's regulations, and, if the proposed release is part of an asset management arrangement, the volumetric level of the asset manager's delivery or purchase obligation and the time period during which that obligation is in effect.

- (18) Any other additional information that Transporter deems necessary, from time to time, to effectuate releases hereunder.

Transporter shall not be liable for information provided by Releasing Shipper to Transporter, including any such information that is posted on the LINK® System.

- (i) Open Bidding Process. Prospective Shippers wishing to acquire capacity available for release ("Bidding Shipper"), shall place a bid on the LINK® System for the available capacity during the Posting Period. If such bid is not expressly labeled as a contingent bid, such bid shall be binding. The bid shall contain the following information:

- (1) The Bidding Shipper's legal name and the name, phone number and e-mail address of the individual who will authorize the acquisition of the available capacity.
- (2) The level of daily firm entitlements that the Bidding Shipper requests and the minimum quantity it will accept.
- (3) The requested effective date and the term of the acquisition.
- (4) The Bidding Shipper's bid, addressing all criteria required by the Releasing Shipper. The Bidding Shipper shall be entitled to withdraw its bid either via the LINK® System or EDM, prior to the end of the bidding period. Bidding Shipper cannot withdraw its bid after the Bidding Period ends. If Bidding Shipper withdraws its bid, it may not resubmit a lower bid. If Bidding Shipper submits a higher bid, lower bids previously submitted by Bidding Shipper will be automatically eliminated. A Bidding Shipper may have only one valid bid posted. Transporter shall post all information provided by Bidding Shippers, except the information provided in Section 25.1(h)(1), above.

No bid shall exceed the applicable Maximum Recourse Rates, in addition to any and all applicable fees and surcharges, as specified in this Tariff; provided, however, for releases that become effective on or after July 30, 2008, the rate specified by the Bidding Shipper may exceed the maximum tariff rate for the applicable service if (i) the term of the proposed release is one (1) year or less, and (ii) the effective date of the proposed release is on or before one (1) year from the date on which Transporter is notified of the release. The quantity or the requested term of the

release of such bid shall not exceed the maximum quantity or primary term specified in the executed Agreement.

- (j) **Pre-Arranged Release.** Releasing Shipper shall have the right to elect not to post a release for bidding (1) if the proposed capacity release has a duration of thirty-one (31) days or less and Releasing Shipper has obtained a Prearranged Shipper, (2) for proposed capacity releases with a term of more than one (1) year for which Releasing Shipper has obtained a Prearranged Shipper and the Prearranged Shipper is paying the Maximum Recourse Rate and all other terms and conditions of the release are met, (3) for any release of capacity to an asset manager (as defined in Section 284.8(h)(3) of the Commission's regulations), or (4) for any release of capacity to a marketer participating in a state-regulated retail access program as defined in Section 284.8(h)(4) of the Commission's regulations. If Releasing Shipper exercises such right, Releasing Shipper must notify Transporter prior to the nomination of the released entitlements, and the Replacement Shipper shall adhere to the requirements set forth in Section 25.2. Releasing Shipper will post the information on the LINK® System by 9:00 a.m. the Day before the release transaction begins. The Replacement Shipper shall confirm the prearranged release by 9:30 a.m. and meet any eligibility requirements under this Section 25. Transporter will support the electronic upload of prearranged releases. For releases that become effective on or after July 30, 2008, any release, with the exception of releases to an asset manager or to a marketer participating in a state-regulated retail access program, with a term that is greater than thirty-one (31) Days and less than or equal to one (1) year must be posted for bidding pursuant to Section 25.1(g) above, regardless of the proposed rate.
- (k) **Matching Rights.** A Prearranged Replacement Shipper shall have matching rights for a period of thirty (30) minutes following the time the Prearranged Shipper has been notified of the winning bid ("Matching Period"). In the event a higher bid is received, Transporter shall provide the Prearranged Shipper an opportunity during the Matching Period to match such higher bid. No later than 2:00 p.m. CT of the Day prior to the Day nominations are due, the Prearranged Shipper shall be notified via the LINK® System of the terms and conditions of the higher bid, and shall have the Matching Period to respond via the LINK® System. Absent a response from the Prearranged Shipper by 2:30 p.m. CT of the Day prior to the Day nominations are due, the capacity shall be awarded to the higher Bidding Shipper no later than 3:00 p.m. CT of the Day prior to the Day nominations are due.
- (l) **Awarding of Capacity Available for Release.** Capacity will be awarded no later than 3:00 p.m. CT of the Day prior to the Day nominations are

due. The capacity available for release shall be awarded to the Bidding Shipper with the highest bid ("Best Bid") matching all terms and conditions provided by the Releasing Shipper. If multiple bids meet the minimum conditions stated in the Releasing Shipper's Notice, Transporter shall award the capacity, best bid first, until all offered capacity has been awarded. If bids are received that do not match all the terms and conditions provided by the Releasing Shipper, bids will be evaluated by the criteria provided by the Releasing Shipper. If no criteria are provided by the Releasing Shipper, the Bidding Shipper bidding the highest present value shall be awarded the capacity. Present value shall be determined based on a 10% discount rate. The ultimate awarding of capacity will be posted on the LINK® System by 3:00 p.m. CT on the Day prior to the Day nominations are due. Unless the bidder was a contingent bidder and the contingency did not occur, Transporter will tender an Addendum, as described in Article 1 of the Capacity Release Umbrella Agreement, to the winning bidder by 10:00 a.m. of the Day nominations are due.

Transporter shall not award capacity release offers to the Replacement Shipper until and unless the Replacement Shipper meets Transporter's creditworthiness requirements applicable to all services that it receives from Transporter, including the service represented by the capacity release.

- (m) Remaining Capacity. In the event that a Releasing Shipper does not release all of its firm entitlements, the Releasing Shipper shall remain responsible for the remaining entitlements and is entitled to utilize the remaining entitlements with the MDQ reduced accordingly by the released capacity quantities.
- (n) No Rollover. When a release of capacity for a period of thirty-one (31) Days or less is not subject to the bidding requirements under this Section 25.1, a Releasing Shipper may not rollover, extend, or in any way continue the capacity release to the same Replacement Shipper which utilizes the same capacity or overlaps such capacity using the thirty-one (31) Days or less bidding exemption described in Section 25.1(j)(1) above until twenty-eight (28) Days after the first release period has ended. The twenty-eight (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 described in Section 25.1(j) above.
- (o) Obligations of Replacement or Prearranged Shippers. The Replacement or Prearranged Shipper must satisfy all other provisions of this Tariff governing Shipper eligibility and must execute all required agreements and acknowledgements before it may contract with Transporter for the

released capacity. In addition, as a pre-requisite to becoming a Replacement or Prearranged Shipper, a party must have been placed by Transporter on Transporter's pre-approved bidder list that is posted on the LINK® System. To be placed on such list, a party must have been accepted by Transporter as satisfying the credit standards of Section 27 of these General Terms and Conditions, must have executed a Capacity Release Umbrella Agreement and must continue to satisfy the credit standards of Section 27 when its bid is made and accepted or it is offered as a Prearranged Shipper, as applicable. Transporter shall process requests for credit approval with diligence. Any previously listed party that fails to continue to satisfy the standards of Section 27 shall be deleted from the list. Transporter will waive the credit requirements of Section 27 on a non-discriminatory basis for Replacement or Prearranged Shipper and permit such Replacement or Prearranged Shipper to submit bids, if the Releasing Shipper provides Transporter with a guarantee or other form of credit assurance in form and substance satisfactory to Transporter of all financial obligations of the Replacement or Prearranged Shipper with respect to the capacity being released by Releasing Shipper prior to the commencement of service to the Replacement or Prearranged Shipper if the release is pre-arranged and not subject to bidding or prior to the close of the bid period if the release is subject to bidding requirements of this Section 25. Any bid submitted will legally bind the Replacement or Prearranged Shipper to the terms of the bid if Transporter chooses such bid as the Best Bid until written or electronic notice of withdrawal is received by Transporter. Bids cannot be withdrawn after the bid period ends. Once the Replacement or Prearranged Shipper is awarded capacity, the Replacement or Prearranged Shipper becomes an existing Shipper like any other Shipper and is subject to the applicable provisions of Transporter's Tariff, including, but not limited to, Transporter's billing and payment and operational provisions.

In addition, the Replacement or Prearranged Shipper as an existing Shipper may also release its capacity pursuant to this Section 25. Nominations may be submitted upon the award of capacity, and such nominations will be processed in accordance with the nomination and scheduling requirements of Sections 4 and 6 of these General Terms and Conditions; provided, however, in no circumstances will Gas flow prior to the effective date of the release as specified in the Releasing Shipper's Notice.

- (p) Capacity Release Umbrella Agreement. All nominations, scheduling and billing will be done under the contract number provided in the Addendum.

## 25.2 Obligations of the Parties.

- (a) **Contractual Obligations.** All Replacement Shippers shall be required to comply with the provisions of Rate Schedule FTS and these General Terms and Conditions and to accept by a release all Transportation rights and obligations of the Releasing Shipper with respect to the capacity released, including, but not limited to, nominations and Transportation Paths. Furthermore, the Releasing Shipper shall remain fully liable to Transporter for all reservation rates, including reservation type surcharges and direct bills that were due under the Releasing Shipper's Agreement. In the event that the Replacement Shipper invoiced amounts for reservation rates are in arrears by 60 days or more, the Releasing Shipper shall be responsible for paying all such amounts with the next invoice rendered to the Releasing Shipper by Transporter.
  - (b) **Billing.** Pursuant to Sections 9 and 10, Replacement Shipper shall be billed for all reservation type charges contained within its bid and all usage charges according to Section 3 of Rate Schedule FTS.
  - (c) **Credits.** Except as otherwise agreed to between Transporter and Releasing Shipper, Releasing Shipper shall receive a credit against its Monthly Reservation Charges equal to the amount of reservation rates contained within the Replacement Shipper's bid subject to the obligations of Releasing Shipper under Section 25.2(a).
  - (d) **Refunds.** Releasing Shipper and any Replacement Shipper must track any changes in Transporter's rates approved by the Commission. In the event the Commission orders refunds of any such rates charged by Transporter and previously approved, Transporter and/or Releasing Shipper, as the case may be, must make corresponding refunds to such Releasing Shipper or any Replacement Shipper, to the extent that Releasing Shipper or Replacement Shipper(s) has paid a rate in excess of Transporter's just and reasonable, applicable Maximum Recourse Rates. Transporter shall assume no liability or responsibility whatsoever for the failure of the Releasing Shipper to comply with its obligations under this Section 25.2(d). For releases that become effective on or after July 30, 2008, the rate paid by a Replacement Shipper in any capacity release transaction with a term of one (1) year or less which is not subject to the maximum rate cap will be deemed to be a final rate and is not subject to refund if the effective date of the release was on or before one (1) year from the date on which Transporter was notified of the release.
- 25.3 **Posting of Purchase Offers.** Transporter shall allow a potential Replacement Shipper to post for at least thirty (30) Days its offers to acquire released firm entitlements. The offer must contain the following information:

- (a) The potential Replacement Shipper's legal name and the name, title, address, phone number and e-mail address of the individual who will authorize the acquisition of the available capacity.
  - (b) The daily quantities of capacity which the potential Replacement Shipper requests.
  - (c) The Receipt Points and/or Delivery Points where capacity is requested, as applicable.
  - (d) The requested effective date and the term of the acquisition.
- 25.4 Marketing Fee. Transporter shall be entitled, upon Releasing Shipper's request, to actively market the capacity available for release on Releasing Shipper's behalf. Transporter and Releasing Shipper will negotiate the terms and conditions upon which Transporter will market the Releasing Shipper's capacity.
- 25.5 Permanent Releases. A Shipper which has a currently effective executed Agreement with Transporter under Transporter's Rate Schedule FTS may release, pursuant to the procedures specified in this Section 25, all or any part of its firm capacity to a Replacement Shipper for the remaining primary term of the contract and be relieved of all liability under its Agreement prospectively from the effective date of such release, provided that the following conditions are satisfied:
- (a) The Replacement Shipper submits a request for service electronically via the LINK® System and executes a new Agreement under the applicable Rate Schedule;
  - (b) The Replacement Shipper agrees that the minimum bid acceptable to Transporter shall be a bid for the remainder of the term of Releasing Shipper's Agreement at the rate(s) Releasing Shipper is obligated to pay Transporter for the capacity to be permanently released and accepts all obligations of the Releasing Shipper;
  - (c) The Replacement Shipper meets all of the credit-worthiness requirements contained in Section 27 of the General Terms and Conditions of Transporter's Tariff.
  - (d) Transporter 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 Transporter, Transporter shall notify Shipper via e-mail and shall include in the notification the reasons for such denial.

25.6 Transporter's Rights to suspend and/or Terminate Temporary Capacity Release Transactions.

- (a) In the event of a temporary release for which: (i) the Releasing Shipper no longer maintains creditworthiness as outlined in Section 27 of Transporter's General Terms and Conditions and Transporter has terminated Releasing Shipper's Agreement; and(ii) the reservation charge specified in the applicable Addendum is less than the level of the reservation charge which the Releasing Shipper was obligated to pay Transporter (or, if the Releasing Shipper is paying a Negotiated Rate, the sum of all reservation-type and commodity-type charges), then Transporter shall be entitled to terminate the service described in the Addendum, upon 30 Days' written notice to the Replacement or Prearranged Shipper, unless the Replacement or Prearranged Shipper agrees, at its sole election, prior to the end of said 30-Day notice period to pay for the remainder of the term specified in the Addendum one of the following: (i) the reservation and commodity charges at levels which the Releasing Shipper was obligated to pay Transporter, (ii) the applicable Maximum Recourse Rate, or (iii) such rate as mutually agreed to by Transporter and Replacement or Prearranged Shipper.
- (b) In the event of a temporary release for which the Replacement Shipper no longer satisfies Transporter's credit requirements as set forth in Section 27 of the General Terms and Conditions: (i) Transporter may notify the Releasing Shipper, without any liability or prior notice to Replacement Shipper, that the Replacement Shipper no longer meets the credit requirements of Transporter's Tariff; and (ii) subject to Transporter exercising its rights under Section 27 of the General Terms and Conditions to suspend and/or terminate such capacity release transaction, the firm capacity subject to the release transaction shall revert to Releasing Shipper immediately upon the effectiveness, and for the duration, of such suspension or permanently if the release transaction is terminated.

25.7 Notices to Releasing Shippers. Transporter shall provide the original Releasing Shipper with Internet E-mail notification reasonably proximate in time with any of the following formal notices given by Transporter to the Releasing Shipper's replacement Shipper(s), of the following:

- (a) Notice to the Replacement Shipper regarding the Replacement Shipper's past due, deficiency, or default status pursuant to Transporter's Tariff;
- (b) Notice to the Replacement Shipper regarding the Replacement Shipper's suspension of service notice;
- (c) Notice to the Replacement Shipper regarding the Replacement Shipper's contract termination notice due to default or credit-related issues; and



- (d) Notice to the Replacement Shipper that the Replacement Shipper(s) is no longer creditworthy and has not provided credit alternative(s) pursuant to Transporter's Tariff.

## 26. PROCEDURES FOR CONTRACTING FOR AND ABANDONMENT OF SERVICE

26.1 Specific requests for information concerning service(s) should be directed to:

Southeast Supply Header, LLC  
Attention: Marketing Department  
P.O. Box 1642  
Houston, Texas 77251-1642  
Telephone: 1-800-827-LINK, or in Houston (713) 989-LINK

Transporter shall provide the requested information orally, or in writing, as appropriate.

26.2 Requests for Service.

- (a) Persons desiring a new service or an amendment to existing service under one of Transporter's Rate Schedules set forth in Volume No. 1 of Transporter's FERC Gas Tariff must be a LINK® System User pursuant to Section 24 of these General Terms and Conditions and must submit a request for service electronically via the LINK® System. Persons submitting a bid for firm service under one of Transporter's Open Access Rate Schedules pursuant to Section 28 of the General Terms and Conditions must submit the bid electronically via the LINK® System.
- (b) A request for a new service or an amendment to an existing service shall contain the information identified on the Request for Service Information List posted on Transporter's public Web site, as such list may be amended from time to time. Requests to amend existing service that will affect a Shipper's financial obligations to Transporter, without regard to the impact of any applicable discount or Negotiated Rates, are referred to as Billing Amendments. Requests to amend existing service that will not affect a Shipper's financial obligations to Transporter, without regard to the impact of any applicable discount or Negotiated Rates, are referred to as Non-Billing Amendments. A Shipper requesting a new service or an amendment to existing service shall also provide the following to Transporter:
  - (1) Either at the time of the request for new service or an amendment to existing service is submitted to Transporter or at the time of execution of the Agreement, such other information (if any), in writing, as may be required to comply with regulatory reporting or filing requirements; and

- (2) Within ten (10) Business Days of the submittal of the request for new service or a request for a Billing Amendment, any credit information required to be provided pursuant to Section 27 of the General Terms and Conditions.
  - (c) If Shipper does not submit the information required in Section 26.2(b) above within the required timeframes, the request for service shall be considered to be null and void. In addition, Transporter shall reject any request for service created in the LINK® System by Shipper, but not submitted to Transporter within ninety (90) days of Shipper's creation of such request.
  - (d) Neither a request for new service nor a request that would result in a Billing Amendment shall be deemed to have been received by Transporter until Shipper has submitted such request online via the LINK® System and Transporter has received the information required or requested pursuant to this Section 26.2 and Section 27 of the General Terms and Conditions. A request that would result in a Non-Billing Amendment shall be deemed to have been received on the date such request is submitted in the LINK® System. If Transporter requests additional information or assurance in accordance with Sections 26.2 and 27 herein, and such additional information or assurance is received within ten (10) Business Days of Transporter's request, Shipper's request for service shall be deemed to have been received on the date on which Shipper's additional financial information is received by Transporter; otherwise, Shipper's request for service shall be deemed to be null and void.
- 26.3 All firm Transportation requests for service shall be subject to the following conditions:
- (a) No request for Transportation from a Primary Receipt Point or to a Primary Delivery Point shall be considered valid or be granted if to do so would impair Transporter's ability to render existing services pursuant to Transporter's firm service rate schedule(s).
  - (b) The Date of Request for such Shipper's new Receipt Point(s) and/or Delivery Point(s) shall be the date on which Shipper submits the fully completed request for such new Receipt Point(s) and/or Delivery Point(s). However, requests for amendments to any service agreement to increase a daily quantity or change or add a new Receipt Point(s) and/or Delivery Point(s) will be considered a new request for purposes of complying with Section 26.2(d) herein, if

such request would result in a Billing Amendment as defined in Section 26.1(b) above.

- (c) In certain situations, Transporter may use an accounting meter number to represent a physical location on its pipeline system. A Delivery Point identified on Shipper's executed Agreement(s) may be designated in the LINK® System by means of an accounting meter number and description that differs from the physical meter number and description specified on the Agreement. The same rights and obligations exist for both Transporter and Shipper regardless of whether a location is identified in Shipper's executed Agreement by means of a physical meter number or an accounting meter number.

#### 26.4 Execution of Agreement and Amendments.

- (a) An Agreement and/or an amendment to an existing Agreement shall be executed, as specified in this Section 26.4, by Shipper and Transporter following the completion of the approval process.
- (b) All interruptible Agreements, all interruptible Agreement amendments, firm Agreements with a term of one (1) year or less, and all amendments for firm Agreements with a term of one (1) year or less shall be executed electronically via the LINK® System by Shipper and Transporter; any agreement that is executed in full utilizing electronic transmission through the LINK® System is a valid and enforceable contract that is binding on all parties. All firm Agreements with a term of more than one (1) year and all amendments to firm Agreements with a term of more than one (1) year shall be executed in writing. An Agreement shall be executed and, if executed in writing returned to Transporter, within fifteen (15) days of the tender of an Agreement by Transporter. In the event Shipper fails to submit a valid nomination for Transportation pursuant to an interruptible Agreement within ninety (90) days after the later of (i) the date service is to commence, (ii) the date the Agreement is fully executed by Shipper and Transporter, or (iii) the date that the facilities, if any, to be constructed are ready for service, the Agreement and the corresponding Transportation request for service shall be considered null and void.
- (c) For each of Transporter's firm Rate Schedule(s), the Service Agreement executed in writing or electronically via the LINK® System, as applicable, by Shipper and Transporter, the Exhibit(s) executed in writing or electronically via the LINK® System, as applicable, by Shipper and Transporter, the applicable rate schedule, the General Terms and Conditions of this FERC Gas Tariff, and any

applicable Negotiated Rate or Discount Confirmation will comprise the entire agreement between Shipper and Transporter.

- (d) For each of Transporter's interruptible Rate Schedule(s), the Service Agreement executed by Shipper and Transporter, the Exhibit(s) executed by Shipper and Transporter, the applicable rate schedule, the General Terms and Conditions of this FERC Gas Tariff, and any applicable Negotiated Rate or Discount Confirmation will comprise the entire agreement between Shipper and Transporter.

26.5 Extension of Agreements. Prior to the expiration of the term of a Part 284 Service Agreement and prior to Transporter's posting the availability of capacity under Transporter's Right of First Refusal provisions, if applicable, Transporter and Shipper may mutually agree to an extension of the term of the Agreement (the exact length of which is to be negotiated on a case-by-case basis, in a not unduly discriminatory manner).

26.6 It is a condition precedent to project financing that Transporter enter into firm Agreements for a minimum quantity of capacity with Shippers (or assignees or replacement Shippers) that meet the credit criteria in Section 27 below.

26.7 Allocation of Available Firm Capacity

- (a) Firm capacity that is or becomes available on Transporter's system from time to time shall be allocated pursuant to this Section 26.7.

- (1) Firm capacity will be allocated to that request(s) generating the highest net present value to Transporter. Net present value will be determined based on the discounted cash flow of revenues to Transporter produced, lost, or affected by the request(s) for service. In determining the highest net present value, Transporter will consider objective criteria only. Such criteria may include, without limitation, the maximum contract quantity requested, the term of the service requested, the date on which the requested service would commence, and such other objective criteria available based on the requests for service received by Transporter. The net present value evaluation shall include only revenues generated by the reservation rate component except that under a negotiated rate agreement with a minimum quantity or bill, the net present value evaluation shall also include the fixed cost component of the usage revenue at the minimum quantity or bill. In determining the highest net present value in connection with a Shipper paying a negotiated rate higher than the maximum recourse rate, such negotiated rate Shipper will be deemed to be

paying a rate equal to the maximum recourse rate. In making the determination of net present value, Transporter shall apply the rate, as of the date of the review, stated in accordance with Section 154.501(d) of the Commission's regulations, to all bids.

- (2) For requests for firm service with a term of less than ninety (90) days, Transporter shall have the right, but shall not be obligated, to post on its LINK® system notice of request(s) for service received and prescribe a period of time ("open season") for receiving additional requests to be evaluated contemporaneously.
- (3) For requests for firm service with a term equal to or greater than ninety (90) days, Transporter shall conduct an open season for the purpose of receiving additional requests to be evaluated contemporaneously.
- (4) To the maximum extent possible, Transporter will attempt to structure any such open season posting pursuant to this Section 26.7(a) so as not to identify specifically the Shipper or potential Shipper submitting the request and/or the specific location of the market(s) to be served.
- (5) For any open season conducted pursuant to this Section 26.7(a), such open season shall be held for a minimum of (i) one (1) Business Day for service offerings with a term of less than ninety (90) days; or (ii) five (5) Business Days from the posting of the notice of request for service for the capacity or fifteen (15) Business Days from the date the capacity in question was first posted as being available for contracting, whichever is the later calendar date, for service offerings with a term of ninety (90) days or longer. In no event shall the open season be for a period greater than one (1) calendar month. All open seasons shall end at 2:00 p.m. CT not less than one (1) Business Day prior to the date service would be available.
- (6) Any Shipper desiring to place a bid for any capacity posted pursuant to this Section 26.7 must submit its bid online via the LINK® System.
- (7) In the event that Transporter receives two (2) or more requests for service which produce an equivalent net present value, whether during an open season or otherwise, any available capacity will be allocated between or among such requests on a pro rata basis; provided, however, if one or more party(s) is offered capacity on a pro rata basis pursuant to this Section 26.7(a) and any party

declines, by notifying Transporter in writing, to contract for such capacity, such party's request shall be deemed null and void and the available capacity will be reallocated among such requests which produce an equivalent net present value. A party's notification to decline to enter into a contract for the capacity shall be submitted to Transporter online via the LINK® System.

- (8) Transporter shall post the winning request(s) and the method of evaluating such request(s) on the LINK® System within twenty-four (24) hours after the award of capacity.
- (9) In the event that the "best bid" is based upon a bid rate that is less than the applicable maximum tariff rate, Shipper must submit a discount request online via the LINK® System and receive approval from Transporter pursuant to the provisions of Section 35 of these General Terms and Conditions in order for the bid rate to become effective.
- (10) In addition to the procedures set forth in this Section 26.7(a), Transporter shall have the right, but shall not be obligated, from time to time to hold open seasons for potential expansion projects or for available capacity for which no request has been received. During any such open season, Transporter shall allocate the capacity subject to such open season on the basis of the highest net present value to Transporter, as determined pursuant to the method described in Section 26.7(a)(1).
- (11) To the extent Transporter has (i) available capacity or (ii) capacity under expiring or terminating service agreements where such capacity is not subject to a right of first refusal or shipper does not exercise its right of first refusal, Transporter reserves the right, but shall not be obligated, to reserve such capacity for a future expansion project. Transporter may reserve capacity for a future expansion project for which an open season has been held or will be held within twelve (12) months of the date that Transporter posts such capacity as being reserved. Any capacity reserved pursuant to this Section 26.7(a)(11) must first be posted as available capacity on Transporter's Web Site for at least five (5) Business Days. Such posting will indicate that Transporter plans to reserve the posted capacity for a future expansion project to the extent that the posted capacity is not acquired by Shippers during the open season for capacity to be reserved.

Any minimum terms and conditions imposed in an open season for capacity to be reserved must not materially differ so as to be more

restrictive than the terms and conditions imposed in the expansion project open season. In the event that a subsequent expansion project open season imposes minimum terms and conditions that are materially different from the minimum terms and conditions imposed for the reserved capacity open season, Transporter shall hold another open season for the reserved capacity that uses the same minimum terms and conditions as were imposed for the expansion project open season.

Any capacity reserved under this Section 26.7(a)(11) may be reserved for up to twelve (12) months prior to the time Transporter files for certificate approval for proposed construction of a related project and thereafter until all expansion facilities are placed into service. Any capacity reserved under this Section 26.7(a)(11) shall be made available, pursuant to the provisions of Section 26.7(a)(12) of these General Terms and Conditions, for transportation service on an interim basis up to, but not including, the in-service date of the related expansion project(s). For such interim service, Transporter reserves the right to limit any Customer's renewal rights that might otherwise apply to such service, including Customer's right of first refusal, if applicable. Any capacity reserved for a future expansion project that does not go forward for any reason shall be reposted as generally available within thirty (30) days of the date the capacity becomes available.

- (12) Interim Service. Capacity that is under contract for a future period pursuant to 26.7(a)(11) or this Section 26.7(a)(12) will be made available on an interim basis up to the service commencement date of such contract for a future period ("Interim Capacity"). The availability of Interim Capacity, including any limitations on the renewal rights for such capacity, will be posted on Transporter's LINK® System in accordance with Section 26.7(a)(5). Any party desiring to submit a bid for such Interim Capacity must submit its bid online via the LINK® System in accordance with the provisions of Section 26.7(a)(6). Such Interim Capacity shall be available for bidding for at least five (5) business days. Transporter shall award the Interim Capacity and post a notice of the winning bid(s) on the LINK® System, in accordance with Sections 26.7(a)(7) through 26.7(a)(9). The right of first refusal will not be applicable to any service agreement entered into pursuant to this Section 26.7(a)(12).
- (b) Pipeline will post available capacity before it provides such information to any potential Shipper.



- (c) Transporter reserves the right to reject any request for service (i) at less than maximum rate, (ii) which may detrimentally impact the operational integrity of Transporter's system, (iii) which does not satisfy all the terms of a specific posting and/or (iv) which contains terms and conditions other than those contained in Transporter's FERC Gas Tariff. If Transporter rejects any request for available capacity, Transporter will notify Shipper via e-mail of its reason(s) for such rejection.
  
- (d) All requests received during an open season remain binding on the requesting party through the end of the open season, unless withdrawn by the requesting party prior to the close of the open season; provided, however, a requesting party may withdraw its previous request and submit a request with a higher net present value during the open season, but neither the requesting party nor an affiliate thereof may submit a request with a lower net present value during the open season. At the end of the open season, all requests either withdrawn or not accepted shall be deemed null and void. If the winning bid is submitted by the requesting party and the requesting party has complied with the requirements of Sections 26 and 27 of these General Terms and Conditions, such winning bid shall be binding on the requesting party and an Agreement shall be executed pursuant to the requirements of Section 26 of these General Terms and Conditions; in the event Shipper does not execute the Agreement as required by Section 26, Shipper shall nonetheless be bound by the terms of its winning bid and the provisions of such Agreement as though it had been fully executed. In the event the winning bidder is not the requesting party, Transporter shall automatically create a request for service on behalf of the winning bidder, and the winning bidder shall be required to comply with the provisions of Section 26; if the winning bidder does not execute the Agreement as required by Section 26.4, such winning bidder shall nonetheless be bound by the terms of its winning bid and the provisions of such Agreement as though it had been fully executed. If Transporter is unable to approve the winning bidder's request for service, the capacity shall be awarded to the party that submits the next highest bid for the posted capacity, subject to the requirements of Sections 26 and 27 of these General Terms and Conditions, unless, within one (1) Business Day of notification of the award of capacity, such party provides Transporter with written notification that it rejects such award.
  
- (e) Prospective Sale of Available Capacity and Minimum Terms of Any Awards.

Unless otherwise agreed by Transporter, Shipper may request available capacity for service to commence at a future date only within the following timelines:

- (1) For service for a contract term of less than ninety (90) days, the requested service shall commence no later than five (5) days from the date the request is granted or an open season ends, as applicable pursuant to Section 26.7(a)(2) herein;
- (2) For service for a contract term of ninety (90) days or more but less than one (1) year, Transporter shall be obligated to hold an open season pursuant to Section 26.7(a)(3) above only if the requested service would commence no later than thirty (30) days from the date the open season ends; and
- (3) For service for annual contract terms of one (1) year or longer, Transporter shall be obligated to hold an open season pursuant to Section 26.7(a)(3) above only if the requested service would commence no later than six (6) months from the date the open season ends.

In the event that Transporter allows a variation from the schedule defined in this Section 26.7(e), the variation shall be detailed in the open season posting. In addition, unless otherwise agreed to by Transporter, all awards of capacity pursuant to this Section 26.7(e) must be for continuous service at a constant MDQ at maximum rates for the entire term of the service. If Transporter agrees to consider varying from the schedule described above by conducting an open season, then Transporter is free to reject any bid that meets the minimum terms if the bid is for less than the contract term defined in the open season posting. Any deviations from this schedule or minimum terms shall only be done in a not unduly discriminatory manner consistent with Commission regulations.

26.8 Materially Non-Conforming Service Agreements

The following service agreements are being listed in accordance with Section 154.112(b) of the Commission's regulations. This list of agreements will be updated to reflect new agreements containing material, non-conforming provisions, with the exception of an extension in the term of one of the agreements identified below.

Customer Name -----	Contract Number -----	Rate Schedule -----	Primary Term Begin Date -----
EOG Resources, Inc.	840005	FTS	9/12/2008
Florida Power & Light Company	840001	FTS	9/6/2008
Florida Power & Light Company	840002	FTS	9/6/2008
Florida Power Corporation d/b/a			
Progress Energy Florida, Inc.	840006	FTS	9/6/2008
Southern Company Services, Inc.	840004	FTS	9/6/2008
Tampa Electric Company	840003	FTS	9/11/2008

## 27. CREDITWORTHINESS

### 27.1 General Credit Procedures

- (a) Transporter shall not be required to (i) execute an Agreement providing for service under the applicable Rate Schedule for any Shipper who fails to meet Transporter's standards for creditworthiness, or (ii) initiate service for a Shipper who subsequently fails to meet Transporter's standards for creditworthiness, or (iii) continue service for any Shipper who is or has become insolvent or who, at Transporter's request, fails within a reasonable period to demonstrate creditworthiness pursuant to Transporter's standards.
- (b) To permit Transporter to conduct a creditworthiness review, a Shipper shall, upon request by Transporter, render to Transporter: (i) complete and current financial statements, including annual reports, 10K reports or other filings with regulatory agencies, prepared in accordance with generally accepted accounting principles, or for non U.S.-based Shippers, prepared in accordance with equivalent principles; (ii) a list of corporate affiliates, parent companies and subsidiaries; and (iii) any credit reports available from credit reporting agencies. In addition to the establishment of creditworthiness: (i) Shipper must not be operating under any chapter of the bankruptcy laws and must not be subject to liquidation or debt reduction procedures under state laws such as an assignment for the benefit of creditors, or any informal creditors' committee agreement; (ii) Shipper should not be subject to the uncertainty of pending liquidation or regulatory proceedings which could cause a substantial deterioration in its financial condition, a condition of insolvency, or the inability of Shipper to exist as an ongoing business entity; (iii) if Shipper has an ongoing business relationship with Transporter, no undisputed delinquent balances should be consistently outstanding for any services performed previously by Transporter, and Shipper must have paid its account in the past according to the credit terms and contract provisions and not made deductions or withheld payment for claims not authorized by contract; and (iv) no significant collection, lawsuits or judgments are outstanding which would adversely impact the ability of Shipper to remain solvent.
- (c) For purposes of Section 27.1(b) above, the insolvency of a Shipper shall be presumed by the filing by such Shipper or any parent entity thereof of a voluntary petition in bankruptcy or the entry of a decree or order by a court having proper jurisdiction adjudging the Shipper or any parent entity thereof bankrupt or insolvent. The insolvency of a Shipper shall also be presumed by the filing by the Shipper or its parent entity of a voluntary or involuntary proceeding, reorganization, receivership,

liquidation, a debt reduction procedure, assignment for the benefit of creditors, formal or informal creditor restructuring agreement, or the filing of any case under the United States Bankruptcy Code, or any other applicable federal or state law.

- (d) If any of the events or actions described in Section 27.1(c) above shall be initiated or imposed during the term of service hereunder, Shipper shall provide notification thereof to Transporter within two (2) Business Days of any such initiated or imposed event or action.

27.2 Credit Requirements for long-term Shippers (contracts greater than 1 year). Shipper shall at all times comply with one of the following creditworthiness requirements:

- (a) Shipper (or an affiliate which guarantees Shipper's obligations under the Agreement) has an investment grade credit rating for its long term senior unsecured debt from Moody's Investor Service of Baa3 or better or from Standard & Poor's of BBB- or better. A Shipper who qualifies under this category initially but is later downgraded below such investment grade will be required to qualify pursuant to Section 27.2(b) below.
- (b) A Shipper whose long term senior unsecured debt does not have an acceptable rating as set forth in Section 27.2(a) above will be accepted as creditworthy if (i) Transporter determines that, notwithstanding the absence of an acceptable rating, the financial position of Shipper (or an affiliate who guarantees Shipper's obligations under the Agreement) is acceptable to Transporter and its lenders; or (ii) the Shipper provides an irrevocable letter of credit in an amount equal to three (3) Months of estimated reservation charges under the Agreement; provided that such amount shall be adjusted annually to reflect any change in the estimated reservation charges under the Agreement for the succeeding three (3) Months or (iii) Shipper provides other security acceptable to Transporter and its lenders, each acting reasonably.

Transporter shall provide such Shipper with a written statement supporting Transporter's request for the security amount requested at the time such security is requested. If Transporter rejects the security provided by Shipper in accordance with Section 27.2(b)(i)-(iii) above, Transporter shall re-issue its request for the security and include a written explanation for the rejection of the security previously provided by Transporter.

- (c) Nothing herein shall be read to preclude Transporter from requiring, and enforcing for the term of the contracts, a greater amount of security in agreements supporting an application for a certificate to construct new or

expanded facilities, including any replacement contract entered into upon a permanent release of capacity under such contract, any assignment of such contract or any resale of capacity subject to such contract in the event of a default.

27.3 Credit Requirements for short-term Shippers (contracts less than 1 year). Shipper shall establish credit in accordance with Section 27.2.

- (a) If a Shipper fails to establish creditworthiness as provided in Section 27.2, Shipper may still receive Transportation Service if, and only if, Shipper furnishes and maintains in effect one of the following at Shipper's discretion and acceptable to Transporter: (i) a written guarantee for unconditional payment from a third party which is creditworthy as determined above; or (ii) an irrevocable standby letter of credit; or (iii) a prepayment amount equal to the amount which would be charged to Shipper for three (3) Month's service or the term of service, whichever is less, plus an amount equal to the three highest Cashout payments, if any incurred during the previous twelve months, plus an amount equal to the cost of Gas associated with any lending requirements requested under Rate Schedule PALS (if no prior history exists between the parties, Transporter shall determine the amount of advance payment hereunder to be deposited with Transporter) or (iv) other security acceptable to Transporter.
- (b) If a Shipper fails to maintain creditworthiness, as determined by Transporter in accordance with Sections 27.2 or 27.3(a), Shipper may continue to receive service for fifteen (15) days after written notice from Transporter of such failure, provided, however, that Shipper furnishes and maintains in effect one of the following at Shipper's discretion and acceptable to Transporter: (i) a written guarantee for unconditional payment from a third party which is creditworthy as determined above; or (ii) an irrevocable standby letter of credit; or (iii) an amount equal to the amount which would be charged to Shipper for three (3) Month's service or the term of service, whichever is less, plus an amount equal to the three highest Cashout payments, if any incurred during the previous twelve months, plus an amount equal to the cost of Gas associated with any lending requirements requested under Rate Schedule PALS; or (iv) other security acceptable to Transporter. If Shipper fails to provide Transporter with the appropriate credit under this Section 27.3(b) within such fifteen (15) day notice period, then Transporter may, without waiving any rights or remedies it may have, and subject to a 30 day notice to both the Commission and the Shipper, suspend further service until Shipper's compliance with 27.2(b) is obtained, provided, however, that if compliance is not made within the 30 day notice period,

Transporter shall no longer be obligated to continue to provide service to such Shipper.

- (c) Transporter's credit appraisal procedures involve the establishment of dollar credit limits on a standardized nondiscriminatory basis which appraisal shall consider a number of relevant factors including but not limited to the cost of constructing any applicable facilities. To the extent that a Shipper's account(s) with Transporter do not exceed such limits and/or provided no new information regarding Shipper's financial or business position becomes known to Transporter, no new credit approval shall be necessary for Shipper's existing Agreement(s) unless subsequently amended; provided however, that Transporter shall have the right, with Shipper's assistance and cooperation, to update Shipper's credit file at any time.

## 28. RIGHT OF FIRST REFUSAL

- 28.1 Purpose. The purpose of this Section 28 is to provide the necessary information pertaining to the right of long-term firm Shippers to continue firm Transportation Service at the expiration of their Agreements by exercising a right of first refusal.
- 28.2 Eligibility. Any Shipper with a firm Agreement under a Part 284 Rate Schedule with an initial term of greater than two (2) years must give notice to the Transporter that Shipper desires to continue its Agreement at least two years in advance of the end of the primary term of the Agreement, and any Shipper with a firm Agreement under a Part 284 Rate Schedule with a primary term of (i) at least twelve (12) Months of consecutive Transportation Service, or (ii) firm Transportation Agreements with a primary term of more than one (1) year for service which is not available for twelve (12) consecutive months ("seasonal contracts") must give notice to Transporter that Shipper desires to continue its Agreement at least six (6) months in advance of the end of the primary term of the Agreement. Shipper also must agree that it will match (a) the longest term, up to the maximum term allowed by the Commission, and (b) the highest rate for such Service, up to the Maximum Recourse Rate, that is offered by any other person desiring such capacity; provided, however, that Transporter shall not be obligated to provide service at less than the Maximum Recourse Rate(s). A Shipper paying a Negotiated Rate which exceeds the Maximum Recourse Rate will be considered for purposes of this Section 28.2 to be paying the Maximum Recourse Rate as set forth in the Statements of Rates. Failure of the Shipper to give the notice specified will constitute a waiver of the Shipper's right of first refusal.
- 28.3 Procedure.
- (a) Transporter shall notify Shipper no later than three (3) Months prior to the expiration of the Agreement whether any outstanding bona fide offers exist for Transporter's capacity at a higher rate and/or for a longer term which could be satisfied by the relinquishment of Shipper's capacity. Offers will be deemed bona fide if made in compliance with Section 26 of these General Terms and Conditions. Any party that has an outstanding request for firm service under Section 26 of these General Terms and Conditions shall be notified and given the opportunity to specify the rate and term it is willing to offer for Shipper's capacity. If Transporter has received any such offers, Transporter shall inform Shipper of the rate, up to the Maximum Recourse Rate, and the term, up to a maximum time allowable by the Commission, that has been offered for Shipper's capacity. Shipper shall notify Transporter within ten (10) Business Days after notification whether it desires to match the rate and term offered, and, if so, to provide a binding commitment in writing to



Transporter to execute a contract containing said terms within the next thirty (30) Business Days.

- (b) If Transporter does not notify Shipper of the existence of any offers for Shipper's capacity under Section 28.3(a), Transporter and Shipper may negotiate the terms and conditions of a new Agreement; provided, however, that in no event shall Shipper have any automatic right to renew service at a negotiated or discounted rate; provided further, however, Shipper may select the term of the Agreement after agreeing to pay the Maximum Recourse Rates, and all applicable surcharges.

## 29. INCORPORATION IN RATE SCHEDULES AND AGREEMENTS

These General Terms and Conditions are incorporated in and are a part of Transporter's Rate Schedules and Agreements. To the extent there is any inconsistency between terms in these General Terms and Conditions and terms in Transporter's Rate Schedules or Agreements, these General Terms and Conditions shall govern.

### 30. NEGOTIATED RATES

- 30.1 **Availability.** Notwithstanding anything to the contrary contained in this Tariff, Transporter and Shipper may mutually agree to a Negotiated Rate and contract term for all or any portion of the capacity under any Part 284 Agreement, provided that Shipper has not acquired its capacity under the capacity release provisions of Section 25. If only a portion of the capacity under any Agreement will be priced at Negotiated Rates, the original Agreement must first be bifurcated, and the existing Maximum Recourse Rates or discounted rates will continue to apply to the Agreement not subject to the Negotiated Rates. If Transporter and Shipper fail to agree to a Negotiated Rate, Shipper may receive service at the applicable Maximum Recourse Rate, including surcharges, for service under the Rate Schedule applicable to the service.
- 30.2 **Filing Requirement.** Transporter will submit to the Commission a Statement of Negotiated Rates stating the exact legal name of the Shipper, the Negotiated Rate, the rate schedule, the contract term, the Receipt Point(s), Delivery Point(s), the MDQ, and where applicable, the exact formula underlying a Negotiated Rate for any Negotiated Rate Agreement. Unless Transporter executes and files a non-conforming Agreement, such Statement of Negotiated Rates will contain a statement that the Negotiated Rate Agreement does not deviate in any material respect from the Form of Service Agreement for the applicable Rate Schedule.
- 30.3 **Limitations.** This Section 30 does not authorize Transporter to negotiate terms and conditions of service.
- 30.4 **Right of First Refusal.** For purposes of exercising rights to continue service pursuant to Section 28 of these General Terms and Conditions, the highest rate that a Shipper must match if it desires to retain all or a portion of its capacity, and continue to receive firm service under the same rate schedule beyond the expiration date of such long-term firm Agreement, is the recourse rate for such service.
- 30.5 **Accounting Treatment.** Transporter shall maintain a separate account within Account 489.2, Revenues from Transportation of Gas of others through transmission facilities, for recording all revenues associated with charging Negotiated Rates. Transporter shall record each volume transported, billing determinant, rate component, surcharge, and the revenue associated with its Negotiated Rates so that this information can be filed, separately identified, and separately totaled, as part of and in the format of Statements G, I, and J in Transporter's next Section 4 rate case.

### 31. NORTH AMERICAN ENERGY STANDARDS BOARD ("NAESB") STANDARDS

Transporter has adopted all of the Business Practices and Electronic Communication Standards that were required by the Commission in 18 CFR Section 284.12(b) in accordance with Order No. 587 et al. In addition to the standards reflected in other provisions of this Tariff, the following NAESB Wholesale Gas Quadrant ("WGQ") standards, definitions and data sets, Version 1.8, and Recommendation WGQ 2008 Annual Plan Item 10 and Request No. R08026, where applicable, are incorporated herein by reference.

#### General Standards

0.2.1, 0.2.2, 0.2.3, 0.3.1, 0.3.2, 0.3.3, 0.3.4, 0.3.5, 0.3.6, 0.3.7, 0.3.8, 0.3.9, 0.3.10, 0.3.11, 0.3.12, 0.3.13, 0.3.14, 0.3.15, and 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, 1.2.13, 1.2.17, 1.2.18, 1.2.19, 1.3.2(vi), 1.3.4, 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, 1.3.27, 1.3.28, 1.3.29, 1.3.30, 1.3.31, 1.3.32, 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, 1.3.47, 1.3.48, 1.3.49, 1.3.50, 1.3.51, 1.3.52, 1.3.53, 1.3.54, 1.3.55, 1.3.56, 1.3.57, 1.3.58, 1.3.59, 1.3.60, 1.3.61, 1.3.62, 1.3.63, 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, 1.4.1, 1.4.2, 1.4.3, 1.4.4, 1.4.5, 1.4.6, and 1.4.7

#### Flowing Gas Standards

2.2.1, 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, 2.3.15, 2.3.17, 2.3.19, 2.3.20, 2.3.21, 2.3.22, 2.3.23, 2.3.25, 2.3.27, 2.3.28, 2.3.30, 2.3.31, 2.3.32, 2.3.33, 2.3.34, 2.3.35, 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, 2.4.1, 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, 2.4.12, 2.4.13, 2.4.14, 2.4.15, 2.4.16, 2.4.17, and 2.4.18

#### Invoicing Related Standards

3.3.1, 3.3.2, 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, 3.3.20, 3.3.21, 3.3.22, 3.3.23, 3.3.24, 3.3.25, 3.3.26, 3.4.1, 3.4.2, 3.4.3, and 3.4.4

#### Quadrant Electronic Delivery Mechanism 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, 4.3.5, 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, 4.3.29, 4.3.30, 4.3.31, 4.3.32, 4.3.33, 4.3.34, 4.3.35, 4.3.36, 4.3.38,

4.3.39, 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, 4.3.51, 4.3.52, 4.3.53, 4.3.54, 4.3.55, 4.3.56, 4.3.57, 4.3.58,  
4.3.59, 4.3.60, 4.3.61, 4.3.62, 4.3.65, 4.3.66, 4.3.67, 4.3.68, 4.3.69, 4.3.72,  
4.3.73, 4.3.74, 4.3.75, 4.3.76, 4.3.78, 4.3.79, 4.3.80, 4.3.81, 4.3.82, 4.3.83,  
4.3.84, 4.3.85, 4.3.86, 4.3.87, 4.3.89, 4.3.90, 4.3.91, 4.3.92, and 4.3.93

#### Capacity Release Related Standards

5.2.1, 5.2.2, 5.3.5, 5.3.9, 5.3.10, 5.3.11, 5.3.12, 5.3.17, 5.3.19, 5.3.20, 5.3.21,  
5.3.22, 5.3.23, 5.3.24, 5.3.27, 5.3.29, 5.3.30, 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, 5.3.43, 5.3.46,  
5.3.47, 5.3.52, 5.4.1, 5.4.2, 5.4.3, 5.4.4, 5.4.5, 5.4.6, 5.4.7, 5.4.8, 5.4.9, 5.4.10,  
5.4.11, 5.4.12, 5.4.13, 5.4.14, 5.4.15, 5.4.16, 5.4.17, 5.4.18, 5.4.19, 5.4.20,  
5.4.21, 5.4.22, and 5.4.23

#### Contracts Related Standards

6.3.3 (EDI Trading Partner Agreement)

#### Internet Electronic Transfer 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, 10.3.1, 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, 10.3.13, 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, and 10.3.25

## 32. DEFAULT AND TERMINATION

- 32.1 Except where different procedures for termination of an Agreement are expressly provided in the General Terms and Conditions, if Transporter or Shipper shall fail to perform any of the covenants or obligations imposed upon it under any Agreement into which these General Terms and Conditions are incorporated, then in such event the other party may, at its option, terminate such Agreement by proceeding as follows: The party not in default shall cause a written notice to be served on the party in default stating specifically the default under the Agreement and declaring it to be the intention of the party giving the notice to terminate such Agreement; thereupon the party in default shall have 30 Days after the service of the aforesaid notice in which to remedy or remove the cause or causes stated in the default notice and if within the said 30 Day period the party in default does so remove and remedy said cause or causes and fully indemnifies the party not in default for any and all consequences of such default, then such default notice shall be withdrawn and the Agreement shall continue in full force and effect.
- 32.2 In the event the party in default does not so remedy and remove the cause or causes, or does not indemnify the party giving the default notice for any and all consequences of such default within the said period of 30 Days, then, after any necessary authorization by regulatory bodies having jurisdiction, at the option of the party giving such default notice, the Agreement shall terminate.
- 32.3 Any termination of the Agreement pursuant to the provisions of this Section 32 shall be without prejudice to the right of Transporter to collect any amounts then due to it for Gas delivered or service provided prior to the date of termination, and shall be without prejudice to the right of Shipper to receive any Gas which it has not received but the Transportation of which has been paid prior to the date of termination, and without waiver of any other remedy to which the party not in default may be entitled for breaches of the Agreement.

### 33. STANDARDS OF CONDUCT COMPLIANCE PROCEDURES.

33.1 Complaints: In the event that a Shipper or potential Shipper has a complaint relative to service under this Tariff or Transporter's Standards of Conduct compliance procedures, the Shipper shall provide a description of the complaint, including the identification of the Transportation request (if applicable) and a clear and complete statement of the nature and basis of the complaint, together with supporting documentation, if any, to the appropriate contact personnel whose name(s) shall be posted on Transporter's Internet Website.

Transporter shall respond to a complaint within forty-eight (48) hours, and in writing within thirty (30) Days advising Shipper or potential Shipper of the disposition of the complaint. In the event the required date of Transporter's response falls on a Saturday, Sunday, or a holiday that affects Transporter, Transporter shall respond by the next Business Day.

#### 33.2 Informational Postings

All information required to be posted pursuant to the Commission's currently effective Standards of Conduct regulations will be provided on Transporter's Internet Website under Informational Postings. Such information will be updated as required by applicable regulation(s) issued by the Commission.

#### 34. LIMITATION OF LIABILITY OF MEMBERS AND OPERATOR

Shipper acknowledges and agrees that (a) Transporter is a Delaware limited liability company; (b) Shipper shall have no recourse against any member of Transporter with respect to Transporter's obligations under any Agreement and its sole recourse shall be against the assets of Transporter, irrespective of any failure to comply with applicable law or any provision of any Agreement; (c) no claim shall be made against the company operating the business and physical operations of Transporter or its members or the officers, employees, and agents of operator or its members (collectively "Operator"), under or in connection with any Agreement and the performance by Operator of its duties as Operator (provided that this provision shall not bar claims resulting from the gross negligence or willful misconduct of the Operator) and Shipper shall provide the Operator with a waiver of subrogation of Shipper's insurance company for all such claims; and (e) this representation is made expressly for the benefit of the members in Transporter and the Operator.



## 35. DISCOUNT POLICY

- 35.1 Any Shipper desiring a discount of the Maximum Recourse Rates for service under Transporter's open-access rate schedules must submit a valid request for such discount pursuant to the procedures of this Section 35. To be considered a valid request, Shipper must complete and submit a request for discount via the LINK® System, specifically including the information for all mandatory fields. Upon receipt of a valid request for a discount, Transporter will log such request and either deny or grant such request.
- 35.2 If and when Transporter discounts the rates applicable for service under any Agreement under Rate Schedules included in Transporter's FERC Gas Tariff, the amount of any such discount shall be accounted for as a reduction of Maximum Recourse Rates in the following sequence to the extent any of the following components are included in the Maximum Recourse Rates; the first item discounted shall be trackable rate components (if any), to the extent not otherwise agreed to in approved settlements, followed by the base rate (maximum less minimum rate and excluding all other components specified here).
- 35.3 In the event that Transporter agrees to discount its Maximum Recourse Rates under any of its open-access rate schedules, Transporter and Shipper may agree to the types of discounts specified herein without such discounts constituting a material deviation from Transporter's pro forma service agreement. Transporter and Shipper may agree that a specified discounted rate will apply:
- (i) only to specified quantities under the Agreement;
  - (ii) only if specified quantities are achieved or only with respect to quantities below a specified level;
  - (iii) only during specified periods of the year or for a specifically defined period;
  - (iv) only to specified points, combination of points, markets, Transportation Paths or other defined geographic area(s);
  - (v) only to reserves committed by Shipper;
  - (vi) only in a specified relationship to the quantities actually delivered (i.e., that the reservation charge will be adjusted in a specified relationship to quantities actually delivered);
  - (vii) so that the applicable rate may be adjusted in the following manner: when one rate component, which was equal to or within the applicable Maximum Recourse Rates and Minimum Recourse Rates at the time Shipper received the Discount Confirmation pursuant to Section 35.5 below specifying the terms of the discount, subsequently exceeds the applicable Maximum Recourse Rate or is below the applicable Minimum Recourse Rate, so that such rate component

must be adjusted downward or upward to equal the new applicable Maximum Recourse Rate or Minimum Recourse Rate, then other rate components may be adjusted upward or downward to achieve the agreed-upon overall rate, so long as none of the resulting rate components exceed the Maximum Recourse Rate or are below the Minimum Recourse Rate applicable to the rate component (such changes to rate components shall be applied prospectively, commencing with the date a Commission order accepts a revised Statement of Rates; however, nothing contained herein shall be construed to alter a refund obligation under applicable law for any period during which rates which had been charged under a Discount Confirmation exceeded rates which ultimately are found to be just and reasonable); and/or

(viii) based upon published index prices for specific Receipt Points and/or Delivery Points or other agreed-upon published pricing reference points for price determination (such discounted rate may be based upon a single published index price or the differential between published index prices or arrived at by formula;

provided that the discounted rate shall not change the underlying rate design, shall not include any minimum bill or minimum take obligation, and shall define the rate component to be discounted). Notwithstanding the foregoing, no discounted rate shall be less than the applicable Minimum Recourse Rate.

- 35.4 In the event that Transporter rejects Shipper's request for a discounted rate, Transporter shall notify Shipper via e-mail of the reason for such rejection.
- 35.5 The terms of any discount request granted by Transporter pursuant to this Section 35 shall be transmitted by e-mail to Shipper in the form of a Discount Confirmation. The Discount Confirmation shall identify the applicable Shipper's name, contract number, rate schedule, term of the discount, discount rate, applicable quantities, Receipt Point(s) and delivery, and/or the pipeline path being discounted. The Discount Confirmation may also include other information required for posting under the Commission's regulations and other conditions consistent with Section 35.3. No particular discount transaction shall be contractually binding on either Transporter or Shipper until Transporter has confirmed the terms of the discount upon Transporter's e-mail to Shipper of the Discount Confirmation for the transaction, subject to the underlying Agreement being fully executed. All discounts granted shall be effective no sooner than the beginning of the next Gas Day following the Gas Day on which the request is granted by Transporter. Once the discount is contractually binding, the Discount Confirmation will constitute an addendum to the underlying Agreement. Each such addendum is an integral part of the underlying Agreement as if executed by both parties and fully copied and set forth at length therein.

- 35.6 If Transporter's recourse rates are subject to refund at any time during the effectiveness of a Discount Confirmation, with respect to the applicable discounted rate, Shipper shall be entitled to refunds of payments made by Shipper only in the event that the final, non-appealable Maximum Recourse Rate, whether usage-based or reservation-based, as determined by the Commission for a given time period is lower than the rate actually paid by Shipper during such time period. Subject to the condition precedent set forth in the immediately preceding sentence, Shipper's principal refund amount shall be equal to (i) with respect to usage-based rates, the product of (aa) the positive difference between the final, non-appealable Maximum Recourse Rate and the discounted rate, and (bb) the quantities of Gas delivered to Shipper, or for Shipper's account, during the refund period; and (ii) with respect to reservation-based rates, the product of (cc) the positive difference between the final, non-appealable Maximum Recourse Rate and the discounted rate, (dd) the MDQ covered by the discounted rate, and (ee) the number of Months in the refund period (partial Months shall be prorated for the number of Days in the Month that fall within the refund period and a discounted rate that is not a Monthly rate shall be adjusted for purposes of this calculation to reflect the Monthly equivalent of the rate).

### 36. OFF-SYSTEM PIPELINE CAPACITY

From time to time, Transporter may enter into Transportation and/or storage agreements with other interstate or intrastate pipeline companies (individually, an "off-system pipeline"). In the event that Transporter acquires capacity on an off-system pipeline, Transporter will use such capacity for operational reasons and will only render Transportation Service to Shippers on the acquired capacity pursuant to Transporter's Tariff and subject to Transporter's approved rates, as such Tariff and rates may change from time to time. For purposes of Transportation Service on an off-system pipeline, the "shipper must have title" requirement is waived, permitting a Shipper utilizing such service to have title to the Gas on such off-system pipeline.

## **FORM OF SERVICE AGREEMENTS**

### **INDEX**

#### **DESCRIPTION/TITLE**

1. FTS Service Agreement
2. ITS Service Agreement
3. PALS Service Agreement
4. Capacity Release Umbrella Agreement
5. LINK® System Agreement

FORM OF SERVICE AGREEMENT  
(APPLICABLE TO RATE SCHEDULE FTS)

Date: \_\_\_\_\_,

Contract No. \_\_\_\_\_

SERVICE AGREEMENT

This AGREEMENT is entered into by and between Southeast Supply Header, LLC, ("Transporter") and \_\_\_\_\_ ("Shipper").

In consideration of the premises and of the mutual covenants herein contained, the parties do agree as follows:

1. Transporter agrees to provide and Shipper agrees to take and pay for service under this Agreement pursuant to Transporter's Rate Schedule FTS and the General Terms and Conditions of Transporter's Tariff, which are incorporated herein by reference and made a part hereof.
2. The Maximum Daily Quantity (MDQ) for service under this Agreement and any right to increase or decrease the MDQ during the term of this Agreement are listed on Exhibit C attached hereto. The Point(s) of Delivery are listed on Exhibit B attached hereto. Exhibit(s) A, B and C are incorporated herein by reference and made a part hereof.
3. This Agreement shall be effective on \_\_\_\_\_ and shall continue until \_\_\_\_\_ ("Primary Term") and from \_\_\_\_\_ to \_\_\_\_\_ thereafter (not less than year to year for the secondary term for Agreements with a primary term of more than 1 year) until terminated by Transporter or Shipper upon at least \_\_\_\_\_ [not less than 2 years for Agreements with a primary term of 2 years or more and not less than 1 year for Agreements with a primary term of more than 1 year but less than 2 years] prior written notice (if Transporter and Shipper agree on a fixed term, the evergreen and notice of termination language shall be deleted). Any portions of this Agreement necessary to correct or cash-out imbalances under this Agreement as required by the General Terms and Conditions of Transporter's FERC Gas Tariff shall survive the other parts of this Agreement until such time as such balancing has been accomplished.

[Only with respect to an Agreement that was executed by Transporter and Shipper on or before December 29, 2006, add the following language:

Notwithstanding any other provision in this Agreement, after service has commenced hereunder if as a result of an event of Force Majeure Transporter is not able to deliver Shipper's scheduled quantities for a period of one hundred eighty five (185) consecutive days during any three hundred sixty five (365) consecutive day period and at any minimum delivery pressure specified on Exhibit B of this Agreement, then Shipper shall have the right to terminate this Agreement or reduce the MDQ (with an associated reduction in the Delivery Point MDQs specified on Exhibit B of this Agreement) of this Agreement upon sixty (60) days prior written notice.]

4. Maximum rates, charges, and fees shall be applicable to service pursuant to this Agreement except during the specified term of a discounted or Negotiated Rate to which Shipper and Transporter have agreed. Provisions governing such discounted rate shall be as specified in the Discount Confirmation to this Agreement. Provisions governing such Negotiated Rate and term shall be as specified on an appropriate Statement of Negotiated Rates filed, with the consent of Shipper, as part of Transporter's Tariff. It is further agreed that Transporter may seek authorization from the Commission and/or other appropriate body at any time and from time to time to change any rates, charges or other provisions in the applicable Rate Schedule and General Terms and Conditions of Transporter's Tariff, and Transporter shall have the right to

place such changes in effect in accordance with the Natural Gas Act. Nothing contained herein shall be construed to deny Shipper any rights it may have under the Natural Gas Act, including the right to participate fully in rate or other proceedings by intervention or otherwise to contest increased rates in whole or in part.

5. Unless otherwise required in the Tariff, all notices shall be in writing and mailed to the applicable address below or transmitted via facsimile. Shipper or Transporter may change the addresses or other information below by written notice to the other without the necessity of amending this Agreement:

Transporter:

Shipper:

6. The interpretation and performance of this Agreement shall be in accordance with the laws of the State of \_\_\_\_\_, excluding conflicts of law principles that would require the application of the laws of a different jurisdiction.

7. This Agreement supersedes and cancels, as of the effective date of this Agreement, the contract(s) between the parties hereto as described below, if applicable,

[None or an appropriate description]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by their respective Officers and/or Representatives thereunto duly authorized to be effective as of the date stated above.

SHIPPER: \_\_\_\_\_

SOUTHEAST SUPPLY HEADER, LLC

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

FORM OF SERVICE AGREEMENT  
(APPLICABLE TO RATE SCHEDULE FTS)  
(continued)

EXHIBIT A

Point(s) of Receipt

Dated:

To the Agreement under Rate Schedule FTS between Southeast Supply Header, LLC (Transporter) and \_\_\_\_\_ (Shipper) concerning Point(s) of Receipt.

The Receipt Points available to Shipper pursuant to Section 4.1 of Rate Schedule FTS includes the following, and any additional Receipt Points constructed after the effective date of this Agreement:

Receipt Point	Maximum Receipt Pressure	Minimum Receipt Pressure
---------------	--------------------------	--------------------------

Signed for Identification

Transporter: \_\_\_\_\_

Shipper: \_\_\_\_\_

Supersedes Exhibit A Dated \_\_\_\_\_



FORM OF SERVICE AGREEMENT  
(APPLICABLE TO RATE SCHEDULE FTS)  
(continued)

Exhibit B

Point(s) of Delivery

Dated:

To the Agreement under Rate Schedule FTS between Southeast Supply Header, LLC (Transporter) and  
\_\_\_\_\_ (Shipper) concerning Point(s) of Delivery.

Primary  
Point of  
Delivery

Maximum Daily  
Delivery Obligation

Minimum  
Delivery Pressure

Signed for Identification

Transporter: \_\_\_\_\_

Shipper: \_\_\_\_\_

Supersedes Exhibit B Dated \_\_\_\_\_

FORM OF SERVICE AGREEMENT  
(APPLICABLE TO RATE SCHEDULE FTS)  
(continued)

Exhibit C

Transportation Quantities

Dated:

To the Agreement under Rate Schedule FTS between Southeast Supply Header, LLC (Transporter) and  
\_\_\_\_\_ (Shipper) concerning Transportation quantities.

MAXIMUM DAILY QUANTITY (MDQ):  
Dth

Period

Signed for Identification

Transporter: \_\_\_\_\_

Shipper: \_\_\_\_\_

Supersedes Exhibit C Dated \_\_\_\_\_

FORM OF SERVICE AGREEMENT  
(APPLICABLE TO RATE SCHEDULE ITS)

Date: \_\_\_\_\_,

Contract No. \_\_\_\_\_

SERVICE AGREEMENT

This AGREEMENT is entered into by and between Southeast Supply Header, LLC, ("Transporter") and \_\_\_\_\_ ("Shipper").

In consideration of the premises and of the mutual covenants herein contained, the parties do agree as follows:

1. Transporter agrees to provide and Shipper agrees to take and pay for service under this Agreement pursuant to Transporter's Rate Schedule ITS and the General Terms and Conditions of Transporter's Tariff, which are incorporated herein by reference and made a part hereof.
2. Maximum Daily Quantity \_\_\_\_\_ Dth
3. This Agreement shall be effective on \_\_\_\_\_ and shall continue until \_\_\_\_\_ ("Primary Term") and from \_\_\_\_\_ to \_\_\_\_\_ thereafter until terminated by Transporter or Shipper upon at least \_\_\_\_\_ prior written notice. Any portions of this Agreement necessary to correct or cash-out imbalances under this Agreement as required by the General Terms and Conditions of Transporter's Tariff shall survive the other parts of this Agreement until such time as such balancing has been accomplished.
4. Maximum rates, charges, and fees shall be applicable to service pursuant to this Agreement except during the specified term of a discounted or Negotiated Rate to which Shipper and Transporter have agreed. Provisions governing such discounted rate shall be as specified in the Discount Confirmation to this Agreement. Provisions governing such Negotiated Rate and term shall be as specified on an appropriate Statement of Negotiated Rates filed, with the consent of Shipper, as part of Transporter's Tariff. It is further agreed that Transporter may seek authorization from the Commission and/or other appropriate body at any time and from time to time to change any rates, charges or other provisions in the applicable Rate Schedule and General Terms and Conditions of Transporter's Tariff, and Transporter shall have the right to place such changes in effect in accordance with the Natural Gas Act. Nothing contained herein shall be construed to deny Shipper any rights it may have under the Natural Gas Act, including the right to participate fully in rate or other proceedings by intervention or otherwise to contest increased rates in whole or in part.
5. Unless otherwise required in the Tariff, all notices shall be in writing and mailed to the applicable address below or transmitted via facsimile. Shipper or Transporter may change the addresses or other information below by written notice to the other without the necessity of amending this Agreement:

Transporter:

Shipper:

6. The interpretation and performance of this Agreement shall be in accordance with the laws of the State of \_\_\_\_\_, excluding conflicts of law principles that would require the application of the laws of a different jurisdiction.
  
7. This Agreement supersedes and cancels, as of the effective date of this Agreement, the contract(s) between the parties hereto as described below, if applicable:

[None or an appropriate description]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by their respective Officers and/or Representatives thereunto duly authorized to be effective as of the date stated above.

SHIPPER: \_\_\_\_\_

SOUTHEAST SUPPLY HEADER, LLC

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

FORM OF SERVICE AGREEMENT  
(APPLICABLE TO RATE SCHEDULE PALS)

Date: \_\_\_\_\_,

Contract No. \_\_\_\_\_

SERVICE AGREEMENT

This AGREEMENT is entered into by and between Southeast Supply Header, LLC, ("Transporter") and \_\_\_\_\_ ("Shipper").

In consideration of the premises and of the mutual covenants herein contained, the parties do agree as follows:

1. Transporter agrees to provide and Shipper agrees to take and pay for service under this Agreement pursuant to Transporter's Rate Schedule PALS and the General Terms and Conditions of Transporter's Tariff, which are incorporated herein by reference and made a part hereof.
2. The Maximum Park Quantity or Maximum Loan Quantity, as appropriate, and the PALS Point(s) of Transaction are set forth in the Exhibit(s) A to this Agreement. Shipper shall initiate a request for each park or loan service transaction by executing and delivering to Transporter one or more Exhibit(s) A. Upon execution by Transporter, Shipper's Exhibit(s) A shall be incorporated in and made a part hereof.
3. This Agreement shall be effective on \_\_\_\_\_ and shall continue until and including \_\_\_\_\_ ("Primary Term") and from \_\_\_\_\_ to \_\_\_\_\_ thereafter until terminated by Transporter or Shipper upon at least \_\_\_\_\_ prior written notice. Any portions of this Agreement necessary to correct or cash-out imbalances under this Agreement as required by Rate Schedule PALS and the General Terms and Conditions of Transporter's FERC Gas Tariff shall survive the other parts of this Agreement until such time as such balancing has been accomplished.
4. Maximum rates, charges, and fees shall be applicable to service pursuant to this Agreement except during the specified term of a discounted or Negotiated Rate to which Shipper and Transporter have agreed. Provisions governing such discounted rate shall be as specified in the Discount Confirmation to this Agreement. Provisions governing such Negotiated Rate and term shall be as specified on an appropriate Statement of Negotiated Rates filed, with the consent of Shipper, as part of Transporter's Tariff. It is further agreed that Transporter may seek authorization from the Commission and/or other appropriate body at any time and from time to time to change any rates, charges or other provisions in the applicable Rate Schedule and General Terms and Conditions of Transporter's Tariff, and Transporter shall have the right to place such changes in effect in accordance with the Natural Gas Act. Nothing contained herein shall be construed to deny Shipper any rights it may have under the Natural Gas Act, including the right to participate fully in rate or other proceedings by intervention or otherwise to contest increased rates in whole or in part.
5. Unless otherwise required in the Tariff, all notices shall be in writing and mailed to the applicable address below or transmitted via facsimile. Shipper or Transporter may change the addresses or other information below by written notice to the other without the necessity of amending this Agreement:

Transporter:

Shipper:

6. The interpretation and performance of this Agreement shall be in accordance with the laws of the State of \_\_\_\_\_, excluding conflicts of law principles that would require the application of the laws of a different jurisdiction.
7. This Agreement supersedes and cancels, as of the effective date of this Agreement, the contract(s) between the parties hereto as described below, if applicable:

[None or an appropriate description]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by their respective Officers and/or Representatives thereunto duly authorized to be effective as of the date stated above.

SHIPPER: \_\_\_\_\_

SOUTHEAST SUPPLY HEADER, LLC

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

FORM OF SERVICE AGREEMENT  
(APPLICABLE TO RATE SCHEDULE PALS)  
(continued)

SOUTHEAST SUPPLY HEADER, LLC  
PARK AND LOAN (PALS) AGREEMENT  
DATED \_\_\_\_\_

EXHIBIT A-\_\_ DATED \_\_\_\_\_

TRANSPORTER: Southeast Supply Header, LLC  
5400 Westheimer Court  
Houston, Texas 77056-5310

Attention: Spectra Energy Transmission Marketing Department

SHIPPER: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

	Commencement Service Date -----	Termination of Service Date -----	Maximum Park/Loan Quantity -----	Specific Points -----
Park Service	_____	_____	_____	_____
Loan Service	_____	_____	_____	_____

SOUTHEAST SUPPLY HEADER, LLC

By: \_\_\_\_\_

ATTEST: \_\_\_\_\_

\_\_\_\_\_ [NAME OF SHIPPER]

By: \_\_\_\_\_

ATTEST: \_\_\_\_\_

FORM OF SERVICE AGREEMENT FOR  
CAPACITY RELEASE UMBRELLA AGREEMENT UNDER  
RATE SCHEDULE FTS

This Umbrella Service Agreement, made and entered into this \_\_\_\_ day of \_\_\_\_\_, by and between \_\_\_\_\_ (Replacement Shipper), and Southeast Supply Header, LLC (Transporter),

WITNESSETH:

WHEREAS,

NOW, THEREFORE, for and in consideration of the mutual covenants and promises herein contained, the Replacement Shipper and Transporter hereby agree as follows:

ARTICLE I  
SCOPE OF AGREEMENT

Subject to the terms, conditions and limitations hereof, so long as the financial evaluation and credit appraisal requirements are met in order for Replacement Shipper to be on Transporter's approved bidder list for capacity releases and execute this Umbrella Service Agreement pursuant to Section 25 of Transporter's GT&C, and this Umbrella Service Agreement is effective, Replacement Shipper may bid from time to time on proposed capacity releases under Rate Schedule FTS pursuant to the procedure set forth in Section 25 of Transporter's GT&C. If at anytime a bid submitted by Replacement Shipper is accepted by Transporter with respect to a given capacity release, Transporter will promptly finalize by means of Transporter's LINK® System the appropriate Addendum to this Umbrella Service Agreement, in the format attached hereto, depending upon the rate schedule under which the capacity is being released. An 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 the General Terms and Conditions of Transporter's Tariff. The parties agree that each Addendum is an integral part of this Umbrella Service Agreement as if executed by the parties hereto and fully copied and set forth herein at length and is binding on the parties hereto. Upon finalization of such Addendum, Replacement Shipper and Transporter agree that Replacement Shipper shall be considered for all purposes as a Shipper with respect to the released service.

Upon the finalization of an Addendum, subject to the terms, conditions and limitations hereof and of Transporter's Rate Schedule FTS, Transporter agrees to provide the applicable released service for Replacement Shipper under the applicable rate schedule, provided however, the Replacement Shipper qualified under the financial evaluation and credit appraisal requirements set forth in Section 27 of Transporter's GT&C at the time it submitted the bid Transporter accepted with respect to such release.

Replacement Shipper hereby agrees to promptly provide any information necessary for Transporter to reevaluate Transporter's credit appraisal as contemplated by Section 27 of Transporter's GT&C and to advise Transporter of any material change in the information previously provided by the Replacement Shipper to Transporter.

ARTICLE II  
TERM OF AGREEMENT



The term of this Agreement shall commence on \_\_\_\_\_ and shall continue in force and effect until \_\_\_\_\_ and \_\_\_\_\_ to \_\_\_\_\_ thereafter unless this Umbrella Service Agreement is terminated as hereinafter provided. If Transporter determines at anytime that Replacement Shipper fails to meet the financial standards or credit criteria of Section 27 of the GT&C, Transporter may terminate this agreement and all Addenda attached hereto prospectively in accordance with Section 27 of the GT&C.

### ARTICLE III RATE SCHEDULE

This Umbrella Service Agreement does not have separate terms and conditions for particular services, but only provides a means for a Replacement Shipper to utilize a service subject to the applicable provisions of the relevant Agreement and the terms and conditions for Rate Schedule FTS, by finalization of a copy of an Addendum attached hereto and fully incorporated herein as a part of this Umbrella Service Agreement.

If Replacement Shipper utilizes an agent, it will so indicate on the appropriate Addendum, along with any terms and conditions relevant to such agency relationship. Transporter will act in accordance with the Addendum and in so acting will be fully protected in relying upon such agent.

Replacement Shipper agrees that Transporter shall have the unilateral right to file with the appropriate regulatory authority and make changes effective in (a) the rates and charges applicable to service pursuant to this Umbrella Service Agreement (b) the terms and conditions of this Umbrella Service Agreement, pursuant to which service hereunder is rendered or (c) any provision of the GT&C applicable to this Umbrella Service Agreement. Transporter agrees that the Replacement Shipper may protest or contest the aforementioned filings, unless the Replacement Shipper has otherwise agreed not to protest or contest any or all of the aforementioned filings, and the Replacement Shipper does not waive any rights it may have with respect to such filings.

### ARTICLE IV ADDRESSES

Except as herein otherwise provided or as provided in the GT&C of this Tariff, any notice, request, demand, statement, invoice or payment provided for in this Umbrella Service Agreement, or any notice which any party may desire to give to the other, shall be in writing and shall be considered as duly delivered when mailed by registered, certified, or regular mail to the post office address of the parties hereto, as the case may be, as follows:

(a) Transporter:

(b) Replacement Shipper:

or such other address as either party shall designate by formal written notice.

### ARTICLE V INTERPRETATION

The interpretation and performance of this Umbrella Service Agreement shall be in accordance with the laws of the State of \_\_\_\_\_, without recourse to the law governing conflict of laws.

This Umbrella Service Agreement and the obligations of the parties are subject to all present and future valid laws with respect to the subject matter, either State or Federal, and to all valid present and future orders, rules, and regulations of duly constituted authorities having jurisdiction.

ARTICLE VI  
RELATIONSHIP BETWEEN REPLACEMENT SHIPPER  
AND RELEASING SHIPPER

The parties recognize that, pursuant to Commission orders, Releasing Shipper may require that the Replacement Shipper agree that a breach of this Agreement, including a failure to pay, or to pay timely, by Replacement Shipper under this Agreement, constitutes a breach of contract as between Replacement Shipper and Releasing Shipper. The existence of such an agreement will be indicated on the appropriate Addendum to this Capacity Release Umbrella Agreement. If Replacement Shipper fails to pay Transporter, fails to timely pay Transporter, or otherwise breaches this Agreement with Transporter: (a) both Replacement Shipper and Releasing Shipper (except to the extent otherwise provided in Section 25.2(a) of the GT&C and except with respect to penalties attributable to Replacement Shipper's conduct) shall be liable to Transporter for such failure to pay or breach (it being understood that nothing in this Article VI relieves Releasing Shipper from responsibility to pay Transporter in accordance with its Agreements with Transporter) and (b) if, as a result of such breach by Replacement Shipper, Releasing Shipper is accordingly required to pay Transporter or otherwise perform, Releasing Shipper may have a cause of action for breach against Replacement Shipper.

IN WITNESS WHEREOF, the parties hereto have caused this Umbrella Service Agreement to be signed by their respective Presidents, Vice Presidents or other duly authorized agents and their respective corporate seals to be hereto affixed and attested by their respective Secretaries or Assistant Secretaries, the day and year first above written.

SOUTHEAST SUPPLY HEADER, LLC

By \_\_\_\_\_

ATTEST:

\_\_\_\_\_

By \_\_\_\_\_

ATTEST:

\_\_\_\_\_

FORM OF SERVICE AGREEMENT FOR  
CAPACITY RELEASE UMBRELLA AGREEMENT UNDER  
RATE SCHEDULE FTS  
(continued)

Deal No.: \_\_\_\_\_  
Southeast Supply Header, LLC Addendum Contract No.: \_\_\_\_\_  
Capacity Release Umbrella Agreement No.: \_\_\_\_\_

Addendum No. \_\_\_\_\_  
Capacity Release Rate Schedule \_\_\_\_\_

Replacement Shipper: \_\_\_\_\_  
Releasing Shipper: \_\_\_\_\_

Releasing Shipper's Contract No.: \_\_\_\_\_

Begin Date of Release: \_\_\_\_\_

End Date of Release: \_\_\_\_\_

Rates: [Volumetric or Reservation]

U.S. \$

Surcharges:

Description	Rate
_____	\$ _____
_____	\$ _____
_____	\$ _____

FORM OF SERVICE AGREEMENT FOR  
CAPACITY RELEASE UMBRELLA AGREEMENT UNDER  
RATE SCHEDULE FTS  
(continued)

Addendum No. \_\_\_\_ (Con't)  
Capacity Release  
Rate Schedule \_\_\_\_

Volume Commitment \_\_\_\_\_ (Dth/Monthly Billing Period)

Maximum Daily Quantity (MDQ): \_\_\_\_\_(Dth)

Billable Quantities:

Service:

From	To	Quantity
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

FORM OF SERVICE AGREEMENT FOR  
CAPACITY RELEASE UMBRELLA AGREEMENT UNDER  
RATE SCHEDULE FTS  
(continued)

Addendum No.\_\_\_\_ (Con't)  
Capacity Release  
Rate Schedule \_\_\_\_

Specific Firm Delivery Point(s):

Delivery Point	Delivery Point MDQ	Effective From	Effective To
----------------	--------------------	----------------	--------------

Is this capacity subject to right of recall? Yes \_\_\_\_ No \_\_\_\_

Recall Conditions (if applicable):

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Are there any restrictions on released capacity? Yes \_\_\_\_ No \_\_\_\_

Restrictions (if applicable):

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FORM OF SERVICE AGREEMENT FOR  
CAPACITY RELEASE UMBRELLA AGREEMENT UNDER  
RATE SCHEDULE FTS  
(continued)

Addendum No.\_\_\_\_ (Con't)  
Capacity Release  
Rate Schedule \_\_\_\_

Was Southeast Supply Header System, LLC's default bid evaluation criteria used?  
Yes \_\_\_\_ No \_\_\_\_

Evaluation Criteria (if applicable):

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Were contingent bids accepted? Yes \_\_\_\_ No \_\_\_\_

Contingency comments (if applicable):

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Other Terms and Conditions of Release: [e.g., restrictions on release, third party agent and terms of third party agency relationship, and agreements between Replacement Shipper and Releasing Shipper]

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This Addendum, entered into, pursuant to Southeast Supply Header, LLC's capacity release program and to the executed Capacity Release Umbrella Agreement between Southeast Supply Header, LLC and the Replacement Shipper, is heretofore made a part of and subject to the aforementioned Capacity Release Umbrella Agreement.

FORM OF SERVICE AGREEMENT  
FOR THE LINK® SYSTEM

This LINK® System Agreement, executed this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between \_\_\_\_\_ (Service Requester Proprietary Number \_\_\_\_\_) ("LINK® System Subscriber"), and SOUTHEAST SUPPLY HEADER, LLC (hereafter referred to as "Transporter"), witnesseth that for and in consideration of the mutual covenants and provisions herein contained and subject to all of the terms, provisions and conditions herein set forth, LINK® System Subscriber and Transporter do hereby agree as follows:

ARTICLE I  
SCOPE OF AGREEMENT

- a. Transporter shall make available for use by LINK® System Subscriber Transporter's computerized Electronic Communication system, the LINK® Customer Interface System ("LINK® System"), to perform such functions as may be available on the LINK® System from time to time.
- b. Use of the LINK® System is subject to the General Terms and Conditions, as well as the provisions of any Rate Schedule and Agreement, as set forth in Transporter's currently effective FERC Gas Tariff, as effective from time to time, and which are hereby incorporated by reference.
- c. LINK® System Subscriber agrees that Transporter shall have the unilateral right to file with the appropriate regulatory authority and to make changes effective in (a) the rates and charges applicable to service pursuant to this LINK® System Agreement; and (b) any provision of Transporter's FERC Gas Tariff related to this LINK® System Agreement. Transporter agrees that LINK® System Subscriber may protest or contest the aforementioned filings, and LINK® System Subscriber does not waive any rights it may have with respect to such filings.

ARTICLE II  
TERM

The term of this LINK® System Agreement shall commence on the date of execution hereof and shall continue in full force and effect on a month to month basis until terminated by Transporter or LINK® System Subscriber, with thirty days prior written notice of such termination.

ARTICLE III  
ADDRESSES

Except as provided in the General Terms and Conditions of Transporter's Tariff, any notice, request, demand, statement, bill or payment pursuant to this LINK® System Agreement shall be in writing and shall be considered as duly delivered when received on-line via the LINK® System, or when received as registered, certified, or regular mail at the address of the parties hereto, as the case may be, as follows:

- (a) Transporter: Spectra Energy Transmission  
Attn: LINK® Services, Room WO 3I-32  
5400 Westheimer Court  
P.O. Box 1642  
Houston, TX 77251-1642

- (b) LINK® System Subscriber:  
[The address LINK® System Subscriber shall designate by submitting the on-line Contact Information as discussed in the Electronic Communications section of the General Terms and Conditions of the relevant Pipeline's tariff.]

ARTICLE IV  
INTERPRETATION

The interpretation and performance of this LINK® System Agreement shall be in accordance with the laws of the State of Texas without recourse to the law governing conflicts of law.

This LINK® System Agreement and the obligations of the parties are subject to all present and future valid laws with respect to the subject matter hereof, either State or Federal, and to all valid present and future orders, rules, and regulations of duly constituted authorities having jurisdiction.

ARTICLE V  
AGREEMENTS BEING SUPERSEDED

When this LINK® System Agreement becomes effective, it shall supersede any LINK® System Agreement(s) between the parties hereto with an earlier execution date.

IN WITNESS WHEREOF, the parties hereto have caused this LINK® System Agreement to be signed by their respective agents thereunto duly authorized, the day and year first above written.

SOUTHEAST SUPPLY HEADER, LLC

By: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_  
Signature

LINK® System Subscriber

By: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_  
Signature



## **INDEX OF FIRM CUSTOMERS**

In accordance with Section 284.13(c) of the Commission's Regulations, Transporter maintains an index of firm customers on its Internet Web site in a downloadable format.

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**Southeast Supply Header, LLC**  
**First Revised Volume No. 1**

**5. LINK System Agreement**  
**Part 8 Index of Firm Customers**