

## GENERAL TERMS AND CONDITIONS

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Unless otherwise stated, these General Terms and Conditions apply to all transportation service provided under this Tariff.

## 1. DEFINITIONS

- 1.1 "Backhaul" - shall mean a transaction that is nominated opposite the daily physical flow of Gas and which is scheduled via displacement.
- 1.2 "Bidding Shipper" - shall mean any Shipper who is pre-qualified pursuant to Section 9 of the GT&C to bid for capacity or who is a party to a prearranged release.
- 1.3 "British Thermal Unit" ("Btu") – One (1) "Btu" shall mean one British thermal unit as defined by NAESB WGQ Flowing Gas Related Standards, Version 2.0, 1.3.14, 2.3.9, and 2.3.10, as amended by FERC.
- 1.4 "Bumping" or "Bump" - shall mean:
- (a) The reduction of a previously scheduled and confirmed interruptible transportation quantity to permit Transporter to schedule and confirm a firm transportation nomination which has a higher priority and which was submitted as an intraday nomination.
  - (b) In the event that a discount is granted pursuant to Section 3.2 of Rate Schedule FT that affects previously scheduled quantities, "Bumping" or "Bump" shall also mean the reduction of a firm transportation quantity previously scheduled and confirmed to permit Transporter to schedule and confirm a firm transportation intraday nomination which has a higher priority.
  - (c) In the event of an intraday recall of released capacity, "Bumping" or "Bump" shall also mean the reduction of the Replacement Shipper's previously scheduled and confirmed firm transportation quantity.

Bumping that affects transactions on multiple Transportation Service Providers should occur at grid-wide synchronization times only (NAESB WGQ Standard 1.3.39). Absent an agreement to the contrary between Transporter, Shipper and any affected interconnect party, a Bump shall not result in a scheduled quantity that is less than the applicable elapsed pro rated flow quantity. Elapsed-prorated-scheduled quantity means that portion of the scheduled quantity that would have theoretically flowed up to the effective time of the intraday nomination being confirmed, based upon a cumulative uniform Hourly quantity for each nomination period affected (NAESB WGQ Standard 1.2.12).

- 1.5 "Business Day" – shall mean Monday through Friday, excluding Federal Banking Holidays for transactions in the United States, and similar holidays for transactions occurring in Canada and Mexico. (NAESB WGQ Standard 3.2.1)
- 1.6 "Cash Out" – shall mean the valuation of an imbalance at a market-related price pursuant to the requirements of Section 10.3 of the GT&C.

- 1.7 "Cautionary Condition" – shall mean any period when an Advisory Action, Directional Notice, Critical Time Operational Flow Order, Or Unilateral Action is declared pursuant to Sections 11.3, 11.4, 11.5, or 11.6 of the GT&C, respectively.
- 1.8 "Critical Notice" – shall be defined, in conformance with NAESB WGQ Standard 5.2.1, as any notice which pertains to information of conditions on Transporter's System that affect scheduling or adversely affect scheduled Gas flow.
- 1.9 "Day" or "Gas Day" – shall mean a period of 24 consecutive Hours, except for those Days that are adjusted for Daylight Savings Time, commencing and ending at 9:00 a.m., Central Clock Time ("CCT"), or such other period as the parties may agree upon. "Clock time" indicates that Transporter will adjust its Gas Day to reflect changes for Daylight Savings Time.
- 1.10 "Dekatherm" ("Dth") - One (1) Dth shall mean a quantity of Gas containing one million (1,000,000) Btu's.
- 1.11 "Electronic Bulletin Board" ("EBB") – shall mean Transporter's EBB which is available at Transporter's designated Internet Website at [www.pipeline.tallgrassenergyllp.com](http://www.pipeline.tallgrassenergyllp.com), pursuant to Section 20 of the GT&C.
- 1.12 "EPC" – shall mean the Electric Power Costs surcharge described in Section 28 of the GT&C.
- 1.13 "Federal Energy Regulatory Commission" – shall mean the federal regulatory agency, or any succeeding agency, having jurisdiction of this Gas Tariff, also referred to as "FERC" or "Commission."
- 1.14 "FL&U" – shall mean Fuel Gas and Lost and Unaccounted for Gas.
- 1.15 "FL&U True-Up Amount" – shall mean the amount calculated in accordance with Section 13.5 of the GT&C.
- 1.16 "FL&U True-Up Filing" – shall mean the filing to update the FL&U Reimbursement Percentage pursuant to Section 13.4 of the GT&C.
- 1.17 "FL&U Reimbursement Percentage" – shall mean the charge for FL&U assessed pursuant to Section 13 of the GT&C.

- 1.18 "Greenhouse Gas Allowance" – shall mean a limited authorization to emit, or have attributable greenhouse gas emissions in an amount of 1 metric ton of carbon dioxide equivalent of a greenhouse gas in accordance with a state, regional, or federal legislation or international agreements. Such term includes both US based emission allowances and international emission allowances. The international emission allowance may be issued by a national or supranational foreign government pursuant to a qualifying international program designated by the US federal government or the United Nations Framework Convention on Climate Change.
- 1.19 "GT&C" – shall mean the Transportation General Terms and Conditions of this Tariff.
- 1.20 "Heating Value" – shall mean the quantity of heat, measured in Btu, produced by combustion in air of one (1) cubic foot of anhydrous Gas at a temperature of sixty degrees Fahrenheit (60°F) and a constant pressure of fourteen and seventy-three hundredths pounds per square inch absolute (14.73 psia), the air being at the same temperature and pressure as the Gas, after the products of combustion are cooled to the initial temperature of the Gas and air, and after condensation of the water formed by combustion.
- 1.21 "Hour" or "Hourly" - shall mean a period of 60 consecutive minutes beginning at the top of each Hour of the Gas Day and ending at the top of the next Hour (i.e. Hour 1 starts at 9:00 a.m. CCT and ends at 10:00 a.m. CCT).
- 1.22 "Imbalance Trade" – shall mean the reallocation of an imbalance quantity from one Shipper's TSA to another Shipper's TSA in order to reduce the imbalance of both Shippers pursuant to Section 10.2 of the GT&C.
- 1.23 "Initial Shipper" – shall mean a Shipper identified as an initial shipper for the Ruby Pipeline project in Docket No. CP09-54-000.
- 1.24 "Interconnecting Party" - shall mean the party or such party's designee that is responsible for operations of a Natural Gas system which interconnects with Transporter's pipeline system and is responsible for verifying nominations and scheduling Gas flow at such point of interconnections. An Interconnecting Party is also a Confirming Party. Each Interconnecting Party is required to submit confirmation pursuant to the timelines identified in Section 6 of the GT&C, unless specifically exempted by Transporter on a not unduly discriminatory basis.
- 1.25 "Long-Term Firm" – shall mean firm service applicable to a TSA with a term greater than or equal to one year.
- 1.26 "Long-Term Firm Subscription" – shall mean firm service applicable to a TSA with a term greater than or equal to ten years.
- 1.27 "Malin Hub" – shall mean Gas transportation facilities located near Malin, Oregon.

- 1.28 "Maximum Delivery Quantity" or "MDQ" - shall mean the maximum quantity of Gas, expressed in Dth per Day, which Transporter shall be obligated to deliver under a firm TSA.
- 1.29 "MIP" – shall mean monthly index price.
- 1.30 "Month" – shall mean a period commencing on the first Day of the corresponding calendar month and ending on the first Day of the next following calendar Month.
- 1.31 "Monthly Maintenance Schedule" – shall mean the notice Transporter posts on its EBB prior to bid-week for the subsequent month that contains a list of scheduled maintenance activities Transporter anticipates conducting in the subsequent month which are likely to result in curtailment or outages on the pipeline.
- 1.32 "NAESB WGQ Standards" – shall mean the business practices and electronic communication practices promulgated by the Wholesale Gas Quadrant ("WGQ") of the North American Energy Standards Board ("NAESB") and adopted and codified by the Commission in compliance with 18 CFR, Section 284.12, as described in Section 23 of the General Terms and Conditions.
- 1.33 "Natural Gas" or "Gas" – shall mean any mixture of hydrocarbons or of hydrocarbons and noncombustible gases, in a gaseous state, consisting essentially of methane.
- 1.34 "Non-Cautionary Condition" – shall mean any period except when a Cautionary Condition has been declared pursuant to Section 11.1 of the GT&C.
- 1.35 "Offset" – shall mean a unit of reduction or avoidance in the quantity of greenhouse gas emissions or an increase in sequestration equal to one carbon dioxide equivalent issued, recognized or independently verified under a governmental or voluntary program pursuant to a project or activity that reduces or avoids greenhouse gas emissions, or sequesters greenhouse gases.
- 1.36 "One Thousand Cubic Feet" ("Mcf") – shall mean the quantity of Natural Gas occupying a volume of one thousand (1,000) cubic feet at a temperature of sixty degrees Fahrenheit (60°F) and at a pressure of fourteen and seventy-three hundredths pounds per square inch absolute (14.73 psia).
- 1.37 "Opal Hub" – shall mean Gas transportation facilities located near Opal, Wyoming.
- 1.38 "Operator" – shall mean the person or entity that is responsible for the operation of a facility at which Gas flows into or out of Transporter's System.
- 1.39 "Pool" – shall mean a physical or logical point determined by Transporter at which supplies may be aggregated and disaggregated. Pool(s) are not valid receipt or delivery points for determination of Primary Point(s), capacity scheduling, or for capacity release.



- 1.40 “Pooler” – shall mean that party holding an executed Pooling Service Agreement under this Tariff and on whose behalf Gas is being aggregated at a Pool. For purpose of nominations, the term “Pooler” is synonymous with “Shipper”.
- 1.41 “Pooling” – shall mean the aggregation of multiple sources of supply to a single quantity and the disaggregation of such quantity to multiple markets or market contract(s). In particular, “Headstation Pooling” shall mean the aggregation of supplies from one or more physical or logical receipt point(s) to a designated Pool and the disaggregation of such aggregated quantities to one or more TSA(s).
- 1.42 “Pooling Area” – shall mean the area implied by the designation of various Segment(s) related to a specific Pool. Transporter’s Pooling Area(s), the receipt point(s), and the related headstation pool point(s) shall be posted on Transporter’s EBB.
- 1.43 "Prearranged Shipper" - shall mean any Shipper which is qualified, pursuant to Section 9 of the GT&C, and seeks to acquire capacity under a prearranged release for which notice is given pursuant to Section 9.6.
- 1.44 "Primary Capacity" - shall mean the transmission system capacity on any portion of the Primary Receipt-to-Delivery Flow Path reserved for a Shipper under a firm TSA. On any pipeline Segment, Primary Capacity is limited by the primary receipt point quantity upstream of such Segment and the primary delivery point quantity downstream of such Segment, whichever is less.
- 1.45 "Primary Point(s)" - shall mean those receipt and delivery point(s) where Shipper is entitled to firm service.
- 1.46 "Qualified Point(s)" - shall mean a valid delivery point for Hourly delivery services and must meet the following criteria:
- (a) A Qualified Point must be supported by measurement equipment that can provide custody-transfer quality data on an Hourly basis.
  - (b) The Operator at a Qualified Point must agree to support non-ratable hourly Gas flows.
  - (c) All Qualified Points will be identified on Transporter's EBB.
- 1.47 “Rate Default” – shall mean the term used for index-based capacity release transactions to describe the non-biddable rate specified in the capacity release offer to be used for invoicing purposes when the result of the index-based formula is unavailable or cannot be computed. If a Rate Default is not otherwise specified, the Rate Floor should serve as the Rate Default. (NAESB Standard 5.2.5)
- 1.48 “Rate Floor” – shall mean the term used for index-based capacity release transactions to describe the lowest rate specified in the capacity release offer in dollars and cents that is acceptable to the Releasing Shipper. The Rate Floor may not be less than Transporter’s

minimum reservation rate or zero cents when there is no stated minimum reservation rate. (NAESB Standard 5.2.4)

- 1.49 "Receipt-to-Delivery Flow Path" - shall mean the path of Gas through and from a receipt point to and through a delivery point. Furthermore, "Primary Receipt-to-Delivery Flow Path" shall mean the path of Gas through and from primary receipt point(s) to and through primary delivery point(s). The direction of flow shall be deemed to be from the primary receipt point to the primary delivery point.
- 1.50 "Releasing Shipper" – shall mean any Shipper with a TSA under Rate Schedule FT who elects to release all or a portion of its firm capacity, subject to the capacity release program contained in Section 9 of the GT&C.
- 1.51 "Renewable Energy Credit" – shall mean a credit, representing one megawatt hour of renewable electricity, issued pursuant to a state, regional, or federal legislation.
- 1.52 "Replacement Capacity Agreement" – shall mean the agreement pursuant to which a Replacement Shipper acquires transportation services on Transporter pursuant to Section 9 of the GT&C.
- 1.53 "Replacement Shipper" - shall mean any Shipper who acquired capacity rights from a Releasing Shipper through Transporter's capacity release program as contained in Section 9 of the GT&C.
- 1.54 "Right-of-first-refusal" or "ROFR" – shall mean a right of first refusal as described in Section 4.9 of the GT&C.
- 1.55 "Secondary Capacity" - shall mean capacity nominated under a firm TSA that is other than Primary Capacity or overrun capacity.
- 1.56 "Secondary Point(s)" - shall mean those receipt and delivery points which are not specified in the firm TSA as Primary Points.
- 1.57 "Secondary Delivery Point" - shall mean a delivery point which is not specified in the firm TSA as a primary delivery point.
- 1.58 "Secondary Receipt Point" - shall mean a receipt point which is not specified in the firm TSA as a primary receipt point.
- 1.59 "Segment" or "Segmented" - shall mean a discrete portion of Transporter's pipeline system between two specific locations. Transporter shall evaluate the operating capacity of the Segment against the capacity requested for transportation service(s) by Shippers. In the event the requested capacity exceeds the Segment operating capacity, Transporter will follow the procedures specified in GT&C Section 6 to reduce the transportation requests to the Segment operating capacity.

- 1.60 "Segmentation" - shall mean the ability of a Shipper holding a firm TSA to subdivide such capacity into Segments and to use those Segments for different capacity transactions. Segmentation may be implemented by the Shipper by designating a number of discrete transportation combinations (receipt points to delivery points), each of which being equal to or less than Shipper's Primary Capacity for that pipeline Segment. The applicability and prerequisites for Segmentation are described in Section 8 of the GT&C.
- 1.61 "Shipper" – shall mean any person or entity which either (a) is receiving service under an effective TSA on Transporter's System; (b) has executed a service agreement under any rate schedule; or (c) has completed a request for service.
- 1.62 "Short-Term Firm" – shall mean firm service applicable to a TSA with a term less than one year.
- 1.63 "Transportation Service Agreement" or "TSA" – shall mean the contract between Transporter and Shipper setting forth rights and obligations of the parties with respect to the transportation of Natural Gas.
- 1.64 "Transportation Service Provider" – shall mean Transporter and any other natural gas pipeline subject to regulation by FERC.
- 1.65 "Transporter"– shall mean Ruby Pipeline, L.L.C.
- 1.66 "Transporter's System" – shall mean Transporter's System as displayed on the map set forth in this Tariff together with Transporter's off-system capacity described in GT&C Section 4.6, to the extent applicable.

## 2. MEASUREMENT

- 2.1 Unit of Measurement and Metering Base - The volumetric measurement base shall be 1 cubic foot of Gas at a pressure base of 14.73 pounds per square inch absolute, at a temperature base of 60 degrees Fahrenheit, and without adjustment for water vapor.

The cutoff for closing measurement is five Business Days after the business Month (NAESB WGQ Standard 2.3.7). Measurement data that is missing or late at the cutoff is to be estimated pursuant to NAESB WGQ Standard 2.3.13. For treatment of measurement prior period adjustments, treat the adjustment by taking it back to the production Month. A meter adjustment becomes a prior period adjustment after the fifth Business Day following the business Month (NAESB WGQ Standard 2.3.11). For reporting measurement prior period adjustments, report it with the restated line item with the new total quantity for the Day and Month (NAESB WGQ Standard 2.3.12).

- 2.2 Measurement data corrections shall be performed pursuant to NAESB WGQ Standard 2.3.14. Measurement data corrections should be processed within 6 Months of the production Month with a 3-Month rebuttal period. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard. Mutual agreement between parties, legal decisions, and regulatory guidance may be necessary to determine if the event qualifies for an extension of the above time periods (NAESB WGQ Standard 2.3.14). This 3-Month rebuttal period shall begin with the interested party issuing a written notification that a measurement dispute exists. These disputes will apply to measurement errors that involve quantities for which Transporter has direct custody transfer responsibilities, as well as volumes measured by other companies that have been audited by Transporter.
- 2.3 Measurement data available upstream of aggregated points should be sent to the allocating party and used to allocate the aggregated volume back to the upstream points (NAESB WGQ Standard 2.3.8).
- 2.4 Transporter's measurement information provided via electronic delivery mechanism (EDM) shall conform to the requirements of the Data Dictionary standards as set forth in NAESB WGQ Standards 2.4.4 and 2.4.5.
- 2.5 Atmospheric Pressure. For the purpose of measurement, calculation and meter calibration, the average absolute atmospheric (barometric) pressure shall be based on the actual altitude of each point of measurement irrespective of variations in natural atmospheric pressure from time to time.

- 2.6 Temperature. The temperature of the Gas shall be determined at the points of measurement by means of a properly installed temperature transmitter of standard manufacture determined by Transporter in exercise of its reasonable judgment to be installed in accordance with the recommendations contained in API 14.3 and 21.1 First Edition (Orifice Metering of Natural Gas). In the event electronic computer measurement is used, average daily temperature will be computed as a running average of data determined during each computer scan.
- 2.7 Determination of Heating Value and Specific Gravity. The gross Heating Value and specific gravity of the Gas may be determined by Gas chromatographic analysis. This shall be done by either a Gas sample or by an on-line Gas chromatograph. In the event a continuous Gas sampling device is used, intervals mutually agreed upon should not be less than every Month. The determination of gross Heating Value and specific gravity from chromatograph shall input continuously into the computer for quantity calculations. In the event a continuous Gas sampler is installed, then the gross Heating Value and specific gravity shall be determined in the laboratory by chromatograph. Such determinations shall be considered as the gross Heating Value and specific gravity of all Gas delivered during the applicable period of sampling. All gross Heating Value and specific gravity determinations made with a chromatograph shall use physical Gas constants for Gas compounds, as outlined in AGA 5 with any subsequent amendments or revisions to which the parties may mutually agree.
- 2.8 Supercompressibility. The measurement hereunder shall be corrected for deviation from Boyle's law in accordance with AGA Report No. 8, as amended from time to time.

## 2.9 Measurement Equipment

- (a) Unless otherwise agreed between Transporter and Operator/Interconnecting Party, Transporter will install, maintain, operate or cause to be installed, maintained and operated, measuring stations equipped with flow meters and other necessary metering and measuring equipment by which the volumes of Gas received and delivered hereunder shall be determined. Subject to the terms of the interconnect agreement at Transporter's sole election, Shipper may install check-measuring equipment at its own cost and expense, provided such equipment shall be so installed as not to interfere with the operations of Transporter. The reading, calibrating, and adjusting of electronic computer components and/or mechanical recording instruments thereof shall be done only by the equipment owner or such owner's representative, unless otherwise agreed upon. Both Transporter and Shipper shall have the right to be present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the other's measuring equipment; provided, however, failure of either Transporter or Shipper to witness such an operation shall not affect the validity of such operation in any way. The records from such measuring equipment shall remain the property of their owner, but upon request, each will submit within 10 Days to the other its records, together with calculations therefrom, for inspection, subject to return within 30 Days after receipt thereof. The measurement equipment of Shipper shall be for check purposes only and, except as expressly provided in the applicable agreement, shall not be used in the measurement of Gas for purposes of the Agreement.
- (b) Orifice Meters. Orifice meters shall be installed and Gas volumes computed in accordance with the standards prescribed in AGA Report No. 3 "Orifice Metering of Natural Gas."
- (c) Ultrasonic Meters. Ultrasonic meters shall be installed and Gas volumes computed in accordance with the standards prescribed in AGA Report No. 9 "Measurement of Gas by Multipath Ultrasonic Meters."
- (d) Positive Displacement Meters. Positive displacement meters shall be installed and Gas volumes computed in accordance with generally accepted industry practices.
- (e) Electronic Flow Computers. Electronic flow computers shall be used for direct computation of Gas flows for custody transfer in accordance with the standards prescribed in API 21.1.
- (f) New Measurement Techniques. If, at any time, a new method or technique is developed with respect to Gas measurement or the determination of the factors used in such Gas measurement, such new method or technique may be substituted by Transporter in exercise of its reasonable judgment provided that the new method or technique reflects generally accepted industry practices. Transporter shall promptly inform all Shippers of any new technique adopted.

## 2.9 Measurement Equipment (continued)

- (g) Calibration and Test of Meters. The accuracy of all measuring equipment shall be verified by Transporter at reasonable intervals, and if requested, in the presence of representatives of Shipper, but neither Shipper nor Transporter shall be required to verify the accuracy of such equipment more frequently than once in any 30-Day period. If either party at any time desires a special test of any measuring equipment, it will promptly notify the other, and the parties shall then cooperate to secure a prompt verification of the accuracy of such equipment.
- (h) Correction of Metering Errors. If, upon test, the measuring equipment is found to be in error by not more than one percent (1%), previous recordings of such equipment shall be considered accurate in computing deliveries, but such equipment shall be adjusted at once to record accurately. If, upon test, the measuring equipment shall be found to be inaccurate by an amount exceeding one percent (1%), at a recording corresponding to the average Hourly rate of flow for the period since the last preceding test, then any previous recordings of such equipment shall be corrected to zero error for any period that is known definitely or agreed upon between Transporter and Shipper/Operator. In case the period is not known or agreed upon by Transporter and Shipper/Operator, such correction shall be for a period equal to one-half of the time elapsed since the date of the last test.
- (i) Failure of Measuring Equipment. In the event any measuring equipment is out of service or is found registering inaccurately and the error is not determinable by test or by previous recordings, receipts or deliveries through such equipment shall be estimated and agreed to by the parties upon the first of the following methods which is feasible:
  - (i) By correcting the error if the percentage of error is ascertainable by calibration, special test, or mathematical calculation.
  - (ii) By using the registration of any check meter or meters, if installed and accurately registering.
  - (iii) By estimating the quantity of receipt or delivery based on receipts or deliveries during preceding periods under similar conditions when the measuring equipment was registering accurately.
- (j) Preservation of Records. Shipper and Transporter shall preserve for a period of at least 3 years, or for such longer period as may be required by appropriate authority, all test data and other similar records.

### 3. QUALITY

3.1 Gas Quality Specifications. The Gas which Shipper delivers to Transporter at a receipt point for transport and the Gas Transporter delivers to Shipper at a delivery point shall comply with the following requirements:

(a) Heating Value

- (i) Receipt - The Gas Shipper delivers to Transporter at a receipt point for transport shall contain a gross Heating Value of not less than 995 Btu per standard cubic foot or more than 1080 Btu per cubic foot; provided, however, Transporter may accept gas as low as 950 Btu per standard cubic foot and up to 1150 Btu per standard cubic foot provided the commingled Gas stream can be delivered within the specifications described in GT&C Section 3.1(a)(ii) below, and Transporter determines such acceptance will not interfere with Transporter's ability to (1) maintain prudent and safe operation of part or all of Transporter's pipelines system, (2) ensure that such Gas does not adversely affect Transporter's ability to provide service to others, and (3) ensure that such Gas does not adversely affect Transporter's ability to tender Gas for delivery to downstream pipelines or end-users.
- (ii) Delivery - The Gas Transporter delivers to Shipper (or to Operator on Shipper's behalf) shall contain a gross Heating Value of not less than 995 Btu per standard cubic foot or more than 1080 Btu per cubic foot.
- (iii) In the event Transporter cannot blend to delivery Gas specifications described in Section 3.1(a)(ii) above, Transporter shall reduce receipt sources that are less than 995 Btu or higher than 1080 Btu, depending on whether the Gas to be delivered is too low or too high in Btu content by first reducing the receipt source with the greatest variance from either the low or high end of the range (depending on which variable is outside the delivery specification), and then by reducing the receipt source with the next greatest variance, and continuing in similar fashion, to the extent necessary until a blended commingled Gas stream can be delivered within the specifications described in Section 3.1(a)(ii) above.

- (b) Dust, Gums and Solid Matter – The Gas shall be commercially free from dust, gums, gum-forming constituents, dirt, impurities, or other solid or liquid matter which might interfere with its merchantability or cause injury to or interference with proper operation of the pipelines, regulators, meters, or other equipment of Transporter.
- (c) Total Sulfur – The Gas shall not contain more than 1 grain of total sulfur (including the sulfur in hydrogen sulfide and mercaptans) per 100 standard cubic feet. The Gas shall also meet the following individual specifications:



### 3.1 Gas Quality Specifications (continued)

- (c) Total Sulfur (continued)
  - (i) Hydrogen Sulfide - Shall not contain more than .25 grain of hydrogen sulfide per 100 standard cubic feet of Gas;
  - (ii) Mercaptan Sulfur – The mercaptan sulfur content shall not exceed more than .3 grain per 100 standard cubic feet; and
  - (iii) Organic Sulfur – The organic sulfur content shall not exceed .75 grain per 100 standard cubic feet, which includes mercaptan, mono-, di- and poly-sulfides, but it does not include hydrogen sulfide, carbonyl sulfide or carbon disulfide.
- (d) Oxygen - The Gas shall not at any time have an oxygen content in excess of 1,000 parts per million by volume and the parties hereto shall make every reasonable effort to keep the Gas free of oxygen.
- (e) Temperature
  - (i) At Receipt Points - The Gas shall be received at a temperature not to exceed 120 degrees Fahrenheit or less than 25 degrees Fahrenheit.
  - (ii) At Delivery Points - The Gas shall be delivered at a temperature not to exceed 100 degrees Fahrenheit or less than 45 degrees Fahrenheit, except in the case of extreme weather conditions where Gas may be delivered at a temperature below 45 degrees Fahrenheit for short periods of time.
- (f) Carbon Dioxide - The Gas shall not contain more than 2 percent by volume of carbon dioxide but Transporter may accept up to 3 percent carbon dioxide provided the commingled Gas stream can be delivered at no more than 2 percent carbon dioxide and Transporter determines that such acceptance will not interfere with Transporter's ability to (1) maintain prudent and safe operation of part or all of Transporter's pipeline system, (2) ensure that such Gas does not adversely affect Transporter's ability to provide service to others, and (3) ensure that such Gas does not adversely affect Transporter's ability to tender Gas for delivery to downstream pipelines or end-users. In the event Transporter cannot blend to deliver Gas at 2 percent Carbon Dioxide, Transporter shall reduce receipt sources that are greater than 2 percent Carbon Dioxide content, first by reducing the receipt source with the highest gas quality variance above 2 percent Carbon Dioxide, and then by reducing the receipt source with the next highest gas quality variance above 2 percent Carbon Dioxide, and continuing in similar fashion, to the extent necessary until a blended 2 percent commingled Gas stream can be delivered.

3.1 Gas Quality Specifications (continued)

- (g) Water Vapor – The Gas shall not contain water vapor in excess of 5 pounds per million standard cubic feet of Gas.
- (h) Deleterious Substances - The Gas shall not contain deleterious substances in concentrations that are hazardous to health, injurious to pipeline facilities, or adversely affect merchantability. Such substances include, but are not limited to bacteria, pathogens, toxic materials, and polychlorinated bithenyls.
- (i) Hydrocarbon Dew Point – The Gas shall not have a hydrocarbon dew point exceeding 25 degrees Fahrenheit as calculated from the Gas composition at pressures between 100 p.s.i.a. and the maximum allowable operating pressures of Transporter's transmission facility.

3.2 Shipper's Failure to Meet Specifications. Should any Gas tendered by Shipper to Transporter hereunder fail at any time to conform to any of the specifications of this section, Transporter shall notify the Shipper responsible for any such failure, and Transporter may suspend all or a portion of the receipt of any such Gas which may jeopardize Transporter's ability to meet its obligations to its other Shippers or endanger the safe operation and integrity of Transporter's System. Transporter shall be relieved of its obligations hereunder to the extent of rightful suspension for the duration of such time as such off-specification Gas tendered by such Shipper does not meet the specifications; provided, however, such suspension by Transporter shall not relieve Shipper of its payment obligations hereunder. Upon receipt of notice by Transporter, Shipper shall, at its expense, make a diligent effort to correct such failure by treatment, heating, cooling, or dehydration consistent with prudent operation so as to tender Gas conforming to the specifications in GT&C Section 3.1.

3.3 Transporter may accept any Gas that does not meet the specifications set forth in Section 3.1 on a short-term basis for operational reasons which may include plant start-ups, plant upsets, or line freeze-offs.

3.4 Waiver of Quality Specifications. Transporter, in its reasonable discretion and judgment, may waive the Gas quality specifications at any receipt point to accept Gas that does not conform to the quality specifications set forth in this section, if Transporter determines that such acceptance will not interfere with Transporter's ability to: (1) maintain prudent and safe operation of part or all of Transporter's pipeline system, (2) ensure that such Gas does not adversely affect Transporter's ability to provide service to others, and (3) ensure that such Gas does not adversely affect Transporter's ability to tender Gas for delivery to a downstream pipeline or end-user. Transporter may post waivers on its EBB at its discretion and will report waivers in accordance with Part 358 of the Commission's Regulations.

- 3.5     Commingling. Gas delivered by Shipper will be commingled with the Gas of other Shippers in the system. Accordingly, Shipper's Gas shall be subject to such changes in gross Heating Value and other specifications as may result from such commingling.
- 3.6     Biomethane. Biomethane refers to the portion of biogas that has been cleaned of other gases from sources that may include feedstock waste, landfill gas, wastewater treatment operations, co-digestion facilities. Biomethane must be free from bacteria, pathogens, and any other substances injurious to utility facilities or that would cause the gas to be unmarketable and it shall conform to all gas quality specifications in this Section 3 of the GT&C.
- 3.7     Delivery Point Obligations. Upon mutual agreement between Transporter and the downstream Interconnecting Party, Transporter may temporarily deliver Gas that does not conform to the quality specifications set forth in Section 3.1 of the GT&C, if Transporter, in its reasonable operational judgment and in a not unduly discriminatory manner, determines that such delivery of Gas will not interfere with Transporter's ability to: (1) maintain prudent and safe operation of part or all of Transporter's pipeline system, (2) ensure that such agreement does not adversely affect Transporter's ability to provide service to others, and (3) ensure that such agreement does not adversely affect Transporter's ability to tender Gas for delivery to another downstream pipeline or end-user. Transporter may post waivers on its EBB at its discretion and will report waivers in accordance with Part 358 of the Commission's Regulations.
- 3.8     Odorization. Unless mutually agreed between Transporter and delivery point Operator/Interconnecting Party, Transporter shall have no obligation whatsoever to odorize the Natural Gas delivered, nor to maintain any odorant levels in such Natural Gas. Notwithstanding Section 25.2 herein, Shipper agrees to indemnify and hold harmless Transporter, its officers, agents, employees and contractors against any liability, loss or damage, including litigation expenses, court costs and attorneys' fees, whether or not such liability, loss or damage arises out of any demand, claim, action, cause of action, and/or suit brought by Shipper or by any person, association or entity, public or private, that is not a party to the TSA, where such liability, loss or damage is suffered by Transporter, its officers, agents, employees and/or contractors as a direct or indirect result of any actual or alleged sole or concurrent negligent failure by Transporter or any actual or alleged act or omission of any nature by Shipper to odorize the Natural Gas or product delivered under the TSA or to maintain any odorant levels in such Natural Gas or product.

## REQUESTS FOR SERVICES

#### 4. REQUESTS FOR SERVICES

- 4.1 Request for Service. In order to complete a valid request for service, a Shipper must comply with the provisions of Section 4.2 and 4.12 below. Transporter is not obligated to provide service for requests for less than 100 Dth/Day or for time periods of less than one Month.

#### 4. REQUESTS FOR SERVICES

4.2 Information to be Provided. A request for service shall be deemed valid and complete upon the following information being accurately and properly entered into Transporter's EBB. A Shipper may either enter the information directly into Transporter's EBB or furnish the information to Transporter and request that Transporter enter the information into Transporter's EBB on behalf of the Shipper; in which case, the entry of such information shall be deemed to be the act of the Shipper. If the Shipper requests that Transporter enter the information into Transporter's EBB on Shipper's behalf, then Shipper's request for service shall not be deemed valid and complete until such time as the information is actually entered into Transporter's EBB.

- (a) The full legal name, business address and phone number, and state of incorporation of the Shipper requesting service and all contact information, including the name of the person(s) who should be contacted.
- (b) A designation of whether Shipper is a local distribution company, intrastate pipeline company, interstate pipeline company, producer, end-user or marketer.
- (c) The extent of Shipper's affiliation with Transporter.
- (d) Shipper's Dun and Bradstreet (DUNS) number.
- (e) Type of service: FT, IT, SS-1, PAL or HSP
- (f) The initial term of the service, including beginning and ending dates.
- (g) The Maximum Delivery Quantity under the contract
- (h) Receipt and delivery points requested
- (i) Daily quantity at each receipt point(s) \_\_\_\_ Dth/Day.  
Daily quantity at each delivery point(s) \_\_\_\_Dth/Day.

The total receipt point capacity must equal the total delivery point capacity.

If Section 311, 18 C.F.R. Part 284, Subpart B transportation service is requested, the Shipper must provide the following information to Transporter:

- (j) A declaration explaining how the requested service qualifies as Section 311 service;
- (k) The name of the local distribution company or intrastate pipeline company on whose behalf the Gas will be transported; and

#### 4. REQUESTS FOR SERVICES

##### 4.2 Information to be Provided (continued)

- (l) Certification from a local distribution company or an intrastate pipeline that the service is being provided on its behalf prior to commencing transportation service.

#### 4. REQUESTS FOR SERVICES

##### 4.3 Capacity Bidding and Evaluation Criteria.

- (a) A Shipper bidding for released firm capacity from another Shipper must follow the procedures of Section 9.
- (b) Transporter may grant requests for firm service, either on a first-come-first-served basis or through an open season, on a not unduly discriminatory basis within the following time periods and subject to the below listed conditions:
  - (i) For service with a term of one year or longer, the service must be requested to begin no later than three Months from the date the request is granted;
  - (ii) For service with a term greater than three Months but less than one year, the service must be requested to begin no later than one Month from the date the request is granted;
  - (iii) For service with a term of three Months or less, the service must be requested to begin no later than ten Business Days from the date the request is granted.
- (c) Transporter will consider, on a not unduly discriminatory basis, requests for firm service outside of the above specified time periods if the request involves any of the following conditions:
  - (i) The request is associated with an open season;
  - (ii) The request involves capacity that is available due to the termination of an existing contract or the reduction of contracted volume under an existing contract;
  - (iii) The request is for the next season of winter-time only capacity, pursuant to Section 2.5 of Rate Schedule FT; or
  - (iv) The request involves the modification or construction of facilities or the issuance of any necessary certificate authorization.



#### 4. REQUESTS FOR SERVICES

##### 4.3 Capacity Bidding and Evaluation Criteria (continued)

- (d) Should Transporter conduct an open season, it will post a notice of availability of the uncontracted-for capacity on its EBB to afford all potential Shippers an opportunity to acquire the capacity. Any party wishing to purchase the capacity, and who meets Transporter's creditworthiness requirements, may participate in the open season. Transporter will award the capacity on a net present value basis using nondiscriminatory and objective posting and evaluation criteria specified in the notice of open season. When an open season is being conducted, all applicable requests for service will be treated under this open season process.
- (e) Transporter will conduct an open season (involving either an open offer to sell capacity or a pre-arranged transaction) if it wishes to sell capacity where the requested start date extends one year or more into the future. The open season will comply with the requirements of Section 4.3(d) above.
- (f) If Transporter sells firm capacity pursuant to Section 4.3(c)(i), that capacity will be made available to other shippers on an interim basis up to the commencement date of the prospective firm TSA. Where the requested start date of the prospective capacity extends more than one year into the future and the interim capacity would otherwise be eligible for the ROFR if it is acquired at the maximum applicable tariff rate, Transporter will limit the ROFR rights of such interim capacity. If ROFR rights are limited, the TSA will note the limitation.

#### 4. REQUESTS FOR SERVICES

- 4.4 If Shipper fails to execute an agreement or any amendment thereto tendered by Transporter in response to a valid request for service within 30 Days of the date tendered, Shipper's request to change its transportation service shall be deemed null and void.

#### 4. REQUESTS FOR SERVICES

- 4.5 Capacity Reserved for Expansion Projects. Transporter may elect to reserve for future expansion projects, any unsubscribed capacity or capacity under expiring or terminating TSAs where such TSAs do not have a ROFR or Shipper does not exercise its ROFR.
- (a) Capacity may be reserved up to one year prior to Transporter filing for certificate authority for construction of proposed expansion facilities, and thereafter until all expansion facilities are placed into service.
  - (b) Transporter may only reserve capacity for a future expansion project for which an open season has been or will be held within one year of the date that Transporter posts such capacity as being reserved. Transporter will not, absent Commission approval, accept advance payments to reserve capacity under this Section 4.5.
  - (c) If Transporter elects to reserve capacity, it will notify Shippers of its intent as part of its posting of capacity on its EBB. Transporter's posting for reserved capacity for future expansion projects shall include the following information: (i) a description of the project for which the capacity will be reserved; (ii) the total quantity of capacity to be reserved; (iii) the location of the proposed reserved capacity on the pipeline system; (iv) whether, and if so when, Transporter anticipates that an open season for the capacity will be held or the reserved capacity will otherwise be posted for bids; (v) the projected in-service date of the new facilities; and (vi) on an ongoing basis, how much of the reserved capacity has been sold on a limited-term basis that would otherwise be eligible for a ROFR. To the extent Transporter has not already solicited turnback capacity, the posting for reserved capacity shall also include a non-binding solicitation for turnback capacity to serve the expansion project, provided that Transporter shall post the non-binding solicitation for turnback capacity no later than 90 Days after the close of the expansion project open season. Transporter shall make reasonable efforts to update the posting up to the in-service date of the project to reflect any material project changes.

#### 4. REQUESTS FOR SERVICES

##### 4.5 Capacity Reserved for Expansion Projects (continued)

- (d) Transporter will make capacity available through an open season or an EBB capacity posting before Transporter reserves such capacity for a future expansion project. If Transporter elects to hold an open season to make capacity generally available, Transporter shall have the right to state in the open season posting minimum terms and conditions for bids that would be acceptable for consideration that are the same as the minimum terms and conditions anticipated for the future expansion project open season. In the event that the subsequent expansion project open season imposes minimum terms and conditions that are materially different from the terms and conditions imposed in the previous capacity open season, Transporter shall hold another open season for the capacity that uses the same minimum terms and conditions as were imposed for the expansion project open season. If the expansion project open season is held prior to or during the reservation of capacity open season, Transporter shall use the same minimum terms and conditions as used for the expansion project open season.
- (e) Any interim capacity created by a reservation of future capacity shall be made available for transportation service pursuant to these GT&C on a limited-term basis up to the in-service date of the expansion project(s). For such limited-term TSAs, Transporter reserves the right to limit any term extension rights provided in the TSA and pursuant to Section 4.9 commensurate with the proposed in-service date of the expansion project. Transporter will indicate in any open season posting of the capacity any limitations on term extension rights that will apply to such limited-term transportation service.
- (f) Any capacity reserved for a project that does not go forward for any reason shall be reposted on the EBB as generally available capacity within 30 Days of the date that the project terminates.

#### 4. REQUESTS FOR SERVICES

##### 4.6 Off-System Capacity

- (a) Transporter may enter into transportation and/or storage agreements with upstream and downstream entities, including other interstate and intrastate pipelines and storage providers ("off-system capacity"). In the event Transporter acquires off-system capacity, Transporter will use such capacity for operational reasons or to render service for its Shippers on the acquired capacity, pursuant to Transporter's Tariff and subject to Transporter's currently approved rates (including any third party charges required to be paid pursuant to Section 4.6(b).) In the event the off-system capacity is subject to renewal limitations, as specified in the third-party pipeline's tariff and/or provided by FERC Regulations, Transporter will indicate in its posting of firm unsubscribed capacity any limitation to the extension rights that will apply as a result of such limitations on the off-system capacity. For purposes of transactions entered into subject to this section, the "Shipper must hold title" requirement shall not be applicable to the acquired capacity.
- (b) **Third Party Charges.** If Transporter acquires off-system capacity from a third party(s) pursuant to Section 4.6(a) above and provides transportation and/or storage service for the benefit of Shipper(s), such Shipper(s) may, on a not unduly discriminatory basis, be required to pay Transporter, in addition to any applicable rates and charges assessed pursuant to Transporter's Tariff, the rates and charges Transporter is obligated to pay such third party(s) for the off-system capacity acquired on behalf of the shipper. Off-system capacity charges incurred by Transporter shall be borne by the Shipper(s) using the off-system capacity. Such charges may include, but are not limited to, daily reservation and commodity charges and applicable surcharges, fuel and power charges or retention, compression fees, balancing or storage fees, measurement fees, processing fees and/or facility charges that are assessed by the third party. Unless otherwise mutually agreed, such Third Party Charges shall be assessed by Transporter to Shipper(s) in the same manner (fixed rate, volumetric, etc.) the charges are assessed to Transporter and set forth as separate items on the monthly invoices rendered to Shipper.
- (i) If Transporter receives refunds or credits from a third party pipeline which are directly related to Third Party Charges, such refund or credits would be flowed through to the appropriate Shipper(s) to the extent that the rate paid by the Shipper exceeds the net rate (after refund) Transporter has actually paid and Transporter has otherwise fully recovered its costs for such off system capacity.

#### 4. REQUESTS FOR SERVICES

##### 4.6 Off-System Capacity (continued)

- (c) Any off-system capacity acquired by Transporter from a third party and contracted for at the request of a Shipper which is not used by that Shipper or a Replacement Shipper shall be offered to other Shippers on a secondary and interruptible basis, pursuant to Transporter's FERC Gas Tariff and subject to Transporter's currently effective rates, including any applicable Third Party Charges, as such tariff and rates may change from time to time. Transporter will indicate in its posting of any off-system capacity available for service whether any Third Party Charges will apply to the use of such off-system capacity.
- (d) For purposes of capacity release, any off-system capacity acquired by Transporter from a third party will be treated under the terms and conditions of Transporter's Tariff.

#### 4. REQUESTS FOR SERVICES

- 4.7 Electronic Execution of Agreements - For all TSAs (including all Park & Loan Agreements, Park and Loan Service Request Orders, SS-1 Agreements, and HSP Agreements and amendments to existing agreements) entered into on or after the effective date of this tariff provision (all of which shall be referred to as TSAs for purposes of this Section 4.7), Transporter and Shipper may execute such TSAs electronically or by signing a traditional paper agreement. If Shipper elects to sign a traditional paper agreement, then Shipper shall not submit nominations while the paper TSA is pending execution. For TSAs requiring filing with the Commission, Transporter may submit either electronic or traditional paper TSAs.
- (a) The TSA shall be deemed to be executed by Shipper when the Shipper accepts the TSA electronically via Transporter's EBB. The TSA shall be deemed to be executed by Transporter when Transporter accepts the Shipper's TSA using the EBB. Upon acceptance by both Shipper and Transporter, the TSA will be deemed fully executed. A TSA that is executed in this manner shall be deemed to have been "signed" and to constitute an "original" when printed from electronic files or records.
  - (b) Notwithstanding the above, if the Shipper and Transporter electronically execute a TSA and the Shipper later requests a traditional paper TSA, the electronic TSA shall be deemed the original until the paper TSA is executed by both parties.
  - (c) If a TSA contains provisions that must be reviewed by the Commission and the TSA is not accepted by the Commission, then Transporter and Shipper shall collaborate to remedy any deficiencies.

#### 4. REQUESTS FOR SERVICES

- 4.8 Changes to Shipper's Transportation Service. If Shipper desires to change its transportation service, it must request the change using the process described in Section 4.2. If Transporter agrees to the requested amendment, it will prepare and tender to Shipper an amendment to the TSA.



#### 4. REQUESTS FOR SERVICES

##### 4.9 Right-of-First-Refusal ("ROFR")

- (a) Any Shipper with a firm TSA for Transportation service shall have a ROFR, as described in this Section 4.9, for the capacity underlying the Shipper's TSA provided that:
  - (i) The TSA is a maximum rate contract for 12 or more consecutive Months of service; the TSA is a multi-year seasonal contract at the maximum rate for services not offered by the pipeline for a full 12 Months; or, the TSA is a multi-year winter-time contract at the maximum rate. If a Shipper has entered into a firm TSA utilizing off-system capacity contracted for pursuant to GT&C Section 4.6, it may not elect to extend the term of its agreement beyond the term of Transporter's agreement for such off-system capacity.
  - (ii) Shipper complies with the requirements set forth in this Section 4.9 herein;
  - (iii) Shipper does not have a discounted or negotiated rate firm TSA except as provided in Section 4.9(f); and
  - (iv) Shipper does not have an interim TSA for entitlements associated with expansion projects as set forth in Section 4.5(a).
- (b) A Shipper may only exercise its ROFR to retain a percentage of the MDQ in a TSA subject to ROFR and may exercise its ROFR on contractual stepdown quantities in a TSA subject to ROFR.
- (c) Shipper Notice of Intent to Exercise.
  - (i) For all firm TSAs eligible for the ROFR, Shipper shall provide notice to Transporter in writing of its intent to exercise its ROFR rights.
  - (ii) Except as described in Section 4.9(c)(v) below, notification of the Shipper's intent is due on or before;
    - A. six (6) Months prior to the expiration date for firm TSAs with a term of three years or less;
    - B. twelve (12) Months prior to the expiration date for firm TSAs with a term greater than three years.

#### 4. REQUESTS FOR SERVICES

##### 4.9 Right-of-First-Refusal ("ROFR") (continued)

###### (c) Shipper Notice of Intent to Exercise (continued)

- (iii) A Shipper shall relinquish all rights to the capacity underlying its firm TSA upon termination of the TSA by providing a notice stating that it will not exercise its ROFR rights or by failing to provide notice of its intent to exercise its ROFR rights by the deadline described above.
- (iv) If the TSA contains an evergreen provision, the ROFR provisions of this section will not apply until one party provides notice of termination or the TSA has reached the end of the evergreen period.
- (v) If Transporter conducts an open season for an expansion project, the sizing of which could be affected by a Shipper's plans regarding continuation of service under ROFR, Transporter may issue a separate notice during or after the open season that requires Shippers (except for Initial Shippers) to elect either (1) to terminate their respective TSAs at the end of the primary term, (2) to extend the term of their respective TSAs to a term that is no less than the term established in the open season, or (3) initiate ROFR notice processes concurrently with the open season instead of under GT&C Section 4.9(c)(i). If Transporter issues the separate notice, Transporter shall issue such ROFR notice to all Shippers (except for Initial Shippers) whose TSAs will expire within 36 Months from the proposed in-service date of the expansion project. Shippers will have 20 Business Days from the date of Transporter's notice or until the end of the open season, whichever is longer, to notify Transporter of its election. An extension under item (2) above shall be at the maximum recourse rate.
- (d) Solicitation of Bids. If the Shipper provides notice of its intent to exercise ROFR rights, then Transporter shall solicit competing bids for the subject capacity no later than 60 Days prior to expiration of the TSA. Transporter shall post on its EBB for 30 Days the terms and conditions of the expiring TSA. Any Party qualified under the capacity release rules of this Tariff may submit a bid for all, or any portion of, the subject capacity during the bid period.

#### 4. REQUESTS FOR SERVICES

##### 4.9 Right-of-First-Refusal ("ROFR") (continued)

- (e) Existing Shipper's Right to Match. Within ten Business Days after the close of the bid period, Transporter shall notify the existing Shipper of the best offer or offers received for the expiring capacity. Transporter's evaluation shall be based on one of the capacity release bid evaluation methods listed in Section 9.11(d). Transporter shall identify the method to be used in its solicitation of bids. The term of any competing offer shall not be capped for comparison purposes. Within ten Business Days after such notification by Transporter, the existing Shipper must notify Transporter of its intent to match the best offer(s). If the existing Shipper does not agree to match the best offer(s), then the existing Shipper relinquishes all rights to such capacity. Transporter may enter into a TSA with the bidder(s) submitting the highest offer(s). However, Transporter shall not be required to enter into a TSA that is at less than Transporter's applicable maximum tariff rate.
- (f) Contractual ROFR in Firm TSAs. Transporter and Shipper may agree to include a right ROFR clause in a firm TSA, including negotiated rate firm agreements. The contractual ROFR clause provides the Shipper a right defined in Section 4.9 of the GT&C even where the regulatory right does not apply. In such a case, the TSA shall include a contractual ROFR.
- (g) In the event there are no competing offers, the existing Shipper shall not be entitled to continue to receive transportation service upon the expiration of its contract except by agreeing to pay the maximum tariff rate unless Transporter and such Shipper enter into a new firm TSA providing otherwise.
- (h) Capacity that is sold on an interim basis up to the commencement date of a prospective firm transportation agreement, pursuant to Section 4.3(f) of the GT&C, shall not be eligible for a ROFR.

#### 4. REQUESTS FOR SERVICES

- 4.10 Extension Rights. Transporter and Shipper may mutually agree to an evergreen, renewal, or rollover provision in the TSA that would allow the TSA to continue beyond its primary term. If the TSA contains such a provision, the ROFR provisions of this section will not apply until the evergreen, renewal, or rollover right set forth in the TSA terminates or is waived. If a Shipper has entered into a firm TSA utilizing off-system capacity contracted for pursuant to Section 4.6, such Shipper may not elect to extend the term of its TSA beyond the term of Transporter's agreement for such off-system capacity. If Transporter conducts an open season for an expansion project, the sizing of which could be affected by a current Shipper's plans regarding continuation of service, Transporter may issue a separate notice during or after the open season informing Shippers (except for Initial Shippers) of its election to terminate the evergreen, renewal, or rollover right pursuant to the TSA. If Transporter issues the separate notice, Transporter shall issue such notice to all Shippers (except for Initial Shippers) whose TSAs will expire within 36 Months from the proposed in-service date of the expansion project.

#### 4. REQUESTS FOR SERVICES

##### 4.11 Contract Extension.

- (a) Transporter and Shipper may mutually agree to the early termination of one or more TSAs in exchange for Shipper's extension of the use of all or part of the underlying capacity under new terms. To the extent that Transporter and Shipper have mutually agreed to this arrangement, Shipper need not participate in an open season for the extension nor must the underlying capacity be posted on Transporter's EBB as unsubscribed available capacity prior to the extension.
- (b) Except as provided in Section 4.9(c)(v) of the GT&C, prior to the expiration of the term of a TSA, Transporter and Shipper may mutually agree to renegotiate the terms of the TSA with respect to all or part of the underlying capacity (the exact terms of which are to be negotiated on a case-by-case basis in a not unduly discriminatory manner). If a TSA is subject to ROFR, the agreement to extend must be reached prior to the receipt of an acceptable bid submitted pursuant to Section 4.9 of the GT&C.
- (c) When an agreement is subject to ROFR, or contains an evergreen, renewal, or rollover clause, extension rights apply to each increment of capacity that expires in increments (i.e., on a step-down basis) during the term of the agreement.

#### 4. REQUESTS FOR SERVICES

##### 4.12 Creditworthiness.

- (a) Creditworthiness Requirement. A Shipper or Operator wishing to obtain service must first satisfy the creditworthiness requirements of this Tariff.
- (b) Criteria for Creditworthiness Determination
  - (i) Acceptance of a Shipper's request for service and the continuation of service are contingent upon the Shipper satisfying, both initially at the time of any service request and on an on-going basis, a credit appraisal by Transporter. Transporter may require a higher level of credit demonstration (which would be described in the TSA) for requests for service that require the construction of initial or expansion facilities.
  - (ii) Transporter shall apply consistent evaluation practices to all similarly situated Shippers to determine the Shipper's financial ability to satisfy the payment obligations due to Transporter over the term of the requested service agreement.
  - (iii) A Shipper with a TSA term less than 20 years will be deemed creditworthy if: (i) its senior unsecured debt securities are rated at least BBB- by Standard & Poor's Corporation ("S&P") or Baa3 by Moody's Investor Service ("Moody's") or Shipper's long term issuer rating is at least A- by S&P or A3 by Moody's (in the event of multiple agency ratings, the lowest is used), (ii) Shipper's short term and long term outlook opinion is Stable or Positive from S&P or Moody's, and (iii) the sum of 12 Months of anticipated charges under a firm or interruptible TSA is less than 10% of Shipper's tangible net worth. In the event Shipper is rated by multiple agencies, the lowest rating shall be used. If the Shipper has multiple TSAs with Transporter, then the total of all such TSAs shall be considered in determining creditworthiness.
  - (iv) If Shipper is not rated by S&P or Moody's but has a parent that can satisfy the requirements of Section 4.12(b)(iii), then a Shipper may use its parent's credit rating and financial strength if a guarantee acceptable to Transporter is provided.
- (c) If Shipper is unable to satisfy the requirements of Section 4.12(b)(iii), or Shipper requests a TSA with a term of 20 years or more, or in the event that Shipper at any time during the term of the TSA fails to satisfy the requirements of Section 4.12(b)(iii), Transporter will perform a creditworthiness review. As a part of this review, Transporter may require, either with the request for service or at any future time as Transporter deems necessary to conduct on-going credit evaluations of Shipper, that the Shipper provide Transporter with additional information to allow Transporter to determine the Shipper's creditworthiness.

#### 4. REQUESTS FOR SERVICES

##### 4.12 Creditworthiness (c) (continued)

If the service under review involves service under an existing TSA, Shipper must provide the additional information within five Business Days of the request for such information. If the service under review involves service under a new TSA, the information must be provided before Shipper's request may be deemed a valid request for service.

Transporter may request Shipper provide any or all of the following information:

- (i) a copy of Shipper's audited financial statements for the previous two fiscal year ends certified by the Chief Financial Officer or Chief Accounting Officer of the Shipper (which certificate shall state that such financial statements fairly present the financial condition and results of operations of the Shipper for the period indicated therein) prepared in accordance with generally accepted accounting principles or, for non-U.S.-based Shippers, prepared in accordance with equivalent standards;
- (ii) a copy of Shipper's financial statements for the most recent period available, which may be unaudited, but if unaudited, must be signed and attested by Shipper's President and Chief Financial Officer as fairly representing the financial position of the company;
- (iii) a bank reference and at least two trade references, the results of which references and any credit reports submitted herein must show that Shipper's obligations are being paid on a reasonably prompt basis;
- (iv) a written confirmation by Shipper that it is not operating under any chapter of the bankruptcy laws and is not 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. Transporter may make an exception for a Shipper who is a debtor in possession operating under Chapter XI of the Federal Bankruptcy Act if Transporter is adequately assured that the service billing will be paid promptly as a cost of administration under the federal court's jurisdiction;
- (v) a list of owners and/or shareholders of the entity, if privately held.

#### 4. REQUESTS FOR SERVICES

##### 4.12 Creditworthiness (continued)

- (d) If Shipper is unable to satisfy the requirements of Sections 4.12(b)(iii) or Shipper is not determined to be creditworthy following Transporter's receipt of any items required under Section 4.12(c), Shipper must provide and maintain adequate credit assurance satisfactory to Transporter in order to be granted a request for new service or to continue service under an existing TSA. If the service under review involves service under an existing TSA with a Shipper that has failed to demonstrate creditworthiness, the Shipper must bring its account with Transporter current by paying all past due invoice amounts owed to Transporter and provide, within five Business Days, payment in advance of one Month's anticipated charges, as described in Section 4.12(d)(vi) below, in order to continue service for the current Month and within 30 calendar Days, the Shipper must provide the next three Months of credit assurance to continue service. Adequate assurance shall include at least one of the following at Shipper's election:
- (i) an irrevocable letter of credit to Transporter, satisfactory to Transporter;
  - (ii) a deposit in advance for the service under review;
  - (iii) a grant to Transporter of a security interest in collateral found to be satisfactory to Transporter;
  - (iv) a guarantee acceptable to Transporter, by another person or entity which satisfies credit appraisal; or
  - (v) such other credit arrangement which is mutually agreed to by Transporter and Shipper and which is acceptable to Transporter on a not unduly discriminatory basis.

Upon Shipper's establishment of an acceptable credit record pursuant to Sections 4.12(b)(iii) or 4.12(c) or upon expiration of the TSA, Transporter shall return any unused portion of Shipper's letter of credit, deposit, security interest, or guarantee as applicable. If Transporter returns a deposit to Shipper, Transporter shall pay interest to Shipper at rates set pursuant to 18 CFR Section 154.501(d).

- (vi) Such letter of credit, deposit, security interest or guarantee shall be equal to three Months of the highest estimated reservation and commodity charges, including estimated charges for Natural Gas imbalances during the term of the TSA.



#### 4. REQUESTS FOR SERVICES

##### 4.12 Creditworthiness (continued)

- (e) If Shipper is found to be non-creditworthy, Transporter will inform Shipper, in writing upon Shipper's request, of the reasons for the determination.
- (f) If Shipper is unable to demonstrate creditworthiness using any of the methods described above for a request for new service, Transporter may deny the Shipper's request.
- (g) If Shipper is unable to demonstrate creditworthiness using any of the methods described above for service under an existing TSA, Transporter may, without waiving any rights or remedies it may have, terminate service upon 30-Day written notice using the notice procedures of Section 12.6 of the GT&C.
- (h) Transporter may determine in its sole discretion that a Shipper that requests new service is not creditworthy to receive such service on the basis that Shipper has outstanding payments due on invoices rendered by Transporter on current or past TSAs and Shipper has defaulted on such payments per the terms of Section 12 of the GT&C.
- (i) If a Shipper has multiple TSAs with Transporter and defaults on one TSA, Transporter may deem a default by Shipper on that one TSA as a loss of creditworthiness on any and all other TSAs the Shipper has with Transporter.

#### 4. REQUESTS FOR SERVICES

##### 4.13 Discounting

- (a) Transporter, upon mutual agreement with Shipper, may from time to time and at any time agree to adjust any or all of the rates applicable to any individual TSA on a non-discriminatory basis; provided, however, that unless such rate is a negotiated rate pursuant to Section 4.14 of the GT&C, such adjusted rate(s) shall not exceed the applicable maximum rate(s) nor shall they be less than the minimum rate(s) set forth on Statement of Rates for the applicable Rate Schedule. Discounts granted pursuant to this Section 4.13(a) will not constitute a material deviation from Transporter's Form of Service Agreement.

Transporter and Shipper may agree that a specified discounted rate will apply under the following conditions:

- (i) to specified quantities under the Transportation Service Agreement;
- (ii) to specified quantities achieving or not exceeding a certain level;
- (iii) in a specified relationship to quantities actually transported;
- (iv) to specified quantities during specified periods of time or during specified periods of the year;
- (v) to specified quantities at specific receipt or delivery points or other geographical locations;
- (vi) to production or reserves committed or dedicated to Transporter; or
- (vii) that a specified discounted rate is based on a formula including, but not limited to, published index prices for specific receipt and/or delivery points or other agreed upon published pricing reference points (such discounted rate may be based upon the differential between published prices or arrived at by formula). Any agreement containing such discounted rate shall specify the rate component(s) to be discounted (i.e., reservation charge or commodity charge or both) and any formula will provide a reservation rate per unit of contract demand. To the extent the firm reservation charge is discounted, the index price differential rate formula shall be calculated to state a rate per MDQ. Furthermore, such discount shall not change the underlying rate design or include any minimum bill or minimum take provision that has the effect of guaranteeing revenue.

#### 4. REQUESTS FOR SERVICES

##### 4.13 Discounting (a) (vii) (continued)

In addition, the discount agreement may include a provision that if one rate component which was at or below the applicable maximum rate at the time the discount agreement was executed subsequently exceeds the applicable maximum rate or is less than the applicable minimum rate due to a change in Transporter's maximum (minimum) rates so that such rate component must be adjusted downward (upward) to equal the new applicable maximum (minimum) rate, then other rate components may be adjusted upward (downward) to achieve the agreed overall rate, so long as none of the resulting rate components exceed the maximum rate or are less than the minimum rate applicable to that rate component. Such changes to rate components shall be applied prospectively, commencing with the date a Commission order accepts revised tariff provisions. 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 agreement exceeded rates which ultimately are found to be just and reasonable.

#### 4. REQUESTS FOR SERVICES

##### 4.14 Negotiated Rate Authority

- (a) Authority and Conditions. Notwithstanding anything to the contrary contained in this Tariff, including the rate schedules contained herein, Transporter and Shipper may agree to a rate or rates to be charged for service pursuant to any rate schedule contained in this Tariff (including rates derived from a formula) that may vary in form or level from the maximum-to-minimum ranges set forth on Statement of Rates of this Tariff ("Negotiated Rate"). This provision does not allow Transporter and Shipper to negotiate terms and conditions of service.
  - (i) Transporter's maximum applicable rates (plus all applicable charges and surcharges) for service under any such rate schedule are available as recourse rates for any Shipper that elects not to negotiate a Negotiated Rate.
  - (ii) Negotiated Rates shall be mutually agreed to and set forth in writing.
  - (iii) Transporter and Shipper may agree to a Negotiated Rate for the entire term of a TSA, or may agree to a Negotiated Rate for some portion of the term of a TSA. Transporter and Shipper may agree to apply the Negotiated Rate to all or a portion of capacity under Shipper's TSA.
  - (iv) During the period a Negotiated Rate is in place, the Negotiated Rate shall govern and apply to Transporter's service under the TSA and the otherwise applicable rate, rate component, charge or credit shall not apply or be available to the Shipper. Only those rates, components, charges, surcharges or credits which are superseded by a Negotiated Rate shall be ineffective during the period that the Negotiated Rate is effective; all other rates, rate components, charges, or credits prescribed, required, established, or imposed by this Tariff shall remain in effect. At the end of the period during which Negotiated Rates are in effect, the otherwise applicable Tariff rates or charges shall govern any service provided to Shipper.
  - (v) Prior to or on the same day as commencing service at such Negotiated Rate, Transporter shall file either: (i) the Negotiated Rate agreement; or (ii) a tariff provision advising the Commission of such Negotiated Rate agreement, stating the exact legal name of Shipper and specifying the actual Negotiated Rate or rate formula included in such agreement.

#### 4. REQUESTS FOR SERVICES

##### 4.14 Negotiated Rate Authority (continued)

- (b) Impact on Other Provisions. A Shipper paying for service under a Negotiated Rate that is higher than the maximum rate for such service stated on the Statement of Rates is deemed to have paid the maximum rate for purposes of scheduling and capacity allocation pursuant to Section 6, for purposes of evaluating right-of-first-refusal bids pursuant to Section 4.9, and for purposes of selling capacity pursuant to Section 4 of the GT&C.
- (c) Accounting for Costs and Revenues. Transporter will maintain accounting records so that revenues can be tracked to each Negotiated Rate transaction.

#### 4. REQUESTS FOR SERVICES

- 4.15 Statutory Regulation. The respective obligations of Transporter and Shipper under the TSA are subject to the laws, orders, rules and regulations of duly constituted authorities having jurisdiction.

#### 4. REQUESTS FOR SERVICES

##### 4.16 Assignments

- (a) Assignable Parties. A Shipper may assign its TSA, in whole or in part, subject to the credit provisions of Section 4.12 and so long as Transporter is financially indifferent, to:
  - (i) any person, firm, or corporation acquiring all, or substantially all, of the Natural Gas business of said Party;
  - (ii) a trustee or trustees, individual or corporate, as security for bonds or other obligations or securities; or
  - (iii) any person, firm, or corporation which shall succeed by purchase, merger, consolidation, sale or assignment to the interest, in whole or in part, in properties that produce or will produce Natural Gas transported or to be transported pursuant to the Shipper's TSA.

Upon assignment under GT&C Section 4.16(a), and appropriate notification to Transporter and Transporter's acceptance of that notice, (i) the assignee shall be entitled to the rights, including the related rights to pipeline capacity under the applicable Rate Schedule, and subject to the obligations of Shipper's TSA, and (ii) the assigning Shipper shall be relieved of its assigned rights and obligations under the TSA.

- (b) If a Shipper wishes to assign a portion or all of its entire firm capacity under a TSA to a party not described above, it must do so using the capacity release provisions of this Tariff.

#### 4. REQUESTS FOR SERVICES

- 4.17 Regulatory Authority: All services shall be performed pursuant to 18 CFR 284.221 authority, unless Shipper elects service to be performed pursuant to 18 CFR 284.101 (Section 311) authority. In that event, Transporter shall only accept, and Shipper shall only make, nominations for service to be performed pursuant to 18 CFR 284.101 (Section 311) in accordance with the regulations governing the provisions of such service, and after Transporter has received an "on behalf of" letter acceptable to Transporter.



#### 4. REQUESTS FOR SERVICES

- 4.18 Governing Law: The laws of the State of Colorado shall govern the validity, construction, interpretation and effect of TSAs and of the applicable Tariff provisions. TSAs are subject to all applicable rules, regulations, or orders issued by any court or regulatory agency with proper jurisdiction.

## 5. SERVICE CONDITIONS

- 5.1 Transporter shall not be required to perform or continue service on behalf of any Shipper that fails to comply with any and all applicable terms of this Tariff and the terms of Shipper's TSA with Transporter.
- 5.2 Transporter and Shipper acknowledge that the TSA does not prohibit either party from selling or transferring its own facilities; therefore, neither Transporter nor Shipper shall have any obligation to provide services under the TSA that requires the use of any facilities sold or transferred; provided, however, Transporter first shall obtain abandonment authorization, where such authorization authority is required, for any jurisdictional facilities it is seeking to sell or transfer. Nothing here shall limit Shipper's right to intervene and protest in any such abandonment application.
- 5.3 Unless otherwise agreed to in writing, Transporter shall only be responsible for the maintenance and operation of its own properties and facilities and shall not be responsible for the maintenance or operation of any other properties or facilities connected in any way with the transportation of Natural Gas.
- 5.4 Transporter shall have the right to interrupt the transportation of Natural Gas when necessary to test, alter, maintain, modify, enlarge or repair any facility or property comprising a part of, or appurtenant to, Transporter's System, or otherwise related to the operation thereof. Transporter shall endeavor to minimize the duration of such interruptions and, except in cases of emergency, shall give Shippers advance notice of its intention to so interrupt the transportation of Natural Gas and of the expected magnitude of such interruptions.
- 5.5 Venting of Gas. To the extent Transporter is unable, in its sole operational judgment and discretion, to transport unauthorized daily overrun Gas without jeopardizing the safety and integrity of Transporter's operations, Transporter shall have the right to vent, without incurring any liability to Shipper, or any third party, such unauthorized daily overrun Gas as it is unable to transport. Transporter shall use its best efforts to avoid or minimize such venting.
- 5.6 Pressure
- (a) Pressure at the receipt point(s). Shipper shall cause the Gas to be tendered at the receipt point(s) at a pressure sufficient to enter Transporter's System, provided Shipper shall not, except with the agreement of Transporter, be permitted to tender the Gas at any receipt point at a pressure in excess of the maximum pressure specified for the receipt point quantity in Exhibit A of the TSA.

5.6 Pressure (continued)

- (b) Pressure at the delivery point(s). Transporter shall tender Gas at the delivery point(s) at pressures sufficient to effect delivery into the receiving facilities against the pressures prevailing from time to time. Transporter, however, shall not be required to deliver Gas at a pressure greater than the maximum pressure specified for each delivery point quantity in Exhibit A of the TSA.
- (c) If mutually agreed upon in the TSA, Transporter may commit to maximum and minimum receipt and delivery pressure levels to Shippers on a not unduly discriminatory basis, and where necessary, upon specified conditions, to ensure that such commitments do not have any adverse effects on Transporter's System. Such conditions may include volume limitations or other operational requirements to ensure the quality of service. Transporter will post on its EBB agreed-upon maximum and minimum receipt and delivery pressure commitments and any applicable operating conditions. Transporter will not agree to a maximum or minimum receipt or delivery pressure that will render it unable to meet its existing firm obligations and, upon request, will provide a written explanation to the Shipper explaining the operational basis for rejecting any request for a maximum or minimum pressure.

## NOMINATIONS AND SCHEDULING PROCEDURES

## 6. NOMINATIONS AND SCHEDULING PROCEDURES

### 6.1 Nomination Cycles (All times are Central Clock Time (CCT) pursuant to NAESB WGQ Standard 0.3.17.)

#### (a) The Timely Nomination Cycle

On the day prior to gas flow:

- 1:00 p.m. Nominations leave control of the Service Requester (SR);
- 1:15 p.m. Nominations are received by the Transporter (including from Title Transfer Tracking Service Providers (TTTSPs));
- 1:30 p.m. Transporter sends the quick response to the SR;
- 4:30 p.m. Transporter receives completed confirmations from confirming parties;
- 5:00 p.m. SR and point operator receive scheduled quantities from the Transporter.

Scheduled quantities resulting from Timely Nominations should be effective at the start of the next Gas Day. (NAESB WGQ Standard 1.3.2(i))

#### (b) The Evening Nomination Cycle

On the day prior to gas flow:

- 6:00 p.m. Nominations leave control of the SR;
- 6:15 p.m. Nominations are received by the Transporter (including from TTTSPs);
- 6:30 p.m. Transporter sends the quick response to the SR;
- 8:30 p.m. Transporter receives completed confirmations from confirming parties;
- 9:00 p.m. Transporter provides scheduled quantities to the affected SR and point operator, including bumped parties (notice to bumped parties).

Scheduled quantities resulting from Evening Nominations should be effective at the start of the next Gas Day. (NAESB WGQ Standard 1.3.2(ii))

#### (c) The Intraday 1 Nomination Cycle

On the current Gas Day:

- 10:00 a.m. Nominations leave control of the SR;
- 10:15 a.m. Nominations are received by the Transporter (including from TTTSPs);
- 10:30 a.m. Transporter sends the quick response to the SR;
- 12:30 p.m. Transporter receives completed confirmations from confirming parties;
- 1:00 p.m. Transporter provides scheduled quantities to the affected SR and point operator, including bumped parties (notice to bumped parties).

Scheduled quantities resulting from Intraday 1 Nominations should be effective at 2:00 p.m. on the current Gas Day. (NAESB WGQ Standard 1.3.2(iii))

(d) The Intraday 2 Nomination Cycle

On the current Gas Day:

- 2:30 p.m. Nominations leave control of the SR;
- 2:45 p.m. Nominations are received by the Transporter (including from TTTSPs);
- 3:00 p.m. Transporter sends the quick response to the SR;
- 5:00 p.m. Transporter receives completed confirmations from confirming parties;
- 5:30 p.m. Transporter provides scheduled quantities to the affected SR and point operator, including bumped parties (notice to bumped parties).

Scheduled quantities resulting from Intraday 2 Nominations should be effective at 6:00 p.m. on the current Gas Day. (NAESB WGQ Standard 1.3.2(iv))

(e) The Intraday 3 Nomination Cycle

On the current Gas Day:

- 7:00 p.m. Nominations leave control of the SR;
- 7:15 p.m. Nominations are received by the Transporter (including from TTTSPs);
- 7:30 p.m. Transporter sends the quick response to the SR;
- 9:30 p.m. Transporter receives completed confirmations from confirming parties;
- 10:00 p.m. Transporter provides scheduled quantities to the affected SR and point operator.

Scheduled quantities resulting from Intraday 3 Nominations should be effective at 10:00 p.m. on the current Gas Day. Bumping is not allowed during the Intraday 3 Nomination Cycle. (NAESB WGQ Standard 1.3.2(v))

(f) For purposes of NAESB WGQ Standard No. 1.3.2 (ii), (iii), (iv), and (v), the word "provides" shall mean, for transmittals pursuant to NAESB WGQ Standards 1.4.x, receipt at the designated site, and for purposes of other forms of transmittal, it shall mean send or post (NAESB WGQ Standard 1.3.2(vi)).

(g) Shown in Section 1 of Part VI: Illustrations is a representation of NAESB WGQ Standard 1.3.2 in tabular format.

## 6. NOMINATIONS AND SCHEDULING PROCEDURES

6.2 Nomination Procedures. Nominating parties will submit nominations to Transporter in accordance with the procedures and conditions set forth in this section. Except as provided below for certain nominations, Transporter will support the NAESB WGQ Standard 1.3.2 nomination cycles, as modified for the extension of the deadline for nominations to leave control of the nominating party (nomination deadlines) for an additional fifteen minutes. However, Transporter reserves the right to accept nominations after the deadlines specified in Section 6.1, provided that no Shipper will be disadvantaged by such action. All Shippers nominating to points on a third party's transmission system, under off-system capacity acquired by Transporter, shall submit nominations in accordance with NAESB WGQ Standard 1.3.2.

- (a) All nominations should be considered original nominations and should be replaced to be changed. When a nomination for a date range is received, each Day within that range is considered an original nomination. When a subsequent nomination is received for one or more Days within that range, the previous nomination is superseded by the subsequent nomination only to the extent of the Days specified. The Days of the previous nomination outside the range of the subsequent nomination are unaffected. Nominations have a prospective effect only (NAESB WGQ Standard 1.3.7).
- (b) All nominations should include Shipper-defined begin dates and end dates. All nominations excluding intraday nominations should have roll-over options. Specifically, Shippers should have the ability to nominate for several Days, Months, or years, provided the nomination begin and end dates are within the term of Shipper's contract (NAESB WGQ Standard 1.3.5). For the date specified in the nomination, all nominations received by Transporter at or prior to a nomination deadline for that date shall be processed in the next available nomination cycle pursuant to this section.
- (c) Intraday Nomination Requirements.
  - (i) For services that provide for intraday nominations and scheduling, there is no limitation as to the number of intraday nominations (line items as per NAESB WGQ Standard 1.2.1) which a Shipper may submit at any one standard nomination cycle or in total across all standard nomination cycles (NAESB WGQ Standard 1.3.32).
  - (ii) Intraday nominations are to be submitted in full-Day quantities.
  - (iii) Firm intraday nominations shall be scheduled ahead of previously scheduled interruptible nominations in the Evening, Intraday 1, and Intraday 2 Nomination Cycles. Application of this provision will result in such interruptible nominations being Bumped.

## 6. NOMINATIONS AND SCHEDULING PROCEDURES

### 6.2 Nomination Procedures (continued)

#### (c) Intraday Nomination Requirements (continued)

- (iv) Transporter should provide affected Parties with notification of Intraday Bumps and Critical Notices through the affected Party's choice of Electronic Notice Delivery Mechanism(s) (NAESB WGQ Standard 5.3.34). "Electronic Notice Delivery" is the term used to describe the delivery of notices via Internet E-mail and/or EDI/EDM (NAESB WGQ Standard 5.2.2).
- (v) Intraday Bump notices should indicate whether daily penalties will apply for the Gas Day for which quantities are reduced (NAESB WGQ Standard 1.3.51).
- (vi) Scheduling of intraday nominations shall be based on the elapsed pro rata scheduled quantities. Elapsed-prorated-scheduled quantity means that portion of the scheduled quantity that would have theoretically flowed up to the effective time of the intraday nomination being confirmed, based upon a cumulative uniform hourly quantity for each nomination period affected (NAESB WGQ Standard 1.2.12).
- (vii) Intraday nominations can be used to request increases or decreases in total flow, changes to receipt points, or changes to delivery points of scheduled Gas (NAESB WGQ Standard 1.3.11). Requests for decrease in flow shall only be accepted to the extent they do not represent a decrease below previous confirmed quantities which would have flowed on the requested Gas Day prior to the nominated decrease, assuming ratable hourly flow rates. Intraday nominations do not rollover (i.e. Intraday nominations span one Gas Day only). Intraday nominations may be used to nominate new supply or market (NAESB WGQ Standard 1.3.33).
- (viii) Transporter will re-determine scheduled quantities, pursuant to the scheduling priorities of Section 6.3, at the Evening, Intraday 1, Intraday 2 and Intraday 3 Nomination Cycles when such scheduled quantities are affected by a discount requested by Shipper and granted by Transporter. Such re-determination may cause a discounted firm Shipper that receives a discount after Gas has been scheduled to be Bumped.



## 6. NOMINATIONS AND SCHEDULING PROCEDURES

### 6.2 Nomination Procedures (continued)

#### (c) Intraday Nomination Requirements (continued)

- (ix) With respect to the confirmation process for intraday nominations, the following provisions apply:
  - (1) Requests for Increases. In the absence of agreement to the contrary, the lesser of the confirmation quantities will be the new confirmed quantity. If there is no response to a request for confirmation or an unsolicited confirmation response, the previously scheduled quantity will be the new confirmed quantity.
  - (2) Requests for Decreases. In the absence of agreement to the contrary, the lesser of the confirmation quantities will be the new confirmed quantity, but in no event will the new confirmed quantity be less than the elapsed-prorated-scheduled quantity. If there is no response to a request for confirmation or an unsolicited confirmation response, the greater of the confirmation quantity or the elapsed-prorated-scheduled quantity will be the new confirmed quantity.
- (x) Scheduling of Intraday Nominations. For purposes of determining the portion of any intraday nomination which is to be scheduled when available capacity is not sufficient to schedule all confirmed quantities, all intraday nominations shall first be accumulated with all prior confirmed daily and intraday nominations for that Gas Day and compared to Shipper's MDQ. For the intraday nomination being processed, if the cumulated nomination quantity is in excess of MDQ, that portion of the quantity in excess of MDQ and any subsequently processed intraday nomination under that TSA shall be considered as using overrun capacity.
- (xi) Scheduling of Pool Nominations. When required by capacity constraints, nominations related to pooling agreement(s) shall be scheduled based on the priorities of the Downstream Shipper's service agreement(s). When appropriate, such capacity allocations may supersede the priority ranking provided by the Pooler.
- (d) Nominated Imbalance Quantities. Shippers shall separately nominate makeup and payback quantities to resolve imbalances.
- (e) Overrun Nominations. Overrun quantities should be requested on a separate transaction (NAESB WGQ Standard 1.3.19); however, in the event that such excess quantities are included in other nominations, the excess portion of such nomination will be scheduled pursuant to Section 6.3.

## 6. NOMINATIONS AND SCHEDULING PROCEDURES

### 6.2 Nomination Procedures (continued)

- (f) Responsibility for Nominated Quantities. When submitting nominations, the nominating party/Shipper is responsible for assuring that nominations are made in good faith and that sufficient Gas supplies are available at the nominated receipt point(s). Pursuant to the procedures specified above, Transporter will verify nomination information with the Interconnecting Party and will determine the confirmed quantity. Transporter is not responsible for assuring that the confirmed quantities are actually tendered to Transporter at the receipt point(s).
- (g) Accuracy of Nominated Quantities. The nominating party/Shipper is responsible for the accuracy of nomination data. If Transporter determines that the confirming party/Shipper is consistently nominating greater quantities than the capacity of the meter or the party's ability to take such quantities, Transporter will reduce such nominations to the level of the most recent takes at that location.
- (h) Transporter's Obligation to Deliver. For any Gas Day, Transporter shall not be obligated to deliver any greater quantity than it has confirmed and received. Further, Transporter is not obligated to increase or decrease quantities at any receipt or delivery point which have not been confirmed.
- (i) Pooling Nominations. Except when noted below, all nominations related to Pools are subject to the nomination procedures set forth in GT&C Section 6.2.
  - (i) With respect to nomination procedures, all Pooling nominations will identify the Pool as the delivery point.
  - (ii) With respect to daily and Intraday nomination and confirmation schedules, the Pooler is responsible for submission of appropriate Pooling nominations to support confirmation of the Pool.
  - (iii) With respect to nominated imbalance quantities, Poolers may not nominate out of balance, except to resolve existing imbalances.

## 6. NOMINATIONS AND SCHEDULING PROCEDURES

- 6.3 Scheduling of Receipts and Deliveries. Each Day, Transporter shall schedule the quantities nominated by Shippers in the order described hereinafter. Transporter shall schedule the lesser of the nominated quantity or the confirmed quantity. For scheduling priority purposes only, negotiated rates or Capacity Release Transactions resulting in a rate(s) that exceeds the related maximum rates will be deemed equivalent to maximum rates.
- (a) The first quantities scheduled shall be those quantities nominated and confirmed under Rate Schedule FT for transportation service utilizing the Primary Receipt-to-Delivery Flow Path. If Transporter has insufficient capacity to schedule all nominated quantities as Primary Receipt-to-Delivery Flow Path, Transporter shall schedule pro rata based on contract entitlement at the point or the location on the path at which the capacity limitation occurs. Unless a capacity constraint exists at the point, a Secondary Point nomination at a Secondary Point within the Primary Capacity shall be treated the same as a nomination by a Shipper at a Primary Point. If nominations at a point exceed capacity at the point, Primary Point nominations will be scheduled ahead of Secondary Point nominations, and Secondary Point nominations will be scheduled pro rata based on each Shipper's nomination, within MDQ.
  - (b) The next quantities scheduled shall be those quantities nominated and confirmed under Rate Schedule FT for transportation service using Secondary Capacity. Secondary Capacity quantities will be scheduled on a pro rata basis based on nominated quantities.
  - (c) The next quantities scheduled shall be those quantities nominated and confirmed under the following services: authorized overrun quantities under Rate Schedule FT and quantities under Rate Schedule IT, Rate Schedule PAL, imbalance and makeup/payback quantities under Rate Schedules FT, IT, and SS-1. Under these services, a Shipper paying a higher commodity rate than another Shipper shall be scheduled first. Further, within this group, Shippers paying the same commodity rate shall be scheduled pro rata based on nominated quantities.

## 6. NOMINATIONS AND SCHEDULING PROCEDURES

- 6.4 Confirmation Procedures. Confirmations issued during each scheduling cycle shall be treated as scheduled quantities at the point of interconnection. If a confirmation from an Interconnecting Party is received after final quantities are scheduled, the resulting imbalance will be carried on the Shipper's TSA unless the Interconnecting Party agrees to accept the scheduled quantities on its operational balancing agreement during the Intraday 3 Nomination Cycle.

## 6. NOMINATIONS AND SCHEDULING PROCEDURES

### 6.5 Allocation of Capacity.

Where transportation service is interrupted due to capacity limitations, service shall be interrupted pursuant to the following order until the level of scheduled service equals available capacity. Transporter shall provide as much notice as is practicable prior to implementing any interruption of services.

- (a) First, (i) all imbalance and makeup/payback quantities under Rate Schedules FT, IT, and SS-1, (ii) quantities nominated as interruptible service under Rate Schedule PAL, and (iii) quantities nominated under the following services: authorized overrun quantities under Rate Schedule FT and interruptible service under Rate Schedule IT will be interrupted based on the commodity rate, with the lowest commodity rate interrupted first. Further, within this group, Shippers paying the same commodity rate shall be scheduled on a pro rata basis based on nominated quantities.
- (b) The next quantities to be interrupted shall be those quantities utilizing Secondary Capacity. Reductions will be interrupted using the scheduling priorities in Section 6.3 for firm transportation services.
- (c) The next quantities to be interrupted shall be those quantities utilizing a Secondary Point within the Primary Capacity. Reductions during the Evening Nomination Cycle will be interrupted using the scheduling priorities in Section 6.3 for firm transportation services. Reductions occurring after the Evening Nomination Cycle will be interrupted pro rata based on nominations at the point at which the capacity limitation occurs.
- (d) The next quantities to be interrupted shall be those quantities utilizing the Primary Receipt-to-Delivery Flow Path. Reductions will be interrupted using the scheduling priorities in Section 6.3 for firm transportation services..

## 6. NOMINATIONS AND SCHEDULING PROCEDURES

6.6 Flow Day Diversion. Subject to the limitations set forth in Rate Schedule FT or Rate Schedule IT, as applicable, during any intraday nomination cycle for the Gas Day a Shipper moving gas pursuant to this Tariff may use the Flow Day Diversion process to divert scheduled quantities to a new receipt point or delivery point as detailed in this Section 6. Such diversion is limited to the elapsed pro rata scheduled quantities, as applicable.

(a) Flow Day Diversion Options

- (i) Shipper may divert scheduled quantities to a new receipt point upstream of a Segment.
- (ii) Shipper may divert scheduled quantities to a new delivery point downstream of a Segment.
- (iii) Flow Day Diversion is not available for quantities scheduled at off-system locations nominated pursuant to GT&C Section 4.6.

(b) Conditions of Flow Day Diversion

- (i) Shipper shall divert scheduled quantities under the same TSA as quantities scheduled for the Gas Day.
- (ii) All nominations on a TSA, including prior-cycle nominations and new intra-day nominations, shall be evaluated against quantities scheduled at a location(s) and on a Segment(s) available in the most recent intraday cycle.
- (iii) At Shipper's option, the Flow Day Diversion nomination may include changes to upstream/downstream transaction information, including package ID and rank.
- (iv) All nominations are evaluated based on the requirements of GT&C Section 6.3.
  - (A) To the extent the sum of the nominations for a TSA does not exceed the previously scheduled capacity for that TSA at a location or on a Segment, such nominations shall be processed as previously scheduled in the intraday cycle.
  - (B) If the sum of the nominated quantities on a TSA in an intraday cycle exceeds the previously scheduled capacity at a location or on a Segment, such additional quantities shall be processed as incremental nominations and scheduled pursuant to Section 6.3.

## 6. NOMINATIONS AND SCHEDULING PROCEDURES

### 6.7 Title Transfer Tracking Service

- (a) Transporter shall provide one or more receipt pools for purposes of facilitating the aggregation and disaggregation of Gas received into its system. The process of aggregating and disaggregating Gas receipts shall be deemed Pooling.
- (b) At a minimum, Transporter should be responsible for accommodating Title Transfer Tracking ("TTT") services at all points identified by Transporter as pooling points, where TTT services are requested. In absence of existing pooling points or in addition to existing pooling points where access to TTT activity is not reasonably accessible for supply receipt locations covered by an OBA, Transporter should be responsible for accommodating TTT at no less than one location. (NAESB Standard 1.3.64)
- (c) The Title Transfer Tracking services should be supported by means of the nominations, quick responses and scheduled quantities processes. At Transporter's election, the confirmation process may also be utilized with Title Transfer Tracking Service Providers within the Transporter's system. (NAESB Standard 1.3.65)
- (d) Transporter shall provide service as a Title Transfer Tracking Provider ("TTTSP") at its designated pooling points. Parties wishing to transfer title to other parties using Transporter's TTT services must hold a pooling account with Transporter. Third Party Account Administrators ("3PADS") must hold a pooling account with Transporter and must follow the procedures and requirements for nominations, quick responses and scheduled quantities.
- (e) Transporter may facilitate TTT service(s) at individual locations where such service(s) is requested.

6. NOMINATIONS AND SCHEDULING PROCEDURES

- 6.8 Protection of Life and Property. Transporter and Shipper shall collaborate in making adjustments to receipt quantities or delivery quantities, if possible, which may be necessary to avoid or forestall injury to life and property.



6. NOMINATIONS AND SCHEDULING PROCEDURES

- 6.9 Transporter's Non-Liability. Transporter shall not be liable for any damages which may directly or indirectly result from Transporter's implementation of the allocation procedures set forth in this Section 6 so long as Transporter complies with such provisions.

## 7. RESPONSIBILITY FOR GAS AND PRODUCTS

- 7.1 Transporter shall have no responsibility for Natural Gas prior to its acceptance at the receipt point(s) and after delivery at the delivery point(s), and Shipper shall have sole responsibility for all arrangements necessary for delivery of Natural Gas to Transporter at the receipt point(s) for transportation, and for all arrangements necessary for receipt of Natural Gas for the account of Shipper at the delivery point(s), which arrangements otherwise meet the provisions set forth in these GT&C.
- 7.2 As between Transporter and Shipper, Transporter shall be deemed to be in control and possession of the Natural Gas from the time it is received by Transporter at the receipt point(s) until it is redelivered to Shipper at the delivery point(s), and Shipper shall be deemed to be in control and possession of the Natural Gas at all other times. By tendering Gas to Transporter, Shipper warrants that it has title to, or the right to ship, the Gas it has delivered.

## OPERATING PROVISIONS

## 8. OPERATING PROVISIONS

### 8.1 FIRM SERVICE

#### (a) Segmentation of Capacity

- (i) **Applicability.** Any Shipper receiving firm transportation service under Rate Schedule FT may segment its capacity pursuant to the provisions and restrictions of this section.
  - (A) Segmentation may be accomplished on a self-implementing basis, by nomination or capacity release.
  - (B) Segmentation may be accomplished on Transporter's System by specifying the desired Segmentation receipt and delivery points. Transporter shall permit such Segmentation if the provisions in Section 8.1(a)(iii) are met, if capacity is available, and if such Segmentation request can be supported without adversely affecting system operations or other firm obligations. Any new receipt or delivery points established by Segmentation will not affect Shipper's entitlements at existing receipt and delivery points except as adjusted by capacity release, and are deemed to be Segmentation receipt and/or delivery points, as appropriate. If the Segmentation involves the release of capacity, then the requirements of Section 9 must be met.
- (ii) Any Shipper utilizing Segmentation point(s) shall pay the applicable maximum reservation and commodity rates for the portion of Shipper's quantities utilizing Segmentation points, unless Shipper has requested and been granted a discount pursuant to Section 3.2 of Rate Schedule FT, or Shipper's TSA provides otherwise. In no event shall Shipper be entitled to more transportation service than is provided for under the TSA. Shipper's entitlements at the existing primary receipt or delivery points are not affected by Segmentation.
- (iii) **General Prerequisites for Segmentation.** To maintain the integrity and reliability of Transporter's System, the following prerequisites for Segmentation have been established to ensure that Segmentation is supported to the greatest extent possible without detriment to, or degradation of, any Shipper's service.
  - (A) Segmented capacity may not exceed Shipper's MDQ, except as provided below.

- (B) Segmentation is subject to the availability of capacity and existing contractual obligations at and between the new receipt point(s) and/or delivery point(s) established as a result of Segmentation.
  - (C) If operationally required, the thermal content of Gas being received at Segmented points must be no less than the thermal content of Gas received at the original receipt point under the Shipper's TSA.
  - (D) Shipper may nominate and tender and Transporter may confirm and receive quantities pursuant to Segmentation transactions which exceed Shipper's MDQ; provided however, the quantity of capacity usage on any Segment which exceeds Shipper's MDQ shall be considered overrun Gas and shall be invoiced at the applicable maximum Authorized Overrun Rate.
- (iv) Implementation of Segmentation.
- (A) Segmentation transactions for which the receipt or delivery point lies within Shipper's Primary Receipt-to-Delivery Flow Path and which flow is in the same direction as Shipper's Primary Capacity are to be scheduled as primary for the portion of the transaction that is within Shipper's Primary Receipt-to-Delivery Flow Path and scheduled as Secondary for the portion of the transaction outside such flow path. Shipper may request to revise or acquire primary rights at the receipt and/or delivery point from Transporter, pursuant to Section 8.1(b)(ii).
  - (B) Segmentation transactions entirely outside the Primary Receipt-to-Delivery Flow Path are to be scheduled as Secondary Capacity. Further, Segmentation transactions that flow opposite to the direction of Shipper's primary capacity are considered outside the primary flow path and are scheduled as secondary capacity.
  - (C) Both Releasing and Replacement Shippers may utilize Secondary Capacity; provided however, the combined nominations of such Shippers on any Segment and at any receipt or delivery point are limited to the original contractual MDQ. Based on the replacement TSA's MDQ, Secondary Capacity on a Segment shall be allocated on a pro rata basis between the Releasing and Replacement Shippers up to the original contractual MDQ. Capacity utilized above the Secondary Capacity allocation shall be scheduled and invoiced as authorized overrun.

- (D) A firm Shipper (or a Releasing Shipper and a Replacement Shipper participating in a capacity release) may segment its capacity by simultaneously nominating its full rights in a forward haul and its full rights in a Backhaul to the same delivery point.
  - (E) Control of Segmentation. Transporter reserves the right to control or restrict Segmentation when, in Transporter's reasonable discretion, such Segmentation would result in a degradation of service or pose a threat to the sound operation of Transporter's System. Such control or restriction may be necessary to ensure that critically sourced Gas is available when and where it is needed during times of Non-Cautionary Conditions, as well as Cautionary Conditions.
- (b) Flexible Receipt and Delivery Point(s).
- (i) Designation of primary receipt and delivery points. The receipt and delivery points listed in the TSA shall be the Shipper's Primary Receipt and Delivery Points. The total receipt point capacity must equal the total delivery point capacity and must equal the MDQ specified in the TSA.
  - (ii) Revision of Primary Points. A firm Shipper may request a permanent change to the primary receipt and delivery point(s) listed in the TSA. Transporter shall evaluate all requests for changes as promptly as possible and shall grant such changes if capacity is available and the change can be made without adversely affecting system operations or other firm obligations at the new or existing Primary Point(s). Any changes in receipt and/or delivery point(s) shall result in a corresponding one-for-one reduction in quantities at the original receipt and/or delivery point(s). Shipper retains no rights to the reduced original points. Transporter may sell such reduced capacity to other Shippers requesting the capacity. Transporter shall post to its EBB notice of any additional interconnects within 15 Days of execution of the agreement for such interconnect.
  - (iii) Through the nomination process, Shipper may request transportation service at Secondary Point(s). The Secondary Point(s) may be any receipt and/or delivery point(s). The total quantity of Gas transported on behalf of Shipper on any Segment shall not exceed Shipper's MDQ, unless otherwise agreed to by Transporter.
  - (iv) Discounted Transportation Rates. Unless otherwise agreed to in writing by Transporter pursuant to Section 3.2 of Rate Schedule FT, Shipper shall pay the higher of the contract rate or the applicable maximum rate for firm transportation charges for service requested at Secondary Points or at revised primary receipt or delivery points.

## 8. OPERATING PROVISIONS

### 8.2 INTERRUPTIBLE SERVICE

#### (a) Obtaining Interruptible Service

- (i) After receiving a valid request for interruptible service, Transporter will evaluate Shipper/Operator's request and respond to Shipper within five Business Days. Once the request has been evaluated and approved, Transporter will prepare and tender to Shipper for execution an agreement in the form contained in this Tariff.
- (ii) If a Shipper has executed an interruptible TSA (Rate Schedules IT and PAL) and fails to schedule service within two years of the later of the execution of the agreement or the in-service date of any facilities necessary to provide service, the agreement shall be terminated and Shipper's request shall be deemed null and void.

## CAPACITY RELEASE PROGRAM



## 9. CAPACITY RELEASE PROGRAM

- 9.1 Purpose. This section sets forth the specific terms and conditions applicable to Transporter's capacity release program. Unless otherwise stated in this Section 9, all times are Central Clock Time (CCT) pursuant to NAESB WGQ Standard 0.3.17.

## 9. CAPACITY RELEASE PROGRAM

- 9.2 Applicability. This section is applicable to any Releasing Shipper(s) or any Replacement Shipper(s) who elect to release all or a portion of its firm capacity under Rate Schedule FT. Releasing Shipper(s) shall have the right to release, on a permanent or temporary basis, any portion of its firm capacity rights held under a TSA with Transporter, but only to the extent that the capacity so released is acquired by another Shipper pursuant to this section.

## 9. CAPACITY RELEASE PROGRAM

- 9.3 Availability of Released Capacity. Released capacity shall be made available on a non-discriminatory basis and shall be assigned on the basis of an open season or prearrangement in accordance with the procedures of this section and, where appropriate, the applicable NAESB WGQ Standards.
- (a) Availability of Advertisements for the Purchase of Capacity. Any person may advertise for the purchase of capacity on Transporter's System on its EBB by submitting the desired advertisement (up to one page) to Transporter. Transporter shall post such advertisement on the Informational Postings portion of its EBB no later than the Business Day following receipt thereof if so requested, so long as the advertisement is not unlawful or inconsistent with Transporter's tariff. The posted period requested may be for a period of time not to exceed one month. There will be no posting fee for such advertisements seeking to purchase capacity on Transporter's System. A response in and of itself to an advertisement seeking to purchase capacity never constitutes a capacity release. To release capacity, the Shipper holding the capacity rights must utilize the release procedures set forth in Section 9 of these General Terms and Conditions.

## 9. CAPACITY RELEASE PROGRAM

- 9.4 Qualification for the Capacity Release Program. Any party, whether seeking to acquire capacity under bid or a prearranged release, must be pre-qualified by Transporter prior to submitting a bid for released capacity. To be pre-qualified, a Shipper must satisfy the creditworthiness requirements of Section 4.12 of the GT&C. Notwithstanding such qualification to participate in the capacity release program, Transporter does not guarantee the payment of any outstanding amounts by a Replacement Shipper.

## 9. CAPACITY RELEASE PROGRAM

### 9.5 Capacity Release Timeline

- (a) Releases Assigned On the Basis of An Open Season. A Shipper electing or required to release capacity on the basis of an open season must post notice of release on Transporter's EBB pursuant to Section 9.7 hereof. Such notice shall be posted upon receipt unless Releasing Shipper requests otherwise.
- (b) The following capacity release timeline (NAESB WGQ Timeline) applies to all parties involved in the capacity release process provided that: 1) all information provided by the parties to the transaction is valid and the acquiring Shipper has been determined to be creditworthy before the capacity release bid is tendered, 2) for index-based capacity release transactions, the Releasing Shipper has provided the Transportation Service Provider with sufficient instructions to evaluate the corresponding bid(s) according to the timeline, and 3) there are no special terms or conditions of the release. Further, the Transportation Service Provider may complete the capacity release process on a different timeline if the offer includes unfamiliar or unclear terms and conditions (e.g., designation of an index not supported by the Transportation Service Provider). (NAESB WGQ Standard 5.3.1) Furthermore, the release must comply with the Bid Evaluation Methods described in Sections 9.11(d)(i) through (iii), hereof (Note 1):

NAESB WGQ Standard 5.3.2:

For biddable releases (1 year or less):

- (i) Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day.
- (ii) Open season ends at 10:00 a.m. on the same or a subsequent Business Day.
- (iii) Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best bid is made, and ties are broken.
- (iv) If no match is required, the evaluation period ends and the award is posted by 11:00 a.m.
- (v) Where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the award is posted by 12:00 p.m. Noon.
- (vi) The contract is issued within one Hour of the award posting (with a new contract number, when applicable).

9.5 Capacity Release Timeline (continued)

(b) (continued)

- (vii) Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

For biddable releases (more than 1 year):

- (viii) Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day.
- (ix) Open season shall include no less than three 9:00 a.m. to 10:00 a.m. time periods on consecutive Business Days.
- (x) Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best bid is made, and ties are broken.
- (xi) If no match is required, the evaluation period ends and the award is posted by 11:00 a.m.
- (xii) Where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the award is posted by 12:00 p.m. Noon.
- (xiii) The contract is issued within one Hour of award posting (with a new contract number, when applicable).
- (xiv) Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

For non-biddable releases:

- (xv) The posting of prearranged deals that are not subject to bid are due no later than one Hour prior to the nomination deadline for the applicable cycle, pursuant to NAESB WGQ Standard No. 1.3.2. The posting deadlines are:
  - (A) Timely Cycle 12:00 Noon
  - (B) Evening Cycle 5:00 p.m.
  - (C) Intraday 1 Cycle 9:00 a.m.
  - (D) Intraday 2 Cycle 1:30 p.m.
  - (E) Intraday 3 Cycle 6:00 p.m.

9.5 Capacity Release Timeline (continued)  
(b) (continued)

- (xvi) The contract is issued within one Hour of the award posting (with a new contract number, when applicable).
- (xvii) Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

NOTE: (1) Posting of Notices of Release (either under an open season or a prearranged release) is subject to review by Transporter for accuracy, completeness, and validity before being posted.

## 9. CAPACITY RELEASE PROGRAM

- 9.6 Prearranged Releases. Shipper electing to release capacity on the basis of a prearranged release must post notice on Transporter's EBB pursuant to Section 9.8 herein. No open season is required for a prearranged release that is (1) for more than one year at a rate which is equal to the maximum reservation rate under the applicable Tariff rate schedule and which meets all the terms of the release; (2) for a term of thirty-one Days or less and which meets all the terms of the release; (3) a release to an asset manager as defined in 18 C.F.R. Section 284.8(h)(3); or (4) a release to a marketer participating in a state-regulated retail access program as defined in 18 C.F.R. Section 284.8(h)(4). All other prearranged releases shall be subject to an open season requirement as described in Section 9.5 hereof. A Releasing Shipper may not rollover, extend or in any way continue the release to the same Replacement Shipper using the 31 Days or less bidding exemption until at least twenty-eight Days after the first release period has ended unless the Replacement Shipper is an asset manager as defined in 18 C.F.R. Section 284.8(h)(3) or a marketer participating in a state-regulated retail access program as defined in 18 C.F.R. Section 284.8(h)(4). A Shipper electing to release capacity on a prearranged basis not subject to an open season must post the notice of release on Transporter's EBB pursuant to the timeline for non-biddable releases in Sections 9.5(b)(xii) - (xv).



## 9. CAPACITY RELEASE PROGRAM

- 9.7 Notice of Capacity Release - Open Season Basis. Any Shipper holding capacity rights subject to this Section 9 who desires to release such firm capacity on an Open Season Basis shall deliver notice via Transporter's EBB which shall contain the following:
- (a) Releasing Shipper's legal name, contract number, and the name of the individual responsible for authorizing the release of capacity;
  - (b) The maximum and minimum quantity of firm daily capacity which the Releasing Shipper desires to release, stated in Dth per Day;
  - (c) the receipt and delivery point(s) and path at which the Releasing Shipper will release capacity and the firm capacity to be released at each such point and path;
  - (d) whether capacity will be released on a recallable or a recallable and reputtable (returned to the Replacement Shipper) basis (subject to minimum terms and conditions in Section 9.12). Recall and reput terms must be objectively stated, nondiscriminatory, and applicable to all bidders. The Transporter should support the ability for the Releasing Shipper to specify, as a condition of a release, whether the Releasing Shipper's recall notification must be provided exclusively on a Business Day (NAESB WGQ Standard 5.3.51).
  - (e) the requested effective date and the term of the release (minimum term of release is one Day);
  - (f) whether the Releasing Shipper is willing to consider release for a shorter time period than that specified in (e) above, and, if so, the minimum acceptable period of release;
  - (g) whether the Releasing Shipper desires bids for the released capacity to be stated in a dollar amount per Dth or as a percentage of Transporter's maximum reservation rate as in effect from time to time, or as an index-based formula (under one of the methods listed below); in conformance with NAESB WGQ Standard 5.3.26, Releasing Shipper has choice to specify dollars and cents or percent of maximum Tariff rate in the denomination of bids and Transporter shall support this choice. Once the choice is made by the Releasing Shipper, the bids should comport with the choice;
    - (i) a percentage of the formula,
    - (ii) a dollars and cents differential from the formula, or
    - (iii) a dollars and cents differential from the Rates Floor;

## 9. CAPACITY RELEASE PROGRAM

### 9.7 Notice of Capacity Release - Open Season Basis (continued)

- (h) whether the Releasing Shipper desires to release capacity on a volumetric reservation rate basis or an index-based formula. If utilizing an index-based formula, the Releasing Shipper should specify the minimum acceptable rate and, if applicable, any minimum volumetric load factor commitment. (Capacity releases made on a volumetric rate basis cannot be re-released by the Replacement Shipper);
- (i) the applicable maximum reservation rate for capacity being released as shown on Transporter's Statement of Rates or as an index-based formula;
- (j) if Releasing Shipper is willing to consider releasing capacity at less than maximum reservation rate stated in Section 9.7(i) above, and if so, the minimum reservation rate Releasing Shipper is willing to accept;
- (k) Reserved
- (l) whether the Releasing Shipper wants Transporter to market the capacity in accordance with Section 9.17 hereof;
- (m) for releases posted to comply with the NAESB WGQ Timeline as shown in Section 9.5(b) hereof, the Releasing Shipper shall select one of the following bid evaluation methods which are described more fully in Section 9.11(d):
  - (i) Present Value
  - (ii) Highest Rate
  - (iii) Net Revenue
- (n) In lieu of the methods described in Section 9.7(m) above, the Releasing Shipper may provide its own nondiscriminatory bid evaluation criteria; except that Transporter will not accept first bidder meeting minimum acceptable terms of the release as a valid bid evaluation method.

## 9. CAPACITY RELEASE PROGRAM

### 9.7 Notice of Capacity Release - Open Season Basis (continued)

- (o) The time and date the notice is to be posted on Transporter's EBB. Release notice will be posted upon receipt unless otherwise requested by Releasing Shipper (open season dates will be posted by Transporter based on the requirements of Section 9.5 of this Tariff or by the Releasing Shipper, if Releasing Shipper requests a longer open season or an earlier posting than is required in Section 9.5). After the open season has commenced, a Releasing Shipper cannot specify the extension of an open season bid period without posting a new release;
- (p) whether the Releasing Shipper is willing to accept contingent bids;
- (q) Releasing Shipper shall elect one of the following:
  - (i) establish minimum terms of the release and display them on the EBB; or
  - (ii) establish minimum terms of the release and keep such terms confidential (i.e., not post them on the EBB) but Bidding Shippers will be informed on the EBB that minimums have been established;
  - (iii) establish no minimum terms; Releasing Shipper will accept highest bid received for the release.
- (r) any other applicable conditions of the release.

## 9. CAPACITY RELEASE PROGRAM

9.8 Notice of Capacity Release - Prearranged Basis. The Releasing Shipper shall deliver a notice of a prearranged release via Transporter's EBB. Likewise, the Prearranged Shipper must confirm its bid electronically on the EBB. The EBB notice shall set forth the following information:

- (a) all the items contained in Section 9.7 hereof required to define a prearranged release;
- (b) Prearranged Shipper's legal name, address, and the name of the individual responsible for authorizing the bid for the prearranged release;
- (c) the term of the proposed acquisition of capacity by Prearranged Shipper (minimum term of any release is one Day);
- (d) the reservation rate, expressed as a daily rate (dollars and cents) or percentage of the maximum reservation rate, or as an index-based formula, as specified by Releasing Shipper, the Prearranged Shipper has agreed to pay for the released capacity and any minimum volumetric load factor, if applicable. In conformance with NAESB WGQ Standard 5.3.26, Releasing Shipper has the choice to specify dollars and cents or percent of maximum Tariff rate in the denomination of bids and Transporter shall support this. Once the choice is made by the Releasing Shipper, the bids should comport with the choice. If capacity is released on a volumetric Rate basis, it cannot be re-released by the Replacement Shipper;
- (e) the maximum and minimum quantity of firm daily capacity which the Releasing Shipper desires to release, stated in Dth per Day;
- (f) whether or not the Prearranged Shipper is an affiliate of the Releasing Shipper;

## 9. CAPACITY RELEASE PROGRAM

### 9.8 Notice of Capacity Release - Prearranged Basis (continued)

- (g) the time and date the notice is to be posted on Transporter's EBB. Release notice will be posted upon receipt unless otherwise requested by Releasing Shipper (open season dates will be posted by Transporter based on the requirements of Section 9.5 of this Tariff, if applicable, or by Releasing Shipper, if Releasing Shipper requests a longer open season than the minimum required in Section 9.5 herein).

Releasing Shipper cannot allow extension of time provided for the Prearranged Shipper to match a higher bid (matching period as described in the timeline in Section 9.5 hereof) without posting a new release;

- (h) whether the Prearranged Shipper is an asset manager or marketer participating in a state-regulated retail access program for the purposes defined in 18 C.F.R. Sections 284.8(h)(3) and (h)(4), respectively; and
- (i) any other applicable conditions of the prearranged release.

9. CAPACITY RELEASE PROGRAM

- 9.9 Term of Released Capacity. The term of any release of firm capacity shall not be less than one Day and shall not exceed the term of the TSA or Replacement Capacity Agreement under which the release occurs.

## 9. CAPACITY RELEASE PROGRAM

9.10 Bids for Released Capacity - Open Season. A bid may be submitted to Transporter by a Bidding Shipper at any time during the open season via Transporter's EBB.

- (a) Each bid for released capacity must include the following:
  - (i) Bidding Shipper's legal name and the name of the individual responsible for authorizing the bid;
  - (ii) the term of the proposed acquisition;
  - (iii) the maximum reservation rate, expressed as a daily rate (dollars and cents) or percentage of the maximum reservation rate, as appropriate, or maximum volumetric rate (either dollars or percent, as specified by Releasing Shipper), or the maximum dollars and cents differential or percentage of an index-based formula Bidding Shipper is willing to pay for the released capacity;
  - (iv) the capacity desired at primary receipt and delivery points;
  - (v) for Segmented capacity release requests, the prerequisites and requirements of Section 8.1(a) must also be met;
  - (vi) whether or not the Bidding Shipper is an affiliate of the Releasing Shipper;
  - (vii) any other information requested in the notice of release posted on Transporter's EBB;
  - (viii) whether or not the Bidding Shipper will meet all other terms of release (if there are any); and
  - (ix) the time and date the bid was submitted to Transporter for posting on Transporter's EBB.
- (b) All valid and complete bid(s) received by Transporter during the open season as detailed in Section 9.5 hereof shall be posted on Transporter's EBB. The identity of the Bidding Shipper(s) will not be posted, but all other terms of the bid(s) will be posted on Transporter's EBB.

## 9. CAPACITY RELEASE PROGRAM

### 9.10 Bids for Released Capacity - Open Season (continued)

- (c) For a capacity release transaction for a term of more than one year, a Bidding Shipper may not bid a reservation rate less than the minimum reservation rate nor more than the applicable maximum reservation rate nor may the capacity or the term of the release of such bid exceed the maximum quantity or term specified by the Releasing Shipper. No rate limitation applies to the release of capacity including an index-based release, for a period of one year or less if the release is to take effect on or before one year from the date on which the pipeline is notified of the release.
- (d) A Bidding Shipper may withdraw its bid any time prior to the expiration of the open season but may not resubmit a bid for the same release at an equal or lower rate. Bids may be withdrawn via the EBB.
- (e) A Bidding Shipper may only have one bid pending for any specific capacity release transaction at any one time.
- (f) All bids pending at the expiration of the open season shall be binding upon the Bidding Shipper(s). Further, the Bidding Shipper(s) agrees that its bid will constitute a binding agreement if the Bidding Shipper is awarded the released capacity pursuant to this Section 9.
- (g) Bids shall be binding until notice of withdrawal is received by Transporter on its Customer Activities Web site(NAESB WGQ Standard 5.3.13).



## 9. CAPACITY RELEASE PROGRAM

9.11 Awarding of Released Capacity. Released capacity shall be awarded in accordance with this section.

- (a) If a Bidding Shipper's bid satisfies all terms and conditions specified in the Releasing Shipper's notice, including the posted reservation rate, then the capacity shall be awarded to such Bidding Shipper, and the Releasing Shipper shall not be permitted to reject such bid. If such bid was submitted in an open season relating to a prearranged release, capacity shall be awarded as described in Section 9.11(h) hereof.
- (b) Offers shall be binding until notice of withdrawal is received by Transporter on its Customer Activities Web site (NAESB WGQ Standard 5.3.14). Releasing Shipper(s) may withdraw their offer of release any time prior to the start of the open season, or during the open season in the event of an unexpected change in Releasing Shipper's need for the capacity being released provided, however, that the Releasing Shipper may not withdraw its offer of release, if bids have been received that meet the minimum terms of the release. The Releasing Shipper may withdraw its offer to release capacity via the EBB. In summary, the Releasing Shipper has the right to withdraw its offer during the bid period, where unanticipated circumstances justify and no minimum bid has been made (NAESB WGQ Standard 5.3.16).
- (c) If more than one bid is received that is equal to or exceeds all the minimum terms and conditions specified in the Releasing Shipper's notice, then the Replacement Shipper(s) shall be the Bidding Shipper(s) who offer(s) the highest bid, based on the bid evaluation methods as posted by the Releasing Shipper in its notice of release. Transporter shall evaluate and rank all bids submitted during the open season. If Bidding Shipper has made a bid based on a contingency and such contingency has not been removed by the date and time specified pursuant to the timeline as described in Section 9.5 hereof, such bid shall be deemed withdrawn. If bids from two or more Bidding Shippers result in bids of equal value, then the capacity shall be awarded pursuant to Section 9.11(g) hereof.

## 9. CAPACITY RELEASE PROGRAM

### 9.11 Awarding of Released Capacity (continued)

- (d) Bid Evaluation Methods. All bids received will be evaluated pursuant to one of the following methods:
- (i) Present Value Calculation. Releasing Shipper may elect to have all bids evaluated and ranked pursuant to a Present Value Calculation, as follows:

$$R \times \frac{1 - (1 + i)^{-n}}{i} \times V = \text{present value}$$

where:  $i$  = interest rate per Month using one-twelfth ( $1/12^{\text{th}}$ ) of the current FERC annual interest rate as defined in Section 154.501(d)(1) of the Commission's Regulations.  
 $n$  = term of the release, in Months  
 $R$  = the reservation charge(s) and reservation surcharge(s) bid  
 $V$  = volume stated in Dth

- (ii) Highest Rate. Releasing Shipper may elect to have bids evaluated on the basis of the highest reservation rate bid;
- (iii) Net Revenue. Releasing Shipper may elect to have bids evaluated on the basis of the total reservation rate-based revenues received over the term of the release;

## 9. CAPACITY RELEASE PROGRAM

### 9.11 (d) (continued)

- (iv) Other Method. Releasing Shipper may at the time of posting of the notice of release specify how bids are to be evaluated to determine which offer is the best. The criteria must be objectively stated, applicable to all potential bidders, and nondiscriminatory. The criteria can contain provisions that allow for weighting of factors such as quantity, term, and rate; however, Transporter will not accept first bidder meeting minimum acceptable terms of the release as a valid bid evaluation methodology. If bid evaluation criteria are provided by the Releasing Shipper, the evaluation period specified in Section 9.5(b) shall be extended by one Business Day.
  - (v) For index-based capacity release transactions, the Releasing Shipper should provide the necessary information and instructions to support the chosen methodology. If the Releasing Shipper specifies an index-based formula in its capacity release offer, the Bid Rate (R) used in the bid evaluation options of this Section 9.11 will be based on: 1) the dollars and cents differential or percentage of the Rate Default, or 2) the dollars and cents differential of the Rate Floor, as applicable.
- (e) If bid evaluation criteria are provided by the Releasing Shipper, Transporter shall, for each bid received, calculate the total value of each bid received at the end of the open season based on the nondiscriminatory criteria provided by the Releasing Shipper. The results of this calculation shall determine each bid's total value. The bids will then be ranked by Transporter in order from the highest to the lowest total value.
- (f) For bids evaluated using any of the first three methods (Sections 9.11(d)(i) through (iii), above), Transporter shall notify the Releasing Shipper and successful bidder no later than 5:00 p.m. CCT on the Business Day before nominations are due (as specified in Section 9.5, hereof) and the capacity shall be awarded to the successful Bidding Shipper(s) which shall become the Replacement Shipper(s).
- (g) If bids from two or more Bidding Shippers result in bids of the highest equal value, the first bid received of highest equal value will be awarded the capacity. When Transporter makes awards of capacity for which there have been multiple bids meeting minimum conditions, Transporter shall award the bids, best bid first, until all offered capacity is awarded (NAESB WGQ Standard 5.3.4).

## 9. CAPACITY RELEASE PROGRAM

### 9.11 Awarding of Released Capacity (continued)

- (h) With respect to a prearranged release, if no better offer (as determined above) is received during an open season or the prearranged offer is for the applicable maximum reservation rate under the applicable rate schedule for a term of more than one year and meets all the other terms of the release, then the Prearranged Shipper shall become the Replacement Shipper for the released capacity. If a better offer is received during the open season, the Prearranged Shipper shall have the time specified in Section 9.5 hereof to match that offer. If the Prearranged Shipper fails to match the better offer, then the Bidding Shipper who presented the better offer, as determined above, shall become the Replacement Shipper.
- (i) A Releasing Shipper shall retain all of the capacity under the executed TSA or Replacement Capacity Agreement that is not acquired by a Replacement Shipper as the result of an open season or a prearranged release.
- (j) If no bids are received which meet or exceed all of the minimum conditions specified by the Releasing Shipper, no capacity shall be awarded.

## 9. CAPACITY RELEASE PROGRAM

9.12 Recalls and Reput of Capacity. If capacity is released subject to recall pursuant to Section 9.7(d), in addition to such other terms not inconsistent with this section as are agreed to by the Releasing Shipper and the Replacement Shipper, recall of such capacity shall be subject to the following terms and conditions:

- (a) Transporter will support the following recall notification periods for all released capacity subject to recall rights: (NAESB WGQ Standard 5.3.44)
  - (1) Timely Recall Notification:
    - (i) 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. on the Day that Timely Nominations are due;
    - (ii) Transporter should provide notification of such recall to all affected Replacement Shippers no later than 9:00 a.m. on the Day that Timely Nominations are due;
  - (2) Early Evening Recall Notification:
    - (i) 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. on the Day that Evening Nominations are due;
    - (ii) Transporter should provide notification of such recall to all affected Replacement Shippers no later than 4:00 p.m. on the Day that Evening Nominations are due;
  - (3) Evening Recall Notification
    - (i) 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. on the Day that Evening Nominations are due;
    - (ii) Transporter should provide notification of such recall to all affected Replacement Shippers no later than 6:00 p.m. on the Day that Evening Nominations are due;

## 9. CAPACITY RELEASE PROGRAM

### 9.12 Recalls and Reput of Capacity (continued) (a) (continued)

#### (4) Intraday 1 Recall Notification:

- (i) 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. on the Day that Intraday 1 Nominations are due;
- (ii) Transporter should provide notification of such recall to all affected Replacement Shippers no later than 8:00 a.m. on the Day that Intraday 1 Nominations are due;

#### (5) Intraday 2 Recall Notification:

- (i) A Releasing Shipper recalling capacity should provide notice of such recall to the Transporter and the first Replacement Shipper no later than 12:00 p.m. on the Day that Intraday 2 Nominations are due;
- (ii) Transporter should provide notification of such recall to all affected Replacement Shippers no later than 1:00 p.m. on the Day that Intraday 2 Nominations are due;

#### (6) Intraday 3 Recall Notification:

- (i) A Releasing Shipper recalling capacity should provide notice of such recall to the Transporter and the first Replacement Shipper no later than 4:00 p.m. on the Day that Intraday 3 Nominations are due;
- (ii) Transporter should provide notification of such recall to all affected Replacement Shippers no later than 5:00 p.m. on the Day that Intraday 3 Nominations are due.

## 9. CAPACITY RELEASE PROGRAM

### 9.12 Recalls and Reput of Capacity (continued)

- (b) For recall notification provided to the Transporter prior to the recall notification deadline specified in NAESB WGQ Standard No. 5.3.44 and received between 7:00 a.m. and 5:00 p.m., the Transporter should 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. and prior to 7:00 a.m., Transporter should provide notification to all affected Replacement Shippers no later than 8:00 a.m. after receipt of such recall notification. (NAESB WGQ Standard 5.3.45)

- (c) Releasing Shipper's notice of recall and reput must be submitted using Transporter's on-line capacity release system.
- (d) The recall notice must detail receipt and delivery point(s) and quantities being recalled. The notification shall also state the length of the recall period and the conditions of any reput rights of the Releasing Shipper and reput obligations of the Replacement Shipper as may have been negotiated at the time of the release (see Section 9.7(d), hereof). Unless otherwise agreed to by the Releasing Shipper and the Replacement Shipper, and Transporter is so advised, the Replacement Shipper will regain the capacity at the end of the recall period.
- (e) In the event of an intraday capacity recall, the Transporter should determine the allocation of capacity between the Releasing Shipper and the Replacement Shipper(s) based upon the Elapsed Prorata Capacity. Variations to the use of Elapsed Prorata Capacity may be necessary to reflect the nature of Transporter's tariff, services and/or operational characteristics. (NAESB WGQ Standard 5.3.56)
- (f) Unless otherwise agreed between Releasing Shipper, Replacement Shipper, and Transporter, the Releasing Shipper must notify Transporter and Replacement Shipper of its intent to reput the capacity back to the Replacement Shipper. The deadline for notifying the Transporter of a reput is 8:00 a.m. to allow for timely nominations to flow on the next Gas Day (NAESB WGQ Standard 5.3.54).
- (g) In the event of a reput after a recall period, the Releasing Shipper may not reput capacity at point(s) other than those originally released. When capacity is recalled, it may not be reput for the same Gas Day (NAESB WGQ Standard 5.3.53). Unless otherwise agreed to in the terms of the release and Transporter is advised of such condition, the Releasing Shipper may permanently retain capacity at certain Primary Points originally released.

## 9. CAPACITY RELEASE PROGRAM

### 9.12 Recalls and Reput of Capacity (continued)

- (h) Transporter shall not assess penalties during non-critical periods on transactions related to quantities recalled during an intraday scheduling cycle.



## 9. CAPACITY RELEASE PROGRAM

### 9.13 Execution of Agreements or Amendments

- (a) The successful Bidding Shipper (or successful Prearranged Shipper) for capacity shall become the Replacement Shipper and its bid for capacity or posting of prearranged release pursuant to Sections 9.8 and 9.10 shall be binding. The bid submitted by the Replacement Shipper as supplemented by the posting of the notice of capacity release on Transporter's EBB shall constitute the Replacement Capacity Agreement. The Replacement Shipper(s) will gain rights to nominate firm capacity consistent with the capacity acquired from the Releasing Shipper, and for the term as agreed to by the Releasing Shipper and subject to all other terms of the underlying Agreement and Sections 9.7 and 9.8 herein. The Releasing Shipper(s) will relinquish its firm entitlement rights to nominate consistent with the same terms. Replacement Shipper(s) are not permitted to change Primary Receipt or Delivery Point(s) under the Releasing Shipper's Agreement unless the release is permanent and at maximum rates. Replacement Shippers are, however, allowed to make nominations at Secondary Points subject to the same conditions as the underlying agreements, including paying the maximum applicable reservation rate under the applicable Rate Schedule unless a discount is agreed to by Transporter.
- (b) Transporter may, on a not unduly discriminatory basis, refuse to allow any permanent release if it has a reasonable basis to conclude that it will not be financially indifferent to the release or if Transporter is unable to obtain any necessary approval from lenders. Transporter shall provide written notification and the reasons for any denial of a request for permanent release to the affected Releasing Shipper.
- (c) Where capacity has been released for the entire remaining term of the Releasing Shipper's TSA, the Releasing Shipper may request Transporter to amend its TSA to reflect the release of capacity. Absent agreement by Transporter to such amendment, which may be conditioned on exit fees or other terms and conditions, the Releasing Shipper shall remain bound by and liable for payment of the reservation charge(s) and reservation surcharge(s) under the TSA.

## 9. CAPACITY RELEASE PROGRAM

### 9.13 Execution of Agreements or Amendments (continued)

- (d) Subject to the provisions of Section 9.13(e) below regarding negotiated rate TSAs, to the extent that capacity is released for the remaining term of the Releasing Shipper's TSA and the Replacement Shipper has met all creditworthiness requirements and has agreed to pay the maximum reservation charge(s) and reservation surcharge(s) for such capacity or agreed to pay a rate less than the maximum reservation charge(s) and reservation surcharges(s) but Transporter is paid a lump sum payment resulting in Transporter being financially indifferent, Releasing Shipper's contract shall be amended so as to relieve such shipper of any further liability for payment of the reservation charge(s) and reservation surcharge(s) applicable to the capacity released under the TSA. In the event the Releasing Shipper's TSA is amended to reflect the release of capacity, Transporter shall enter into a TSA with the Replacement Shipper in the form prescribed for service in this tariff but containing the rates and terms and conditions established for the acquired capacity pursuant to this Section 9.
- (e) Negotiated rate Shippers may, subject to Section 9.13(b) above, permanently release their capacity at reservation rates above their contracted-for negotiated rate for such capacity under the following conditions:
  - (i) the capacity is released at the negotiated contract rate or a higher rate;
  - (ii) the capacity is released for the remaining term of the TSA;
  - (iii) the Replacement Shipper agrees to amend its TSA to pay a negotiated rate at the agreed upon level; and
  - (iv) the Replacement Shipper has met Transporter's creditworthiness requirements of Section 4.12 of the GT&C.

If all of these conditions are satisfied, the Releasing Shipper's contract shall, subject to Section 9.13(b) above, be amended to relieve such shipper of any further liability for payment of the negotiated rate applicable to the capacity released under the TSA.

## 9. CAPACITY RELEASE PROGRAM

9.14 Notice of Completed Transactions. Within 48 Hours after the transaction commences, pursuant to Section 9.11, Transporter shall post a Notice of Completed Transaction on its EBB for a minimum period of five Business Days. The notice shall include the following information regarding each transaction:

- (a) the name(s) of the Releasing Shipper and the Replacement Shipper (or Prearranged Shipper);
- (b) term of release;
- (c) reservation rate as bid;
- (d) delivery point(s);
- (e) receipt point(s);
- (f) capacity (Dth);
- (g) present value of winning bid(s), if such method for bid evaluation was utilized;
- (h) whether the capacity is recallable and reputtable and, if so, recall and reput terms;
- (i) whether or not the Replacement Shipper is an affiliate of the Releasing Shipper;
- (j) whether or not the Replacement Shipper is an asset manager or a marketer participating in a state-regulated retail access program, as defined by FERC regulations at 18 C.F.R. 284.8;
- (k) Service may begin on the initial date of the term of the release if nominations are made timely to Transporter and are in accordance with this Tariff; and
- (l) Releasing Shipper shall include the tariff reservation rate and all reservation surcharges as a total.

9. CAPACITY RELEASE PROGRAM

- 9.15 Effective Date of Release and Acquisition. The effective date of the release by a Releasing Shipper and acquisition by a Replacement Shipper shall be on the date so designated in the Replacement Capacity Agreement (posted term effective date).

## 9. CAPACITY RELEASE PROGRAM

### 9.16 Rates

- (a) The reservation rate for any released firm capacity under Rate Schedule FT shall be the reservation rate bid by the Replacement Shipper. In no event shall such reservation rate and reservation surcharge(s) be less than Transporter's minimum or more than Transporter's maximum reservation rate and reservation surcharge(s) under the applicable rate schedule as in effect from time to time if the capacity release transaction is for a term of more than one year unless the Replacement Shipper has agreed to a negotiated rate.
- (b) Replacement Shipper shall pay the applicable maximum commodity rate in addition to all other applicable charges and surcharge(s) for the service rendered unless otherwise agreed by Transporter. In the event that the Releasing Shipper has agreed to a negotiated rate pursuant to Section 4.14, the Replacement Shipper shall pay the commodity charge(s) applicable to the Releasing Shipper's contract.
- (c) For releases based on a volumetric reservation rate, the minimum and maximum rates shall be computed by converting the reservation rate to a daily rate by multiplying the maximum and minimum reservation rate by 12 Months and dividing that product by 365 Days or 366 Days as appropriate.
- (d) The reservation charge(s) and reservation surcharge(s) for any index-based capacity release shall be determined according to NAESB Standard 5.3.67.

## 9. CAPACITY RELEASE PROGRAM

- 9.17 Marketing Fee. A Releasing Shipper may request that Transporter actively market the capacity to be released. In such event, the Releasing Shipper and Transporter shall negotiate the terms of the marketing service to be provided by Transporter and the marketing fee to be charged therefore.

## 9. CAPACITY RELEASE PROGRAM

- 9.18 Billing. Transporter will bill the Replacement Shipper the reservation charge and any applicable surcharges specified in the Replacement Capacity Agreement, and the Replacement Shipper shall pay these amounts directly to Transporter. The Releasing Shipper shall be billed the reservation charge and any associated surcharges pursuant to its contract, and, concurrently, Transporter will credit said bill by the reservation charge and applicable surcharge(s) due from the Replacement Shipper. The Releasing Shipper shall also be billed a negotiated marketing fee, if applicable, pursuant to the provisions of Section 9.17 herein. As a part of the marketing fee, Transporter and the Releasing Shipper may agree to a different crediting amount. A Replacement Shipper who re-releases acquired capacity shall also pay Transporter's marketing fee, if applicable.

Transporter separately maintains Gas flows of Releasing and Replacement Shippers and will directly bill the appropriate Shipper for any overrun and imbalance charges, if applicable. Replacement Shipper shall pay the applicable Tariff maximum commodity rate for service rendered unless otherwise agreed by Transporter.

If a Replacement Shipper fails to make payment to Transporter of the reservation charge and any applicable reservation surcharge(s) due as set forth in Section 12 of the GT&C, Transporter shall invoice Releasing Shipper the unpaid (1) reservation rates, (2) surcharges to the reservation rate, (3) other reservation-type charges, and (4) interest charges and late fees associated with such amounts. Such invoice adjustments are not subject to the time limitations of Section 12.4 of the GT&C. In addition, the Releasing Shipper may terminate the release of capacity to the Replacement Shipper if such Shipper fails to pay the entire amount of any bill for service under the Replacement Capacity Agreement when such amount is due.

## 9. CAPACITY RELEASE PROGRAM

- 9.19 Compliance by Replacement Shipper. By acquiring released capacity, a Replacement Shipper agrees that it will comply with the terms and conditions of Transporter's certificate of public convenience and necessity authorizing this capacity release program and all applicable Commission orders and regulations. Such Replacement Shipper also agrees to be responsible to Transporter for compliance with all terms and conditions of Transporter's Tariff, as well as the terms and conditions of the Replacement Capacity Agreement.



## 9. CAPACITY RELEASE PROGRAM

- 9.20 Temporary Capacity Release Obligations. The Releasing Shipper shall continue to be liable and responsible for all reservation charge(s) associated with a temporary release of capacity derived from the reservation charge specified in the Releasing Shipper's TSA or Replacement Capacity Agreement. Re-releases by a Replacement Shipper shall not relieve the original or any subsequent Releasing Shipper of its obligations under this section.

## 9. CAPACITY RELEASE PROGRAM

- 9.21 Refunds. In the event that the Commission orders refunds of any rates charged by Transporter, Transporter shall provide refunds to Releasing Shippers to the extent that such Shippers have paid a rate in excess of Transporter's just and reasonable, applicable maximum rates. Releasing Shipper will bear the responsibility for providing refunds to the appropriate Replacement Shippers, unless otherwise agreed in a general rate case stipulation and settlement agreement.

## 9. CAPACITY RELEASE PROGRAM

### 9.22 Temporary Capacity Release Termination

- (a) Using the notice procedures of Section 12.6 of the GT&C, Transporter may elect to terminate a Replacement Capacity Agreement upon 30 Days written notice to the Replacement Shipper, and to FERC, under the following conditions.
  - (1) Transporter has or will terminate the Releasing Shipper's service pursuant to (i) the Termination of Service provisions of Section 12.6 the GT&C or (ii) the Creditworthiness requirements of Section 4.12 of the GT&C; and
  - (2) The rate stated in the Replacement Capacity Agreement is less than the rate for service under the TSA with the Releasing Shipper.
- (b) A creditworthy Replacement Shipper may continue an existing Replacement Capacity Agreement by notifying Transporter prior to the end of the 30-Day notice period that it agrees to pay a rate that is the lesser of:
  - (1) the applicable maximum rate; or
  - (2) the same rate as is in the TSA between Transporter and the Releasing Shipper; or
  - (3) a mutually agreed upon rate.

## 9. CAPACITY RELEASE PROGRAM

9.23 Segmented Releases. Shipper may also release capacity using the Segmentation provisions of Section 8.1(a)(iii) under the following conditions.

- (a) The Segmented release must be within the Primary Receipt-to-Delivery Flow Path.
- (b) The quantity released does not exceed the MDQ entitlements for that Segment.

## IMBALANCE MANAGEMENT

## 10. IMBALANCE MANAGEMENT

### 10.1 Imbalance Management and Operating Tolerances.

- (a) **Imbalance.** For purposes of this section, "monthly imbalance" shall mean the cumulative difference between receipt quantities less FL&U, and the quantities accepted by Shipper or Shipper's designee at the delivery points, resulting from current Month activity.
- (b) **Balancing Obligations.** Daily and monthly balancing of receipt quantities and the quantities delivered to Shipper shall be Shipper's responsibility. Each Day Transporter shall, to the extent practicable, deliver quantities for Shipper's account concurrently with the receipt of quantities. At no time on any Day shall Transporter be required to receive quantities for Shipper's account in excess of the quantities Shipper or Shipper's designee will accept at the delivery point(s) on a concurrent basis. Similarly, on any Day Transporter shall not be required to make quantities available for delivery in excess of the receipt quantities being tendered by Shipper on a concurrent basis.
- (c) **Operating Tolerances.** Shipper and Transporter shall manage the receipts and deliveries so that daily and monthly imbalances shall be kept as near zero as practicable.
- (d) **Notification.** Either Party shall notify the other as soon as practicable when it becomes aware that receipts and deliveries are not in balance. Transporter shall formally notify Shipper of allocated receipts, deliveries, and related imbalances, by way of Transporter's EBB as soon as allocated quantities are available.
- (e) **Third Party Imbalance Management Services.** Transporter shall accommodate third-party imbalance management services on a non-discriminatory basis as long as these services comply with applicable NAESB WGQ Standards and do not adversely impact system operations. Criteria for third-party services will include compliance with NAESB WGQ nomination and confirmation time lines, and satisfaction of Transporter's credit requirements appropriate for the quantity of Shipper imbalance Gas for which such third party may be responsible.
- (f) **Imbalances with Other Parties.** Transporter shall not be responsible for eliminating any imbalances between Shipper and any third party, including imbalances between local distribution companies and/or specific end users. Furthermore, Transporter shall not be obligated to deviate from its standard operating and accounting procedures in order to reduce or eliminate any such imbalances.

- (g) **Balancing Upon Termination.** Upon termination of the TSA, any imbalance shall be eliminated through the procedures set forth in this section.
  - (i) Shipper shall have the first five calendar Days of the Month following the TSA termination date to resolve the terminated TSA imbalance pursuant to GT&C Section 10.
  - (ii) Any remaining imbalance at the end of the five-Day period of the Month following the TSA termination date will be Cashed Out to eliminate the remaining balance in accordance with GT&C Section 10.3(b).
  - (iii) Cash Out of terminated TSA imbalances will not be required if a resolution to the imbalance is mutually agreed to in writing prior to the end of the five-Day period of the Month following the TSA termination date. Any such written imbalance resolution will be agreed to on a not unduly discriminatory basis and posted on Transporter's EBB.
- (h) **Inactive TSA Imbalances.** An Inactive TSA is defined as any TSA with an imbalance that has remained unchanged for a three consecutive Month period. Any such Inactive TSA imbalance quantity will be cashed out in accordance with GT&C Section 10.3(b). Transporter will provide notice to the Inactive TSA Shipper 15 Days prior to the pending Cash Out.
- (i) **Locations For Which Electronic Measurement Is Not Available.** When measurement information is not available at a location at the time allocations are performed, quantities will be allocated as scheduled. If measurement data is received on or before the fifth Business Day of the Month following flow, daily quantities will be reallocated pursuant to the appropriate pre-determined allocation procedure for the location. Measurement data which is received after the fifth Business Day of the Month will be used to retroactively allocate quantities at the location. Imbalances resulting from such retroactive allocations will be reflected for the next Month on the appropriate Shipper TSAs.

## 10. IMBALANCE MANAGEMENT

### 10.2 Imbalance Adjustments.

- (a) **Imbalance Transfers.** At the end of each Month, imbalances under a Shipper's TSAs will be netted together to obtain the Shipper's Total Monthly Imbalance. The Total Monthly Imbalance will be shown with the monthly billings sent to Shippers.
- (b) Upon completion of imbalance transfers, Shipper may elect to trade the remaining imbalance quantity under its TSA in the Imbalance Trade process as described in Sections 10.2(c) and 10.2(d) below.
- (c) **Election for Imbalance Trades.** On or before the close of business on the seventeenth Business Day of the Month following the accumulation of an imbalance, a Shipper may notify Transporter of its election to make an Imbalance Trade. If Transporter does not receive notification, then the imbalance will be cashed out pursuant to the terms of this section.
- (d) Transporter shall effect an election to make an Imbalance Trade incurred during a Month as posted and verified electronically.
  - (i) Upon Shipper's request, Transporter shall post on its EBB the Shipper's willingness to conduct an Imbalance Trade. Such posting shall include the imbalance quantity available to be traded, the Shippers' contact name(s) and phone number(s) and any special conditions. Such posting may be made through the seventeenth Business Day of the Month following the Month of Gas flow.
  - (ii) Shippers shall negotiate the terms of any Imbalance Trades among themselves.
  - (iii) Shippers conducting Imbalance Trades must electronically notify Transporter of their trade no later than the seventeenth Business Day of the Month following the Month in which the imbalance to be traded was created.
  - (iv) Only Imbalance Trades which have the effect of reducing a Shipper's imbalance quantity under a specific TSA are permitted.
  - (v) Transporter shall permit Imbalance Trade arrangements at no additional cost to the Shippers.
  - (vi) After completion of all Imbalance Trade transactions, Transporter shall apply the Imbalance Trade quantity to Shipper's TSA imbalance quantity.



After all successful Imbalance Trades have been completed, the remaining imbalance will be cashed out pursuant to Section 10.3 of the GT&C.

- (vii) 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.

## 10. IMBALANCE MANAGEMENT

10.3 Cash Out. All remaining imbalances shall be subject to the following Cash Out provisions.

- (a) Determination of Cash Out Quantities. Application of the Cash Out process will result in a monetary value due to the Shipper or Transporter which upon payment, will result in reduction of the imbalance to zero.
  - (i) Transporter shall determine the imbalance quantity applicable to each TSA through the last Day of the Month.
  - (ii) Shippers shall have the opportunity to reduce the end-of-Month imbalances pursuant to the Imbalance Trade procedures described above. Such reductions, if any, shall determine a final end-of-Month imbalance for each TSA.
  - (iii) Transporter and Shipper shall Cash Out the full imbalance by applying the cash out price, pursuant to Section 10.3(b)(iii) of the GT&C, to the final end-of-Month imbalance.
- (b) Determination of Cash Out Liabilities.
  - (i) Shipper shall not be subject to Cash Out pursuant to this Section 10.3 if the imbalance occurs at an interconnection at which the subject imbalance applies to an OBA, unless Shipper fails to follow the scheduling procedures of Section 6 of the GT&C.
  - (ii) Any imbalances remaining after the Imbalance Adjustment will be cashed out on a tiered basis pursuant to the following schedule:

Imbalance Level	Long (Transporter pays Shipper)	Short (Shipper pays Transporter)
0% to 5%	100% MIP	100% MIP
Greater than 5% to 10%	90% MIP	110% MIP
Greater than 10% to 15%	80% MIP	120% MIP
Greater than 15% to 20%	70% MIP	130% MIP
Greater than 20%	60% MIP	140% MIP

Following any Imbalance Adjustments (as described in Section 10.2 above), a Shipper's remaining imbalance quantity will be cashed out based on the ratio of that imbalance quantity to the Shipper's total receipt quantity, net of any applicable in-kind Fuel Reimbursement quantity for

that Shipper during the month. For example, if a Shipper's total receipts net of any applicable in-kind Fuel Reimbursement quantities was 1,000 Dth and the remaining imbalance due to Transporter after any applicable Imbalance Adjustments was 100 Dth, the total Imbalance ratio would be 10%. The first 5% (50 Dth) would be cashed out at 100% of the MIP and the remaining 50 Dth would be cashed out at 110% of the MIP.

- (iii) The Monthly Index Price (MIP) is based on prices as reported by *Natural Gas Intelligence*. Transporter shall calculate the applicable MIP for all monthly Imbalances subject to cashout hereunder in the following manner: (1) where Gas is owed to Transporter, the MIP shall be the highest of the weekly average prices for the Month in which the Imbalance occurred; (2) where Gas is owed to Shipper, the MIP shall be the lowest of the weekly prices for the Month in which the Imbalance occurred. The price for each week shall be the price in the table entitled "Natural Gas Intelligence Weekly Gas Price Index; Spot Gas Prices" of the above publication (or the superseding reference if the publication titling is revised) at the following locations:

- (1) Malin; and
- (2) Opal.

The issues of such publication to be used in determining each Month's highest and lowest weekly prices shall include all issues with publication dates within the calendar month in which the Imbalance occurred, plus the first publication of the next Month after the Imbalance occurred.

- (iv) Should any of these publications become temporarily unavailable or to the extent a publication fails to report the applicable prices, Transporter shall substitute information posted in a similar publication. Should any of these publications become permanently unavailable or a reference price no longer be reported, Transporter shall substitute information posted in a similar publication after first filing for Commission approval of the point or publication it wishes to use as a substitute. Changes in the name, format or other method of reporting by the publications in Section 10.3(b)(iii) that do not materially affect the content shall not affect their use hereunder.
- (v) Transporter shall pay or credit the account, as appropriate, of Shipper for any Cash Out amounts due Shipper. Shipper shall pay Transporter for any Cash Out amounts due Transporter.
- (vi) Upon payment of the appropriate Cash Out amounts, the final end-of-Month quantities under the affected TSA will be reduced to zero.

- (vii) Transporter will not Cash Out imbalances if: (i) Shipper's action is excused by force majeure, (ii) Transporter has invoked force majeure, or (iii) the imbalances are caused by Transporter or result from Transporter's error. Transporter shall permit any imbalances exempted from Cash Out under this provision to be made up in-kind or by some other mutually agreeable method, provided such makeup occurs within three Months from the date the imbalance was created.
- (viii) Penalties that are in excess of Transporter's costs, including any administrative costs that are received by Transporter pursuant to the operation of this section, shall be credited to Transporter's firm and interruptible transportation Shippers on a pro rata basis in accordance with the quantities transported for each Shipper. Transporter shall credit any such excess penalties within 45 Days of the applicable FL&U True-Up Filing.

## 10. IMBALANCE MANAGEMENT

- 10.4 Determination of Deliveries. At each receipt or delivery point, quantities shall be based upon an allocation procedure. Quantities shall mean quantities nominated by Shipper and scheduled and confirmed by Transporter pursuant to GT&C Section 6.
- (a) At each receipt and delivery point, Transporter shall reach agreement with the Interconnecting Party as to the Predetermined Allocation Agreement (PDA) to be used.
    - (i) PDAs shall be established using the allocation methodologies and criteria set forth in the NAESB WGQ Standards.
    - (ii) PDAs for each Month shall be agreed to prior to Gas flow. To the extent possible, changes to PDAs during a calendar Month shall be minimized or avoided.
    - (iii) Transporter shall post on its EBB the PDA methodology to be used at each receipt and delivery point.
    - (iv) In the event that less than confirmed nominations are to be allocated, Transporter shall use the ranks provided in the affected nominations to determine Shipper priorities to the extent that use of such rank is not in conflict with other provisions of this Tariff.
  - (b) Absent agreement to a PDA methodology, quantities at each receipt and delivery point shall be allocated pro rata based on scheduled quantities or based on the operational balancing agreement provisions of GT&C Section 10.5.

## 10. IMBALANCE MANAGEMENT

- 10.5 Transporter may enter into an Operational Balancing Agreement (“OBA”) at receipt and delivery points with an Interconnecting Party on a not unduly discriminatory basis. An OBA is a contract between Transporter and an interconnected Operator/Interconnected Party which specifies the procedures to manage operating variances at an interconnect (NAESB WGQ Standard 2.2.1). Such OBAs provide for the allocation of scheduled quantities to the Shippers' accounts with any operational variances allocated to the OBA. The form of agreement used by Transporter follows the format of the Model OBA developed by NAESB WGQ. Locations covered by an effective OBA do not require a predetermined allocation agreement.

## 10. IMBALANCE MANAGEMENT

- 10.6 Maintenance of System Integrity. Nothing in this section limits Transporter's right to take any and all actions that may be required to adjust receipts and deliveries of Gas in order to alleviate conditions that might threaten the integrity of its system, including the integrity of maintaining service to higher-priority Shippers.

## SYSTEM OPERATIONAL PARAMETERS



## 11.1 Cautionary Condition Procedures

The provisions in this Section 11.1 through Section 11.12 shall govern Cautionary Conditions on Transporter's System, as set forth below.

- (a) Transporter shall endeavor to maintain adequate pressure throughout Transporter's System and to preserve the overall operational integrity of Transporter's System; provided, however, that Transporter shall not be obligated to buy or sell Gas or to install additional compression or otherwise modify Transporter's System for these purposes. Operating personnel for Shippers and other entities which are physically taking delivery of Gas from Transporter or tendering Gas to Transporter shall cooperate with Transporter in furtherance of this section. Each Shipper shall designate the e-mail address, telephone, and facsimile numbers of one primary and one backup person for Transporter to contact on operating matters (including the receipt of Directional Notices and notices of Critical Time Operational Flow Orders) 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.
- (b) For the purpose of the GT&C, the overall operational integrity of Transporter's System shall encompass the integrity of Transporter's System and the preservation of physical assets and their performance, the overall operating performance of the entire physical system as an entity (or any portion thereof), and the maintenance (on a reliable and operationally sound basis) of total Transporter's System deliverability and the quality of Gas delivered.
- (c) Transporter shall post a Monthly Maintenance Schedule on its EBB each month prior to bid-week for the subsequent month that contains a list of scheduled maintenance activities Transporter anticipates conducting in the subsequent month which are likely to result in curtailment or outages on the pipeline. Such posting shall include the facilities anticipated to be impacted by the project, an estimate of the date each project will be conducted, and the name and amount of estimated curtailment for each segment anticipated to be impacted by the project. If it is necessary for Transporter to perform a new maintenance project in the subsequent month that was not previously included in the Monthly Maintenance Schedule posting, and that Transporter could not reasonably anticipate would be necessary to perform in the subsequent month when the Monthly Maintenance Schedule was posted, Transporter shall post an update to the Monthly Maintenance Schedule on its EBB specific to the new maintenance project before the end of the current month in which the Monthly Maintenance Schedule posting was made.
- (d) Transporter shall maintain actual physical and operational control of all transmission or any other facilities located on Transporter's System.

## 11.2 Operational Control Sequence

- (a) In the event Transporter's observations or projections indicate that a situation is or may be developing in which adequate pressures may not be maintained or the overall operational integrity of Transporter's System (or any portion thereof) could be threatened, or in the event that such a situation actually occurs, Transporter is authorized by this section to take action to alleviate this situation. In responding to the projected development of such a situation, Transporter shall first apply the Advisory Action procedures of Section 11.3. If such measures are not sufficient and the situation continues to deteriorate, Transporter shall next employ Directional Notices as provided in Section 11.4. In the event Directional Notices alone are not adequate and the situation becomes worse, Transporter may invoke the Critical Time Operational Flow Order procedures set out in Section 11.5. Finally, Transporter may take Unilateral Action as provided in Section 11.6. The procedures set out in such provisions, and their sequencing, are intended to be applied only to the extent any of the specific actions indicated, or such sequencing, would be anticipated to alleviate the situation to be addressed. In issuing Advisory Actions, Directional Notices or Critical Time Operational Flow Orders, Transporter shall describe the specific conditions on Transporter's System, including providing available information that led Transporter to conclude that the particular action requested of Shipper(s) is appropriate, and the specific responses required from the affected parties.
- (b) To the extent that specific actions can be reasonably identifiable, Transporter shall direct its actions hereunder to Shippers creating or anticipated to create the situation to be addressed and shall act consistent with Section 11.7. Nothing herein shall preclude Transporter from bypassing any of the above procedures if, in its judgment, the situation so requires. Transporter will keep Shippers advised on the status of the situation through the Informational Postings portion of its EBB.

### 11.3 Advisory Actions

- (a) In the event Transporter determines that action is required to alleviate or forestall a situation in which pressure on Transporter's System is not maintained or when the overall operational integrity of Transporter's System or any portion of Transporter's System is jeopardized, Transporter may take the Advisory Actions set out in this Section 11.3 to alleviate or forestall the development of such a situation.
- (b) Transporter may request Shippers or other entities affecting Transporter's System to take any of the following actions, or other similar actions, to the extent such actions would tend to alleviate the situation, on a voluntary basis:
  - (i) Increase or decrease the supply mix of deliveries;
  - (ii) Shift receipts to obtain better capacity balance;
  - (iii) Change receipt or delivery points;
  - (iv) Change usage patterns (e.g., end users switch to alternate fuels);
  - (v) Provide assistance from market area resources;
  - (vi) Activate pre-negotiated voluntary arrangements under which Gas is diverted from one Shipper to another or from a non-Shipper to a Shipper (which arrangements may specify appropriate compensation);
  - (vii) Reconcile transportation imbalances; and/or
  - (viii) Such other voluntary action as would tend to alleviate or forestall the situation.
- (c) Transporter may also take actions within its control which might tend to alleviate or forestall the situation. Such actions may include the following:
  - (i) Advise any Shipper which is not maintaining receipts and deliveries in balance that such imbalances must not continue;
  - (ii) Curtail or require adjustments or supply shifts in interruptible transportation service; or
  - (iii) Take such other actions as are within Transporter's control and discretion to alleviate or forestall the situation.

## 11.4 Directional Notice

- (a) (i) In the event that, in Transporter's judgment, the Advisory Actions under Section 11.3 are not sufficient to alleviate conditions, inter alia, which threaten or could threaten the safe operations or integrity of Transporter's System or to maintain operations required to provide efficient and reliable firm service, Transporter is authorized to issue Directional Notices to Shippers which are intended to address such conditions consistent with the provisions of this Section 11.4.
- (ii) Notwithstanding the foregoing, Transporter shall take reasonable actions to minimize the issuance and the adverse impact of Directional Notices, or of any other measure taken under this Section 11.4 in response to adverse operational events on Transporter's System. Transporter will issue Directional Notices only if necessary, in its reasonable judgment, to maintain the pressure of Transporter's System within the range of normal operating parameters or, to respond to or prevent facility outages or other conditions which could have a detrimental impact on the reliability or service integrity of Transporter's System. Directional Notices shall be lifted as soon as reasonably practicable after such conditions no longer prevail.
- (iii) Directional Notices may, subject to Section 11.9, require a Shipper to take any of the following actions, or similar actions, to the extent such actions would tend to alleviate the situation to be addressed:
  - (A) Cease or reduce takes from Transporter's System or at a designated point(s);
  - (B) Reconcile transportation imbalances;
  - (C) Require that deliveries under all of Transporter's rate schedules be made on a uniform hourly rate effective three (3) hours after issuance of a Directional Notice; and/or
  - (D) Require any other actions which may be acceptable to a Shipper, within the Shipper's existing contractual limits.
- (iv) No Shipper will be required under a Directional Notice to exceed its total firm MDQ under its agreement(s) with Transporter under Part 284 of the Commission's Regulations. Nor will a Shipper be required to accept delivery of Gas which the Shipper cannot use at its delivery point.
- (b) In issuing Directional Notices to correct problems with either too much Gas or insufficient Gas being received as compared to deliveries, Transporter will generally follow the following sequence, to the extent there is sufficient time:

- (i) Transporter will require all Shippers out of balance to the detriment of Transporter's System to balance their agreement(s).
  - (ii) Transporter will seek voluntary action from Shippers, subject to the Shipper and Transporter negotiating adequate compensation.
  - (iii) Transporter will interrupt interruptible services then being provided if that will restore flexibility on Transporter's System prior to issuance of additional Directional Notices or curtailment of firm services. Further, this step may also be taken when Shippers are failing to comply with previously issued Directional Notices or when Transporter cannot identify which Shippers are creating the problem.
- (c)
  - (i) In the event receipts in segments of Transporter's System exceed scheduled receipts so that high Transporter's System pressures back off scheduled receipt quantities, Transporter may issue a Directional Notice to all Shippers in the affected segment of Transporter's System stating that a high pressure condition exists. All such Shippers will be required to check their deliveries into receipt points on the affected portion of Transporter's System.
  - (ii) Those Shippers who are delivering more than their scheduled volumes will have four (4) hours to make needed adjustments or enter the penalty situation. A Directional Notice issued pursuant to this Section 11.4(c) will be canceled by Transporter when the high pressure condition described above has been corrected and the imbalances created by the high pressure condition have been reasonably resolved.
- (d) In the event there is a need for Transporter to engage in routine and normal maintenance of Transporter's System to undertake repairs and replacement of lines of pipe, to schedule DOT compliance activities, to install taps, to make pig runs, to test equipment, to check or change compressor internals, or to engage in other similar actions affecting the capacity of any portion of Transporter's System, Transporter may issue Directional Notices pursuant to this Section 11.4(d) which will contain an estimate of the time, duration, and impact of the activity. An event of force majeure may affect deliveries, but not trigger the need for a Directional Notice pursuant to this Section 11.4(d). An order issued pursuant to this Section 11.4(d) shall be canceled when such planned maintenance or other activities have been completed.
- (e)
  - (i) Directional Notices will be the first items shown in the Informational Postings portion of Transporter's EBB. Transporter shall also post, as soon as available, information about operational parameters which affect when a Directional Notice will begin and end. Transporter shall provide as much advance warning as reasonably possible of conditions which may create the need to issue a Directional Notice. Transporter shall also provide as much advance warning as reasonably possible of the issuance of a Directional Notice. Transporter will endeavor to post the notice on its EBB before 4:00 p.m. Central Time or otherwise will endeavor to notify Shippers via Transporter's EBB by 4:00 p.m. Central Time that they should check the Website again at a specified later time to see whether a

Directional Notice will be in effect for the next Day. Transporter must attempt to give actual notice of a Directional Notice via e-mail, facsimile, or telephone (provided a Shipper has given the numbers to Transporter as required in Section 11.1 at least four (4) hours prior to the start of the Day before a Directional Notice will be effective as to a Shipper. Such notice shall specify the anticipated duration of the Directional Notice. To the extent reasonably possible, a Directional Notice will be effective at the start of a Day and will continue until the end of the Day and through the end of successive Days until Transporter notifies Shippers on Transporter's EBB that the Directional Notice has been lifted.

(ii) Such notice and posting shall include but not be limited to:

- (A) Mandated specific actions;
  - (B) Indication of voluntary actions;
  - (C) Identification of the parties subject to the Directional Notice;
  - (D) The time the Directional Notice will become effective;
  - (E) The estimated duration of the Directional Notice;
  - (F) Whether Transporter is over-delivered or under-delivered;
  - (G) Whether actual net receipts need to be equal to or greater than actual deliveries, or actual deliveries need to be equal to or greater than actual net receipts;
  - (H) Whether or not authorized overruns are acceptable; and
  - (I) 24-hour contact number for Transporter during the duration of the Directional Notice.
- (f) If any Shipper fails to comply with a Directional Notice (other than those described in Subsection 11.4(g) below) during any period in which a Critical Time Operational Flow Order has not been declared it shall be subject to a penalty of two (2) times the maximum IT Rate per Dth times any volume of Gas, outside of a five percent (5%) tolerance, by which it deviated from the requirements of the Directional Notice. A Shipper shall be exempt from such a penalty under this Section 11.4(f) to the extent the Directional Notice requires action beyond Shipper's contract limits under its service agreement with Transporter.

- (g) Transporter may also issue Directional Notices as follows:
- (i) In order to improve Transporter's System operations, Transporter may require any Shipper which has a variance of twenty percent (20%) or more between actual deliveries to Transporter at a receipt point and the confirmed nomination at that receipt point to conform the deliveries to the confirmed nomination as of the Day that commences with the effectiveness of the Directional Notice.
  - (ii) (A) Transporter may also require Shippers to keep any variances between actual flows and confirmed nominations at all of the receipt points or delivery points under each Shipper's agreements, which are to the detriment of Transporter's System, within a ten percent (10%) tolerance. If a Shipper ("Swing Shipper") agrees to keep all other Shippers at a delivery point whole with their nominations, such other Shippers' confirmed nominations and actual takes at that point will be included in the total confirmed nominations and the total actual deliveries of the Swing Shipper at all delivery points for purposes of determining the Swing Shipper's variance.
  - (B) Shippers that fail to comply with such Directional Notice described in this Subsection (g) shall be subject to a penalty of two (2) times the Monthly Index Price per Dth, (as determined in Section 10.3 of the GT&C) outside of a ten percent (10%) tolerance, by which such Shipper deviated from the requirements of the Directional Notice. A Shipper shall be exempt from any penalty under this Section 11.4(g) to the extent the Directional Notice requires action beyond Shipper's contract limits under its service agreement with Transporter.
- (h) A Shipper shall not be subject to overrun penalties or imbalance penalties with respect to any action taken in conformance with a Directional Notice issued by Transporter.

## 11.5 Critical Time Operational Flow Order

- (a) A Critical Time Operational Flow Order may be declared: (i) when the total physical receipts to all or a portion of Transporter's System are approaching or expected to approach a level that is in excess of the total physical deliveries of Transporter's System; (ii) when Transporter's System pressure on one or more pipeline segment(s) is falling and approaching a level, or is expected to fall and approach a level that is at or below the minimum that Transporter considers necessary for Transporter's System integrity or to fulfill its firm contractual obligations; (iii) when Transporter's System pressure on one or more pipeline segment(s) is rising and approaching a level, or is expected to rise and approach a level, that is at or above the maximum pressure at which Transporter's facilities may be safely operated; or (iv) at other times when Transporter is unable or anticipates it may not be able to fulfill its firm contractual obligations or otherwise when necessary to maintain the overall operational integrity of all or a portion of Transporter's System. A Critical Time may not be declared on all or a portion of Transporter's System for the purpose of maintaining interruptible services on that portion of Transporter's System, but interruptible Gas may flow at times or on portions of Transporter's System when such flow would not violate any operational control restrictions or provisions of this Tariff. Transporter shall notify Shippers through the Informational Postings portion of Transporter's EBB as to the reason(s) why a Critical Time was declared. A Critical Time Operational Flow Order shall be lifted as soon as reasonably practicable after the conditions giving rise to such order no longer prevail.
- (b) Transporter shall advise Shippers on Transporter's System if it is declaring a Critical Time, as described in Section 11.5(a) of the GT&C, and shall specify the nature of the situation creating the Critical Time.
- (c) Transporter may issue Critical Time Operational Flow Orders as described in Section 11.5 during a Critical Time.
- (d) All quantities tendered on a net contract basis to Transporter and/or taken by Shipper on a daily basis in violation of Transporter's Critical Time Operational Flow Orders issued during a Critical Time shall constitute Unauthorized receipts or deliveries, for which a charge of five (5) times the Monthly Index Price per Dth (as determined in Section 10.3 of the GT&C) shall be assessed for the Days the Critical Time Operational Flow Order is in place and the resulting imbalance will be reduced to zero. A Shipper shall be exempt from any penalty under this Section 11.5(d) to the extent the Critical Time Operational Flow Order requires action beyond Shipper's contract limits under its service agreement with Transporter.
- (e) Notice of a Critical Time Operational Flow Order will be posted on Transporter's EBB, and will be the first information item shown in the Informational Postings



portion of the EBB. Transporter will endeavor to post the notice on the EBB before 4:00 p.m. Central Time or otherwise will endeavor to notify Shippers via the EBB by 4:00 p.m. Central Time that they should check the EBB again at a specified later time to see whether a Critical Time Operational Flow Order will be in effect for the next Day. Transporter must attempt to give actual notice of a Critical Time Operational Flow Order via e-mail, facsimile, or telephone (provided a Shipper has given the number to Transporter as required in Section 11.1) at least four (4) hours prior to the start of the Day before a Critical Time Operational Flow Order will be effective as to a Shipper(s). Such notice shall specify the anticipated duration of the Critical Time Operational Flow Order and whether other charges will apply to over-receipts and under-deliveries as compared to confirmed nominations or to under-receipts and over-deliveries as compared to confirmed nominations. If reasonably possible, a Critical Time Operational Flow Order will be effective at the start of a Day and will continue until the end of the Day and through the end of successive Days until Transporter notifies Shippers via the Informational Postings portion of its EBB that there is no longer a Critical Time Operational Flow Order.

- (f) A Shipper shall not be subject to overrun penalties or imbalance penalties with respect to any action taken in conformance with a Critical Time Operational Flow Order issued by Transporter.

## 11.6 Unilateral Action

In the event that the requested or required actions under Sections 11.2 through 11.5 (the Advisory Actions, Directional Notices, or Critical Time Operational Flow Orders) are inadequate or there is insufficient time to carry out such procedures, Transporter may periodically have to take unilateral action to maintain Transporter's System pressure and preserve the overall operational integrity of Transporter's System (or any portion thereof). Transporter is authorized to use all the resources of Transporter's System to such ends, including, but not limited to adjusting line pack and supply received into and deliveries from Transporter's System. Transporter shall not, however, be responsible as a supplier of Gas to any Shipper.

## 11.7 Applicability of Actions

In exercising its authority pursuant to Sections 11.2 through 11.6, Transporter shall generally direct its actions to Shippers in the following sequence, to the extent such actions and/or sequencing will tend to alleviate the situation to be addressed:

- (a) First, to any Shipper which has been identified to take action and is causing disruption due to its failure to maintain receipts and deliveries in balance or to match physical flows with nominated receipts or deliveries;
- (b) Second, to any Shipper which has been identified to take action and has failed or is failing to take action to anticipate a change in demand (i.e., a temperature sensitive LDC or end user failing to respond to changes in weather);
- (c) Third, to any Shipper which has been identified to take action and is operating in a manner which conflicts with sound operational practices in relation to Transporter's System; and
- (d) Lastly, to all other Shippers.

## 11.8 Refund of Penalty Amounts

The amounts collected as penalties by Transporter for each Directional Notice or Critical Time Operational Flow Order shall be refunded through an event-by-event calculation in the annual reconciliation filing as referenced in Section 11.8(d) of the GT&C and as follows:

- (a) First, the amounts collected will be used to compensate Transporter for any costs it has incurred (including any compensation Transporter agreed to provide for voluntary actions) to alleviate the conditions which resulted in the issuance of the Directional Notice or in declaration of the Critical Time Operational Flow Order.
- (b) Then, any remaining amounts will be refunded to all Complying Shippers and other Shippers that did not incur Directional Notice or Critical Time Operational Flow Order penalties based on the method described in Section 11.8(d) of the GT&C.
- (c) In each instance when amounts are collected as penalties for a Directional Notice or Critical Time Operational Flow Order, Transporter shall have the right to review the circumstances surrounding each penalty incurrence and, in its judgment, may waive all or a portion of the amount collected in excess of 100% of the Monthly Index Price. Any such waiver shall be granted on a non-discriminatory basis to all Shippers from whom penalties were collected in that instance. Such waiver, if granted, shall be posted on Transporter's EBB, as required by applicable FERC rules and regulations.
- (d) Transporter will calculate, in the manner set forth in this Section 11.8(d), Shipper refunds resulting from penalty charges collected by Transporter for each Directional Notice or Critical Time Operational Flow Order pursuant to this Section 11. Transporter will include in its annual FERC filing pursuant to Section 15 of the GT&C details setting forth the penalty charges and related costs and the allocation of any penalty charges and related costs under this Section 11.8.
  - (i) In calculating refunds under this Section 11.8, Transporter shall compare penalty charges and related costs, and determine if the penalty charges were in excess of costs (net penalty charge revenue) or if costs were in excess of penalty charges (net penalty charge costs).
  - (ii) To the extent net penalty charge revenues are received by Transporter, such net penalty charge revenues, if any, shall be refunded through a direct payment or invoice credit. A refund allocation factor for each Shipper shall be calculated by dividing the actual revenues for each Shipper by the total revenues during the reporting period. The revenues used to calculate the refund allocation factor shall be net of all applicable surcharges, including, but not limited to, ACA surcharges. The resulting refund allocation factor shall be multiplied by the net penalty charge revenue to determine the applicable direct payment or invoice credit to each Shipper.

- (iii) Any net penalty charge costs shall be rolled forward into succeeding reporting periods until eliminated.

## 11.9 Standards

- (a) In issuing Directional Notices, issuing Critical Time Operational Flow Orders, or taking other operational control action under this section, Transporter shall apply consistent and objective engineering and operational criteria to define the overall operational integrity of Transporter's System and acceptable pressure levels to be maintained, to evaluate the imminent nature of any threat to these factors, and to determine what steps are necessary to preserve such factors. Such criteria may be changed from time-to-time as operating experience indicates.
- (b) In applying this section, Transporter shall operate Transporter's System in a non-discriminatory manner without regard to the source of supply, the identity or nature of any Shipper, or the identity of any entity tendering or receiving Gas, except as otherwise explicitly provided herein.

## 11.10 Liability

- (a) Transporter shall not be liable to any person for the manner in which it operates Transporter's System, for any diversion of Gas or capacity rights, or any other adverse consequences to such person which may result from its actions, provided that Transporter's actions were undertaken in furtherance of and in accordance with this section and provided further that such adverse consequences are not attributable to Transporter's negligence or misfeasance.
- (b) Compliance with the Directional Notices, Critical Time Operational Flow Orders, and the other terms and conditions of Transporter's FERC Gas Tariff is essential to provide deliveries and services under all rate schedules. A failure by one or more Shippers to comply with the Directional Notices or Critical Time Operational Flow Orders may affect Transporter's ability to provide such deliveries and services. In such event, and in addition to other provisions hereof and not in lieu of any other remedies available in law or at equity, Transporter will, except for negligence or undue discrimination, have no liability consistent with the provisions of these GT&C.
- (c) In the event a Shipper's Gas supplies are diverted to another Shipper as a result of a Directional Notice or Critical Time Operational Flow Order, the party receiving such Gas supplies shall compensate the Shipper whose Gas was diverted at one hundred percent (100%) of Transporter's Monthly Index Price (as determined in Section 10.3 of the GT&C). Should reduced deliveries result from the issuance of a Directional Notice or Critical Time Operational Flow Order, Transporter shall provide reservation charge credits to Shippers reflecting such reduced deliveries. Nothing in this provision shall limit a Shipper's right to seek compensation (under any available state or common law remedies) from any Shipper receiving diverted gas.

## 11.11 Reporting

Within ten (10) Business Days after a Critical Time Operational Flow Order has been lifted, Transporter will post on its EBB a report that describes the specific operational factors that caused the Critical Time Operational Flow Order to be issued and then lifted.



## 11.12 Unauthorized Overrun Gas

Transporter will notify Operators or Shippers by approximately the 15th of each Month of their level of Unauthorized Gas for the preceding calendar Month. Transporter will post on its EBB, by approximately the 15th of each Month, quantities of Unauthorized Gas in the preceding Month which cannot be attributed to any party. Any Operator or Shipper who delivers unscheduled Gas onto Transporter's System will be given sixty (60) Days from the date Transporter provides notice to the Operator that such Gas has been received, to deliver it off Transporter's System or schedule it for delivery, or it will become the property of Transporter at the end of the 60-Day period. If the party who delivered such Gas onto Transporter's System is not known, the Gas will become the property of Transporter sixty (60) Days after it was received by Transporter. The realized value of any Gas retained by Transporter pursuant to this Section 11.12 will be credited back to Shippers pursuant to Section 11.8(d) of the GT&C. If any Operator or Shipper receives Gas off of Transporter's System that is neither nominated nor confirmed, the particular Rate Schedule's provisions shall apply.

### 11.13 Force Majeure

- (a) The term "Force Majeure" as employed herein shall mean acts and events not within the control of the party claiming suspension and shall include acts of God, strikes, lockouts or other industrial disturbances, wars, riots, insurrections, epidemics, pandemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, acts of terror, arrests and restraint of rulers and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, the making of unscheduled or emergency repairs, alterations or replacements, freezing of wells or pipelines, and any other cause, whether of the kind herein enumerated or otherwise, not within the control of Transporter or the party claiming suspension and which, by the exercise of due diligence, such party is unable to overcome. The term "Force Majeure" shall also mean interruptions by government, court orders, or any present or future orders of any regulatory body having proper jurisdiction to the extent that the actions by Transporter to address such occurrences are matters that are not reasonably within the control of Transporter. Nothing contained herein, however, shall be construed to require either party to settle a strike against its will.
- (b) A force majeure event shall include shutdowns for purposes of necessary repairs, alterations, relocations, or construction of facilities associated with any of the events described in Section 11.2(a) above. Transporter shall exercise reasonable diligence to schedule such shutdowns so as to minimize or avoid service interruptions.
- (c) If, because of a force majeure event, either Transporter or Shipper is rendered unable, wholly or in part, to perform its obligations under a TSA or this Tariff, or both, and if the party unable to perform its obligations under a TSA or this Tariff gives notice of such event within a reasonable period of time and provides full particulars of the event in writing or by electronic communication (other than telephone), nonperformance of the party giving such notice shall be excused during the continuance of such event and to the extent its performance is affected by such event. The party claiming force majeure shall use reasonable diligence to remedy its nonperformance, including undertaking such alternative performance as may be reasonable under all the facts and circumstances.
- (d) No force majeure event affecting the performance by Transporter or Shipper shall relieve such party of its liability in contract, if a court of competent jurisdiction later determines that the declared event did not qualify as a force majeure event under Sections 11.2(a) or 11.2(b) or that such party failed to use reasonable diligence to remedy its nonperformance as provided in Section 11.2(c). Nothing herein shall limit Transporter's liability, if any, to Shipper for direct damages, provided that any such damages shall be offset by the amount of any reservation charge credits required to be given under this Tariff. Nor shall such causes or contingencies affecting such performance relieve either party from its obligations to make payments due, including reservation charges.
- (e) The declaration of a force majeure event by Shipper shall not relieve Shipper of all of its obligations under this tariff, including, but not limited to, its obligation to: 1) nominate and schedule both the receipt and delivery quantity to match actual physical receipts;

and/or 2) nominate and schedule the delivery quantity equal to the amount of shipper's actual takes; and/or 3) take no more from the delivery point than has been scheduled; and/or 4) take no more from the delivery point than has been physically received.

## 12. BILLING AND PAYMENT

### 12.1 Billing

- (a) Billing. On or before the ninth Business Day of each Month Transporter shall render to Shipper an invoice for the total payment for services rendered to Shipper under its TSA during the preceding Month.
- (b) When Shipper is in control of information required by Transporter to prepare invoices, Shipper shall cause such information to be received by Transporter on or before the fifth Business Day of the Month immediately following the Month to which the information applies. If the information is not received by such deadline, Transporter will make a good faith estimate of the information and proceed with the billing process.

### 12.2 Payment and Late Charge

- (a) Payment. Each Shipper shall pay Transporter in immediately available funds, at the applicable address listed in the “Points of Contact” Section of this Tariff, within 10 Days of receipt of the invoice for the preceding Month. Unless otherwise specified, the effective payment due date of an invoice when such due date does not fall upon a Business Day should be the first Business Day following the due date (NAESB WGQ Standard 3.3.25). Any invoice provided by Transporter which is received by Shipper after the ninth Business Day of the Month shall not extend the due date of payment unless Transporter is responsible for such delay.
- (b) Late Charge. Should Shipper fail to pay the entire amount of any invoice when same is due, interest on the unpaid balance shall accrue using the interest rates and procedures specified in Section 154.501(d) of the Commission regulations from the due date of payment to the date of actual payment. In the event a late charge accrues to an amount less than \$10, Transporter will not invoice the late charge amount and such charge shall not be reflected on Shipper’s account.

### 12.3 Dispute Procedures. In the event of a bona fide dispute between the parties concerning the billed amount, Transporter shall not terminate transportation service under the notification procedures outlined below when Shipper acts in a timely manner to provide additional information and security for Transporter in accordance with the following procedures.

- (a) Remittance Detail. When Shipper submits payment, it must pay all amounts not in dispute and provide documentation supporting any disputed amounts. If payment differs from the amount invoiced, Shipper shall provide remittance detail with the payment. However, unless Shipper provides documentation specifying otherwise, if either principal or interest are due, any payments thereafter received shall first be applied to the interest due, then to the previously outstanding principal due and, lastly, to the most current principal due, unless the parties mutually agree otherwise.

12.3 Dispute Procedures (continued)

- (b) Payment Security. Within 30 Days after the due date of any payment, Shipper must pay the disputed amount in full or provide sufficient security for the disputed amount. If Shipper pays the disputed amount, such amount is subject to return by Transporter, with interest calculated in accordance with Section 12.2(b), if the dispute is resolved in Shipper's favor. If Shipper does not pay the disputed amount, it must furnish good and sufficient payment security (in addition to any security furnished pursuant to Section 4.12), acceptable to Transporter for all amounts ultimately found due after resolution of the dispute, including the amount now in dispute plus the estimated interest calculated in accordance with Section 12.2(b) that accrues until resolution of the dispute. This section does not apply to ordinary adjustments of overcharges and undercharges in accordance with Section 12.5.

- 12.4 Corrections. The time period for corrections to invoice or statement shall be six Months from the date of the initial invoice or statement with a three-Month rebuttal period using the dispute procedures described above in Section 12.3, excluding government required rate changes. Parties' other statutory or contractual rights shall not otherwise be diminished by this limitation. If there is a deliberate omission or misrepresentation of fact, there will be no time limit for correction of the invoice. If there has been a mutual mistake of fact, no corrections shall be made for an invoicing error unless notice of the mistake is given within 24 Months after the mistake is committed.

- 12.5 Adjustment of Overcharge and Undercharge - If it is determined within the time limits specified in Section 12.4 that Shipper has been overcharged or undercharged as a result of an error in billing for which Transporter is solely responsible and Shipper paid such bill, then the following procedures will apply. Unless mutually agreed otherwise, Transporter shall refund within 30 Days of a final determination the amount of any overcharge, with interest calculated pursuant to Section 12.2(b) above. Unless mutually agreed otherwise, Shipper shall pay within 30 Days of a final determination the amount of any undercharge, with interest calculated pursuant to Section 12.2(b) above. Interest shall be calculated from the time such overcharge or undercharge was paid to the date of refund or payment, respectively. This section does not apply to payments subject to a billing dispute in accordance with Section 12.3.

- 12.6 Termination of Service. Without prejudice to any other rights and remedies available to Transporter under the law and the TSA, Transporter shall have the right to initiate the termination of transportation service using the following notification procedures if any undisputed amount billed to a defaulting Shipper remains unpaid for more than 30 Days after the due date thereof. If the defaulting Shipper has released a portion of its capacity, then Transporter shall also comply with the requirements of Section 9.22.
- (a) First Notice: On or about 10 Days after the due date of any payment, Transporter shall provide written notice to the defaulting Shipper and to the FERC that service may be terminated in 30 Days unless payment is received;
  - (b) Second Notice: On or about 20 Days after the due date of any payment, Transporter shall provide written notice to the defaulting Shipper and to the FERC, that service may be terminated in 20 Days unless payment is received;
  - (c) Final Notice: On or about 30 Days after the due date of any payment, Transporter shall provide written notice to the defaulting Shipper and to the FERC, that service will be terminated unless payment is received within 10 Days.
  - (d) If a defaulting Shipper's service is terminated under a TSA, such Shipper shall compensate Transporter for any difference between the revenues due Transporter for the remaining contract term under the terminated TSA and the revenues to be received under a replacement TSA, if any, marketed to another Shipper to replace the terminated TSA. In addition, any outstanding imbalance quantity will be treated in accordance with the provisions of Section 10 of the GT&C.

### 13. FL&U

- 13.1 FL&U consists of compressor station fuel Gas and fuel Gas for other utility purposes, including but not limited to line losses and other unaccounted-for Gas in the operation of Transporter's building uses and pipeline system. FL&U shall be furnished in-kind by Shippers at applicable receipt point(s) on a pro rata basis in addition to the quantity to be transported.
- 13.2 The FL&U Reimbursement Percentage shall be updated quarterly based on actual usage and shall apply to those TSAs requiring assessment of FL&U. Transactions that do not consume fuel will not be assessed a fuel charge; however, such transactions will be assessed a charge for L&U as identified in each filing made pursuant to Section 13.4.

Fuel reimbursement shall not be required in the following circumstances:

- (a) Transportation service is provided via Backhaul; and
  - (b) Transportation service is provided in the no-fuel zone which is located upstream of Transporter's Roberson Creek compressor station.
- 13.3 Neither the Fuel nor L&U Reimbursement Percentage shall be less than zero. Should the calculation of the FL&U Reimbursement Percentages result in FL&U Reimbursement Percentages less than zero, the FL&U Reimbursement Percentages shall be adjusted to zero and the quantities that would have reduced the calculation of the FL&U Reimbursement Percentages below zero shall be deferred and applied to the calculation of the FL&U Reimbursement Percentages in a future period. Transporter will submit to the Commission any workpapers supporting the deferral of quantities in updates of the FL&U Reimbursement Percentages submitted pursuant to the provisions of this Section 13.
- 13.4 The initial FL&U Reimbursement Percentage shall be as accepted by the Commission in Docket No. CP09-54. The first FL&U True-Up Filing shall be made no later than six Months after the in-service date of Transporter's System. Thereafter, the FL&U True-Up Filing shall be made at least every three Months. The proposed FL&U Reimbursement Percentage shall become effective on the proposed date after appropriate FERC review and notice.
- (a) For Transporter's first FL&U True-Up Filing, the data collection period shall be the period between the in-service date and two Months before the filing date. For each FL&U True-Up Filing thereafter, the data collection period shall be the three Month period ending two calendar Months before the filing date of the FL&U True-Up Filing.

### 13.5 Derivation of FL&U True-Up

- (a) The FL&U True-Up Amount shall be derived by dividing: (1) the sum of the Projected FL&U Requirement and the FL&U Requirement Adjustment (numerator), by (2) the projected receipt quantities related to the applicable transportation service for relevant Shippers during the upcoming period (denominator).
  - (i) The Projected FL&U Requirement shall be the quantity of Gas which is the sum of the FL&U projected by Transporter to be required to support the applicable transportation service for relevant Shippers under all Rate Schedules during the upcoming period.
  - (ii) The FL&U Requirement Adjustment shall be the quantity of Gas which is the difference between: (A) the actual quantities of FL&U experienced by Transporter during the data collection period; and (B) the quantities of Gas retained by Transporter during the data collection period. To the extent possible in calculating the FL&U Requirement Adjustments, any deferred fuel quantities from prior periods pursuant to section 13.3 of this provision (“Deferred Fuel Quantities”) first shall be netted against any under collected quantities of fuel from the data collection period and any deferred L&U quantities from prior periods pursuant to section 13.3 of this provision (“Deferred L&U Quantities”) first shall be netted against any under collected L&U quantities during the data collection period. Additionally, any over retained quantities of fuel during the data collection period and/or any remaining quantities of Deferred Fuel and L&U Quantities shall be offset against any under collected quantities of L&U during the data period. Similarly, any over retained quantities of L&U during the data collection period and/or any remaining quantities of Deferred Fuel and L&U Quantities shall be offset against any under collected quantities of fuel during the data collection period. Determination of the actual quantities of FL&U experienced during this period shall include an adjustment to recognize the effect of changes in system line pack, if any.

### 13.6 FL&U calculations shall be accomplished pursuant to NAESB WGQ standards, as follows:

- (a) When the fuel reimbursement method is fuel in-kind, the results of the fuel reimbursement calculations for the nomination process should be rounded to the nearest dekatherm, gigajoule, or gigacalorie, as applicable per NAESB WGQ Standard No. 1.3.14. The mathematical effect of rounding can yield a result of zero. (NAESB WGQ Standard 1.3.15).



13.6 FL&U calculations shall be accomplished pursuant to NAESB WGQ standards, as follows: (continued)

- (b) Where fuel reimbursement is in-kind, the standard fuel calculation mechanism, as this is related to the nomination process, shall be  $(1 - \text{fuel \%} / 100)$  multiplied by receipt quantity = delivery quantity (NAESB WGQ Standard 1.3.16).
- (c) For in-kind fuel reimbursement methods, Transporter shall not reject a nomination for reasons of rounding differences due to fuel calculation of less than 5 Dth (NAESB WGQ Standard 1.3.29).
- (d) The transportation priority for fuel shall be the same as the level of service as the transaction to which it applies (NAESB WGQ Standard 1.3.31).
- (e) For current in-kind fuel reimbursement procedures, fuel rates shall be made effective only at the beginning of the Month (NAESB WGQ Standard 1.3.28).

## 14. PENALTIES

- 14.1 Penalty Provisions. Shipper will only be subject to one penalty for the same type of infraction involving any quantity of Gas in conjunction with transportation service under this Tariff. Shipper's invoice(s) shall not include assessment for a charge or penalty of less than two hundred dollars (\$200).
- 14.2 Unauthorized Daily Overrun and Unauthorized Hourly Scheduling Crediting.
- (a) Transporter shall retain an amount equal to 1X (one times) the applicable authorized and/or unauthorized overrun rate as payment for transportation received. The remaining applicable overrun rate revenue collected by Transporter under a firm or interruptible TSA shall be credited by invoice credit to those firm and interruptible Shippers who did not incur unauthorized daily overrun charges in the Month for which such revenues were received.
  - (b) Unauthorized Hourly Scheduling Penalties collected by Transporter pursuant to Section 5 of Rate Schedule SS-1 shall be credited by invoice credit to those firm and interruptible Shippers who did not incur unauthorized hourly scheduling penalties in the Month for which such penalties were received.
  - (c) Credits to eligible Shippers shall be made on a pro rata basis, based on a Shipper's total reservation and commodity charges paid each Month. Such credit shall be made not later than the March accounting Month statement sent subsequent to the calendar year-end by Transporter. Any dollars collected and retained by Transporter pursuant to this section shall accrue interest as defined in Part 201 of the Commission's Regulations.
- 14.3 In the event Gas is surrendered under Rate Schedules PAL or SS-1 Transporter will credit the value of such Gas, net of the costs associated with the disposal of such Gas, to Shippers as a part of Transporter's penalty crediting mechanism described in 14.2(c) above.

## 15. REVENUE SHARING MECHANISM

- 15.1 Sharing for Qualifying Shippers. This Section 15.1 will not become applicable (i) until after January 1, 2012 and (ii) until after Transporter has Long-Term Firm Subscriptions equal to the initial designed capacity as filed in Docket No. CP09-54-000. Revenues collected by Transporter from interruptible and Short-Term Firm transportation service (service which is provided for terms of less than one year) under Rate Schedule FT during any calendar year shall be subject to the following crediting requirements.
- (a) Transporter shall retain all Rate Schedule IT, PAL and SS-1 revenues and all Rate Schedule FT Short-Term Firm revenues and all authorized overruns or unauthorized daily overrun (equal to the 100% load factor equivalent FT rate) collected attributable to:
    - (i) that portion of the applicable Rate Schedules IT, PAL, SS-1 and FT rates representing variable costs; and
    - (ii) any applicable surcharges.
  - (b) Transporter shall retain all revenue associated with any expansion of facilities after the in-service date of the Docket No. CP09-54-000 facilities.
  - (c) In the event Transporter (i) receives total revenues under Rate Schedules FT, IT, PAL and SS-1 in excess of the first year cost of service based on the Exhibit N in Docket No. CP09-54 as revised for the actual, final facility cost of service, and (ii) receives Rate Schedules IT, PAL, SS-1 and Short-Term Firm revenues in excess of the cost allocation underlying the existing rate design for those interruptible and Short-Term Firm services, Transporter shall credit the excess revenues from Rate Schedules IT, PAL, SS-1, all authorized overruns or unauthorized daily overruns above the 100% load factor equivalent FT rate and Short-Term Firm revenues in the following manner. The revenues shall be shared between all negotiated rate shippers, with TSAs providing for such sharing, recourse rate shippers and Transporter. Each Shipper shall be allocated a proportionate share of the amount to be credited to shippers based upon the relationship of the total payments received from the Shipper and the total of all such revenues received by Transporter. Negotiated rate shippers shall receive the percentage of their allocated share stated in their negotiated rate TSA and all other shippers shall receive 50% of their allocated share. Transporter shall retain the remaining revenues.

- 15.2 The revenues to be credited, if any, shall be credited to those qualifying Shippers not later than April 15 of each year with such credit to be applied in three monthly installments if needed, or if a credit cannot be applied, a cash refund shall be distributed. Transporter will file an annual report by August 1 of each year demonstrating such crediting under Section 15.1 of the GT&C. If the in-service date of the Docket No. CP09-54-000 facilities falls after January 1 of any year, such crediting will be provided only for the next calendar year.

## 16. RESERVATION CHARGE CREDIT

- 16.1 No adjustments of any kind under this Section shall be required if Transporter's failure to schedule Gas is due to Shipper's failure to perform in accordance with the terms of the TSA and the Tariff, including, but not limited to, Advisory Actions, Directional Notices, Critical Time Operational Flow Orders, failure to meet all applicable Gas quality specifications, and failure of supply, transportation, and/or market upstream of or downstream from Transporter's System.
- 16.2 Transporter shall have the right, without further liability except as to reservation charge credits in Section 16.4 below, to interrupt or curtail the transportation of Gas for Shipper for reasons of force majeure; or when necessary, to test, alter, modify, enlarge, or repair any facility or property comprising a part of, or appurtenant to, Transporter's System, or otherwise related to the operation or maintenance thereof. Transporter shall endeavor to cause a minimum of inconvenience to Shipper because of such interruptions..
- 16.3 As used in this Section 16, MDQ shall mean the quantity of Gas for which reservation charges are assessed under a firm agreement on any Day. Where Transporter does not schedule Transporter's System in the Timely and Evening Nomination Cycles to meet the nominations of a firm Shipper from primary receipt to primary delivery point(s) on a Day, reservation charge credits shall be granted as set forth herein.
- 16.4 With respect to the circumstances described in Section 16.5(a), when a Shipper whose nominated amount is not fully scheduled by Transporter in the Timely Nomination Cycle and that Shipper, subject to the nominated quantity not being fully scheduled by Transporter, nominates on another pipeline to re-direct transportation of supplies, it need not re-submit its nomination in the Evening Nomination Cycle to Transporter in order to receive reservation charge credits conditioned on Shipper providing written confirmation, no later than the end of the Gas Day on the day the curtailments are made for the respective reservation charge credits, that it has nominated the curtailed quantities on an alternate pipeline. Such documentation shall be in writing and consist of a representation to Transporter of the quantities nominated on a third-party pipeline as a result of Transporter's inability to provide primary firm service. However, if Shipper does not nominate such supplies on another pipeline after it is curtailed in the Timely Nomination Cycle, Shipper is required to re-submit its Nomination through the Evening Nomination Cycle in order to receive reservation charge credits. If the Shipper subsequently has additional quantities scheduled on Transporter's pipeline in the Intraday 1 or Intraday 2 or Intraday 3 Nomination Cycle, its reservation charge credits may be appropriately reduced.
- 16.5 Reservation Charge Credit Quantities - Except as provided in Section 16.6 below, in the event Transporter fails to schedule nominations on any Day under any firm contract, then the applicable reservation charges shall be eliminated as follows:

- (a) where notice of an outage is not provided prior to the Timely Cycle deadline for the Day, the quantity of Gas, not to exceed the applicable MDQ, nominated at Shipper's Primary Point(s) but not scheduled for delivery; or
- (b) where notice of an outage is provided prior to the Timely Cycle deadline for the Day, the average of the daily usage by Shipper at Primary Point(s), not to exceed the applicable MDQ, in a seven (7) Day period as set forth below:
  - (i) Where a non-force majeure firm service curtailment is announced with Transporter's Monthly Maintenance Schedule posting, then the seven (7) Days immediately preceding such posting; or
  - (ii) Where a non-force majeure firm service curtailment is announced after the Monthly Maintenance Schedule posting but prior to the Timely Cycle deadline for the Day of the firm service curtailment, then the seven (7) Days immediately preceding the firm service curtailment; or
  - (iii) When a force majeure outage is announced that continues beyond ten (10) Days following a force majeure event, then the seven (7) Days immediately preceding the announcement of the Force Majeure outage consistent with the availability of reservation charge credits pursuant to Section 16.6(c); except that
  - (iv) Section 16.5(b) above shall not apply, but Section 16.5(a) shall, where the seven (7) Day period for measurement of Shipper usage is limited by pre-existing firm service curtailments.

16.6 Transporter shall not be obligated to adjust the reservation charge under any contract pursuant to this Section 16:

- (a) to the extent that the Shipper uses alternate receipt or delivery point(s) instead of Primary Point(s); or
- (b) when Transporter's failure to schedule or deliver nominated quantities is due solely to the conduct of Shipper or the upstream or downstream operator of the facilities at the Receipt or Delivery Point respectively, not operated or controlled by Transporter; or
- (c) when Transporter's failure to schedule or deliver nominated quantities occurs, whichever of these dates occurs first either (a) within (but not to exceed) ten (10) Days following a force majeure event as contemplated by 11.2 of the GT&C, or (b) prior to the date Transporter has or should have, in the exercise of due diligence, overcome the force majeure event.

- 16.7 Any adjustment shall be credited against transportation charges for a future Month or refunded if the Transportation Service Agreement has terminated. Nothing in this Section should be interpreted to insulate Transporter from liability for direct damages resulting from its own negligence or malfeasance.

## 17. ANNUAL CHARGE ADJUSTMENT SURCHARGE

- 17.1 Purpose. For the purpose of recovering annual charges assessed to it by the Commission, pursuant to Part 382 of the Commission's regulations, this Section 17 establishes an Annual Charge Adjustment (ACA) which shall be applicable to Transporter's sales and transportation Rate Schedules as set forth on the Statement of Rates of this Tariff.
- 17.2 Basis of the Annual Charge Adjustment. The Rate Schedules referred to in Section 17.1 shall include an increment for an Annual Charge Adjustment for the FERC's costs. Such adjustment shall be the charge factor, adjusted to Transporter's pressure base and heating value, if required, which is stated in the FERC's Annual Charges Billing. As incorporated by reference in Transporter's Tariff, the ACA shall be revised annually as calculated by the Commission and posted on its website. A reference to the Annual Charge Adjustment shall be reflected on the Statement of Rates of this Tariff.
- 17.3 All amounts assessed shall be recorded in Account No. 928. Transporter will not seek to recover the ACA assessed to it pursuant to Part 382 of the Commission's regulations in an NGA Section 4 rate case unless it also files to remove the authority to assess the ACA surcharge.
- 17.4 Effective Date. The ACA unit charge shall become effective October 1 of each Year or as directed by an order of the Commission if Transporter has paid the applicable annual charge in compliance with Part 382 of the Commission's regulations.



## 18. WAIVERS

18.1 Penalty Waiver. Transporter may, in exercise of its reasonable discretion, and on a not unduly discriminatory basis, waive all or a part of any penalty which might otherwise apply. Transporter may post waivers on its EBB at its discretion and will report waivers in accordance with Part 358 of the Commission's Regulations.

18.2 Waivers of Past or Future Defaults.

- (a) Transporter may, from time to time and on a not unduly discriminatory basis, waive any of its rights hereunder and compliance with the provisions of this Tariff. All such waivers shall be limited to past defaults or other past occurrences or case-by-case in advance waivers addressing specific, short-term operational problems.
- (b) Transporter shall record any such waivers in a log, which shall be posted for public inspection on its EBB in accordance with Part 358 of the Commission's Regulations.

18.3 Non-Waiver of Future Defaults

Failure to exercise any rights under this Tariff shall not be considered a waiver of such right or of any rights in the future. No waiver of any one or more defaults by the other party in the performance of any of the provisions of this Tariff, or the provisions of any TSA incorporating the provisions of this Tariff, shall operate or be construed as a waiver of any other existing or future default or defaults, whether of a like or of a different character.

18.4 Waiver Due to Force Majeure

Transporter may waive its obligations within this Original Volume No. 1 Tariff in order to maintain safe and reliable operations and/or commitments during a specified force majeure event, as described in Section 11.2 of the GT&C. Such actions may include changes to deadlines related to scheduling, contract request and amendment procedures, capacity release, point redesignation, capacity sales timelines, and imbalance resolution procedures that would help Transporter better manage the force majeure event and continue firm service to its Shippers. Transporter shall use its reasonable discretion in a not unduly discriminatory manner when making such determinations and utilization of this provision shall not impose new obligations on Shippers. Any such waiver and the reasoning behind the waiver shall be posted on Transporter's EBB. Subsequent to the waiver, Transporter shall file with FERC an informational report detailing waiver action taken. Notwithstanding the foregoing, this provision does not authorize the waiver of the reservation charge crediting obligations pursuant to Rate Schedule FT.

- 18.5 In the event a Shipper experiences an unexpected and extraordinary event beyond the control of Shipper that renders it unable to reasonably submit nominations and confirmations pursuant to Section 6 of the GT&C, Transporter may waive, on a non-discriminatory basis, charges or penalties associated with such failure to reasonably nominate and confirm pursuant to Section 6 of the GT&C to the extent such waiver does not affect Transporter's operations or obligations to provide service to other Shippers.

## 19. DESCRIPTIVE HEADINGS/INTERPRETATIONS

- 19.1 The descriptive headings of the provisions of the TSA and of the GT&C are formulated and used for convenience only and shall not be deemed to affect the meaning or construction of any such provision.
- 19.2 All defined terms used herein shall apply equally to both the singular and plural forms of the terms defined. Whenever any context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes," and "including" shall be deemed to be followed by the phrase "without limitation."

## 20. ELECTRONIC BULLETIN BOARD ("EBB")

- 20.1 Transporter's EBB is accessed through Transporter's designated Internet site(s). The EBB provides a portfolio of electronic business services to Shippers. The EBB is available on a non-discriminatory basis to any party that has compatible equipment. The EBB may be accessed on the Internet at [www.pipeline.tallgrassenergyllp.com](http://www.pipeline.tallgrassenergyllp.com). Questions about the EBB may be directed to the applicable telephone number provided in the "Points of Contact" section.
- 20.2 Transporter's EBB shall provide a means for a Releasing Shipper to release its firm transportation rights in accordance with Section 9 of this Tariff.
- 20.3 Parties wishing to bid on released capacity shall post their bids through the EBB. Only those parties that have satisfied the creditworthiness requirements of Section 4.12 of this Tariff may submit a bid.
- 20.4 The EBB shall contain information concerning the availability of capacity:
- (a) at receipt points;
  - (b) by pipeline Segment;
  - (c) at delivery points; and
  - (d) whether the capacity is available from Transporter directly or through Transporter's Capacity Release Program set forth in Section 9 of this Tariff.
- 20.5 Notice of Available Firm and Interruptible Capacity. Transporter will post on its EBB the availability of firm and interruptible capacity as required by Section 284.13(d) of the Commission's regulations.
- 20.6 Transporter may revoke a user's access code if Transporter has good cause to believe that one of the following events has occurred:
- (a) Fraudulent or unauthorized use of the access code.
  - (b) An action resulting in a breach of security such as loss, theft or unauthorized disclosures or use of data contained on the EBB.
  - (c) Conduct that threatens the viable operations of the EBB, that wrongly interferes with the business transactions of another party or that in any way might threaten the integrity of Transporter's pipeline system.
- 20.7 EBB access, including historical data, shall be available to state regulatory commissions and state consumer advocates on the same basis as any other party.

- 20.8 Transporter shall maintain backup copies of the data contained on its EBB for three years, which may be archived to off-line storage. Parties may access the on-line data directly through the EBB. In the event the data has been archived off-line, parties may request such data through the EBB's electronic mail service. Transporter will provide a computer disk containing archived data for a charge of \$50.00.
- 20.9 EBB users shall be allowed to download files so their contents can be reviewed in detail without tying up access to the EBB. Information on the most recent transactions shall be listed before older information. EBB users shall be able to split large files into smaller parts for ease of use. On-line help shall be available to assist the EBB users along with a search function allowing users to locate all information concerning a specific transaction, and menus that permit users to separately access notices of available capacity and standards of conduct information. Notwithstanding Section 20.8, Transporter shall retain its affiliate waiver log for five years from the date of posting.
- 20.10 Transporter's currently effective Tariff, as revised from time to time, shall be posted on the EBB. Therefore, Transporter shall provide paper copies of the effective Tariff to Shippers and interested state commissions only when specifically requested.
- 20.11 Shippers desiring to exchange information using Transporter's designated Internet site must first enter into the appropriate trading partner agreement with Transporter.

## 21. AFFILIATE-RELATED INFORMATION

Transporter is an interstate Natural Gas pipeline company that transports Natural Gas for others pursuant to Subparts B and G of Part 284 and may be affiliated with corporations which may have marketing function employees as defined in Section 358 of the Commission's Regulations. This section provides the information and procedures required by 18 C.F.R. Section 250.16(b) and (c).

- 21.1 Shared facilities between Transporter's transmission function employees and the marketing function employees of Transporter's affiliate(s), if any, are posted on Transporter's EBB.

## 22. ADVERSE CLAIMS TO NATURAL GAS

Notwithstanding Section 25.2 herein, Shipper agrees to indemnify and hold harmless Transporter, its officers, agents, employees and contractors against any liability, loss or damage whatsoever, including litigation expenses, court costs and attorneys' fees, suffered by Transporter, its officers, agents, employees or contractors, where such liability, loss or damage arises directly or indirectly out of any demand, claim, action, cause of action or suit brought by any person, association or entity, public or private, asserting ownership of or an interest in the Natural Gas tendered for transportation or the proceeds resulting from any sale of that Natural Gas or any cash out of imbalances. The receipt and delivery of Natural Gas by Transporter under the TSA shall not be construed to affect or change title to the Natural Gas.

23. Compliance with 18 CFR, Section 284.12

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

**Standards not Incorporated by Reference and their Location in Tariff:**

Pursuant to NAESB's Copyright Procedure Regarding Member and Purchaser Self-Executing Waiver, as adopted by the NAESB Board of Directors on April 4, 2013, Transporter may publish in its tariff, compliance filings, in communications with customers or stakeholders in conducting day to day business or in communications with regulatory agencies some or all of the language contained in NAESB standards protected by copyright, provided that Transporter includes appropriate citations in the submission.

Transporter has elected to reproduce only the following Business Practices and Electronic Communication standards, NAESB WGQ Version 3.2, that are protected by NAESB's copyright. With respect to each reproduced standard (including any minor corrections), Transporter incorporates the following: © 1996 - 2020 North American Energy Standards Board, Inc., all rights reserved.

**NAESB Standard**

**Tariff Record**

1.2.12	Part IV: General Terms and Conditions ("GT&C") Sections 1.4 and 6.2(c)(vi)
1.3.2(i – vi)	GT&C Section 6.1
1.3.5	GT&C Section 6.2(b)
1.3.7	GT&C Section 6.2(a)
1.3.11	GT&C Section 6.2(c)(vii)
1.3.15	GT&C Section 13.6(a)
1.3.16	GT&C Section 13.6(b)
1.3.19	GT&C Section 6.2(e)
1.3.28	GT&C Section 13.6(e)
1.3.29	GT&C Section 13.6(c)
1.3.31	GT&C Section 13.6(d)
1.3.32	GT&C Section 6.2(c)(i)
1.3.33	GT&C Section 6.2(c)(vii)
1.3.39	GT&C Section 1.4
1.3.51	GT&C Section 6.2(c)(v)
1.3.64	GT&C Section 6.7(b)
1.3.65	GT&C Section 6.7(c)
2.2.1	GT&C Section 10.5



**Standards not Incorporated by Reference and their Location in Tariff:**

(Continued)

2.3.7	GT&C Section 2.1
2.3.8	GT&C Section 2.3
2.3.11	GT&C Section 2.1
2.3.12	GT&C Section 2.1
2.3.14	GT&C Section 2.2
3.2.1	GT&C Section 1.5
3.3.25	GT&C Section 12.2(a)
5.2.1	GT&C Section 1.10
5.2.2	GT&C Section 6.2(c)(iv)
5.2.4	GT&C Section 1.49
5.2.5	GT&C Section 1.48
5.3.1	GT&C Section 9.5(b)
5.3.2	GT&C Section 9.5(b)
5.3.4	GT&C Section 9.11(g)
5.3.13	GT&C Section 9.10(g)
5.3.14	GT&C Section 9.11(b)
5.3.16	GT&C Section 9.11(b)
5.3.21	Part II: Statement of Rates (“Stmt. of Rates”) Section 3, Footnote 1
5.3.22	Stmt. of Rates Section 3, Footnote 1
5.3.23	Stmt. of Rates Section 3, Footnote 1
5.3.34	GT&C Section 6.2(c)(iv)
5.3.44	GT&C Section 9.12(a)
5.3.45	GT&C Section 9.12(b)
5.3.51	GT&C Section 9.7(d)
5.3.53	GT&C Section 9.12(g)
5.3.54	GT&C Section 9.12(f)
5.3.56	GT&C Section 9.12(e)

**Standards Incorporated by Reference:**

**Additional Standards:**

**General:**

Definition:

0.2.5

Standards:

0.3.1, 0.3.2, 0.3.16, 0.3.17

**Creditworthiness:**

Standards:

0.3.3, 0.3.4, 0.3.5, 0.3.6, 0.3.7, 0.3.8, 0.3.9, 0.3.10

**Gas/Electric Operational Communications:**

Definitions:

0.2.1, 0.2.2, 0.2.3, 0.2.4

Standards:

0.3.11, 0.3.12, 0.3.13, 0.3.14, 0.3.15

**Operating Capacity and Unsubscribed:**

Standards

0.3.18, 0.3.20, 0.3.21, 0.3.22

Data Sets:

0.4.2, 0.4.3

**Location Data Download:**

Standards:

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

Dataset:

0.4.4

**Storage Information:**

Data Set:

0.4.1

### **Nominations Related Standards:**

#### Definitions:

1.2.1, 1.2.2, 1.2.3, 1.2.4, 1.2.5, 1.2.6, 1.2.8, 1.2.9, 1.2.10, 1.2.11, 1.2.13, 1.2.14, 1.2.15, 1.2.16, 1.2.17, 1.2.18, 1.2.19

#### Standards:

1.3.1, 1.3.3, 1.3.4, 1.3.6, 1.3.8, 1.3.9, 1.3.13, 1.3.14, 1.3.17, 1.3.18, 1.3.20, 1.3.21, 1.3.22, 1.3.23, 1.3.24, 1.3.25, 1.3.26, 1.3.27, 1.3.30, 1.3.34, 1.3.35, 1.3.36, 1.3.37, 1.3.38, 1.3.40, 1.3.41, 1.3.42, 1.3.43, 1.3.44, 1.3.45, 1.3.46, 1.3.48, 1.3.53, 1.3.55, 1.3.56, 1.3.58, 1.3.62, 1.3.66, 1.3.67, 1.3.68, 1.3.69, 1.3.70, 1.3.71, 1.3.72, 1.3.73, 1.3.74, 1.3.75, 1.3.76, 1.3.77, 1.3.79, 1.3.80, 1.3.81, 1.3.82

#### Data Sets:

1.4.1, 1.4.2, 1.4.3, 1.4.4, 1.4.5, 1.4.6, 1.4.7

### **Flowing Gas Related Standards:**

#### Definitions:

2.2.2, 2.2.3, 2.2.4, 2.2.5

#### Standards:

2.3.1, 2.3.2, 2.3.3, 2.3.4, 2.3.5, 2.3.6, 2.3.9, 2.3.10, 2.3.13, 2.3.15, 2.3.16, 2.3.17, 2.3.18, 2.3.19, 2.3.20, 2.3.21, 2.3.22, 2.3.23, 2.3.25, 2.3.26, 2.3.27, 2.3.28, 2.3.29, 2.3.30, 2.3.31, 2.3.32, 2.3.40, 2.3.41, 2.3.42, 2.3.43, 2.3.44, 2.3.45, 2.3.46, 2.3.47, 2.3.48, 2.3.50, 2.3.51, 2.3.52, 2.3.53, 2.3.54, 2.3.55, 2.3.56, 2.3.57, 2.3.58, 2.3.59, 2.3.60, 2.3.61, 2.3.62, 2.3.63, 2.3.64, 2.3.65, 2.3.66

#### Datasets:

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

### **Invoicing Related Standards:**

#### Standards:

3.3.3, 3.3.4, 3.3.5, 3.3.6, 3.3.7, 3.3.8, 3.3.9, 3.3.10, 3.3.11, 3.3.12, 3.3.13, 3.3.14, 3.3.15, 3.3.16, 3.3.17, 3.3.18, 3.3.19, 3.3.21, 3.3.22, 3.3.23, 3.3.24, 3.3.26, 3.3.27

#### Datasets:

3.4.1, 3.4.2, 3.4.3, 3.4.4

### **Quadrant Electronic Delivery Mechanism Related Standards:**

#### **Definitions:**

4.2.1, 4.2.2, 4.2.3, 4.2.4, 4.2.5, 4.2.6, 4.2.7, 4.2.8, 4.2.9, 4.2.10, 4.2.11, 4.2.12, 4.2.13, 4.2.14, 4.2.15, 4.2.16, 4.2.17, 4.2.18, 4.2.19, 4.2.20

#### **Standards:**

4.3.1, 4.3.2, 4.3.3, 4.3.16, 4.3.17, 4.3.18, 4.3.20, 4.3.22, 4.3.23, 4.3.24, 4.3.25, 4.3.26, 4.3.27, 4.3.28, 4.3.30, 4.3.31, 4.3.32, 4.3.33, 4.3.34, 4.3.35, 4.3.36, 4.3.38, 4.3.40, 4.3.41, 4.3.42, 4.3.43, 4.3.44, 4.3.45, 4.3.46, 4.3.47, 4.3.48, 4.3.49, 4.3.50, 4.3.52, 4.3.53, 4.3.54, 4.3.55, 4.3.57, 4.3.58, 4.3.60, 4.3.62, 4.3.66, 4.3.67, 4.3.68, 4.3.69, 4.3.72, 4.3.75, 4.3.78, 4.3.79, 4.3.80, 4.3.81, 4.3.82, 4.3.84, 4.3.85, 4.3.86, 4.3.87, 4.3.89, 4.3.90, 4.3.91, 4.3.92, 4.3.93, 4.3.94, 4.3.95, 4.3.96, 4.3.97, 4.3.98, 4.3.99, 4.3.100, 4.3.101, 4.3.102, 4.3.103, 4.3.104, 4.3.105, 4.3.106, 4.3.107, 4.3.108, 4.3.109, 4.3.110

### **Capacity Release Related Standards:**

#### **Definition:**

5.2.3

#### **Standards:**

5.3.3, 5.3.5, 5.3.7, 5.3.8, 5.3.9, 5.3.10, 5.3.11, 5.3.12, 5.3.15, 5.3.18, 5.3.19, 5.3.20, 5.3.24, 5.3.25, 5.3.26, 5.3.28, 5.3.29, 5.3.31, 5.3.32, 5.3.33, 5.3.35, 5.3.36, 5.3.37, 5.3.38, 5.3.39, 5.3.40, 5.3.41, 5.3.42, 5.3.46, 5.3.47, 5.3.48, 5.3.49, 5.3.50, 5.3.52, 5.3.55, 5.3.57, 5.3.58, 5.3.59, 5.3.60, 5.3.62, 5.3.62a, 5.3.63, 5.3.64, 5.3.65, 5.3.66, 5.3.67, 5.3.68, 5.3.69, 5.3.70, 5.3.71, 5.3.72, 5.3.73

#### **Datasets:**

5.4.14, 5.4.15, 5.4.16, 5.4.17, 5.4.20, 5.4.21, 5.4.22, 5.4.23, 5.4.24, 5.4.25, 5.4.26, 5.4.27

### **Internet Electronic Transport Related Standards:**

#### **Definitions:**

10.2.1, 10.2.2, 10.2.3, 10.2.4, 10.2.5, 10.2.6, 10.2.7, 10.2.8, 10.2.9, 10.2.10, 10.2.11, 10.2.12, 10.2.13, 10.2.14, 10.2.15, 10.2.16, 10.2.17, 10.2.18, 10.2.19, 10.2.20, 10.2.21, 10.2.22, 10.2.23, 10.2.24, 10.2.25, 10.2.26, 10.2.27, 10.2.28, 10.2.29, 10.2.30, 10.2.31, 10.2.32, 10.2.33, 10.2.34, 10.2.35, 10.2.36, 10.2.37, 10.2.38, 10.2.39

#### **Standards:**

10.3.1, 10.3.3, 10.3.4, 10.3.5, 10.3.6, 10.3.7, 10.3.8, 10.3.9, 10.3.10, 10.3.11, 10.3.12, 10.3.14, 10.3.15, 10.3.16, 10.3.17, 10.3.18, 10.3.19, 10.3.20, 10.3.21, 10.3.22, 10.3.23, 10.3.24, 10.3.25, 10.3.26, 10.3.27, 10.3.28, 10.3.29

**Standards for which Waiver or Extension of Time to Comply have been granted:**

<b><u>NAESB Standard</u></b>	<b><u>Waiver, Variance or Extension of Time</u></b>	<b><u>Relevant Tariff Section and/or Description</u></b>	<b><u>Initial Order Granting Request</u></b>	<b><u>Most Recent Order Granting Continuation</u></b>
0.4.1	Extension	Extension for EDI Implementation		
1.3.2	Variance	GT&C Section 6.1 Extension of nomination cycle deadlines.	RP13-674-000, April 4, 2013 (unpublished letter order) 154 FERC ¶ 61,250 (2016)	168 FERC ¶ 61,061 (2019)
2.4.1	Extension	Extension for EDI Implementation		
2.4.2	Extension	Extension for EDI Implementation		
2.4.3	Extension	Extension for EDI Implementation		
2.4.4	Extension	Extension for EDI Implementation		
2.4.5	Extension	Extension for EDI Implementation		
2.4.6	Extension	Extension for EDI Implementation		
3.4.1	Extension	Extension for EDI Implementation		
3.4.2	Extension	Extension for EDI Implementation		
3.4.3	Extension	Extension for EDI Implementation		
3.4.4	Extension	Extension for EDI Implementation		
4.3.60	Waiver	Requirement for multi-factor authentication.		

## 24. TAXES

All production (including ad valorem-type production taxes), transportation, gathering, delivery, sales, severance, environmental (except as provided for in GT&C Section 29), excise or any other taxes or assessments of any kind upon the Natural Gas (including its emission or combustion) transported by Transporter, which are now or hereafter in existence or authorized for collection by any federal, state, local or other governmental agency or duly constituted authority, either directly or indirectly, shall be the sole responsibility of the Shipper which holds title to such Natural Gas and shall be paid or caused to be paid by such Shipper. Transporter will notify Shipper(s) if it becomes aware of a potential new tax assessment and will discuss with Shipper(s) ways to address such change. If Transporter is required to pay or to collect any taxes or assessments of any kind based upon throughput or other volumetric measurement, Shippers shall, in addition to all other transportation charges or surcharges, reimburse Transporter for such taxes or assessments pro rata, based upon their respective shares of the throughput using the form of such tax (whether it is stated on a volumetric or thermal basis), unless Transporter, in its sole discretion, elects to include such amounts in its base rates.

## 25. INDEMNIFICATION/LIABILITY

- 25.1 Neither Transporter nor Shipper shall be liable to the other party for special, indirect, consequential (including loss of profits), incidental or punitive damages except to the extent such damages arise out of such party's gross negligence, willful misconduct, or bad faith actions.
- 25.2 Each party to the TSA shall bear responsibility for its own acts, errors or omissions connected in any way with the executed TSA causing damages or injuries of any kind to any third party, unless otherwise expressly agreed in writing between the parties in a not unduly discriminatory manner. Therefore, the offending party shall hold harmless and indemnify the non-offending party against any claim, liability, loss, or damage whatsoever suffered by any third party as a result of such offense. As used herein: the term "third party" shall mean a corporation or partnership entity or individual and its officers, agents, employees and contractors other than Transporter or Shipper or their respective officers, agents, employees, contractors, predecessors, successors, assigns, parents, subsidiaries, or affiliates; and, the phrase "damages or injuries of any kind" shall include litigation expenses, court costs, and attorneys' fees.

## 26. COMPLAINT PROCEDURES

If an existing or potential Shipper has a complaint relating to any request for transportation service or any on-going transportation service, Shipper should complete the attached complaint form and should be mailed by registered or certified mail, or delivered by hand to any of the contacts listed in the “Points of Contact” section.

Transporter shall notify Shipper within 48 Hours that the complaint has been received. Each complaint will be noted on the transportation service complaint log. Each complaint shall be investigated, and Transporter shall inform Shipper in writing within 30 Days of receipt of the complaint of the action, if any, taken in response to Shipper's complaint. Transporter shall maintain a separate file for all Shipper complaints and Transporter's responses.

### SHIPPER COMPLAINT FORM

Name of Shipper:

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Identification of contract under question:

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Designation of time period involved:

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Nature of complaint:

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Signature \_\_\_\_\_

Title \_\_\_\_\_



## 27. INCIDENTAL PURCHASES AND SALES

- 27.1 Transporter may purchase or sell operational Gas to the extent necessary to maintain system pressure, fuel quantities and line pack. Transporter shall include information regarding purchases and sales in its EPC filings pursuant to Section 28 of the GT&C.
- 27.2 Transporter will make operational sales by either posting notice of such operational gas sales on its EBB (in accordance with the applicable bidding provisions contained in Section 4.3 and Section 9 of the General Terms and Conditions of this Tariff); or by posting for bid operational gas quantities on the IntercontinentalExchange or another independent trading platform, exchange, or clearing house.

## 28. ELECTRIC POWER COSTS

- 28.1 The Electric Power Costs are (i) electricity costs related to the operation of Transporter's compressor stations, including but not limited to, electric provider's tariff-based connection fees and demand and usage charges related to the electricity required to operate Transporter's compressor stations, and (ii) any costs incurred by Transporter arising from any greenhouse gas emissions mitigation costs, including, but not limited to, any costs incurred with respect to any Renewable Energy Credits, Greenhouse Gas Allowances, Offsets or any other greenhouse gas reduction related policy mechanism as provided in Section 29.2 of the GT&C. EPC shall be paid by Shippers on a pro rata basis based on the quantity of Gas delivered by Transporter to Shippers.
- 28.2 The EPC charge shall be stated on the Statement of Rates in Transporter's Tariff and shall apply to those Rate Schedules requiring assessment of EPC.
- The EPC charge shall not be required in the following circumstances:
- (a) Transportation service is provided via Backhaul; or
  - (b) Transportation service is provided in the no-fuel zone which is located upstream of Transporter's Roberson Creek compressor station.
- 28.3 Should the calculation of the EPC result in a negative charge, such charge will be used to offset future EPC charges or credited to Shippers by invoice credit.
- 28.4 The initial EPC charge shall be as accepted by the Commission in Docket No. CP09-54. The first EPC adjustment filing shall be made no later than six Months after the in-service date of Transporter's System. Thereafter, the EPC adjustment filing shall be made at least every three Months in conjunction with the FL&U adjustment filings described in Section 13 of the GT&C. The proposed EPC charge shall become effective on the proposed date after appropriate FERC review and notice.
- (a) For Transporter's first EPC adjustment filing, the data collection period shall be the period between the in-service date and two Months before the filing date. For each EPC filing thereafter, the data collection period shall be the three Month period ending two calendar Months before the filing date of the EPC adjustment filing.

## 28.5 Derivation of EPC Amount

- (a) The EPC amount shall be derived by dividing: (i) the sum of the Projected EPC Requirement and the EPC Requirement Adjustment (numerator), by (ii) the projected delivery quantities related to the anticipated transportation service for all Shippers during the upcoming period (denominator).
  - (i) The Projected EPC Requirement shall be the total electric costs projected by Transporter to be required to support the anticipated transportation service for all Shippers under all applicable Rate Schedules during the upcoming period.
  - (ii) The EPC Requirement Adjustment shall be the amount in dollars which is the difference between: (i) the actual amount of EPC in dollars experienced by Transporter during the data collection period; and (ii) the amount in dollars retained by Transporter from the EPC Charge during the data collection period.

## 29. GREENHOUSE GAS COSTS

### 29.1 Reserved

29.2 Shippers shall pay for Transporter's costs incurred on a voluntary basis with respect to the acquisition or production of any Renewable Energy Credits, Greenhouse Gas Allowances or Offsets related to Transporter's operations. All such costs, including fees charged by third-parties for the purchase or sale of Greenhouse Gas Allowances, Renewable Energy Credits or Offsets or options with respect to Greenhouse Gas Allowances, Renewable Energy Credits or Offsets as provided herein, shall be added to and included in the EPC; however, voluntary costs recoverable from Shippers hereunder shall be limited to only those costs described in Section 29.2(b) of the GT&C below.

- (a) For costs for Renewable Energy Credits, Greenhouse Gas Allowances, or Offsets incurred by Transporter on a voluntary basis to reduce or offset its carbon emissions from system operations, Transporter agrees to pass incurred costs through to the EPC not to exceed \$12.5 million per year ("Annual Limit") for reimbursement by Shippers. Shippers will not oppose the recovery of these amounts through the EPC, except as provided for in Section 29.3 of the GT&C below. If such costs exceed the Annual Limit, Transporter agrees to negotiate with Shippers and submit a mutually agreeable tariff revision to address any costs above that limit. If mutual agreement is not reached, Transporter will not be precluded from proposing a revised tariff provision permitting the recovery of the excess amounts, but Shippers may oppose such a tariff filing.
- (b) Transporter may only include Renewable Energy Credits, Greenhouse Gas Allowances, and Offsets in the EPC. If another greenhouse gas reduction related policy mechanism is adopted in the future, Transporter will discuss the new mechanism with Shippers and will submit a mutually agreeable tariff revision to include the new mechanism in the list of items that Transporter may purchase on a voluntary basis and include in the EPC. If mutual agreement on the new mechanism is not reached, Transporter will not be precluded from proposing a revised tariff provision to include the new mechanism, but Shippers may oppose such a tariff filing.

29.2 (continued)

- (c) The Annual Limit does not apply to any mandatory form of greenhouse gas emissions compliance costs that Transporter is required to incur in the future and which the Commission allows Transporter to pass on to Shippers in the future. However, if a mandatory compliance program is implemented that does not result in Transporter (i) achieving carbon neutrality, and (ii) incurring costs in excess of the Annual Limit, Transporter may elect to incur additional costs on a voluntary basis to further reduce or offset its greenhouse gas emissions from system operations. Transporter agrees to pass through in the EPC no more than the Annual Limit of combined mandatory costs (if authorized by the Commission) and voluntary costs, with the mandatory costs accounted first; provided however, if the combined mandatory and voluntary costs exceed the Annual Limit, Transporter agrees to negotiate with Shippers and submit a mutually agreeable tariff revision to address any costs above that limit. If mutual agreement is not reached, Transporter will not be precluded from proposing a revised tariff provision permitting the recovery of the excess amounts, but Shippers may oppose such a tariff filing.
- (d) Transporter will not acquire Renewable Energy Credits, Greenhouse Gas Allowances, or Offsets from an affiliated entity if total annual costs are below the Annual Limit. However, if total annual costs would otherwise exceed the Annual Limit, Transporter may acquire credits/offsets from an affiliated entity.
- (e) To the extent Transporter derives any revenue through the trading of Renewable Energy Credits, Greenhouse Gas Allowances, or application of Offsets that reduces the costs of compliance with greenhouse gas emissions regulations, such revenue shall be netted against the costs that are charged to Shippers through the EPC.

- 29.3 Shippers shall have the right to review the costs in Transporter's periodic EPC filings described in Section 28. Shippers may challenge the costs incurred by Transporter with respect to: 1) whether the costs were prudently incurred and 2) whether the amounts are properly calculated. However, Shippers may not challenge whether the voluntary purchase of the following categories of costs may be included in the EPC: Renewable Energy Credits, Greenhouse Gas Allowances, or Offsets. Shippers may challenge the selection between Renewable Energy Credits, Greenhouse Gas Allowances or Offsets or whether the amounts paid by Transporter for these items were commercially reasonable, in light of the information and alternatives that were available to Transporter at the time of the purchases.

### 30. PEAK/OFF-PEAK RATES

- 30.1 Peak/Off-Peak Rates. Peak and off-peak recourse rates as shown on the Statement of Rates shall apply to Short-Term Firm and interruptible service under Rate Schedules FT and IT.

Designation of Peak and Off-Peak Months:

- (a) Transporter shall designate up to four contiguous or noncontiguous Months as peak Months during a twelve Month period, starting April 1 and ending March 31 of the next year. From pipeline in-service through March 31 of the next year, Transporter will not designate any peak Months. Annually thereafter, by March 1 of each year, Transporter shall designate up to four Months as peak Months. Transporter will post the Months designated as peak Months for the upcoming twelve Month period on the EBB under “Informational Postings” by March 1.
- (b) The Months designated as peak Months for the current twelve Month period will be posted on Transporter’s EBB under “Informational Postings.”
- (c) Months in the twelve Month period not designated as peak Months will be considered off-peak Months.

31. MISCELLANEOUS SURCHARGES

(Reserved)