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**RATE SCHEDULES**

**RATE SCHEDULE FFTS**  
**FLEXIBLE FIRM TRANSPORTATION SERVICE**

**1. AVAILABILITY**

This Rate Schedule FFTS is available to any entity (hereinafter called Shipper) which: (i) submits to Natural Gas Pipeline Company of America LLC (hereinafter called Natural) a valid request as defined in Section 3 hereof which Natural has the firm capacity and operational capability to satisfy; and (ii) executes a Flexible Firm Transportation Service Agreement (FFTS Agreement) with Natural applicable to service under this Rate Schedule FFTS. The form of FFTS Agreement is contained in this Tariff. There is no limitation on the number of FFTS Agreements any one Shipper may have.

**2. APPLICABILITY, CHARACTER AND PRIORITY OF SERVICE**

(a) This Rate Schedule FFTS defines Natural's flexible firm transportation service under which firm service is available for at least the minimum number of days over a defined time period specified in the FFTS Agreement, as provided in Sections 2(c) and 7(a) of this Rate Schedule. A Shipper entering into an FFTS Agreement may elect a Late Notice (LN) option, a System-Wide Service (SW) option and/or No-Notice Balancing (NB) option, as described in Section 5 of this Rate Schedule FFTS, subject to payment of the rate and compliance with the terms and conditions attendant to such service option(s). This Rate Schedule FFTS shall apply to all gas received by Natural from or on behalf of Shipper pursuant to an FFTS Agreement. As more fully set out in the General Terms and Conditions of this Tariff, Natural is not providing a supply service under this Rate Schedule FFTS.

(b) Service hereunder shall consist of the acceptance by Natural of natural gas by or on behalf of Shipper for transportation on days when service hereunder is available under the FFTS Agreement (Available Days) at the primary Receipt Point(s) specified in the FFTS Agreement, or at secondary Receipt Point(s) applicable to the FFTS Agreement, the transportation of that natural gas through Natural's system, and the delivery of that natural gas, adjusted for Fuel Gas and Gas Lost and Unaccounted For as set out in the General Terms and Conditions of this Tariff, by Natural to Shipper or for Shipper's account at the primary Delivery Point(s) specified in the FFTS Agreement, or at secondary Delivery Point(s) applicable to such FFTS Agreement. Natural shall not be required: (1) to accept hereunder on any day gas tendered, or to deliver hereunder on any day gas requested, in excess of the Maximum Daily Quantity (MDQ) specified in the FFTS Agreement (or the reduced volume specified on a partial Available Day) for each primary Receipt or Delivery Point or for the aggregate of all

primary Receipt or Delivery Points (except to the extent Natural has accepted confirmed nominations allowing authorized overrun); (2) to accept or deliver gas hereunder on any day which is not an Available Day or partial Available Day under the FFTS Agreement; (3) to accept or deliver hereunder on any day gas which is not properly nominated pursuant to the General Terms and Conditions of this Tariff (it being recognized that a limited no-notice service is available under the NB service option); or (4) to receive or deliver gas hereunder on any day at secondary points except as provided in the General Terms and Conditions of this Tariff (it being recognized that a Shipper electing the SW option will have system-wide secondary point rights). Service hereunder shall be firm except for service at secondary points, subject to Section 2(c) below.

(c) (1) Service hereunder shall be provided on a firm basis on each Available Day (including partial Available Days up to the reduced volume) under the FFTS Agreement. The minimum and maximum number of Available Days over a month or other defined time period, and whether the Shipper is willing to accept notification of a partial Available Day under Section 7.1(a) hereof (and any limitations on such agreement), shall be stated in the FFTS Agreement, based on mutual agreement between Natural and Shipper, as provided in Section 3.2(a) of this Rate Schedule FFTS. Also based on mutual agreement between Natural and Shipper, the FFTS Agreement shall specify if certain days will not be Available Days (e.g., the FFTS Agreement might specify that weekend days or certain holidays are not Available Days). Administration of Available Days is covered in Section 7(a) of this Rate Schedule FFTS.

(2) Service hereunder shall be firm and shall have the same priority on Available Days (including partial Available Days up to the reduced volume) as service under Rate Schedule FTS. No service shall be performed hereunder on a day which is not an Available Day or partial Available Day as determined under Section 7(a) of this Rate Schedule FFTS. Allocation of capacity, curtailment, priorities of service and the addition and/or deletion of primary points are governed by the General Terms and Conditions of this Tariff.

(d) Natural posts unsubscribed firm transportation capacity by pipeline segment on the Informational Postings portion of its Interactive Website pursuant to Section 5.1(e) of the General Terms and Conditions of this Tariff. Such capacity will be available to provide service under either Rate Schedule FTS or FFTS; provided, however, that Natural may elect to make such firm capacity, available only for service under Rate Schedule FTS. Natural will only utilize for service under Rate Schedule FFTS firm capacity which is posted as available (such postings to be on the same basis and following the same procedures as for Rate Schedule FTS) and which is in excess of Natural's existing firm commitments. If Natural awards firm capacity under this Rate Schedule FFTS, it will adjust the firm capacity posting on the

Interactive Website to reflect its obligations under the FFTS Agreement. The adjustment may consist of a reduction in the unsubscribed firm capacity, based on an engineering study. Given the nature of service under Rate Schedule FFTS (specifically the parameters relating to Available Days under the FFTS Agreement), Natural may not have to reduce posted firm capacity on a one-to-one basis in relation to the MDQ under the FFTS Agreement. Alternatively, Natural may continue to reflect the capacity dedicated to the FFTS Agreement as unsubscribed firm capacity, but subject to limits on the number of days available based on the Available Day and related parameters under the FFTS Agreement. For the purposes of this provision, the term "related parameters" shall include the minimum and maximum number of Available Days, the associated time period(s), whether Shipper will accept partial Available Days (and any limitations thereon) and any restrictions in the FFTS Agreement that certain days are not Available Days. The revised firm capacity posted as unsubscribed will be available for service under Rate Schedule FTS or Rate Schedule FFTS; provided, however, that Natural may elect to make such firm capacity available only for service under Rate Schedule FTS.

(e) The service provided under this Rate Schedule FFTS shall be performed under Part 284 of the Commission's Regulations. Shipper shall only tender gas for transportation under this Rate Schedule FFTS to the extent such service would qualify under the applicable statutes, regulations, Commission orders and the blanket certificate authorizing service by Natural under this Rate Schedule. For service under Subpart B of Part 284 of the Commission's Regulations, Shipper shall provide to Natural appropriate certification, including sufficient information in order for Natural to verify that the service qualifies under Subpart B of Part 284 of the Regulations. Where required by the Commission's Regulations, Shipper shall (prior to tendering gas under an FFTS Agreement) cause the intrastate pipeline or local distribution company on whose behalf the service will be provided to submit the necessary certification.

(f) Shipper may release and segment capacity dedicated to service hereunder to the extent permitted by, and subject to the terms and conditions contained in, the General Terms and Conditions of this Tariff and subject to the conditions stated in this subsection and in Section 8(c) of this Rate Schedule FFTS. As under Rate Schedule FTS, a Shipper electing the SW option may not segment a capacity release except within the primary path(s) under the FFTS Agreement and neither the releasing nor any replacement Shipper involved in a segmented release will have system-wide secondary point access under the FFTS-SW Agreement or any release Agreement originating there from after a release.

### **3. VALID REQUESTS**

3.1 A request for service under this Rate Schedule FFTS shall be valid as of the date received if it complies with this Section and contains adequate information on all of the items specified in Section 3.2, subject to any necessary verification of such information and to the following:

(a) A request shall not be valid and Natural shall not be required to grant any such request: (i) as to which Natural does not have the firm capacity and operational capability to effect receipt, transportation and/or delivery on a firm basis consistent with the terms and conditions of this Rate Schedule FFTS and the request for service hereunder, including the minimum number of Available Days and the associated defined time period(s) and any other requested parameters as to Available Days requested by Shipper; (ii) which, except as provided for in Section 3.1(b) hereof, would require the construction, modification, expansion, or acquisition of any facilities; provided, however, that Natural may agree in its reasonable discretion to construct, modify, expand, or acquire facilities to enable it to perform such services; (iii) unless and until Shipper has provided Natural with the information required in Section 3.2 hereof; (iv) if Natural determines, based on the credit analysis referenced in Section 3.2(h), that Shipper does not possess sufficient financial stability to make it reasonably likely the service provided hereunder will be paid for on a timely basis; (v) if the service requested would not comply with this Rate Schedule FFTS; or (vi) if the service requested is at less than the applicable maximum rate; provided, however, that Natural may agree to provide service hereunder at a discount consistent with this Rate Schedule FFTS. Nothing herein is intended to govern the scheduling and curtailment of service once a request for service has been granted pursuant to this Section and while an FFTS Agreement is in effect. Such matters are governed by the General Terms and Conditions of this Tariff.

(b) Natural agrees to construct minor meter and tap facilities to effectuate service requested under this Rate Schedule FFTS provided that: (i) the cost of such facilities does not exceed \$100,000; (ii) Natural shall be reimbursed prior to commencing construction; and (iii) the facilities will not adversely affect Natural's operations.

(c) In the event that Natural agrees to construct, modify, expand or acquire facilities to perform service under this Rate Schedule FFTS, Natural shall maintain a separate record of the nature and costs of such facilities.

(d) Natural shall promptly notify Shipper if it cannot satisfy an otherwise valid request, in whole or in part, due to lack of firm capacity or system capability or if the request is incomplete or does not comply with this Rate Schedule FFTS. Any request shall be null and void unless it is substantially complete and complies with this Rate Schedule. In the event a request is substantially but not entirely complete, Natural shall inform Shipper in writing of the specific items needed to complete the FFTS Agreement, after which Shipper shall have fifteen (15) days to provide the specified information. In the event such information is not received within fifteen (15) days, Shipper's request shall be null and void.

(e) Natural shall tender an FFTS Agreement to Shipper for execution when Shipper's request for service is accepted. Unless waived by Natural, a request for service shall be invalid if Shipper fails to execute an FFTS Agreement hereunder within ten (10) days after an FFTS Agreement which accurately reflects the Shipper's request has been tendered by Natural for execution.

3.2 Requests for service hereunder shall be deemed valid only after the information specified in this Section is provided by Shipper via Natural's Interactive Website or in writing to Natural's Gas Transportation Department, 1001 Louisiana Street, Suite 1000, Houston, Texas 77002. Qualifying bids in an auction shall be treated as a valid request provided that the bid is supplemented with all information required under this Section 3.2 as required by the General Terms and Conditions of this Tariff. The information required for a valid request shall be as follows:

(a) **GAS QUANTITIES**

The request shall specify in Dth the aggregate MDQ and the MDQ for each primary point, exclusive of applicable Fuel Gas and Gas Lost and Unaccounted For, provided that Natural shall not be obligated to accept requests for an aggregate MDQ of less than one hundred (100) Dth per day. If Shipper is willing to accept a lesser MDQ than it has requested, Shipper shall also specify the minimum acceptable MDQ. The request shall also specify the minimum and maximum acceptable number of Available Days; the associated defined time period(s); whether Shipper is willing to accept notification of partial Available Days under Section 7.1(a) hereof (and any limitations on such agreement); and whether Shipper requests that certain days not be Available Days. The minimum and maximum number of Available Days or other parameters as to Available Days may vary from one defined time period to another over the term of the FFTS Agreement and the request must specify any such variance desired by Shipper.

(b) RECEIPT POINT(S)

The request shall specify the primary point(s) at which Shipper desires Natural to receive gas. By utilizing the comment section, the request may also specify a pipeline segment if the Shipper is willing to accept any point in that segment or the request may specify points which Shipper is willing to accept, and/or which points Shipper is not willing to accept, within a pipeline segment.

(c) DELIVERY POINT(S)

The request shall specify the primary point(s) at which Shipper desires Natural to deliver gas. By utilizing the comment section, the request may also specify a pipeline segment if the Shipper is willing to accept any point in that segment or the request may specify points which Shipper is willing to accept, and/or which points Shipper is not willing to accept, within a pipeline segment.

(d) LIMITATION OF POINT(S)

(1) A Shipper may request any number of primary Receipt and primary Delivery Points so long as the summation of MDQs at all primary Receipt Points and at all primary Delivery Points equals the aggregate MDQ.

(2) The availability to Shipper of secondary points, and the related priorities and volumes, shall be governed by the General Terms and Conditions of this Tariff. System-wide service on a secondary point basis will be available hereunder to a Shipper which elects the SW service option.

(e) SERVICE OPTION

The request shall specify whether Shipper elects any or all of the LN, SW or NB service options.

(f) TERM OF SERVICE

The request shall specify:

- (1) The date service is requested to commence;
- and
- (2) The date service is requested to terminate.



(g) REQUESTED RATE

The request shall state the rate at which the Shipper is willing to contract for the service requested, including the additional charges for service options where applicable. If no rate is stated, Shipper will be deemed to have agreed to the maximum rate.

(h) CREDIT

Acceptance of a request is contingent upon a satisfactory credit appraisal by Natural in accordance with the General Terms and Conditions of this Tariff.

(i) COMPLIANCE WITH FFTS TARIFF

Submission of a request for service hereunder shall be deemed agreement by Shipper that it will abide by the terms and conditions of this Rate Schedule FFTS, including the applicable General Terms and Conditions. This agreement extends to the terms and conditions applicable to any service option (NB, SW and/or LN) elected by a Shipper under subsection (e) of this Section 3.2 and to any service option elected during the term of the FFTS Agreement.

(j) COMMISSION-REQUIRED FILING INFORMATION

The following information is to be provided at the time a request for service hereunder is submitted, if available, or when an initial nomination for service under an executed FFTS Agreement is submitted, and when any subsequent changes occur:

(1) Affiliation of the Shipper with Natural; and

(2) The identity of the Shipper, including whether it is a local distribution company, an interstate pipeline company, an intrastate pipeline company, an end user, a producer, or a marketer.

4. TERM

(a) The term of service hereunder shall be set forth in the FFTS Agreement between Shipper and Natural.

(b) The General Terms and Conditions of this Tariff shall govern the applicability of, and the terms and conditions relating to, rollovers and the right of firm refusal vis a vis an FFTS Agreement. Upon termination of any FFTS

Agreement, and subject to any such rollover right or right of first refusal, service by Natural to Shipper thereunder shall be terminated and automatically abandoned.

(c) Natural may terminate any FFTS Agreement if Natural is required by the FERC or some other agency or court to provide firm service for others utilizing the system capacity or capability required for service under such FFTS Agreement or if Natural ceases (after receipt of any requisite regulatory authorization) to offer service of the type covered by the FFTS Agreement; provided, however, that nothing herein shall be read to protect Natural from the consequences of its own negligence.

## **5. SERVICE OPTION**

5.1 (a) A Shipper electing the LN option shall have the right to submit late nominations and Intra-day Nominations consistent with the rights under that service option specified in the General Terms and Conditions of this Tariff.

(b) The LN option may be requested as part of the request for service under Section 3 of this Rate Schedule or may be requested at any time during the term of an FFTS Agreement; provided, however, that the election of the LN service option must be for a minimum of one year or the remaining term of the FFTS Agreement, whichever is less; and provided further that the LN option must be effective on the first day of a month unless otherwise mutually agreed.

(c) The maximum Reservation Rate applicable to an FFTS Agreement with an LN option shall be increased by the LN Surcharge as set out in Section 6.3(a)(2) of this Rate Schedule FFTS.

(d) Natural shall post on the Informational Postings portion of its Interactive Website each month the availability of system capability, if any, to render additional LN service in excess of then existing commitments.

5.2 A Shipper electing the SW option shall have the right on a secondary point basis to nominate at all Receipt and Delivery Points on Natural's system; provided, however, that a Shipper under an FFTS Agreement paying the highest maximum Reservation Charge which could apply under Natural's effective rate matrix to any haul on Natural's system shall automatically have such rights. Except for points which are within a path defined by primary points under the FFTS Agreement, all such secondary points shall be treated as having an out-of-path priority for scheduling and curtailment. Such out-of-path secondary points shall be on the same basis for scheduling and curtailment as out-of-path secondary points under any other FTS or FFTS Agreement, including those within a zone transversed by such Agreement and those arising out of opposite leg secondary point rights. For

an FFTS Agreement with an SW option, the applicable maximum Reservation Rate shall be determined by the SW option formula set out in Section 6.3(a)(3) of this Rate Schedule FFTS.

5.3 (a) Shippers selecting the NB option may, subject to the limitations in subsection (d), inject or withdraw gas on any Available Day under the FFTS Agreement on a no-notice basis (within the limits set out herein) under Rate Schedule NSS or from a Third Party Storage Point as defined in Section 9 of the General Terms and Conditions of this Tariff. The NB option shall be available on a non-discriminatory basis for use in conjunction with either Rate Schedule NSS or a Third Party Storage Point which meets the criteria set out in subsection (d)(3).

(b) Injections may be made on a firm, no-notice basis on any Available Day to the extent Natural can effectuate such injections employing the capacity dedicated to the FFTS-NB Agreement not otherwise utilized on that day and the storage rights under the NSS Agreement(s) and/or third party storage associated with such FFTS-NB Agreement not otherwise utilized on that day. A Shipper will be able to utilize rights under the NB option on any Available Day to the extent it has adequate storage and/or transportation capacity, as applicable, under its FFTS-NB Agreement(s) and the related NSS Agreement (or third party storage) comprising that Shipper's NB option, which rights the Shipper is not otherwise utilizing on that day. It shall be Shipper's responsibility to assure that Natural is not called upon to perform no-notice service hereunder in excess of that level. Shipper may be subject to Overrun and Balancing Service Charges to the extent no-notice volumes exceed its available rights.

(c) Withdrawals may be made on a firm, no-notice basis on any Available Day during the period of April 1 through October 31 to the extent Natural can effectuate such withdrawals employing the capacity dedicated to the FFTS-NB Agreement not otherwise utilized on that day and the storage rights under the NSS Agreement(s) and/or third party storage associated with such FFTS-NB Agreement not otherwise utilized on that day. It shall be Shipper's responsibility to assure that Natural is not called upon to perform no-notice service hereunder in excess of that level. Shipper may be subject to Overrun and Balancing Service Charges to the extent no-notice volumes exceed its available rights.

(d) The applicable maximum rate for Shippers electing the NB option shall not be higher than for other Shippers under Rate Schedule FFTS, but the following special conditions shall apply:

(1) The NB option may be requested as part of the request for service under Section 3 of this Rate Schedule FFTS or by mutual agreement (Natural's agreement shall not be unreasonably withheld and any decision to withhold

must be based on operating reasons) provided, however, that the election of the NB option must be for a minimum of one year or the remaining term of the FFTS Agreement, whichever is less; and provided further, that the NB option must be effective on the first day of a month unless otherwise mutually agreed. Natural shall provide a written explanation of the operational basis for rejecting any request to add the NB option to an existing Agreement.

(2) The primary path under the FFTS Agreement must be such that the NSS storage point would be treated as in-the path under Section 5.6 of the General Terms and Conditions of this Tariff or, where a Third Party Storage Point is being utilized, such point must be within the primary path under the FFTS-NB Agreement.

(3) Any Third Party Storage Point shall be available for service under this option only to the extent the operator of that point and Natural enter into a Storage Point Swing Service Operating (SPSSO) agreement which defines how such operator will accommodate Shipper swing volumes on a no-notice basis, how the operator is to make the corresponding operational physical changes, the limitations on the level of swings to be accommodated and the consequences if such levels are exceeded or operational changes are not made. It is the intent that such an agreement provide Natural with the ability to call upon such third party storage (within the limits defined in the agreement) reasonably comparable to that which Natural exercises with respect to its own storage fields, which may include short-term notice arrangements with the operator. The SPSSO agreement must specify a predetermined allocation methodology and shall specify the extent to which and the conditions under which Shippers shall be kept whole because the operator is agreeing to take the swing. Because the third party storage provider under an SPSSO agreement will be providing swing service, Natural shall not be responsible (as it might under an ordinary operational balancing agreement) for swing within the agreed limits applicable to such Third Party Storage Point. If Natural rejects any request that NB service be provided utilizing a Third Party Storage Point, Natural shall make such rejection in writing and set out the reasons for the rejection.

(4) The Shipper electing an NB option must designate both: (i) which NSS Agreement or Third Party Storage Point is to be associated with the FFTS-NB Agreement in providing no-notice service (third party storage requires the consent of the operator of such storage) and (ii) which points are to be covered by no-notice service under the FFTS-NB Agreement (such point designation shall require the concurrence of the point operator to the extent required by any allocation agreement at the point). The point designation in the prior sentence may be to a CDP (if it is to a point within a CDP, such CDP may need to be subdivided for administrative purposes) or to a specific point on which telemetry exists, or which is otherwise mutually agreed, covered by the FFTS-NB Agreement. Any number of

FFTS and/or FTS Agreements may be associated with any NSS Agreement or Third Party Storage Point, but an FFTS Agreement may not be associated with more than one NSS Agreement or Third Party Storage Point; provided, however, that under a predetermination allocation agreement pursuant to Section 11 of the General Terms and Conditions of this Tariff, a Shipper or point operator can designate a linkage between an FFTS Agreement and multiple NSS Agreements and Third Party Storage Points so long as an administratively workable protocol for linking the transportation and storage components is specified. The designations hereunder may be changed on reasonable prior notice to Natural.

(5) The NB option is available for use only in conjunction with an NSS Agreement or comparable third party storage agreement at a Third Party Storage Point. The NB option shall terminate if neither of such elements is present.

(e) No-notice activity under an FFTS-NB Agreement will be posted to the storage point in the receipt zone where the imbalance occurs or to the closest storage point where Shipper has adequate storage rights to accommodate such activity, consistent with Section 5.6(c)(4) of the General Terms and Conditions of this Tariff.

5.4 A Shipper under Rate Schedule FFTS is not obligated to choose any of the options described in this Section 5, but may select any one of them, any two of them or all three of them. Once a Shipper has elected an option and so long as it remains in effect, the Agreement for service to such Shipper may be referenced by placing the relevant letters after FFTS (FFTS-LN, FFTS-NB, FFTS-SW).

## **6. RATE**

6.1 Shipper shall pay Natural each month for service under this Rate Schedule FFTS the sum of the following charges:

(a) a Reservation Charge based on Shipper's MDQ and the number of Available Days under the FFTS Agreement that month;

(b) a Commodity Charge for each unit of gas delivered hereunder by Natural during the billing month;

(c) Gathering and Offshore Charge(s);

(d) all applicable types of transition cost charges; and

(e) any other applicable charges and penalties set out in this Rate Schedule FFTS or the General Terms and Conditions of this Tariff.

6.2 Where a Shipper has agreed to pay a Negotiated Rate or a rate under a Negotiated Rate Formula, the rates assessed hereunder shall be governed by Section 49 of the General Terms and Conditions of this Tariff. A request for service at a Negotiated Rate or a rate under a Negotiated Rate Formula shall specify the Negotiated Rate or Negotiated Rate Formula on which the Shipper is willing to agree.

6.3 The charges identified in items (a) - (d) of Section 6.1 shall be assessed as follows:

(a) (1) The maximum Reservation Charge in any month for service under this Rate Schedule FFTS shall be the applicable maximum unit Daily Reservation Rate(s) set out in this Tariff multiplied by Shipper's MDQ and multiplied by the number of Available Days during that month. The Reservation Charge payable by any Shipper shall be the maximum Reservation Charge unless a lower Reservation Charge is specified in the FFTS Agreement or a separate discount agreement or is assessed pursuant to Section 6.9 hereof, which lower charge must be consistent with the minimum Reservation Rate(s) specified in this Tariff. By mutual agreement between Natural and Shipper which is consistent with the pro forma Agreement set out in this Tariff, discounts may be limited to specific volumes. Shipper shall be obligated to pay the Reservation Charge hereunder beginning as of the date service under the FFTS Agreement commences. Service shall be deemed to commence on the later of the date specified in the FFTS Agreement or the date Natural is able to render firm service hereunder to Shipper.

(2) For Shippers electing the LN option, the applicable maximum reservation rate shall be increased by the LN Surcharge as set out in this Tariff.

(3) For Shippers electing the SW option, the applicable maximum unit Daily Reservation Rate shall be determined in accordance with the following formula:

$$RR = PPR + \frac{[HRR - PPR]}{2}$$

where:

RR = applicable maximum unit Daily Reservation Rate.

PPR = the applicable maximum unit Daily Reservation Rate for the weighted average of all primary paths under the Agreement.

HRR = the highest maximum unit Daily Reservation Rate which could apply to any haul on Natural's system under Natural's effective Rate Schedule FFTS rate matrix.

If applicable, the LN Surcharge shall be added to the rate so determined.

(b) The maximum monthly Commodity Charge shall be the applicable maximum unit Commodity Rate(s) set out in this Tariff multiplied by the quantity of gas delivered by Natural to Shipper hereunder during the billing month plus an amount equal to the volumes attributable to Fuel Gas and Gas Lost and Unaccounted For multiplied by one-half of the applicable maximum unit Commodity Rate(s). The Commodity Charge payable by any Shipper shall be the maximum Commodity Charge unless a lower Commodity Charge is specified in the FFTS Agreement or a separate discount agreement or is assessed pursuant to Section 6.9 hereof, which lower charge must be consistent with the minimum Commodity Rate(s) specified in this Tariff. By mutual agreement between Natural and Shipper which is consistent with the pro forma Agreement set out in the Tariff, discounts may be limited to specific volumes. For any volumes delivered in excess of Shipper's MDQ, which deliveries shall be subject to Section 9 of this Rate Schedule FFTS, Shipper shall pay the applicable Overrun Charge set out in Section 12 of the General Terms and Conditions of this Tariff plus the sum of the applicable transportation Commodity Rate(s) multiplied by the overrun volumes and an amount equal to the volumes attributable to Fuel Gas and Gas Lost and Unaccounted For multiplied by one-half of the applicable Commodity Rate(s).

(c) The Reservation and Commodity Charges will be based on the primary Receipt and Delivery Points specified in the FFTS Agreement; provided, however, that for a Shipper electing the SW option utilizing a point outside of its primary path, the Commodity Charge shall be based on the actual path utilized. Unless Natural agrees to the contrary, the applicable Reservation Charges will not be reduced during the primary term of the FFTS Agreement due to a change in the primary points; provided, however, that Commodity Charges will be adjusted to reflect a change in a primary point which results in a shortened path as provided in Section 5.1(c)(5) of the General Terms and Conditions of this Tariff.

(d) Separate Gathering Charge(s) shall apply to all volumes received by Natural under this Rate Schedule at any Receipt Point(s) on its gathering facilities. Similarly, separate Offshore Charges shall apply to all volumes received by Natural under this Rate Schedule at any Receipt Point(s) on any non-contiguous offshore lateral.

(e) Transition cost charges shall be assessed in accordance with the General Terms and Conditions of this Tariff.

6.4 OPTIONAL RATE FORM INCLUSIVE OF RESERVATION SURCHARGES. If a Shipper desires to have a reservation rate which is inclusive of reservation surcharges, the form of Inclusive Reservation rate included in the Agreement shall, in lieu of that set out in Sections 6.1 and 6.3 above, be as set out in this Section.

(a) The Inclusive Reservation rate hereunder shall be a rate which includes all applicable base reservation rates and any reservation surcharges . The Inclusive Reservation rate may not exceed the applicable maximum Inclusive Reservation rate and may not be less than the applicable minimum Inclusive Reservation rate under this provision; provided, however, that nothing herein shall preclude a negotiated rate at a different level under Section 49 of the General Terms and Conditions of this Tariff.

(b) The applicable maximum Inclusive Reservation rate for any Agreement shall be the sum of the applicable maximum base reservation rate and Surcharge rate. If a Shipper is exempt from Surcharges, the applicable maximum Inclusive Reservation rate for that Shipper shall be reduced accordingly. If the applicable maximum rate for any of these components changes, the applicable maximum Inclusive Reservation rate shall change by recalculation of the sum of these components.

(c) In the event that Shipper and Natural agree on a discounted Inclusive Reservation rate, the Inclusive Reservation rate shall be deemed to consist of the applicable maximum Surcharge with the discounted base reservation rate being calculated from the Inclusive Reservation rate after subtraction of those components. If the Inclusive Reservation rate is less than the Surcharge component, the discount shall be deemed to apply first to the reservation rate and then to the Surcharge. If the level of the applicable maximum rate for any rate component changes, the level of the various discounted component(s) shall be recalculated. The discounted Inclusive Reservation rate may not be less than the sum of the applicable minimum Reservation rates for these rate components.

(d) The Inclusive Reservation rate hereunder shall be billed as a monthly demand rate applied to the MDQ of the Agreement.

(e) If an Agreement includes a rate form which conforms to this Section and does not contain any other negotiated rate elements, the filing requirements under Section 49 of the General Terms and Conditions of this Tariff shall not apply to such Agreement.



(f) The Inclusive Reservation rate shall not include commodity rate(s), commodity surcharges, ACA, fuel or overrun charges, which are determined and assessed as applicable under other provisions of this Tariff.

6.5 (a) Shipper shall reimburse Natural within five (5) business days after costs have been incurred by Natural for all fees required by the FERC or any regulatory body including, but not limited to, filing, reporting, and application fees to the extent such fees are specifically related to service for that Shipper hereunder and are not generally applicable fees (such as general rate case filing fees).

(b) If Natural constructs, acquires or modifies any facilities to perform service hereunder, then as specified in an agreement between the parties either:

(i) Shipper shall reimburse Natural for the cost of such facilities or facility modifications as described in the General Terms and Conditions of this Tariff; or

(ii) Natural shall assess a monthly charge reflecting such facility costs.

6.6 The ACA and RD&D charges will be assessed, when applicable, as provided in the General Terms and Conditions of this Tariff, on volumes delivered by Natural to Shipper under this Rate Schedule FFTS. Shipper shall also reimburse Natural for Fuel Gas and for Gas Lost and Unaccounted For hereunder as provided by the General Terms and Conditions of this Tariff.

6.7 (a) Natural shall have the unilateral right to file with any appropriate regulatory authority and make changes effective in: (1) the rates and charges applicable under this Rate Schedule FFTS, including both the level and design of such rates and charges; or (2) the terms and conditions of this Rate Schedule FFTS. Natural agrees that Shipper may protest or contest the aforementioned filings, or may seek authorization from duly constituted regulatory authorities for such adjustment of Natural's existing FERC Gas Tariff as may be found necessary to assure that its provisions are just and reasonable.

(b) If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises allows or permits Natural to collect, or to negotiate to collect, a higher rate for the service hereunder, the rate shall, subject to any contrary provision of the FFTS Agreement or a separate discount agreement, be increased to the highest such rate. Should additional documentation be required in order for Natural to collect such highest rate, Shipper shall execute or provide such documentation within fifteen (15) calendar days after a written request

by Natural. If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises requires Natural to charge a lower rate for transportation service hereunder, the rate shall be decreased to such reduced rate.

6.8 Shipper may request that Natural process its gas in order that such gas will meet the quality specifications of the General Terms and Conditions of this Tariff. Natural may, but is not obligated to, provide such service. The providing of such service and the terms and conditions therefore shall be negotiated between Natural and Shipper and the terms and conditions agreed upon shall be specified in the FFTS Agreement or a separate treating/processing agreement. For any such service, Natural shall assess Shipper a charge reflecting all the costs of providing the service, including a Reservation as well as Commodity Charge where appropriate.

6.9 Natural may from time to time and at any time, upon twenty-four (24) hours' verbal or written notice, subject to any provisions on discounting in the FFTS Agreement or in a separate discount agreement, charge any individual Shipper for service under this Rate Schedule FFTS a rate which is lower than the applicable maximum rate set forth in this Tariff; provided, however, that such rate may not be less than the applicable minimum rate for service under Rate Schedule FFTS set forth in this Tariff. Natural will confirm any verbal notice of the applicable charge in writing. Such notification shall specifically state the effective date of such rate change and the quantity of gas so affected. Unless otherwise agreed in the FFTS Agreement or in a separate discount agreement, Natural may at any time further change such rate (subject to any restrictions as to maximum or minimum rates set out in this Tariff, the FFTS Agreement and/or any discount agreement) upon twenty-four (24) hours' verbal notice to Shipper, which notice shall be confirmed in writing. Such notification shall specifically state the effective date of such rate change and the quantity of gas so affected. Natural shall file with the Commission any and all reports as required by the Commission's Regulations with respect to the institution or discontinuance of any discount.

6.10 All revenues and gas in kind collected by Natural as a result of providing service under this Rate Schedule FFTS shall be retained by Natural unless Natural has otherwise explicitly agreed on a different disposition of such amounts. Where crediting or refund mechanisms apply under other provision(s) of this Tariff or pursuant to effective Commission orders or settlements, such mechanisms shall supersede this Section to the extent necessary to carry out such provision(s).

6.11 (a) Natural may, but is not obligated to, transport liquids for Shipper. Any transportation of liquids on behalf of Shipper shall be pursuant to a separate agreement, which agreement shall set out the negotiated rate for such transportation and shall supersede subsection (b) of this Section; provided, however,

that if Natural does provide any such transportation in the absence of a separate agreement, subsection (b) of this Section shall apply. The credit evaluation provisions of the General Terms and Conditions of this Tariff shall be applicable to such transportation unless otherwise specified in a separate agreement.

(b) (1) Absent a separate agreement (in which case the negotiated rate set out in such agreement shall govern), Natural shall charge Shipper and Shipper shall pay Natural for Natural's transportation and handling of Shipper's liquids a monthly fee equal to \$1.025 per barrel of liquids.

(2) If, at any time and from time to time, as a result of any legislation or any order, opinion, or decision of the Commission or of any other governmental authority having jurisdiction over Natural's rates (including any order, opinion, or decision based in whole or in part on a contested or uncontested settlement agreement relative to Natural's rates) an amount is allocated or attributed to the transportation and handling of liquids, liquefiabiles, plant fuel, vaporous non-hydrocarbons and/or similar materials, and such amount is credited to Natural's cost of service or otherwise excluded in determining Natural's rates, Shipper shall reimburse Natural for the sum of money (including the interest reflected therein) Natural is required to refund or credit, or has refunded or credited to its customers which is attributed by Natural to such transportation and handling for Shipper under the FFTS Agreement and which has not been assessed and collected from Shipper for the time period to which the refund or credit applied. If such refunded or credited money is less than the sum of money assessed and collected from Shipper for the applicable time period, Natural shall remit the difference to Shipper within thirty (30) days of the applicable order, opinion, or decision. Thereafter, Shipper shall pay Natural monthly fees based on amounts which are attributable by Natural to such transportation and handling for Shipper under the FFTS Agreement as calculated and assessed by Natural hereunder. Such monthly fees shall be calculated so as to permit Natural to generate monthly revenues therefrom to equal the amounts expected to be credited to Natural's cost of service or excluded from the determination of Natural's rates.

(3) The amounts attributed by Natural to such transportation and handling for Shipper under the FFTS Agreement shall be established from time to time above based upon the application of a methodology determined by Natural in good faith to be consistent with applicable orders, opinions, or decisions pertaining to such transportation and handling.

(4) Any settlement, compromise, or other action of Natural in connection with any such order, opinion, or decision pertaining to transportation of liquids, liquefiabiles, plant fuel, vaporous non-hydrocarbons and/or other similar materials shall be conclusive and binding upon Shipper.

6.12 Natural shall perform exchanges and backhauls hereunder to the extent firm capacity is available. Exchanges and backhauls shall be subject to the maximum and minimum rates under this Rate Schedule except that no fuel need be charged.

**7. NOMINATIONS, BALANCING SERVICE CHARGES AND IMBALANCES**

(a) (1) Natural shall notify Shipper no later than two and one-half hours prior to the deadline for timely nominations for a day if that day is not to be an Available Day. Notification shall be made by e-mail or other mutually agreed method. To the extent consistent with the FFTS Agreement, the notification may specify that the day is a partial Available Day, which means that the service available to Shipper that day under the FFTS Agreement is less than Shipper's full MDQ, in which case the notice must specify the volume of service which is available to Shipper that day. A partial Available Day shall not be accounted for as a full Available Day, but rather as a fraction of an Available Day in the ratio of the volume of service made available for the Shipper under its FFTS Agreement that day to that Shipper's MDQ under the FFTS Agreement.

(2) If timely notice has not been provided under Section 7(a)(1), the day shall be deemed a full Available Day unless inconsistent with the FFTS Agreement or unless the maximum number of Available Days for the defined time period has already been reached. Once the maximum number of Available Days for a defined time period has been reached under a specific FFTS Agreement, any service provided under that FFTS Agreement on a subsequent day during that defined time period shall be overrun, which is governed by Section 9 of this Rate Schedule FFTS.

No service shall be provided under an FFTS Agreement on a day which is not an Available Day or partial Available Day.

(3) Available Days shall be determined by Natural separately for each FFTS Agreement, subject to the parameters defined in the FFTS Agreement, i.e., the minimum and maximum Available Days and the associated defined time period(s), any restrictions stated in the FFTS Agreement that certain days are not Available Days, and whether partial Available Days are permitted under the FFTS Agreement. To the extent that Natural can identify the conditions under which it will be unable to consider a particular day an Available Day, Natural shall specify such conditions in the FFTS Agreement; provided, however, that Natural will still be able to determine that a day is not an Available Day based on other conditions. The determination of which days are Available Days under an FFTS Agreement is to be based on operational considerations and/or on Natural's commitments under other firm Agreements, including the number of Available Days under other FFTS Agreements.

(b) Shipper shall provide Natural with nominations of receipts and deliveries by Receipt and Delivery Point, including pooling points where applicable, in accordance with the General Terms and Conditions of this Tariff. Shippers electing the LN option may submit late and Intra-day Nominations consistent with their rights under that option as specified in the General Terms and Conditions of this Tariff. It shall be Shipper's responsibility to cause gas to be delivered to Natural at Receipt Point(s), and to cause gas to be taken from Natural at Delivery Point(s), in accordance with the information supplied to Natural. In the event that actual receipts and deliveries at any point fail to conform to Shipper's nominations, Balancing Service Charges will apply to the extent provided in the General Terms and Conditions of this Tariff.

(c) It shall be Shipper's responsibility to keep receipts and deliveries in balance. Shipper must submit nominations to rectify an imbalance to the extent required by Section 8.4 of the General Terms and Conditions of this Tariff. Any imbalance between actual receipts and actual deliveries shall be eliminated by cashout on a monthly basis in accordance with the General Terms and Conditions of this Tariff.

(d) To the extent a Shipper elects the NB option, and within the limitations of its no-notice rights thereunder as defined in Section 5 of this Rate Schedule FFTS, Shipper shall not be obligated to submit nominations to effectuate injections or withdrawals (withdrawals are available on a no-notice basis only from April 1 through October 31) in conjunction with service under an FFTS Agreement.

**8. RECEIPT AND DELIVERY POINTS; UPSTREAM AND DOWNSTREAM ARRANGEMENTS; RELEASES AND SEGMENTATION**

(a) The primary point(s) of receipt for all gas tendered to Natural for transportation hereunder and the primary point(s) of delivery for all gas delivered by Natural to Shipper (or to a third-party on behalf of Shipper) hereunder shall be specified in the FFTS Agreement. For each individual primary Receipt and primary Delivery Point, and for the aggregate of all such points, Natural's maximum obligation to accept and deliver gas on a firm basis shall be specified in Dth in the FFTS Agreement. The sum of the MDQs for primary Receipt Points and the sum of the MDQs for primary Delivery Points shall not exceed the aggregate MDQ. All stated MDQs shall be exclusive of applicable Fuel Gas and Gas Lost and Unaccounted For. The availability of secondary Receipt and Delivery Points, and the related volumes and priorities at such points, shall be governed by the General Terms and Conditions of this Tariff. Conditions of delivery at Receipt and Delivery Points are set out in the General Terms and Conditions of this Tariff.

(b) Shipper shall make all necessary arrangements with other parties, both: (1) at or upstream of the Receipt Point(s) where gas is tendered to Natural hereunder; and (2) at or downstream of the Delivery Point(s) where Natural delivers gas hereunder to or for the account of Shipper. Such arrangements must be consistent with this Rate Schedule FFTS and must be coordinated with Natural.

(c) If a Shipper releases its capacity hereunder, in whole or in part, any and all replacement Shippers or sub-replacement Shippers must accept the same provisions regarding and circumstances relating to Available Days as apply under the original Agreement, including the number of Available Days remaining in any applicable defined time period. Any required capacity release posting must so state and must describe the contract provisions relating to Available Days. Capacity on an Available Day or partial Available Day shall be prorated among the original and replacement Shippers based on their respective MDQs effective on that day. Natural shall advise any replacement Shipper that a particular day is not an Available Day or is a partial Available Day. Once capacity reverts to the original Shipper, that Shipper is bound by the number of Available Days remaining in the relevant defined time period. If capacity is segmented by the Shipper itself or on release, the same contract provisions as to Available Days and the same determination by Natural of Available Days on any day shall apply to each segment.

**9. OVERRUN SERVICE**

Upon request of Shipper, Natural may (but is not obligated to) receive, transport, and deliver on any Available Day quantities of natural gas in excess of Shipper's MDQ under the FFTS Agreement when, in Natural's reasonable judgment, the capacity and operating capability of its system will permit such receipt, transportation and delivery without impairing the ability of Natural to meet its other obligations. On any day which would be an Available Day except that the maximum number of Available Days for the defined time period under the FFTS Agreement has been reached, any quantity of natural gas received, transported and delivered under such FFTS Agreement during the remainder of that defined time period shall be overrun and subject to this provision. In granting requests for Authorized Overrun Service, Natural shall act in a manner consistent with the overrun service priorities set out in the General Terms and Conditions of this Tariff. Charges applicable to either authorized or unauthorized overrun volumes shall be as set out in Section 12 of the General Terms and Conditions of this Tariff.

**10. GENERAL TERMS AND CONDITIONS**

The provisions of the General Terms and Conditions of this Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this Rate Schedule FFTS and shall apply to service rendered hereunder as though stated herein.

**RATE SCHEDULE FTS**  
**FIRM TRANSPORTATION SERVICE**

**1. AVAILABILITY**

This Rate Schedule FTS is available to any entity (hereinafter called Shipper) which: (i) submits to Natural Gas Pipeline Company of America LLC (hereinafter called Natural) a valid request as defined in Section 3 hereof which Natural has firm capacity available on all affected portions of its system and the firm operational capability to satisfy; and (ii) executes a Firm Transportation Service Agreement (FTS Agreement) with Natural applicable to service under this Rate Schedule FTS. The form of FTS Agreement is contained in this Tariff. There is no limitation on the number of FTS Agreements any one Shipper may have.

**2. APPLICABILITY, CHARACTER AND PRIORITY OF SERVICE**

(a) This Rate Schedule FTS defines Natural's firm transportation service. A Shipper entering into an FTS Agreement may elect a Late Notice (LN) option, a System-wide Service (SW) option and/or a No-notice Balancing (NB) option, as described in Section 5 of this Rate Schedule FTS, subject to payment of the rate(s) and compliance with the terms and conditions attendant to such options. This Rate Schedule FTS shall apply to all gas received by Natural from or on behalf of Shipper pursuant to an FTS Agreement. As more fully set out in the General Terms and Conditions of this Tariff, Natural is not providing a supply service under this Rate Schedule FTS.

(b) Service hereunder shall consist of the acceptance by Natural of natural gas by or on behalf of Shipper for transportation hereunder at the primary Receipt Point(s) specified in the FTS Agreement, or at secondary Receipt Points applicable to the FTS Agreement, the transportation of that natural gas through Natural's system, and the delivery of that natural gas, adjusted for Fuel Gas and Gas Lost and Unaccounted For as set out in the General Terms and Conditions of this Tariff, by Natural to Shipper or for Shipper's account at the primary Delivery Point(s) specified in the FTS Agreement, or at secondary Delivery Points applicable to such FTS Agreement. Natural shall not be required: (1) to accept on any day gas tendered, or to deliver on any day gas requested, in excess of the Maximum Daily Quantity (MDQ) specified in the FTS Agreement for each primary Receipt or Delivery Point or for the aggregate of all primary Receipt or Delivery Points (except to the extent Natural has accepted confirmed nominations allowing authorized overrun); (2) to accept or deliver hereunder on any day gas which is not properly nominated pursuant to and to the extent required by the General Terms and Conditions of this Tariff (it being recognized



that a limited no-notice service is available under the NB service option); or (3) to receive or deliver gas hereunder on any day at secondary points except as provided in the General Terms and Conditions of this Tariff (it being recognized that a Shipper electing the SW service option will have system-wide secondary point rights). Service hereunder shall be firm except for service at secondary points.

(c) The service provided under this Rate Schedule FTS shall be performed under Part 284 of the Commission's Regulations. Shipper shall only tender gas for transportation under this Rate Schedule FTS to the extent such service would qualify under the applicable statutes, regulations, Commission orders and the blanket certificate authorizing service by Natural under this Rate Schedule. For service under Subpart B of Part 284 of the Commission's Regulations, Shipper shall provide to Natural appropriate certification, including sufficient information in order for Natural to verify that the service qualifies under Subpart B of Part 284 of the Regulations. Where required by the Commission's Regulations, Shipper shall (prior to tendering gas under an FTS Agreement) cause the intrastate pipeline or local distribution company on whose behalf the service will be provided to submit the necessary certification.

(d) Allocation of capacity, curtailment, priorities of service for the purposes of scheduling and curtailment, and the addition and/or deletion of primary points are all governed by the General Terms and Conditions of this Tariff.

(e) Shipper may release capacity dedicated to service hereunder pursuant to Natural's Capacity Release Program to the extent permitted by, and subject to the terms and conditions contained in, the General Terms and Conditions of this Tariff. A Shipper electing the SW option may not segment a capacity release except within the primary path(s) under the FTS Agreement and neither the releasing nor any replacement Shipper involved in a segmented release will have system-wide secondary point access under the FTS-SW Agreement or any release Agreement originating therefrom after such a release.

### **3. VALID REQUESTS**

3.1 A request for service under this Rate Schedule FTS shall be valid as of the date received if it complies with this Section and contains adequate information on all of the items specified in Section 3.2, subject to any necessary verification of such information and to the following:

(a) A request shall not be valid and Natural shall not be required to grant any such request: (i) for which adequate capacity is not available on any

portion of Natural's transmission system (including primary Receipt and primary Delivery Points) necessary to provide such service; (ii) as to which Natural does not have the operational capability to effect receipt, transportation and/or delivery on a firm basis consistent with the terms and conditions of this Rate Schedule FTS; (iii) which, except as provided for in Section 3.1(b) hereof, would require the construction, modification, expansion, or acquisition of any facilities; provided, however, that Natural may agree in its reasonable discretion to construct, modify, expand, or acquire facilities to enable it to perform such services; (iv) unless and until Shipper has provided Natural with the information required in Section 3.2 hereof; (v) if Natural determines, based on the credit analysis referenced in Section 3.2(h), that Shipper does not possess sufficient financial stability to make it reasonably likely the service provided hereunder will be paid for on a timely basis; (vi) if the service requested would not comply with this Rate Schedule FTS; or (vii) if the service requested is at less than the applicable maximum rate; provided, however, that Natural may agree to provide service hereunder at a discount consistent with this Rate Schedule FTS. Natural may also reject any request, or may limit the term of the FTS Agreement granted to Shipper, in the event the service requested would utilize a portion of Natural's system such that a bottleneck would be created that would likely prevent Natural from utilizing upstream or downstream portions of its system and would likely result in Natural being unable to provide substantial firm services for others utilizing such upstream or downstream portions of the system. Nothing herein is intended to govern the scheduling and curtailment of service once a request for service has been granted pursuant to this Section and while an FTS Agreement is in effect. Such matters are governed by the General Terms and Conditions of this Tariff.

(b) Natural agrees to construct minor meter and tap facilities to effectuate service requested under this Rate Schedule FTS provided that: (i) the cost of such facilities does not exceed \$100,000.00; (ii) Natural shall be reimbursed prior to commencing construction; and (iii) the facilities will not adversely affect Natural's operations.

(c) In the event that Natural agrees to construct, modify, expand or acquire facilities to perform service under this Rate Schedule FTS, Natural shall maintain a separate record of the nature and costs of such facilities.

(d) Natural shall promptly notify Shipper if it cannot satisfy an otherwise valid request, in whole or in part, due to lack of capacity or system capability or if the request is incomplete or does not comply with this Rate Schedule FTS. Any request shall be null and void unless it is substantially complete and complies with this Rate Schedule. In the event a request is substantially but not entirely complete, Natural shall inform Shipper in writing of the specific items needed to complete the FTS Agreement, after which Shipper

shall have fifteen (15) days to provide the specified information. In the event such information is not received within fifteen (15) days, Shipper's request shall be null and void.

(e) Natural shall tender an FTS Agreement to Shipper for execution when Shipper's request for service is accepted. Unless waived by Natural, a request for service shall be invalid if Shipper fails to execute an FTS Agreement hereunder within ten (10) days after an FTS Agreement which accurately reflects the Shipper's firm request has been tendered by Natural for execution.

3.2 Requests for service hereunder shall be deemed valid only after the information specified in this Section is provided by Shipper via Natural's Interactive Website or in writing to Natural's Gas Transportation Department at 1001 Louisiana Street, Suite 1000, Houston, Texas 77002. Qualifying bids in an auction shall be treated as a valid request provided that the bid is supplemented with all information required under this Section 3.2 as required by the General Terms and Conditions of this Tariff. The information required for a valid request shall be as follows:

(a) **GAS QUANTITIES**

The request shall specify in Dth the aggregate MDQ and the MDQ for each primary point, exclusive of applicable Fuel Gas and Gas Lost and Unaccounted For, provided that Natural shall not be obligated to accept requests for an aggregate MDQ of less than one hundred (100) Dth per day. If Shipper is willing to accept a lesser MDQ, Shipper shall also specify the minimum acceptable MDQ.

(b) **RECEIPT POINT(S)**

The request shall specify the primary point(s) at which Shipper desires Natural to receive gas. By utilizing the comment section, the request may also specify a pipeline segment if the Shipper is willing to accept any point in that segment or the request may specify points which Shipper is willing to accept, and/or which points Shipper is not willing to accept, within a pipeline segment.

**(c) DELIVERY POINT(S)**

The request shall specify the primary point(s) at which Shipper desires Natural to deliver gas. By utilizing the comment section, the request may also specify a pipeline segment if the Shipper is willing to accept any point in that segment or the request may specify points which Shipper is willing to accept, and/or which points Shipper is not willing to accept, within a pipeline segment.

**(d) LIMITATION OF POINTS**

(1) A Shipper may request any number of primary Receipt and primary Delivery Points so long as the summation of MDQs at all primary Receipt Points and at all primary Delivery Points equals the aggregate MDQ.

(2) The availability to Shipper of secondary points, and the related priorities and volumes, shall be governed by the General Terms and Conditions of this Tariff. System-wide service on a secondary point basis will be available hereunder to a Shipper which elects the SW service option.

**(e) SERVICE OPTIONS**

The request shall specify whether Shipper elects any or all of the LN, SW or NB service options.

**(f) TERM OF SERVICE**

The request shall specify:

- (1) The date service is requested to commence; and
- (2) The date service is requested to terminate.

**(g) REQUESTED RATE**

The request shall state the rate at which the Shipper is willing to contract for the service requested. If no rate is stated, Shipper will be deemed to have agreed to the maximum rate.

(h) CREDIT

Acceptance of a request is contingent upon a satisfactory credit appraisal by Natural in accordance with the General Terms and Conditions of this Tariff.

(i) COMPLIANCE WITH FTS TARIFF

Submission of a request for service hereunder shall be deemed agreement by Shipper that it will abide by the terms and conditions of this Rate Schedule FTS, including the applicable General Terms and Conditions. This agreement extends to the terms and conditions applicable to any service option (NB, SW and/or LN) elected by a Shipper under subsection (e) of this Section 3.2 and to an NB and/or LN service option elected during the term of the FTS Agreement.

(j) COMMISSION-REQUIRED FILING INFORMATION

The following information is to be provided at the time a request for service hereunder is submitted, if available, or when an initial nomination for service under an executed FTS Agreement is submitted, and when any subsequent changes occur:

(1) Affiliation of the Shipper with Natural; and

(2) The identity of the Shipper, including whether it is a local distribution company, an interstate pipeline company, an intrastate pipeline company, an end user, a producer, or a marketer.

4. TERM

(a) The term of service hereunder shall be set forth in the FTS Agreement between Shipper and Natural.

(b) The General Terms and Conditions of this Tariff shall govern the applicability of, and the terms and conditions relating to, rollovers and the right of first refusal vis a vis an FTS Agreement. Upon termination of any FTS Agreement, and subject to any such rollover or right of first refusal, service by Natural to Shipper thereunder shall be terminated and automatically abandoned.

(c) Natural may terminate any FTS Agreement if Natural is required by the FERC or some other agency or court to provide firm service for

others utilizing the system capacity or capability required for service under such FTS Agreement or if Natural ceases (after receipt of any requisite regulatory authorization) to offer service of the type covered by the FTS Agreement; provided, however, that nothing herein shall be read to protect Natural from the consequences of its own negligence.

**5. SERVICE OPTIONS**

5.1 (a) A Shipper electing the LN option shall have the right to submit late nominations and Intra-day Nominations consistent with the General Terms and Conditions of this Tariff.

(b) The LN option may be requested as part of the request for service under Section 3 of this Rate Schedule or may be requested at any time during the term of an FTS Agreement; provided, however, that the election of the LN service option must be for a minimum of one year or the remaining term of the FTS Agreement, whichever is less; and provided further that the LN option must be effective on the first day of a month unless otherwise mutually agreed.

(c) The maximum Reservation Rate applicable to an FTS Agreement with an LN option shall be increased by the LN Surcharge as set out in Section 6.2(a)(2) of this Rate Schedule FTS.

(d) Natural shall post on the Informational Postings portion of its Interactive Website each month the availability of system capability, if any, to render additional LN service in excess of then existing commitments.

5.2 A Shipper electing the SW option shall have the right on a secondary point basis to all Receipt and Delivery Points on Natural's system; provided, however, that a Shipper under an FTS Agreement paying the highest maximum Reservation Charge which could apply under Natural's effective rate matrix to any haul on Natural's system shall automatically have such rights. Except for points which are within a path defined by primary points under the FTS Agreement, all such secondary points shall be treated as having an out-of-path priority for scheduling and curtailment. Such out-of-path secondary points shall be on the same basis for scheduling and curtailment as out-of-path secondary points under any other FTS Agreement, including those within a zone transversed by such Agreement and those arising out of opposite leg secondary point rights. The SW option may be requested as part of the request for service under Section 3 of this Rate Schedule FTS. For existing Agreements under Rate Schedule FTS which do not have the SW option, the Shipper may request the addition of the SW option at any time, provided that the rate for firm transportation service with the SW option shall be the applicable maximum rate specified for the SW option in Section 6.2(a)(3) of this Rate Schedule FTS unless

Natural and the Shipper agree to a different rate at the time the option is requested and provided further that nothing shall be read to override or to modify in any way: (i) any obligation of Natural under the Natural Gas Act to treat similarly situated customers the same with respect to rates and discounting; (ii) any tariff provision relating to rates or discounting which results from Commission action on Natural's Order No. 637 compliance plan in Docket No. RP00-409; or (iii) any other provision of Natural's Tariff governing or relating to rates or discounts. For an FTS Agreement with an SW option, the applicable maximum Reservation Rate shall be determined by the SW option formula set out in Section 6.2(a)(3) of this Rate Schedule FTS.

5.3 (a) Shippers selecting the NB option may, subject to the limitations in subsection (d), inject or withdraw gas on a no-notice basis (within the limits set out herein) under Natural's Rate Schedule NSS or from a Third Party Storage Point as defined in Section 9 of the General Terms and Conditions of this Tariff. The NB option shall be available on a non-discriminatory basis for use in conjunction with either Rate Schedule NSS or a Third Party Storage Point which meets the criteria set out in subsection (d)(3).

(b) Injections may be made on a firm, no-notice basis on any day of the year to the extent Natural can effectuate such injections employing the capacity dedicated to the FTS-NB Agreement not otherwise utilized on that day and the storage rights under the NSS Agreement(s) and/or third party storage associated with such FTS-NB Agreement not otherwise utilized on that day. A Shipper will be able to utilize rights under the NB option on any day to the extent it has adequate storage and/or transportation capacity, as applicable, under its FTS-NB Agreement(s) and the related NSS Agreement (or third party storage) comprising that Shipper's NB option, which rights the Shipper is not otherwise utilizing on that day. It shall be Shipper's responsibility to assure that Natural is not called upon to perform no-notice service hereunder in excess of that level. Shipper may be subject to Overrun and Balancing Service Charges to the extent no-notice volumes exceed its available rights.

(c) Withdrawals may be made on a firm, no-notice basis on any day during the period of April 1 through October 31 to the extent Natural can effectuate such withdrawals employing the capacity dedicated to the FTS-NB Agreement not otherwise utilized on that day and the storage rights under the NSS Agreement(s)

and/or third party storage associated with such FTS-NB Agreement not otherwise utilized on that day. It shall be Shipper's responsibility to assure that Natural is not called upon to perform no-notice service hereunder in excess of that level. Shipper may be subject to Overrun and Balancing Service Charges to the extent no-notice volumes exceed its available rights.

(d) The applicable maximum rate for Shippers electing the NB option shall not be higher than for other Shippers under Rate Schedule FTS, but the following special conditions shall apply:

(1) The NB option may be requested as part of the request for service under Section 3 of this Rate Schedule FTS or by mutual agreement (Natural's agreement shall not be unreasonably withheld and any decision to withhold must be based on operating reasons); provided, however, that the election of the NB option must be for a minimum of one year or the remaining term of the FTS Agreement, whichever is less; and provided further, that the NB option must be effective on the first day of a month unless otherwise mutually agreed. Natural shall provide a written explanation of the operational basis for rejecting any request to add the NB option to an existing Agreement.

(2) The primary path under the FTS Agreement must be such that the NSS storage point would be treated as in-the-path under Section 5.6 of the General Terms and Conditions of this Tariff or, where a Third Party Storage Point is being utilized, such point must be within the primary path under the FTS-NB Agreement.

(3) Any Third Party Storage Point shall be available for service under this option only to the extent the operator of that point and Natural enter into a Storage Point Swing Service Operating (SPSSO) agreement which defines how such operator will accommodate Shipper swing volumes on a no-notice basis, how the operator is to make the corresponding operational physical changes, the limitations on the level of swings to be accommodated and the consequences if such levels are exceeded or operational changes are not made. It is the intent that such an agreement provide Natural with the ability to call upon such third party storage (within the limits defined in the agreement) reasonably comparable to that which Natural exercises with respect to its own storage fields, which may include short-term notice arrangements with the operator. The SPSSO agreement must specify a predetermined allocation methodology and shall specify the extent to which and the conditions under which Shippers shall be kept whole because the operator is agreeing to take the swing. Because the third party storage provider under an SPSSO agreement will be providing swing service, Natural shall not be responsible (as it might under an ordinary operational balancing agreement) for swing within the agreed limits applicable to such Third Party Storage Point. If Natural rejects any request that NB service be provided



utilizing a Third Party Storage Point, Natural shall make such rejection in writing and set out the reasons for the rejection.

(4) The Shipper electing an NB option must designate both (i) which NSS Agreement or Third Party Storage Point is to be associated with the FTS-NB Agreement in providing no-notice service (third party storage requires the consent of the operator of such storage) and (ii) which points are to be covered by no-notice service under the FTS-NB Agreement (such point designation shall require the concurrence of the point operator to the extent required by any allocation agreement at the point). The point designation in the prior sentence may be to a CDP (if it is to a point within a CDP, such CDP may need to be subdivided for administrative purposes) or to a specific point on which telemetry exists, or which is otherwise mutually agreed, covered by the FTS-NB Agreement. Any number of FTS Agreements and/or FTS Agreements may be associated with any NSS Agreement or Third Party Storage Point, but an FTS Agreement may not be associated with more than one NSS Agreement or Third Party Storage Point; provided, however, that under a predetermination allocation agreement pursuant to Section 11 of the General Terms and Conditions of this Tariff, a Shipper or point operator can designate a linkage between an FTS Agreement and multiple NSS Agreements and Third Party Storage Points so long as an administratively workable protocol for linking the transportation and storage components is specified. The designations hereunder may be changed on reasonable prior notice to Natural.

(5) The NB option is available for use only in conjunction with an NSS Agreement or comparable third party storage agreement at a Third Party Storage Point. The NB option shall terminate if neither of such elements is present.

(e) No-notice activity under an FTS-NB Agreement will be posted to the storage point in the receipt zone where the imbalance occurs or to the closest storage point where Shipper has adequate storage rights to accommodate such activity, consistent with Section 5.6(c)(4) of the General Terms and Conditions of this Tariff.

5.4 A Shipper under Rate Schedule FTS is not obligated to choose any of the options described in this Section 5, but may select any one of them, any two of them or all three of them. Once a Shipper has elected an option and so long as it remains in effect, the Agreement for service to such Shipper may be referenced by placing the relevant letters after FTS.

6. RATE

6.1 Shipper shall pay Natural each month for service under this Rate Schedule FTS the sum of the following charges:

- (a) a Reservation Charge based on Shipper's MDQ;
- (b) a Commodity Charge for each unit of gas delivered hereunder by Natural during the billing month;
- (c) Gathering and Offshore Charge(s);
- (d) all applicable types of transition cost charges; and
- (e) any other applicable charges and penalties set out in this Rate Schedule FTS or the General Terms and Conditions of this Tariff.

Where a Shipper has agreed to pay a Negotiated Rate or a rate under a Negotiated Rate Formula, the rates assessed hereunder shall be governed by Section 49 of the General Terms and Conditions of this Tariff. A request for service at a Negotiated Rate or a rate under a Negotiated Rate Formula shall specify the Negotiated Rate or Negotiated Rate Formula on which the Shipper is willing to agree.

6.2 The charges identified in items (a)-(d) of Section 6.1 shall be assessed as follows:

(a) (1) The maximum Reservation Charge for service under this Rate Schedule FTS shall be the applicable maximum unit Reservation Rate(s) set out in this Tariff multiplied by Shipper's MDQ. The Reservation Charge payable by any Shipper shall be the maximum Reservation Charge unless a lower Reservation Charge is specified in the FTS Agreement or a separate discount agreement or is assessed pursuant to Section 6.8 hereof, which lower charge must be consistent with the minimum Reservation Rate(s) specified in this Tariff. By mutual agreement between Natural and Shipper which is consistent with the pro forma Agreement set out in this Tariff, discounts may be limited to specific volumes. Shipper shall be obligated to pay the Reservation Charge hereunder beginning as of the date FTS service commences. FTS service shall be deemed to commence on the later of the date specified in the FTS Agreement or the date Natural is able to render firm service hereunder to Shipper.

(2) For Shippers electing the LN option, the applicable maximum Reservation Rate shall be increased by the LN Surcharge as set out in this Tariff.

(3) For Shippers electing the SW option, the applicable maximum Reservation Rate shall be determined in accordance with the following formula:

$$RR = PPR + \frac{[HRR-PPR]}{2}$$

where:

RR = applicable maximum Reservation Rate

PPR = the applicable maximum Reservation Rate for the weighted average of all primary paths under the Agreement

HRR = the highest maximum Reservation Rate which could apply to any haul on Natural's system under Natural's effective rate matrix

If applicable, the LN Surcharge shall be added to the rate so determined.

(b) The maximum monthly Commodity Charge shall be the applicable maximum unit Commodity Rate(s) set out in this Tariff multiplied by the quantity of gas delivered by Natural to Shipper hereunder during the billing month plus an amount equal to the volumes attributable to Fuel Gas and Gas Lost and Unaccounted For multiplied by one-half of the applicable maximum unit Commodity Rate(s). The Commodity Charge payable by any Shipper shall be the maximum Commodity Charge unless a lower Commodity Charge is specified in the FTS Agreement or a separate discount agreement or is assessed pursuant to Section 6.7 hereof, which lower charge must be consistent with the minimum Commodity Rate(s) specified in this Tariff. By mutual agreement between Natural and Shipper which is consistent with the pro forma Agreement set out in the Tariff, discounts may be limited to specific volumes. For any volumes delivered in excess of Shipper's MDQ, which deliveries shall be subject to Section 9 of this Rate Schedule FTS, Shipper shall pay the applicable Overrun Charge set out in Section 12 of the General Terms and Conditions of this Tariff plus the sum of the applicable transportation Commodity Rate(s) multiplied by the overrun volumes and an amount equal to the volumes attributable to Fuel Gas and Gas Lost and Unaccounted For multiplied by one-half of the applicable Commodity Rate(s).

(c) The Reservation and Commodity Charges will be based on the primary Receipt and Delivery Points specified in the FTS Agreement; provided, however, that for a Shipper electing the SW option utilizing a point outside of its primary path, the Commodity Charge shall be based on the actual path utilized. Unless Natural agrees to the contrary, the applicable Reservation Charges will not be reduced during the primary term of the FTS Agreement due to a change in the primary points; provided, however, that Commodity Charges will be adjusted to reflect a change in a

primary point which results in a shortened path as provided in Section 5.1(c)(5) of the General Terms and Conditions of this Tariff.

(d) Separate Gathering Charge(s) shall apply to all volumes received by Natural under this Rate Schedule at any Receipt Point(s) on its gathering facilities. Similarly, separate Offshore Charges shall apply to all volumes received by Natural under this Rate Schedule at any Receipt Point(s) on any non-contiguous offshore lateral.

(e) Transition cost charges shall be assessed in accordance with the General Terms and Conditions of this Tariff.

**6.3 OPTIONAL RATE FORM INCLUSIVE OF RESERVATION SURCHARGES.** If a Shipper desires to have a reservation rate which is inclusive of reservation surcharges, the form of Inclusive Reservation rate included in the Agreement shall, in lieu of that set out in Sections 6.1 and 6.2 above, be as set out in this Section.

(a) The Inclusive Reservation rate hereunder shall be a rate which includes all applicable base reservation rates and any reservation surcharges. The Inclusive Reservation rate may not exceed the applicable maximum Inclusive Reservation rate and may not be less than the applicable minimum Inclusive Reservation rate under this provision; provided, however, that nothing herein shall preclude a negotiated rate at a different level under Section 49 of the General Terms and Conditions of this Tariff.

(b) The applicable maximum Inclusive Reservation rate for any Agreement shall be the sum of the applicable maximum base reservation rate and any Surcharge rate. If a Shipper is exempt from Surcharges, the applicable maximum Inclusive Reservation rate for that Shipper shall be reduced accordingly. If the applicable maximum rate for any of these components changes, the applicable maximum Inclusive Reservation rate shall change by recalculation of the sum of these components.

(c) In the event that Shipper and Natural agree on a discounted Inclusive Reservation rate, the Inclusive Reservation rate shall be deemed to consist of the applicable maximum Surcharge with the discounted base reservation rate being calculated from the Inclusive Reservation rate after subtraction of those components. If the Inclusive Reservation rate is less than the applicable maximum rate for the Surcharge component, the discount shall be deemed to apply first to the reservation rate and then to the Surcharge. If the level of the applicable maximum rate for any rate component changes, the level of the various discounted component(s) shall be

recalculated. The discounted Inclusive Reservation rate may not be less than the sum of the applicable minimum Reservation rates for these rate components.

(d) The Inclusive Reservation rate hereunder shall be billed as a monthly demand rate applied to the MDQ of the Agreement.

(e) If an Agreement includes a rate form which conforms to this Section and does not contain any other negotiated rate elements, then the filing requirements under Section 49 of the General Terms and Conditions of this Tariff shall not apply to such Agreement.

(f) The Inclusive Reservation rate shall not include commodity rate(s), commodity surcharges, ACA, fuel or overrun charges, which are determined and assessed as applicable under other provisions of this Tariff.

6.4 (a) Shipper shall reimburse Natural within five (5) business days after costs have been incurred by Natural for all fees required by the FERC or any regulatory body including, but not limited to, filing, reporting, and application fees to the extent such fees are specifically related to service for that Shipper hereunder and are not generally applicable fees (such as general rate case filing fees).

(b) If Natural constructs, acquires or modifies any facilities to perform service hereunder, then as specified in an agreement between the parties either:

(i) Shipper shall reimburse Natural for the cost of such facilities or facility modifications as described in the General Terms and Conditions of this Tariff; or

(ii) Natural shall assess a monthly charge reflecting such facility costs.

6.5 The ACA and RD&D charges will be assessed, when applicable, as provided in the General Terms and Conditions of this Tariff, on volumes delivered by Natural to Shipper under this Rate Schedule FTS. Shipper shall also reimburse Natural for Fuel Gas and for Gas Lost and Unaccounted For hereunder as provided by the General Terms and Conditions of this Tariff.

6.6 (a) Natural shall have the unilateral right to file with any appropriate regulatory authority and make changes effective in (1) the rates and charges applicable under this Rate Schedule FTS, including both the level and design of such rates and charges; or (2) the terms and conditions of this Rate Schedule FTS. Natural agrees that Shipper may protest or contest the aforementioned filings, or may seek authorization from duly constituted regulatory authorities for such adjustment of Natural's existing

FERC Gas Tariff as may be found necessary to assure that its provisions are just and reasonable.

(b) If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises allows or permits Natural to collect, or to negotiate to collect, a higher rate for the service hereunder, the rate shall, subject to any contrary provision of the FTS Agreement or a separate discount agreement, be increased to the highest such rate. Should additional documentation be required in order for Natural to collect such highest rate, Shipper shall execute or provide such documentation within fifteen (15) calendar days after a written request by Natural. If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises requires Natural to charge a lower rate for transportation service hereunder, the rate shall be decreased to such reduced rate.

6.7 Shipper may request that Natural process its gas in order that such gas will meet the quality specifications of the General Terms and Conditions of this Tariff. Natural may, but is not obligated to, provide such service. The providing of such service and the terms and conditions therefore shall be negotiated between Natural and Shipper and the terms and conditions agreed upon shall be specified in the FTS Agreement or a separate treating/processing agreement. For any such service, Natural shall assess Shipper a charge reflecting all the costs of providing the service, including a Reservation as well as Commodity Charge where appropriate.

6.8 Natural may from time to time and at any time, upon twenty-four (24) hours' verbal or written notice, subject to any provisions on discounting in the FTS Agreement or in a separate discount agreement, charge any individual Shipper for service under this Rate Schedule FTS a rate which is lower than the applicable maximum rate set forth in this Tariff; provided, however, that such rate may not be less than the applicable minimum rate for service under Rate Schedule FTS set forth in this Tariff. Natural will confirm any verbal notice of the applicable charge in writing. Such notification shall specifically state the effective date of such rate change and the quantity of gas so affected. Unless otherwise agreed in the FTS Agreement or in a separate discount agreement, Natural may at any time further change such rate (subject to any restrictions as to maximum or minimum rates set out in this Tariff, the FTS Agreement and/or any discount agreement) upon twenty-four (24) hours' verbal notice

to Shipper, which notice shall be confirmed in writing. Such notification shall specifically state the effective date of such rate change and the quantity of gas so affected. Natural shall file with the Commission any and all reports as required by the Commission's Regulations with respect to the institution or discontinuance of any discount.

6.9 All revenues and gas in kind collected by Natural as a result of providing service under this Rate Schedule FTS shall be retained by Natural unless Natural has otherwise explicitly agreed on a different disposition of such amounts. Where crediting or refund mechanisms apply under other provision(s) of this Tariff or pursuant to effective Commission orders or settlements, such mechanisms shall supersede this Section to the extent necessary to carry out such provision(s).

6.10 (a) Natural may, but is not obligated to, transport liquids for Shipper. Any transportation of liquids on behalf of Shipper shall be pursuant to a separate agreement, which agreement shall set out the negotiated rate for such transportation and shall supersede subsection (b) of this Section; provided, however, that if Natural does provide any such transportation in the absence of a separate agreement, subsection (b) of this Section shall apply. The credit evaluation provisions of the General Terms and Conditions of this Tariff shall be applicable to such transportation unless otherwise specified in a separate agreement.

(b) (1) Absent a separate agreement (in which case the negotiated rate set out in such agreement shall govern), Natural shall charge Shipper and Shipper shall pay Natural for Natural's transportation and handling of Shipper's liquids a monthly fee equal to \$1.025 per barrel of liquids.

(2) If, at any time and from time to time, as a result of any legislation or any order, opinion, or decision of the Commission or of any other governmental authority having jurisdiction over Natural's rates (including any order, opinion, or decision based in whole or in part on a contested or uncontested settlement agreement relative to Natural's rates) an amount is allocated or attributed to the transportation and handling of liquids, liquefiabiles, plant fuel, vaporous non-hydrocarbons and/or similar materials, and such amount is credited to Natural's cost of service or otherwise excluded in determining Natural's rates, Shipper shall reimburse Natural for the sum of money (including the interest reflected therein) Natural is required to refund or credit, or has refunded or credited to its customers which is attributed by Natural to such transportation and handling for Shipper under the FTS Agreement and which has not been assessed and collected from Shipper for the time period to which the refund or credit applied. If such refunded or credited money is less than the sum of money assessed and collected from Shipper for the applicable time period, Natural shall remit the difference to Shipper within thirty (30) days of the applicable order, opinion, or decision. Thereafter, Shipper shall pay Natural monthly

fees based on amounts which are attributable by Natural to such transportation and handling for Shipper under the FTS Agreement as calculated and assessed by Natural hereunder. Such monthly fees shall be calculated so as to permit Natural to generate monthly revenues therefrom to equal the amounts expected to be credited to Natural's cost of service or excluded from the determination of Natural's rates.

(3) The amounts attributed by Natural to such transportation and handling for Shipper under the FTS Agreement shall be established from time to time above based upon the application of a methodology determined by Natural in good faith to be consistent with applicable orders, opinions, or decisions pertaining to such transportation and handling.

(4) Any settlement, compromise, or other action of Natural in connection with any such order, opinion, or decision pertaining to transportation of liquids, liquefiabiles, plant fuel, vaporous non-hydrocarbons and/or other similar materials shall be conclusive and binding upon Shipper.

6.11 Natural shall perform exchanges and backhauls hereunder to the extent firm capacity is available. Exchanges and backhauls shall be subject to the maximum and minimum rates under this Rate Schedule except that no fuel need be charged.

## **7. NOMINATIONS, BALANCING SERVICE CHARGES AND IMBALANCES**

(a) Except as set out in subsection (c), Shipper shall provide Natural with nominations of receipts and deliveries by Receipt and Delivery Point, including pooling points where applicable, in accordance with the General Terms and Conditions of this Tariff. Shippers electing the LN option may submit late and Intra-day Nominations consistent with the General Terms and Conditions of this Tariff. It shall be Shipper's responsibility to cause gas to be delivered to Natural at Receipt Point(s), and to cause gas to be taken from Natural at Delivery Point(s), in accordance with the information supplied to Natural. In the event that actual receipts or deliveries at any point fail to conform to Shipper's nominations, and Shipper has not elected the NB option and/or the discrepancy is greater than can be accommodated pursuant to Shipper's applicable no-notice rights, Balancing Service Charges will apply to the extent provided in the General Terms and Conditions of this Tariff.

(b) It shall be Shipper's responsibility to keep receipts and deliveries in balance. Shipper must submit nominations to rectify an imbalance to the extent required by Section 8.4 of the General Terms and Conditions of this Tariff. Any imbalance between actual receipts and actual deliveries shall be eliminated by cashout on a monthly basis in accordance with the General Terms and Conditions of this Tariff.



(c) To the extent a Shipper elects the NB option, and within the limitations of its no-notice rights thereunder as defined in Section 5 of this Rate Schedule FTS, Shipper shall not be obligated to submit nominations to effectuate injections or withdrawals (withdrawals are available on a no-notice basis only from April 1 through October 31) in conjunction with service under an FTS Agreement.

**8. RECEIPT AND DELIVERY POINTS AND UPSTREAM AND DOWNSTREAM ARRANGEMENTS**

(a) The primary point(s) of receipt for all gas tendered to Natural for transportation hereunder and the primary point(s) of delivery for all gas delivered by Natural to Shipper (or to a third-party on behalf of Shipper) hereunder shall be specified in the FTS Agreement. For each individual primary Receipt and primary Delivery Point, and for the aggregate of all such points, Natural's maximum obligation to accept and deliver gas on a firm basis shall be specified in Dth in the FTS Agreement. The sum of the MDQs for primary Receipt Points and the sum of the MDQs for primary Delivery Points shall not exceed the aggregate MDQ. All stated MDQ shall be exclusive of applicable Fuel Gas and Gas Lost and Unaccounted For. The availability of secondary Receipt and Delivery Points, and the related volumes and priorities at such points, shall be governed by the General Terms and Conditions of this Tariff, it being recognized that a Shipper electing the SW service option shall have system-wide secondary point rights as set out in Section 5 of this Rate Schedule FTS

(b) Conditions of delivery at Receipt and Delivery Points are set out in the General Terms and Conditions of this Tariff.

(c) Shipper shall make all necessary arrangements with other parties (1) at or upstream of the Receipt Point(s) where gas is tendered to Natural hereunder and (2) at or downstream of the Delivery Point(s) where Natural delivers gas hereunder to or for the account of Shipper. Such arrangements must be consistent with this Rate Schedule FTS and must be coordinated with Natural.

**9. OVERRUN SERVICE**

Upon request of Shipper, Natural may (but is not obligated to) receive, transport, and deliver on any day quantities of natural gas in excess of Shipper's MDQ under the FTS Agreement when, in Natural's reasonable judgment, the capacity and operating capability of its system will permit such receipt, transportation and delivery without impairing the ability of Natural to meet its other obligations. In granting requests for Authorized Overrun Service, Natural shall act in a manner consistent with the overrun service priorities set out in the General Terms and Conditions of this Tariff. Charges applicable to either authorized or

unauthorized overrun volumes shall be as set out in Section 12 of the General Terms and Conditions of this Tariff.

**10. GENERAL TERMS AND CONDITIONS**

The provisions of the General Terms and Conditions of this Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this Rate Schedule FTS and shall apply to service rendered hereunder as though stated herein.

**RATE SCHEDULE FRSS**  
**FIRM REVERSE STORAGE SERVICE**

1. AVAILABILITY

(a) Under this Rate Schedule FRSS, Natural provides firm reverse storage service to any entity (hereinafter called Shipper) which: (1) submits to Natural a valid request as defined in Section 3 hereof; and (2) executes a Firm Reverse Storage Service Agreement (FRSS Agreement) with Natural applicable to service under this Rate Schedule FRSS. The form of FRSS Agreement is contained in this Tariff. There is no limitation on the number of FRSS Agreements any one Shipper may have.

(b) Shipper shall arrange separately for the transportation to inject gas into storage in connection with service hereunder, as further provided in Section 8(b) of this Rate Schedule FRSS.

(c) A Shipper may elect delivered storage service or a storage-only option. A Shipper selecting the storage-only option hereunder shall arrange separately for transportation service upon withdrawal of gas from storage.

2. APPLICABILITY, CHARACTER AND PRIORITY OF SERVICE

(a) This Rate Schedule FRSS defines a firm reverse storage service. Unless Shipper elects the storage-only option, service hereunder encompasses the delivery of gas withdrawn from storage to the Delivery Point(s) in the FRSS Agreement. The Shipper under an FRSS Agreement has firm summer withdrawal rights (during the Withdrawal Period defined in Section 5.1 hereof), followed by firm winter injection rights which must be used in satisfying Shipper's obligation to replace the gas withdrawn the prior summer (such firm injections to be made during the Injection Period defined in Section 5.2 of this Rate Schedule FRSS). Under this Rate Schedule FRSS, gas must be withdrawn before Shipper can tender injections. Firm withdrawal rights are available on a no-notice basis within the rights defined in Sections 5 and 7 of this Rate Schedule FRSS. Shipper must separately arrange for transportation to effectuate injections and must nominate injections. A Shipper selecting the storage-only option must separately arrange for transportation service to effectuate withdrawals, and must nominate such withdrawals except to the extent Shipper has no-notice rights under Section 7.5(b) of this Rate Schedule. This Rate Schedule FRSS shall apply to all gas withdrawn by Natural and delivered to or for the account of Shipper pursuant to an FRSS Agreement.

(b) Service hereunder shall consist of the withdrawal of gas from storage by Natural and (unless Shipper selects the storage-only option hereunder) the delivery of such gas to Shipper or for Shipper's account during the Withdrawal Period at the primary Delivery Point(s) specified in the FRSS Agreement, or at secondary Delivery Point(s) applicable to such FRSS Agreement. If a Shipper elects the storage-only option, the paper storage point designated under Section 7.4(a)(2) hereof shall be both the Receipt Point and the Delivery Point under the FRSS Agreement. Service hereunder shall further consist of the acceptance by Natural during the Injection Period of gas from or for the account of Shipper for injection into storage to replace the gas withdrawn the prior Withdrawal Period. During the Injection Period, Shipper must replace all gas withdrawn over the prior Withdrawal Period. Fuel Gas, Gas Lost and Unaccounted For and Storage Fuel shall be provided by Shipper as set out in Sections 6.3(c), 6.3(d) and 7.2 of this Rate Schedule FRSS.

(c) Natural shall not be required, except to the extent it has accepted confirmed nominations allowing authorized overrun, to: (1) withdraw hereunder on any day gas requested in excess of Shipper's Maximum Daily Withdrawal Quantity (WQ) or in excess of Shipper's Maximum Seasonal Withdrawal Quantity (MSWQ); (2) accept on any day gas tendered for injection hereunder in excess of Shipper's Maximum Daily Injection Quantity (IQ); or (3) deliver gas at Delivery Points or accept gas at Receipt Points on a basis which is not consistent with Section 7 of this Rate Schedule FRSS and the related General Terms and Conditions of this Tariff. The terms "IQ", "WQ" and "MSWQ" are defined in Section 5 of this Rate Schedule FRSS. Service hereunder shall be firm within WQ, MSWQ and IQ. Gas may not be injected hereunder during the Withdrawal Period, nor may gas be withdrawn during the Injection Period, as those terms are defined in Section 5 of this Rate Schedule FRSS. Volumes of gas withdrawn during the Withdrawal Period must be replaced by equivalent volumes of gas injected by the end of the Injection Period.

(d) The service provided under this Rate Schedule FRSS shall be performed under Part 284 of the Commission's Regulations. Shipper shall only take or tender gas under this Rate Schedule FRSS to the extent such service would qualify under the applicable statutes, regulations, Commission orders and the blanket certificate authorizing service by Natural under this Rate Schedule FRSS. For service under Subpart B of Part 284 of the Commission's Regulations, Shipper shall provide to Natural appropriate certification, including sufficient information in order for Natural to verify that the service qualifies under Subpart B of Part 284 of the Regulations. Where required by the Commission's Regulations, Shipper shall (prior to using service under a FRSS Agreement) cause the intrastate pipeline or local distribution company on whose behalf the service will be provided to submit the necessary certification to Natural.

(e) As more fully set out in the General Terms and Conditions of this Tariff, Natural is not providing a gas supply service under this Rate Schedule FRSS. This service will be provided through the management by Natural of its cushion gas and storage operations at all of its storage fields and related facilities.

(f) Allocation of capacity, curtailment, and priorities of service for the purposes of scheduling and curtailment shall all be governed by Section 7 of this Rate Schedule FRSS and the General Terms and Conditions of this Tariff.

(g) (1) A Shipper may release all or a portion of its capacity under an FRSS Agreement pursuant to Natural's Capacity Release Program to the extent permitted by, and subject to the terms and conditions contained in, this subsection and Section 19 of the General Terms and Conditions of this Tariff. Storage and transportation rights under this Rate Schedule FRSS may be released separately (except for a Shipper selecting the storage-only option, which has no transportation service to release), provided that the separately released transportation capacity may not be segmented.

(2) A Shipper under Rate Schedule FRSS may only release its remaining rights; i.e., its rights not previously utilized and not already released to others. Once capacity has been released, the remaining rights of the releasing Shipper shall be reduced by a volume equal to the volume of the rights released. No release may result in any Shipper or in Shippers in the aggregate (releasing Shipper together with all Replacement Shippers) having rights in excess of those available under this Tariff and the FRSS Agreement to the releasing Shipper prior to any release.

(3) The FRSS Agreement shall specify a transportation path for purposes of the separate release of transportation (except for a Shipper selecting the storage-only option, which has no transportation service to release). The replacement Shipper must nominate such separately released transportation in the same manner as under Rate Schedule FTS (but such Shipper shall have only the rights under Rate Schedule FRSS and not any additional rights under Rate Schedule FTS). All separate releases of transportation rights in the aggregate are limited to the aggregate rights of the Shipper under the FRSS Agreement (not more than 10 or 20 times MDQ over any Withdrawal Period, as applicable) to which the releases relate. If transportation rights are released separately, the releasing Shipper's rights to have gas delivered hereunder shall be reduced accordingly.

(4) The Shipper may release storage rights separately and, if transportation rights embedded in delivered storage service are released separately, the releasing Shipper can utilize or release the residual storage rights, but the transportation to take such gas away from the storage point on withdrawal (as well as transportation to the storage point on injection) must be separately contracted. All

separate releases of storage rights in the aggregate are limited to the aggregate storage rights of the Shipper under the FRSS Agreement (not more than 10 or 20 times MDQ over any Withdrawal Period, as applicable) to which the releases relate. Storage released separately must be nominated in the same manner as under Rate Schedule NSS (but the replacement Shipper shall have only the rights under Rate Schedule FRSS and not any additional rights under Rate Schedule NSS), with the priority of deliveries on withdrawal being contingent on that of the transportation Agreement used to take the gas away from storage. A Shipper releasing a portion of its storage rights under an FRSS Agreement must designate how any existing FRSS Balance, as defined in Section 5 of this Rate Schedule, is to be allocated among itself and the replacement Shipper(s).

(5) Unless Natural agrees otherwise, a replacement Shipper may only utilize the storage and delivery points specified in the FRSS Agreement. If the release terminates or the rights are recalled prior to the end of a Withdrawal Period, the rights reverting to the releasing Shipper shall be reduced by the volume of service actually utilized by the replacement Shipper pursuant to the release and, unless otherwise agreed by both the releasing Shipper and the replacement Shipper, the obligation to return any volume withdrawn prior to the recall or termination shall be on the releasing Shipper. Unless otherwise agreed by both the releasing Shipper and the replacement Shipper(s), or unless otherwise provided herein, the obligation of the releasing Shipper and any replacement Shipper to return gas during the Injection Period shall be based on each Shipper's October 1 FRSS Balance.

### **3. VALID REQUEST**

3.1 A request for service under this Rate Schedule FRSS shall be valid as of the date received if it complies with this Section and contains adequate information on all of the items specified in Section 3.2, subject to any necessary verification of such information and to the following:

(a) A request shall not be valid and Natural shall not be required to grant any such request:

(1) For which adequate capacity is not available in Natural's storage system and related transmission or other facilities necessary to provide such service on a firm basis;

(2) As to which Natural does not have the operational capability, including adequate flexibility as to management of its cushion gas and storage operations, to effectuate service hereunder on a firm basis consistent with the terms and conditions of this Rate Schedule FRSS;

(3) Which, except as provided in Section 3.1(b) hereof, would require the construction, modification, expansion, or acquisition of any facilities; provided, however, that Natural may agree in its reasonable discretion to construct, modify, expand, or acquire facilities to enable it to perform such service;

(4) Unless and until Shipper has provided Natural with the information required in Section 3.2;

(5) If Natural determines, based on the credit analysis referenced in Section 3.2(f), that Shipper does not possess sufficient financial stability to make it reasonably likely that the service provided hereunder will be paid for on a timely basis;

(6) If the service requested would not comply with this Rate Schedule FRSS; or

(7) If the service requested is at less than the applicable maximum rate; provided, however, that Natural may agree to provide service hereunder at a discount consistent with this Rate Schedule FRSS.

(b) Natural agrees to construct minor meter and tap facilities to effectuate service requested under this Rate Schedule FRSS, provided that: (1) the cost of such facilities does not exceed \$100,000.00; (2) Natural shall be reimbursed prior to commencing construction; and (3) the facilities will not adversely affect Natural's operations. In the event that Natural agrees to construct, modify, expand or acquire facilities to perform service under this Rate Schedule FRSS, Natural shall maintain a separate record of the nature and costs of such facilities.

(c) Nothing herein is intended to govern the scheduling and curtailment of service once a request for service has been granted pursuant to this Section and while a FRSS Agreement is in effect. Such matters are governed by other provisions of this Rate Schedule FRSS and by the General Terms and Conditions of this Tariff.

(d) Natural shall promptly notify Shipper if it cannot satisfy an otherwise valid request, in whole or in part, due to lack of firm capacity or firm system capability or if the request is incomplete or does not comply with this Rate Schedule FRSS. Any request shall be null and void upon notice by Natural to Shipper if Natural does not have adequate firm system capacity or capability to grant the request. The request shall also be null and void unless it is substantially complete and complies with this Rate Schedule FRSS. In the event a request is substantially but not entirely complete, Natural shall inform Shipper in writing of the specific items needed to complete the FRSS Agreement, after which Shipper shall have fifteen (15) calendar days to provide the specified information. In the event such information is not received by Natural within fifteen (15) days, Shipper's request shall be null and void.

(e) Natural shall tender an FRSS Agreement to Shipper for execution when Shipper's request for service is accepted. Unless waived by Natural, a request for service shall be invalid if Shipper fails to execute an FRSS Agreement hereunder within ten (10) days after an FRSS Agreement which accurately reflects the Shipper's request has been tendered by Natural for execution.

3.2 Requests for service hereunder shall be deemed valid only after the information specified in this Section 3.2 is provided by Shipper via Natural's Interactive Website or in writing to Natural's Gas Transportation Department, at 1001 Louisiana Street, Suite 1000, Houston, Texas 77002. A qualifying bid in an auction shall be treated as a valid request, provided that the bid contains or is supplemented with all information required under this Section 3.2 as required by the General Terms and Conditions of this Tariff. The information required for a valid request shall be as follows:

(a) VOLUME

The request shall specify in Dth an aggregate MDQ, which shall be utilized to determine the WQ and the MSWQ as set out in Section 5 of this Rate Schedule FRSS. Shipper shall also specify an MSWQ of either ten (10) or twenty (20) times the MDQ. All stated quantities shall be exclusive of Fuel Gas, Gas Lost and Unaccounted For and Storage Fuel. Fuel Gas, Gas Lost and Unaccounted For and Storage Fuel shall be provided by Shipper as set out in Sections 6.3(c), 6.3(d) and 7.2 of this Rate Schedule FRSS. If Shipper is willing to accept a lesser MDQ in the event capacity is prorated, Shipper shall also specify the minimum acceptable MDQ.



(b) SERVICE OPTION

Shipper shall elect whether it wants delivered storage service or the storage-only option. Under the storage-only option, Shipper will receive only the storage injection and withdrawal rights hereunder and will not have delivered storage service rights or any transportation service rights under the FRSS Agreement. A Shipper electing the storage-only option may obtain firm no-notice delivery rights as provided in Section 7.5(b) of this Rate Schedule. Unless otherwise mutually agreed, the Shipper must request such firm no-notice rights at the time it submits its request for service under this Rate Schedule.

(c) POINTS

The request shall specify the primary Delivery Point(s) for service under this Rate Schedule FRSS and the MDQ for each such point. Such point requests must be consistent with Section 7 of this Rate Schedule FRSS and the General Terms and Conditions of this Tariff. A Shipper may request any number of primary Delivery Points so long as the summation of MDQs at all primary Delivery Points equals the aggregate MDQ. The Receipt Point(s) under any FRSS Agreement shall be as provided in Section 7.4 of this Rate Schedule FRSS. If the Shipper selects the storage-only option, the storage point designated under Section 7.4(a)(2) shall be both the Receipt Point and the Delivery Point for the FRSS Agreement.

(d) TERM OF SERVICE

The request shall specify:

- (1) The date service is requested to commence; and
- (2) The date service is requested to terminate.

(e) REQUESTED RATE

The request shall state the rate at which the Shipper is willing to contract for the service requested. If no rate is stated, Shipper will be deemed to have agreed to the applicable maximum rate.

(f) CREDIT

Acceptance of a request is contingent upon a satisfactory credit appraisal by Natural in accordance with the General Terms and Conditions of this Tariff.

(g) COMPLIANCE WITH FRSS TARIFF

Submission of a request shall be deemed agreement by Shipper that it will abide by the terms and conditions of this Rate Schedule FRSS, including the applicable General Terms and Conditions.

(h) COMMISSION-REQUIRED FILING INFORMATION

Except to the extent such information has been or will be provided under another Agreement, the following information is to be provided at the time a request for service hereunder is submitted, if available, or when an initial nomination for service under an executed FRSS Agreement is submitted, and when any subsequent changes occur:

(1) Affiliation of the Shipper with Natural; and

(2) The identity of the Shipper, including whether it is a local distribution company, an interstate pipeline company, an intrastate pipeline company, an end user, a producer, or a marketer.

4. TERM

(a) The term of service hereunder shall be set forth in the FRSS Agreement between Shipper and Natural.

(b) The General Terms and Conditions of this Tariff shall govern the applicability of, and the terms and conditions relating to, rollovers and the right of first refusal vis a vis an FRSS Agreement. Upon termination of any FRSS Agreement, and subject to any such rollover or right of first refusal, service by Natural to Shipper thereunder shall be terminated and automatically abandoned.

(c) Natural may terminate any FRSS Agreement if Natural is required by the Commission or some other agency or court to provide firm service for others utilizing the system capacity or capability required for service under such FRSS Agreement or if Natural ceases (after receipt of any requisite regulatory authorization) to offer service of the type covered by the FRSS Agreement; provided, however, that nothing herein shall be read to protect Natural from the consequences of its own negligence.

## **5. WITHDRAWAL AND INJECTION RIGHTS**

5.1 (a) Under the terms of this Rate Schedule FRSS, gas must first be withdrawn by Shipper before Shipper can inject gas and the level of injections is limited to the volume previously withdrawn.

(b) A Shipper's WQ defines the maximum quantity of gas which Shipper has a firm right to withdraw on any day pursuant to this Rate Schedule FRSS. A Shipper's WQ shall be 100% of its MDQ for the period of May 15 through September 30 (Withdrawal Period). A Shipper's WQ during all other periods is zero. Shipper may only withdraw gas during the Withdrawal Period.

(c) A Shipper's MSWQ is the maximum aggregate volume which the Shipper has a firm right to withdraw over the Withdrawal Period, subject also to the daily firm withdrawal limits defined by Shipper's WQ. Shipper's MSWQ shall equal Shipper's MDQ multiplied by either ten (10) or twenty (20), as specified by Shipper in its request for service.

(d) The aggregate withdrawals actually made as of any point in time (reduced by aggregate injections made as of that date) shall be Shipper's FRSS Balance.

5.2 A Shipper's IQ is the maximum amount of gas which Shipper can inject hereunder on a firm basis on any day. Firm injections hereunder may only be made during the period from December 1 through the last day of February (Injection Period). A Shipper's IQ during the period of December 1 through January 31 shall equal its FRSS Balance as of October 1 (October 1 FRSS Balance) divided by 30. A Shipper's IQ during February shall equal its October 1 FRSS Balance divided by 45. A Shipper's IQ during any other period shall be zero. A Shipper may only inject gas during the Injection Period. Over the Injection Period, Shipper cannot inject either more or less gas than its October 1 FRSS Balance. Shipper's remaining FRSS Balance under an FRSS Agreement on the last day of February must be zero. If the FRSS Balance on the last day of February is other than zero, any remaining balance shall be cashed out on the same basis as set out in the last sentence of Section 8(d) of this Rate Schedule FRSS.

5.3 If Shipper exceeds its rights hereunder, the volume by which Shipper exceeds its rights shall be subject to Overrun Charges under Section 9 of this Rate Schedule.

**6. RATE**

6.1 Shipper shall pay Natural each month for service under this Rate Schedule FRSS the sum of the following charges:

- (a) A Reservation Charge based on Shipper's MDQ;
- (b) Unless Shipper has selected the storage-only option, a Transportation Fuel Charge, comprised of a Fuel Gas Charge and a Gas Lost and Unaccounted For Charge, on withdrawal volumes;
- (c) A Storage Fuel Charge on injection volumes;
- (d) Overrun Charges, where applicable; and
- (e) Any other applicable charges and penalties set out in this Rate Schedule or the General Terms and Conditions of this Tariff (including but not limited to Balancing Service Charges).

6.2 Where a Shipper has agreed to pay a Negotiated Rate or a rate under a Negotiated Rate Formula, the rates assessed hereunder shall be governed by Section 49 of the General Terms and Conditions of this Tariff. A request for service at a Negotiated Rate or a rate under a Negotiated Rate Formula shall specify the Negotiated Rate or Negotiated Rate Formula on which the Shipper is willing to agree.

6.3 The charges identified in subsections (a) through (d) of Section 6.1 shall be assessed as follows:

- (a) The maximum Reservation Charge for service under this Rate Schedule FRSS shall consist of the applicable maximum unit Reservation Rate set out in this Tariff multiplied by Shipper's MDQ. Separate maximum Reservation Rates shall be stated for Shippers selecting an MSWQ of ten (10) times MDQ and those selecting an MSWQ of twenty (20) times MDQ. Separate maximum Reservation Rates are also stated for Shippers electing delivered storage service and for those electing the storage-only option. The Reservation Charge payable by any Shipper shall be the applicable maximum Reservation Charge unless a lower Reservation Charge is specified in the FRSS Agreement or a separate discount agreement, or in a notice consistent with Section 6.7 hereof, which lower charge must be consistent with the minimum rate(s) specified in this Tariff. By mutual agreement between Natural and Shipper which is consistent with the pro forma Agreement set out in this Tariff, discounts may be limited to specific volumes. The Reservation Charge shall constitute the minimum bill under this Rate Schedule FRSS. Shipper shall be obligated to pay the Reservation Charge

hereunder as of the date service commences. Service shall be deemed to commence on the date specified in the FRSS Agreement.

(b) Shipper shall provide gas in kind for the fuel required to transport gas from storage to Delivery Points in connection with service under this Rate Schedule FRSS; provided, however, that this charge shall not be applicable to Shippers electing the storage-only option. Such charge shall be assessed upon withdrawal, reducing the volumes delivered to Shipper. The Transportation Fuel Charge for delivered storage service shall equal the Fuel Gas and Gas Lost and Unaccounted For Rates applicable to transportation from the storage point to the Delivery Point multiplied by each Dth of gas withdrawn for the account of Shipper. Upon the mutual agreement of Natural and Shipper, in lieu of Natural retaining gas in kind, Shipper shall reimburse Natural for fuel applicable to delivered storage service at a price established under Section 7.1 of the General Terms and Conditions of this Tariff multiplied by the Transportation Fuel Charge.

(c) Shipper shall provide gas in kind for the fuel required to inject and withdraw gas from storage in connection with service under this Rate Schedule FRSS. Such charge shall be assessed upon injection, reducing the volumes deemed delivered to Natural for injection into Shipper's FRSS account, and thus fuel volumes shall not subsequently enter into the determination of Shipper's FRSS Balance. The Storage Fuel Charge shall equal the Storage Fuel Rate set out in this Tariff (stated as a percentage fuel rate) multiplied by each Dth of gas injected under the FRSS Agreement. Upon the mutual agreement of Natural and Shipper, in lieu of Natural retaining gas in kind, Shipper shall reimburse Natural for fuel at a price established under Section 7.1 of the General Terms and Conditions of this Tariff multiplied by the Storage Fuel Charge.

(d) The Authorized Overrun or Unauthorized Overrun Charges, as applicable, are governed by Section 9 of this Rate Schedule FRSS.

6.4 (a) Shipper shall reimburse Natural within five (5) business days after costs have been incurred by Natural for all fees required by the Commission or any regulatory body including, but not limited to, filing, reporting, and application fees to the extent such fees are specifically related to service for that Shipper hereunder and are not generally applicable fees (such as general rate case filing fees). Any costs collected hereunder shall be excluded from Natural's cost of service in determining generally applicable rates and charges.

(b) If Natural constructs, acquires or modifies any facilities to perform service hereunder, then as specified in an agreement between the parties either:

(1) Shipper shall reimburse Natural for the cost of such facilities or facility modifications as described in the General Terms and Conditions of this Tariff; or

(2) Natural shall assess a monthly charge reflecting such facility costs.

6.5 The ACA and RD&D charges will be assessed, when applicable, as provided in the General Terms and Conditions of this Tariff, on volumes delivered by Natural to Shipper under this Rate Schedule FRSS.

6.6 (a) Natural shall have the unilateral right to file with any appropriate regulatory authority and make changes effective in (1) the rates and charges applicable under this Rate Schedule FRSS, including both the level and design of such rates and charges; or (2) the terms and conditions of this Rate Schedule FRSS. Natural agrees that Shipper may protest or contest the aforementioned filings, or may seek authorization from duly constituted regulatory authorities for such adjustment of Natural's existing FERC Gas Tariff as may be found necessary to assure that its provisions are just and reasonable.

(b) If, at any time and from time to time, the Commission or any other governmental authority having jurisdiction in the premises allows or permits Natural to collect, or to negotiate to collect, a higher rate for the service hereunder, the rate shall, subject to any contrary provision of the FRSS Agreement or any separate discount agreement, be increased to the highest such rate. Should additional documentation be required in order for Natural to collect such highest rate, Shipper shall execute or provide such documentation within fifteen (15) calendar days after a written request by Natural. If, at any time and from time to time, the Commission or any other governmental authority having jurisdiction in the premises requires Natural to charge a lower rate for service hereunder, the rate shall be decreased to such reduced rate.

6.7 Natural may from time to time and at any time, upon twenty-four (24) hours' verbal or written notice, subject to any provisions on discounting in the FRSS Agreement or in a separate discount agreement, charge any individual Shipper for service under this Rate Schedule FRSS a rate which is lower than the applicable maximum rate set forth in this Tariff; provided, however, that such rate charged may not be less than the applicable minimum rate for service under this Rate Schedule FRSS set forth in this Tariff. Natural will confirm any verbal notice of the applicable rate in writing. Such notification shall specifically state the effective date of such rate change and the quantity of gas so affected. Unless otherwise agreed in the FRSS Agreement or in a separate discount agreement, Natural may at any time further change such rate (subject to any restrictions as to maximum or minimum rates set out

in this Tariff, the FRSS Agreement and/or any discount agreement) upon twenty-four (24) hours' verbal notice to Shipper, which notice shall be confirmed in writing. Such notification shall specifically state the effective date of such rate change and the quantity of gas so affected. Natural shall file with the Commission any and all reports as required by the Commission's Regulations with respect to the institution or discontinuance of any discount.

6.8 All revenues and gas in kind collected by Natural as a result of providing service under this Rate Schedule FRSS shall be retained by Natural unless Natural has otherwise explicitly agreed on a different disposition of such amounts. Where crediting or refund mechanisms apply under other provision(s) of this Tariff or pursuant to effective Commission orders or settlements, such mechanisms shall supersede this Section to the extent necessary to carry out such provision(s).

## **7. NO-NOTICE SERVICE, NOMINATIONS AND POINTS**

7.1 (a) Except for service to Shippers electing the storage-only option, which are covered by Section 7.5 hereof, service shall be provided hereunder on a no-notice basis during the Withdrawal Period only, subject to appropriate arrangements being made with the point operator at the Delivery Point(s) where the Shipper is not the point operator. Except as otherwise explicitly agreed, if actual deliveries pursuant to delivered storage service exceed nominated deliveries during the Withdrawal Period at any Delivery Point under an FRSS Agreement, such difference between confirmed nominations for deliveries and actual deliveries at Delivery Points eligible for service under this Rate Schedule FRSS shall be treated as a withdrawal from Shipper's FRSS storage account on a no-notice basis, within the limits of Shipper's firm storage rights hereunder, subject to the provisions of Section 7.3 as to points eligible for no-notice service and as to the conditions for no-notice service. It shall be Shipper's responsibility to keep any difference between nominated and actual deliveries under delivered storage service within a level which can be accommodated by use of such storage rights. If Shipper fails to do so, Overrun and/or Balancing Service Charges shall, except as provided in Section 7.1(b), apply to the extent specified in Section 9 of this Rate Schedule FRSS and the General Terms and Conditions of this Tariff.

(b) If Shipper takes action based on inaccurate information provided by Natural regarding any parameter relevant to its operation under this Rate Schedule FRSS (such as Shipper's IQ, WQ, MSWQ or FRSS Balance), and such action results in Shipper exceeding its rights, Natural will waive (except as provided in the following sentence) any charges Shipper could reasonably have avoided had Natural provided accurate information. Charges hereunder shall not be waived to the extent that the inaccurate information provided by Natural resulted from Shipper's failure to provide Natural accurate information within its control on a timely basis.

(c) Shipper must nominate all injections and any Authorized Overrun service or service at secondary Delivery Points (except as otherwise provided in Section 7.3).

7.2 (a) Except for deliveries pursuant to the storage-only option (in which case the provisions of Section 7.4(a)(2) hereof shall apply), the primary Delivery Point(s) for all gas delivered by Natural to Shipper (or to a third party on behalf of Shipper) hereunder shall be specified in the FRSS Agreement. For a Shipper with delivered storage service, all points in the zone in which the Delivery Point is located may be used as secondary out-of-path Delivery Points hereunder, with an MDQ at each point and an aggregate MDQ at all points in the zone no greater than the sum of the MDQs for primary Delivery Points in that zone, consistent with the General Terms and Conditions of this Tariff, but such secondary points shall only be eligible for no-notice service to the extent provided in Section 7.3 of this Rate Schedule FRSS.

(b) For each individual primary Delivery Point, and for the aggregate of all such points, Natural's maximum obligation to deliver gas on a firm basis (i.e., the MDQ) shall be specified in Dth in the FRSS Agreement. The sum of the MDQs at primary Delivery Points may not exceed the aggregate MDQ. All stated MDQs shall be exclusive of applicable Fuel Gas, Gas Lost and Unaccounted For, and Storage Fuel. Fuel Gas and Gas Lost and Unaccounted For shall be provided by Shipper for delivered firm storage service upon withdrawal by reducing the volumes deemed delivered to Shipper. Storage Fuel shall be provided by Shipper upon injection by reducing the volume deemed delivered to Natural for injection.

7.3 All primary Delivery Points under the FRSS Agreement, along with all secondary Delivery Points that together with one or more of the primary points comprise a Central Delivery Point, shall be eligible for no-notice service on withdrawal as part of delivered storage service under this Rate Schedule FRSS, subject to appropriate arrangements being made with the point operator where the Shipper is not the point operator at the Delivery Point. A Shipper may also request, by notice to Natural, to take no-notice delivered storage service at other secondary Delivery Points in lieu of points described in the prior written notice to Natural, and Natural shall promptly notify the Shipper whether such points are eligible for no-notice service.

7.4 (a) (1) Except as provided in Sections 7.4(a)(2) and 7.4(c) hereof, the Receipt Points for service hereunder shall be the storage point(s) defined in this Tariff which are in the same Receipt Zone as the Delivery Point(s).



(2) If the Shipper has elected the storage-only option, its Receipt Point and Delivery Point shall be the same and shall be a storage point designated by the Shipper. If the Shipper elects firm no-notice rights under Section 7.5(b)(2), the storage point must be in the same Receipt Zone as the point at which firm no-notice deliveries are to be made under the designated transportation Agreement. A Shipper electing the storage-only option shall not have any secondary point or other transportation service rights under the FRSS Agreement.

(3) Where Shipper has selected delivered storage service and Shipper's Delivery Point is in the Market Delivery Zone, the Receipt Point shall be either the Amarillo or Gulf Coast storage point, whichever is consistent with the location of the Delivery Point. The location of the Receipt Point for delivered storage service shall be determined based on the location of the Delivery Point and the application of Sections 5.6 and 9.2 of the General Terms and Conditions of this Tariff.

(4) Each FRSS Agreement shall have the storage point(s) consistent with this Section 7.4 as Receipt Point(s) and will be subject to the limitations and conditions (including volumes and priorities) specified in the General Terms and Conditions of this Tariff relating to such points. All gas shall be withdrawn from and injected into such storage point(s). Natural shall establish and maintain an accounting of all gas withdrawn by Delivery Point. Gas volumes to be injected must, subject to Section 7.4(c), be tendered at the zone storage point(s) which corresponds to the Delivery Point(s) at which gas was delivered by Natural to Shipper on withdrawal or in the case of the storage-only option, at the Receipt Point(s) determined under Section 7.4(a)(2) hereof, which are zone storage points. The volumes injected over the Injection Period at each such zone storage point must be equivalent to the volumes attributable to that zone storage point delivered over the Withdrawal Period.

(b) While such storage point(s) are not physical points, the Receipt Point(s) hereunder shall be treated as primary points on withdrawal for scheduling, curtailment and similar purposes; provided, however, that if the Shipper has selected the storage-only option, Section 7.5 shall control as to withdrawals. For injection, such storage points shall be treated as primary Delivery Points (under the separate transportation Agreement used for injection) for scheduling and curtailment to the extent provided in Section 5.6 of the General Terms and Conditions of this Tariff. Any separate firm transportation Agreement held by Shipper under which it desires to make injections into its FRSS account may have the applicable storage point(s) as Delivery Points and such storage points shall be treated as primary Delivery Points (under the separate transportation Agreement used to inject gas) for scheduling and curtailment to the extent provided in Section 5.6 of the General Terms and Conditions of this Tariff. Further, such transportation Agreement may specify that

such storage point(s) are to be the Delivery Point(s) during the Injection Period, with the applicable priority, and that the Shipper's Delivery Point(s) are to be the primary Delivery Points during the Withdrawal Period.

(c) By mutual agreement and on basis which is not unduly discriminatory, Natural may accept gas tendered by Shipper for injection at point(s) other than the Receipt Point(s) if accepting gas at such alternative point(s) is operationally beneficial to Natural's system.

7.5 (a) A Shipper electing the storage-only option shall have both its Receipt and Delivery Point under the FRSS Agreement at the designated storage point as provided under Section 7.4(a)(2) of this Rate Schedule. Such a Shipper must separately arrange for transportation of gas withdrawn and must nominate withdrawals and deliveries unless it has firm no-notice rights under Section 7.5(b).

(b) (1) At the time a Shipper submits its request for service hereunder and elects the storage-only option (or at such later time as is mutually agreed), such Shipper may request firm no-notice deliveries to a specified point which is either a primary Delivery Point, or a secondary Delivery Point within the primary path, under a designated separate firm transportation Agreement. The designated firm transportation Agreement may be a new or existing Agreement, including a capacity Release Agreement. Shipper shall be eligible for such firm no-notice deliveries up to the lesser of its firm withdrawal rights under the FRSS Agreement or its available (unutilized and unnominated) firm transportation service rights under the firm transportation Agreement(s), subject to the remainder of this subsection. The path of the designated transportation Agreement must be such that deliveries to the specified Delivery Point can be supported operationally from an upstream or downstream physical storage field. On any day, Shipper's firm no-notice rights shall be limited to withdrawals within its rights under the FRSS Agreement, and within the unutilized and unnominated portion of its service rights under such designated firm transportation Agreement(s). If the designated firm transportation Agreement is an FFTS Agreement, firm no-notice service is available only on Available Days or partial Available Days, up to the unutilized and unnominated portion of the MDQ in effect on that day under the FFTS Agreement, and within Shipper's withdrawal rights under the FRSS Agreement.

(2) Shipper must designate the firm transportation Agreement(s) to be utilized for such firm no-notice rights. Such designation may be revised by mutual agreement of Shipper and Natural.

Any such designation must be consistent with this Section 7.5 and with Section 7.4(a)(2) of this Rate Schedule. In addition, a

predetermined allocation agreement with the point operator must be in place which defines how such firm no-notice deliveries are determined.

(3) Shipper's no-notice rights shall terminate if it does not have an appropriate and valid firm transportation Agreement designated under this Section 7.5(b); for example, if the originally designated firm transportation Agreement has expired or been released and no substitute Agreement has been designated.

(4) The separate firm transportation Agreement used to support firm no-notice rights hereunder shall be designated as an FTS-FR, FFTS-FR or FTS-G/FR Agreement, as applicable.

## **8. OTHER OPERATING CONDITIONS**

(a) Shipper shall arrange separately for the transportation of gas to be injected in connection with service under this Rate Schedule FRSS, and for withdrawals if Shipper has selected the storage-only option. Shipper shall make all necessary arrangements separately upstream of the point where gas is tendered to Natural. Shipper is also responsible for all arrangements downstream of the Delivery Point(s). Such arrangements must be consistent with this Rate Schedule FRSS and must be coordinated with Natural, subject to the no-notice aspects of the service being provided under the FRSS Agreement. To be eligible for service hereunder, Shipper or its supplier or purchaser must comply with all applicable provisions of any separate transportation Agreement(s) and any applicable Rate Schedule(s) and the applicable General Terms and Conditions of this Tariff.

(b) Eligibility for this service does not require that a Shipper have firm transportation for injection, but Shipper has an obligation to return by the end of the Injection Period all gas which it withdrew hereunder during the prior Withdrawal Period. That obligation is not excused if Shipper selects interruptible transportation and Shipper's gas is not scheduled for injection or if Shipper fails to nominate and/or tender sufficient gas for injection under any Agreement. Eligibility for service under the storage-only option does not require that a Shipper have firm transportation service for withdrawal, but the scheduling for withdrawals may be affected by the transportation service selected.

(c) Natural will manage its cushion gas and storage operations to support withdrawals under Rate Schedule FRSS. Shippers will provide gas for injection by the end of the Injection Period sufficient to replace gas withdrawn during the prior Withdrawal Period, as set out in Section 5 of this Rate Schedule FRSS.

(d) Shipper must have an FRSS Balance of zero at the end of the term of a FRSS Agreement. If at any time service pursuant to this Rate Schedule

FRSS and/or a FRSS Agreement is canceled or terminates prior to the end of the term specified in the FRSS Agreement, Shipper shall be required to eliminate any then-remaining FRSS Balance gas over a period of time determined by dividing: (1) the FRSS Balance, by (2) fifty percent (50%) of Shipper's MDQ; provided, however, that if service is being terminated pursuant to Section 19.19 of the General Terms and Conditions of this Tariff, the withdrawal period shall be equal in duration to the prior notice period required under said Section 19.19. If Natural is unable to accept any volume tendered by Shipper, up to the volume specified in the preceding sentence, the period shall be extended accordingly. If the gas is not injected within the specified time period, the remaining volumes shall be cashed out with no offsets, trading or netting and the proceeds retained by Natural, based on the greater than twenty percent (20%) tier for imbalances set out at Section 13.3 of the General Terms and Conditions of this Tariff.

#### **9. OVERRUN SERVICE**

During the Withdrawal Period, Natural may (but is not obligated to), upon request from Shipper, withdraw and deliver volumes in excess of a Shipper's WQ and/or MSWQ. Natural may (but is not obligated to), upon request from Shipper, receive for injection hereunder on any day during the Injection Period as authorized overrun quantities of natural gas in excess of Shipper's IQ. Such requests can be granted when in Natural's reasonable judgment, the capacity, operating capability and management of cushion gas and storage operations on its system will permit without impairing the ability of Natural to meet its other service obligations of higher priority; provided, however, that in no event will Shipper be allowed to inject by the end of the Injection Period a volume of gas which does not equal Shipper's October 1 FRSS Balance. In granting requests for Authorized Overrun Service, Natural shall act in a manner consistent with the overrun service priorities set out in the General Terms and

Conditions of this Tariff. Maximum charges for Authorized Overrun shall be set out on the rate section for Rate Schedule FRSS; provided, however, that such Authorized Overrun charges may be waived or discounted. If Shipper exceeds its WQ, IQ or MSWQ without authorization from Natural, the charges for Unauthorized Overrun set out in Section 12.2(a)(1) of the General Terms and Conditions of this Tariff shall apply.

10. GENERAL TERMS AND CONDITIONS

The provisions of the General Terms and Conditions of this Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this Rate Schedule FRSS and shall apply to service rendered hereunder as though stated herein.

**RATE SCHEDULE FTS-G**  
**FIRM TRANSPORTATION SERVICE**  
**FOR FORMER G-1 BUYERS**

**1. AVAILABILITY**

This Rate Schedule FTS-G is available for firm transportation service by Natural Gas Pipeline Company of America LLC (hereinafter called Natural) only to Buyers under Natural's Rate Schedule G-1 (hereinafter called Shipper), or former sales customers which qualify for service under Rate Schedule G-1, which converted all or any portion of their sales contracts to service hereunder. No new service requests shall be accepted or granted subsequent to such conversion process. The form of FTS-G Agreement is contained in this Tariff. A Shipper requesting transportation under this Rate Schedule FTS-G must provide all data required by Section 3.2 of Rate Schedule FTS.

**2. PRIORITY OF SERVICES**

Shipper shall have the same priority for, and rights to use, transmission and storage capacity on Natural's system hereunder as it would under Rate Schedule FTS except as provided in Section 4 of this Rate Schedule FTS-G.

**3. APPLICABILITY AND CHARACTER OF SERVICE**

(a) The service provided under this Rate Schedule FTS-G shall be performed under Subpart B or G of Part 284 of the Commission's Regulations. This Rate Schedule FTS-G shall apply to all gas received by Natural for Shipper pursuant to an FTS-E/G Agreement.

(b) The character of service hereunder shall be as set out in Section 2 of Rate Schedule FTS, with references to "FTS" replaced by references to "FTS-G."

**4. TERMS AND CONDITIONS OF SERVICE**

The terms and conditions of service hereunder shall be identical to those set out in Rate Schedule FTS and the related General Terms and Conditions, with references to "FTS" replaced by "FTS-G," with the following exceptions:

(a) The availability of service hereunder is limited as set out in Section 1 of this Rate Schedule FTS-G;

(b) There shall be no reservation charge or monthly minimum bill for service under this Rate Schedule FTS-G. The rate provisions applicable to service hereunder are set out in Section 5 of this Rate Schedule FTS-G;

(c) Shipper's rights to use other services are restricted as set out in Section 6 of this Rate Schedule FTS-G;

(d) Shipper shall be subject to the Insufficient Supply Penalty set out in Section 8 of this Rate Schedule FTS-G;

(e) Shipper's right to change primary Delivery Points is restricted to points within its traditional market area; and

(f) Service hereunder is not eligible for Natural's Capacity Release Program.

**5. RATE**

(a) Shipper shall pay Natural each month for service hereunder a one-part Volumetric Rate for each unit of gas delivered to it by Natural during that month, plus an amount equal to the volumes attributable to Fuel and Gas Lost and Unaccounted For multiplied by one-half (1/2) of such Volumetric Rate.

(b) The maximum monthly Volumetric Charge shall be the applicable maximum unit Volumetric Rate(s) set out in this Tariff for service hereunder multiplied by the quantity of gas delivered by Natural during the billing month, plus an amount equal to the volumes attributable to Fuel and Gas Lost and Unaccounted For multiplied by one-half (1/2) of the applicable maximum unit Volumetric Rate(s). The maximum unit Volumetric Rate(s) shall be calculated as the derivative, at a fifty percent (50%) imputed load factor, of the corresponding maximum Reservation and Commodity Rates which would be applicable to such transportation under Rate Schedule FTS. The Volumetric Rate shall be based on the primary Receipt and Delivery Points specified in the FTS-G Agreement and, unless Natural agrees otherwise, the Volumetric Charge shall not be reduced by a

change in the primary Receipt and Delivery Points originally specified in the FTS-G Agreement. The charge payable by Shipper shall be such maximum Volumetric Charge unless a lower charge is agreed upon in the FTS-G Agreement or a separate discount agreement or is assessed consistent with Section 5.7 of Rate Schedule FTS. Such lower charge must be consistent with the minimum rate(s) specified in this Tariff. Shipper shall also pay such Volumetric Rate for any authorized transportation of volumes in excess of the Shipper's MDQ.

(c) Shippers under this Rate Schedule shall be subject to other applicable charges and penalties set out in Rate Schedule FTS and the General Terms and Conditions of this Tariff except as otherwise provided in this Rate Schedule.

(d) Where a Shipper has agreed to pay a Negotiated Rate or a rate under a Negotiated Rate Formula, the rates assessed hereunder shall be governed by Section 49 of the General Terms and Conditions of this Tariff. A request for service at a Negotiated Rate or a rate under a Negotiated Rate Formula shall specify the Negotiated Rate or Negotiated Rate Formula on which the Shipper is willing to agree.

#### **6. RESTRICTIONS ON OTHER SERVICES**

A Shipper under this Rate Schedule FTS-G may not receive deliveries of gas in the service area covered by the FTS-G Agreement except under a DSS, FRSS, FFTS, FTS or FTS-G Agreement with Natural and may not utilize Natural's Capacity Release Program in connection with service hereunder or receive gas thereunder as a Replacement Shipper; provided, however, that Shipper may contract with others to supply markets not served by Natural when Shipper was a Buyer under Rate Schedule G-1 or to serve increased demand in any of its markets above the level served by Natural when Shipper was a Buyer under Rate Schedule G-1; and provided, further, that Natural may waive the restrictions on other services (but not the prohibition on capacity releases) contained herein to the extent such a waiver is necessary to retain load on its system.

#### **7. CONVERSION RIGHTS**

A Shipper under this Rate Schedule FTS-G may convert to service under Rate Schedule FTS at any time, on thirty (30) days' notice. Upon such a conversion, the Shipper maintains the same priority for capacity as it had under this Rate Schedule FTS-G.



**8. INSUFFICIENT SUPPLY PENALTY**

(a) If Natural becomes aware that an Insufficient Supply Situation exists under which Shipper's supply at the Receipt Points applicable to Shipper's FTS-G Agreement is less than the volume of gas Shipper is taking at the Delivery Points applicable to Shipper's FTS-G Agreement, Natural shall promptly notify Shipper of such situation and inform Shipper that it may be subject to the Insufficient Supply Penalty if corrective action is not taken. Such notification will be given when Natural becomes aware that an Insufficient Supply Situation exists or will exist because it: (a) is unable to confirm Shipper's nominations, or (b) otherwise becomes aware (i) that gas is not being delivered to Natural for Shipper's account or (ii) that Shipper is taking more gas at its Delivery Point(s) than has been nominated. Natural shall make such notification by telephone, or any other method mutually agreeable to Natural and Shipper. Such corrective action would be either a reduction in takes by Shipper at the Delivery Point(s) or an increase in gas tendered to Natural at the Receipt Point(s) available under the FTS-G Agreement.

(b) If Shipper fails to correct the Insufficient Supply Situation by the end of the next day after notice by Natural, Natural shall assess Shipper and Shipper shall pay Natural an Insufficient Supply Penalty for all gas taken thereafter in excess of the volumes received during the period of the temporary loss, interruption and/or shortage of supply at Shipper's Receipt Point(s). The Insufficient Supply Penalty shall be a unit rate multiplied by the discrepancy in volumes experienced during the Insufficient Supply Situation. The unit rate shall equal the sum of (1) the highest gas price actually assessed by Natural that month under the cashout provision of the General Terms and Conditions of this Tariff, plus (2) \$15 per Dth during a Critical Time or \$5.00 per Dth at any other time. In addition, volumes taken shall be subject to all other charges applicable under this Rate Schedule FTS-G; provided that the same volumes taken shall not be subject to the other Balancing Service Charges and penalties under Rate Schedule FTS nor shall such volumes be considered when determining the monthly imbalance. There shall be a zero (0) tolerance level and no correction period in determining volumes subject to the Insufficient Supply Penalty.

(c) The notice requirement for changes in nominations shall be waived when revised nominations are required to rectify the Insufficient Supply Situation.

**RATE SCHEDULE ITS**  
**INTERRUPTIBLE TRANSPORTATION SERVICE**

**1. AVAILABILITY**

This Rate Schedule ITS is available to any entity (hereinafter called Shipper) which: (i) submits to Natural Gas Pipeline Company of America LLC (hereinafter called Natural) a valid request as defined in Section 3 hereof; and (ii) executes an Interruptible Transportation Service Agreement (ITS Agreement) with Natural applicable to service under this Rate Schedule ITS. The form of ITS Agreement is contained in this Tariff. There is no limitation on the number of ITS Agreements any one Shipper may have.

**2. APPLICABILITY, CHARACTER AND PRIORITY OF SERVICE**

(a) This Rate Schedule ITS defines an interruptible transportation service. This Rate Schedule ITS shall apply to all gas received by Natural for Shipper pursuant to an ITS Agreement. As more fully set out in the General Terms and Conditions of this Tariff, Natural is not providing a supply service under this Rate Schedule ITS.

(b) Service hereunder shall consist of the acceptance by Natural of natural gas from or for the account of Shipper at Receipt Point(s) under the ITS Agreement, the transportation of that natural gas through Natural's system, and the delivery of that natural gas, adjusted for Fuel Gas and Gas Lost and Unaccounted For as set out in the General Terms and Conditions, by Natural to Shipper or for Shipper's account at Delivery Point(s) under the ITS Agreement. Natural shall not be required: (1) to accept on any day gas tendered, or to deliver on any day gas requested, in excess of the Maximum Daily Quantity (MDQ) specified in the ITS Agreement; (2) to accept or deliver gas at any point in excess of the MDQ applicable to such point hereunder pursuant to the General Terms and Conditions of this Tariff; or (3) to accept or deliver on any day gas hereunder which is not properly nominated pursuant to and to the extent required by the General Terms and Conditions of this Tariff. In addition, service hereunder shall be fully interruptible as set out in the General Terms and Conditions of this Tariff.

(c) The service provided under this Rate Schedule ITS shall be performed under Part 284 of the Commission's Regulations. Shipper shall only tender gas for transportation under this Rate Schedule ITS to the extent such service would qualify under the applicable statutes, regulations, Commission orders and the blanket certificate authorizing service by Natural under this Rate Schedule.

For service under Subpart B of Part 284 of the Commission's Regulations, Shipper shall provide to Natural appropriate certification, including sufficient information in order for Natural to verify that the service qualifies under Subpart B of Part 284 of the Regulations. Where required by the Commission's Regulations, Shipper shall (prior to tendering gas under an ITS Agreement) cause the intrastate pipeline or local distribution company on whose behalf the service will be provided to submit the necessary certification.

(d) Service hereunder is provided on an interruptible basis. Curtailment and priorities of service for the purposes of scheduling and curtailment are governed by the General Terms and Conditions of this Tariff.

### **3. VALID REQUESTS**

3.1 A request for service under this Rate Schedule ITS shall be valid as of the date received if it complies with this Section and contains adequate information on all of the items specified in Section 3.2, subject to any necessary verification of such information and to the following:

(a) a request shall not be valid and Natural shall not be required to grant any such request: (i) which, except as provided for in Section 3.1(b) hereof, would require the construction, modification, expansion, or acquisition of any facilities; provided, however, that Natural may agree in its reasonable discretion to construct, modify, expand, or acquire facilities to enable it to perform such services; (ii) unless and until Shipper has provided Natural with the information required in Section 3.2 hereof; (iii) if Natural determines, based on the credit analysis referenced in Section 3.2(d), that Shipper does not possess sufficient financial stability to make it reasonably likely the service provided hereunder will be paid for on a timely basis; (iv) if the service requested would not comply with this Rate Schedule ITS; or (v) if the service requested is at less than the applicable maximum rate; provided, however, that Natural may agree to provide service hereunder at a discount consistent with this Rate Schedule ITS. Nothing herein is intended to govern the scheduling and curtailment of service once a request for service has been granted pursuant to this Section and while an ITS Agreement is in effect. Such matters are governed by the General Terms and Conditions of this Tariff.

(b) Natural agrees to construct minor meter and tap facilities to effectuate service requested under this Rate Schedule ITS provided that: (i) the cost of such facilities does not exceed \$100,000.00; (ii) Natural shall be reimbursed prior to commencing construction; and (iii) the facilities will not adversely affect Natural's operations.

(c) In the event that Natural agrees to construct, modify, expand or acquire facilities to perform service under this Rate Schedule ITS, Natural shall maintain a separate record of the nature and costs of such facilities.

(d) Natural shall promptly notify Shipper if it cannot satisfy an otherwise valid request because such request is incomplete or does not comply with this Rate Schedule ITS. Any request shall be null and void unless it is substantially complete and complies with this Rate Schedule. In the event a request is substantially but not entirely complete, Natural shall inform Shipper in writing of the specific items needed to complete the ITS Agreement, after which Shipper shall have fifteen (15) days to provide the specified information. In the event such information is not received within fifteen (15) days, Shipper's request shall be null and void.

(e) Natural shall tender an ITS Agreement to Shipper for execution when Shipper's request for service is accepted. Unless waived by Natural, a request for service shall be invalid if Shipper fails to execute an ITS Agreement hereunder within thirty (30) days after an ITS Agreement has been tendered by Natural for execution.

3.2 Requests for service hereunder shall be deemed valid only after the following information is provided by Shipper via Natural's Interactive Website or in writing to Natural's Gas Transportation Department, at 1001 Louisiana Street, Suite 1000, Houston, Texas 77002:

(a) **GAS QUANTITIES**

The request shall specify in Dth the aggregate MDQ, exclusive of applicable Fuel Gas and Gas Lost and Unaccounted; provided, however, that Natural shall not be obligated to accept requests for an aggregate MDQ of less than one hundred (100) Dth per day.

(b) **AVAILABILITY OF POINTS**

(1) A Shipper may utilize all available Receipt and Delivery Points on Natural's system under any ITS Agreement, as more fully set out in the General Terms and Conditions of this Tariff.

(2) The available volume and priorities at any point shall be governed by the General Terms and Conditions of this Tariff.

(c) TERM OF SERVICE

The request shall specify:

- (1) The date service is requested to commence; and
- (2) The date service is requested to terminate.

(d) CREDIT

Acceptance of a request is contingent upon a satisfactory credit appraisal by Natural in accordance with the General Terms and Conditions of this Tariff.

(e) COMPLIANCE WITH ITS TARIFF

Submission of a request for service hereunder shall be deemed agreement by Shipper that it will abide by the terms and conditions of this Rate Schedule ITS, including the applicable General Terms and Conditions.

(f) COMMISSION-REQUIRED FILING INFORMATION

The following information is to be provided at the time a request for service hereunder is submitted, if available, or when an initial nomination for transportation under an executed ITS Agreement is submitted, and when any subsequent changes occur:

- (1) Affiliation of the Shipper with Natural; and
- (2) The identity of the Shipper, including whether it is a local distribution company, an interstate pipeline company, an intrastate pipeline company, an end user, a producer, or a marketer.

4. TERM

(a) The term of service hereunder shall be set forth in the ITS Agreement between Shipper and Natural. Natural may terminate the ITS Agreement if Shipper fails to cause gas to be delivered during any twelve (12) consecutive calendar months when capacity is available, unless Shipper's failure to deliver gas was attributable to circumstances of Force Majeure.

(b) The General Terms and Conditions of this Tariff shall govern the applicability of rollovers vis a vis an ITS Agreement. Upon termination of any ITS Agreement, and subject to such rollovers, service by Natural to Shipper thereunder shall be terminated and automatically abandoned.

(c) Natural may terminate any ITS Agreement if Natural is required by the FERC or some other agency or court to provide service for others utilizing the interruptible system capacity or capability required for service under such ITS Agreement or if Natural ceases (after receipt of any requisite regulatory authorization) to offer service of the ITS type covered by the ITS Agreement; provided, however, that nothing herein shall be read to protect Natural from the consequences of its own negligence.

**5. RATE**

5.1 Shipper shall pay Natural each month for service under this Rate Schedule ITS the sum of the following charges:

(a) a Commodity Charge for each unit of gas delivered hereunder by Natural during the billing month;

(b) Gathering Charge(s);

(c) all applicable types of transition cost charges; and

(d) any other applicable charges and penalties set out in this Rate Schedule ITS or the General Terms and Conditions of this Tariff.

Where a Shipper has agreed to pay a Negotiated Rate or a rate under a Negotiated Rate Formula, the rates assessed hereunder shall be governed by Section 49 of the General Terms and Conditions of this Tariff. A request for service at a Negotiated Rate or a rate under a Negotiated Rate Formula shall specify the Negotiated Rate or Negotiated Rate Formula on which the Shipper is willing to agree.

5.2 The charges identified in items (a)-(c) of Section 5.1 shall be assessed as follows:

(a) The maximum monthly Commodity Charge shall be the applicable maximum unit Commodity Rate(s) set out in this Tariff multiplied by the quantity of gas delivered by Natural to Shipper hereunder during the billing month plus an amount equal to the volumes attributable to Fuel Gas and Gas Lost and Unaccounted For multiplied by one-half of the applicable maximum unit

Commodity Rate(s). The Commodity Charge payable by any Shipper shall be the maximum Commodity Charge unless a lower Commodity Charge is specified in the ITS Agreement or a separate discount agreement or is assessed pursuant to Section 5.7 hereof, which lower charge must be consistent with the minimum Commodity Rate(s) specified in this Tariff. For any volumes delivered in excess of Shipper's MDQ, which deliveries shall be subject to Section 8 of this Rate Schedule ITS, Shipper shall pay as a Commodity Rate either the Authorized Overrun Rate or the Unauthorized Overrun Rate specified in this Tariff, as applicable, plus an amount equal to the volumes attributable to Fuel Gas and Gas Lost and Unaccounted For multiplied by one-half of the applicable Commodity Rate(s).

(b) Separate Gathering Charge(s) shall apply to all volumes received by Natural under this Rate Schedule at any Receipt Point(s) on its gathering facilities.

(c) Transition cost charges shall be assessed, if applicable, in accordance with the General Terms and Conditions of this Tariff.

5.3 (a) Shipper shall reimburse Natural within five (5) days after costs have been incurred by Natural for all fees required by the FERC or any regulatory body including, but not limited to, filing, reporting, and application fees to the extent such fees are specifically related to service for that Shipper hereunder and are not generally applicable fees (such as general rate case filing fees).

(b) If Natural constructs, acquires or modifies any facilities to perform service hereunder, then as specified in an agreement between the parties either:

(i) Shipper shall reimburse Natural for the cost of such facilities or facility modifications as described in the General Terms and Conditions of this Tariff; or

(ii) Natural shall assess a monthly charge reflecting such facility costs.

5.4 The ACA and RD&D charges will be assessed, when applicable, as provided in the General Terms and Conditions of this Tariff, on volumes delivered by Natural to Shipper under this Rate Schedule ITS. Shipper shall also reimburse Natural for Fuel Gas and for Gas Lost and Unaccounted For hereunder as provided in the General Terms and Conditions of this Tariff.

5.5 (a) Natural shall have the unilateral right to file with any appropriate regulatory authority and make changes effective in (1) the rates and charges applicable under this Rate Schedule ITS, including both the level and design of such rates and charges; or (2) the terms and conditions of this Rate Schedule ITS. Natural agrees that Shipper may protest or contest the aforementioned filings, or may seek authorization from duly constituted regulatory authorities for such adjustment of Natural's existing FERC Gas Tariff as may be found necessary to assure that its provisions are just and reasonable.

(b) If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises allows or permits Natural to collect, or to negotiate to collect, a higher rate for the service hereunder, the rate shall, subject to any contrary provision of the ITS Agreement or a separate discount agreement, be increased to the highest such rate. Should additional documentation be required in order for Natural to collect such highest rate, Shipper shall execute or provide such documentation within fifteen (15) days after a written request by Natural. If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises requires Natural to charge a lower rate for transportation service hereunder, the rate shall be decreased to such reduced rate.

5.6 Shipper may request that Natural process its gas in order that such gas will meet the quality specifications of the General Terms and Conditions of this Tariff. Natural may, but is not obligated to provide such service. The providing of such service and the terms and conditions therefore shall be negotiated between Natural and Shipper and the terms and conditions agreed upon shall be specified in the ITS Agreement or a separate treating/processing agreement. For any such service, Natural shall assess Shipper a charge reflecting all the costs of providing the service.

5.7 Natural may from time to time and at any time, upon twenty-four (24) hours' verbal or written notice, subject to any provisions on discounting in the ITS Agreement or in a separate discount agreement, charge any individual Shipper for service under this Rate Schedule ITS a rate which is lower than the applicable maximum rate set forth in this Tariff; provided, however, that such rate charged may not be less than the applicable minimum rate for service under Rate Schedule ITS set forth in this Tariff. Natural will confirm any verbal notice of the applicable rate in writing. Such notification shall specifically state the effective date of such rate



change and the quantity of gas so affected. Unless otherwise agreed in the ITS Agreement or in a separate discount agreement, Natural may at any time further change such rate (subject to any restrictions as to maximum or minimum rates set out in this Tariff, the ITS Agreement and/or any discount agreement) upon twenty-four (24) hours' verbal notice to Shipper, which notice shall be confirmed in writing. Such notification shall specifically state the effective date of such rate change and the quantity of gas so affected. Natural shall file with the Commission any and all reports as required by the Commission's Regulations with respect to the institution or discontinuance of any discount.

5.8 All revenues and gas in kind collected by Natural as a result of providing service under this Rate Schedule ITS shall be retained by Natural unless Natural has otherwise explicitly agreed on a different disposition of such amounts. Where crediting or refund mechanisms apply under other provision(s) of this Tariff or pursuant to effective Commission orders or settlements, such mechanisms shall supersede this Section to the extent necessary to carry out such provision(s).

5.9 (a) Natural may, but is not obligated to, transport liquids for Shipper. Any transportation of liquids on behalf of Shipper shall be pursuant to a separate agreement, which agreement shall set out the negotiated rate for such transportation and shall supersede subsection (b) of this Section; provided, however, that if Natural does provide such transportation in the absence of a separate agreement, subsection (b) of this Section shall apply. The credit evaluation provisions of the General Terms and Conditions of this Tariff shall be applicable to such transportation unless otherwise specified in a separate agreement.

(b) (1) Absent a separate agreement (in which case the negotiated rate set out in such agreement shall govern), Natural shall charge Shipper and Shipper shall pay Natural for Natural's transportation and handling of Shipper's liquids a monthly fee equal to \$1.025 per barrel of liquids.

(2) If, at any time and from time to time, as a result of any legislation or any order, opinion, or decision of the Commission or of any other governmental authority having jurisdiction over Natural's rates including any order, opinion, or decision based in whole or in part on a contested or uncontested settlement agreement relative to Natural's rates, an amount is allocated or attributed to the transportation and handling of liquids, liquefiables, plant fuel, vaporous non-hydrocarbons and/or similar materials, and such amount is credited to Natural's cost

of service or otherwise excluded in determining Natural's rates, Shipper shall reimburse Natural for the sum of money (including the interest reflected therein) Natural is required to refund or credit, or has refunded or credited to its customers which is attributed by Natural to such transportation and handling for Shipper under the ITS Agreement and which has not been assessed and collected from Shipper for the time period to which the refund or credit applied. If such refunded or credited money is less than the sum of money assessed and collected from Shipper for the applicable time period, Natural shall remit the difference to Shipper within thirty (30) days of the applicable order, opinion, or decision. Thereafter, Shipper shall pay Natural monthly fees based on amounts which are attributable by Natural to such transportation and handling for Shipper under the ITS Agreement as calculated and assessed by Natural hereunder. Such monthly fees shall be calculated so as to permit Natural to generate monthly revenues therefrom to equal the amounts expected to be credited to Natural's cost of service or excluded from the determination of Natural's rates.

(3) The amounts attributed by Natural to such transportation and handling for Shipper under the ITS Agreement shall be established from time to time above based upon the application of a methodology determined by Natural in good faith to be consistent with applicable orders, opinions, or decisions pertaining to such transportation and handling.

(4) Any settlement, compromise, or other action of Natural in connection with any such order, opinion, or decision pertaining to transportation of liquids, liquefiables, plant fuel, vaporous non-hydrocarbons and/or other similar materials shall be conclusive and binding upon Shipper.

5.10 Natural shall perform exchanges and backhauls hereunder to the extent capacity is available. Exchanges and backhauls shall be subject to the maximum and minimum rates under this Rate Schedule except that no fuel need be charged.

**6. NOMINATIONS, BALANCING SERVICE CHARGES, IMBALANCES AND OVERRUN CHARGES**

(a) Shipper shall provide Natural with daily nominations of receipts and deliveries by Receipt and Delivery Point, including pooling points where applicable, in accordance with the General Terms and Conditions of this Tariff. It shall be Shipper's responsibility to cause gas to be delivered to Natural at Receipt Point(s), and to cause gas to be taken from Natural at Delivery Point(s), in accordance with the information supplied to Natural. In the event that actual receipts or deliveries at any point fail to conform to Shipper's nominations,

Balancing Service Charges will apply to the extent provided in the General Terms and Conditions of this Tariff.

(b) It shall be Shipper's responsibility to keep receipts and deliveries in balance. Natural may curtail service hereunder to the extent necessary to bring receipts and deliveries into balance. Any imbalance between actual receipts and actual deliveries shall be eliminated by cashout on a monthly basis in accordance with the General Terms and Conditions of this Tariff.

**7. RECEIPT AND DELIVERY POINTS AND UPSTREAM AND DOWNSTREAM ARRANGEMENTS**

(a) An ITS Agreement shall include all available Receipt and Delivery Points on Natural's system, as more fully set out in the General Terms and Conditions of this Tariff. Natural's aggregate maximum obligation to accept and deliver gas on an interruptible basis shall be specified in Dth in the ITS Agreement. All stated MDQs shall be exclusive of applicable Fuel Gas and Gas Lost and Unaccounted For. The volumes available at each Receipt and Delivery Point, and the related priorities, shall be governed by the General Terms and Conditions of this Tariff.

(b) Conditions of delivery at Receipt and Delivery Points are set out in the General Terms and Conditions of this Tariff.

(c) Shipper shall make all necessary arrangements with other parties (1) at or upstream of the Receipt Point(s) where gas is tendered to Natural hereunder and (2) at or downstream of the Delivery Point(s) where Natural delivers gas hereunder to or for the account of Shipper. Such arrangements must be consistent with this Rate Schedule ITS and must be coordinated with Natural.

**8. OVERRUN SERVICE**

Upon request of Shipper, Natural may (but is not obligated to) receive, transport, and deliver on any day quantities of natural gas in excess of Shipper's MDQ under the ITS Agreement when, in Natural's reasonable judgment, the capacity and operating capability of its system will permit such receipt, transportation and delivery without impairing the ability of Natural to meet its other obligations. In granting requests for Authorized Overrun Service, Natural shall act in a manner consistent with the overrun service priorities set out in the General Terms and Conditions of this Tariff. Except for Authorized Overrun Service, for which Shipper shall pay the applicable rate set out in the rate sections of this Tariff, Shipper shall pay Natural the charges for Unauthorized Overrun set out in Section 12.2(a)(1) of the General Terms and Conditions of this Tariff if gas tendered to Natural or deliveries to Shipper under an ITS Agreement exceed the MDQ under such ITS Agreement.

9. GENERAL TERMS AND CONDITIONS

The provisions of the General Terms and Conditions of this Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this Rate Schedule ITS and shall apply to service rendered hereunder as though stated herein.

**RATE SCHEDULE IBS**  
**INTERRUPTIBLE BALANCING SERVICE**

**1. AVAILABILITY**

(a) This Rate Schedule IBS is available to any entity (hereinafter called Shipper) which: (i) submits to Natural Gas Pipeline Company of America LLC (hereinafter called Natural) a valid request as defined in Section 3 hereof; (ii) executes an Interruptible Balancing Service Agreement (IBS Agreement) with Natural applicable to service under this Rate Schedule IBS; and (iii) meets the qualifications set out in subsection (b) of this Section.

(b) To be eligible for service under this Rate Schedule IBS, the Shipper must identify the service under its IBS Agreement as being for one specified end-use facility for each IBS Agreement; except that more than one facility may be specified to the extent limited aggregation of end-use facilities and points is permitted under Section 7(c) of this Rate Schedule IBS. Such end-use facilities need not be directly connected to Natural's system, but the conditions specified in Section 3.2(c) of this Rate Schedule IBS must be met. Shipper must ensure that separate agreements are in place for transportation service on Natural's system to enable IBS service, which can be provided by Shipper or a third party on Shipper's behalf under Rate Schedule FTS, FTS-G, or ITS (a Transportation Agreement). The IBS Agreement must also specify a single Delivery Point for each end-use facility; provided, however, that limited aggregation of end-use facilities and points is permitted under Section 7(c) of this Rate Schedule IBS. The Delivery Point may not be a Central Delivery Point, except to the limited extent provided under Section 7(c) hereof, and must be consistent with the location of the end-use facility.

(c) The form of the IBS Agreement is contained in this Tariff. There is no limitation on the number of IBS Agreements any one Shipper may have.

**2. APPLICABILITY, CHARACTER AND PRIORITY OF SERVICE**

(a) This Rate Schedule IBS defines an interruptible imbalance management service for specified end-use facilities. Service hereunder shall be provided pursuant to Access Requests under Section 6 of this Rate Schedule IBS. This Rate Schedule shall apply to all imbalance management services provided by Natural

for Shipper pursuant to an IBS Agreement. This service will be provided based on line pack capability and on offsetting Access Requests under Section 6 of this Rate Schedule IBS. Natural is not providing a supply or storage service under this Rate Schedule IBS.

(b) This service is designed to help a Shipper accommodate differences between scheduled quantities and physical gas flows to specified end-use facilities.

(c) Natural shall not be required: (1) to provide service hereunder in excess of the maximum daily access volume under the IBS Agreement as determined under Section 6(a) hereof or in excess of the maximum allowable cumulative IBS Balance as determined under Section 6(f) hereof; (2) to provide service hereunder on any day in excess of the MDQ of the IBS Agreement; or (3) to provide service hereunder which is not consistent with a confirmed Access Request pursuant to Section 6 of this Rate Schedule IBS.

(d) The service provided under this Rate Schedule IBS shall be performed under Part 284 of the Commission's Regulations. Shipper shall only request service under this Rate Schedule IBS to the extent such service would qualify under the applicable statutes, regulations, Commission orders and the blanket certificate authorizing service by Natural under this Rate Schedule. For service under Subpart B of Part 284 of the Commission's Regulations, Shipper shall provide to Natural appropriate certification, including sufficient information in order for Natural to verify that the service qualifies under Subpart B of Part 284 of the Regulations. Where required by the Commission's Regulations, Shipper shall (prior to tendering gas under an IBS Agreement) cause the intrastate pipeline or local distribution company on whose behalf the service will be provided to submit the necessary certification.

(e) Service hereunder is provided on an interruptible basis. Priorities of service for the purposes of scheduling and curtailment are governed by the General Terms and Conditions of this Tariff. Natural will only provide service hereunder if the standard set out in Section 6(b) hereof is met.

**3. VALID REQUESTS**

3.1 A request for service under this Rate Schedule IBS shall be valid as of the date received if it complies with this Section and contains adequate information on all of the items specified in Section 3.2, subject to any necessary verification of such information and to the following:

(a) A request shall not be valid and Natural shall not be required to grant any such request: (i) which would require the construction, modification, expansion, or acquisition of any facilities; provided, however, that Natural may agree in its reasonable discretion to construct, modify, expand, or acquire facilities to enable it to perform such services; (ii) unless and until Shipper has provided Natural with the information required in Section 3.2 hereof; (iii) if Natural determines, based on the credit analysis referenced in Section 3.2(e) hereof, that Shipper lacks the financial stability to make it reasonably likely the service provided hereunder will be paid for on a timely basis; (iv) if the service requested would not comply with this Rate Schedule IBS; or (v) if the service requested is at less than the applicable maximum rate; provided, however, that Natural may agree to provide service hereunder at a discount consistent with this Rate Schedule IBS. Nothing herein is intended to govern the scheduling and curtailment of service once a request for service has been granted pursuant to this Section and while an IBS Agreement is in effect. Such matters are governed by Section 6(b) of this Rate Schedule IBS and the General Terms and Conditions of this Tariff.

(b) In the event that Natural agrees to construct, modify, expand or acquire facilities to perform service under this Rate Schedule IBS, Natural shall maintain a separate record of the nature and costs of such facilities.

(c) Natural shall promptly notify Shipper if it cannot satisfy an otherwise valid request because such request is incomplete or does not comply with this Rate Schedule IBS. Any request shall be null and void unless it is substantially complete and complies with this Rate Schedule. In the event a request is substantially but not entirely complete, Natural shall inform Shipper in writing of the specific items needed to complete the IBS Agreement, after which Shipper shall have fifteen (15) days to provide the specified information. In the event such information is not received within fifteen (15) days, Shipper's request shall be null and void.

(d) Natural shall tender an IBS Agreement to Shipper for execution when Shipper's request for service is accepted. Unless waived by Natural, a request for service shall be invalid if Shipper fails to execute an IBS Agreement hereunder within ten (10) days after an IBS Agreement which accurately reflects the requested service has been tendered by Natural for execution.



3.2 Requests for service hereunder shall be deemed valid only after the following information is provided by Shipper via Natural's Interactive Website or in writing to Natural's Gas Transportation Department at 1001 Louisiana Street, Suite 1000, Houston, Texas 77002:

- (a) RESERVED.
- (b) CONTRACT QUANTITY

The request must specify the MDQ under the IBS Agreement. The MDQ may not exceed the higher of: (i) the highest daily usage served by Natural at the end-use facility or facilities during the prior twelve (12) months; or (ii) the highest daily usage which will be served by Natural at such end-use facility or facilities during the ensuing twelve (12) months as reasonably projected by Shipper. The MDQ shall be redetermined at the request of either Shipper or Natural no sooner than six (6) months after the prior MDQ determination, or at any time by mutual agreement. Nominations under the Transportation Agreement must separately identify the volumes attributed to the end-use facility or facilities covered by the Shipper's IBS Agreement.

(c) END-USE FACILITY

Shipper shall specify the end-use facility or facilities for which imbalance management service is to be provided under the IBS Agreement. The IBS Agreement shall cover a single end-use facility except to the extent aggregation is permitted under Section 7(c) of this Rate Schedule IBS. Shipper shall also specify the Delivery Point for each such end-use facility. That Delivery Point may not be a Central Delivery Point, except to the extent permitted under Section 7(c) of this Rate Schedule IBS. The location of such Delivery Point(s) must be consistent with the location of the end-use facility or facilities. Electronic measurement equipment must be in place and the information must be accessible to Natural such that real time data on deliveries to the end-use facility or facilities are available to Natural.

(1) The request shall contain a statement either: (i) that the service under the IBS Agreement will be used for the end-use facility or facilities identified in the request directly connected to Natural's system; or (ii) that service under the IBS Agreement will be used for the end-use facility or facilities identified in the request behind a Delivery Point or Points and the requirements of (2) are or will be met. If not directly connected to Natural, the end-use facility or facilities must be directly connected to facilities of the point operator which are interconnected with Natural's system facilities.

(2) Where an end-use facility is not directly connected to Natural's system, a separate IBS Monitoring Agreement must be agreed upon and executed among Natural, the Shipper, the operator of the end-use facility and the point operator and must provide (i) that the point operator will monitor the use of the service to assure that service is being provided hereunder to the end-use facility or facilities consistent with Rate Schedule IBS; and (ii) that, during periods when deliveries to the end-use facility are from more than one source, gas from Natural is deemed the first gas delivered to and used by the end-use facility unless another allocation is set out in the IBS Monitoring Agreement or is otherwise agreed upon by the parties. Natural will provide to the point operator relevant flow and nomination information related to the IBS Agreement. Service hereunder for any end-use facility not directly connected to Natural shall be contingent upon satisfaction on a continuing basis of these requirements.

(d) TERM OF SERVICE

The request shall specify:

- (1) The date service is requested to commence; and
- (2) The date service is requested to terminate.

(e) CREDIT

Acceptance of a request is contingent upon a satisfactory credit appraisal by Natural in accordance with the General Terms and Conditions of this Tariff.

(f) COMPLIANCE WITH IBS TARIFF

Submission of a request for service hereunder shall be deemed agreement by Shipper that it will abide by the terms and conditions of this Rate Schedule IBS, including the applicable General Terms and Conditions.

(g) COMMISSION-REQUIRED FILING INFORMATION

The following information is to be provided at the time a request for service hereunder is submitted, if available, or when the initial Access Request for balancing service under an executed IBS Agreement is submitted, and when any subsequent changes occur:

- (1) Affiliation of the Shipper with Natural; and
- (2) The identity of the Shipper, including whether it is a local distribution company, an interstate pipeline company, an intrastate pipeline company, an end user, a producer, or a marketer.

**4. TERM**

(a) The term of service hereunder shall be set forth in the IBS Agreement between Shipper and Natural. The IBS Agreement will terminate upon termination or expiration, and will be suspended if and to the extent Shipper does not ensure that a separate Transportation Agreement is in place for use in connection with its IBS service. Where any specified end-use facility is not directly connected to Natural's system, the IBS Agreement will not apply to that end-use facility unless an IBS Monitoring Agreement covering that end-use facility is in effect.

(b) Upon termination or expiration of any IBS Agreement, service by Natural to Shipper thereunder shall cease and shall be automatically abandoned.

(c) Natural may terminate any IBS Agreement if Natural is required by the FERC or some other agency or court to provide service for others utilizing the interruptible system capacity or capability required for service under such IBS Agreement or if Natural ceases (after receipt of any requisite regulatory authorization) to offer service of the type covered by the IBS Agreement; provided, however, that nothing herein shall be read to protect Natural from the consequences of its own negligence.

**5. RATE**

5.1 (a) Shipper shall pay Natural each month for service under this Rate Schedule IBS the sum of the following charges:

(1) An Access Charge as provided in subsection (b) of this Section; and

(2) Any other applicable charges and penalties set out in this Rate Schedule IBS or the General Terms and Conditions of this Tariff (including but not limited to Balancing Service Charges under Section 12 of the General Terms and Conditions where applicable consistent with Section 6 this Rate Schedule IBS).

(b) The Access Charge shall be the sum for the billing month of the then effective applicable daily Access Rate under the IBS Agreement multiplied each day by the absolute values of confirmed daily Access Requests for that Agreement to which that rate applies (Access Requests for swing up are not netted against Access Requests to swing down). Notwithstanding the foregoing, the Access Charge for any day shall be reduced to the extent that Natural curtails or interrupts service under Rate Schedule IBS that day, with the reduction to be calculated by multiplying the applicable daily Access Rate times that portion of the confirmed Access Request which is adversely affected by the curtailment or interruption. The maximum monthly Access Charge shall be the sum for that billing month of the applicable maximum unit daily Access Rate set out in this Tariff multiplied each day by the absolute values of confirmed daily Access Requests under the IBS Agreement to which that rate applies. The Access Charge payable by Shipper shall be the applicable maximum Access Charge unless a lower Access Charge is specified in the IBS Agreement or a separate discount agreement or is assessed under Section 5.5 of this Rate Schedule IBS, which lower charge must be consistent with the minimum rate specified in this Tariff. By mutual agreement between Natural and Shipper which is consistent with the pro forma Agreement set out in this Tariff, discounts may be limited to specific volumes.

(c) For any volumes of service provided hereunder in excess of Shipper's maximum daily access volume as determined under Section 6(a) hereof, or any IBS Balance in excess of the maximum allowed cumulative IBS Balance under Section 6(f), Shipper shall pay either an authorized overrun rate, or an unauthorized overrun rate consistent with Section 8 of this Rate Schedule.

(d) Where a Shipper has agreed to pay a Negotiated Rate or a rate under a Negotiated Rate Formula, the rates assessed hereunder shall be governed by Section 49 of the General Terms and Conditions of this Tariff. A request for service at a Negotiated Rate or a rate under a Negotiated Rate Formula shall specify the Negotiated Rate or Negotiated Rate Formula on which the Shipper is willing to agree.

5.2 (a) Shipper shall reimburse Natural within five (5) days after costs have been incurred by Natural for all fees required by the Commission or any regulatory body including, but not limited to, filing, reporting, and application fees, to the extent such fees are specifically related to service for that Shipper hereunder and are not generally applicable fees.

(b) If Natural constructs, acquires or modifies any facilities to perform service hereunder, then as specified in an agreement between the parties either:

(i) Shipper shall reimburse Natural for the cost of such facilities or facility modifications as described in the General Terms and Conditions of this Tariff; or

(ii) Natural shall assess a monthly charge reflecting such facility costs.

**5.3 RESERVED.**

5.4 (a) Natural shall have the unilateral right to file with any appropriate regulatory authority and make changes effective in: (1) the rates and charges applicable under this Rate Schedule IBS, including both the level and design of such rates and charges; or (2) the terms and conditions of this Rate Schedule IBS. Natural agrees that Shipper may protest or contest the aforementioned filings, or may seek authorization from duly constituted regulatory authorities for such adjustment of Natural's existing FERC Gas Tariff as may be found necessary to assure that its provisions are just and reasonable.

(b) If, at any time and from time to time, the Commission or any other governmental authority having jurisdiction in the premises allows or permits Natural to collect, or to negotiate to collect, a higher rate for the service hereunder, the rate shall, subject to any contrary provision of the IBS Agreement or a separate discount agreement, be increased to the highest such rate. Should additional documentation be required in order for Natural to collect such highest rate, Shipper shall execute or provide such documentation within fifteen (15) days after a written request by Natural. If, at any time and from time to time, the Commission or any other governmental authority having jurisdiction in the premises requires Natural to charge a lower rate for balancing service hereunder, the rate shall be decreased to such reduced rate.

5.5 Natural may from time to time and at any time, upon twenty-four (24) hours verbal or written notice, subject to any provisions on discounting in the IBS Agreement or in a separate discount agreement, charge any individual Shipper for service under this Rate Schedule IBS a rate which is lower than the applicable maximum rate set forth in this Tariff; provided, however, that such rate charged may not be less than the applicable minimum rate for service under Rate Schedule IBS set forth in this Tariff. Natural will confirm any verbal notice of the applicable rate in writing. Such notification shall specifically state the effective date of such rate change and the quantity of gas so affected. Unless otherwise agreed in the IBS Agreement or in a separate discount agreement, Natural may at any time further change such rate (subject to any restrictions as to maximum or minimum rates set out in this Tariff, the IBS Agreement and/or any discount agreement) upon twenty-four (24) hours' verbal notice to Shipper, which notice shall be confirmed in writing. Such notification shall specifically state the effective date of such rate change and the quantity of gas so affected. Natural shall file with the Commission any and all reports as required by the Commission's Regulations with respect to the institution or discontinuance of any discount.

5.6 All revenues and gas in kind collected by Natural as a result of providing service under this Rate Schedule IBS shall be retained by Natural unless Natural has otherwise explicitly agreed on a different disposition of such amounts. Where crediting or refund mechanisms apply under other provision(s) of this Tariff or pursuant to effective Commission orders or settlements, such mechanisms shall supersede this Section to the extent necessary to carry out such provision(s).

**6. ACCESS REQUESTS, PAYBACK NOMINATIONS, BALANCING SERVICE CHARGES, OVERRUN CHARGES, AND CASHOUT**

(a) Subject to the remainder of this Section 6, on any day, Shipper may submit an Access Request for service under its IBS Agreement up to its MDQ; provided, however, that unless Natural otherwise agrees, the net effect (taking into account the direction of the request) of such Access Request for any day may only result in service hereunder equal in volume to the difference between Shipper's then effective MDQ under the IBS Agreement and Shipper's nominations to serve the specified end-use facility or facilities that day (maximum daily access volume). The IBS Shipper must ensure that volumes required for IBS service are nominated by the required nomination cycle deadline, and volumes must be scheduled by Natural for such service before gas flows to the specified end use facility or facilities.

(1) The Access Request, which shall constitute Shipper's nomination under the IBS Agreement, shall specify the volume and direction of the balancing service and must reference the specific IBS Agreement, end-use facility or facilities and Delivery Point(s) to which the service relates.

(2) RESERVED.

(3) Intraday Access Requests may be submitted hereunder which increase the level of service requested. Intraday Access Requests may also be submitted which decrease the level of service requested, but such a decrease shall not reduce the Access Charges based on the original Access Request confirmed for the decreasing Shipper that day unless Natural obtains additional revenue from another Shipper under Rate Schedule IBS as the result of an intraday nomination for an increase Natural can only confirm because of the decrease. The reduction in Access Charges for the decreasing Shipper shall be limited to the additional revenue which Natural obtains from the intraday nomination for an increase in service under Rate Schedule IBS confirmation of which is made possible by the decrease, but in no event shall the reduction result in negative Access Charges for the decreasing Shipper. Such intraday Access Requests may be submitted on the same schedule as other intraday nominations.

(4) For each major pipeline segment, Natural will post on each day, at least two (2) hours before nominations are due for that day, whether service under Rate Schedule IBS is likely to be available on that pipeline segment.



(b) Natural shall confirm Access Requests made under an IBS Agreement which otherwise are consistent with this Rate Schedule IBS if, in Natural's reasonable judgment, Natural has the line pack capability to provide such service, without detriment to satisfaction of Natural's firm obligations or any interruptible obligations which may be of higher priority or to Natural's system operational needs, it being understood that Natural is not providing a supply or storage service under this Rate Schedule IBS. Natural will not confirm any Access Request if granting such a request would be detrimental to Natural's ability to provide any firm service or any priority interruptible rights associated with a firm service [the latter are identified as exceptions to interruptible priorities at Section 5.7(a) of the General Terms and Conditions of this Tariff]. Natural will also not grant any Access Request if doing so would materially increase the likelihood that Natural would declare a Critical Time or issue an Operational Flow Order affecting services identified in the prior sentence.

(1) Natural will attempt to offset Access Requests hereunder in one direction with Access Requests in the opposite direction, but Natural will only do so if the general standards of this subsection (b) can be met and Natural will not confirm Access Requests if the impact is detrimental to Natural's system.

(2) A confirmed Access Request shall be deemed authorization, up to the volume specified in the Access Request, for Natural to provide imbalance management service hereunder without further notice. Shipper shall not, however, be obligated to use such balancing volumes; i.e., Access Requests are used to define the level of balancing service available to the Shipper that day to cover IBS Balance volumes allocated under subparagraph (b)(3). This service is subject to the curtailment provisions of the General Terms and Conditions of this Tariff.

(3) Natural shall account separately under each IBS Agreement for all nominations to each specified end-use facility and for volumes actually utilized at each end-use facility; provided, however, that to the extent aggregation is permitted under Section 7(c) hereof, Natural shall account for all aggregated facilities on an aggregated basis. Any difference on any day between scheduled quantities and physical gas flow under the Transportation Agreement(s)

to the specified end-use facility or facilities in the direction of swing specified in the Access Request for that day shall be allocated to the IBS Agreement unless otherwise expressly agreed. The resulting volume, which may be positive or negative, is the IBS Balance. Such differences in the opposite direction from the Access Request shall be allocated to the Transportation Agreement(s) or to other services contracted by or on behalf of Shipper pursuant to a predetermined allocation Agreement. Service hereunder allows Shipper to have daily imbalances or variances within the level of the confirmed Access Request. Volumes allocated to the IBS Agreement hereunder shall be treated as unauthorized overrun if the resulting IBS Balance is not within the volume level consistent with Shipper's confirmed Access Request under this Section 6. Volumes allocated to the IBS Agreement hereunder in excess of the maximum daily access volume or the maximum allowable cumulative IBS Balance which are consistent with the confirmed Access Request shall be authorized overrun under Section 8 of this Rate Schedule IBS.

(c) Natural shall provide to Shipper its best information on the IBS Balances under an IBS Agreement by at least one half hour prior to the time timely nominations are due for the next Gas Day. Natural shall identify both the IBS Balance for the day and the cumulative IBS Balance. In the event that an allocation under Section 6(b) results in Shipper having a positive or negative IBS Balance, Shipper shall be obligated to make, or cause to be made, as applicable, a timely IBS Payback nomination based on such timely information provided by Natural in the next daily nomination cycle up to its MDQ to bring its IBS Balance for a day to zero (IBS Payback nomination). Such IBS Payback nominations may also be made at the time intraday nominations are due under the next daily nomination cycle. Natural may adjust such IBS Balance information in future periods and Shipper's future payback obligations shall be adjusted accordingly, but Shipper may rely on any information provided by Natural in making IBS Payback nominations. The IBS Payback nomination shall be separately identified and shall be a volume which is in excess of Shipper's projected requirements for that day at the relevant end-use facility or facilities. The IBS Payback nomination may represent (in whole or in part) overrun, in which case the overrun shall be evaluated by Natural for scheduling purposes on the same basis as other overrun requests.

(1) IBS Payback nominations must reference the IBS Agreement. IBS Payback must be made to deliver gas to or take gas away from Delivery Points, or at other mutually agreed points if delivery to those points would be beneficial to Natural's system, to achieve IBS Payback in relation to the Delivery Point(s). IBS Payback nominations shall be evaluated for scheduling and curtailment priority purposes on the same basis as other nominations under the Transportation Agreement or at the mutually agreed points.

(2) Natural has the right to delay or limit IBS Payback. To the extent Natural does not confirm an IBS Payback nomination, or the nomination is limited by MDQ under the IBS Agreement, Shipper shall be obligated to make a timely IBS Payback nomination in each subsequent daily nomination period until the IBS Balance for that day has been eliminated; provided, however, that if Natural advises Shipper that no IBS Payback nominations will be accepted until a specified future date or will be limited in a specified way over a defined period, Shipper may forego or limit its IBS Payback nomination accordingly.

(d) If Shipper fails to make a timely and valid IBS Payback nomination to reduce its IBS Balance for a day to zero, then the Balancing Service Charges in Section 12 of the General Terms and Conditions of the Tariff shall apply, with no tolerance or exemption, based on the IBS Balance information provided to Shipper by Natural. Such charges will continue as applied to the remaining volume of the IBS Balance for that day until valid IBS Payback nominations adequate to eliminate the IBS Balance have been submitted and scheduled under this Section 6. Such Balancing Service Charges shall also apply, with no tolerance or exemption, to the extent Shipper makes a timely and valid IBS Payback nomination which is scheduled by Natural, but IBS Payback is not actually effectuated by Shipper. The phrase "with no tolerance or exemption" as used herein shall mean the following: under Section 12.2(a)(2) of the General Terms and Conditions of this Tariff, the 0% to 5% tier does not apply and the lowest charge (\$0.10/Dth) applies to variances between 0% and 10%; under Section 12.3(a) of the General Terms and

Conditions of this Tariff, the 0% to 3% tier does not apply and the lowest charge (greater of \$1.00 or 50% of AMIP) applies to variances between 0% and 10%; and the exemptions in Sections 12.6 and 23.6(g) of the General Terms and Conditions of this Tariff do not apply. Each day for which an IBS Balance accrues is accounted for separately for purposes of applying Balancing Service Charges and the other provision of this Section 6. IBS Payback nominations shall apply first to the oldest day's IBS Balance. No Balancing Service Charges shall apply for any day, however, if Shipper makes a valid, timely and adequate IBS Payback nomination for that day within the limit specified in subsection (c) above, but that IBS Payback nomination is not confirmed by Natural for reasons other than that the nomination was not proper. Intraday IBS Payback nominations will not avoid Balancing Service Charges as to volumes not timely nominated unless confirmed by Natural and unless adequate under (c) above.

(e) A Shipper which is submitting an IBS Payback nomination on any day may also on that day submit an Access Request for additional service under this Rate Schedule IBS. Subject to subsection (f) below, such Access Requests will be processed under and are subject to the same requirements and limitations as are imposed on all Access Requests by Sections 6(a) and 6(b) of this Rate Schedule IBS.

(f) The cumulative IBS Balance under an IBS Agreement may not exceed two (2) times Shipper's MDQ, absent agreement by Natural.

(g) Cashout provisions of the Tariff shall only apply to IBS Balances to the extent provided in Section 7(b) of this Rate Schedule. All IBS Balances must be zeroed out through the Access Request and IBS Payback nomination process in this Section 6 except as otherwise provided in Section 7(b) of this Rate Schedule.

**7. UPSTREAM AND DOWNSTREAM ARRANGEMENTS, END-OF-TERM  
IMBALANCE AND AGGREGATION**

(a) Shipper shall make all necessary arrangements with other parties at or downstream of the Delivery Points under the IBS Agreement. Such arrangements must be consistent with this Rate Schedule IBS and the Transportation Agreement and must be coordinated with Natural.

(b) Shipper must have a zero IBS Balance at the end of the term of the IBS Agreement. If an IBS Balance remains at the end of the term, the remaining volumes shall be cashed out as set out at Section 13.3 of the General Terms and Conditions of this Tariff. Shipper and Natural may also mutually agree to cashout an IBS Balance at the end of any month under an IBS Agreement consistent with said Section 13.3.

(c) Except with prior agreement by Natural on a case-by-case basis, an IBS Agreement may cover only a single end-use facility and a single related Delivery Point.

(1) Natural will agree to limited aggregation of end-use facilities and Delivery Points under a single IBS Agreement pursuant to this subsection (c) if the following criteria are met:

(i) all the end-use facilities must have the same owner or operator (or a common agent consistent with this provision);

(ii) all the end-use facilities must be of the same type;

(iii) it must be operationally feasible for Natural to provide service on an aggregated basis to all such end-use facilities and points consistent with this Rate Schedule IBS; and

(iv) the number of end-use facilities to be aggregated may not exceed five (5) and the number of related points to be aggregated may also not exceed five (5).

(2) Natural will allow such aggregation with a common agent for the end-use facilities, provided that the other requirements of aggregation are satisfied. Such an agency relationship would be subject to satisfaction of the conditions set out in Section 8.9 of the General Terms and Conditions of this Tariff and the following more specific conditions: the agent must meet the same creditworthiness standards as a Shipper, Natural can rely upon representations by the agent until Natural receives written notice that the agency relationship has been terminated and aggregation will cease to be effective as of the date on which there is no longer a common agent.

(3) If the above criteria are met, Natural will permit the aggregation under a single IBS Agreement of up to five (5) end-use facilities at different points. In addition, if all the above criteria are met, Natural will aggregate up to five (5) end-use facilities behind a single Central Delivery Point under a single IBS Agreement. The aggregated end-use facilities shall be accounted for in the aggregate, by use of a paper point. A Shipper may not aggregate in a single IBS Agreement both directly connected end-use facilities and end-use facilities which are not directly connected to Natural or which are behind a Central Delivery Point.

## **8. OVERRUN SERVICE**

Upon request of Shipper, Natural may (but is not obligated to) provide service hereunder in excess of Shipper's maximum daily access volume under the IBS Agreement as determined under Section 6(a) hereof or Shipper's maximum allowed cumulative IBS Balance as determined under Section 6(f) hereof when, in Natural's reasonable judgment, its line pack capability or offsetting Access Requests will permit such balancing receipt or delivery without impairing the ability of Natural to meet its firm or other higher priority interruptible obligations, it being understood that Natural is not providing a supply or storage service under this Rate Schedule IBS. In granting requests for authorized overruns, Natural shall act in a manner consistent with the overrun service priorities set out in the General Terms and Conditions of this Tariff. For authorized overruns as reflected in confirmation of an Access Request, Shipper shall pay the applicable rate set out in the rate sections of this Tariff, which shall be tiered as follows based on the percentage of any volumes in excess of the quantity stated on Shipper's Daily Access Request (Variance):

### **VARIANCE**

0% to 5%	(Tier 1)
5% to 25%	(Tier 2)
Above 25%	(Tier 3)

In addition, Shipper shall pay Natural the charges for unauthorized overrun set out in Section 12.2(a)(1) of the General Terms and Conditions of this Tariff if balancing volumes in the direction of swing specified in the Access Request under an IBS Agreement exceed the volumes specified in the Access Request or, unless consistent with the Access Request, exceed the maximum daily access volumes under such IBS Agreement or the maximum allowed cumulative IBS Balance. Natural may waive or discount either authorized or unauthorized overrun charges on a basis which is not unduly discriminatory. With respect to authorized overrun charges associated with exceeding the allowed cumulative IBS Balance, it will be Natural's general policy to waive such charges if the charge results from Natural's decision not to accept IBS Payback and if maintaining the IBS Balance is beneficial to Natural's system.

9. GENERAL TERMS AND CONDITIONS

The provisions of the General Terms and Conditions of this Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this Rate Schedule IBS and shall apply to service rendered hereunder as though stated herein.

**RATE SCHEDULE BESS**  
**BEST EFFORTS STORAGE SERVICE**

1. AVAILABILITY

(a) This Rate Schedule BESS is available for interruptible storage service to any entity (hereinafter called Shipper) which: (i) submits to Natural Gas Pipeline Company of America LLC (hereinafter called Natural) a valid request as defined in Section 4 hereof; and (ii) executes a Best Efforts Storage Service Agreement (BESS Agreement) with Natural applicable to service under this Rate Schedule BESS. The form of BESS Agreement is contained in this Tariff. There is no limitation on the number of BESS Agreements any one Shipper may have.

(b) Shipper shall arrange separately with Natural and others as necessary for any transportation attendant to the storage services provided hereunder and Shipper shall pay separately for such transportation service.

2. APPLICABILITY AND CHARACTER OF SERVICE

(a) This Rate Schedule BESS, which defines an interruptible storage service, shall apply to all gas received by Natural from or for the account of Shipper pursuant to a BESS Agreement. As more fully set out in the General Terms and Conditions of this Tariff, Natural is not providing a supply service under this Rate Schedule BESS.

(b) Service hereunder shall consist of the acceptance by Natural of natural gas tendered hereunder by or on behalf of Shipper for injection into storage as specified in the BESS Agreement and the delivery by Natural of the natural gas withdrawn from storage pursuant to this Rate Schedule BESS to Shipper or for Shipper's account. Natural shall not be required to accept or deliver on any day any gas tendered or requested in excess of the Maximum Daily Quantity (MDQ) or Maximum Available Capacity (MAC) specified in the BESS Agreement or to accept or deliver any gas which is not properly nominated pursuant to and to the extent required by the General Terms and Conditions of this Tariff.

(c) The service provided under this Rate Schedule BESS shall be performed under Part 284 of the Commission's Regulations. Shipper shall only tender gas under this Rate Schedule BESS to the extent service hereunder would qualify under the applicable statutes, regulations, Commission orders and the blanket certificate authorizing service by Natural under this Rate Schedule. For service under Subpart B of Part 284 of the Commission's Regulations, Shipper shall



provide to Natural appropriate certification, including sufficient information in order for Natural to verify that the service qualifies under Subpart B of Part 284 of the Regulations. Where required by the Commission's Regulations, Shipper shall (prior to tendering gas for storage under a BESS Agreement) cause the intrastate pipeline or local distribution company on whose behalf the service will be provided to submit the necessary certification.

**3. PRIORITY OF SERVICE**

(a) Service hereunder is provided on an interruptible basis. Curtailment and priorities of service for the purposes of scheduling and curtailment shall be governed by the General Terms and Conditions of this Tariff.

(b) Natural may at any time notify Shipper of a curtailment in accordance with the General Terms and Conditions of this Tariff, in which event Shipper must immediately cease deliveries to or receipt of gas from Natural, in whole or in part as directed by Natural hereunder, and may be required by Natural to withdraw all or any part of the gas being held by Natural for Shipper's account. Natural shall specify the quantities to be curtailed in its order. If Shipper is required by Natural to withdraw gas being held by Natural for its account, Shipper shall be required to accept such gas over a period of time determined by dividing (i) the volume of gas Shipper is required to withdraw by (ii) 50% of Shipper's MDQ. If Natural is unable to withdraw any volumes requested by Shipper within Shipper's MDQ, this period shall be extended accordingly.

(c) If Shipper fails to comply with any curtailment order of Natural under this Section 3, Shipper shall pay Natural a penalty of \$5.00 per Dth for all tenders or takes which varies by more than 10% each day from the quantities specified in such curtailment order. In addition, if Shipper fails to withdraw gas during the period designated in subsection (b) hereof, any remaining balance as of the end of that period shall be forfeited to Natural.

**4. VALID REQUESTS**

4.1 A request for service under this Rate Schedule BESS shall be valid as of the date received if it complies with this Section 4 and contains adequate information on all of the items specified in Section 4.2, subject to any necessary verification of such information and to the following:

(a) a request shall not be valid and Natural shall not be required to grant any such request: (i) which could in Natural's judgment interfere with efficient operation of its system or with service to any firm Shipper; (ii) which would require the construction, modification, expansion, or acquisition of any facilities; provided, however, that Natural may agree in its reasonable discretion to construct, modify, expand, or acquire facilities to enable it to perform such services; (iii) unless and until Shipper has provided Natural with the information required in Section 4.2 hereof; (iv) if Natural determines, based on the credit analysis referenced in Section 4.2(d), that Shipper does not possess sufficient financial stability to make it reasonably likely the service provided hereunder will be paid for on a timely basis; (v) if the service requested would not comply with this Rate Schedule BESS; or (vi) if the service requested is at less than the applicable maximum rate; provided, however, that Natural may agree to provide service hereunder at a discount consistent with this Rate Schedule BESS. Nothing herein is intended to govern the scheduling and curtailment of service once a request for service has been granted pursuant to Section 4 hereof and while a BESS Agreement is in effect. Such matters are governed by Section 3 of this Rate Schedule and the applicable General Terms and Conditions of this Tariff.

(b) In the event that Natural agrees to construct, modify, expand or acquire facilities to perform service under this Rate Schedule BESS, Natural shall maintain a separate record of the nature and costs of such facilities.

(c) Natural shall promptly notify Shipper if it cannot satisfy an otherwise valid request, in whole or in part. Any request shall be null and void unless it is substantially complete and complies with this Rate Schedule. In the event a request is substantially but not entirely complete, Natural shall inform Shipper in writing of the specific items needed to complete the BESS Agreement, after which Shipper shall have fifteen (15) days to provide the specified information. In the event such information is not received within fifteen (15) days, Shipper's request shall be null and void.

(d) Natural shall tender a BESS Agreement to Shipper for execution when Shipper's request for service is accepted. Unless waived by Natural, a request for service shall be invalid if Shipper fails to execute a BESS Agreement hereunder within ten (10) days after the BESS Agreement has been tendered by Natural for execution.

4.2 Requests for service hereunder shall be deemed valid only after the following information is provided by Shipper via Natural's Interactive Website or in writing to Natural's Gas Transportation Department, at 1001 Louisiana Street, Suite 1000, Houston, Texas 77002:

(a) GAS QUANTITIES

The request shall specify in Dth the aggregate MAC and the aggregate MDQ; provided, however, that Natural shall not be obligated to accept requests for an MDQ of less than one hundred (100) Dth per day or an MAC of less than five hundred (500) Dth. All stated MDQs or MACs shall be exclusive of Storage Fuel.

(b) POINTS

The receipt points for injection and the delivery points for withdrawal under a BESS Agreement shall be the storage points defined in the General Terms and Conditions of this Tariff.

(c) TERM OF SERVICE

The request shall specify:

- (1) The date service is requested to commence; and
- (2) The date service is requested to terminate.

(d) CREDIT

Acceptance of a request is contingent upon a satisfactory credit appraisal by Natural in accordance with the General Terms and Conditions of this Tariff.

(e) COMPLIANCE WITH BESS TARIFF

Submission of a request for service hereunder shall be deemed agreement by Shipper that it will abide by the terms and conditions of this Rate Schedule BESS, including the applicable General Terms and Conditions.

(f) COMMISSION-REQUIRED FILING INFORMATION

The following information is to be provided at the time a request for service hereunder is submitted, if available, or when an initial nomination for storage under an executed BESS Agreement is submitted, and when any subsequent changes occur:

(1) Affiliation of the Shipper with Natural; and

(2) The identity of the Shipper, including whether it is a local distribution company, an interstate pipeline company, an intrastate pipeline company, an end user, a producer, or a marketer.

5. TERM

(a) The term of service hereunder shall be set forth in the BESS Agreement between Shipper and Natural.

(b) The General Terms and Conditions of this Tariff shall govern the applicability of, and the terms and conditions relating to, rollovers of a BESS Agreement. Upon termination of any BESS Agreement, and subject to such rollover, service by Natural to Shipper thereunder shall be terminated and automatically abandoned.

(c) Natural may terminate any BESS Agreement if Natural is required by the FERC or some other agency or court to provide service for others utilizing the interruptible system capacity or capabilities required for service under such BESS Agreement or if Natural ceases (after receipt of any requisite regulatory authorization) to offer service of the type covered by the BESS Agreement; provided, however, that nothing herein shall be read to protect Natural from the consequences of its own negligence.

6. RATE

6.1 (a) For storage service rendered to Shipper under this Rate Schedule BESS, Shipper shall pay Natural each month the sum of the following charges:

**(1) CAPACITY CHARGE**

A monthly charge per Dth determined by multiplying:  
(i) the weighted average daily balance of gas held by Natural for Shipper's account under a BESS Agreement that month times (ii) the Capacity Rate.

**(2) STORAGE FUEL CHARGE**

Shipper shall provide gas in kind for the fuel required to provide injections and withdrawals under this Rate Schedule BESS. Such charge shall be determined by multiplying percentage fuel rates by the volume of gas injected or withdrawn. Specifically, the Storage Fuel Charge shall equal the sum of (i) the applicable unit Injection Storage Fuel Rate set out in this Tariff multiplied by each Dth of gas injected under the BESS Agreement and (ii) and the applicable unit Withdrawal Storage Fuel Rate set out in this Tariff multiplied by each Dth of gas withdrawn under the BESS Agreement. Upon the mutual agreement of Natural and Shipper, in lieu of Natural retaining gas in kind, Shipper shall reimburse Natural for fuel at a price established under Section 7.1 of the General Terms and Conditions of this Tariff multiplied by the Storage Fuel Charge.

**(3) OTHER CHARGES**

Other applicable charges and penalties set out in this Rate Schedule or the General Terms and Conditions of this Tariff.

(b) Charges payable by any Shipper shall be based on the maximum rates set forth in this Tariff applicable to Rate Schedule BESS, which rates are hereby incorporated herein, unless a lower rate for any of the charges in subsection (a) is specified in the BESS Agreement or a separate discount agreement or is assessed pursuant to Section 6.4 of this Rate Schedule. Such lower rate must be consistent with the minimum rate specified in this Tariff. By mutual agreement between Natural and Shipper which is consistent with the pro forma Agreement set out in this Tariff, discounts may be limited to specific volumes. For any volumes delivered in excess of Shipper's MDQ or MAC, which deliveries shall be subject to Section 10 of this Rate Schedule BESS, Shipper shall pay either the Authorized Overrun Rate or the Unauthorized Overrun Rate specified in Section 12 of the General Terms and Conditions of this Tariff, as applicable.

(c) Where a Shipper has agreed to pay a Negotiated Rate or a rate under a Negotiated Rate Formula, the rates assessed hereunder shall be governed by Section 49 of the General Terms and Conditions of this Tariff. A request for service at a Negotiated Rate or a rate under a Negotiated Rate Formula shall specify the Negotiated Rate or Negotiated Rate Formula on which the Shipper is willing to agree.

(d) The charges referenced herein cover only storage services. Any associated transportation provided by Natural and/or others shall be billed separately.

6.2 (a) Shipper shall reimburse Natural within five (5) days after costs have been incurred by Natural for all fees required by the FERC or any regulatory body including, but not limited to, filing, reporting, and application fees to the extent such fees are specifically related to service for that Shipper hereunder and are not generally applicable fees (such as general rate case filing fees). Any costs recovered hereunder shall be excluded from Natural's cost of service in determining generally applicable rates.

(b) If Natural constructs, acquires or modifies any facilities to perform service hereunder, then as specified in an agreement between the parties either:

(i) Shipper shall reimburse Natural for the cost of such facilities or facility modifications as described in the General Terms and Conditions of this Tariff; or

(ii) Natural shall assess a monthly charge reflecting such facility costs.

6.3 (a) Natural shall have the unilateral right to file with any appropriate regulatory authority and make changes effective in (1) the rates and charges applicable under this Rate Schedule BESS, including both the level and design of such rates and charges; or (2) the terms and conditions of this Rate Schedule BESS. Natural agrees that Shipper may protest or contest the aforementioned filings, or may seek authorization from duly constituted regulatory authorities for such adjustment of Natural's existing FERC Gas Tariff as may be found necessary to assure that its provisions are just and reasonable.

(b) If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises allows or permits Natural to collect, or to negotiate to collect, a higher rate for the service hereunder, the rate shall, subject to any contrary provision of the BESS Agreement or a separate discount agreement, be increased to the highest such rate. Should additional documentation be required in order for Natural to collect such highest rate, Shipper shall execute or provide such documentation within fifteen (15) days after a written request by Natural. If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises requires Natural to charge a lower rate for transportation service hereunder, the rate shall be decreased to such reduced rate.

6.4 Natural may from time to time and at any time, upon twenty-four (24) hours' verbal or written notice, subject to any provisions on discounting in the BESS Agreement or in a separate discount agreement, charge any individual Shipper for service under this Rate Schedule BESS a rate which is lower than the applicable maximum rate set forth in this Tariff; provided, however, that such rate charged may not be less than the applicable minimum rate for service under Rate Schedule BESS set forth in this Tariff. Natural will confirm any verbal notice of the applicable charge in writing. Such notification shall specifically state the effective date of such rate change and the quantity of gas so affected. Unless otherwise agreed in the BESS Agreement or in a separate discount agreement, Natural may at any time further change such rate (subject to any restrictions as to maximum or minimum rates set out in this Tariff, the BESS agreement and/or a discount agreement) upon twenty-four (24) hours' verbal notice to Shipper, which notice shall be confirmed in writing. Such notification shall specifically state the effective date of such rate change and the quantity of gas so affected. Natural shall file with the Commission any and all reports as required by the Commission's Regulations with respect to the institution or discontinuance of any discount.

6.5 All revenues and gas in kind collected by Natural as a result of providing service under this Rate Schedule BESS shall be retained by Natural unless Natural has otherwise explicitly agreed on a different disposition of such amounts. Where crediting or refund mechanisms apply under other provision(s) of this Tariff or pursuant to effective Commission orders or settlements, such mechanisms shall supersede this Section to the extent necessary to carry out such provision(s).

**7. MAXIMUM DAILY QUANTITY**

The BESS Agreement shall specify in Dth an aggregate MDQ and an MAC. All stated MDQs and MACs shall be exclusive of applicable Storage Fuel. The MDQ shall be the maximum volume Natural is obligated, on an interruptible basis, to receive from or deliver to Shipper hereunder on any day. The MAC shall be the maximum volume Natural is obligated to hold for the account of Shipper hereunder on an interruptible basis.

**8. NOMINATIONS**

Shipper shall provide Natural with daily nominations of injections and withdrawals in accordance with the General Terms and Conditions of this Tariff. It shall be Shipper's responsibility to cause gas to be delivered to Natural for injection into storage hereunder and to cause gas to be taken from Natural through storage withdrawals hereunder in accordance with the information supplied to Natural.

**9. RECEIPT AND DELIVERY POINTS AND UPSTREAM AND DOWNSTREAM ARRANGEMENTS**

(a) The receipt points for gas injected hereunder and the delivery points for gas withdrawn hereunder shall be storage points defined in the General Terms and Conditions of this Tariff. Each BESS Agreement shall have as receipt and delivery points all such storage points and will be subject to the limitations and conditions (including volumes and priorities) specified in the General Terms and Conditions of this Tariff relating to such points. Volumes tendered for injection at any storage point must be withdrawn at the same storage point.

(b) Natural may utilize any or all of its storage and related facilities to provide the service described in this Rate Schedule, and the capacity available to provide such service shall be based on the capacity and functioning of all such storage facilities.

(c) Shipper shall arrange separately for the transportation of gas to and from storage and shall make all necessary arrangements with other parties at or upstream of the point(s) where gas is tendered to Natural hereunder for injection into storage and downstream of the point where Natural delivers gas withdrawn from storage hereunder by or on behalf of Shipper. Such arrangements must be consistent with this Rate Schedule BESS and must be coordinated with Natural. To be eligible for service hereunder, Shipper must comply with all applicable provisions of such separate transportation arrangements and any applicable Rate Schedule and General Terms and Conditions.



**10. OVERRUN SERVICE**

Upon request of Shipper, Natural may (but is not obligated to) receive for injection or withdraw for delivery hereunder on any day quantities of natural gas in excess of Shipper's MDQ and/or MAC under the BESS Agreement when, in Natural's reasonable judgment, the capacity and operating capability of its system will permit such receipt or delivery without impairing the ability of Natural to meet its other service obligations; provided, however, in no event will Shipper be allowed to withdraw more gas than it has in storage. In granting requests for Authorized Overrun Service, Natural shall act in a manner consistent with the overrun service priorities set out in the General Terms and Conditions of this Tariff. Except for Authorized Overrun Service, for which Shipper shall pay the applicable rate set out on the rate sections of this Tariff, Shipper shall pay Natural the charges for Unauthorized Overrun set out in Section 12.2(a)(1) of the General Terms and Conditions of this Tariff if injections or withdrawals under a BESS Agreement exceed the MDQ or MAC under such BESS Agreement.

**11. GENERAL TERMS AND CONDITIONS**

The provisions of the General Terms and Conditions of this Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this Rate Schedule BESS and shall apply to service rendered hereunder as though stated herein.

**RATE SCHEDULE DSS**  
**DELIVERED FIRM STORAGE SERVICE**

**1. AVAILABILITY**

(a) This Rate Schedule DSS is available for delivered firm storage service and for nominated firm transportation service (the latter limited to October 15 through April 15) to any entity (hereinafter called Shipper) which: (1) submits to Natural Gas Pipeline Company of America LLC (hereinafter called Natural) a valid request as defined in Section 3 hereof which Natural has capacity available on all affected portions of its system and the operational capability to satisfy; and (2) executes a Delivered Firm Storage Service Agreement (DSS Agreement) with Natural applicable to service under this Rate Schedule DSS. The form of DSS Agreement is contained in this Tariff. There is no limitation on the number of DSS Agreements any one Shipper may have.

(b) Shipper shall arrange separately with Natural or others as necessary for any transportation attendant to the delivery of gas to storage in connection with delivered firm storage service hereunder. Such delivered firm storage service encompasses the delivery of gas from storage to Shipper at Delivery Point(s). A Shipper may also utilize separately, during the period from October 15 through April 15, the firm transportation embedded in such delivered firm storage service on a nominated basis as set out in this Rate Schedule DSS.

**2. APPLICABILITY, CHARACTER AND PRIORITY OF SERVICE**

(a) This Rate Schedule DSS defines a delivered firm storage service, to be available on a no-notice basis within the rights defined herein, which includes transportation from storage to Shipper's Delivery Point(s). Firm transportation may also be used hereunder separately, during the period of October 15 through April 15, on a nominated basis. This Rate Schedule DSS shall apply to all gas received by Natural from or for the account of Shipper pursuant to a DSS Agreement. As more fully set out in the General Terms and Conditions of this Tariff, Natural is not providing a gas supply service under this Rate Schedule DSS.

(b) Delivered firm storage service hereunder shall consist of the acceptance by Natural of natural gas from or for the account of Shipper for injection into storage hereunder, the storage of such gas, and the delivery to Shipper or for Shipper's account of natural gas withdrawn from storage hereunder by Natural at the primary Delivery Point(s) specified in the DSS Agreement, or at secondary Delivery

Points applicable to such DSS Agreement. Storage Fuel and Fuel Gas and Gas Lost and Unaccounted For shall be provided by Shipper in connection with such service as set out herein. Shipper may utilize separately all or part of the firm transportation component of service hereunder within the limitations set out in this Rate Schedule DSS. Nominated firm transportation service hereunder shall consist of the acceptance by Natural of gas properly nominated by Shipper (such service may only be nominated from October 15 through April 15) and tendered hereunder for transportation pursuant to confirmed nominations at the Receipt Point(s) applicable to such service, the transportation of such gas, and the delivery to Shipper or for Shipper's account of such gas, in accordance with Shipper's confirmed nomination, adjusted for Fuel Gas and Gas Lost and Unaccounted For as provided herein, at the primary Delivery Point(s) under the DSS Agreement or at any secondary Delivery Point(s) applicable to such DSS Agreement.

(c) With respect to the delivered firm storage service provided hereunder, Natural shall not be required, except to the extent it has accepted confirmed nominations allowing authorized overrun, to: (1) accept on any day gas tendered for injection hereunder in excess of Shipper's Maximum Daily Injection Quantity (IQ) or which would cause Shipper to exceed its Maximum Storage Volume (MSV), or withdraw for delivery hereunder on any day gas requested in excess of Shipper's Maximum Daily Withdrawal Quantity (WQ), as such parameters are defined in Section 5 of this Rate Schedule DSS; (2) accept or withdraw gas in excess of any other injection or withdrawal restriction in said Section 5; or (3) deliver gas at Delivery Points on a basis which is not consistent with Section 7 of this Rate Schedule DSS and the related General Terms and Conditions of this Tariff. Shipper shall not be allowed to withdraw more gas than it has in storage. In the case of nominated firm transportation service hereunder, Natural shall not be required to: (i) accept or deliver on any day gas tendered for transportation hereunder which has not been properly nominated and confirmed or which would cause deliveries hereunder on that day to exceed Shipper's Maximum Daily Quantity (MDQ); or (ii) to receive gas at Receipt Point(s) or deliver gas at Delivery Point(s) on a basis which is not consistent with Section 7 of this Rate Schedule DSS and the related General Terms and Conditions of this Tariff. Delivered firm storage service hereunder within MDQ and MSV shall be firm, subject to the constraints set out in Section 5 of this Rate Schedule with respect to firm injection and withdrawal rights. Nominated transportation service within MDQ shall be firm, subject to the limitations described in this Rate Schedule DSS and the related General Terms and Conditions. To the extent Shipper receives nominated firm transportation service hereunder on any day, its MDQ for delivered firm storage service shall be reduced by the same volume and the WQ recalculated as set out in Section 5.6 of this Rate Schedule DSS.

(d) The service provided under this Rate Schedule DSS shall be performed under Part 284 of the Commission's Regulations. Shipper shall only tender gas under this Rate Schedule DSS to the extent such service would qualify under the applicable statutes, regulations, Commission orders and the blanket certificate authorizing service by Natural under this Rate Schedule DSS. For service under Subpart B of Part 284 of the Commission's Regulations, Shipper shall provide to Natural appropriate certification, including sufficient information in order for Natural to verify that the service qualifies under Subpart B of Part 284 of the Regulations. Where required by the Commission's Regulations, Shipper shall (prior to tendering gas under a DSS Agreement) cause the intrastate pipeline or local distribution company on whose behalf the service will be provided to submit the necessary certification.

(e) Natural may utilize any and all of its storage and related facilities to provide the delivered firm storage service described in this Rate Schedule DSS. The capacity available to provide such service shall be based on the capacity and functions of all such storage fields.

(f) Shipper is not required to have firm transportation service for delivery of gas to storage in order to have delivered firm storage service under this Rate Schedule DSS. However, injections under this Rate Schedule DSS will be dependent on any necessary transportation being confirmed by Natural in accordance with the priority sequence set out in the General Terms and Conditions of this Tariff. Storage points may be Delivery Points under transportation Agreements used for injection hereunder and such points will be treated as primary points for scheduling, curtailment and related purposes to the extent provided in Section 7.5(a) of this Rate Schedule DSS.

(g) Allocation of capacity, curtailment, and priorities of service for the purposes of scheduling and curtailment shall all be governed by the General Terms and Conditions of this Tariff.

(h) Shipper may release capacity dedicated to service hereunder pursuant to Natural's Capacity Release Program to the extent permitted by, and subject to the terms and conditions contained in, Section 19 of the General Terms and Conditions of this Tariff; provided, however, that no segmented releases of capacity hereunder are permitted. Shipper may release its rights under a DSS Agreement in whole or in part or may limit its release to all or part of either the delivered firm storage service or the nominated firm transportation service;

provided, however, that to the extent a Shipper releases nominated firm transportation service, the MDQ of delivered firm storage service remaining for use by Shipper or for release to others shall be reduced by an equal volume and the corresponding WQ recalculated as set out in Section 5.6 of this Rate Schedule DSS. If either the storage or the transportation component of this Rate Schedule DSS (or both) is released separately, the storage portion of the service shall be provided under the terms and conditions of Rate Schedule NSS, except that the injection, withdrawal and inventory parameters set out in Section 5 of this Rate Schedule DSS shall apply, and the terms and conditions of Rate Schedule FTS shall apply to the transportation portion of the service, but such transportation service shall be subject in addition to the restrictions on nominated firm storage service under this Rate Schedule DSS, all Receipt Points will be out-of-path secondary in nature, all Delivery Points will be secondary in nature and no LN, SW or NB service options shall be available; provided, however, that if the Original and each replacement Shipper maintains the same primary Delivery Points as applied to the Original Shipper prior to the release, such Delivery Points shall have the same priority as they did for the Original Shipper prior to the release. A Shipper releasing a portion of its storage rights under a DSS Agreement may designate how existing inventory is to be allocated among itself and the replacement Shippers; provided, however, that the resulting inventory cannot, absent express agreement by Natural, exceed any Shipper's MSV under the resulting Agreements (i.e., the MSV calculated in reference to the MDQ under any replacement Agreement for any inventory designated to go to such replacement Agreement and the MSV calculated in reference to the MDQ not released under the original Agreement for any inventory designated to remain with the Original Shipper) nor may a release result in any Shipper or all Shippers in the aggregate (Original and replacement) having rights in excess of those available prior to any release on a firm basis to the releasing Shipper under this Tariff and the DSS Agreement. In the event Shipper segments its primary point transportation path as a result of a capacity release under the separate transportation Agreement(s) being used to deliver gas to storage for injection hereunder, Shipper's rights may be affected as provided in Section 19 of the General Terms and Conditions of this Tariff.

### **3. VALID REQUEST**

3.1 A request for service under this Rate Schedule DSS shall be valid as of the date received if it complies with this Section and contains adequate information on all of the items specified in Section 3.2, subject to any necessary verification of such information and to the following:

(a) A request shall not be valid and Natural shall not be required to grant any such request:

(1) For which adequate capacity or operational capability is not available in Natural's storage system and related transmission or other facilities necessary to provide such service;

(2) As to which Natural does not have the operational capability to effect receipt, storage injections/withdrawals and/or delivery on a basis consistent with the terms and conditions of this Rate Schedule DSS;

(3) Which, except as provided for in Section 3.1(b) hereof, would require the construction, modification, expansion, or acquisition of any facilities; provided, however, that Natural may agree in its reasonable discretion to construct, modify, expand, or acquire facilities to enable it to perform such services;

(4) Unless and until Shipper has provided Natural with the information required in Section 3.2;

(5) If Natural determines, based on the credit analysis referenced in Section 3.2(e), that Shipper does not possess sufficient financial stability to make it reasonably likely the service provided hereunder will be paid for on a timely basis;

(6) If the service requested would not comply with this Rate Schedule DSS; or

(7) If the service requested is at less than the applicable maximum rate; provided, however, that Natural may agree to provide service hereunder at a discount consistent with this Rate Schedule DSS.

(b) Natural agrees to construct minor meter and tap facilities to effectuate service requested under this Rate Schedule DSS provided that: (1) the cost of such facilities does not exceed \$100,000.00; (2) Natural shall be reimbursed prior to commencing construction; and (3) the facilities will not adversely affect Natural's operations. In the event that Natural agrees to construct, modify, expand or acquire facilities to perform service under this Rate Schedule DSS, Natural shall maintain a separate record of the nature and costs of such facilities.

(c) Nothing herein is intended to govern the scheduling and curtailment of service once a request for service has been granted pursuant to this Section and while a DSS Agreement is in effect. Such matters are governed by other provisions of this Rate Schedule DSS and by the General Terms and Conditions of this Tariff.

(d) Natural shall promptly notify Shipper if it cannot satisfy an otherwise valid request, in whole or in part, due to lack of capacity or system capability or if the request is incomplete or does not comply with this Rate Schedule DSS. Any request shall be null and void unless it is substantially complete and complies with this Rate Schedule DSS. In the event a request is substantially but not entirely complete, Natural shall inform Shipper in writing of the specific items needed to complete the DSS Agreement, after which Shipper shall have fifteen (15) calendar days to provide the specified information. In the event such information is not received within fifteen (15) days, Shipper's request shall be null and void.

3.2 Requests for service hereunder shall be deemed valid only after the information specified in this Section 3.2 is provided by Shipper via Natural's Interactive Website or in writing to Natural's Gas Transportation Department, at 1001 Louisiana Street, Suite 1000, Houston, Texas 77002. Qualifying bids in an auction shall be treated as a valid request provided that the bid is supplemented with all information required under this Section 3.2 as required by the General Terms and Conditions of this Tariff. The information required for a valid request shall be as follows:

(a) **VOLUME**

The request shall specify in Dth an aggregate MDQ, which shall be utilized to determine the WQ, the MSV and the IQ as set out in Section 5 of this Rate Schedule DSS. All stated quantities shall be exclusive of Storage Fuel, Fuel Gas and Gas Lost and Unaccounted For. Storage Fuel, Fuel Gas and Gas Lost and Unaccounted For shall be provided by Shipper as set out in Sections 6.2(c) and 7.4 of this Rate Schedule DSS. If Shipper is willing to accept a lesser MDQ, Shipper shall also specify the minimum acceptable MDQ.

(b) POINTS

The request shall specify the primary Delivery Point(s) for service under this Rate Schedule DSS, which must be physical points on Natural's system, and the MDQ for each such point. Such point requests must be consistent with Section 7 of this Rate Schedule DSS and the General Terms and Conditions of this Tariff. A Shipper may request any number of primary Delivery Points so long as the summation of MDQs at all primary Delivery Points equals the aggregate MDQ. The Receipt Point(s) under any DSS Agreement shall be as specified in Section 7 of this Rate Schedule DSS and the General Terms and Conditions of this Tariff.

(c) TERM OF SERVICE

The request shall specify:

- (1) The date service is requested to commence; and
- (2) The date service is requested to terminate.

(d) REQUESTED RATE

The request shall state the rate at which the Shipper is willing to contract for the service requested. If no rate is stated, Shipper will be deemed to have agreed to the maximum rate.

(e) CREDIT

Acceptance of a request is contingent upon a satisfactory credit appraisal by Natural in accordance with the General Terms and Conditions of this Tariff.

(f) COMPLIANCE WITH DSS TARIFF

Submission of a request shall be deemed agreement by Shipper that it will abide by the terms and conditions of this Rate Schedule DSS, including the applicable General Terms and Conditions.



(g) COMMISSION-REQUIRED FILING INFORMATION

Except to the extent such information has been or will be provided under another Agreement, the following information is to be provided at the time a request for service hereunder is submitted, if available, or when an initial nomination for service under an executed DSS Agreement is submitted, and when any subsequent changes occur:

(1) Affiliation of the Shipper with Natural; and

(2) The identity of the Shipper, including whether it is a local distribution company, an interstate pipeline company, an intrastate pipeline company, an end user, a producer, or a marketer.

4. TERM

(a) The term of service hereunder shall be set forth in the DSS Agreement between Shipper and Natural as provided in Section 3.2(c).

(b) The General Terms and Conditions of this Tariff shall govern the applicability of, and the terms and conditions relating to, rollovers and the right of first refusal vis a vis a DSS Agreement. Upon termination of any DSS Agreement, and subject to such rollover or right of first refusal, service by Natural to Shipper thereunder shall be terminated and automatically abandoned.

(c) Natural may terminate any DSS Agreement if Natural is required by the Commission or some other agency or court to provide firm service for others utilizing the system capacity or capability required for service under such DSS Agreement or if Natural ceases (after receipt of any requisite regulatory authorization) to offer service of the type covered by the DSS Agreement; provided, however, that nothing herein shall be read to protect Natural from the consequences of its own negligence.

5. INJECTION/WITHDRAWAL AND TRANSPORTATION RIGHTS

5.1 (a) A Shipper's WQ defines the maximum quantity of gas which it has a firm right to withdraw and have delivered to it by Natural on any day under delivered firm storage service pursuant to this Rate Schedule DSS, subject to the limitations in subsections (b) and (c) of this Section 5.1 and in Section 5.6. The Shipper's WQ (in the aggregate and at any primary Delivery Point) shall be a percentage of its MDQ which varies by time period, as follows:

WQ

<u>Period</u>	<u>Percentage of MDQ</u>
November 1 through February 15	100%
February 16 through February 28 (or 29)	90%
March 1 through March 31	75%
April 1 through April 30	45%
May 1 through September 30	10%
October 1 through October 31	45%

(b) A Shipper's net withdrawals in any month under delivered firm storage service pursuant to this Rate Schedule DSS are subject to the following maximums and minimums, expressed as a percentage of Shipper's MSV:

NET WITHDRAWAL PARAMETERS (AS A % OF MSV)

	<u>Maximum</u>	<u>Minimum</u>
November	20%	10%
December	30%	10%
January	30%	10%
February	30%	10%
March	20%	5%
April-October	N/A	N/A

(c) A Shipper's firm right to withdraw gas under delivered firm storage service over any consecutive fifteen (15) day period may not exceed that Shipper's average WQ over that period multiplied by ten (10). A Shipper may request waiver of this limitation, but any withdrawals made pursuant to such waiver shall be

provided on an interruptible basis with the same priority as for authorized overruns under Section 5.5(b) of this Rate Schedule DSS; i.e., with higher priority than other authorized overrun and interruptible provided neither Shipper's MDQ nor its MSV is exceeded. If the request is made at least forty-eight (48) hours but not more than seventy-two (72) hours before the Shipper would become subject to this limitation, Natural will advise such Shipper as to whether it can waive this restriction in whole or in part within five (5) business hours after receipt of the request. The waiver request and Natural's response shall specify precisely the waiver sought and granted and also how the waiver is to affect future fifteen (15) day periods and the monthly requirements under subsection (b) of this Section 5.1.

(d) If Shipper exceeds its firm withdrawal rights hereunder, or fails to satisfy its minimum withdrawal obligation under subsection (b), the volume by which Shipper exceeds its rights and/or the volume by which Shipper fails to satisfy its minimum monthly withdrawal obligation shall be subject to Overrun Charges under Section 12 of the General Terms and Conditions of this Tariff.

5.2 A Shipper's MSV is the maximum volume of gas which it is entitled to have in storage under this Rate Schedule DSS on a firm basis at any time. A Shipper's MSV equals its MDQ under the DSS Agreement multiplied by fifty (50). If a Shipper exceeds its MSV, it shall be subject to Overrun Charges as provided in Section 12 of the General Terms and Conditions of this Tariff. In no event will a Shipper be allowed to withdraw more gas than it has in storage; i.e., a Shipper may not create a negative inventory.

5.3 A Shipper's IQ is the maximum amount of gas it can inject into delivered firm storage service on a firm basis on any day, subject to subsection (c) below. If a Shipper exceeds its firm injection rights hereunder, such excess injections shall be subject to Overrun Charges under Section 12 of the General Terms and Conditions of this Tariff.

(a) For the period from November 1 through April 30, a Shipper's IQ varies by time period and is a percentage of its MDQ, as follows:

IQ

<u>Time Period</u>	<u>Percentage of MDQ</u>
November 1 through March 31	10%
April 1 through April 30	15%

(b) For the period of May 1 through October 31, a Shipper's IQ varies by time period and its April 30 DSS storage balance (the April 30 storage balance is assumed to be zero until Natural notifies Shipper of the balance) and is determined by the formula:

$$IQ = \frac{(MSV - \text{April 30 storage balance})(MDQ)(X)}{MSV}$$

where X varies by time period as follows:

May 1 through July 31	30%
August 1 through October 31	40%

Notwithstanding the foregoing, Natural will post on the Informational Postings portion of its Interactive Website no later than March 31 of a year (except that for the Year 2001 the posting will be made by June 4) if operational conditions on its system will permit X to be increased from 30% up to a higher level not to exceed 40% over all or any portion of the period from May 1 through July 31 of that year (June 4 through July 31 for 2001). The posting may specify different values of X for different time periods between May 1 and July 31 (June 4 and July 31 for 2001), within the 30% to 40% range.

(c) (1) Subject to subsection (2) below, a Shipper's firm injection rights on any day shall be further limited as follows: fifty percent (50%) of a Shipper's IQ shall be available for injection from sources on the Amarillo Line and fifty percent (50%) of a Shipper's IQ shall be available for injection from sources on the Gulf Coast Line. Gas which a Shipper seeks to have scheduled and Natural is able to schedule on either line in excess of the resulting daily firm injection volume, or in excess of the storage balance limits defined in subsection (3) below, shall be treated as authorized overrun, with the same priority as other authorized overrun injections under Section 5.5(b) of this Rate Schedule DSS.

(2) While Natural shall allocate injections by leg on a daily basis, overruns of daily rights by leg shall be evaluated on a monthly basis. Shipper shall only be subject to overrun charges with respect to its daily injection rights by leg if and to the extent its total injections by leg hereunder during any month exceed the sum of its daily injection rights for that month. If Natural accepts confirmed nominations for authorized overrun of injection rights on a leg on any day, the volume authorized in excess of Shipper's firm daily rights shall be added to the sum of its daily rights for that leg for the month but, unless otherwise agreed, an equal volume shall be subtracted from the sum of daily rights for the other leg for that month. Notwithstanding the foregoing, Natural shall continue to evaluate overrun of total IQ under any Agreement, and assess any corresponding Overrun Charges, on a daily basis.

(3) Shipper's storage balance shall be divided into Amarillo and Gulf Coast components, reflecting the sourcing of the supply. Separate accounting shall be maintained by Natural for each component on a continuous basis. Shipper's total storage balance may not exceed its MSV except as otherwise provided in this Tariff. Volumes in the two components of Shipper's storage balance are subject to the following limits: volumes from Amarillo Line sources residing in the Amarillo Storage Point included in such balance may not at any time exceed fifty percent (50%) of Shipper's MSV and volumes from Gulf Coast Line sources residing in the Gulf Coast Storage Point may not at any time exceed sixty percent (60%) of Shipper's MSV. A Shipper which breaches the limitations in this subsection (3) on any day shall pay a Sourcing Charge as set out on the rate sections of this Tariff for that day multiplied by the excess volume (in Dth). If a Shipper's inventory hereunder exceeds its aggregate MSV, no Sourcing Charge shall apply, but any applicable Overrun Charges under Section 12 of the General Terms and Conditions of this Tariff shall be assessed. Notwithstanding payment of a Sourcing Charge, volumes in each component of a Shipper's storage inventory shall remain in that component until withdrawn or until transferred as set out below. A Shipper's DSS storage account as of November 1 shall automatically be adjusted so that, of its total DSS inventory, fifty percent (50%) of the volume resides in the Amarillo Storage Point and fifty percent (50%) of the volume resides in the Gulf Coast Storage Point. On any day, a Shipper can request that a specified volume be transferred from the Amarillo Storage Point to the Gulf Coast Storage Point, or vice versa, within the limitations of Shipper's available rights to maintain storage inventory in the component of its storage balance to which the volume is being transferred, where

such a transfer would avoid charges hereunder or alleviate an actual or potential breach of the limitations under this subsection (3). To implement such a transfer, Shipper must specifically request such a transfer as part of its timely nomination for that day and Shipper must make available capacity to effectuate the transfer under an FTS or FTS-G Agreement with a primary path which allows Natural to make the requested transfer.

(4) Rules regarding the allocation of injections by leg to determine such sourcing are set out in Section 5.6(c) of the General Terms and Conditions of this Tariff. In applying this subsection (c), all receipts on Natural's system on the Amarillo Line and north of Station 311 on the Gulf Coast Line shall be deemed to be sourced on the Amarillo Line and injected into the Amarillo Storage Point in the Iowa-Illinois Receipt Zone and all other receipts shall be deemed to be sourced on the Gulf Coast Line and injected into the Gulf Coast Storage Point in the Iowa-Illinois Receipt Zone, except as set out in subsection (5) below.

(5) Notwithstanding the foregoing, Natural shall post prior to the beginning of each month, at least twenty-four (24) hours before first-of-the-month nominations are due, the extent (if any) to which receipts between Station 110 and Station 311 will be treated as Gulf Coast receipts. Natural will designate such receipts as Gulf Coast receipts for that month to the extent reasonably feasible operationally. Such designation may be reduced only prospectively through issuance of an Operational Flow Order or in the subsequent month's posting. Natural shall also review such designations daily and may change the designation by a posting prior to the time nominations are due for that day; provided, however, that the volume designated as Gulf Coast receipts in a monthly posting may not be reduced during a month by such daily postings. Natural shall also post prior to each month, at least twenty-four (24) hours before first-of-the-month nominations are due for that month, whether the restrictions on Shipper's cumulative storage balance on each leg (as a percentage of MSV) can be relaxed for a specified time period. Any posting hereunder shall specify clearly which restrictions are being modified and the magnitude and duration of the modification.

5.4 (a) A Shipper must have in storage under this Rate Schedule DSS at least ninety-five percent (95%) of its MSV at some time during the period from October 15 through November 15. If Shipper fails to meet this requirement, its MSV for that year shall be deemed to be equal to the greatest volume in storage during that period. If the maximum volume in storage during that period is less than ninety-five percent (95%) of Shipper's MSV, but is equal to or greater than

ninety percent (90%) of Shipper's MSV, its MDQ (in the aggregate and at each Delivery Point) shall be reduced to seventy-five percent (75%) of the MDQ in the DSS Agreement, solely for the purposes of determining its WQ during the ensuing withdrawal cycle. If the maximum volume in storage during that period is less than ninety percent (90%) of Shipper's MSV, then its MDQ (in the aggregate and at each Delivery Point) shall be reduced to fifty percent (50%) of the MDQ in the DSS Agreement, solely for purposes of determining its WQ during the ensuing withdrawal cycle. At the beginning of the subsequent injection cycle, Shipper's MDQ shall be restored for all purposes to its stated level, subject to further adjustment under this Section. Notwithstanding the foregoing, a Shipper's rights shall not be reduced in the event that its failure to have the required inventory in storage is attributable to a change by Natural in operating parameters which is inconsistent with operating plan(s) posted previously by Natural. Natural will grant any waiver required to effectuate the prior sentence; provided, however, that such a waiver shall be granted only to the extent Shipper did not have a reasonable opportunity following the posting of the change in operating parameters to modify its injection patterns and achieve the required inventory on a timely basis. No Overrun Charges shall apply based on Shipper's failure to satisfy the inventory requirements of this Section 5.4(a).

(b) Shipper's remaining storage inventory under a DSS Agreement on each April 30 must be no more than fifty percent (50%) of its MSV. Rules regarding the allocation of withdrawals by leg under Rate Schedule DSS are set out at Section 5.6(c) of the General Terms and Conditions of the Tariff. Notwithstanding the foregoing, Shipper may request relief from this seasonal cycling requirement. Natural shall grant such requests on a non-discriminatory basis if the physical cycling requirements of its storage reservoirs have already been met. In addition, Natural shall grant waiver of the cycling requirement on a non-discriminatory basis to the extent: (i) Natural's physical cycling requirement could be met by requiring the withdrawal of BESS inventory within the applicable limits specified in Rate Schedule BESS [Natural shall utilize Sections 3(b) and 3(c) of Rate Schedule BESS as a mechanism to achieve cycling of BESS volumes in lieu of withdrawals hereunder but such provisions shall be a substitute for cycling hereunder only to the extent the waiver conditions of this subsection can be satisfied in conjunction with the use of such provisions]; and (ii) system capability is available for the withdrawal and transportation of such BESS inventory; provided, however, that a request for waiver which would require withdrawal of

BESS inventory may not be submitted prior to February 20 and, if Natural notifies the Shipper that the waiver can be granted, will become effective one (1) week from the date on which Natural grants the waiver, in whole or in part. A request for waiver shall be deemed continuing for the remainder of the withdrawal season unless Shipper specified otherwise, but Shipper must submit a new waiver request for any subsequent withdrawal season. If Shipper's remaining balance on April 30 under a DSS Agreement is greater than that allowed above, Shipper shall not be subject to Overrun Charges on such excess balance (unless some other limitation is exceeded) but shall pay (as applicable):

(1) A charge equal to the Authorized Inventory Cycling Rate multiplied by the volume representing that portion of the remaining inventory in excess of fifty percent (50%) of its MSV as to which Shipper has obtained cycling relief; and/or

(2) A charge equal to the Unauthorized Inventory Cycling Rate multiplied by the volume representing that portion of the remaining inventory in excess of fifty percent (50%) of its MSV as to which Shipper has not obtained cycling relief from Natural.

(c) Under circumstances where a waiver of the cycling requirement would be granted under subsection (b), Natural may provide cycling on behalf of Shippers on a non-discriminatory basis to the extent operationally feasible. Under this Cycling Option, the Rate Schedule DSS account of a Shipper will be reduced prior to April 30, with equivalent volumes to be returned to Shipper's Rate Schedule DSS account on the ensuing May 1. Natural shall assess a Cycling Option Charge equal to the Cycling Option Rate multiplied by the volumes cycled. The Cycling Option Charge shall be equal to or greater than the charge at the minimum Cycling Option Rate, but no greater than the charge based on the maximum Cycling Option Rate. The minimum and maximum Cycling Option Rate shall equal the minimum and maximum Authorized Inventory Cycling Rate, respectively. Prior to granting any requests for the Cycling Option, Natural shall post on the Informational Postings portion of its Interactive Website the availability of the Cycling Option and the rate Natural will charge (within the applicable maximum and minimum).



5.5 (a) A Shipper under this Rate Schedule DSS may request, as part of its nomination, injections in excess of IQ or in excess of its firm rights under Section 5.3(c) hereto or injections which would cause it to exceed its MSV and may, as part of its nomination, request withdrawals in excess of WQ or of its firm rights under Section 5.1(c). Such withdrawals and injections are subject to Section 9 of this Rate Schedule DSS. Rights available under Section 5.5(c) are firm and available on a no-notice basis and do not require a nomination.

(b) Except as set out in subsection (c), such injections or withdrawals shall be treated as authorized overrun for purposes of scheduling and curtailment under the General Terms and Conditions of this Tariff; provided, however, that injections and withdrawals within MDQ and MSV [including withdrawals within MDQ pursuant to a waiver under Section 5.1(c) or injections within MDQ and MSV in excess of firm rights under Section 5.3(c)] shall be treated as higher priority than all other authorized overrun or interruptible volumes (except corresponding authorized overrun requests under Rate Schedule NSS, which shall be of equal priority), consistent with the priority system set out in Section 5 of the General Terms and Conditions of this Tariff; and provided further that no authorized overrun charges apply unless MDQ and/or MSV is exceeded

(c) Forty-eight (48) hours prior to the beginning of each gas day, Natural shall post on the Informational Postings portion of its Interactive Website the availability of additional storage injection and withdrawal capability in excess of IQ and WQ, determined by taking into account both daily and seasonal storage parameters. Such availability shall be stated as percentage(s) of MDQ and may vary by pipeline leg as to injections. Such posting shall state the specific firm rights granted as to IQ and WQ and how the additional volumes are to be allocated between pipeline legs as to injections. Upon such posting, the storage injection and withdrawal capability stated as available in the posting shall be firm (and available for no notice rights) for that day provided neither Shipper's MDQ nor its MSV is exceeded. If no posting is made for any day, the default volume for firm injections and withdrawal rights on that day shall be five percent (5%) of MDQ in excess of the otherwise applicable IQ and WQ provided neither Shipper's MDQ nor its MSV is exceeded.

5.6 In the event that a Shipper receives nominated firm transportation service hereunder on any day (which service is available during the period of October 15 through April 15), such Shipper's MDQ available for delivered firm storage service hereunder shall be reduced by an equal volume. Such Shipper's WQ shall be recalculated to equal the lesser of (i) the WQ based on the full MDQ under the Agreement (before reduction for nominated firm transportation service), or (ii) the reduced MDQ; it being understood that the sum of the nominated firm transportation and the WQ in effect on any day may never exceed the MDQ under the Agreement.

6. RATE

6.1 Shipper shall pay Natural each month for service under this Rate Schedule DSS the sum of the following charges:

- (a) A Reservation Charge based on Shipper's MDQ;
- (b) An Authorized or an Unauthorized Inventory Cycling Charge and a Cycling Option Charge;
- (c) A Fuel Charge consisting of a Storage Fuel Charge and a Transportation Fuel Charge, the latter comprised of a Fuel Gas Charge and a Gas Lost and Unaccounted For Charge;
- (d) Overrun Charges, where applicable; and
- (e) Any other applicable charges and penalties set out in this Rate Schedule or the General Terms and Conditions of this Tariff (including but not limited to Balancing Service Charges).

Where a Shipper has agreed to pay a Negotiated Rate or a rate under a Negotiated Rate Formula, the rates assessed hereunder shall be governed by Section 49 of the General Terms and Conditions of this Tariff. A request for service at a Negotiated Rate or a rate under a Negotiated Rate Formula shall specify the Negotiated Rate or Negotiated Rate Formula on which the Shipper is willing to agree.

6.2 The charges identified in subsections (a) through (d) of Section 6.1 shall be assessed as follows:

- (a) The maximum Reservation Charge for service under this Rate Schedule DSS shall consist of the applicable maximum unit Reservation Rate set out in this Tariff multiplied by Shipper's MDQ. The Reservation Charge payable by any Shipper shall be the applicable maximum Reservation Charge unless a lower Reservation Charge is specified in the DSS Agreement or a separate discount agreement or is assessed pursuant to Section 6.6 hereof, which lower charge must be consistent with the minimum rate(s) specified in this Tariff. By mutual agreement

between Natural and Shipper which is consistent with the pro forma Agreement set out in this Tariff, discounts may be limited to specific volumes. The Reservation Charge shall constitute the minimum bill under this Rate Schedule DSS. Shipper shall be obligated to pay the Reservation Charge hereunder as of the date DSS service commences. DSS service shall be deemed to commence on the later of the date specified in the DSS Agreement or the date Natural is able to render firm service hereunder to Shipper.

(b) Authorized and Unauthorized Inventory Cycling Charges shall be applied as set out in Section 5.4(b) of this Rate Schedule DSS and the Cycling Option Charge shall be applied as set out in Section 5.4(c) of this Rate Schedule DSS.

(c) Shipper shall provide gas in kind for the fuel required to inject and withdraw gas and transport gas from storage to Delivery Points in connection with delivered firm storage service under this Rate Schedule DSS. Shipper shall also provide gas in kind for the fuel required to transport gas in connection with nominated firm transportation service under this Rate Schedule DSS. For delivered firm storage service, such charge shall be assessed upon injection, reducing the volumes deemed delivered into Shipper's DSS inventory and thus fuel volumes shall not subsequently enter into the determination of Shipper's inventory or withdrawal rights. The Storage Fuel Charge shall equal the Storage Fuel Rate set out in this Tariff (stated as a percentage fuel rate) multiplied by each Dth of gas injected under the DSS Agreement. For both gas injected under delivered firm storage service and gas transported under nominated firm transportation hereunder, the Transportation Fuel Charge shall equal the Fuel Gas and Gas Lost and Unaccounted For Rates applicable to transportation from the Iowa-Illinois Receipt Zone to the Market Delivery Zone multiplied by each Dth of gas injected for the account of Shipper or tendered by Shipper for nominated firm transportation service under this Rate Schedule DSS. Upon the mutual agreement of Natural and Shipper, in lieu of Natural retaining gas in kind, Shipper shall reimburse Natural for fuel at a price established under Section 7.1 of the General Terms and Conditions of this Tariff multiplied by the Storage Fuel Charge.

(d) Except as otherwise provided herein, Shipper shall pay the Authorized Overrun Rate or Unauthorized Overrun Rate, as applicable, specified in Section 12 of the General Terms and Conditions of this Tariff on the volumes of any overrun of its firm rights under Section 5 of this Rate Schedule DSS or on the volume by which Shipper has failed to satisfy its minimum monthly withdrawal obligation under said Section 5.

6.3 (a) Shipper shall reimburse Natural within five (5) business days after costs have been incurred by Natural for all fees required by the FERC or any regulatory body including, but not limited to, filing, reporting, and application fees to the extent such fees are specifically related to service for that Shipper hereunder and are not generally applicable fees (such as general rate case filing fees). Any costs collected hereunder shall be excluded from Natural's cost of service in determining generally applicable rates and charges.

(b) If Natural constructs, acquires or modifies any facilities to perform service hereunder, then as specified in an agreement between the parties either:

(1) Shipper shall reimburse Natural for the cost of such facilities or facility modifications as described in the General Terms and Conditions of this Tariff; or

(2) Natural shall assess a monthly charge reflecting such facility costs.

6.4 The ACA and RD&D charges will be assessed, when applicable, as provided in the General Terms and Conditions of this Tariff, on volumes delivered by Natural to Shipper under this Rate Schedule DSS.

6.5 (a) Natural shall have the unilateral right to file with any appropriate regulatory authority and make changes effective in (1) the rates and charges applicable under this Rate Schedule DSS, including both the level and design of such rates and charges; or (2) the terms and conditions of this Rate Schedule DSS. Natural agrees that Shipper may protest or contest the aforementioned filings, or may seek authorization from duly constituted regulatory authorities for such adjustment of Natural's existing FERC Gas Tariff as may be found necessary to assure that its provisions are just and reasonable.

(b) If, at any time and from time to time, the Commission or any other governmental authority having jurisdiction in the premises allows or permits Natural to collect, or to negotiate to collect, a higher rate for the service hereunder, the rate shall, subject to any contrary provision of the DSS Agreement or any separate discount agreement, be increased to the highest such rate. Should

additional documentation be required in order for Natural to collect such highest rate, Shipper shall execute or provide such documentation within fifteen (15) calendar days after a written request by Natural. If, at any time and from time to time, the Commission or any other governmental authority having jurisdiction in the premises requires Natural to charge a lower rate for service hereunder, the rate shall be decreased to such reduced rate.

6.6 Natural may from time to time and at any time, upon twenty-four (24) hours' verbal or written notice, subject to any provisions on discounting in the DSS Agreement or in a separate discount agreement, charge any individual Shipper for service under this Rate Schedule DSS a rate which is lower than the applicable maximum rate set forth in this Tariff; provided, however, that such rate charged may not be less than the applicable minimum rate for service under this Rate Schedule DSS set forth in this Tariff. Natural will confirm any verbal notice of the applicable rate in writing. Such notification shall specifically state the effective date of such rate change and the quantity of gas so affected. Unless otherwise agreed in the DSS Agreement or in a separate discount agreement, Natural may at any time further change such rate (subject to any restrictions as to maximum or minimum rates set out in this Tariff, the DSS Agreement and/or any discount agreement) upon twenty-four (24) hours' verbal notice to Shipper, which notice shall be confirmed in writing. Such notification shall specifically state the effective date of such rate change and the quantity of gas so affected. Natural shall file with the Commission any and all reports as required by the Commission's Regulations with respect to the institution or discontinuance of any discount.

6.7 All revenues and gas in kind collected by Natural as a result of providing service under this Rate Schedule DSS shall be retained by Natural unless Natural has otherwise explicitly agreed on a different disposition of such amounts. Where crediting or refund mechanisms apply under other provision(s) of this Tariff or pursuant to effective Commission orders or settlements, such mechanisms shall supersede this Section to the extent necessary to carry out such provision(s).

**7. NOMINATIONS, NO-NOTICE SERVICE AND POINTS**

7.1 (a) In accordance with the General Terms and Conditions of this Tariff, Shipper shall nominate to Natural the quantity of gas to be injected into or withdrawn from storage or to be received for transportation and redelivered for its account under its DSS Agreement on each day. With respect to delivered firm storage service, such nominated volumes shall not limit Shipper's firm injection or withdrawal rights specified in Section 5 of this Rate Schedule DSS. Firm injection and withdrawal rights for delivered firm storage service shall be available to Shipper on a no-notice basis unless otherwise specifically provided in this Rate Schedule DSS or the applicable General Terms and Conditions.

(b) Nominated firm transportation available under this Rate Schedule DSS shall be provided only in accordance with Shipper's nominations to Natural and shall be limited to the volume properly nominated and confirmed. If Shipper nominates such service, Shipper's MDQ shall be adjusted and its WQ shall be recalculated as set out in Section 5.6 of this Rate Schedule DSS. Such service may only be nominated for day(s) within the period from October 15 through April 15.

(c) Natural may permit additional injections or withdrawals or transportation in excess of applicable firm limits and may allow a Shipper to withdraw less than the required minimum monthly volume in accordance with Sections 5.5 and 9 of this Rate Schedule DSS. The quantity of gas withdrawn by Shipper on any day shall not be greater than the total quantity of gas held by Natural for the account of Shipper as of that date.

7.2 Any imbalance between confirmed nominations for deliveries and actual deliveries at Delivery Points eligible for service under this Rate Schedule DSS shall be treated as an injection into or withdrawal from Shipper's DSS storage inventory within the limits of Shipper's firm storage rights hereunder (as adjusted under Section 5.6 hereof for any nominated firm transportation being used by Shipper on that day). It shall be Shipper's responsibility to keep any difference between nominated and actual deliveries within a level which can be accommodated by use of such storage rights (the sum of confirmed nominations and any remaining no notice rights). If Shipper fails to do so, Overrun and/or Balancing Service Charges shall apply to the extent specified in Section 12 of the General Terms and Conditions of this Tariff.

Notwithstanding the foregoing, if Shipper takes action based on inaccurate information provided by Natural regarding any parameter relevant to its operation under this Rate Schedule DSS (such as Shipper's IQ, WQ or storage balance) and such action results in Shipper exceeding its rights, Natural will waive (except as provided in the following sentence) any charges Shipper could reasonably have avoided had Natural provided accurate information. Shipper may rely on the most recent information provided by Natural to Shipper regarding any such parameter, but Shipper has an obligation to provide Natural on a timely basis with relevant information within its control to be used in the determination of such parameters and charges hereunder shall not be waived to the extent that the inaccurate information provided by Natural resulted from Shipper's failure to provide Natural accurate information within its control on a timely basis. Any imbalance between deliveries and receipts, after adjustment for DSS storage injections and withdrawals, shall be eliminated by cashout on a monthly basis in accordance with Section 13.3 of the General Terms and Conditions of this Tariff.

7.3 All primary Delivery Points under the DSS Agreement, along with all secondary Delivery Points that together with one or more of the primary points comprise a Central Delivery Point, shall be eligible for no-notice service as part of the delivered firm storage service under this Rate Schedule DSS. A Shipper may also request, by notice to Natural, to take no-notice service at other secondary Delivery Points in lieu of points described in the prior sentence upon prior written notice to Natural, and Natural shall promptly notify the Shipper whether such points are eligible for no-notice service.

7.4 The primary Delivery Point(s) for all gas delivered by Natural to Shipper (or to a third-party on behalf of Shipper) hereunder shall be specified in the DSS Agreement and must be located within the Market Delivery Zone. For each individual primary Delivery Point, and for the aggregate of all such points, Natural's maximum obligation to deliver gas on a firm basis (i.e., its MDQ) shall be specified in Dth in the DSS Agreement. The sum of the MDQs at primary Delivery Points may not exceed the aggregate MDQ. All stated MDQs shall be exclusive of applicable Storage Fuel, Fuel Gas and Gas Lost and Unaccounted For. Storage Fuel, Fuel Gas and Gas Lost and Unaccounted For shall be provided by Shipper for delivered firm storage service upon injection by reducing the volumes deemed delivered into such Shipper's DSS inventory under the separate transportation Agreement(s) used for injection hereunder and such fuel volumes shall not subsequently be taken into account in determining Shipper's DSS inventory or withdrawal rights. Fuel Gas and Gas Lost and Unaccounted For shall be assessed on

nominated firm transportation service under this Rate Schedule DSS at the time such service is provided. All points in the Market Delivery Zone may be used as secondary out-of-path Delivery Points hereunder, consistent with the General Terms and Conditions of this Tariff, but such points shall only be eligible for no-notice service to the extent provided in Section 7.3 of this Rate Schedule DSS.

7.5 (a) With respect to delivered firm storage service, the Receipt Points shall be the storage point(s) in the Iowa-Illinois Receipt Zone defined in this Tariff. Each DSS Agreement shall have such storage points as Receipt Point(s) and will be subject to the limitations and conditions (including volumes and priorities) specified in the General Terms and Conditions of this Tariff relating to such points. While such storage point(s) are not physical points, the Receipt Point(s) hereunder shall be treated as primary points on withdrawal for scheduling, curtailment and similar purposes. For injection, such storage points shall be treated as primary Delivery Points for scheduling and curtailment to the extent provided in Section 5.6 of the General Terms and Conditions of this Tariff. Any separate firm transportation Agreement held by Shipper under which it desires to make injections into its DSS account may have the Iowa-Illinois Receipt Zone storage points as Delivery Points and such storage points shall be treated as primary Delivery Points for scheduling and curtailment to the extent provided in Section 5.6 of the General Terms and Conditions of this Tariff. Further, such transportation Agreement may specify that such storage points are to be the Delivery Points during the injection season, with the applicable priority, and that the Shipper's market area points are to be the primary Delivery Points during the withdrawal season.

(b) For nominated firm transportation service, the Receipt Point(s) under any DSS Agreement shall include all points in the Iowa-Illinois Receipt Zone. Natural shall determine for each DSS Agreement, at the time the request for service is processed, which Receipt Points can be treated operationally as in-the-path secondary in nature. All other Receipt Point(s) shall be out-of-path secondary in nature. The MDQ at each Receipt Point shall equal the aggregate MDQ. The priority applicable to secondary Receipt Points shall be governed by the General Terms and Conditions of this Tariff.



**8. OPERATING CONDITIONS**

(a) Operating conditions at Receipt Point(s) for nominated firm transportation service hereunder and operating conditions at Delivery Point(s) for any service hereunder shall be governed by Sections 5, 7 and 8(b) of this Rate Schedule DSS and the General Terms and Conditions of this Tariff. Operating conditions related to injections and withdrawals hereunder shall be governed by Sections 5, 7 and 8(b) of this Rate Schedule DSS and the General Terms and Conditions of this Tariff.

(b) Shipper shall arrange separately for the transportation of gas to Natural's Iowa-Illinois Receipt Zone storage point(s) in connection with delivered firm storage service under this Rate Schedule DSS. Shipper shall make all necessary arrangements separately with Natural or other parties upstream of the point where gas is tendered to Natural in the Iowa-Illinois Receipt Zone for transportation of gas pursuant to nominated firm transportation service hereunder. Shipper is also responsible for all arrangements downstream of the Delivery Point(s). Such arrangements must be consistent with this Rate Schedule DSS and must be coordinated with Natural, subject to the no-notice aspects of the delivered firm storage service being provided under the DSS Agreement. To be eligible for service hereunder, Shipper or its supplier or purchaser must comply with all applicable provisions of any separate transportation Agreement(s) and any applicable Rate Schedule(s) and the applicable General Terms and Conditions.

(c) Natural will provide all base gas required to support delivered service under Rate Schedule DSS. Shippers will provide working gas for such service as set out in Section 5 of this Rate Schedule DSS.

(d) Shipper must have all of its gas withdrawn by the end of the term of a DSS Agreement (or Agreement under a successor service) which is not rolled over or extended. Such withdrawals may be effectuated through an in-field transfer, subject to the then applicable rules governing such transfers. If at any time service pursuant to this Rate Schedule DSS (or successor service) and/or a DSS Agreement (or Agreement under a successor service) is cancelled or terminated prior to the end of the term specified in the DSS Agreement (or successor Agreement), Shipper shall be required to withdraw its gas over a period of time determined by dividing: (1) the volume of gas Shipper is required to withdraw, by (2) fifty percent (50%) of Shipper's MDQ; provided, however, that if service is being terminated pursuant to Section 19.19 of the General Terms and Conditions of this Tariff, the withdrawal period shall be equal in duration to the prior notice period required under

said Section 19.19. If Natural is unable to withdraw any volume requested by Shipper, up to the volume specified in the preceding sentence, the period shall be extended accordingly. If the gas is not withdrawn within the specified time period, the remaining volumes shall be cashed out with no offsets, trading or netting and the proceeds distributed to Shipper, based on the greater than twenty percent (20%) tier for imbalances set out at Section 13.3 of the General Terms and Conditions of this Tariff.

**9. OVERRUN SERVICE**

Upon request of Shipper, Natural may (but is not obligated to) receive for injection hereunder on any day as authorized overrun quantities of natural gas in excess of Shipper's IQ or MSV or other restrictions on injections under Section 5 of this Rate Schedule DSS, as applicable. Similarly, Natural may, upon request from Shipper, withdraw and/or transport volumes in excess of a Shipper's WQ or MDQ or other restrictions on withdrawals or transportation volumes under this Rate Schedule DSS, as applicable, or may allow Shipper to withdraw less than the minimum required monthly volume. Such requests can be granted when in Natural's reasonable judgment, the capacity and operating capability of its system will permit without impairing the ability of Natural to meet its other service obligations; provided, however, that in no event will Shipper be allowed to withdraw more gas than it has in storage. In evaluating such requests, Natural shall take into account the sum of the service nominated for nominated firm storage service and the available delivered firm storage service rights. In granting requests for Authorized Overrun Service, Natural shall act in a manner consistent with the overrun service priorities set out in the General Terms and Conditions of this Tariff. Charges applicable to either authorized or unauthorized overrun volumes shall be as set out in Section 12 of the General Terms and Conditions of this Tariff.

**10. GENERAL TERMS AND CONDITIONS**

The provisions of the General Terms and Conditions of this Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this Rate Schedule DSS and shall apply to service rendered hereunder as though stated herein.

**RATE SCHEDULE NSS**  
**NOMINATED FIRM STORAGE SERVICE**

**1. AVAILABILITY**

(a) This Rate Schedule NSS is available for nominated firm storage service (with limited no-notice rights in conjunction with the NB service option under Rate Schedules FTS, FFTS or FTS-G) to any entity (hereinafter called Shipper) which: (1) submits to Natural Gas Pipeline Company of America LLC (hereinafter called Natural) a valid request as defined in Section 3 hereof which Natural has capacity available on all affected portions of its system and the operational capability to satisfy; and (2) executes a Nominated Firm Storage Service Agreement (NSS Agreement) with Natural applicable to service under this Rate Schedule NSS. The form of NSS Agreement is contained in this Tariff. There is no limitation on the number of NSS Agreements any one Shipper may have.

(b) Shipper shall arrange separately with Natural or others as necessary for any transportation attendant to the storage service provided hereunder. Shipper shall pay separately for such transportation service.

**2. APPLICABILITY, CHARACTER AND PRIORITY OF SERVICE**

(a) This Rate Schedule NSS defines a nominated firm storage service, to be provided on a prior notice basis; provided, however, that injections and withdrawals hereunder shall be available on a no-notice basis to the limited extent permitted in conjunction with firm transportation if Shipper makes the appropriate election of the NB service option under Rate Schedule FTS, FFTS or FTS-G and subject to the limitations on such no-notice rights set out in Rate Schedule FTS, FFTS or FTS-G and the General Terms and Conditions of this Tariff. This Rate Schedule NSS shall apply to all gas received by Natural from or for the account of Shipper pursuant to a NSS Agreement. As more fully set out in the General Terms and Conditions of this Tariff, Natural is not providing a gas supply service under this Rate Schedule NSS.

(b) Service hereunder shall consist of the acceptance by Natural of natural gas from or for the account of Shipper for injection into storage hereunder, the storage of gas hereunder, and the withdrawal of such gas from storage hereunder by Natural for Shipper or for Shipper's account. Shipper shall

provide Storage Fuel for injection and withdrawal of gas as provided in this Rate Schedule NSS. Natural shall not be required (except to the extent Natural has accepted confirmed nominations allowing authorized overrun) to: (1) accept on any day gas tendered for injection hereunder in excess of Shipper's Maximum Daily Injection Quantity (IQ) or which would cause Shipper's storage balance to exceed its Maximum Storage Volume (MSV), as such terms are defined in Section 5 hereof; (2) withdraw for delivery hereunder on any day gas requested in excess of Shipper's Maximum Daily Withdrawal Quantity (WQ), as defined in Section 5 hereof; (3) accept or withdraw gas in excess of any other injection or withdrawal restrictions in said Section 5; or (4) accept or deliver gas hereunder which is not properly nominated and confirmed pursuant to the General Terms and Conditions of this Tariff, except within Shipper's no-notice rights hereunder exercised pursuant to the NB service option properly elected by it in accordance with Rate Schedule FTS or FTS-G and the General Terms and Conditions of this Tariff. Shipper shall not be allowed to withdraw hereunder more gas than it has in storage.

(c) The service provided under this Rate Schedule NSS shall be performed under Part 284 of the Commission's Regulations. Shipper shall only tender gas under this Rate Schedule NSS to the extent such service would qualify under the applicable statutes, regulations, Commission orders and the blanket certificate authorizing service by Natural under this Rate Schedule NSS. For service under Subpart B of Part 284 of the Commission's Regulations, Shipper shall provide to Natural appropriate certification, including sufficient information in order for Natural to verify that the service qualifies under Subpart B of Part 284 of the Regulations. Where required by the Commission's Regulations, Shipper shall (prior to tendering gas under a NSS Agreement) cause the intrastate pipeline or local distribution company on whose behalf the service will be provided to submit the necessary certification.

(d) Natural may utilize any and all of its storage and related facilities to provide the service described in this Rate Schedule NSS. The capacity available to provide such service shall be based on the capacity and functions of all such storage fields. A Shipper hereunder may request the percentage of its service to be provided on the Amarillo Line and on the Gulf Coast Line, provided that the two percentages add to 100%. A Shipper may alternatively request separate contracts to cover separately service on the Gulf Coast Line and on the Amarillo Line. For the purpose of evaluating any new requests for firm service hereunder,

or the awarding of service hereunder pursuant to a unilateral rollover right, a contractual rollover right or a right of first refusal received pursuant to Section 22 of the General Terms and Conditions of this Tariff, Natural shall assess separately for the Gulf Coast or for the Amarillo Line, its ability to provide the service requested on that line. If MDQs are separately stated by pipeline leg in separate contracts, then NSS service shall be separately administered by pipeline leg.

(e) Shipper is not required to have firm transportation service for delivery of gas to storage or the transportation of gas away from storage in order to have firm storage service under this Rate Schedule NSS. However, injections and withdrawals under this Rate Schedule NSS will be dependent on any necessary transportation being confirmed by Natural and shall be subject to the scheduling and curtailment of such transportation pursuant to the provisions of this Tariff. Storage points hereunder shall be treated as in-the-path to the extent provided in Section 7(b) of this Rate Schedule NSS and Section 5.6 of the General Terms and Conditions of this Tariff.

(f) Allocation of capacity, curtailment, and priorities of service for the purposes of scheduling and curtailment shall all be governed by the General Terms and Conditions of this Tariff.

(g) Shipper may release capacity dedicated to service hereunder pursuant to Natural's Capacity Release Program to the extent permitted by, and subject to the terms and conditions contained in, the General Terms and Conditions of this Tariff. A Shipper releasing a portion of its rights under an NSS Agreement may designate how inventory is to be allocated among itself and the replacement Shippers; provided, however, that the resulting inventory cannot, absent express agreement by Natural, exceed any Shipper's MSV under the resulting Agreements (i.e., the MSV calculated in reference to the MDQ under any replacement Agreement for any inventory designated to go to such replacement Agreement and the MSV calculated in reference to the MDQ not released under the original Agreement for any inventory designated to remain with the Original Shipper) nor may a release result in any Shipper or all Shippers in the aggregate (Original and replacement) having rights in excess of those available prior to any release on a firm basis to the releasing Shipper under this Tariff and the NSS Agreement.

**3. VALID REQUEST**

3.1 A request for service under this Rate Schedule NSS shall be valid as of the date received if it complies with this Section and contains adequate information on all of the items specified in Section 3.2, subject to any necessary verification of such information and to the following:

(a) A request shall not be valid and Natural shall not be required to grant any such request:

(1) For which adequate capacity or operational capability is not available in Natural's storage system and related facilities necessary to provide such service;

(2) As to which Natural does not have the operational capability to effect storage injections and/or withdrawals on a basis consistent with the terms and conditions of this Rate Schedule NSS;

(3) Unless and until Shipper has provided Natural with the information required in Section 3.2;

(4) If Natural determines, based on the credit analysis referenced in Section 3.2(e), that Shipper does not possess sufficient financial stability to make it reasonably likely the service provided hereunder will be paid for on a timely basis;

(5) If the service requested would not comply with this Rate Schedule NSS; or

(6) If the service requested is at less than the applicable maximum rate; provided, however, that Natural may agree to provide service hereunder at a discount consistent with this Rate Schedule NSS.

(b) Nothing herein is intended to govern the scheduling and curtailment of service once a request for service has been granted pursuant to this Section and while a NSS Agreement is in effect. Such matters are governed by the General Terms and Conditions of this Tariff.

(c) Natural shall promptly notify Shipper if it cannot satisfy an otherwise valid request, in whole or in part, due to lack of capacity or system capability or if the request is incomplete or does not comply with this Rate Schedule NSS. Any request shall be null and void unless it is substantially complete and complies with this Rate Schedule NSS. In the event a request is substantially but not entirely complete, Natural shall inform Shipper in writing of the specific items needed to complete the NSS Agreement, after which Shipper shall have fifteen (15) calendar days to provide the specified information. In the event such information is not received within fifteen (15) days, Shipper's request shall be null and void.

3.2 Requests for service hereunder shall be deemed valid only after the information specified in this Section 3.2 is provided by Shipper via Natural's Interactive Website or in writing to Natural's Gas Transportation Department, at 1001 Louisiana Street, Suite 1000, Houston, Texas 77002. Qualifying bids in an auction shall be treated as a valid request provided that the bid is supplemented with all information required under this Section 3.2 as required by the General Terms and Conditions of this Tariff. The information required for a valid request shall be as follows:

(a) VOLUME

The request shall specify in Dth an aggregate Maximum Daily Quantity (MDQ), which shall be utilized to determine the WQ, the MSV and the IQ as set out in Section 5 of this Rate Schedule. Consistent with Sections 2(d) and 5.3(b)(4) hereof, the request shall also specify the percentage of MDQ by pipeline leg (Amarillo or Gulf Coast). All stated quantities shall be exclusive of Storage Fuel. Storage Fuel shall be provided by Shipper as set out in Sections 6.2(b) and 7(c) of this Rate Schedule NSS. If Shipper is willing to accept a lesser MDQ, Shipper shall also specify the minimum acceptable MDQ, in total and by pipeline leg.

(b) POINTS

The Receipt Points for injection and the Delivery Points for withdrawal under an NSS Agreement shall be the storage points as defined in the General Terms and Conditions of this Tariff. Gas injected at any storage point must be withdrawn from the same storage point.

(c) TERM OF SERVICE

The request shall specify:

- (1) The date service is requested to commence; and
- (2) The date service is requested to terminate.

(d) REQUESTED RATE

The request shall state the rate at which the Shipper is willing to contract for the service requested. If no rate is stated, Shipper will be deemed to have agreed to the maximum rate.

(e) CREDIT

Acceptance of a request is contingent upon a satisfactory credit appraisal by Natural in accordance with the General Terms and Conditions of this Tariff.

(f) COMPLIANCE WITH NSS TARIFF

Submission of a request shall be deemed agreement by Shipper that it will abide by the terms and conditions of this Rate Schedule NSS, including the applicable General Terms and Conditions.

(g) COMMISSION-REQUIRED FILING INFORMATION

The following information is to be provided at the time a request for service hereunder is submitted, if available, or when an initial nomination for storage under an executed NSS Agreement is submitted, and when any subsequent changes occur:

- (1) Affiliation of the Shipper with Natural; and
- (2) The identity of the Shipper, including whether it is a local distribution company, an interstate pipeline company, an intrastate pipeline company, an end user, a producer, or a marketer.



**4. TERM**

(a) The term of service hereunder shall be set forth in the NSS Agreement between Shipper and Natural.

(b) The General Terms and Conditions of this Tariff shall govern the applicability of, and the terms and conditions relating to, rollovers and the right of first refusal vis a vis a NSS Agreement. Upon termination of any NSS Agreement, and subject to such rollover or right of first refusal, service by Natural to Shipper thereunder shall be terminated and automatically abandoned.

(c) Natural may terminate any NSS Agreement if Natural is required by the Commission or some other agency or court to provide firm service for others utilizing the system capacity or capability required for service under such NSS Agreement or if Natural ceases (after receipt of any requisite regulatory authorization) to offer service of the type covered by the NSS Agreement; provided, however, that nothing herein shall be read to protect Natural from the consequences of its own negligence.

**5. INJECTION/WITHDRAWAL PARAMETERS**

5.1 A Shipper's WQ defines the maximum quantity of gas which it has a firm right to withdraw on any day under this Rate Schedule NSS. If Shipper exceeds its firm withdrawal rights, it shall be subject to Overrun Charges as provided in Section 12 of the General Terms and Conditions of this Tariff. Except as provided in Section 5.7 and subject to Section 5.3(b), a Shipper's WQ shall vary with Shipper's inventory level in its NSS account as follows:

(a) When Shipper's inventory level in its storage account under the NSS Agreement exceeds fifty percent (50%) of its MSV under the NSS Agreement, its WQ shall equal one hundred percent (100%) of its MDQ; and

(b) When Shipper's inventory level in its storage account under the NSS Agreement is equal to or less than fifty percent (50%) of its MSV under the NSS Agreement, its WQ shall equal the lesser of seventy percent (70%) of its MDQ or the volume of gas remaining in storage for its account under the NSS Agreement.

5.2 A Shipper's MSV is the maximum volume of gas which it is entitled to have in storage under an NSS Agreement on a firm basis. A Shipper's MSV equals its MDQ under the NSS Agreement multiplied by seventy-five (75). If Shipper exceeds its MSV, Overrun Charges shall apply as set out in Section 12 of the General Terms and Conditions. In no event will a Shipper be allowed to withdraw more gas than it has in storage in the aggregate; i.e., Shipper may not create a negative storage inventory.

5.3 (a) A Shipper's IQ shall be the maximum volume of gas such Shipper has the right to inject on any day under the NSS Agreement on a firm basis [subject to Section 5.7 and subsection (b) below]. If a Shipper exceeds its firm injection rights hereunder, such excess injections shall be subject to Overrun Charges under Section 12 of the General Terms and Conditions of this Tariff. A Shipper's IQ varies based on its inventory level, as follows:

(1) When a Shipper's inventory level in its storage account under the NSS Agreement is less than sixty-seven percent (67%) of its MSV under the NSS Agreement, its IQ shall equal fifty percent (50%) of its MDQ; and

(2) When a Shipper's inventory level in its storage account under the NSS Agreement is equal to or greater than sixty-seven percent (67%) of its MSV under the NSS Agreement, its IQ shall equal thirty-three percent (33%) of its MDQ.

(b) (1) Subject to subsection (2) below, a Shipper's firm injection and withdrawal rights on any day shall be further limited as set out in this subsection. Each contract shall specify the percentage of service to which Shipper is entitled on the Amarillo Line (Amarillo Percentage) and the percentage of service to which Shipper is entitled on the Gulf Coast Line (Gulf Coast Percentage). The sum of such percentages shall be 100%. The Amarillo Percentage times a Shipper's IQ shall be available for injections from sources on the Amarillo Line and the Gulf Coast Percentage times a Shipper's IQ shall be available for injections from sources on the Gulf Coast Line. Similarly, the Amarillo Percentage times a Shipper's WQ shall be available for withdrawal from sources on the Amarillo Line and the Gulf Coast Percentage times a Shipper's WQ shall be available for withdrawal from sources on the Gulf Coast Line. Volumes which a Shipper seeks to have scheduled and Natural is able to schedule for either injection or withdrawal on either line in excess of the resulting daily firm volume hereunder or in excess of the restrictions in subsection (3) shall be treated as authorized overrun, with the same priority as other authorized overrun injections and withdrawals under Section 5.5(b) of this Rate Schedule NSS.

(2) While Natural shall allocate injections and withdrawals by leg on a daily basis, overruns of daily rights by leg shall be evaluated on a monthly basis. Shipper shall only be subject to overrun charges with respect to such daily rights by leg if and to the extent its total injections or withdrawals by leg hereunder during any month exceed the sum of its daily injection or withdrawal rights, as applicable, for that month. If Natural accepts confirmed nominations for authorized overrun of such rights on a leg on any day, the volume authorized in excess of Shipper's firm daily rights shall be added to the sum of its daily rights for that leg for the month but, unless otherwise agreed, an equal volume shall be subtracted from the sum of daily rights for the other leg for that month. Notwithstanding the foregoing, Natural shall continue to evaluate overrun of total IQ and WQ under any Agreement, and assess any corresponding Overrun Charges, on a daily basis.

(3) Shipper's storage balance shall be divided into Amarillo and Gulf Coast components. Separate accounting shall be maintained by Natural of each component on a continuous basis. Shipper's total balance may not exceed its MSV except as otherwise provided in this Tariff. Volumes in the two components of Shipper's storage balance hereunder are subject to limits set out in the remainder of this subsection. Each contract shall specify the percentage of service to which Shipper is entitled on the Amarillo Line (Amarillo Percentage) and the percentage of service to which Shipper is entitled on the Gulf Coast Line (Gulf Coast Percentage). The sum of such percentage shall be 100%. Volumes from Amarillo Line sources residing in Amarillo Line storage points included in such balance may not at any time exceed Shipper's Amarillo Percentage times Shipper's MSV and volumes from Gulf Coast Line sources residing in Gulf Coast Line storage points included in such balance may not at any time exceed 107% of Shipper's Gulf Coast Percentage (up to 100%) times Shipper's MSV. A Shipper which breaches the limitations in this subsection (3) on any day shall pay a Sourcing Charge as set out on the rate sections of this Tariff for that day multiplied by the excess volume (in Dth). Payment of a Sourcing Charge hereunder shall not affect the location of any storage volumes nor shall any volumes be deemed transferred to storage points on the other leg as a result of Shipper having paid such a charge. If a Shipper's total storage balance hereunder exceeds its MSV, no Sourcing Charge shall apply, but ordinary Authorized or Unauthorized Overrun Charges under Section 12 of the General Terms and Conditions of this Tariff shall be assessed.

(4) Shipper's NSS Agreement shall specify the percentage of service to which Shipper is entitled on the Amarillo Line (Amarillo Percentage) and the percentage of service to which Shipper is entitled on the Gulf Coast Line (Gulf Coast Percentage). The sum of the Amarillo Percentage and the Gulf Coast Percentage shall equal 100%. If Shipper requests separate MDQs for each pipeline leg, the request shall at Shipper's option be treated either as a request for separate contracts or as a request for separate MDQs per leg within a single contract, consistent with Section 2(d) of this Rate Schedule NSS. In either case, MDQs shall be separately applied by pipeline leg. Because of operational constraints on Natural's system, rights on the Amarillo Line in the aggregate for all NSS Shippers must be approximately 25% and rights on the Gulf Coast Line in the aggregate for all NSS Shippers must be approximately 75%, assuming Natural has sold all the NSS service its system is capable of providing.

(5) Rules regarding the allocation of injections and withdrawals by leg are set out in Section 5.6(c) of the General Terms and Conditions of this Tariff. In applying this subsection (b), all receipts on Natural's system on the Amarillo Line and north of Station 311 on the Gulf Coast Line shall be deemed to be sourced on the Amarillo Line and injected into Amarillo Line storage points and all other receipts shall be deemed to be sourced on the Gulf Coast Line and injected into Gulf Coast Line storage points, except as set out in subsection (6) below.

(6) Notwithstanding the foregoing, Natural shall post prior to the beginning of each month, at least twenty-four (24) hours before first-of-the-month nominations are due, the extent (if any) to which receipts between Station 110 and Station 311 will be treated as Gulf Coast receipts. Natural will designate such receipts as Gulf Coast receipts for that month to the extent reasonably feasible operationally. Such designation may be reduced only prospectively through issuance of an Operational Flow Order or in the subsequent month's posting. Natural shall also review such designations daily and may change the designation by a posting prior to the time nominations are due for that day; provided, however, that the volume designated as Gulf Coast receipts in a monthly posting may not be reduced during a month by such daily postings. Natural shall also post prior to each month, at least twenty-four (24) hours before first-of-the-month nominations are due for that month, whether the restrictions on Shipper's cumulative storage

balance on each leg (as a percentage of MSV) can be relaxed for a specified time period. In the event that Natural grants a waiver of restrictions on cumulative inventory by leg, Shipper's allocation of firm withdrawal rights by leg shall be modified to correspond to the increase in allowable inventory on the Amarillo Line. Any posting hereunder shall specify clearly which restrictions are being modified and the magnitude and duration of the modification.

(7) This subsection shall govern the transfer of inventory. On any day, a Shipper can request that a specified volume be transferred from the Amarillo to the Gulf Coast components on its storage balance or vice versa within the limitations of Shipper's available rights to maintain storage inventory in the component of its storage balance to which the volume is being transferred, where such a transfer would avoid charges hereunder or alleviate an actual or potential breach of the limitations under subsection (3). To implement such a transfer, Shipper must specifically request such a transfer as part of its timely nomination for that day and Shipper must make available capacity to effectuate the transfer under an FTS or FTS-G Agreement with a primary path which allows Natural to make the requested transfer.

5.4 Service hereunder shall not be subject to any cycling requirement nor is Shipper required to inject any minimum inventory level.

5.5 (a) A Shipper under this Rate Schedule NSS may request, as part of its nomination, injections in excess of IQ or in excess of its firm rights under Section 5.3(b) hereof or which would cause it to exceed its MSV and may request, as part of its nomination, withdrawals in excess of WQ or in excess of its firm rights under Section 5.3(b). Such withdrawals and injections are subject to Section 9 of this Rate Schedule NSS. Rights available under Section 5.5(c) are firm and need not be nominated to the extent of Shipper's no-notice rights hereunder in conjunction with FTS-NB.

(b) Except as set out in subsection (c), such injections or withdrawals shall be treated as authorized overrun for purposes of scheduling and curtailment under the General Terms and Conditions of this Tariff; provided, however, that injections and withdrawals within MDQ and MSV shall be treated as higher priority than other authorized overrun and interruptible volumes (except corresponding authorized overrun requests under Rate Schedule DSS, which shall be of equal priority), consistent with the priority system set out in the General Terms and Conditions of this Tariff; and provided further that no authorized overrun charges apply unless MDQ and/or MSV is exceeded.

(c) Forty-eight (48) hours prior to the beginning of each gas day, Natural shall post on the Informational Postings portion of its Interactive Website the availability of additional injection and withdrawal capability in excess of IQ and WQ, determined by taking into account both daily and seasonal storage parameters. Such availability shall be stated as percentage(s) of IQ and WQ and shall be separately stated by pipeline leg. Upon such posting, the storage injection and withdrawal capability stated as available in the posting shall be firm up to MDQ for that day provided neither Shipper's MDQ nor its MSV is exceeded (and shall be available for no-notice rights in conjunction with FTS-NB). If no posting is made for any day, the default volume for firm injection and withdrawal rights on that day shall be five percent (5%) of MDQ in excess of the otherwise applicable IQ and WQ provided neither Shipper's MDQ nor its MSV is exceeded.

5.6 In the event Shipper segments its primary point transportation path as a result of a capacity release under the separate transportation Agreement(s) being used to deliver gas to and receive gas from storage, Shipper's injection or withdrawal rights may be affected as provided in Section 19 of the General Terms and Conditions of this Tariff.

5.7 (a) If Shipper takes action based on inaccurate information provided by Natural regarding Shipper's IQ, WQ or MSV or related storage parameters and such action results in Shipper exceeding its rights, Natural will [except as provided in subsection (b)] waive any charge Shipper could reasonably have avoided had Natural provided accurate information.

(b) Shipper may rely on the most recent information provided by Natural to Shipper regarding any operating parameters, but Shipper shall have an obligation to provide Natural on a timely basis with relevant information within its control to be used in determining such parameters and charges under subsection (a) shall not be waived to the extent inaccurate information provided by Natural resulted from Shipper's failure to provide Natural with accurate information within Shipper's control on a timely basis.

6. RATE

6.1 Shipper shall pay Natural each month for service under this Rate Schedule NSS the sum of the following charges:

- (a) A Reservation Charge based on Shipper's MDQ;
- (b) A Storage Fuel Charge;
- (c) Overrun Charges; and
- (d) Any other applicable charges and penalties (including but not limited to Balancing Service Charges) set out in this Rate Schedule or the General Terms and Conditions of this Tariff.

Separate Maximum and Minimum Reservation Charges are stated in this Tariff for Storage Expansion 2003 service (Storage Expansion 2003 Rates). Storage Expansion 2003 Rates shall apply to Storage Expansion 2003 Agreements. Storage Expansion 2003 Rates shall also apply to any new NSS Agreement which results from the Rollover of a Storage Expansion 2003 Agreement, the exercise of a Right of First Refusal with respect to a Storage Expansion 2003 Agreement or capacity which becomes available due to the expiration or termination of a Storage Expansion 2003 Agreement. Where NSS capacity becomes available due to the expiration or termination of a Storage Expansion 2003 Agreement it shall be separately identified for purposes of allocation in accordance with the provisions of this Tariff.

Separate Maximum and Minimum Reservation Charges are stated in this Tariff for Sayre Storage Project service (Sayre Storage Project Rates). Sayre Storage Project Rates shall apply to Sayre Storage Project Agreements. Sayre Storage Project Rates shall also apply to any new NSS Agreement which results from the Rollover of a Sayre Storage Project Agreement, the exercise of a Right of First Refusal with respect to a Sayre Storage Project Agreement or capacity which becomes available due to the expiration or termination of a Sayre Storage Project Agreement. Where NSS capacity becomes available due to the expiration or termination of a Sayre Storage Project Agreement it shall be separately identified for purposes of allocation in accordance with the provisions of this Tariff.

Separate Maximum and Minimum Reservation Charges are stated in this Tariff for North Lansing NSS Project service (North Lansing NSS Project Rates). North Lansing NSS Project Rates shall apply to North Lansing NSS Project Agreements. North Lansing NSS Project Rates shall also apply to any new NSS Agreement which results from the Rollover of a North Lansing NSS Project Agreement, the exercise of a Right of First Refusal with respect to a North Lansing NSS Project Agreement or capacity which becomes available due to the expiration or termination of a North Lansing NSS Project Agreement. Where NSS capacity becomes available due to the expiration or termination of a North Lansing NSS Project Agreement it shall be separately identified for purposes of allocation in accordance with the provisions of this Tariff.

Separate Maximum and Minimum Reservation Charges are stated in this Tariff for Herscher Galesville NSS Project service (Herscher Galesville NSS Project Rates). Herscher Galesville NSS Project Rates shall apply to Herscher Galesville NSS Project Agreements. Herscher Galesville NSS Project Rates shall also apply to any new NSS Agreement which results from the Rollover of a Herscher Galesville NSS Project Agreement, the exercise of a Right of First Refusal with respect to a Herscher Galesville NSS Project Agreement or capacity which becomes available due to the expiration or termination of a Herscher Galesville NSS Project Agreement. Where NSS capacity becomes available due to the expiration or termination of a Herscher Galesville NSS Project Agreement it shall be separately identified for purposes of allocation in accordance with the provisions of this Tariff.

Where a Shipper has agreed to pay a Negotiated Rate or a rate under a Negotiated Rate Formula, the rates assessed hereunder shall be governed by Section 49 of the General Terms and Conditions of this Tariff. A request for service at a Negotiated Rate or a rate under a Negotiated Rate Formula shall specify the Negotiated Rate or Negotiated Rate Formula on which the Shipper is willing to agree.

6.2 The charges identified in subsections (a) through (c) of Section 6.1 shall be assessed as follows:



(a) The maximum Reservation Charge for service under this Rate Schedule NSS shall be the applicable maximum unit Reservation Rate(s) set out in this Tariff multiplied by Shipper's MDQ. The Reservation Charge payable by any Shipper shall be the applicable maximum Reservation Charge unless a lower Reservation Charge is specified in the NSS Agreement or a separate discount agreement or is assessed pursuant to Section 6.5 hereof, which lower charge must be consistent with the minimum rate(s) specified in this Tariff. By mutual agreement between Natural and Shipper which is consistent with the pro forma Agreement set out in this Tariff, discounts may be limited to specific volumes. The Reservation Charge shall constitute the minimum bill under this Rate Schedule NSS. Shipper shall be obligated to pay the Reservation Charge hereunder as of the date NSS service commences. NSS service shall be deemed to commence on the later of the date specified in the NSS Agreement or the date Natural is able to render firm service hereunder to Shipper.

(b) Shipper shall provide gas in kind for the fuel required to inject gas into storage and withdraw gas from storage under this Rate Schedule NSS. Such charge shall equal the applicable Storage Fuel Rate set out in this Tariff (stated as a percentage fuel rate) multiplied by each Dth of gas injected under the NSS Agreement. Upon the mutual agreement of Natural and Shipper, in lieu of Natural retaining gas in kind, Shipper shall reimburse Natural for fuel at a price established under Section 7.1 of the General Terms and Conditions of this Tariff multiplied by the Storage Fuel Charge.

(c) Except as otherwise provided herein, Shipper shall pay the Authorized Overrun Rate or the Unauthorized Overrun Rate, as applicable, specified in Section 12 of the General Terms and Conditions of this Tariff on the volume of any overrun of its firm rights under Section 5 of this Rate Schedule NSS.

6.3 Shipper shall reimburse Natural within five (5) business days after costs have been incurred by Natural for all fees required by the Commission or any regulatory body including, but not limited to, filing, reporting, and application fees to the extent such fees are specifically related to service for that Shipper hereunder and are not generally applicable fees (such as general rate case filing fees). Any costs collected hereunder shall be excluded from Natural's cost of service in determining generally applicable fees.

6.4 (a) Natural shall have the unilateral right to file with any appropriate regulatory authority and make changes effective in (1) the rates and charges applicable under this Rate Schedule NSS, including both the level and design of such rates and charges; or (2) the terms and conditions of this Rate Schedule NSS. Natural agrees that Shipper may protest or contest the aforementioned filings, or may seek authorization from duly constituted regulatory authorities for such adjustment of Natural's existing FERC Gas Tariff as may be found necessary to assure that its provisions are just and reasonable.

(b) If, at any time and from time to time, the Commission or any other governmental authority having jurisdiction in the premises allows or permits Natural to collect, or to negotiate to collect, a higher rate for the service hereunder, the rate shall, subject to any contrary provision of the NSS Agreement or any separate discount agreement, be increased to the highest such rate. Should additional documentation be required in order for Natural to collect such highest rate, Shipper shall execute or provide such documentation within fifteen (15) calendar days after a written request by Natural. If, at any time and from time to time, the Commission or any other governmental authority having jurisdiction in the premises requires Natural to charge a lower rate for service hereunder, the rate shall be decreased to such reduced rate.

6.5 Natural may from time to time and at any time, upon twenty-four (24) hours' verbal or written notice, subject to any provisions on discounting in the NSS Agreement or in a separate discount agreement, charge any individual Shipper for service under this Rate Schedule NSS a rate which is lower than the applicable maximum rate set forth in this Tariff; provided, however, that such rate charged may not be less than the applicable minimum rate for service under this Rate Schedule NSS set forth in this Tariff. Natural will confirm any verbal notice of the applicable rate in writing. Such notification shall specifically state the effective date of such rate change and the quantity of gas so affected. Unless otherwise agreed in the NSS Agreement or in a separate discount agreement, Natural may at any time further change such rate (subject to any restrictions as to maximum or minimum rates set out in this Tariff, the NSS Agreement and/or any discount agreement) upon twenty-four (24) hours' verbal notice to Shipper, which notice shall be confirmed in writing. Such notification shall specifically state the effective date of such rate change and the quantity of gas so affected. Natural shall file with the Commission any and all reports as required by the Commission's Regulations with respect to the institution or discontinuance of any discount.

6.6 All revenues and gas in kind collected by Natural as a result of providing service under this Rate Schedule NSS shall be retained by Natural unless Natural has otherwise explicitly agreed on a different disposition of such amounts. Where crediting or refund mechanisms apply under other provision(s) of this Tariff or pursuant to effective Commission orders or settlements, such mechanisms shall supersede this Section to the extent necessary to carry out such provision(s).

**7. NOMINATIONS, INJECTIONS AND WITHDRAWALS**

(a) Shipper shall provide Natural with nominations of injections and withdrawals in accordance with the General Terms and Conditions of this Tariff; provided, however, that injections and withdrawals hereunder shall be available on a no-notice basis to the limited extent permitted in conjunction with firm transportation if Shipper makes the appropriate election of the NB service option under Rate Schedule FTS or FTS-G, subject to the limitations on such no-notice rights set out in Rate Schedule FTS or FTS-G and the General Terms and Conditions of this Tariff. Except for such no-notice rights, it shall be Shipper's responsibility to cause gas to be delivered to Natural for injection into storage hereunder and to cause gas to be taken from Natural upon withdrawal hereunder in accordance with the information supplied to Natural.

(b) The Delivery Points for gas injected and the Receipt Points for gas withdrawn hereunder shall be storage point(s) defined in this Tariff. Each NSS Agreement shall have as Delivery and Receipt Points all such storage point(s) and will be subject to the limitations and conditions (including volumes and priorities) specified in the General Terms and Conditions of this Tariff relating to such points. The injection, withdrawal and location of inventory under any NSS Agreement must be consistent with Shipper's right under that NSS Agreement for the Amarillo Line and for the Gulf Coast Line. Volumes injected at any storage point must be withdrawn at the same storage point. Conditions relating to injections and withdrawals at any storage point shall be determined pursuant to Section 5 hereof and the General Terms and Conditions of this Tariff.

(c) Storage Fuel shall be provided by Shipper upon injection hereunder by reducing the volumes deemed delivered into Shipper's NSS inventory under the separate transportation Agreement used for injection therein and Storage Fuel shall not subsequently be taken into account in determining Shipper's inventory or withdrawal rights under this Rate Schedule NSS.

(d) Natural will provide all base gas required to support withdrawals under Rate Schedule NSS. Shippers shall provide working gas for service hereunder as provided in Section 5 of this Rate Schedule NSS.

**8. RELATED TRANSPORTATION ARRANGEMENTS/WITHDRAWAL  
UPON TERMINATION**

(a) Shipper shall arrange separately for the transportation of gas to and from Natural's storage points and shall make all necessary arrangements separately with Natural or other parties upstream of the point where gas is tendered to Natural for injection into storage hereunder and downstream of the point where the gas is withdrawn from storage by Natural for the account of Shipper. Such arrangements must be consistent with this Rate Schedule NSS and must be coordinated with Natural. To be eligible for service hereunder, Shipper or its supplier or purchaser must comply with all applicable provisions of any separate transportation Agreement(s) and any applicable Rate Schedule(s) and the applicable General Terms and Conditions and the injection or withdrawal of gas hereunder shall be subject to confirmation, scheduling and curtailment procedures affecting such transportation. The injection, withdrawal and location of storage inventory under any NSS Agreement must be consistent with Shipper's rights under that NSS Agreement for the Amarillo Line and for the Gulf Coast Line. Storage points hereunder shall be treated as in-the-path, and thus have the same priority as primary points, to the extent provided in Section 5.6 of the General Terms and Conditions of this Tariff. Storage points hereunder may be Receipt and Delivery Points under the separate transportation Agreements used for injection and withdrawal hereunder, with the priority determined pursuant to Section 5.6 of the General Terms and Conditions of this Tariff. Such transportation Agreements may designate NSS storage point(s) as the Delivery Point(s) during a specified injection season, with the applicable priority, and a market area point as the primary Delivery Point(s) for a defined withdrawal season.

(b) Shipper must have all of its gas withdrawn by the end of the term of a NSS Agreement (or Agreement under a successor service) which is not rolled over or extended. Such withdrawals may be effectuated through an in-field transfer, subject to the then applicable rules governing such transfers. If at any time service pursuant to this Rate Schedule NSS (or successor service) and/or a NSS Agreement (or Agreement under a successor service) is cancelled or terminated prior to the end of the term specified in the NSS Agreement (or

successor Agreement), Shipper shall be required to withdraw its gas over a period of time determined by dividing: (1) the volume of gas Shipper is required to withdraw, by (2) fifty percent (50%) of Shipper's MDQ; provided, however, that if service is being terminated pursuant to Section 19.19 of the General Terms and Conditions of this Tariff, the withdrawal period shall be equal in duration to the prior notice period required under said Section 19.19. If Natural is unable to withdraw any volume requested by Shipper, up to the volume specified in the preceding sentence, the period shall be extended accordingly. If the gas is not withdrawn within the specified time period, the remaining volumes shall be cashed out without any offsets, trading or netting, and the proceeds distributed to Shipper, based on the greater than twenty percent (20%) imbalance tier set out at Section 13.3 of the General Terms and Conditions of this Tariff.

**9. OVERRUN SERVICE**

Upon request of Shipper, Natural may (but is not obligated to) receive for injection hereunder as authorized overrun on any day quantities of natural gas in excess of Shipper's IQ or which would cause Shipper's storage inventory to exceed its MSV and/or withdraw for delivery hereunder on any day quantities of natural gas in excess of Shipper's WQ, as applicable, when in Natural's reasonable judgment, the capacity and operating capability of its system will permit such injection and/or delivery without impairing the ability of Natural to meet its other service obligations; provided, however, that in no event will Shipper be allowed to withdraw more gas than it has in storage. In granting requests for Authorized Overrun Service, Natural shall act in a manner consistent with the overrun service priorities set out in the General Terms and Conditions of this Tariff, which provisions incorporate a higher priority for injections or withdrawals within MDQ. Charges applicable to authorized or unauthorized overrun volumes shall be as set out in Section 12 of the General Terms and Conditions of this Tariff.

**10. GENERAL TERMS AND CONDITIONS**

The provisions of the General Terms and Conditions of this Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this Rate Schedule NSS and shall apply to service rendered hereunder as though stated herein.

**RATE SCHEDULE PALS**  
**PARK AND LOAN SERVICE**

**1. AVAILABILITY**

(a) This Park and Loan Service (PALS) Rate Schedule is an interruptible service available to any entity (hereinafter called Shipper) which submits to Natural Gas Pipeline Company of America LLC (hereinafter called Natural):

(1) A valid request for service under this Rate Schedule PALS as defined in Section 4 hereof and executes an agreement for such service (PALS Agreement); and

(2) A valid PALS Request Order (PALS RO), as defined in Section 4 hereof which, when executed by Natural and Shipper, shall evidence their agreement as to the terms of the particular transaction(s) to park and loan gas pursuant to the PALS Agreement.

(b) Shipper shall arrange separately with Natural and others as necessary for any transportation attendant to the PALS service provided hereunder and Shipper shall pay separately for such transportation service.

(c) Shipper shall provide Natural with reasonable assurances that Shipper can satisfactorily perform under an applicable PALS RO.

**2. APPLICABILITY AND CHARACTER OF SERVICE**

(a) This Rate Schedule PALS shall apply to all PALS services which are rendered by Natural pursuant to an executed PALS Agreement and related PALS RO, and shall permit a Shipper to nominate a quantity of gas to any mutually agreeable Receipt or Delivery Point on Natural's system, to be held or loaned by Natural for a specified period defined in the PALS RO. It is understood that Natural is providing this PALS service through the use of its general system flexibility, including system storage gas; Natural is not providing a supply service under this Rate Schedule PALS. Contracting for and nominating service to and from the designated point(s) shall be the Shipper's sole responsibility.

(b) Under this Rate Schedule PALS, Natural shall only park gas or loan gas to the extent Natural determines that such actions are not detrimental to its ability to satisfy any of its existing obligations with higher priority or to meet system operational needs. Natural may, based on its reasonable determination of its operational capability and in a non-discriminatory manner, interrupt or decline to schedule any or all of the services hereunder and, if such actions are required to avoid interference with firm service or to protect the integrity of the system, will do so prior to invoking the procedures of Section 23, Operational Control, of the General Terms and Conditions of this Tariff and subject to Section 9 hereof.

(c) All mutually agreeable points of receipt and delivery on Natural's system applied in a non-discriminatory manner are available for service under this Rate Schedule PALS; provided, however, that the same point must be utilized to complete a specific transaction. The specific Receipt Point and Delivery Point for a park or loan shall be set forth in the applicable PALS RO.

(d) The Park and Loan Service provided for under this Rate Schedule PALS shall be performed under Part 284 of FERC's Regulations. Shipper shall only tender gas under this Rate Schedule PALS to the extent service hereunder would qualify under the applicable statutes, regulations, FERC orders and the blanket certificate authorizing service by Natural under this Rate Schedule PALS. For service under Subpart B of Part 284, Shipper shall provide to Natural appropriate certification, including sufficient information in order for Natural to verify that the service qualifies under Subpart B of Part 284 of the Regulations. Where required by FERC's Regulations, Shipper shall cause the intrastate pipeline or local distribution company on whose behalf the service will be provided to submit any necessary certification.

(e) Subject to the provisions of Section 2(b) above, Park and Loan Services available under this Rate Schedule PALS include:

(1) Park Service: shall consist of Natural's receipt of a quantity of natural gas at the designated Receipt Point(s) on the designated date, requested by Shipper under a PALS RO and approved by Natural, Natural's holding of such parked quantity of gas for Shipper's account and Natural's redelivery of the parked quantity of gas to Shipper at the designated Delivery Point(s) and on the designated date(s) set forth in such PALS RO.

(2) Loan Service: shall consist of Natural lending a specified quantity of natural gas, requested by Shipper and approved by Natural, from designated Delivery Point(s) set forth in Shipper's PALS RO and the Shipper's redelivery of and Natural's acceptance of such volumes for Shipper's account at the designated Receipt Point(s) on the designated date(s) set forth in such PALS RO.

(f) Natural will post on the Informational Postings portion of its Interactive Website by receipt zone on a daily basis whether or not it is accepting requests for parks or loans under this Rate Schedule PALS.

**3. PRIORITY OF SERVICE**

(a) Service under Rate Schedule PALS is provided on an interruptible basis. Priorities of service for the purposes of scheduling and curtailment shall be governed by Section 5 of the General Terms and Conditions of this Tariff as follows:

(1) Service under Rate Schedule PALS shall first be evaluated under the storage service priorities set forth in Sections 5.3(b) and 5.4(b) of the General Terms and Conditions of this Tariff.

(2) If applicable, service under Rate Schedule PALS requiring transportation service or necessitating transportation by Natural shall be evaluated under the transportation service priorities set forth in Section 5.6 or 5.7 of the General Terms and Conditions of this Tariff.

(b) In the event it is necessary to decline to schedule or to curtail or to suspend service under PALS because of operational conditions or to satisfy obligations with a higher priority, Natural shall provide actual notice to Shipper. In that event, Shipper must comply with the directive(s) contained in Natural's notification within the time specified.

(c) If Shipper fails to comply with the requirements set out in a notification under Section 3(b) above, then Section 9 of this Rate Schedule PALS shall apply.



**4. VALID REQUESTS FOR PALS AGREEMENT(S) AND FOR PALS RO(S)**

4.1 A request for service under this Rate Schedule PALS shall be valid as of the date received if it complies with this Section 4 and contains adequate information on all of the items specified in Sections 4.2(a) and 4.2(b), subject to any necessary verification of such information and to the following:

(a) A request shall not be valid and Natural shall not be required to grant any such request: (1) which could in Natural's judgment interfere with efficient operation of its system or with service to any firm Shipper; (2) which would require the construction, modification, expansion, or acquisition of any facilities; provided, however, that Natural may agree in its reasonable discretion to construct, modify, expand, or acquire facilities to enable it to perform such services; (3) unless and until Shipper has provided Natural with the information required in Section 4.2 hereof and the assurances required under Section 1(c) hereof; (4) if Natural determines, based on the credit analysis referenced in Section 4.2(d), that Shipper does not possess sufficient financial stability to make it reasonably likely the service provided hereunder will be paid for on a timely basis; (5) if the service requested would not comply with this Rate Schedule PALS; or (6) if the service requested is at less than the applicable maximum rate; provided, however, that Natural may agree to provide service hereunder at a discount consistent with this Rate Schedule PALS. Nothing herein is intended to govern the scheduling and curtailment of service once a request for service has been granted pursuant to Section 4 hereof and while Agreements under this Rate Schedule are in effect. Such matters are governed by Section 3 of this Rate Schedule and the applicable General Terms and Conditions of this Tariff.

(b) In the event that Natural agrees to construct, modify, expand or acquire facilities to perform service under this Rate Schedule PALS, Natural shall maintain a separate record of the nature and costs of such facilities.

(c) Natural shall promptly notify Shipper if it cannot satisfy an otherwise valid request, in whole or in part. Any request shall be null and void unless it is substantially complete and complies with this Rate Schedule. In the event a request is substantially but not entirely complete, Natural shall inform Shipper in writing of the specific items needed to complete the PALS Agreement, after which Shipper shall have fifteen (15) days to provide the specified information. In the event such information is not received within fifteen (15) days, Shipper's request shall be null and void.

(d) Natural shall tender a PALS Agreement to Shipper for execution when Shipper's request for service is accepted. Unless waived by Natural, a request for service shall be invalid if Shipper fails to execute a PALS Agreement hereunder within ten (10) days after the PALS Agreement has been tendered by Natural for execution. An executed PALS RO must be submitted to Natural prior to commencement of service.

4.2 Requests for service hereunder shall be deemed valid only after the following information is provided by Shipper via Natural's Interactive Website or in writing to Natural's Gas Transportation Department, at 1001 Louisiana Street, Suite 1000, Houston, Texas 77002:

(a) For a PALS Agreement to be valid, the following information must be provided:

(1) GAS QUANTITIES

The request shall specify in Dth the maximum aggregate quantity (MAQ) to be parked or loaned under any and all outstanding PALS RO Agreements.

(2) TERM OF SERVICE

The request shall specify the date service is requested to commence and to terminate (primary term), subject to an evergreen provision;

(3) CREDIT

Acceptance of a request is contingent upon a satisfactory credit appraisal by Natural in accordance with the General Terms and Conditions of this Tariff.

(4) COMPLIANCE WITH PALS TARIFF

Submission of a request for service hereunder shall be deemed agreement by Shipper that it will abide by the terms and conditions of this Rate Schedule PALS, including the applicable General Terms and Conditions for any Park and Loan Service provided under the PALS Agreement and any related PALS RO.

**(5) COMMISSION-REQUIRED FILING INFORMATION**

The following information is to be provided at the time of a request for service hereunder is submitted, if available and shall be updated when any PALS RO is executed:

(i) Affiliation of the Shipper with Natural;

(ii) The identity of the Shipper, including whether it is a local distribution company, an end user, a producer, or a marketer.

**(6) SHIPPER CONTACT PERSONNEL**

(b) For a PALS RO to be valid, the following information must be provided:

(1) SERVICE TYPE

(2) GAS QUANTITIES

The PALS RO shall specify in Dth the maximum aggregate quantity (MAQ RO) and the daily quantity to be parked and/or loaned under the specific transaction; provided that the sum of all MAQ ROs under all pending PALS ROs cannot exceed the maximum aggregate quantity under the applicable PALS Agreement.

(3) RELATED PALS AGREEMENT

The PALS RO shall specify the PALS Agreement to which the PALS RO relates.

(4) POINTS

The request shall specify the Receipt Point(s) at which Natural will receive the gas from Shipper and the Delivery Point(s) at which Natural will deliver the gas to Shipper. Any mutually agreeable point(s) on Natural's system may be utilized for service under this Rate Schedule PALS.

(5) TERM OF SERVICE

The request shall specify:

- (i) The date service is requested to commence; and
- (ii) The date service is requested to terminate.

(6) SHIPPER CONTACT PERSONNEL

(7) RATE

5. TERM

(a) The term of service hereunder shall be set forth in the PALS Agreement between Shipper and Natural. The PALS RO shall have a separately stated term applicable to a particular transaction which term may not extend beyond the term of the related PALS Agreement. Upon termination of any PALS Agreement and of any PALS RO, service by Natural to Shipper thereunder shall be terminated and automatically abandoned.

(b) Natural may terminate any PALS Agreement if Natural is required by the FERC or some other agency or court to provide service for others utilizing the interruptible system capacity or capabilities required for service under such PALS Agreement or if Natural ceases (after receipt of any requisite regulatory authorization) to offer service of the type covered by the PALS Agreement.

6. RATE

6.1 (a) For the Park and Loan Service rendered to Shipper under this Rate Schedule PALS, Shipper shall pay Natural each month a daily usage charge for each unit of gas which is parked or loaned under this Rate Schedule PALS. Such charge shall be calculated on the basis of the daily ending balance for each PALS RO. The maximum and minimum rate(s) applicable to this Rate Schedule PALS are set forth in the Currently Effective Rates section of this Tariff. By mutual agreement between Natural and Shipper which is consistent with the pro forma agreement set out in this Tariff, discounts may be limited to specific volumes.

(b) STORAGE FUEL CHARGE

Shipper shall provide gas in kind for the fuel required to provide injections and withdrawals under this Rate Schedule PALS. Such charge shall be determined by multiplying percentage fuel rates by the volume of gas injected or withdrawn. Specifically, the Storage Fuel Charge shall equal the sum of: (i) the applicable unit Injection Storage Fuel Rate set out in this Tariff multiplied by each Dth of gas injected under the PALS RO; and (ii) the applicable unit Withdrawal Storage Fuel Rate set out in this Tariff multiplied by each Dth of gas withdrawn under the PALS RO.

(c) Shipper shall pay any other applicable charges, penalties and fees set out in this Rate Schedule PALS or the General Terms and Conditions of this Tariff. Deviations from the approved PALS RO volumes when compared to the allocated volumes will be assessed Balancing Service Charges under Section 12 of the General Terms and Conditions of this Tariff.

(d) Charges payable by any Shipper shall be based on the maximum rates set forth in this Tariff applicable to Rate Schedule PALS, which rates are hereby incorporated herein, unless a lower rate for the charge in subsection (a) is specified in the PALS RO.

(e) The charges referenced herein cover only Park and Loan Services.

(f) Where a Shipper has agreed to pay a Negotiated Rate or a rate under a Negotiated Rate Formula, the rates assessed hereunder shall be governed by Section 49 of the General Terms and Conditions of this Tariff. A request for service at a Negotiated Rate or a rate under a Negotiated Rate Formula shall specify the Negotiated Rate or Negotiated Rate Formula on which the Shipper is willing to agree.

6.2 (a) Shipper shall reimburse Natural within five (5) days after costs have been incurred by Natural for all fees required by the FERC or any regulatory body including, but not limited to, filing, reporting, and application fees to the extent such fees are specifically related to service for that Shipper hereunder and are not generally applicable fees (such as general rate case filing fees).

(b) If Natural constructs, acquires or modifies any facilities to perform service hereunder, then as specified in an agreement related thereto between the parties either:

(1) Shipper shall reimburse Natural for the cost of such facilities or facility modifications as described in the General Terms and Conditions of this Tariff; or

(2) Natural shall assess a monthly charge reflecting such facility costs.

6.3 (a) Natural shall have the unilateral right to file with any appropriate regulatory authority and make changes effective in: (1) the rates and charges applicable under this Rate Schedule PALS, including both the level and design of such rates and charges; and/or (2) the terms and conditions of this Rate Schedule PALS. Natural agrees that Shipper may protest or contest the aforementioned filings, or may seek authorization from duly constituted regulatory authorities for such adjustment of Natural's existing FERC Gas Tariff as may be found necessary to assure that its provisions are just and reasonable.

(b) If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises allows or permits Natural to collect, or to negotiate to collect, a higher rate for the service hereunder, the rate shall, subject to any contrary provision of the PALS Agreement or PALS RO, be increased to the highest such rate. Should additional documentation be required in order for Natural to collect such highest rate, Shipper shall execute or provide such documentation within fifteen (15) days after a written request by Natural. If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises requires Natural to charge a lower rate for service hereunder, the rate shall be decreased to such reduced rate.

6.4 Natural may from time to time and at any time, upon twenty-four (24) hours' verbal or written notice, subject to any provisions on discounting in the PALS Agreement or PALS RO, charge any individual Shipper for service under this Rate Schedule PALS a rate which is lower than the applicable maximum rate set forth in this Tariff; provided, however, that such rate charged may not be less than the applicable minimum rate for service under Rate Schedule PALS set forth in this Tariff. Unless otherwise agreed in the PALS Agreement or PALS RO, Natural may at any time further change such rate (subject to any restrictions as to

maximum or minimum rates set out in this Tariff, the PALS Agreement and/or PALS RO) upon twenty-four (24) hours' verbal notice to Shipper, which notice shall be confirmed in writing. Such notification shall specifically state the effective date of such rate change and the quantity of gas so affected. Natural shall file with FERC any and all reports as required by FERC's Regulations with respect to the institution or discontinuance of any discount.

6.5 All revenues and gas in kind collected by Natural as a result of providing service under this Rate Schedule PALS shall be retained by Natural unless Natural has otherwise explicitly agreed on a different disposition of such amounts. Where crediting or refund mechanisms apply under other provision(s) of this Tariff or pursuant to effective FERC orders or settlements, such mechanisms shall supersede this Section to the extent necessary to carry out such provision(s).

## **7. QUANTITY**

Each PALS RO shall specify in Dth the maximum aggregate quantity (MAQ RO), and a daily quantity to be parked and/or loaned under the specific transaction. The daily schedule of returned volumes by the Shipper or Natural shall also be specified in the PALS RO. The daily quantity shall be the maximum quantity Natural is obligated, on an interruptible basis, to receive from or deliver to Shipper hereunder on the specified day. The MAQ RO shall be the quantity Natural is obligated to hold or loan for the account of Shipper hereunder on an interruptible basis for the specific transaction covered by the PALS RO. The sum total of a Shipper's MAQ ROs shall not exceed the maximum aggregate quantity specified in the PALS Agreement.

## **8. NOMINATIONS**

It shall be Shipper's sole responsibility to provide Natural with daily nominations of the quantity of gas to be received or delivered at the Park or Loan point(s) under the applicable PALS RO Agreement. It shall be Shipper's responsibility to cause gas to be delivered to Natural and to cause gas to be received from Natural in accordance with the PALS RO. Nominations shall be subject to confirmation and scheduling in accordance with the General Terms and Conditions of this Tariff.

**9. MANDATORY BALANCING**

9.1 Mandatory Balancing shall apply in the following instances: (a) at the end of the term specified in any applicable PALS Agreement and PALS RO; (b) where the Shipper fails to comply either with the requirements of Natural's notice referenced in Sections 3 and 9.3(b) hereof; or (c) where Shipper fails to comply with the schedule of activities set forth in the applicable PALS RO and the deviation has not been agreed to and confirmed by Natural.

9.2 Natural shall require Mandatory Balancing effective the next day prior to declaring Critical Time or issuing Operational Flow Orders under Section 23, Operational Control, of the General Terms and Conditions of this Tariff, if Natural reasonably determines that doing so would facilitate system operations and minimize the frequency and severity of Critical Time or Operational Flow Orders in the affected region(s).

9.3 (a) In the event that Natural notifies a PALS Shipper under Section 3 hereof, such notice shall specify the parked balance to be removed or the loaned balance to be returned, up to the full MAQ, and the timeframe within which the balance must be effectuated, but in no event shall the specified timeframe be less than three (3) days (in one-third daily increments) from the date of notification. Natural may allow additional time for contract balancing when operational conditions permit. Notification shall first be provided by telephone and then by e-mail or in writing. General notices will be posted on the Informational Postings portion of Natural's Interactive Website. In instances when notification is required during times other than normal business hours, Natural will provide such notification by telephone. To the extent Shipper fails to comply with such notice, the PALS RO shall terminate and the provisions of Section 9.4 shall apply.

(b) In the event that a Shipper fails to comply with the schedule of activities set forth in the applicable PALS RO, Natural shall notify Shipper and the PALS RO shall be subject to termination in accordance with the terms of such notice. The provisions of Sections 9.4(a) and 9.4(b) shall then apply.

9.4 (a) In the event that Shipper still has gas parked at the end of its contract term or because of failure to comply with the notice pursuant to Sections 3 and 9.2 above, the remaining balance shall be forfeited to Natural, free and clear of any adverse claims.



(b) Conversely, if the Shipper has not redelivered gas which was loaned by Natural by the end of its contract term or within the timeframe specified in the notice in Sections 3 and 9.3 above, the Shipper must purchase the unreturned balance at 150% of the average Weekly Index Prices (WIPs) as determined in Section 13.3 of the General Terms and Conditions of this Tariff during the term of the loan. In the event that the information used to determine the WIPs for the term of the loan is not available, then the Shipper must purchase the unreturned balance at 150% of the Average Monthly Index Price (AMIP) as determined in Section 13.3 of the General Terms and Conditions of this Tariff. If Critical Time or Operational Flow Orders are in effect on the date Shipper is required to comply with the notice, Shipper shall be subject to the highest charges set forth in Sections 12.3 and 12.4 of the General Terms and Conditions of this Tariff.

9.5 In circumstances where Shipper is unable to eliminate its PALS RO balance because Natural is unable to accept the PALS RO nomination, Shipper shall take any action to reduce the balance which Natural can accommodate and Shipper shall be granted additional time to eliminate its PALS RO balance corresponding to the time Natural was unable to accept the PALS RO nomination. Shipper shall not incur any penalty or daily fees as to that portion of the balance resulting from Natural's inability to accept the PALS RO nomination. Such extension shall only apply in instances where a Shipper's inability to eliminate the PALS RO balance is attributable to Natural's inability to accept and confirm PALS RO nominations. Shipper remains responsible to nominate the appropriate level of transportation to meet Natural's notification requirements.

## **10. GENERAL TERMS AND CONDITIONS**

The provisions of the General Terms and Conditions of this Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this Rate Schedule PALS and shall apply to service rendered hereunder as though stated herein.

**RATE SCHEDULE LPS**  
**LINE PACK SERVICE (PARK AND LOAN)**

**1. AVAILABILITY**

(a) Line Pack Service (Park and Loan), Rate Schedule LPS, is an interruptible service available to any entity (hereinafter called Shipper) which:

(1) Submits to Natural Gas Pipeline Company of America LLC (hereinafter called Natural) a valid request for service under this Rate Schedule LPS as defined in Sections 4.1 and 4.2 hereof which results in execution of an agreement for such service (LPS Agreement); and

(2) Enters into one or more valid LPS Request Orders (LPS RO) as defined in Section 4.3 hereof which, when executed by Natural and Shipper, shall evidence their agreement as to the terms of the particular transaction(s) to park or to loan gas pursuant to the LPS Agreement.

(b) Shipper shall arrange separately with Natural or others as necessary for any transportation attendant to the service provided hereunder and Shipper shall pay separately for such transportation service.

(c) Shipper shall provide Natural with reasonable assurances that Shipper can satisfactorily perform under each LPS RO.

**2. APPLICABILITY AND CHARACTER OF SERVICE**

(a) This Rate Schedule LPS shall apply to all park and loan services which are rendered by Natural pursuant to an executed LPS Agreement and any related LPS RO. Under Rate Schedule LPS, a Shipper may nominate a quantity of gas to mutually agreeable point(s) on Natural's system; to be held or loaned by Natural for a period defined in the LPS RO. It is understood that Natural is providing service hereunder based on operating conditions on its system and line pack, without relying on storage; Natural is not providing a supply service under this Rate Schedule LPS, nor is Natural providing a storage or transportation service under this Rate Schedule LPS.

(b) Service hereunder is subject to the priority provisions set out in Section 3 hereof and to Mandatory Balancing under Section 9 of this Rate Schedule.

(c) All mutually agreeable points of receipt and delivery on Natural's system (excluding storage points, points on non-contiguous offshore facilities and other offsystem points) are available on a non-discriminatory basis for service under this Rate Schedule LPS. Unless an alternative point is agreed upon by Natural and the Shipper, the same point must be utilized both to initiate and to complete a specific park or loan transaction. Where Natural and a Shipper agree to use a different point or points for completion of a specific park or loan transaction entered into after July 31, 2001, related transportation is required to be separate. The specific point(s) for a park or loan shall be set forth in the applicable LPS RO.

(d) The Line Pack Service (Park and Loan) provided for under this Rate Schedule LPS shall be performed under Part 284 of FERC's Regulations. Shipper shall only tender gas under this Rate Schedule LPS to the extent service hereunder would qualify under the applicable statutes, regulations, FERC orders and the blanket certificate authorizing service by Natural under this Rate Schedule LPS. For service under Subpart B of Part 284, Shipper shall provide to Natural appropriate certification, including sufficient information in order for Natural to verify that the service qualifies under Subpart B of Part 284 of the Regulations. Where required by FERC's Regulations, Shipper shall cause the intrastate pipeline or local distribution company on whose behalf the service will be provided to submit any necessary certification.

(e) Line Pack Services (Park and Loan) available under this Rate Schedule LPS include:

(1) Park Service: shall consist of Natural's receipt of a quantity of natural gas at the designated Receipt Point(s) on the designated date(s), requested by Shipper under a LPS RO and approved by Natural, Natural's holding of such parked quantity of gas for Shipper's account and Natural's redelivery of the parked quantity of gas to Shipper at the designated Delivery Point(s) and on the designated date(s) set forth in such LPS RO.

(2) Loan Service: shall consist of Natural lending a specified quantity of natural gas, requested by Shipper and approved by Natural, on the designated date(s) from designated Delivery Point(s) set forth in Shipper's LPS RO and the Shipper's redelivery of and Natural's acceptance of such volumes for Shipper's account at the designated Receipt Point(s) on the designated date(s) set forth in such LPS RO.

**3. PRIORITY OF SERVICE**

(a) Service under Rate Schedule LPS is provided on an interruptible basis. Priorities of service for the purposes of scheduling and curtailment shall be governed by Section 5 of the General Terms and Conditions of this Tariff. Under this Rate Schedule LPS, Natural shall only park gas or loan gas to the extent Natural determines that such actions will not adversely affect its ability to satisfy any of its firm service obligations or to meet system operational needs. Natural may, in a non-discriminatory manner, interrupt or decline to schedule any or all of the services hereunder and, if such actions are required to avoid interference with firm service or to protect the integrity of the system, will do so prior to invoking the procedures of Section 23, Operational Control, of the General Terms and Conditions of this Tariff.

(b) In the event it is necessary to interrupt, curtail or suspend service under any LPS RO because of operational conditions or to satisfy obligations with a higher priority, Natural shall provide actual notice to Shipper. In that event, Shipper must comply with the directive(s) contained in Natural's notification within the time specified in the notice, consistent with the remainder of this subsection (b).

(1) Without limitation of the foregoing, Natural shall to the extent practicable provide such notice effective no later than the next day prior to declaring Critical Time or issuing Operational Flow Orders under Section 23 of the General Terms and Conditions of this Tariff, Operational Control, if Natural reasonably determines that doing so would facilitate system operations and minimize the frequency and severity of Critical Time or Operational Flow Orders in the affected region(s).

(2) The notice under this subsection (b) shall specify the parked balance to be removed or the loaned balance to be returned, up to the full volume being parked or loaned, and the time frame within which the balance must be effectuated, but in no event shall the specified time frame be less than three (3) days (in one-third daily increments from the date of notification). Natural may allow additional time for contract balancing when operational conditions permit. Notification shall first be provided by telephone and then by e-mail or in writing. General notices will be posted on the Informational Postings portion of Natural's Interactive Website. In instances when notification is required during times other than normal business hours, Natural will provide such notification by telephone.

(3) Once service hereunder has been scheduled, that service shall not be interrupted or curtailed to satisfy other interruptible services, except for priority interruptible rights under firm Agreements identified in Section 5.7(a) of the General Terms and Conditions of this Tariff.

(c) If the Shipper fails to comply with the requirements set out in a notification under Section 3(b) above, then the LPS RO shall terminate and Section 9 of this Rate Schedule LPS shall apply.

(d) Natural shall also provide Shipper as much prior notice as practicable if it will be unable to schedule parks or loans pursuant to an LPS RO.

**4. VALID REQUESTS FOR LPS AGREEMENT(S); LPS RO(S)**

4.1 A request for service under this Rate Schedule LPS shall be valid as of the date received if it complies with this Section 4.1 and contains adequate information on all of the items specified in Section 4.2, subject to any necessary verification of such information and to the following:

(a) A request shall not be valid and Natural shall not be required to grant any such request: (1) which could in Natural's judgment interfere with efficient operation of its system or with service to any firm Shipper; (2) which would require the construction, modification, expansion, or acquisition of any facilities; provided, however, that Natural may agree in its reasonable discretion to construct, modify, expand, or acquire facilities to enable it to perform such services; (3) unless and until Shipper has provided Natural with the information required in Section 4.2 hereof; (4) if Natural determines, based on the credit analysis referenced in Section 4.2(c), that Shipper does not possess sufficient financial stability to make it reasonably likely the service provided hereunder will be paid for on a timely basis; or (5) if the service requested would not comply with this Rate Schedule LPS. Nothing herein is intended to govern the scheduling and curtailment of service once a request for service has been granted pursuant to Section 4 hereof and while Agreements under this Rate Schedule are in effect. Such matters are governed by Section 3 of this Rate Schedule and the applicable General Terms and Conditions of this Tariff.

(b) In the event that Natural agrees to construct, modify, expand or acquire facilities to perform service under this Rate Schedule LPS, Natural shall maintain a separate record of the nature and costs of such facilities.

(c) Natural shall promptly notify Shipper if it cannot satisfy an otherwise valid request, in whole or in part. Any request shall be null and void unless it is substantially complete and complies with this Rate Schedule. In the event a request is substantially but not entirely complete, Natural shall inform Shipper in writing of the specific items needed to complete the LPS Agreement, after which Shipper shall have fifteen (15) days to provide the specified information. In the event such information is not received within fifteen (15) days, Shipper's request shall be null and void.

(d) Natural shall tender an LPS Agreement to Shipper for execution when Shipper's request for service is accepted. Unless waived by Natural, a request for service shall be invalid if Shipper fails to execute an LPS Agreement hereunder within ten (10) days after the LPS Agreement has been tendered by Natural for execution. An executed LPS RO consistent with Section 4.3 hereof must be in place prior to commencement of service under any LPS Agreement.

4.2 Requests for service hereunder shall be deemed valid only after the following information is provided by Shipper via Natural's Interactive Website or in writing to Natural's Gas Transportation Department, 1001 Louisiana Street, Suite 1000, Houston, Texas 77002, or Fax Number (303) 984-3148:

(a) **GAS QUANTITIES**

The request shall specify in Dth the maximum daily quantity (MDQ) and maximum aggregate quantity (MAQ) to be parked or loaned under any and all LPS ROs outstanding on any day under the LPS Agreement.

(b) **TERM OF SERVICE**

The request shall specify the date service is requested to commence and to terminate (primary term), subject to an evergreen provision;

(c) **CREDIT**

Acceptance of a request is contingent upon a satisfactory credit appraisal by Natural in accordance with the General Terms and Conditions of this Tariff.

(d) COMPLIANCE WITH LPS TARIFF

Submission of a request for service hereunder shall be deemed agreement by Shipper that it will abide by the terms and conditions of this Rate Schedule LPS, including the applicable General Terms and Conditions, for any park or loan provided under the LPS Agreement and any related LPS RO.

(e) COMMISSION-REQUIRED FILING INFORMATION

The following information is to be provided at the time of a request for service hereunder is submitted, if available and shall be updated when any LPS RO is executed:

(i) Affiliation of the Shipper with Natural;

(ii) The identify of the Shipper, including whether it is a local distribution company, an end user, a producer, or a marketer.

4.3 To implement a specific park and/or loan transaction, Natural and the Shipper with an LPS Agreement in effect shall enter into an LPS RO. The LPS RO shall include the following items:

(a) SERVICE TYPE/LPS AGREEMENT

The LPS RO must specify that it relates to service under Rate Schedule LPS and must specify the LPS Agreement to which the LPS RO relates.

(b) GAS QUANTITIES

The LPS RO shall specify in Dth the maximum aggregate quantity (MAQ RO) and the maximum daily quantity (MDQ RO) to be parked and/or loaned under the specific transaction; provided that the sum of all MAQ ROs and MDQ ROs under all pending LPS ROs cannot exceed the MAQ and MDQ under the applicable LPS Agreement. The LPS RO shall specify the minimum daily and aggregate volumes and shall set out a park and/or loan schedule containing the quantity and timing information specified in Section 7 of this Rate Schedule.

(c) POINTS

The LPS RO shall specify the point(s) at which gas is to be parked or loaned. Except for storage points, points on non-contiguous offshore facilities, and other offsystem points, any mutually agreeable point(s) on Natural's system may be utilized for service under this Rate Schedule LPS. Unless otherwise mutually agreed, the point for completion of the park or loan must be the same as the point of which the park or loan was initiated.

(d) TERM OF SERVICE

The LPS RO shall specify:

- (i) The date service is to commence; and
- (ii) The date service is to terminate.

The term may include a range of permitted commencement and termination dates for service under the LPS RO, or for any portion of such service. No termination date may extend beyond the term of the LPS Agreement.

(e) SHIPPER CONTACT PERSONNEL

The LPS RO shall specify the persons to be contacted by Natural in connection with the LPS RO.

(f) RATE

The LPS RO shall specify the rates under Section 6.1(a) at which the park or loan service will be provided. Rates may vary by time period, volumes or other permissible discounting parameters, within the applicable maximum and minimum rates.

(g) SHIPPER ASSURANCES

Shipper shall provide Natural the assurances required by Section 1(c) hereof in connection with each LPS RO.



**5. TERM**

(a) The term of service hereunder shall be set forth in the LPS Agreement between Shipper and Natural. The LPS RO shall have a separately stated term or terms applicable to a particular transaction or any portion of the transaction; provided that no such term may extend beyond the term of the related LPS Agreement. Upon termination of any LPS Agreement and of any LPS RO, service by Natural to Shipper thereunder shall be terminated and automatically abandoned.

(b) Natural may terminate any LPS Agreement if Natural is required by the FERC or some other agency or court to provide service for others utilizing the interruptible system capacity or capabilities required for service under such LPS Agreement or if Natural ceases (after receipt of any requisite regulatory authorization) to offer service of the type covered by the LPS Agreement.

**6. RATE**

6.1 (a) (1) For service rendered to Shipper under this Rate Schedule LPS, Shipper shall pay Natural each month the sum of the following charges: (i) an Initial Fee for each unit of gas tendered for park or taken for loan that month; (ii) a Park/Loan Balance Fee for each unit of gas which is parked or loaned under this Rate Schedule LPS that month (such charge shall be calculated on the basis of the daily ending balance for each LPS RO for each day of the month, summed over the month); and (iii) a Completion Fee for each unit of gas returned to Natural on completion (payback) of a loan or received by Shipper on completion (reversal) of a park that month. The maximum and minimum rate(s) applicable to this Rate Schedule LPS are set forth in the Currently Effective Rates section of this Tariff. Unless otherwise agreed pursuant to subsection (4) below, on any day, the sum of the rates for the Initial Fee, the Park/Loan Balance Fee and the Completion Fee assessed for any park or loan may not exceed the sum of the maximum rate for the Initial Fee plus the maximum rate for the Park/Loan Balance Fee.

(2) If a Shipper has submitted a nomination to reverse a park or loan and that nomination is consistent with the LPS RO but is not confirmed by Natural, the Park/Loan Balance Fee shall only be assessed on the balance which would have resulted if the nomination had been confirmed.

(3) By mutual agreement between Natural and Shipper which is consistent with the pro forma agreement set out in this Tariff, discounts may be limited to specific volumes or time periods, etc.

(4) By mutual agreement between Natural and Shipper, Shipper shall pay Natural each month the MAQ multiplied by the sum of the rates

referenced in Section 6.1(a)(1) above multiplied by the number of days within a month in which service is tendered by Transporter. The rate for any park or loan may not exceed the sum of the maximum rate for the Initial Fee plus the maximum rate for the Park/Loan Balance Fee.

(b) Shipper shall pay any other applicable charges, penalties and fees set out in this Rate Schedule LPS or the General Terms and Conditions of this Tariff, including but not limited to ACA where applicable. Differences between confirmed nominations and allocated volumes will be assessed Balancing Service Charges under Section 12 of the General Terms and Conditions of this Tariff. Overrun charges apply if Shipper exceeds the MDQ and/or MAQ in the LPS Agreement or fails to comply with any quantity or timing parameter in an LPS RO (unless the failure results from Natural not confirming a nomination properly submitted). Authorized overrun charges set out on the rate section apply if the overrun reflects confirmed nominations. An unauthorized overrun charge of up to \$10 per Dth applies if the overrun is not nominated and confirmed.

(c) Charges payable by any Shipper shall be based on the maximum rates set forth in this Tariff applicable to Rate Schedule LPS, which rates are hereby incorporated herein, unless a lower rate for the charge in subsection (a) is specified in the LPS RO.

(d) The charges referenced herein cover only the park or loan service being provided under this Rate Schedule LPS. Shipper must separately contract for any transportation service required for Shipper to move gas to or away from the point(s) specified in the LPS RO.

6.2 Where a Shipper has agreed to pay a Negotiated Rate or a rate under a Negotiated Rate Formula, the rates assessed hereunder shall be governed by Section 49 of the General Terms and Conditions of this Tariff. A request for service at a Negotiated Rate or a rate under a Negotiated Rate Formula shall specify the Negotiated Rate or Negotiated Rate Formula on which the Shipper is willing to agree.

6.3 (a) Shipper shall reimburse Natural within five (5) days after costs have been incurred by Natural for all fees required by the FERC or any regulatory body including, but not limited to, filing, reporting, and application fees to the extent such fees are specifically related to service for that Shipper hereunder and are not generally applicable fees (such as general rate case filing fees).

(b) If Natural constructs, acquires or modifies any facilities to perform service hereunder, then as specified in an agreement related thereto between the parties either:

(1) Shipper shall reimburse Natural for the cost of such facilities or facility modifications as described in the General Terms and Conditions of this Tariff; or

(2) Natural shall assess a monthly charge reflecting such facility costs.

6.4 (a) Natural shall have the unilateral right to file with any appropriate regulatory authority and make changes effective in: (1) the rates and charges applicable under this Rate Schedule LPS, including both the level and design of such rates and charges; and/or (2) the terms and conditions of this Rate Schedule LPS. Natural agrees that Shipper may protest or contest the aforementioned filings, or may seek authorization from duly constituted regulatory authorities for such adjustment of Natural's existing FERC Gas Tariff as may be found necessary to assure that its provisions are just and reasonable.

(b) If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises allows or permits Natural to collect, or to negotiate to collect, a higher rate for the service hereunder, the rate shall, subject to any contrary provision of the LPS Agreement or LPS RO or related discount agreement, be increased to the highest such rate. Should additional documentation be required in order for Natural to collect such highest rate, Shipper shall execute or provide such documentation within fifteen (15) days after a written request by Natural. If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises requires Natural to charge a lower rate for service hereunder, the rate shall be decreased to such reduced rate.

6.5 Natural may from time to time and at any time, upon twenty-four (24) hours' verbal or written notice, subject to any provisions on discounting in the LPS Agreement or LPS RO or related discount agreement, charge any individual Shipper for service under this Rate Schedule LPS a rate which is lower than the applicable maximum rate set forth in this Tariff; provided, however, that such rate charged may not be less than the applicable minimum rate for service under Rate Schedule LPS set forth in this Tariff. Unless otherwise agreed in the LPS Agreement or LPS RO or related discount agreement, Natural may at any time further change such rate (subject to any restrictions as to maximum or minimum rates set out in this Tariff, the LPS Agreement, the LPS RO, and/or related discount agreement) upon twenty-four (24) hours' verbal notice to Shipper, which notice shall be confirmed in writing. Such notification shall specifically state the effective date of such rate change and the quantity of gas so affected. Natural shall file with FERC any and all reports as required by FERC's Regulations with respect to the institution or discontinuance of any discount.

6.6 All revenues and gas in kind collected by Natural as a result of providing service under this Rate Schedule LPS shall be retained by Natural unless Natural has otherwise explicitly agreed on a different disposition of such amounts. Where crediting or refund mechanisms apply under other provision(s) of this Tariff or pursuant to effective FERC orders or settlement, such mechanisms shall supersede this Section to the extent necessary to carry out such provision(s).

**7. QUANTITY**

Each LPS RO shall specify in Dth the MAQ RO and a daily schedule of the quantities (including the MDQ RO) to be parked and/or loaned under the specific transaction. The daily schedule of returned volumes by the Shipper or Natural shall also be specified in the LPS RO. The quantities may be specified as a range of volumes (maximum and minimum aggregate and daily quantities and the related time periods) to be parked and/or loaned and returned, and the schedule may include the flexibility to do either a park or a loan within specified volume and time limits. The schedule may provide for flexibility in total volumes and in the daily volumes parked and/or loaned, in the timing of the park or the loan (or any portion thereof), in the duration of the park and/or loan (or any portion thereof) and/or in the timing of the completion of the park or loan (or any portion thereof) by the return of gas to the Shipper or to Natural, and shall specify the limits of the flexibility allowed. Subject to the flexibility specified in the LPS RO, the MDQ RO shall be the maximum quantity Natural is obligated, on an interruptible basis, to receive from or deliver to Shipper under the RO on the specified day. The MAQ RO shall be the maximum aggregate quantity Natural is obligated to hold or loan for the account of Shipper under the RO. The minimum aggregate and daily volumes to be parked and/or loaned and returned on an interruptible basis shall also be specified in the LPS RO schedule. The sum total of a Shipper's MAQ ROs and MDQ ROs shall not exceed the MAQ and MDQ specified in the LPS Agreement. If a Shipper exceeds the MDQ or MAQ in the LPS Agreement or fails to comply with any quantity or timing parameter in the applicable LPS RO (unless such failure is due to Natural not confirming a nomination properly submitted), it shall be subject to overrun charges consistent with Section 6.1(b) of this Rate Schedule.

**8. NOMINATIONS**

It shall be solely Shipper's responsibility to provide Natural with daily nominations of the quantity of gas to be received or delivered at the Receipt or Delivery point(s) within the parameters specified in the applicable LPS RO. Nominations for any day or for any nomination cycle must be consistent with the LPS RO. It shall also be Shipper's responsibility to cause gas to be delivered to Natural and to cause gas to be received from Natural in accordance with the LPS RO. Nominations shall be subject to confirmation and scheduling in accordance with the General Terms and Conditions of this Tariff. If a nomination to reverse a park or loan is consistent with the LPS RO but cannot be confirmed by Natural, the Shipper must continue to nominate on subsequent days until Natural can confirm the nomination, unless the parties agree on a revised LPS RO. Differences between confirmed nominations and allocated volumes are subject to Balancing Service Charges under Section 12 of the General Terms and Conditions of this Tariff. Overrun charges apply as specified in Section 6.1(b) of this Rate Schedule.

**9. MANDATORY BALANCING**

9.1 Mandatory Balancing under Section 9.3 hereof shall apply in the following instances: (a) at the end of the term specified in any applicable LPS Agreement or LPS RO; (b) where the Shipper fails to comply with the requirements of Natural's notice under Section 3 (b) hereof; or (c) where Shipper fails to comply with the schedule of activities set forth in the applicable LPS RO, the deviation has not been agreed to and confirmed by Natural and Natural has provided the notice set out in section 9.2 of this Rate Schedule.

9.2 In the event that a Shipper fails to comply with the schedule of activities set forth in the applicable LPS RO, Natural shall notify Shipper and the LPS RO shall be subject to termination in accordance with the terms of such notice.

9.3 (a) In the event that Shipper still has gas parked at the time any of the conditions specified in Section 9.1 hereof apply, the remaining balance shall be forfeited to Natural, free and clear of any adverse claims.

(b) Conversely, if the Shipper has not redelivered gas which was loaned by Natural at the time any of the conditions specified in Section 9.1 hereof apply, the Shipper must purchase the unreturned balance at 150% of the average Weekly Index Prices (WIPs) as determined in Section 13.3 of the General Terms and

Conditions of this Tariff during the term of the loan. In the event that the information used to determine the WIPs for the term of the loan is not available, then the Shipper must purchase the unreturned balance at 150% of the Average Monthly Index Price (AMIP) as determined in Section 13.3 of the General Terms and Conditions of this Tariff. This charge is in addition to any overrun charges applicable under other provisions of this Rate Schedule. If Critical Time or Operational Flow Orders are in effect on the date Shipper is required to comply with the notice, Shipper shall be subject to the highest charges set forth in Sections 12.3 and 12.4 of the General Terms and Conditions of this Tariff.

9.4 In circumstances where Shipper is unable to eliminate its LPS RO balance because Natural is unable to accept the LPS RO nomination, Shipper shall take any action to reduce the balance which Natural can accommodate and Shipper shall be granted additional time to eliminate its LPS RO balance corresponding to the time Natural was unable to accept the LPS RO nomination. Shipper shall not incur any penalty or daily fees as to that portion of the balance resulting from Natural's inability to accept the LPS RO nomination. Such extension shall only apply in instances where a Shipper's inability to eliminate the LPS RO balance is attributable to Natural's inability to accept and confirm LPS RO nominations.

9.5 Shipper remains responsible to nominate the appropriate level of transportation to meet Natural's notification requirements under Section 3 above, or to meet the requirements of the LPS RO.

## **10. GENERAL TERMS AND CONDITIONS**

The provisions of the General Terms and Conditions of this Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this Rate Schedule LPS and shall apply to service rendered hereunder as though stated herein.

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