

RATE SCHEDULE FTS
FIRM TRANSPORTATION SERVICE

1. AVAILABILITY

This Rate Schedule FTS is available to any entity (hereinafter called Shipper) which: (a) submits to Horizon Pipeline Company, L.L.C. (hereinafter called Horizon) a valid request as defined in Section 3 hereof which Horizon has firm capacity available on all affected portions of its System and the firm operational capability to satisfy; and (b) executes a Firm Transportation Service Agreement (FTS Agreement) with Horizon 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 AND CHARACTER OF SERVICE

2.1 The transportation service provided under this Rate Schedule FTS shall be performed under Part 284 of the Commission's Regulations. This Rate Schedule FTS shall apply to all gas transported by Horizon for Shipper pursuant to an FTS Agreement. As more fully set out in the General Terms and Conditions of this Tariff, Horizon is not providing supply service under this Rate Schedule.

2.2 Service hereunder shall be provided on a firm basis. However, service may be interrupted for any of the reasons set out in this Tariff. Horizon shall have the right to waive any one or more specific defaults by any Shipper if such default will not affect the integrity of Horizon's System or the quality of service and if the waiver is provided on a basis which is not unduly discriminatory, provided that such waiver is not inconsistent with any applicable Commission Regulations or orders, and provided also that any waiver given to a Shipper by Horizon shall be made available to all Shippers during the time period when it is in effect. No such waiver shall operate or be construed as a waiver of any other existing or future default or defaults, whether of a like or different character.

2.3 Service hereunder shall consist of the acceptance by Horizon of natural gas tendered by Shipper or for Shipper's account for transportation at Receipt Points specified in or applicable to the FTS Agreement, the transportation of that natural gas through Horizon's pipeline System, and the delivery of that natural gas by Horizon to Shipper or for Shipper's account at the Delivery Points specified in or applicable to the FTS Agreement. Horizon shall not be required to accept any gas tendered in excess of the Maximum Daily Quantity (MDQ) specified in the FTS Agreement for each Receipt Point or

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Delivery Point or for the aggregate of all primary Receipt Points or Delivery Points. Service hereunder shall not encompass gathering services, transportation through the facilities of any third party (except for facilities leased by Horizon which are part of Horizon's system), processing, or transportation to processing facilities unless the FTS Agreement so specifies.

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

2.5 Allocation of capacity, curtailment and priorities of service for the purposes of scheduling and curtailment are all governed by the General Terms and Conditions of this Tariff.

2.6 Shipper may release capacity dedicated to service hereunder pursuant to Horizon'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.

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 3.1 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 Horizon shall not be required to grant any such request: (1) for which adequate capacity is not available on any portion of Horizon's System necessary to provide such service; (2) as to which Horizon 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; (3) which would require the construction, modification, expansion, or acquisition of any facilities; provided, however, that Horizon may agree on a basis not unduly discriminatory

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to construct, modify, expand, or acquire facilities to enable it to perform such services; (4) unless and until Shipper has provided Horizon with the information required in Section 3.2 hereof; (5) if Horizon 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 the service provided hereunder will be paid for on a timely basis; (6) if the service requested would not comply with this Rate Schedule FTS; or (7) if the service requested is at less than the applicable maximum rate; provided, however, that Horizon may agree to provide service hereunder at a discount consistent with this Rate Schedule FTS. Nothing herein is intended to govern the curtailment of service once a request for service has been granted pursuant to this Section and while an FTS Agreement is in effect. Such curtailment is governed by the General Terms and Conditions of this Tariff.

(b) Horizon 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 FTS. In the event a request is substantially but not entirely complete, Horizon 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 by Horizon within fifteen (15) days, Shipper's request shall be null and void.

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(c) Horizon shall tender an FTS Agreement to Shipper for execution when Shipper's request for service is accepted. Unless waived by Horizon, a request for service shall be invalid if Shipper fails to execute an FTS Agreement hereunder within ten (10) days after an FTS Agreement has been tendered by Horizon 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 Horizon's Interactive Website or in writing to Horizon's Gas Transportation Department, at P.O. Box 283, Houston, Texas 77001-0283, or One Allen Center, 500 Dallas Street, Suite 1000, Houston, Texas 77002, or Telecopy Number (713) 369-9305. 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 Unaccounted For Gas; provided, however, that Horizon shall not be obligated to accept requests for an aggregate MDQ of less than one hundred (100) Dth per day.

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

The request shall specify the primary point(s) at which Shipper desires Horizon to receive gas.

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

The request shall specify the primary point(s) at which Shipper desires Horizon to deliver gas.

(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 Receipt and Delivery Points, and the related priorities and volumes, are governed by the General Terms and Conditions.

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(e) TERM OF SERVICE

The request shall specify:

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

(f) CREDIT

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

(g) 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.

(h) 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 Horizon; 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.

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4. TERM

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

(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 Horizon to Shipper thereunder shall be terminated and automatically abandoned.

(c) Horizon may terminate any FTS Agreement if Horizon 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 Horizon ceases (after receipt of any requisite regulatory authorization) to offer service of the type covered by the FTS Agreement. Horizon's ability to terminate any FTS Agreement under this provision is intended to ensure that the contract term does not extend beyond the regulatory authority to provide the service and that the contract is consistent with the regulatory authority to provide the service.

5. RATE

5.1 (a) Shipper shall pay Horizon each month under this Rate Schedule FTS a two-part rate consisting of: (a) a Reservation Charge, based on Shipper's MDQ, which consists of the Base Monthly Reservation Cost; and (b) a Commodity Charge for each Dth of gas received for transportation.

(b) 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 33 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.

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5.2 Shipper shall reimburse Horizon for Fuel Gas and Unaccounted For Gas required in transporting gas hereunder as provided by Sections 1.8 and 1.10 of the General Terms and Conditions.

5.3 (a) Shipper shall reimburse Horizon within five (5) days after costs have been incurred by Horizon 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 Horizon constructs, acquires or modifies any facilities to perform service hereunder, then as specified in an agreement between the parties either:

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

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

5.4 The ACA charge will be assessed, when applicable, as provided in the General Terms and Conditions of this Tariff, on volumes received by Horizon from Shipper under this Rate Schedule FTS.

5.5 (a) Horizon 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. Horizon agrees that Shipper may protest or contest the aforementioned filings, or may seek authorization from duly constituted regulatory authorities for such adjustment of Horizon's existing FERC Gas Tariff as may be found necessary to assure that its provisions are just and reasonable.

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

5.6 Horizon 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. Horizon 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, Horizon 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. Horizon 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.

5.7 All revenues collected by Horizon as a result of providing service under Rate Schedule FTS shall be retained by Horizon unless Horizon has otherwise explicitly agreed on a different disposition of such amounts.

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6. NOMINATIONS, SCHEDULING CHARGES AND IMBALANCES

(a) Shipper shall provide Horizon with daily nominations of receipts and deliveries by Receipt and Delivery Point in accordance with the General Terms and Conditions of this Tariff. It shall be Shipper's responsibility to cause gas to be delivered to Horizon at Receipt Point(s), and to cause gas to be taken from Horizon at Delivery Point(s), in accordance with the information supplied to Horizon, except as provided in Section 6(c) below.

(b) It shall be Shipper's responsibility to keep receipts and deliveries in balance. Horizon may curtail service hereunder to the extent necessary to bring receipts and deliveries into balance, subject to the provisions of Section 6(c) below. 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) Where a Third Party Balancing Agreement is in effect under Section 7.11 of the General Terms and Conditions of this Tariff, a Shipper may inject gas into or withdraw gas from the storage facilities of the third party provider and have its receipts and deliveries accounted for under the Third Party Balancing Agreement on a no-notice basis within the limits specified in and subject to the provisions of such Third Party Balancing Agreement. No-notice service shall be available only if a Third Party Balancing Agreement is in effect and only within the limitations thereof and no-notice service shall cease upon termination or suspension of the Third Party Balancing Agreement, or if the limitations therein are exceeded or if the conditions thereof are not met.

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7. RECEIPT AND DELIVERY POINTS AND UPSTREAM AND DOWNSTREAM ARRANGEMENTS

(a) 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: (1) at or upstream of the Receipt Point(s) where gas is tendered to Horizon hereunder; and (2) at or downstream of the Delivery Point(s) where Horizon 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 Horizon.

8. OVERRUN SERVICE

Upon request of Shipper, Horizon 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 the capacity and operating capability of its System will permit such receipt, transportation and delivery without impairing the ability of Horizon to meet its other obligations. In granting requests for overrun service, Horizon shall act in a manner consistent with the overrun service priorities set out in the General Terms and Conditions of this Tariff. Shipper shall pay Horizon the applicable rate for Authorized Overrun Service set forth in this Tariff. Except for Authorized Overrun Service hereunder, Shipper shall pay Horizon the charges for Unauthorized Overrun set out in Section 10.2(a)(1) of these General Terms and Conditions of this Tariff if gas tendered to Horizon or deliveries to Shipper under an FTS Agreement exceed the MDQ under such FTS 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 FTS and shall apply to service rendered hereunder as though stated herein.

RATE SCHEDULE ITS
INTERRUPTIBLE TRANSPORTATION SERVICE

1. AVAILABILITY

This Rate Schedule ITS is available to any entity (hereinafter called Shipper) which: (a) submits to Horizon Pipeline Company, L.L.C. (hereinafter called Horizon) a valid request as defined in Section 3 hereof; and (b) executes an Interruptible Transportation Service Agreement (ITS Agreement) with Horizon 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

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

2.2 Service hereunder shall consist of the acceptance by Horizon 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 Horizon's System, and the delivery of that natural gas by Horizon to Shipper or for Shipper's account at Delivery Point(s) under the ITS Agreement. Horizon shall not be required: (a) 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; (b) 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.

2.3 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 Horizon under this Rate Schedule. For service under Subpart B of Part 284 of the Commission's Regulations, Shipper shall provide to Horizon appropriate certification, including sufficient information in order for Horizon

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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.

2.4 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 Horizon shall not be required to grant any such request: (1) which would require the construction, modification, expansion, or acquisition of any facilities; provided, however, that Horizon may agree on a basis not unduly discriminatory to construct, modify, expand, or acquire facilities to enable it to perform such services; (2) unless and until Shipper has provided Horizon with the information required in Section 3.2 hereof; (3) if Horizon 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; (4) if the service requested would not comply with this Rate Schedule ITS; or (5) if the service requested is at less than the applicable maximum rate; provided, however, that Horizon may agree to provide service hereunder at a discount consistent with this Rate Schedule ITS. Nothing herein is intended to govern the curtailment of service once a request for service has been granted pursuant to this Section and while an ITS Agreement is in effect. Such curtailment is governed by the General Terms and Conditions of this Tariff.

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(b) Horizon 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, Horizon 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 by Horizon within fifteen (15) days, Shipper's request shall be null and void.

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

3.2 Requests for service hereunder shall be deemed valid only after the following information is provided by Shipper via Horizon's Interactive Website or in writing to Horizon's Gas Transportation Department, at P.O. Box 283, Houston, Texas 77001-0283, or One Allen Center, 500 Dallas Street, Suite 1000, Houston, Texas 77002 or Telecopy Number (713) 369-9305:

(a) **GAS QUANTITIES**

The request shall specify in Dth the aggregate MDQ, exclusive of applicable Fuel Gas and Unaccounted For Gas; provided, however, that Horizon 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 Horizon'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.

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(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 as satisfactory credit appraisal by Horizon 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 Horizon; 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.

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4. TERM

(a) The term of service hereunder shall be set forth in the ITS Agreement between Shipper and Horizon. Horizon 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) Upon termination of any ITS Agreement, service by Horizon to Shipper thereunder shall be terminated and automatically abandoned.

(c) Horizon may terminate any ITS Agreement if Horizon 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 Horizon ceases (after receipt of any requisite regulatory authorization) to offer service of the type covered by the ITS Agreement.

5. RATE

5.1 (a) Shipper shall pay Horizon each month under this Rate Schedule ITS a one-part Commodity Charge for each Dth of gas received for transportation, together with such other charges as are identified in this Tariff. The maximum Monthly Commodity Charge shall be the applicable maximum unit rate set out in this Tariff multiplied by the quantity of gas actually received by Horizon for transportation during the billing month.

(b) 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 33 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.

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5.2 Shipper shall reimburse Horizon for any Fuel Gas and Unaccounted For Gas in transporting gas hereunder as provided by Sections 1.8 and 1.10 of the General Terms and Conditions.

5.3 (a) Shipper shall reimburse Horizon within five (5) days after costs have been incurred by Horizon 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 Horizon constructs, acquires or modifies any facilities to perform service hereunder, then as specified in an agreement between the parties either:

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

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

5.4 The ACA charge will be assessed, when applicable, as provided in the General Terms and Conditions of this Tariff, on volumes received by Horizon from Shipper under this Rate Schedule ITS.

5.5 (a) Horizon 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. Horizon agrees that Shipper may protest or contest the aforementioned filings, or may seek authorization from duly constituted regulatory authorities for such adjustment of Horizon's existing FERC Gas Tariff as may be found necessary to assure that its provisions are just and reasonable.

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

5.6 Horizon 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. Horizon 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, Horizon 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. Horizon 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.

5.7 All revenues collected by Horizon as a result of providing service under Rate Schedule ITS shall be retained by Horizon unless Horizon has otherwise explicitly agreed on a different disposition of such amounts.

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6. NOMINATIONS, SCHEDULING CHARGES, IMBALANCES AND OVERRUN CHARGES

(a) Shipper shall provide Horizon with daily nominations of receipts and deliveries by Receipt and Delivery Point in accordance with the General Terms and Conditions of this Tariff. It shall be Shipper's responsibility to cause gas to be delivered to Horizon at Receipt Point(s), and to cause gas to be taken from Horizon at Delivery Point(s), in accordance with the information supplied to Horizon.

(b) It shall be Shipper's responsibility to keep receipts and deliveries in balance. Horizon 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) 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: (1) at or upstream of the Receipt Point(s) where gas is tendered to Horizon hereunder; and (2) at or downstream of the Delivery Point(s) where Horizon 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 Horizon.

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8. OVERRUN SERVICE

Upon request of Shipper, Horizon 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 the capacity and operating capability of its System will permit such receipt, transportation and delivery without impairing the ability of Horizon to meet its other obligations. In granting requests for Authorized Overrun Service, Horizon shall act in a manner consistent with the overrun service priorities set out in the General Terms and Conditions of this Tariff. Shipper shall pay Horizon the applicable rate for Authorized Overrun Service set forth in this Tariff. Except for Authorized Overrun Service hereunder, Shipper shall pay Horizon the charges for Unauthorized Overrun set out in Section 10.2(a) of these General Terms and Conditions of this Tariff if gas tendered to Horizon 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.

Sheet Nos. 39 through 99 are being reserved for future use.